

bae urban economics



Commercial Market Analysis
Submitted to City of Foster City
October 25, 2013



bae urban economics



October 25, 2013

Mr. Curtis Banks, AICP
Community Development Director
City of Foster City
610 Foster City Boulevard
Foster City, CA 94608

RE: Revised Draft Commercial Market Analysis

Dear Mr. Banks:

Attached, please find our team's Revised Commercial Market Analysis for your review and comment.

Please call or email David Shiver at 510.547.9380 or dshiver@bae1.com if you have any questions or wish to discuss the data and findings.

It has been a pleasure to work with you and the Implementation Team on this assignment.

Sincerely,

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EXECUTIVE SUMMARY

Overall Findings

Foster City is an affluent community with an underdeveloped retail sector, resulting in a high level of retail sales occurring outside the community. This leakage of sales generally arises from (i) the City's location with major regional and community shopping centers located just outside the City; and (ii) having an inadequate inventory of sites and spaces that match the requirements of regional and national retailers.

- Foster City is located at the eastern edge of the Peninsula with sloughs and waterways that tend to isolate the community, making it generally less attractive as a retail location.
- A major community retail center, Bridgepointe, is located just to the north of Highway 92, adjacent to the Foster City/City of San Mateo municipal border.
- The most desirable location for community and neighborhood retail in Foster City would be at corners where Shell, Foster City, and Edgewater Boulevards intersect E. Hillsdale Boulevard or sites with visibility and access from Highway 92.
- Existing shopping centers at these desirable locations, such as the Marketplace at the Metro Center, perform better than other existing retail centers since they are located on the “gravity” side of the trade area¹.
- Some of the City's existing retail centers are underperforming due to two main factors: (i) being situated away from the gravity side of the trade area; and/or (ii) lack of maintenance and or renovation.
- To capture lost retail sales and improve the shopping experience of Foster City residents and workers, the City should concentrate and promote new retail at key intersection locations on Foster City Boulevard, Shell Boulevard, Edgewater Boulevard,

¹ The “gravity side of the trade area” is defined as the general direction in the trade area from which residents and daytime workers enter the trade area and to which they travel in order to leave the area. See the Retail Terminology section of this report for a full description of this concept for Foster City.

E. Hillsdale, and Highway 92 and encourage property owners and developers to provide larger retail spaces to accommodate medium sized or small big box retailers as well as smaller shop space.

- The 15-acre Foster Square project represents an opportunity to improve the City's retail inventory and create a specialty or lifestyle retail center with a town center component that could enhance Foster City's quality of life.

Demographics

A city of 31,400, Foster City is an affluent community with discretionary income to support robust levels of retail spending. The City's Asian population has grown significantly, suggesting additional support for ethnic-oriented markets and restaurants and eating establishments.

- **Foster City has grown and will continue to grow modestly.** Nielsen forecasts a population increase of approximately 1,500 between 2013 and 2018. ABAG forecasts slower growth with the number of households rising by only 920 between 2013 and 2040. Actual growth will likely exceed projections, however, based upon new housing to be built in the near term as part of the Pilgrim-Triton and 15-Acre Foster Square projects –1,130 additional units. Notwithstanding these two projects, the Nielsen and ABAG forecasts indicate that future population and household growth will be less important than marketing to existing residents in order to strengthen Foster City's retail sector.
- **Household size, family households, and the number of households with children in the City have grown since 2000.** The large and growing number of affluent family households in Foster City suggests a solid demand base for neighborhood-serving convenience retail goods, personal services, and affordable, casual dining establishments.
- **Households in Foster City have higher incomes and spend proportionally less of that income on housing costs than in the County or the Bay Area overall.** This suggests residents of the City have a relatively high level of disposable income for discretionary purchases such as dining, retail, entertainment, and personal services. In addition, Foster City consumers are highly educated and fall into Nielsen lifestyle segments distinguished by their sophisticated consumer tastes. Overall, this suggests support in the community for specialty retail.

- **Foster City is a diverse community, with large Chinese and Indian populations.** Foster City is home to large Chinese-American and Indian-American communities that have grown at a rapid pace since 2000. These communities may have unique consumer demands that have already manifested themselves with the entry of Ranch 99 Market into the City. The increasing numbers in both communities may also mean that opportunities remain in the retail market to meet the demands of the changing consumer base.
- **A large segment of Foster City’s population is comprised of Nielsen’s “Young Digerati” PRIZM segment².** This affluent market segment seeks specialty retail stores and entertainment opportunities and would also support eating and drinking establishments.

Economy

Foster City is home to 19,900 jobs, primarily in the technology and finance sectors. Workers in the City are highly compensated and represent potential support for retail sales at or near their workplace for daytime food purchases and convenience retail. Future job growth will also support the City’s retail sector.

- **Foster City is expected to experience solid job growth in the long-term.** Association of Bay Area Governments (ABAG) projections for 2040 show the Foster City workforce growing by 3,600 jobs (25 percent). Employment growth contributes to Foster City’s consumer base, especially for daytime retail establishments and services. These projections may be low, however, given currently planned and proposed new development in Foster City such as Gilead’s Campus Master Plan, Pilgrim-Triton Master Plan, and the recently approved Chess-Hatch Master Plan. Together these projects might generate an additional 6,100 to 7,100 jobs.
- **Employment is concentrated in major firms located mostly in the City center and North of Highway 92.** Two-thirds of Foster City workers are employed by 10 firms. Most of these employers, accounting for roughly 45 percent of all Foster City jobs, are located in the City center near existing or planned retail centers: Metro Center, the Costco/OSH

² Nielsen defines “Young Digerati” s being “tech savvy” and preferring “fashionable” neighborhoods on the “urban fringe.” The group is characterized by affluence, ethnic diversity, and high levels of educational attainment. This group is a strong driver of specialty retail sales.

Regional Center, Parkside Towers, and the 15-Acre Foster Square. Another strong cluster of employment is north of Highway 92, including the Gilead campus.

- **The Foster City workforce is highly paid.** Median income for workers with jobs in Foster City, nearly \$71,000 in 2011, is substantially higher than for workers in San Mateo County or the Bay Area overall. Foster City workers' high incomes stem from the high concentration of Foster City jobs in the management, business, science, and arts occupations, which is the highest-earning occupation group in San Mateo County. Hence, the Foster City workforce has greater discretionary income for retail purchases in Foster City.

Retail Sales Trends and Leakage

While Foster City has strong demographic and employment characteristics that would support a high level of retail spending, the City is experiencing relative low per capita total retail sales and significant leakage of sales outside the community. This suggests that existing retail shopping centers are insufficient or not meeting the needs of City residents.

While taxable retail sales have begun to recover in California and San Mateo County after the Great Recession, taxable retail sales in Foster City have remained flat on an inflation-adjusted basis between 2009 and 2011. This indicates that retail establishments in the City have not fully benefited from the current economic recovery as much as other businesses in the region.

Despite significantly higher household incomes and worker compensation, Foster City has relatively low per capita sales compared to San Mateo County and the Bay Area. The City's 2011 total per capita sales were \$11,755 compared to \$15,276 per capita in San Mateo County and \$12,489 per capita in California. Taking into account the impact of the Costco located in Foster City, per capita sales are even lower for the City: \$6,669 per capita in 2011 while \$13,660 per capita in San Mateo and \$10,862 per capita in California.

As the per capita retail sales data would predict, Foster City experiences leakages in all major store categories except general merchandise. Total 2011 retail sales leakage is estimated to have been \$202 million in 2013 dollars. General merchandise stores show a significant injection of retail sales due to the presence of Costco.

Not all categories of retail showing leakages are practical for the City to capture in the future. Retail categories "Motor Vehicle and Parts Dealers" and "Building Materials and Garden Equipment and Supplies" are two categories with large dollar leakage volumes but the City

lacks sites of sufficient size in the right location to accommodate retail establishments in these two major retail categories.

The retail leakage analysis does indicate that specialty stores in several categories may be targets for the City and retail center owners and developers to pursue. These categories include:

- Furniture and Home Furnishings Stores*³
- Electronics and Appliance Stores*
- Food and Beverage Stores
- Health and Personal Care Stores
- Clothing and Clothing Accessories Stores*
- Sporting Goods, Hobby, Book, and Music Stores*
- Miscellaneous Store Retailers*
- Food Services and Drinking Places

Practically speaking, Foster City will be challenged to attract retailers in all these categories, however. Many of the regional and national retailers in these categories will only locate in high-traffic volume, high visibility locations with adequate floor place sizes (e.g., 15,000 square feet for a Walgreens, 15,000 to 24,000 square feet for an Old Navy, or over 60,000 square feet for a Fry's).

Existing Retail Conditions

Foster City's existing retail centers have a mixed performance based upon vacancy and sales per square foot metrics. Further, there appears to be a gap between the kinds of locations and spaces offered in existing centers and what retail tenants seek.

Foster City has approximately 661,400 square feet of existing retail space in ten shopping centers or clusters. Of this total, approximately 182,000 square feet are in the Costco/Orchard Supply regional center, approximately 389,000 square feet are contained within six traditional community and neighborhood shopping centers, and the remainder of the space can be found at free-standing fast-food outlets and within two mixed-use developments (Parkside Towers and the Pilgrim-Triton project).

³ ("*")Denotes leakage in excess of 50 percent of potential expenditures.

The City has approximately 37,700 square feet of vacant retail space, which represents a 6.2 percent vacancy citywide across all shopping centers and clusters. However, the citywide average masks how vacancy is concentrated within certain centers. While five of the City's centers are fully leased, five others have vacancies with some properties, notably Parkside Towers, having had high retail vacancies over several years. Charter Square has a 26.2 per cent vacancy rate. New retail spaces at the Pilgrim-Triton Master Plan development have recently come online and are beginning to lease.

On a-sales-per-square foot basis, many of Foster City's existing shopping centers are experiencing annual per square foot sales below shopping center benchmarks that would be expected for a community with the demographic profile of Foster City. Of four centers for which publishable data is available, only the Marketplace at the Metro Center at \$491 per square foot annually approaches the annual \$500 to \$600 per square foot level of sales per square foot that would be expected for a community retail center. The three other existing retail centers, Beach Park Plaza (\$181 annually per square foot), Charter Square (\$194 annually per square foot), and Edgewater Place (\$296 annually per square foot) fall below the \$350 per square foot sales figure that would be expected for a neighborhood retail center.

Many existing shopping centers are located in "pocket" neighborhoods or off the gravity side of Foster City, limiting the overall draw of customers to the centers. The "gravity side" of Foster City for retail includes Highway 92, E. Hillside, Edgewater, Shell, and Foster City Boulevards – where The Marketplace at the Metro Center, 1000 Metro, Orchard Supply, and Costco are located. Beach Park Plaza is located at the eastern edge of Foster City on a street with modest traffic volume. Edgewater Place, while located on Edgewater Boulevard, is situated in a residential district in the Southeast quadrant of the City. Marlin Cove is on Foster City Boulevard, but in the southern end of the City, and Charter Square occupies a neighborhood location.

Market rents at the City's existing shopping centers vary widely, reflecting the location and condition of the shopping centers. Rents at prime locations such as the Marketplace at the Metro Center and 1000 Metro or for newly constructed space ranges from \$2.50 monthly per square foot to \$3.50 per square foot on a triple net basis⁴. Market rents for older centers or centers in locations with lower levels of traffic are generally lower, ranging from \$1.34 to \$2.50 per square foot monthly per square foot on a triple net basis.

⁴ Triple net refers to a lease where the tenant pays all utilities, insurance, and property taxes as well as its pro-rata share of building and site maintenance expenses.

After evaluating all ten existing centers, the BAE Team recommends that property owners and the City find ways to improve and/or reposition the Marketplace at the Metro Center and Edgewater Place as well as encourage the redevelopment of two centers: Charter Square and Beach Park Plaza. The Marketplace at the Metro Center could both add some retail square feet and improve visibility to existing retail spaces. Edgewater Place can be greatly enhanced through renovation, including better exterior signage and way-finding as well as by renovating the outside decking facing the lagoon and upgrading the supermarket to a stronger brand. Two under-performing centers, Charter Square and Beach Park Plaza, could be redeveloped with mixed uses, including neighborhood retail but at reduced totals (see Recommendations for specific suggestions).

Supportable Square Feet

Overall, there is likely demand for 33,000 to 113,000 square feet of additional retail based upon low and high retail sales recapture assumptions as well as accounting for planned new retail and recommended redevelopment of existing retail centers. One has to be cautious in interpreting these findings, however, since recapturing retail sales will require providing new retail spaces of a size and in a location sought by national and regional retail tenants. A constraint that Foster City faces is its location on the eastern edge of the Peninsula and lack of available suitable sites.

15-Acre Foster Square Analysis

The 15-Acre Foster Square project represents an opportunity to enhance the quality of life for Foster City residents and workers by providing a retail town square in a central location.

- **The 15-Acre Foster Square site is a good site in the center of Foster City but has some challenges from the retail perspective associated with its being a mid-block, median bound parcel.** These challenges need to be mitigated to ensure that the retail component, sized aggressively at 30,000 square feet, will be successful.
- **Foster City has attracted a qualified master developer to make a considerable investment in Foster City and implement the City's vision for the Foster Square site.** While the proposed Retail Component appears to offer high-quality retail and public spaces, the BAE Team believes the ultimate success of the project will depend on the retail experience and financial capacity of the ultimate owner of the Retail Component.

- **To increase the probability of success the project site plan must integrate the North Peninsula Jewish Community Center as the effective project anchor and emphasize pedestrian connections to adjacent and other nearby uses that can generate retail traffic/patronage.** A robust signage and way-finding program is recommended to draw traffic to the site. In addition, parking management controls should be considered to support short-term parking near the ground floor retail spaces.
- **The use lists formulated for two retail zones (e.g., the “Town Square” and the “Boulevard” zones) should be merged and the zone concept eliminated.** The retail investor and owner will need the maximum flexibility to design the best tenant merchandising mix. Given the constraints of the site, this flexibility would be an important factor to achieve success.

Table ES-1 summarizes these and other key findings from the BAE Team analysis. A detailed analysis of the Foster Square project is provided in Appendix G.

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Table ES-1
Summary of Findings and Recommendations
Foster Square Development Site Retail Program

Opportunities	Challenges	Mitigations
<ul style="list-style-type: none"> • Significant retail sales leakage • High household incomes • Adjacent uses support retail sales • Central location with orientation to Shell and Foster City Blvds. • Strong community desire for town center 	<ul style="list-style-type: none"> • Mid-block, median bound site • Deep set back from Foster City Blvd. • 30,000 sq. ft., unanchored • Retail component to be sold to independent operator TBD • Foster City “off the main line” for retail • Achieving pro forma targeted rents given retail vacancy rates in the City • Pedestrian connections to adjacent uses 	<ul style="list-style-type: none"> • City involvement in selection of retail operator • Incorporate PJCC as defacto “anchor” • Robust signage with dramatic elements • Improve pedestrian connectivity into 15-acre site from nearby office & Civic Center uses • Design parking landscaping to enhance visibility • Flexible uses, retail & personal services • Avoid irregular-shapes for retail spaces • Parking management to support retail uses

Retail Strategy

Strategy #1: Redevelopment of outdated retail centers. The City should consider reducing its inventory of outdated retail facilities by promoting the redevelopment of Charter Square and Beach Park Plaza. A redeveloped Charter Square could have between 10,000 and 15,000 of neighborhood convenience retail, while Beach Park Plaza could be reconfigured to provide 5,000 to 10,000 of neighborhood convenience retail, including one or two restaurants that could take advantage of the site's unique waterfront position with views of the Bay and San Mateo Bridge and access to the Bay Trail. By redeveloping these properties and reducing the retail component at each site, the City would permit greater concentration of retail at the 15-Acre Foster Square site and other new retail spaces at the Pilgrim-Triton developments yet permit the continued provision of neighborhood retail at these two older sites.

Strategy #2: Repositioning Edgewater Place. Edgewater Place has a unique location adjacent to the lagoon that offers very good potential to enhance the City's shopping experience for residents and workers. However, the center suffers from deferred maintenance and from low sales and traffic generated tenants such as the Lucky's Supermarket. Consideration should be made to replace the Lucky's with a more attractive supermarket that reflects Foster City's affluent demographics such as Spouts, Fresh Farm, or another ethnic grocer. A stronger supermarket at this center would benefit other retailers as well. To attract a better performing supermarket, the center will have to make a significant capital investment to renovate the center, including improvement of signage and way finding and rehabilitation of the center's boardwalk.

Strategy #3: Partial redevelopment of The Market Place at Metro Center. With a reworking of the site plan for The Marketplace at Metro Center, additional retail could be accommodated and the visibility to existing retail could be enhanced. Such changes could include permitting 5,000 to 10,000 square feet of additional retail fronting directly on E. Hillsdale Boulevard and replacing lost parking by narrowing the entry off of E. Hillsdale Boulevard to expand the parking field. To improve visibility into the existing retailers on the site, the landscaped feature between the ABC Seafood Restaurant and other potential restaurant space could be reworked into an outdoor seating area to give this center a more "lifestyle" feel. View corridors to existing retailers would have to be preserved, however.

Strategy #4: Façade improvement and revolving loan fund program. If other centers do not undergo redevelopment the City should consider establishment of a façade improvement program that would be focused on improving signage and way finding. By establishing a modest façade improvement program in which the City and property owners share the costs of

exterior façade improvements, the City may gain additional taxable retail sales from these improved shopping centers. Such a program can be structured as part grant and part loan from the City. A modest revolving loan fund program can help finance tenant improvements for targeted retail categories, including restaurant build-outs. This program could be targeted to older retail complexes or to areas of Foster City south of E. Hillsdale Boulevard to focus the program on older properties.

Strategy #5 Sales tax rebates for targeted retailers. The City could consider offering full or partial sales tax rebates for a defined period to attract targeted retailers to locate in Foster City or as assistance to retailers that seek to relocate due to redevelopment of existing retail shopping centers. Through its former Redevelopment Agency, the City has made such an arrangement with Costco in the past. Under this strategy, the concept would be extended to smaller retailers that the City wishes to encourage, such as a full service restaurants or a medium sized regional or national retailer in categories where substantial retail leakage is occurring.

Strategy #6: Economic development staffing. Consider hiring an Economic Development Specialist with retail experience to assist property owners and developers in marketing Foster City to retailers. Data from this report and from other sources can be used to present compelling demographic and retail sales information to reinforce the excellent opportunities in Foster City. This position could manage any façade improvement program and would also be responsible to undertake outreach to retailers in the region to explore branch locations at Foster City.

Strategy #7: Revise development standards for new ground floor retail so that future retail is concentrated on the “gravity” side of Foster City. Development standards should promote new ground floor retail on sites that can best support it. In Foster City, the “gravity side” of the trade area can generally be defined as the corridor running along Highway 92 and E. Hillsdale Boulevard, and the portions of Foster City, Shell, and Edgewater Boulevards that approach and run between them. Projects that offer only interior retail (e.g., not on the “gravity side”) should be avoided. 15-Acre Foster Square is an example of a centrally located project with the potential for good access and visibility from both Foster City and Shell Boulevards. Promote ground floor retail on sites, such as 1000 Metro Center, that have superior access (e.g., right-in right-out vehicular access, u-turns on streets fronting the projects etc.). Further, development standards for retail should also encourage larger floor plates that could be utilized by medium-sized or big-box retail tenants. Marlin Cove provides a recent example of how this can work in a mixed use setting; the retail faces Foster City Boulevard and accommodated a Ranch 99 Market. The BAE Team acknowledges that this strategy would be

a long term one since redevelopment of key properties would only be feasible at the end of the useful life of existing improvements and/or when higher densities become economically feasible.

Strategy #8: City RFP for a full-service restaurant. Foster City could explore cooperating with a retail center owner to undertake a high-profile campaign through a Request for Proposals (RFP) mechanism to attract an experienced full service restaurant operator to the City who would offer a higher-end dining experience. The City could also offer discounted permit fees or sales tax rebate as part of this initiative. As part of this effort, the message would get out to the retail community that Foster City has significant retail potential.

Strategy #9: Facilitate “Pop-Up” retail in existing or new centers. Foster City can work with existing retail center owners or developers of new retail to provide vacant space to “pop-up” retailers— the space could be a sample sale one day and host a private party the next evening. The trend involves “popping-up” one day, then disappearing anywhere from one day to several weeks later. These shops, while small and temporary, can build up interest by consumer exposure. Pop-up retail allows a company to create a unique environment that engages their customers, as well as generating a feeling of relevance and interactivity. There are different benefits to pop-ups: marketing, testing products, locations, or markets, and as a low cost way to start a business. Some are seasonal, others go on to sign long term leases, and some use it as creative engagement.

Strategy #10: Facilitate food truck events at the City’s shopping centers. Food truck events are popular in the Bay Area and nationwide and can draw attention to the retail opportunities that are at or near the food truck event venue. While restaurants at a center may lose some business during the event, the event itself brings residents and workers to the center and exposes them to its eating, drinking and shopping opportunities, ultimately increasing sales for permanent tenants. These events could be periodic (quarterly or semi-annual) and rotate among Foster City’s shopping centers.

Strategy #11: Promote a greenway connector along Foster City Boulevard. Consider establishing a continuous greenway with pedestrian and bikeways to connect residential neighborhoods in the southern part of the City to central Foster City, including the 15-Acre Foster Square site, Parkside Towers, and Metro Center. Pedestrian friendly pathways would promote non-vehicular travel to retail centers in central Foster City and also help facilitate foot traffic from Metro Center and Parkside Towers to the 15-Acre Foster Square site. The key is to provide pathways that are either separated or well-marked to encourage families and youth to

use them. Such a connection also promotes Foster City as a place with a healthy lifestyle and accessible retail.

Strategy #12: Promote Foster City retail to daytime workers. One of the roles of the recommended economic development staff suggested in Recommendation #4 could be to promote existing and new Foster City retailers and restaurants to daytime workers, particularly those north of Highway 92. Periodic “Foster City Food Festivals” could be staged at or near employers in the north side of Foster City to acquaint workers with available restaurants and services. A bike sharing/rental program could be considered as well as shuttle service to provide a quick connection between the workplace and retail centers.

INTRODUCTION AND BACKGROUND

Overall Goal of the Study

The City of Foster City seeks to maintain its long-term sustainability as a community, with the concept of sustainability broadly defined to encompass not only environmental sustainability but also economic, fiscal, and social sustainability. Foster City is a maturing suburban community originally designed with the automobile as the primary mode of transportation. After several decades of rapid growth, the City has limited land to expand and population growth has slowed. Meanwhile, consumer preferences and retail formats have been changing, resulting in communities like Foster City needing to improve their attractiveness to residents and businesses. As a consequence of these factors, the City's opportunities for maintaining and expanding its economic activity will likely come from a mix of re-positioning, revitalizing, and redeveloping existing properties. The City has set forth three key objectives:

- “Invest in Foster City” to encourage and promote investment in the City's real estate assets;
- “Shop in Foster City” to strengthen and expand its retail sales; and
- “We are Foster City” to foster a strong sense of community that is attractive to prospective residents and new businesses.

This study implements the first Priority Task identified in the City's Sustainable Economic Development Strategic Plan (ED Strategic Plan). Specifically, this study is structured to assess the Foster City's retail strengths and weaknesses and identify strategies and actions, first to ensure the stability of the City's retail sector and, second, to increase the overall level of retail sales. Structured in this way, this study can help Foster City and its business community partners better meet the needs of residents and employees while potentially generating new sales taxes and other revenues to pay for City services and programs.

Approach and Methodology

The City of Foster City, with strong city leadership, professional staff, and engaged business and resident communities, has set forth clear and compelling goals and objectives to promote economic and social vitality. As part of these efforts, the City has prepared or is implementing updates to its General Plan, ED Strategic Plan, 2011 Snapshot Workbook, and Environmental Sustainability Task Force Reports. Sustainable development, equity, and alternative transit-modes, have all matured as organizing principles for Bay Area communities and Foster City has incorporated these into its current planning work.

For this study, BAE's approach was to prepare its analysis with the City's goals and objectives in view and to provide an objective, data-driven, and clearly presented analysis that sets forth the opportunities for and the constraints related to maintaining and growing the City's commercial retail sectors. Specifically, the BAE Team applied a variety of research techniques that draw from a number of information and data sources, as follows:

- Review demographic data from the 2011 Snapshot Workbook and identify gaps and relevant data to update, as well reviewing other technical documents provided by the City;
- Obtain updated demographic data from the U.S. Census, U.S. Bureau of Labor Statistics, and other online sources, such as Nielsen Inc., and indicate consumer clusters based upon psychographic profiles;
- Obtain detailed taxable sales data from the City for a ten year period;
- Supplement State Board of Equalization (BOE) taxable sales data with data on sales and demand for retail from other sources, including the 2007 U.S. Economic Census and private data vendors such as Nielsen, Inc.;
- Prepare a leakage analysis that accounts for the adjacency of Bridgepointe Shopping Center and other retail concentrations outside but near Foster City, and identify feasible target retail sectors for Foster City;
- Evaluate the existing retail centers and clusters through field visits, online real estate information sources such as LoopNet and shopping center websites, and discussions with knowledgeable retail brokers.
- Identify and discuss implications for Foster City of recent trends in demographics, consumer shopping behavior, mobility, social media/technology, and urban design.

Retail Terminology

This report uses a number of terms of art that are specific to the retail industry. One of the easiest ways to think of how retail organizes itself is as either "commodity" or "specialty." These are characterized as follows:

- **Commodity retail goods and services** are those goods and services that are purchased and consumed on a regular basis most frequently from non-discretionary household funds, largely without emotional attachment by the consumer, and at retailers and retail shopping centers offering the optimal combination of lowest price and highest

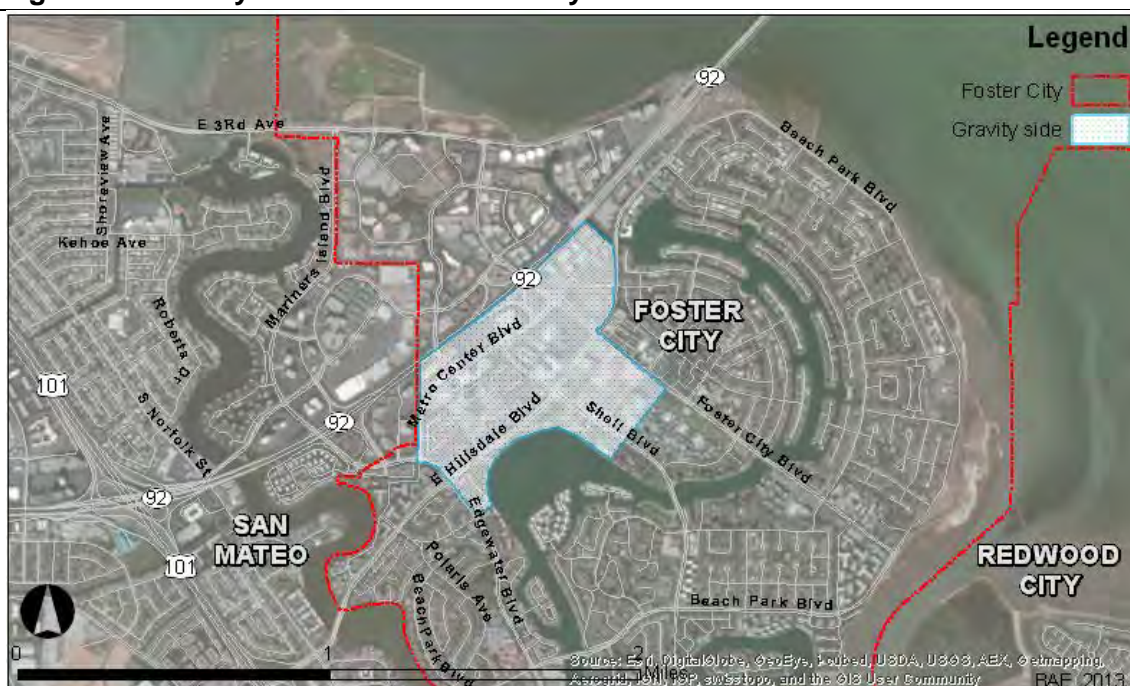
convenience most responsive to the purchase and need in question. In other words, the product is fungible – it is the same product wherever purchased. Commodity retailers range from local convenience stores to drug stores, grocery stores, discounters and warehouse stores; and "commodity shopping centers" are those shopping venues whose primary purpose is the offering of commodity goods and services to consumers.

- **Specialty retail goods and services**, by contrast, are those goods and services that are purchased on a more discretionary basis by consumers using "discretionary funds" which are not earmarked for basic food, shelter, or clothing, and which are selected and often consumed during free time. Successful specialty shopping venues, regardless of format, deliver a unique and attractive combination of tenant mix and the shopping environment (i.e., a sense of place) to the consumer within the market or trade area in question and lend themselves to extended consumer stays. An emotional connection to the tenant mix and environment is key, especially for higher end specialty retail projects. Food service is frequently a key component of such venues.
- **The "gravity side of the trade area"** is defined as the general direction in the trade area from which residents and daytime workers enter the trade area and to which they travel in order to leave the area. From an operational definition perspective, most people enter Foster City from Highway 92 on the City's northwesterly boundary and from E. Hillside Boulevard from the City's southwesterly boundary. This means that the "gravity side" of the trade area in Foster City can generally be defined as the corridor running along Highway 92 and E. Hillside Boulevard, and the portions of Foster City, Shell, and Edgewater Boulevards that approach and run between them. Figure 1 on the following page illustrates the general boundaries of the "gravity side" in Foster City.
- **Neighborhood shopping center.** A neighborhood shopping center is a center that has traditionally located in areas surrounded by residential uses within a 5 to 10 minute drive and provides for the sale of convenience goods and personal services. Neighborhood centers are typically anchored by a supermarket and/or pharmacy or supermarket that contains a pharmacy. These centers range from 30,000 to 100,000 square feet. Neighborhood shopping centers are usually designed as a straight-line strip with no enclosed walkway or mall area.⁵

⁵ This definition is a composite drawn from definitions provided by the Urban Land Institute's *Shopping Center Development Handbook* and International Council of Shopping Centers.

- **Neighborhood convenience retail.** Neighborhood convenience retail refers to smaller, unanchored retail located near residential neighborhoods in stand-alone locations and also on the ground floor of mixed use developments. Neighborhood convenience retail centers are typically less than 30,000 square feet and support tenants such as a small market/deli, coffee shop, copy place, and cleaners, as well as personal services⁶.
- **Town center or square.** As defined by the Urban Land Institute, a town center or town square is a downtown retail and entertainment center that is “designed as part of larger, multiuse development that include cultural, educational, institutional, and sports facilities as well as housing, hotels, and offices. They are often configured as neo-traditional developments with street front retail stores and residential and office uses on the upper floors.” There is no generic size range for these types of centers since they are typically unique and reflect specific location and site conditions.

Figure 1: “Gravity Side” of the Foster City Trade Area



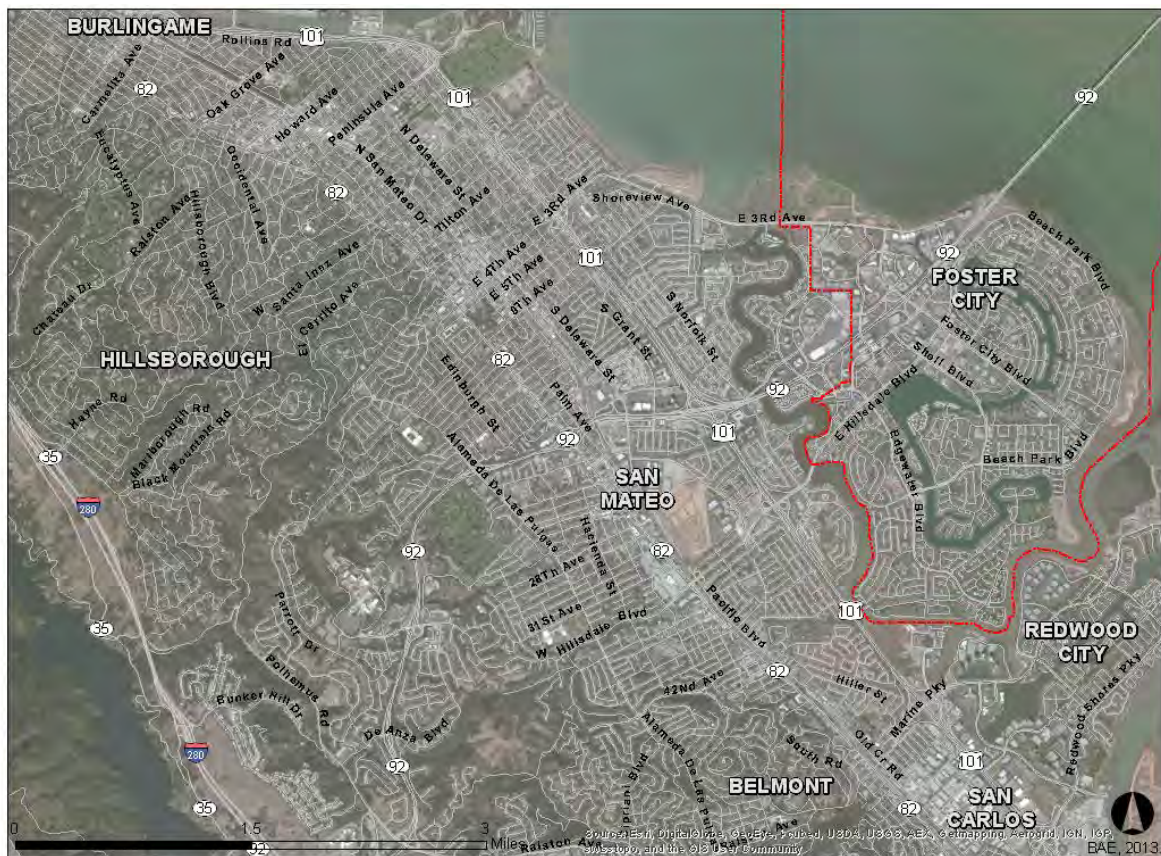
⁶ This definition is taken from International Council of Shopping Centers.

LOCATION AND SETTING

Foster City is located in the mid-peninsula, midway between San Francisco and San Jose, on the western shoreline of San Francisco Bay. The City is just east of US 101, providing convenient access to San Francisco and San Francisco International Airport to the north and to Silicon Valley and San Jose to the South. The City is bisected by State Route 92 (the Arthur Younger Freeway), which runs between Half Moon Bay on the Pacific Coast and Hayward in the East Bay. Adjacent cities include San Mateo, Belmont, and Redwood City. Burlingame, San Carlos, and Hillsborough are also nearby.

The City encompasses 12,450 acres, of which 9,726 acres are part of San Francisco Bay, Belmont Slough, and reclaimed marshland. Waterways, sloughs and a central lagoon help to physically define the City and make it unique among cities along the San Francisco Peninsula.

Figure 2: Foster City Location



DEMOGRAPHIC OVERVIEW

Demand for retail is a function of a community's demographics and economy as well as future population and employment growth. This section of the Study presents and analyzes demographic data for Foster City and discusses its implications for the City's retail sector.

Data Sources

Demographic data were compiled from a variety of nationally-recognized data sources. Nielsen Site Reports, a national leader in demographic analytics services, was used to provide trends from 2000 to 2013 and projections to 2018 for most demographic characteristics. Nielsen uses the 2010 Decennial Census produced by the U.S. Census Bureau as a baseline, trended out and adjusted with a variety of sources to generate estimates for 2013 and projections for 2018.

For some demographic characteristics, data from the American Community Survey (ACS) were used. The ACS, another product of the U.S. Census Bureau, publishes estimates of demographic conditions based on statistical sampling conducted continuously over one-year, three-year, and five-year periods, depending on the type of data and size of the geography being sampled.⁷ While these data cannot represent conditions at a specific point in time, as in the previous decennial censuses, they are updated on an annual basis and offer a valuable means to compare characteristics across geographies.

Longer-term projections of population, household, and employment change were based on projections provided by the Association of Bay Area Governments (ABAG) in the Jobs-Housing Connection Strategy released in 2012. This information was supplemented by information on actual planned and proposed projects such as the Gilead Integrated Campus Master Plan and Chess-Hatch Master Plan that would have significant impact on future employment in Foster City.

To the extent that data are available, information is presented for Foster City along with comparative information for San Mateo County and the nine-county Bay Area.⁸ Tables and figures for selected data are presented in this section.

⁷ This data source replaces the information obtained in previous Censuses from the "long form" questionnaire. For more information on the ACS, see www.census.gov/acs/www/about_the_survey/american_community_survey/

⁸ The nine-county Bay Area consists of Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma Counties.

Population and Household Trends

Foster City is home to nearly 31,400 residents⁹. Families make up over two-thirds of Foster City households, which have increased in average size since 2000. The City has also added more households with children in that time period. The prominent and growing presence of family households in Foster City suggests a solid demand base for neighborhood-serving convenience retail goods, personal services, and casual dining establishments. Future population growth is expected to be modest and will contribute to strengthening Foster City's retail base.

Foster City has grown modestly since 2000. As indicated in Table 1, between 2000 and 2013 Foster City's population increased by nearly 2,600 representing a growth rate of less than one percent per year. However, its rate of growth was faster than San Mateo County and very close to the growth rate for the Bay Area as a whole.

The average Foster City household has grown in size since 2000. Also shown in Table 1, the average household size in Foster City has grown slightly since 2000, while the average size of households in San Mateo County and the Bay Area has been largely unchanged. Nonetheless, the average household size in Foster City, at 2.54 residents per household, is still slightly lower than in the County or the Bay Area overall.

Foster City has a relatively high proportion of families with children. Family households comprise over 70 percent of all households in Foster City, representing a slight increase from 2000 and a larger share than in the Bay Area as a whole, where just under 65 percent of households are made up of families (see Table 1). Among family households in the City, nearly 60 percent are comprised of married couples. As illustrated in Figure 2, the proportion of households with children in Foster City, nearly 40 percent, is higher than in the County or the Bay Area, where roughly one-third of all households include a child.

⁹ The Nielsen population estimate is used in this report. For reference purposes, the California Department of Finance January 2013 population estimate for Foster City was 31,120.

Table 1: Population Trends, 2000 - 2018

Area	2000	2013	2018	Annual growth 2000-2013	Annual growth 2013-2018
Foster City					
Population (a)	28,786	31,367	32,815	0.7%	0.9%
Households	11,645	12,373	12,950	0.5%	0.9%
Avg. household size	2.47	2.54	2.54	0.2%	0.0%
San Mateo County					
Population (a)	696,705	728,733	761,592	0.3%	0.9%
Households	254,101	264,615	276,635	0.3%	0.9%
Avg. household size	2.74	2.75	2.75	0.0%	0.0%
Bay Area (b)					
Population (a)	6,640,951	7,205,083	7,546,824	0.6%	0.9%
Households	2,466,025	2,684,502	2,816,237	0.7%	1.0%
Avg. household size	2.69	2.68	2.68	0.0%	0.0%

Note:

(a) Population figure represent total population excluding population in group quarters.

(b) The nine-county Bay Area includes Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma counties.

Sources: Nielsen, 2013; BAE, 2013.

Table 2: 2013 Household Composition, Foster City, San Mateo County, and Bay Area

Household Type	Foster City	San Mateo County	Bay Area (b)
Non-Family			
Single Person	23.7%	24.6%	26.3%
2+ Persons	5.7%	7.4%	9.1%
Non-Family Households	29.5%	32.0%	35.4%
Family			
Married Couple	59.3%	57.6%	48.7%
Family Households	70.5%	68.0%	64.6%
Households with Children Under 18	38.2%	31.7%	33.0%
Average Household Size	2.54	2.75	2.68

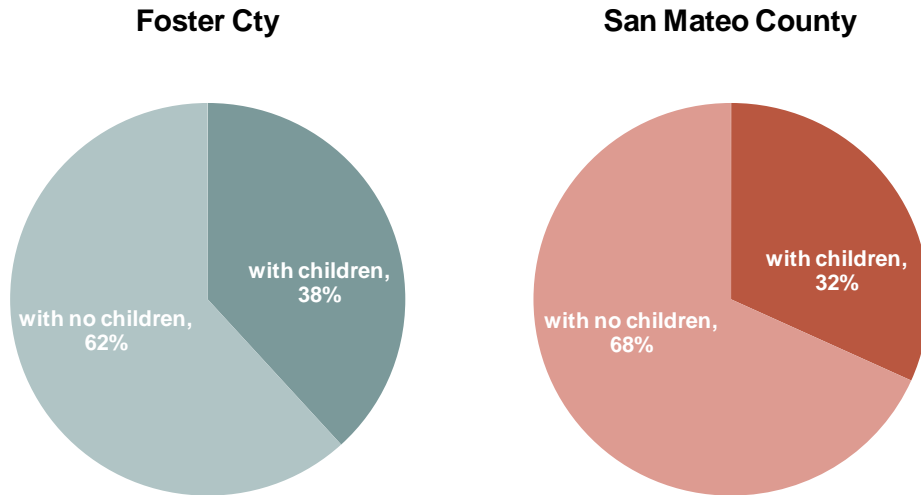
Note:

(a) All figures represent percent of total households in each category.

(b) The nine-county Bay Area includes Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma counties.

Sources: Nielsen, 2013; BAE, 2013.

Figure 3: Households with Children under 18, 2013



Sources: Nielsen, 2013; BAE, 2013.

In the long-term, Foster City is expected to show a modest increase in population and households. In the short-term, Nielsen Inc. forecasts that the number of residents and households in Foster City, San Mateo County, and the Bay Area will grow at roughly the same pace, growing by approximately 4.6 to 4.9 percent by 2018 (see Table 1). However, ABAG figures for 2040 anticipate much more modest growth in Foster City than in surrounding areas over the coming three decades, as shown in Table 3. While the Bay Area and San Mateo County are projected to experience a growth in households of over 20 percent, Foster City is expected to see just seven percent more households in 2040 than in 2010.

These ABAG figures are largely land use based, reflecting the ABAG’s prioritization of new development in areas with access to public transportation and greater opportunities for dense, compact mixed-use development. As Foster City has a relatively limited number of sites suitable for major new development and lacks direct access to regional public transit options, ABAG forecasts that other portions of the Bay Area and the County that are more public transit-connected and have more sites for new development will be better-situated to attract a greater share of regional development than Foster City. The Nielsen Inc. forecast, in contrast, is not constrained by land use and development allocation priorities and reflects a more generalized forecast based upon demographic and macroeconomic conditions in the Bay Area.

These forecasts, however, do not reflect actual two projects underway in Foster City: new residential development as part of the Pilgrim-Triton Master Plan and the 15-Acre Foster Square project. Between these two projects, Foster City will gain up to 1,130 new residential units over the next two to three years.

Table 3: Projected Households and Housing Units, 2010-2040

Households	2010	2040	# Change 2010-2040	% Change 2010-2040
Foster City	12,020	12,940	920	7.7%
San Mateo County	257,840	315,730	57,890	22.5%
Bay Area (a)	2,608,020	3,308,110	700,090	26.8%
Housing Units				
Foster City	12,460	13,350	890	7.1%
San Mateo County	271,030	326,730	55,700	20.6%
Bay Area (a)	2,785,930	3,445,940	660,010	23.7%

Note:

(a) The nine-county Bay Area includes Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma counties.

Sources: ABAG, 2012; BAE, 2013.

Housing Characteristics

Most households in Foster City are homeowner households. As shown in Table 4, Foster City's household tenure profile is similar to the profile for San Mateo County and the Bay Area with just over 56 percent of households being homeowners and nearly 44 percent renters.

Foster City has high proportions of single-family attached and multifamily housing units. What distinguishes Foster City from San Mateo County and the Bay Area is the City's high proportions of attached single-family homes and multifamily housing units. Approximately 20 percent of the City's housing stock is comprised of single-family attached compared to nine percent for San Mateo County and the Bay Area. Approximately 41 percent of Foster City's housing stock is comprised of multifamily units, primarily of townhomes, apartments, and condominiums. Households that reside in multifamily and single-family attached housing types tend to spend less on building materials and garden equipment than households residing in single-family homes.

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Table 4: Household Tenure, 2013

Tenure	Foster City		San Mateo County		Bay Area (a)		California	
	#	%	#	%	#	%	#	%
Owners	6,977	56.4%	156,718	56.3%	1,504,403	56.0%	7,198,853	55.9%
Renters	5,396	43.6%	107,897	43.7%	1,180,099	44.0%	5,685,124	44.1%
Total HHs (b)	12,373	100.0%	264,615	100.0%	2,684,502	100.0%	12,883,977	100.0%

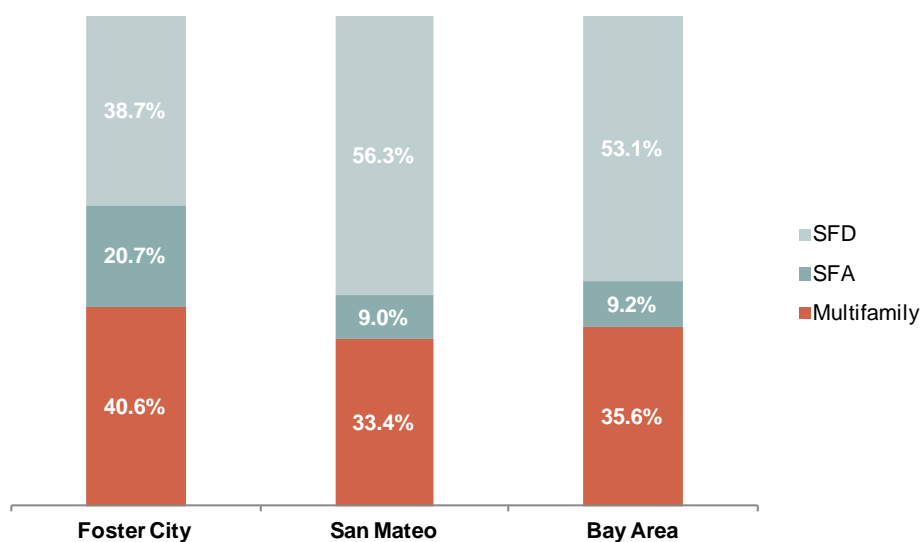
Notes:

(a) The nine-county Bay Area includes Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma counties.

(b) Figures represent occupied housing units only.

Sources: Nielsen, 2013; BAE, 2013.

Figure 4: Housing Units by Type of Structure, 2013



Note: SFD is Single Family Detached; SFA is Single Family Attached.

Source: Nielsen, 2013; BAE, 2013.

Foster City households have a relatively high level of disposable income after paying for housing costs. The ACS tracks information on the percent of household income spent on housing costs, including rent, mortgage payments, and utilities. Households that pay more than 30 percent of household income on housing costs are considered “housing cost burdened.” As shown in Table 5, 60 percent of Foster City households pay less than 30 percent of their income to cover housing costs, compared to 54 percent of income in the County and the Bay Area. This lower housing burden suggests a relatively higher level of discretionary income available for dining, retail, entertainment, personal services, and home improvement purchases.

Table 5: Housing Costs as a Percent of Income, 2011 (a)

Tenure	Households paying less than 30 % of income on housing costs		
	Foster City	San Mateo Co.	Bay Area (b)
Owners w/ mortgage	3,089	56,754	552,830
Owners w/o mortgage	1,197	33,047	304,077
Renters	2,707	49,804	536,352
Total households paying < 30% of HH Inc	6,993	139,605	1,393,259
Total households	11,729	256,305	2,582,449
% Total households paying < 30% of HH Inc	59.6%	54.5%	54.0%

Notes:

(a) The American Community Survey (ACS) publishes demographic estimates based on statistical sampling conducted continuously between 2009 and 2011.

(b) The nine-county Bay Area includes Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma counties.

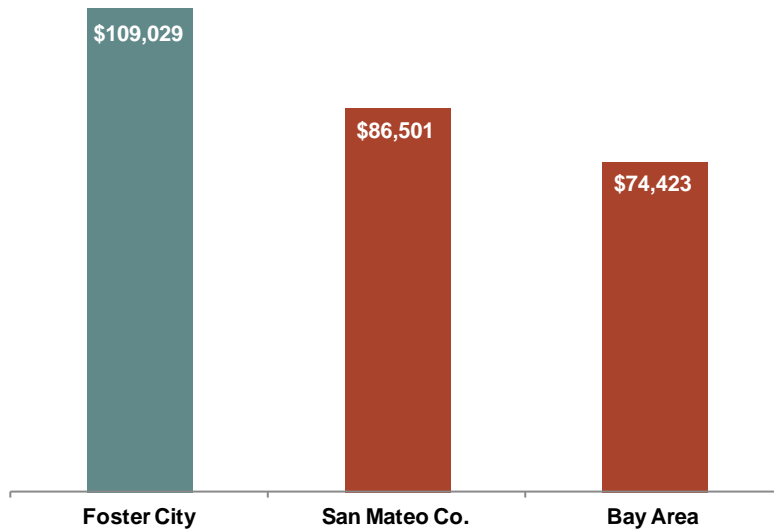
Sources: Table DP04, ACS 2009-2011; BAE, 2013.

Income and Education

Foster City households have a significantly higher median income than San Mateo County or Bay Area households. Coupled with the data on housing cost shown above, these data indicate that Foster City households both make more money than households in surrounding areas and spend a lower portion of that income on housing costs, meaning they may have a relatively high level of disposable income available. In addition to their high incomes, Foster City households also represent a highly educated consumer base.

Household incomes in Foster City are substantially higher than in surrounding areas. As shown in Figure 4, the estimated median household income in 2013 for Foster City households is \$109,000. This figure is substantially higher than the median income of \$86,500 for San Mateo County, or of \$74,400 for households in the Bay Area overall.

Figure 5: Median Household Income, 2013



Source: Nielsen, 2013; BAE, 2013.

Foster City residents are highly educated. Just over 60 percent of Foster City residents have received a bachelor, masters, professional, or doctorate degree (see Table 6). In San Mateo County, only 43 percent of residents have received a bachelor’s degree or higher, and only 42 percent of Bay Area residents have achieved this level of educational attainment.

Table 6: Educational Attainment, Population Age 25+, 2013

<u>Educational Attainment</u>	<u>Foster City</u>	<u>San Mateo County</u>	<u>Bay Area (a)</u>	<u>California</u>
Population 25+ with Bachelor's Degree or Higher	61.1%	43.3%	41.9%	30.1%

Note:

(a) The nine-county Bay Area includes Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma counties.

Sources: Nielsen, 2013; BAE, 2013.

Age Distribution

Foster City’s age distribution generally tracks that seen in San Mateo County and the Bay Area overall, with some exceptions (see Table 7). As in the County and the Bay Area, the bulk of Foster City residents are in their late 30’s to early 50’s, representing a solid base of mid- to late-career shoppers and shoppers with families. The City has a similar share of children as San

Mateo County and the Bay Area, with one-quarter of residents under the age of 18. The one age group for which Foster City trails San Mateo County and the Bay Area is the Millennial, or Gen Y, cohort.

The bulk of Foster City residents are in their late 30's to early 50's, as are County and Bay Area residents. In all geographies, the bulk of residents, about 30 percent, are in their late 30's to early 50's, though this proportion is slightly higher in Foster City where nearly one-third of all residents fall into this age group.

Nearly one-quarter of Foster City residents are under 18. Foster City's share of children under the age of 18, at 23 percent, is nearly even with the County and the Bay Area, where 22 percent of residents are children. While the percent share of children under the age of 18 may be similar across Foster City, San Mateo County, and the Bay Area, the children of Foster City's affluent households will have greater discretionary income to spend than children in less-affluent households elsewhere. Note that even though Foster City has the same proportion of children under the age 18 as San Mateo County and the Bay Area, it has more families with children, – reflecting a lower number of children per household spread over a wider number of households in Foster City than in San Mateo County or the Bay Area.

Baby Boomers comprise one in five Foster City residents. The portion of Baby Boomers (ages 55 to 74) in the Foster City population, at 21 percent, is approximately the same as in San Mateo County and in the Bay Area; 21 percent of County and 20 percent of Bay Area residents are in this age range.

Millennials are less present in Foster City than in surrounding areas. The Millennials, or Gen Y cohort (ages 18 to 34), makes up a notably lower portion of the Foster City population, at 18 percent, than in the County or the Bay Area, where this age group makes up 21 to 23 percent of all residents. The Millennials generation seeks a more urban retail environment that imparts a sense of community and has a retail mix with merchandise stores and restaurants that cater to their fashion and entertainment preferences.

Table 7: Age Distribution for Foster City, San Mateo County, and Bay Area 2013

<u>Age Cohort (%)</u>	<u>Age Group</u>	<u>Foster City</u>	<u>San Mateo County</u>	<u>Bay Area (a)</u>
Pre School	Under 5	7%	6%	6%
School Age	5-17	17%	16%	16%
Millennials/Gen Y	18-34	18%	21%	23%
Generation X (b)	35-54	32%	30%	29%
Younger Boomers (b)	55-64	12%	13%	13%
Older Boomers (b)	65-74	9%	8%	7%
Greatest Generation	75+	6%	6%	6%
Total		100%	100%	100%
Median Age		40.1	39.9	38.5

Notes:

(a) The nine-county Bay Area includes Alameda, Contra Costa, Marin,

Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma

(b) Census-based data reports age in 5- and 10-year increments only. This table shows generational cohort titles, even though they do not correspond exactly to the ages available from these data.

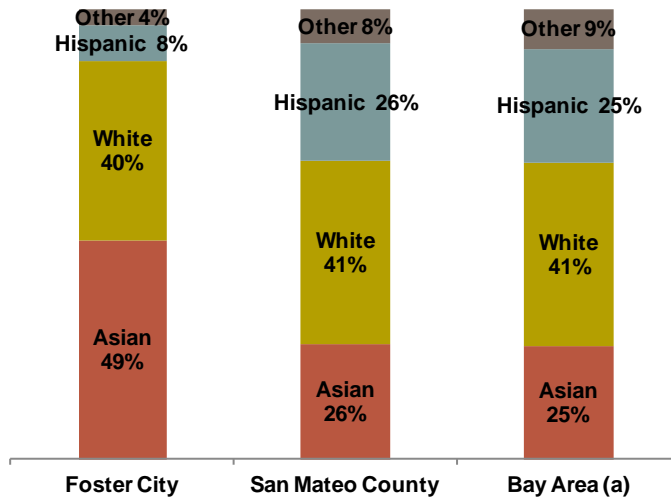
Sources: Nielsen, 2013; BAE, 2013.

Ethnicity

Persons of Asian ethnicity make up the predominant ethnic group in Foster City; this group has increased in number rapidly from 2000 to 2013, reflecting national and state trends. The Foster City Asian population also makes up a much larger proportion of the City's population than in San Mateo County or the Bay Area overall. According to ACS data released in 2011, the largest single Asian group was the Chinese-American community, comprising 20 percent of the City's population, following by the Indian community, making up 10 percent of the City's residents. The white population constitutes 40 percent of all residents in Foster City. Foster City's pronounced Chinese-American and Indian-American communities may have retail, entertainment, and personal services demands that are different than other ethnic groups in San Mateo County. The rapid growth of this population since 2000 suggests that there may be increasing opportunities for Foster City's retail sector to serve this population segment.

Persons of Asian ethnicity make up one-half of Foster City residents. Figure 5 indicates that nearly half of all Foster City residents, 49 percent, are Asian. This is the single largest ethnic group in the City, followed by whites, who make up 40 percent of residents. This pattern contrasts sharply with San Mateo County and the Bay Area overall, where 40 percent of residents are white and the Latino and Asian populations each make up roughly one-quarter.

Figure 6: Ethnicity as a % of All Residents, 2013



Sources: Nielsen, 2013; BAE, 2013.

The Asian population has grown rapidly since 2000. The Asian population grew rapidly from 2000 to 2013, going from one-third to one-half of all residents in the City. Again, this growth was much higher than in surrounding areas. The retail implications of this growth can be seen in the recent entry of Ranch 99 Market (an Asian-food oriented supermarket), a small cluster of South Asian¹⁰ businesses in the Charter Square shopping center, and other Asian businesses and restaurants in Beach Park Plaza.

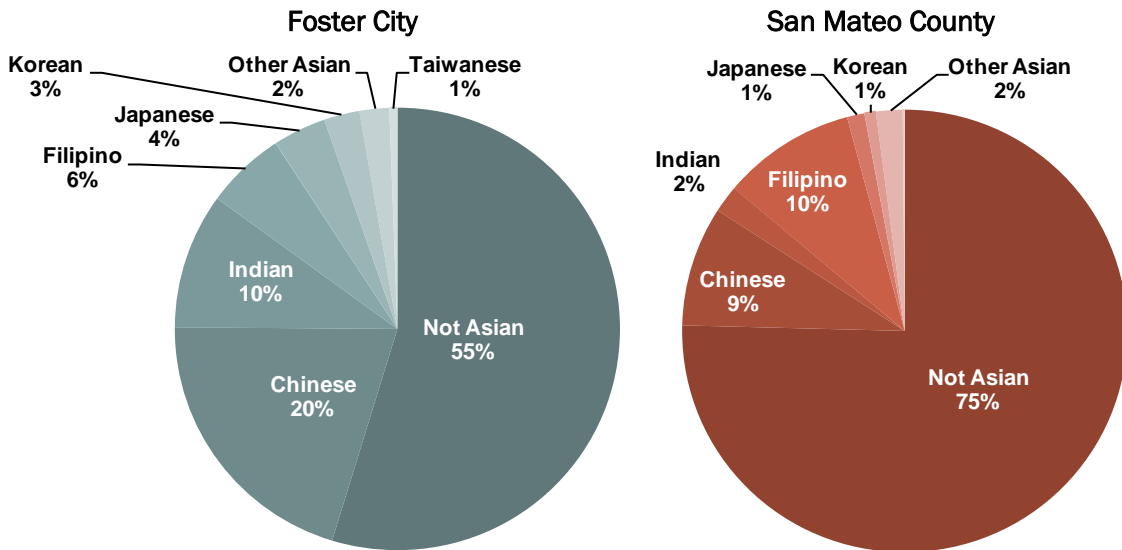
East Asians¹¹, predominantly Chinese-Americans, make up the majority of the Foster City Asian population. According to ACS data collected continuously from 2007 to 2011, the majority of the Asian population in Foster City, 60 percent, was of East Asian descent. As shown in Figure 6, the bulk of this group was made up of Chinese-Americans, who represented 45 percent of the entire Asian population in Foster City and 20 percent of the overall population. This share was much higher than in San Mateo County overall, where nine percent of the population was Chinese-American.

There is also a substantial Indian-American community in Foster City. Person of Indian descent make up 10 percent of the Foster City population, making it the second largest Asian community in the City. This share of Indian-American residents is much higher than in San Mateo County, where two percent of all residents are Indian.

¹⁰ South Asian ethnicity includes people from of Afghanistan, Bangladesh, Bhutan, India, Iran, Maldives, Nepal, Pakistan, and Sri Lanka.

¹¹ East Asian ethnicity includes people from China, Japan, North and South Korea, Mongolia, and Taiwan.

Figure 7: Asian Population by Community as % of all Residents, 2011



Sources: Table B02006 ACS, 2007-2011; BAE, 2013.

Lifestyle Segments Profile

The Nielsen Company produces the Nielsen PRIZM lifestyle segmentation system. This system classifies areas as small as the zip code level into “lifestyle segments” based on a proprietary analysis of certain demographic indicators. As described by Nielsen, this segmentation process is an exercise in generalization and does not allow for nuanced analysis of demographic characteristics. Though the results of the Nielsen PRIZM analysis cannot be compared directly to the detailed demographic data presented above, the two predominant PRIZM segments listed below are consistent with the trends observed in that data.

“Money & Brains”

According to Nielsen, the predominant lifestyle segment in Foster City is the Money & Brains segment, characterizing 61 percent of all households. This segment “seems to have it all,” including high incomes and advanced degrees. This group is said to possess sophisticated tastes, shopping at stores like Banana Republic and preferring cars on par with the Mercedes E Class. This group is also likely to travel for business and many households in this group are typically married couples with few children living in nice homes. This group corresponds to Nielsen’s Affluent Empty Nest life stage group and the Urban Uptown social group. Overall this segment is an important driver of demand for specialty retail.

“Young Digerati”

The second major lifestyle segment in Foster City is the Young Digerati group. According to Nielsen, 38 percent of all households can be characterized in this segment. Young Digerati are tech-savvy and prefer “fashionable” neighborhoods on the “urban fringe.” This group is characterized by affluence, ethnic diversity, and high levels of education. Apartments, townhomes, and condominiums are popular with this group, as are boutique clothing stores, casual restaurants, and bars. This group is more likely to travel to exotic locations, like Asia, watch independent films, and read publications like Dwell. Bloomingdale’s and the Audi A3 are offered as the prototypical shopping choices of this group. Overall, this segment also drives demand for specialty retail as well as eating and drinking establishments.

Demographic Trends: Implications for Retail

The above analysis of available demographic data for Foster City suggests a number of key features affecting the potential for retail change and development in the City, including:

- **Foster City has grown and will continue to grow modestly.** Nielsen forecasts a population increase of approximately 1,500 new residents between 2013 and 2018 and an increase of roughly 575 new households over the same time period. The City anticipates near-term growth to exceed this projection, based on the 1,130 units that are either under construction or recently approved in the City. These forecasts indicate that future population and household growth will be less important than marketing to existing residents for strengthening Foster City’s retail sector.
- **Household size, family households, and the number of households with children in the City have grown since 2000.** The large and growing number of family households in Foster City suggests a solid demand base for neighborhood-serving convenience retail goods, personal services, and affordable, casual dining establishments. Retail centers need to target Foster City’s large base of affluent families with children.
- **Households in Foster City have higher incomes and spend proportionally less of that income on housing costs than in the County or the Bay Area overall.** This suggests residents of the City have a relatively high level of disposable income for discretionary purchases such as dining, retail, entertainment, and personal services. In addition, Foster City consumers are highly educated and fall into Nielsen lifestyle segments distinguished by their sophisticated consumer tastes. Overall, this suggests support in the community for specialty retail.
- **Foster City is a diverse community, with large Chinese and Indian populations.** Foster City is home to large Chinese-American and Indian-American communities that have grown at a rapid pace since 2000. These communities may have unique consumer

demands that have already manifested itself with the entry of Ranch 99 Market and other retail outlets serving these market segments into the City. The increasing numbers in both communities may also mean that opportunities remain in the retail market to meet the demands of the changing consumer base.

- **A large segment of Foster City's population is comprised of Young Digerati.** This demographic segment seeks specialty retail stores and entertainment opportunities and would also support eating and drinking establishments.

EMPLOYMENT TRENDS

Spending by workers in Foster City is also a source of retail demand, in addition to the City's resident population. The section of the study presents employment conditions and trends in Foster City.

The following observations on employment trends for Foster City and surrounding areas are based primarily on data from the American Community Survey (ACS). The ACS, a product of the U.S. Census Bureau, publishes estimates of demographic conditions based on statistical sampling conducted continuously over one-year, three-year, and five-year periods, depending on the type of data and size of the geography being sampled.¹² While these data cannot represent conditions at a specific point in time, as in the previous decennial censuses, they are updated on an annual basis and offer a valuable means to compare characteristics across geographies. Longer-term employment projections were based on projections provided by the Association of Bay Area Governments (ABAG) in the Jobs-Housing Connection Strategy released in 2012. In addition, business license data from the City were used to better document the makeup of the City's employment base. To the extent that data are available, information is presented for Foster City along with comparative information for San Mateo County and the nine-county Bay Area.¹³

Employment and Occupation

Foster City workers are predominantly employed in management, business, science, and arts occupations, as are workers in San Mateo County and the Bay Area overall. However, Foster City has a substantially higher proportion of these jobs than in surrounding areas. While ABAG employment figures for the Bay Area and the County show greater growth in the long-term than

¹² This data source replaces the information obtained in previous Censuses from the "long form" questionnaire. For more information on the ACS, see www.census.gov/acs/www/about_the_survey/american_community_survey/

¹³ The nine-county Bay Area consists of the Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma Counties.

what is expected for Foster City, the City is still expected to host 25 percent more jobs in 2040 than it did in 2010. Foster City’s growing employment base will continue to provide a strong source of daytime demand for casual dining and convenience retail establishments.

Foster City has a job base of approximately 16,900 and has a sharply lower unemployment rate than San Mateo County or the Bay Area. As of August 2013, Foster City had 16,900 jobs with an unemployment rate of 3.9 percent (see Table 8). The City’s unemployment rate was sharply lower than the unemployment rates for San Mateo County (5.3 percent) and the Bay Area (6.6 percent).

Table 8: Employment and Unemployment Rates, August 2013¹⁴

<u>Employment</u>	<u>Total Employment</u>	<u>Unemployment Rate</u>
Foster City	16,900	3.9%
San Mateo County	379,700	5.3%
Bay Area (a)	3,081,300	6.6%

Note:

(a) The nine-county Bay Area includes Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma counties.

Sources: California Employment Development Department, 2013; BAE, 2013.

Job growth in Foster City is expected to keep pace in coming decades. As shown in Table 9, according to 2040 ABAG projections, the employment total for Foster City is expected to grow by 3,600 jobs (25 percent) between 2010 and 2040. This growth is slightly lower than, but generally comparable to, what is expected for San Mateo County and the Bay Area, where a total increase of 29 percent and 33 percent, respectively, are expected. Modest growth is not unexpected for a build-out community such as Foster City where job growth would have to come from redevelopment of existing properties.

Signs of employment growth in Foster City are already evident. Forecasted growth is already happening in Foster City. Under the recently approved Gilead Integrated Campus Master Plan, Pilgrim-Triton Master Plan, and Chess-Hatch Master Plan, a total of between 6,100 and 7,100 new jobs would be generated¹⁵. In addition, a group of major Foster City employers that

¹⁴ Figures are based on the 2040 Jobs-Housing Connection Strategy released by ABAG in 2012 and are not intended to match perfectly with employment data from the American Community Survey. The anticipated growth trend provided by ABAG is a percent growth figure that may still be considered even if the base employment estimates do not match other sources.

¹⁵ BAE estimate using a 225 to 275 square foot per employee factor to net new office/R&D square feet approved under these master plans.

accounts for two-thirds of all jobs in the City saw employment growth of nearly eight percent from 2009 to 2013.

Table 9: Employment Projections 2010-2040¹⁶

Employment	2010	2040	# Change 2010-2040	% Change 2010-2040
Foster City	13,890	17,490	3,600	25.9%
San Mateo County	345,200	445,310	100,110	29.0%
Bay Area (a)	3,385,300	4,505,220	1,119,920	33.1%

Note:

(a) The nine-county Bay Area includes Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma counties.

Sources: ABAG, 2012; BAE, 2013.

Most Foster City workers have management, business, science, or arts jobs. The majority of jobs in Foster City, 63 percent, were in the management, business, science, and arts occupations group, as shown in Figure 7. This occupation category also comprised the single largest category for workers in San Mateo County and the Bay Area overall, though the share of workers in this group was much lower than in Foster City.

Major Employers

Table 10 shows the top ten major employers in Foster City according to City business license data for 2013. These firms employ roughly 9,600 workers, accounting for half of all workers in the City. Jobs with these firms are predominantly in the high-paying financial services and technology sectors.

The bulk of the City’s employment base is located in the area around Metro Center. Notably, Gilead Sciences, the City’s second largest employer, is in Vintage Park north of Highway 92, an area not currently served by any substantial retail or casual dining establishments in Foster City. Demand from workers north of Highway 92 will increase as Gilead Sciences expands under its newly approved master plan. Additional demand in this area will be generated from the build out of the Chess-Hatch project as well as Pilgrim-Triton project.

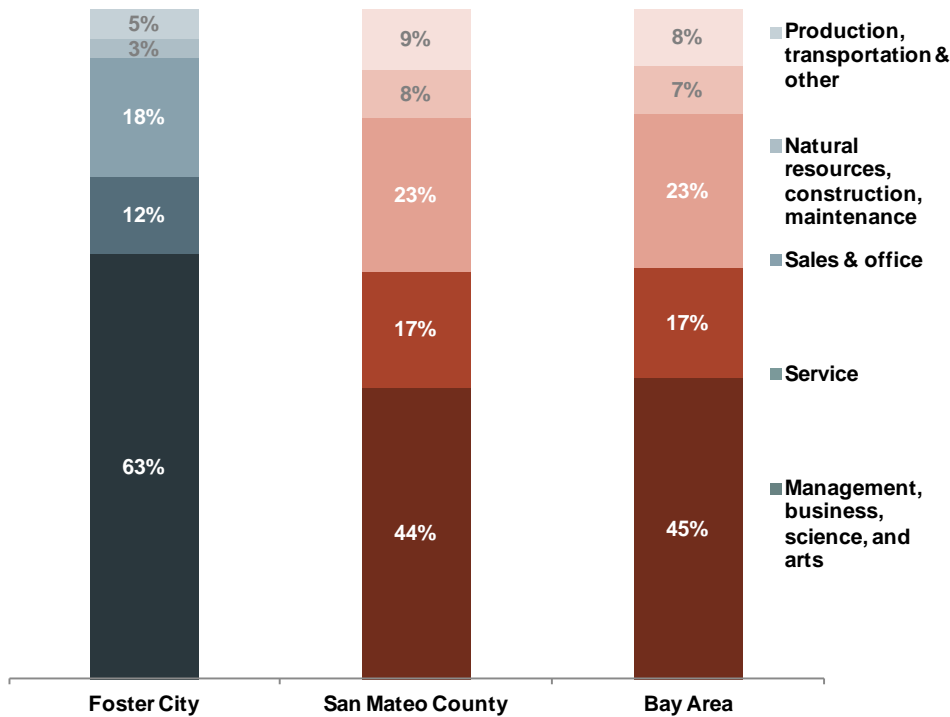
¹⁶ Figures are based on the 2040 Jobs-Housing Connection Strategy released by ABAG in 2012 and are not intended to match perfectly with employment data from the American Community Survey. The anticipated growth trend provided by ABAG is a percent growth figure that may still be considered even if the base employment estimates do not match other sources.

Table 10: Major Employers in Foster City, 2013

Name	Location	Employees	Products
Visa USA Inc.	900 Metro Center Blvd	4,767	VISA company headquarters
Gilead Sciences Inc.	333 Lakeside Dr	2,156	Corporate headquarters/ biopharmaceuticals
Guidewire Software Inc.	1001 E Hillside Blvd	682	Software development for insurance industry
IBM Corporation	1001 E Hillside Blvd	530	Computer and information technology consulting
Rearden Commerce Inc.	950 Tower Ln	483	App development for e-commerce
Quinstreet Inc.	1001 E Hillside Blvd	286	Computer related services
Costco	1001 Metro Center Blvd	226	Department store
Crowne Plaza Foster City	1221 Chess Dr	200	Hotel
Axiom Digital Inc.	1051 E Hillside Blvd	159	Data Management services
Adchemy Inc.	1051 E Hillside Blvd	154	Internet services

Sources: Foster City Business License Data, 2013; BAE, 2013.

Figure 8: Worker Occupation, 2011 (a)



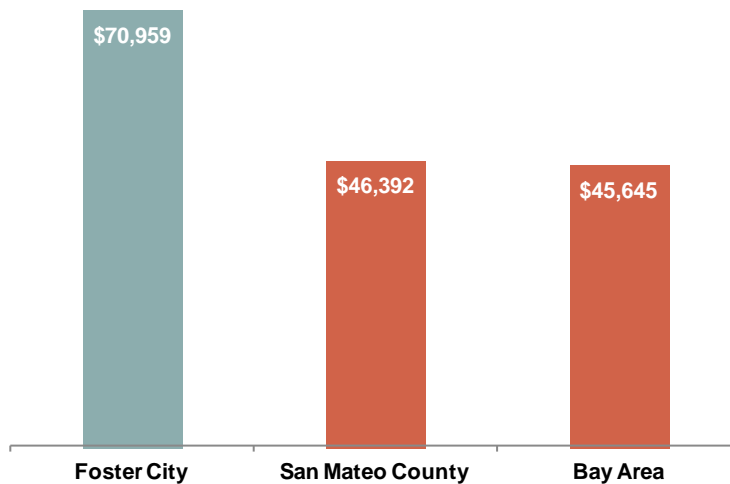
Sources: Table B08524, ACS 2007-2011; BAE, 2013.

Worker Income

Employees in Foster City earn substantially more than workers in San Mateo County and the Bay Area. This indicates a stronger than average daytime demand base for casual dining and convenience retail services in Foster City, in addition to the strong demand stemming from the high household income figures reported in the Demographic Overview section of this report.

Median worker earnings for Foster City workers are relatively high. As indicated in Figure 8 and Table 11, the median annual earnings for workers with a job in Foster City in 2011 was just under \$71,000 compared to the \$46,400 and \$45,600 median earnings for San Mateo County and the Bay Area, respectively. Workers in Foster City have about one-third more to spend than workers in San Mateo County and the Bay Area –and a portion of that spending potential will be realized at or near to the workplace.

Figure 9: Median Annual Earnings, 2011 (a)



Notes:

(a) The American Community Survey (ACS) publishes demographic estimates based on statistical sampling conducted continuously between 2009 and 2011.

Sources: Tables B08519 & B08521, ACS 2009-2011; BAE, 2013.

Table 11: Worker Earnings by Workplace Geography, 2011

Income Category (b)	Foster City	San Mateo Co.	Bay Area (c)
Less than \$15,000	10.1%	15.8%	17.4%
\$15,000-\$24,999	6.9%	11.9%	11.8%
\$25,000-\$34,999	9.1%	10.6%	10.8%
\$35,000-\$49,999	10.3%	14.3%	14.1%
\$50,000-\$74,999	16.1%	16.9%	17.1%
\$75,000 or more	47.6%	30.5%	28.8%
Total	100.0%	100.0%	100.0%
Median Income	\$70,959	\$46,392	\$45,645

Notes:

(a) The American Community Survey (ACS) publishes demographic estimates based on statistical sampling conducted continuously between 2009 and 2011.

(b) All figures represent percent of all workers over 16 in each category.

(c) The nine-county Bay Area includes Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma counties.

Sources: Tables B08519 & B08521, ACS 2009-2011; BAE, 2013.

Foster City jobs are relatively high-paying. Nearly 64 percent of Foster City workers were employed in management, business, science, and arts occupations in 2011 (see Table 12). For San Mateo County, this was the highest-earning occupation class, with median earnings of over \$79,000. In the County overall, a much smaller share of jobs, 44 percent, was in this occupational category.

Table 12: Income by Occupation, 2011 (a)

Occupation (b)	Foster City		San Mateo Co.		Bay Area (c)	
	#	%	#	%	#	%
Management, business, science, and arts	11,994	63.5%	154,469	43.5%	1,553,125	44.9%
Service	2,185	11.6%	61,743	17.4%	575,027	16.6%
Sales and office	3,340	17.7%	80,325	22.6%	787,682	22.8%
Natural resources, construction, and maintenance	529	2.8%	26,632	7.5%	255,386	7.4%
Production, transportation, and material moving	851	4.5%	31,813	9.0%	291,082	8.4%
Military	0	0.0%	49	0.0%	4,917	0.1%
Number of Employed Workers	18,899	100.0%	354,982	100.0%	3,462,302	100.1%

Notes:

(a) The American Community Survey (ACS) publishes demographic estimates based on statistical sampling conducted continuously between 2009 and 2011.

(b) All figures represent percent of all workers over 16 in each category.

(c) The nine-county Bay Area includes Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma counties.

Sources: Table B08524, ACS 2009-2011; BAE, 2013.

Employment Trends: Implications for Retail

The above analysis of available employment data for Foster City suggests a number of key features affecting the potential for retail change and development in the City, including:

- **Foster City is expected to experience solid job growth in the long-term.** ABAG figures for 2040 show the Foster City workforce growing by 3,600 jobs (25 percent). This growth forecast is likely to be low, given the recently approved projects in Foster City that would generate between 6,100 and 7,100 jobs over the next several years. Employment growth contributes to Foster City's consumer base, especially for daytime retail establishments and services.
- **Employment is concentrated in major firms located mostly in the City center and north of Highway 92.** Half of Foster City workers are employed by 10 firms. Most of these employers are located in the City center near existing or planned retail centers: Metro Center, the Costco/OSH Regional Center, Parkside Towers, and the 15-Acre Foster Square. The Gilead Sciences campus and nearby proposed development will increase the employment base in the area north of Highway 92 around Vintage Park.
- **The Foster City workforce is highly paid.** Median earnings for workers with jobs in Foster City, nearly \$71,000 in 2011, is substantially higher than for workers in San Mateo County or the Bay Area overall. Foster City workers' high earnings stem from the high concentration of Foster City jobs in the management, business, science, and arts occupations, which is the highest-earning occupation group in San Mateo County. Hence, the Foster City workforce has greater discretionary income for retail purchases in Foster City.

RETAIL SALES & LEAKAGE ANALYSIS

This section examines retail sales conditions in Foster City, its Retail Trade Area (RTA), and the surrounding region. The purpose of the leakage analysis for the City is to identify the relative strength of the City's retail sectors. Using the City boundaries in doing a leakage analysis is somewhat arbitrary, since Foster City is adjacent to other cities with considerable retail development which are easily accessible to Foster City residents. As a result, the City boundaries do not represent a substantial constraint on Foster City residents shopping elsewhere or non-residents shopping in Foster City. However, a leakage analysis for the City can show sectors where the City might have an opportunity to capture more sales locally from its residents and employees (while also attracting shoppers from other cities). Capturing these leaking sales would make Foster City a more self-contained and sustainable community.

Retail Trade Area Definition

To provide context and a benchmark, analysis for the larger RTA will help to show whether the presence of certain retail types nearby and their ability to attract City residents and workers might act as a constraint on Foster City's ability to attract additional retail development, even if the analysis indicates that City residents and workers are not purchasing goods within Foster City itself. If the RTA itself is showing leakages of retail sales, it might represent opportunities for Foster City to attract shoppers not just from Foster City but also from surrounding communities. Data for the City and RTA are presented, along with comparative data from San Mateo County and California.

For the purposes of this analysis, the Retail Trade Area is defined as an area which is easily accessible for Foster City residents looking to make both commodity and specialty retail purchases, generally within three or four miles of the center of Foster City. The RTA was defined as Foster City's Zip Code (which also includes parts of the City of San Mateo) and adjacent Zip Codes, including parts of City of San Mateo, Redwood City, and Belmont. This corresponds to an area in which a reasonable drive time would be incurred to reach retail centers outside Foster City. Due to distance and tolls, the RTA does not include Hayward to the east even though it can be easily reached by auto. **Error! Reference source not found.** shows the boundaries of the RTA.

Data Sources

This analysis relies on a variety of source data. The base data are derived from retail sales estimates based on 2011 Zip Code and County Business Patterns employment data benchmarked to data on sales per employee from the 2007 Economic Census, with adjustments by category made based on crosschecks with State Board of Equalization (SBOE) taxable sales data as well as other sources, and to reflect more current conditions as needed. While Foster City's Zip Code also includes the Bridgepointe Center in San Mateo city, it was possible to factor

out those sales based on a comparison of the tenants in that center with the Foster City baseline.

Figure 10: Foster City and the Retail Trade Area



See Appendix A for a listing of Zip Codes making up the Retail Trade Area.

Source: ESRI; BAE, 2013.

While SBOE data are often used as the primary source of information on general retail expenditures, this was not possible in the analysis here for several reasons. SBOE data is published in *Taxable Sales in California*, a quarterly and annual publication that reports taxable sales by major store categories by city and county. With adjustments made to take into account nontaxable sales such as food and prescriptions, this source often offers the best baseline data for jurisdictions for which the numbers are available. However, in Foster City, SBOE publications do not provide any detail on taxable sales by major retail category, only a total for all retail outlets, due to the City's limited retail base. BAE placed a special order for the more detailed data, but because of confidentiality and disclosure rules, sales data are not available for several store categories, including motor vehicle and parts dealers, building materials and garden equipment and supplies, and general merchandise stores. Also, SBOE does not provide data for portions of cities, and the RTA does not follow city boundaries, so no published data were available.

The Zip Code and County Business Patterns data make feasible a retail sales estimate that covers all store categories in a way not possible based on SBOE data. For comparative purposes and as a benchmark, similar estimates have been derived for Santa Clara County and California. As noted above, these estimates have been derived using the most recent available data from the Census of Retail Trade and County and Zip Code Business Patterns, adjusted by review of available SBOE data and other source data. These estimates provide point-in-time data for Foster City and the RTA by detailed retail category. Further explanation of the methodology can be found in Appendix D and in the footnotes for Table 13.

Retail Sales Categories

For the purposes of the analysis here, the estimated retail sales have been grouped into eleven categories, corresponding to major 3-digit NAICS¹⁷ retail categories:

- Motor Vehicle and Parts Dealers
- Home Furnishings and Appliance Stores
- Bldg. Materials and Garden Equipment and Supplies
- Food and Beverage Stores
- Health and Personal Care Stores
- Gasoline Stations
- Clothing and Clothing Accessories Stores
- Sporting Goods, Hobby, Book, and Music Stores
- General Merchandise Stores¹⁸

¹⁷ The North American Industrial Classification System (NAICS) is a standard categorization scheme of business types developed by the U.S., Mexican, and Canadian governments.

- Miscellaneous Store Retailers
- Food Services and Drinking Places¹⁹

Sales at non-store retailers (e.g., electronic online sales, mail order, and auction houses) are excluded from the analysis, as are sales occurring at non-retail outlets.

Estimated Retail Sales in Foster City and the RTA by Major Retail Category

As shown in Table 13, retail sales for Foster City for 2011 are estimated at approximately \$360 million (all sales presented in inflation-adjusted 2013 dollars unless otherwise noted).²⁰ The largest category by far is general merchandise stores, with over 40 percent of the City's retail sales, due to the presence of Costco.²¹ The next two largest categories are food and beverage stores at 19 percent of sales and food services and drinking places at 18 percent. The general merchandise store category is disproportionately large in Foster City relative to the County and the State. Foster City has little or no sales in most other sectors, including furniture and home furnishings stores; electronics and appliance stores; clothing and clothing accessories stores; sporting goods, hobby, book, and music stores; and miscellaneous store retailers.

Retail sales in the RTA for 2011 are estimated at approximately \$2.4 billion; the three largest store categories are food and beverage stores (20 percent), food services and drinking places (15 percent) and general merchandise stores (14 percent). In contrast to Foster City, the RTA retail mix is generally much more like that of the County and the State. The greatest variation is in a lower proportion of sales being in the motor vehicle sector; on either side of the RTA are major auto shopping nodes, in Redwood City and Burlingame. The building materials sector is also somewhat underrepresented in the RTA, while the proportion of retail sales in general merchandise stores is somewhat higher, likely due to the presence of the Hillsdale Shopping Center, as well the Target in Bridgepointe and the Costco in Foster City.

Per capita sales comparisons by category provide another view of strengths and weaknesses in the City's retail sector. On a per capita basis, Foster City's 2011 retail sales estimated at \$11,755 annually are low relative to \$15,276 for the County and \$12,489 for California. However, the presence of Costco masks low per capita sales across all other categories;

¹⁸ Includes stores that sell a broad range of merchandise. Examples include traditional department stores such as Macy's, discount department stores such as Walmart, and warehouse stores such as Costco.

¹⁹ This category includes all types of restaurants, as well as catering services.

²⁰ It is important to note this includes non-taxable sales.

²¹ Actual sales data for the Costco in Foster City cannot be provided here, due to disclosure rules. This estimate is based on the overall average per store sales for Costco, per their 2012 Annual Report. Actual sales at Foster City may vary somewhat from this estimate.

excluding the general merchandise store category, Foster City has 2011 per capita retail sales estimated at only \$6,699 in contrast to \$13,660 for San Mateo County and \$10,862 for California. Sectors with extremely low per capita sales (less than half of Countywide levels) include motor vehicle and parts dealers; furniture and home furnishings stores; electronics and appliance stores; building materials and garden equipment and supplies; clothing and clothing accessories stores; sporting goods, hobby, book, and music stores; and miscellaneous store retailers.

RTA per capita sales overall were only slightly below countywide levels, estimated at \$14,288 in 2011. In contrast with Foster City, no major sectors had per capita sales at less than half of countywide levels; six of 13 major sectors had per capita sales above countywide levels, with particularly high per capita sales in clothing and clothing accessories stores; sporting goods, hobby, book, and music stores; and general merchandise stores. The strong sales in these categories may be due to the presence of the Hillsdale Shopping Mall and surrounding region-serving retail outlets. Overall, the RTA's retail sector has a broad range of shopping opportunities accessible to Foster City residents.

Table 13: Total Estimated 2011 Retail Sales

Sales in 2013 \$000 (a)

	Foster City	Retail Trade Area	San Mateo County	California
Motor Vehicle and Parts Dealers	\$0	\$290,100	\$2,083,200	\$85,227,900
Furniture and Home Furnishings Stores	\$4,000	\$80,600	\$338,300	\$10,472,700
Electronics and Appliance Stores	\$3,000	\$67,000	\$363,600	\$15,099,800
Bldg. Matrl. and Garden Equip. and Supplies	\$16,800	\$127,600	\$863,700	\$29,159,600
Food and Beverage Stores	\$69,100	\$498,100	\$2,069,500	\$81,898,300
Health and Personal Care Stores	\$13,600	\$128,100	\$517,600	\$25,271,600
Gasoline Stations	\$30,000	\$180,700	\$849,400	\$41,481,800
Clothing and Clothing Accessories Stores	\$1,300	\$231,400	\$646,800	\$33,981,500
Sporting Goods, Hobby, Book, and Music Stores	\$200	\$83,800	\$250,600	\$8,964,800
General Merchandise Stores	\$155,000	\$347,600	\$1,167,300	\$60,883,500
Miscellaneous Store Retailers	\$3,500	\$55,700	\$304,200	\$11,381,400
Food Services and Drinking Places	\$63,900	\$357,500	\$1,581,000	\$63,619,200
Retail Outlets Total	\$360,400	\$2,448,200	\$11,035,200	\$467,442,100

Sales per Capita in 2013 \$

	Foster City	Retail Trade Area	San Mateo County	California
Motor Vehicle and Parts Dealers	\$0	\$1,693	\$2,884	\$2,277
Furniture and Home Furnishings Stores	\$130	\$470	\$468	\$280
Electronics and Appliance Stores	\$98	\$391	\$503	\$403
Bldg. Matrl. and Garden Equip. and Supplies	\$548	\$745	\$1,196	\$779
Food and Beverage Stores	\$2,254	\$2,907	\$2,865	\$2,188
Health and Personal Care Stores	\$444	\$748	\$717	\$675
Gasoline Stations	\$978	\$1,055	\$1,176	\$1,108
Clothing and Clothing Accessories Stores	\$42	\$1,350	\$895	\$908
Sporting Goods, Hobby, Book, and Music Stores	\$7	\$489	\$347	\$240
General Merchandise Stores	\$5,055	\$2,029	\$1,616	\$1,627
Miscellaneous Store Retailers	\$114	\$325	\$421	\$304
Food Services and Drinking Places	\$2,084	\$2,086	\$2,189	\$1,700
Retail Outlets Total	\$11,755	\$14,288	\$15,276	\$12,489

2011 Population (b)**30,660 171,348 722,372 37,427,946****Excluding General Merchandise Sales****6,699 12,259 13,660 10,862**

Notes:

Sales estimates were initially generated using 2011 Zip Code and County Business Patterns employment data along with per-employee sales data by detailed NAICS code from the 2007 Economic Census. These numbers by major category above were then cross-checked against SBOE data, the 2007 Economic Census data, and other sources where available to confirm, with adjustments made as indicated by inconsistencies between the sources. Because of differences in categorization schemes, data by category may not be directly comparable to SBOE numbers presented elsewhere. 2011 represents most recent data available at time of analysis. Foster City data based on its Zip Code, with Bridgepointe retailers excluded. RTA data also based on Zip Codes per discussion in text and Appendix A.

(a) Retail sales have been adjusted to 2013 dollars based on the Bay Area and California Consumer Price Index calculated by the California Department of Industrial Relations (based on data from the Bureau of Labor Statistics) for California, and the Bay Area Consumer Price Index from the U.S. Bureau of Labor Statistics for the City and County. Total sales estimates rounded to nearest million \$.

(b) Population from CA State Dept. of Finance, except for Retail Trade Area. RTA population based on Nielsen estimates for 2010 and 2013, assuming constant percentage growth over the period.

Sources: 2010 U.S. Census; U.S. Census of Retail Trade, 2007; Zip Code and County Business Patterns, 2010; CA Dept. of Industrial Relations; U.S. Bureau of Labor Statistics; Nielsen MarketPlace; Costco 2012 Annual Report; BAE, 2013.

Comparative Per Capita Trends in Retail Sales

The following section presents historic data on per capita taxable retail sales, to supplement the single-year estimate provided in the previous section and provide an overview of longer-term trends. The following discussion relies on taxable sales data published by SBOE for Foster City, San Mateo County, and California.²² All data are presented in constant 2013 dollars, based on the Bay Area and California Consumer Price Indexes, and has been converted to a per capita basis to allow for comparison of sales performance between the three geographies, which have very different levels of total taxable retail sales (in 2011, \$223 million for Foster City, \$8.98 billion for San Mateo County, and \$370 billion for California in inflation-adjusted 2013 dollars). The following trends discussion covers only taxable sales, not total sales. For instance, food purchases, prescription drugs, and services (e.g., auto repair) are not taxable; as a result, the estimates shown here are lower than provided by the Zip Code data discussed above and used below in the leakage analysis, which estimates all sales in the retail sector. Nevertheless the taxable sales data are the best available indicator of retail sales trends over a period of years, even though they do not provide complete coverage of all sales in the retail sector.

Because of the limited availability of detailed taxable sales data for Foster City and the reclassification of businesses by SBOE beginning with 2009, the trends analysis here covers only total taxable retail sales. Additionally, the analysis above discusses the retail mix of Foster City relative to the RTA and the County, and since it includes non-taxable sales in all categories, that analysis portrays a more complete picture of the retail mix than would be obtained from the taxable sales data. In any case, SBOE disclosure rules, which limit availability of data for retail store categories where there are few outlets or where one store (e.g., Costco) dominates sales, also makes such trend analysis based on SBOE data more difficult for Foster City, since several major categories are not disclosed but instead grouped with the other retail outlets category. The most recently SBOE-published data for the County and State were from 2011, and the special data request by BAE for Foster City covers the same period.

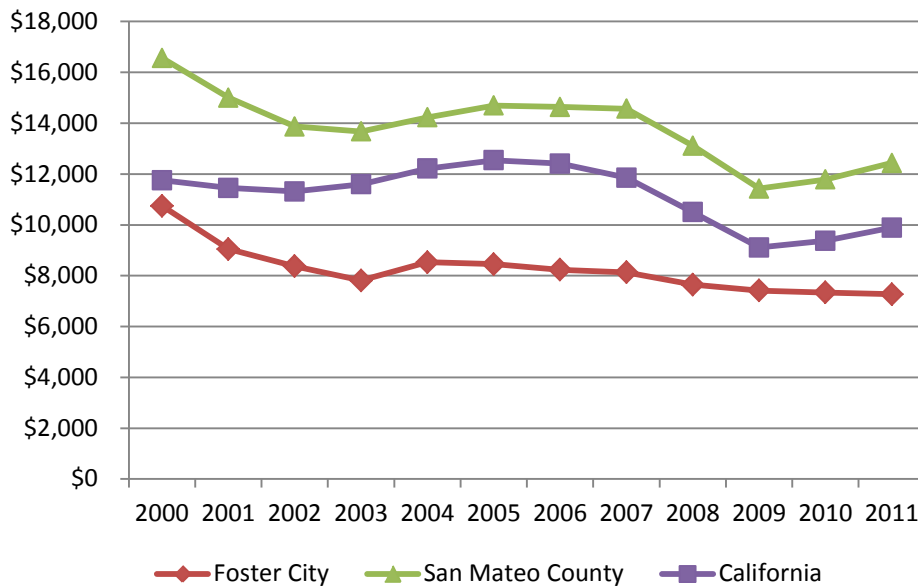
Foster City shows relatively low per capita retail sales. As shown in Figure 11, inflation-adjusted annual per capita taxable retail sales in 2011, Foster City had taxable per capita retail sales of only \$7,271, compared to \$12,432 for San Mateo County and \$9,888 for California, even though Foster City's household income greatly exceeds that for the County and the State.

On an inflation-adjusted basis, per capita taxable retail sales have declined over the 2000 through 2011 period for all three geographies. Foster City and San Mateo County showed steeper declines than statewide for the early part of the period, likely due to the regional impacts

²² Because the RTA includes portions of cities, there are no published SBOE data available. For reference purposes, data for San Mateo city and Redwood City are presented in Appendix B.

of the “dot-com” bust. Unlike the County and the State, however, Foster City sales have remained essentially flat or on a slow decline since 2002, while the larger geographies showed a recovery mid-decade, followed by a decline and then another recovery since 2006. The lack of region-serving retail in Foster City (with the exception of Costco) may have insulated the City from stronger changes in sales, as local households continue to buy the everyday necessities available locally. For instance, auto sales declined significantly in the recent recession, but Foster City has virtually no sales in this category.

Figure 11: Comparative Per Capita Taxable Retail Sales, 2000-2011



Note: All sales shown are in 2013 dollars. For details, see Appendix B.

Source: BAE 2013, based on sources as noted in Appendix B.

Leakage Analysis

Overview of Methodology

Retail leakage and injection analysis compares actual retail sales in an area with some benchmark that provides a measure of the potential sales generated by that area's residents and workers. If sales levels are below the predicted level, the area may be able to support increased sales, either through the opening of new outlets targeting those leakages or a repositioning of existing outlets through changes in strategy and marketing, merchandise mix, or store configuration such that they could capture a portion of that leakage.

A lower-than-predicted sales volume is a strong indicator that local consumers are buying goods outside the area; thus, the sales are “leaking” out of the study area. Conversely, if the area shows more sales than would be expected from the area's characteristics, there are sales “injections” into the study area. Often, an injection of sales indicates that the study area is serving as the regional shopping destination for a broader area. On the other hand, if an area shows substantial leakage, it may be due to the presence of a region-serving retail node outside but near the study area capturing those “leaked” sales.

There are a number of factors that can be used to predict sales levels, with the two most important factors being the number of persons in the area and the disposable income available to that population. Additional factors influencing retail spending in an area include household type, age of population, number of workers in the area (i.e., daytime population), tourism expenditures, tenure patterns (owner vs. renter), and cultural factors.

As discussed above, Foster City has per capita retail sales well below county and statewide levels; this is a strong preliminary indicator of sales leakages, especially given the City's higher income levels. The following analysis provides a more definitive and detailed view of retail sales leakages for the City and the RTA.

Retail Sales in Foster City and the RTA

The estimated annual retail sales have been derived from Table 13 above, updated to 2013 estimates based on population growth, and are shown in Table 14 and Appendix C.

Retail Demand from Residents

To better determine the levels of leakages and injections for Foster City and the RTA, BAE obtained a Nielsen Retail Market Potential Opportunity Gap (RMP) report for the two geographies and for San Mateo County (to use for benchmarking purposes). This report estimates retail demand based on the Consumer Expenditure Survey, a national survey conducted for the Department of Labor Bureau of Labor Statistics by the U.S. Census Bureau which measures consumer expenditures and provides data on differing spending patterns by age, income, ethnicity, and other variables. This source information is converted to expected expenditures by

store type, to obtain an estimate of demand by retail store category. BAE has refined the RMP expenditure estimates based on actual expenditure patterns in San Mateo County as reflected in total retail sales by major store category, assuming that in large part, County residents are making their retail purchases in the County. The resulting per capita expenditure estimates are shown in Appendix C.

Retail Demand from Workers

In addition to the demand for retail goods generated by residents, persons working in a place also generate demand due to purchases near their place of work, especially meals eaten during the work day. When other shopping opportunities are also available nearby, workers often make other purchases during the day, or on the way to or from their job. Aside from any net inflow, worker expenditures for a locale or trade area are basically a wash; demand generated by workers living in the city is already accounted for in the resident demand estimate, and the expenditures of workers commuting into the locale are balanced by the expenditures of those commuting out.

Foster City shows a near-balance between the number of residents who work and persons who work in the City, with an estimated net inflow of less than 300 workers out of a total employment base of over 18,000 jobs in the City.²³ The RTA shows a similar pattern, with a net inflow of slightly more than 400 workers. Aside from this net inflow, worker expenditures are basically a wash; demand generated by workers living in the city is already accounted for in the resident demand estimate, and the expenditures of workers commuting into the City are balanced by the expenditures of those commuting out. Given these small inflows, the additional purchasing power due to workers in Foster City and the RTA is minimal.

Appendix F presents an estimate of the potential worker expenditures near the place of work for the net inflow of workers into Foster City and the RTA. This estimate is derived based on *Office-Worker Retail Spending in the Digital Age*, based on a national survey of office workers conducted in 2011 by the International Council of Shopping Centers, as shown in Appendix E. This survey gathered information on weekly expenditures, which have been converted to annual expenditures and inflated to 2013 dollars.²⁴

²³ Worker commute flow data derived from Longitudinal Employer-Household Dynamics (LEHD) program, created by of the Center for Economic Studies at the U.S. Census Bureau. This program combines federal, state and Census Bureau data on employers and employees.

²⁴ While not all workers in Foster City and the RTA are office-based, many are, and the use of this survey as a proxy for all workers is reasonable. While some workers may have lower incomes and thus lower expenditures (e.g., retail/service workers), RTA office workers likely have relatively high incomes so overall the expenditures may balance out.

Overall, the net potential worker retail expenditures for Foster City are estimated at approximately \$1.9 million annually. This is a small number relative to the potential annual resident expenditures estimated at \$566 million. For the RTA, net potential worker expenditures are estimated at \$2.7 million annually, also small compared to RTA resident expenditures of nearly \$3 billion annually.

Once estimates of both resident and worker expenditures are combined, overall demand can then be compared to the estimated 2013 sales by major store category for Foster City and the RTA. The results of this leakage analysis are summarized in Table 14, with detail on this analysis provided in Appendix C

Foster City Leakage Analysis

Foster City shows leakages of retail sales in all major store categories with the exception of general merchandise, as shown in Figure 12. Leakages are extremely high (over 50 percent) in seven of the 12 categories, including most categories encompassing comparison goods where supply is provided by region-serving shopping centers. Even the more convenience goods-oriented categories such as food and beverage stores appear to be leaking sales out of Foster City. The one exception to the pattern of leakages is general merchandise stores, due to the presence of Costco, a high-volume sales generator serving a much larger area than Foster City (or even the RTA).

These high sales leakages are a strong indicator of the substantial lack of retail variety and quantity within Foster City. Even for the category with extremely high capture/injections of sales, the capture of sales by Costco in this category masks the lack of other general merchandise store types such as discount or regular department stores in the City.

Table 14: Summary of Leakage Analysis

Foster City

Store Category	2013 Total Annual Retail Sales and Sales Potential in \$000				2013 Total Injection/ (Leakage) \$000	Injection/ Leakage as % of Potential Sales
	Estimated Sales in Area	Estimated Resident Expenditures	Estimated Worker Expenditures	Estimated Total Potential Expenditures		
Motor Vehicle and Parts Dealers	\$0	\$115,070	\$0	\$115,070	(\$115,070)	-100%
Furniture and Home Furnishings Stores	\$4,060	\$18,055	\$0	\$18,055	(\$13,995)	-78%
Electronics and Appliance Stores	\$3,045	\$20,073	\$100	\$20,173	(\$17,128)	-85%
Bldg. Matrl. and Garden Equip. and Supplies	\$17,052	\$44,868	\$0	\$44,868	(\$27,816)	-62%
Food and Beverage Stores	\$70,137	\$98,772	\$300	\$99,072	(\$28,935)	-29%
Health and Personal Care Stores	\$13,804	\$24,051	\$100	\$24,151	(\$10,347)	-43%
Gasoline Stations	\$30,450	\$42,412	\$0	\$42,412	(\$11,961)	-28%
Clothing and Clothing Accessories Stores	\$1,320	\$33,091	\$200	\$33,291	(\$31,972)	-96%
Sporting Goods, Hobby, Book, & Music Stores	\$203	\$13,260	\$100	\$13,360	(\$13,157)	-98%
General Merchandise Stores	\$157,326	\$57,596	\$500	\$58,096	\$99,229	171%
Miscellaneous Store Retailers	\$3,553	\$15,427	\$200	\$15,627	(\$12,075)	-77%
Food Services and Drinking Places	\$64,859	\$83,376	\$400	\$83,776	(\$18,917)	-23%
Total	\$365,807	\$566,051	\$1,900	\$567,951	(\$202,144)	-36%

Retail Trade Area

Store Category	2013 Total Annual Retail Sales and Sales Potential in \$000				2013 Total Injection/ (Leakage) \$000	Injection/ Leakage as % of Potential Sales
	Estimated Sales in Area	Estimated Resident Expenditures	Estimated Worker Expenditures	Estimated Total Potential Expenditures		
Motor Vehicle and Parts Dealers	\$296,250	\$570,614	\$0	\$570,614	(\$274,365)	-48%
Furniture and Home Furnishings Stores	\$82,309	\$94,346	\$0	\$94,346	(\$12,037)	-13%
Electronics and Appliance Stores	\$68,420	\$101,242	\$200	\$101,442	(\$33,022)	-33%
Bldg. Matrl. and Garden Equip. and Supplies	\$130,305	\$236,139	\$0	\$236,139	(\$105,834)	-45%
Food and Beverage Stores	\$508,659	\$539,819	\$500	\$540,319	(\$31,660)	-6%
Health and Personal Care Stores	\$130,815	\$135,180	\$200	\$135,380	(\$4,565)	-3%
Gasoline Stations	\$184,530	\$228,645	\$0	\$228,645	(\$44,114)	-19%
Clothing and Clothing Accessories Stores	\$236,305	\$173,248	\$200	\$173,448	\$62,857	36%
Sporting Goods, Hobby, Book, & Music Stores	\$85,576	\$68,246	\$100	\$68,346	\$17,231	25%
General Merchandise Stores	\$354,968	\$308,703	\$700	\$309,403	\$45,565	15%
Miscellaneous Store Retailers	\$56,881	\$82,732	\$200	\$82,932	(\$26,052)	-31%
Food Services and Drinking Places	\$365,078	\$435,759	\$600	\$436,359	(\$71,281)	-16%
Total	\$2,500,097	\$2,974,673	\$2,700	\$2,977,373	(\$477,275)	-16%

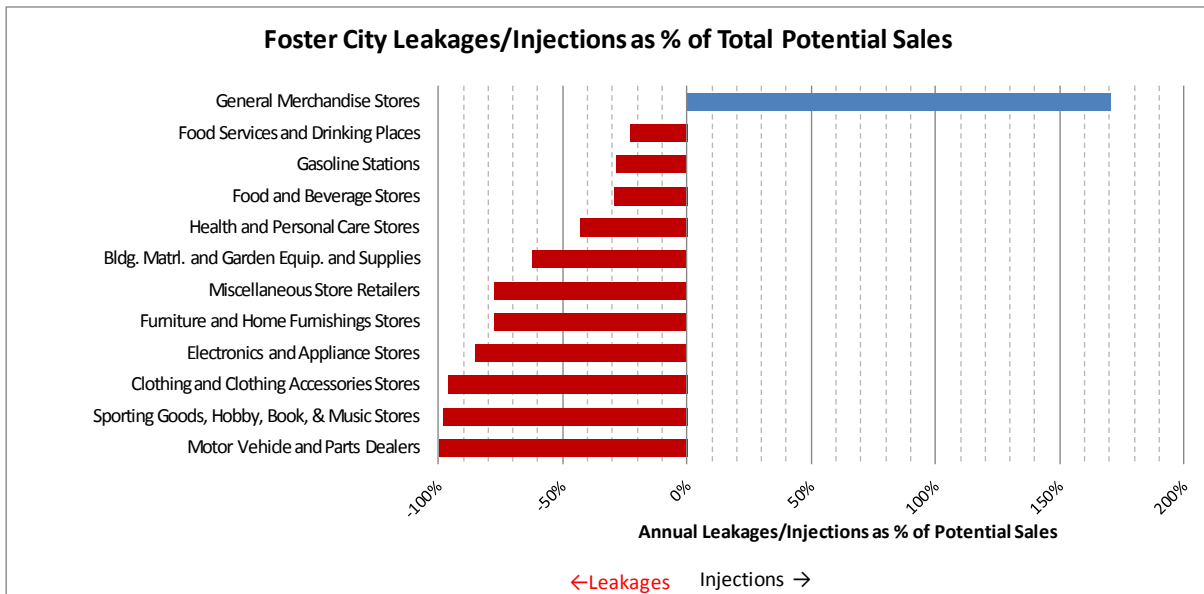
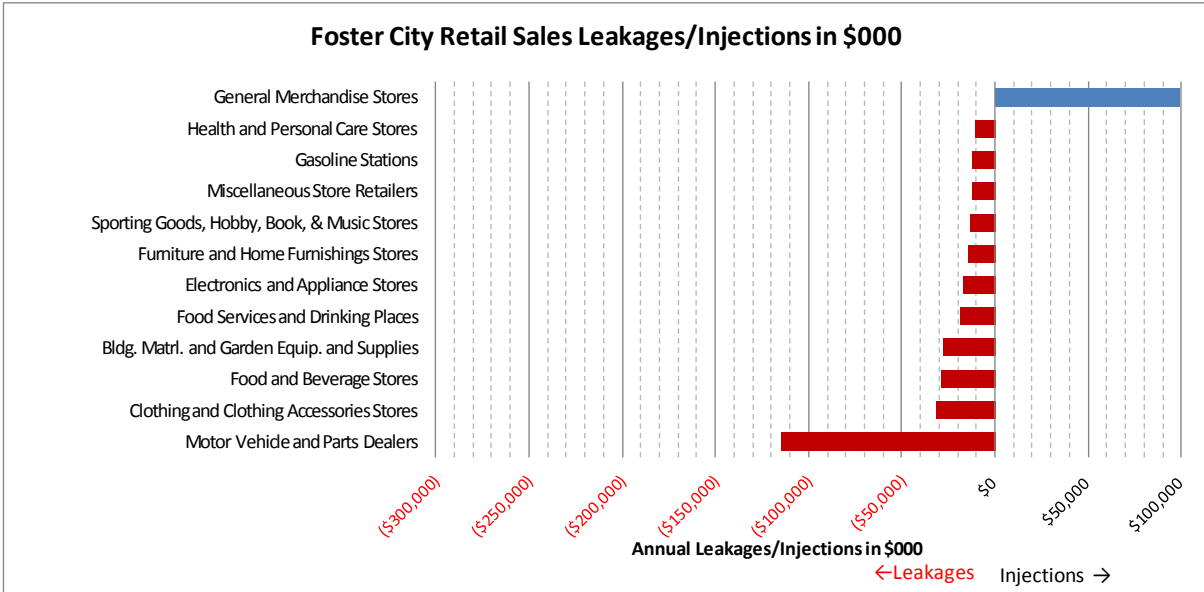
All sales and leakages are in 2013 dollars. For detail on methodology and sources, see Appendices D and I.

Sources: BAE, based on sources as noted in Appendix D.

All sales and leakages estimates are in 2013 dollars. For detail on methodology and sources, see Appendix C and Appendix D.

Sources: BAE, based on sources as noted in Appendix C and Appendix D.

Figure 12: Foster City Retail Sales Leakages and Injections by Major Retail Store Category



Source: BAE Urban Economics, based on Table 14; sources as noted in Appendix C and Appendix D.

Retail Trade Area Leakage Analysis

The larger RTA also shows leakages of retail sales in the majority of major store categories (see Figure 13). Unlike Foster City, however, the RTA has no leakages of 50 percent or more of potential sales, and shows sales attraction for clothing and clothing accessories stores, sporting goods, hobby, book, & music stores, and general merchandise stores.

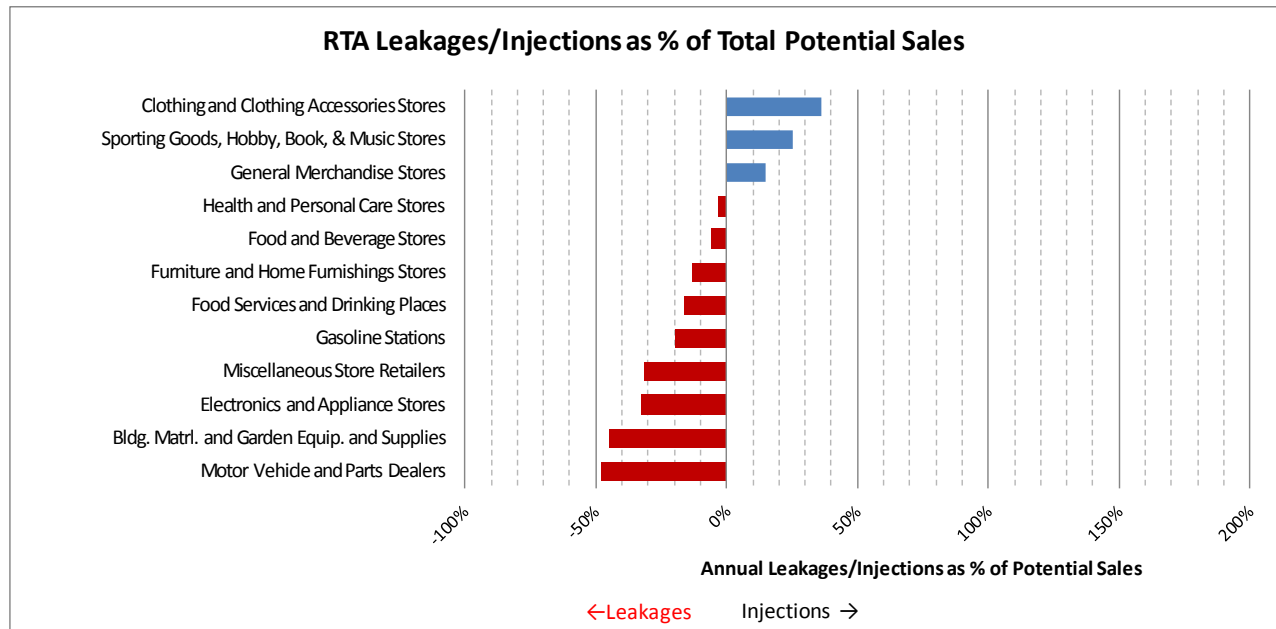
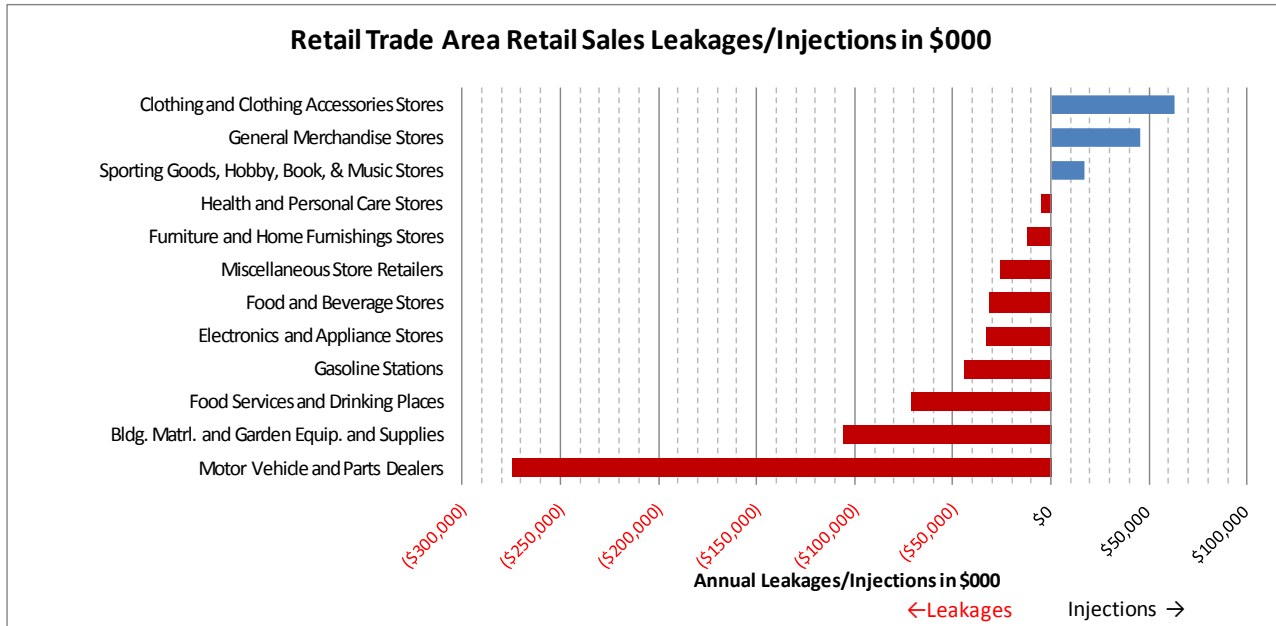
The largest leakage, by both percent of total sales and absolute dollar amount of sales, is for the motor vehicle and parts dealers category. The RTA has a large range of retail outlets, but it does not have a major “auto row,” while there are major concentrations of automotive retail to the north in Burlingame and to the south in Redwood City.

The building materials group ranks second for leakage, again by both percent of total sales as well as by dollar amounts. While Bridgepointe has a Home Depot, that store is the only outlet within the RTA of the two large home improvement center chains (Lowe’s and Home Depot) that generate a substantial portion of sales in this major retail category. Foster City has an existing Orchard Hardware Supply that, due to a recent corporate acquisition by Lowe’s, could be converted into a Lowe’s. If this occurs, Foster City may realize increased sales in this category.

The retail categories showing injections of sales in the RTA (as listed above and shown in Figure 13) are sectors generally associated with uses at the Hillsdale Shopping Center, the regional mall serving as destination retail for an area broader than the RTA. In addition to the mall, the Target at Bridgepointe and the Costco in Foster City also are retail attractors for the RTA.

While the RTA has a substantial retail base, it competes with retail all along the Peninsula, as well as with San Francisco, leading to retail leakages in many major store categories. This might indicate the opportunity for additional retail in Foster City itself to capture this leakage, within the City’s limitations with respect to accessibility and available sites for additional retail development.

Figure 13: RTA Retail Sales Leakages by Major Retail Store Category



Source: BAE Urban Economics, based on Table 14; sources as noted in Appendix C and Appendix D.

POTENTIAL MARKET SUPPORT FOR NEW DEVELOPMENT

Retail Demand

Building on the leakage analysis above, the following provides an estimate of sales that could be recaptured in Foster City if additional stores, matching demand by store type and size requirements, were developed. Due to the balanced overall Regional Trade Area, some of the new sales needed to support new retail development would need to be retained locally, instead of occurring elsewhere in the Trade Area. This analysis focuses on the potential recapture of existing sales leakage from Foster City residents and workers; overall, Foster City's location on the edge of a large trade area with a strong retail base in surrounding communities, including nearby Bridgepointe, limits the City's ability to recapture leaking retail sales or to capture sales from residents and workers outside the City. Since this process depends on shifting spending patterns and providing store types targeted to local demographics, the estimate here is provided in a range of "low" and "high."

The "low" estimate assumes a limited recapture of retail sales and reflects current practices and retail mix trends in the City, consisting in large part of smaller and independent stores requiring smaller footprints. The "high" scenario assumes a shift in spending patterns with well-located and well-merchandised new store types, and reflects a shift in development standards to encourage larger retail spaces on high traffic arterials to accommodate a broader mix including medium size "box" and formula retailers.

While over the long-term out to 2040 and beyond, the City can expect additional job and population growth, these increases are limited and will not add substantially to retail demand in the near term.

Low Capture Scenario

As noted above, the low capture scenario basically reflects a continuation of the status quo for retail development in Foster City. Table 17 provides details on this estimate, which totals 38,000 square feet of new retail space. For a number of retail categories, no capture is assumed; for motor-vehicle-related retail, it is assumed that Foster City cannot provide the land required for the "critical mass" necessary to support auto dealers, who tend to cluster in "auto rows" and "auto malls." In the building materials groups, the bulk of sales typically occur in home improvement centers such as Home Depot, and Foster City is already served by the Home Depot just outside the City in Bridgepointe; furthermore, the City has Orchard Supply Hardware, which limits the potential entry of other hardware store competition. Due to the presence of Costco, the general merchandise store category shows no leakage in Foster City; furthermore, City residents can frequent the Target in Bridgepointe as well as the conventional department stores at Hillsdale Mall, so the potential for capture in this category is seriously constrained. No further capture for gas stations is assumed in Foster City. In this scenario, capture is

constrained in other categories by limited sites and strong competition in surrounding communities. While this scenario suggests demand lower than the current planned and proposed supply, this does not take into account any adjustments or recommendations elsewhere in this market analysis for redeveloping Charter Square and Beach Park Plaza with a reduction in their commercial component.

Table 17: Support from Additional Retail Space in Foster City – Low Capture Scenario

	A	x	B	=	C	÷	D	=	E
Major Retail Category	Annual Leakage of Expenditures (a)		Potential % Capture Foster City (b)		Potential Sales Capture In Foster City		Sales per Square Foot (c)		Supportable SF in Foster City (d)
Motor Vehicle and Parts Dealers	\$115,100,000		0%		\$0		na		-
Furniture and Home Furnishings Stores	\$14,000,000		10%		\$1,400,000		\$350		4,000
Electronics and Appliance Stores	\$17,100,000		10%		\$1,710,000		\$800		2,000
Bldg. Matrl. and Garden Equip. and Supplies	\$27,800,000		0%		\$0		\$300		-
Food and Beverage Stores	\$28,900,000		10%		\$2,890,000		\$500		6,000
Health and Personal Care Stores	\$10,300,000		10%		\$1,030,000		\$400		3,000
Gasoline Stations	\$12,000,000		0%		\$0		\$800		-
Clothing and Clothing Accessories Stores	\$32,000,000		5%		\$1,600,000		\$350		5,000
Sporting Goods, Hobby, Book, & Music Stores	\$13,200,000		5%		\$660,000		\$350		2,000
General Merchandise Stores	\$0		0%		\$0		\$300		-
Miscellaneous Store Retailers	\$12,100,000		15%		\$1,815,000		\$350		5,000
Food Services and Drinking Places	<u>\$18,900,000</u>		20%		<u>\$3,780,000</u>		\$350		<u>11,000</u>
Total Retail	\$301,400,000				\$14,885,000				38,000

(a) From Table 14.

(b) Capture of resident potential expenditures assumes appropriates sites for each retail type will be made available in Foster City. Rounded to nearest hundred thousand.

(c) Sales per square foot based on consultant experience derived from a variety of sources, including corporate 10-K reports. Rounded to nearest thousand.

(d) Rounded to nearest thousand.

Sources: BAE 2013, based on data from corporate SEC filings, Urban Land Institute/International Council of Shopping Centers, Hinterliter de Lamas & Associates, and other sources as noted in supporting tables and appendices.

High Capture Scenario

This scenario assumes changes in spending patterns linked to a modified development scenario, with additional opportunities in the City for larger-scale retail development. The high capture scenario estimates capturable demand of 108,000 square feet. For some categories, this scenario assumes additional small stores, but for others, the increase is more substantial, in part because retail space comes in “lumps,” i.e., grocery stores and drug stores tend to be 15,000 square feet or larger in size. For example, this scenario assumes that Foster City can capture a higher share of its leakage for food and beverage stores through the opening of new smaller supermarket (e.g., Trader Joe’s) if a large enough site became available. Similarly, the presence of another chain drug store such as Walgreen’s or Rite-Aid could allow for a much large capture in the health and personal care stores category.

Table 18: Support for Addition Retail Space in Foster City – High Capture Scenario

	A	x	B	=	C	÷	D	=	E
Major Retail Category	Annual Leakage of Expenditures (a)		Potential % Capture Foster City (b)		Potential Sales Capture In Foster City		Sales per Square Foot (c)		Supportable SF in Foster City (d)
Motor Vehicle and Parts Dealers	\$115,100,000		0%		\$0		na		-
Furniture and Home Furnishings Stores	\$14,000,000		25%		\$3,500,000		\$350		10,000
Electronics and Appliance Stores	\$17,100,000		25%		\$4,275,000		\$800		5,000
Bldg. Matrl. and Garden Equip. and Supplies	\$27,800,000		10%		\$2,780,000		\$300		9,000
Food and Beverage Stores	\$28,900,000		50%		\$14,450,000		\$750		19,000
Health and Personal Care Stores	\$10,300,000		75%		\$7,725,000		\$600		13,000
Gasoline Stations	\$12,000,000		0%		\$0		\$800		-
Clothing and Clothing Accessories Stores	\$32,000,000		20%		\$6,400,000		\$350		18,000
Sporting Goods, Hobby, Book, & Music Stores	\$13,200,000		20%		\$2,640,000		\$350		8,000
General Merchandise Stores	\$0		\$0		\$0		\$300		-
Miscellaneous Store Retailers	\$12,100,000		30%		\$3,630,000		\$350		10,000
Food Services and Drinking Places	\$18,900,000		30%		\$5,670,000		\$350		16,000
Total Retail	\$301,400,000				\$51,070,000				108,000

(a) From Table 14.

(b) Capture of resident potential expenditures assumes appropriate sites for each retail type will be made available in Foster City. Rounded to nearest hundred thousand.

(c) Sales per square foot based on consultant experience derived from a variety of sources, including corporate 10-K reports. Rounded to nearest thousand.

(d) Rounded to nearest thousand.

Sources: BAE 2013, based on data from corporate SEC filings, Urban Land Institute/International Council of Shopping Centers, Hinterliter de Lamas & Associates, and other sources as noted in supporting tables and appendices.

Net Market Support

Table 19 indicates a high and low estimate of net supportable square feet of retail after accounting for planned and proposed retail projects as well as the redevelopment of Charter Square and Beach Park Plaza (See Existing Retail Conditions and Recommendations sections for a full discussion of the recommended redevelopment of these two centers). The low estimate of 33,000 square feet assumes that planned and proposed retail projects are constructed and leased and that the Charter Square center is redeveloped with 15,000 square feet of retail remaining at the site and Beach Park Center is redeveloped with 10,000 square feet of remaining retail space. The high estimate of 113,000 square feet of net market support assumes the planned and proposed projects but a lower amount of retail remaining at the two redeveloped centers: 5,000 square feet at Beach Park Plaza and 10,000 square feet at Charter Square.

Table 19: Net Support for Additional Retail Space in Foster City

	Low	High
	Estimate	Estimate
Supportable Square Feet (a)	38,000	108,000
Occupied Space Lost Due to Charter Square Redevelopment (b)	26,116	31,116
Occupied Space Lost Due to Beach Park Plaza Redevelopment (c)	16,000	21,000
Less: Planned and Proposed (d)	-47,000	-47,000
Net Supportable Demand	33,000	113,000

Notes

(a) From Tables 17 and 18.

(b) Assumes 15,000 sq. ft. of retail under low and 10,000 sq. ft. of retail at site after redevelopment.

(c) Assumes 15,000 sq. ft. of retail under low and 10,000 sq. ft. of retail under high at site after redevelopment..

(d) From Table 20.

Source: BAE, 2013.

EXISTING RETAIL CONDITIONS

In this section of the report, BAE presents profiles for each of Foster City's retail shopping centers and clusters, noting size, location, condition, tenant mix, rents, market position, and site potential. Foster City business license tax data was used to estimate per square foot sales at these centers to determine their relative performance.

Foster City Retail Center Profiles

As shown in Table 20, Foster City currently claims a total inventory of just over 611,000 square feet of leasable retail space, excluding four fuel stations. Of this total, approximately 182,000 square feet are in the Costco/Orchard Supply regional center, approximately 389,000 square feet are contained within six traditional community and neighborhood shopping centers, and the remainder of the square feet can be found at free-standing fast-food outlets and within two mixed-use developments (Parkside Towers and the Pilgrim-Triton project).

Table 20: Foster City Shopping Centers Summary

Name	Leasable SF	Site Acreage	Anchor Tenant	Tenants (a)	Vacancy Rate
Existing					
Costco/OSH Regional Center	181,986	17.82	Costco; OSH	2	0.0%
Edgewater Place	123,300	8.89	Lucky	35	0.0%
The Marketplace at Metro Center	120,300	9.09	Safeway; CVS	12	1.7% (b)
Marlin Cove	56,000	4.46	99 Ranch Market	10	9.3%
Charter Square	55,724	6.01	n/a	13	26.2%
Beach Park Plaza	26,000	2.30	n/a	16	0.0%
Parkside Towers Retail	17,000	5.99	n/a	2	65.0%
Free-standing Fast Food (c)	14,965	3.93	n/a	5	0.0%
The Plaza (d) (e)	8,100	6.14	n/a	0	59.0%
1000 Metro Center	8,000	1.08	n/a	4	0.0%
Total Existing	611,375	65.70			
Planned and Proposed					
Triton Pointe (under construction) (d)	17,000	3.40	n/a	n/a	n/a
15-Acre Foster Square Site	30,000	15.0	n/a	n/a	n/a
Total Proposed	47,000	18.40			

Notes:

(a) Represents currently leasing or pre-leased tenants only as of June 2013, except for Metro Center and The Plaza, which were revised in October 2013.

(b) Figure represents gross vacancy rate. Vacancy rate for in-line tenants only is 3%.

(c) Represents the combined total for five adjacent retail locations.

(d) The Plaza, Triton Pointe, and The Waverly are phases of the Pilgrim-Triton Master Plan development.

(e) The Plaza opened in summer of 2013 and was expected to be fully occupied by the end of the year.

Sources: Foster City Snapshot Workbook, 2011; San Mateo County Assessor, 2013; Loopnet, 2013; DataQuick, 2013; BAE, 2013

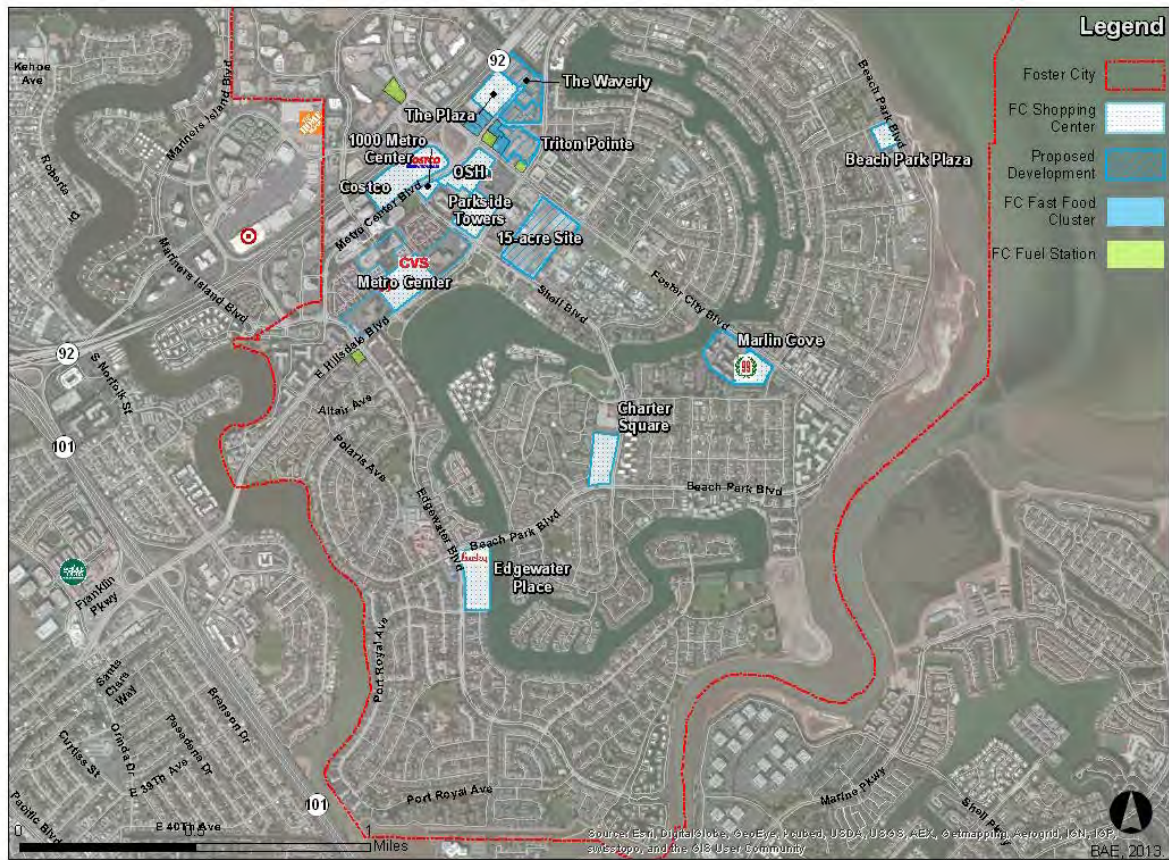
Existing anchor businesses in the City include Costco, OSH, Lucky Supermarket and US Bank at Edgewater Place, Safeway, CVS, and the highly patronized ABC Seafood restaurant at The Marketplace at Metro Center, and 99 Ranch Market at Marlin Cove. Each of the remaining retail centers in Foster City does not have an anchor tenant. The cluster of free-standing restaurants on Triton Drive and the four tenant spaces at 1000 Metro Center are occupied by national and

regional food and beverage retailers including Starbucks, Jamba Juice, Noah's Bagels, McDonald's, Pizza Hut, Taco Bell, Carl's Jr., Freebirds, and IHOP. Excluding space occupied by anchors, the bulk of the City's shopping center retail space is occupied by small independent restaurants, salons, laundry facilities, and educational and instructional academies.

In addition, there are two major planned and proposed mixed use developments, each with a retail component. There are several projects under the Pilgrim-Triton Master Plan that will contain a total of up to 25,000 square feet of retail. First, The Plaza has been constructed and offers 8,100 square feet of retail that has been partially leased since opening earlier in 2013. Second, Triton Pointe is currently under construction and will include 12,000 square feet of retail in two ground floor spaces. Third, The Waverly is currently under plan review and anticipates an additional 5,000 square feet of ground floor retail. These developments will be accompanied by 730 apartment and townhome units and 162,000 square feet of office/commercial space. The second proposed development is a mixed use project proposed by The New Home Development Company on a 15-acre site between Foster City and Shell Boulevards, immediately south of City Hall (15-Acre Foster Square). The 15-Acre Foster Square proposal envisions 30,000 square feet of retail, mixed between ground floor and free-standing space, and a senior residential community with approximately 200 market rate for-sale condominiums, 66 for-rent affordable units, and 134 independent/assisted living units.

Figure 14 on the following page indicates the location of all existing and proposed retail centers in Foster City.

Figure 14: Foster City Retail Context Map



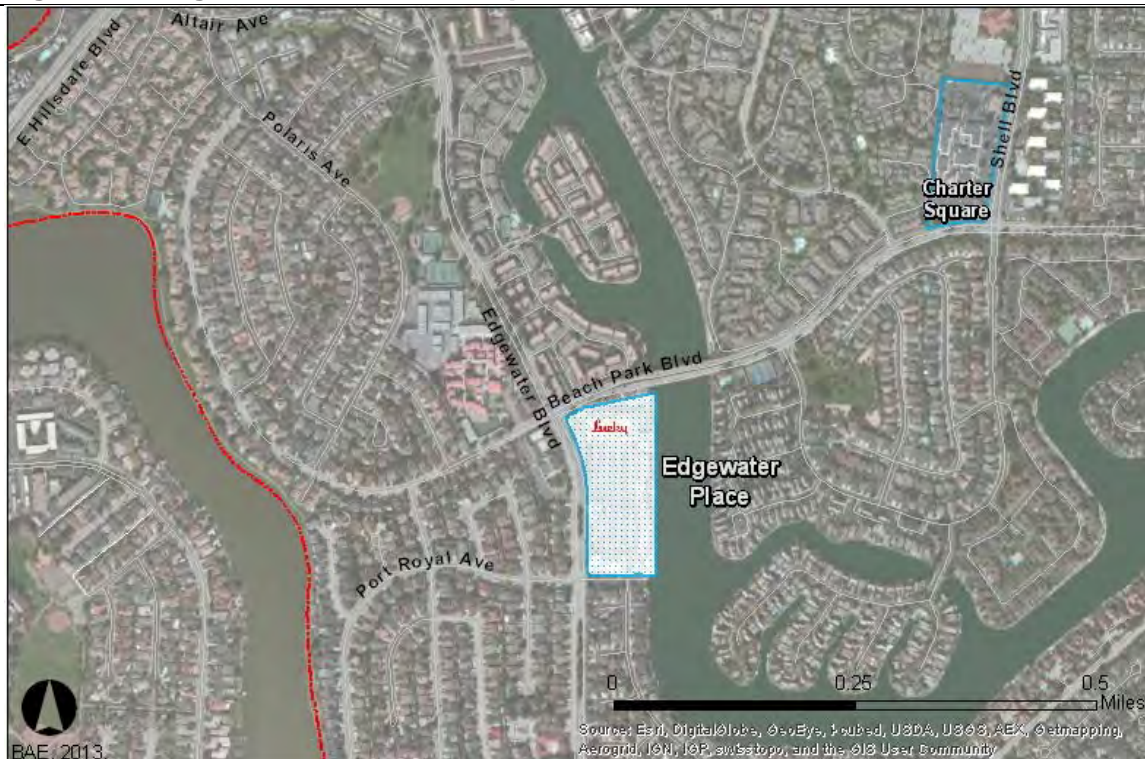


Edgewater Place

Edgewater Place is a 123,300 square foot community shopping center arranged in a "C" configuration around a surface parking lot with frontage on Edgewater Boulevard and one two-story free-standing building on Edgewater in the middle of the lot. The central stretch of the Center backs onto a boardwalk facing the Foster City Lagoon. Retailers in this area front both the parking area and the boardwalk, offering a unique waterfront experience that

some retailers have taken advantage of with outdoor seating and dual entries. The boardwalk also includes two access points to floating mooring docks for small watercraft. The center is anchored by a full-size Lucky Supermarket with a pharmacy, and other prominent tenants include US Bank, a CitiBank branch, and a Chevy's restaurant. Several national retailers are also located here, including Radio Shack, Subway, UPS Store, GNC, and Baskin Robbins. The remaining retail space is home to over two dozen independent retailers, including restaurants, educational and instructional academies, and personal services stores such as salons and tailors. A number of independent medical services providers are also located at the Center, which was fully occupied as of the end of June 2013.

Figure 15: Edgewater Place Area Map



Edgewater Place

969 - 999 Edgewater Boulevard

Property Details

Year Built: 1973
Current Owner: Lucky Store Inc Lessee
 Edgewater Holding Corp.
Owned Since: 1991

APN: 094-541-070
No. Parcels Owned: 1
Assessed Value: Land - \$6,814,870
 Improvements - \$10,025,140

Lot Area Owned (ac): 8.89
No. of Buildings: 3 freestanding, 3 attached
Floor-Area Ratio: 0.32

**Leasing Details**

Leasable Space (sf): 123,300
Available Space (sf): 0
Vacancy Rate: 0%
Asking Rent: \$1.75 psf - \$2.25 psf NNN

Anchor(s):
 Lucky Supermarket
 US Bank
 Chevy's

Current Tenants

Tenant	Business Type	Space Type
Philip's Liquors	Beer, Wine, Liquor Store	In-Line
Gold Metal - Martial Arts	Educational/Instruction	In-Line
Kumon - tutoring	Educational/Instruction	Freestanding
The Tutpring Center	Educational/Instruction	In-Line
RadioShack	Electronics Retail	In-Line
Citibank	Financial Institution	Freestanding
US Bank	Financial Institution	In-Line
Foster City Coffee House & Bakery	Food and Beverage	In-Line
Lucky - Pharmacy	Grocery Store	In-Line
Foster City Eye Care	Medical Services	In-Line
Integral Chiropractic	Medical Services	Freestanding
Stephen Quon Dental	Medical Services	Freestanding
Alterations Plus	Personal Services	In-Line
Comcast	Personal Services	In-Line
Edgewater Cleaners	Personal Services	In-Line
GNC	Personal Services	In-Line
Kent Cleaners	Personal Services	In-Line
Nails 4U	Personal Services	In-Line
Oceania Foot Spa	Personal Services	In-Line
Shoe Repair	Personal Services	In-Line
Terry Demarco's Barberia - Salon	Personal Services	In-Line
Zalles Soccer & Racquets	Personal Services	In-Line
UPS Store	Personal/Business Services	In-Line
Baskin Robbins	Restaurant	In-Line
Bruil Tara Thai	Restaurant	In-Line
Chevy's	Restaurant	In-Line
Cooking Papa - Chinese	Restaurant	In-Line
Kobe Japanese	Restaurant	In-Line
Olives Mediterranean	Restaurant	In-Line
Plaza Gourmet Delicatessen & Catering	Restaurant	In-Line
Rickshaw Comer	Restaurant	In-Line
Spices! - Pan-Asian	Restaurant	In-Line
Subway	Restaurant	In-Line
Waterfront Pizza & Mediterranean	Restaurant	In-Line
Chinese crafts market - "Xin Han Cultural Center"?	Specialty Retail	In-Line
Luz Fine Art Gallery	Specialty Retail	In-Line

Sources: Foster City Snapshot Workbook, 2011; San Mateo County Assessor, 2013; Loopnet, 2013; BAE, 2013

Site Attributes

Edgewater Place has good visibility and access from Edgewater Boulevard, but almost no visibility and compromised access from Beach Park Boulevard, where the center can only be accessed by eastbound traffic making a right turn. The intersection of Edgewater and Beach Park Boulevards is signalized and U-turns are allowed on Edgewater, but not on Beach Park Boulevard. Parking for the center is adequate. Overall, the center is organized in a traditional neighborhood strip center pattern with the addition of the boardwalk providing a unique lifestyle element to the center. However, the boardwalk and the center overall are characterized by substantial deferred maintenance needs. Outdoor amenities, such as umbrellas, seating, and gathering spaces that orient to the front of the center are minimal, and sidewalks are generally narrow. It should be noted that a few tenants have taken advantage of the boardwalk by providing seating areas; however, these are not visible from the front of the center. The layout of the center and lack of substantial way-finding signage do not invite customers or passers-by to visit the boardwalk.

Market Position

Even though this center is on an arterial, Edgewater Boulevard, the center is located at an “inside” location within the City, meaning that it is positioned away from the main entrance and exit points for Foster City residents and workers (e.g. Highway 92, Hillsdale Boulevard, and Foster City Boulevard). The primary competition for this center within the City is Metro Center, given its location along Hillsdale Boulevard, which must be taken to access Edgewater Boulevard from the main entrance and exit points for the City. This position makes it a secondary location in the overall trade area (reflected in Lucky’s sales being significant lower than Safeway’s), but a suitable and relatively central location for daily-needs retail and services for City residents. Further, the site’s central neighborhood location in a city that is largely built-out makes this center well protected from competition.

The center is fully leased partly due to the lack of alternative retail locations and rental rate structure (rents for shop space have ranged between \$1.75 and \$2.25 monthly per square foot on a triple net basis) which is less expensive than rental rates for newly constructed or better-located retail space. The current tenant mix, especially the chain grocery store, is appropriate for meeting the everyday retail and services needs that the site is positioned to serve. The center has a significant number of independent retailers, something that is seen less-and-less in neighborhood shopping centers. This center serves a dual purpose by virtue of these independent retailers as well as the various restaurants: It is a convenient outlet for daily-needs and commodity retailers, and it offers a place for customers to spend some of their discretionary time and income in a unique environment.

Site Potential

The significant barriers to entry at equivalent “inside” locations in Foster City (i.e. because the City is largely built-out) coupled with the unique setting provided by the boardwalk and views of

the Foster City Lagoon make this a viable center in the long-term. The greatest risk to the center's viability is the possibility of losing the current anchor grocery tenant which has less than robust sales, as it would be difficult to find a replacement tenant with the center's poorly maintained condition.

Attracting a strong replacement for the current Lucky's should be the main focus of this center. A new supermarket such as Sprouts, Fresh Market, or another ethnic grocer, would boost sales and traffic to the center, benefiting other retail tenants as well. The center should consider investing in substantial upgrades to exterior features, especially its facades, the boardwalk, water-facing store fronts rather than attempting to dramatically alter the current mix of goods and services offered. That being said, as spaces become available on the boardwalk, the center should seek out tenants that would make use of and benefit from a water front location such as additional eating and drinking establishments or a news stand/book store like the Depot in Mill Valley or Mrs. Dalloway's on College Avenue in Berkeley which serve as places to linger and spend leisure time.



The Marketplace at Metro Center

The Marketplace at Metro Center is a 120,300 square foot shopping center located at the center of Metro Center, a corporate office park with 1.2 million square feet of office space that is home to major tenants such as VISA, Innovant, and QuinStreet. The Center is arranged in two symmetrical buildings that open onto a central plaza space and are connected by a large canopy awning. The buildings face into twin surface parking lots, which front onto East Hillsdale Boulevard across from Leo J Ryan Park along the Foster City Lagoon. The Center is anchored at either end by a full-size Safeway Supermarket and a large CVS Drug Store. Other national retailers with space at Metro Center include Chase Bank, Great Clips, and Five Guys (lease pending). There are a small number of other independent personal services retailers and an independent restaurant, as well as two medical services providers and a day care center. The Center currently has 15 tenants (including one pending lease) and an overall vacancy rate of less than two percent. The vacancy rate for the in-line retail portion of the Center, excluding Safeway and CVS, is three percent.

Figure 16: The Marketplace at Metro Center Area Map



The Marketplace at Metro Center

921 - 939 East Hillsdale Boulevard

Property Details

Year Built: 1986
Current Owners: Safeway Stores Inc ,
 Longs Drug Store Inc
 Spk-Metro Center LLC

Owned Since: 1986, 2001

APN: 094-522-210, 094-522-200,
 094-522-190, 094-522-180

No. Parcels Owned: 4
Assessed Value: Land - \$20,141,271
 Improvements - \$11,664,079

Lot Area Owned (ac): 9.09
No. of Buildings: 2 attached
Floor-Area Ratio: 0.30

**Leasing Details**

Leasable Space (sf): 120,300
Available Space (sf): 1.070; 1 space
Vacancy Rate: 1.7% (a)
Asking Rent: \$3.50 psf NNN

Anchor(s):
 Safeway Supermarket
 CVS Drug Store

Current Tenants

Tenant	Business Type	Space Type
Dreamers & Thinkers	Childcare	In-Line
CVS Drug Store	Drug Store	In-Line
Chase Bank	Financial Institution	In-Line
Safeway Supermarket	Grocery Store	In-Line
The Flooring Company	Home Repair	In-Line
Eye Health Optometry	Medical Services	In-Line
Metro Dental Center	Medical Services	In-Line
European Wax Center	Personal Services	In-Line
Great Clips	Personal Services	In-Line
Massage Envy	Personal Services	In-Line
Metro Cleaners	Personal Services	In-Line
Salon Salon	Personal Services	In-Line
ABC Seafood	Restaurant	In-Line
Comer Bakery	Restaurant	In-Line
Five Guys (lease pending)	Restaurant	In-Line

Notes:

(a) Figure represents gross vacancy rate. Vacancy rate for in-line tenants only is 3%.

Sources: Foster City Snapshot Workbook, 2011; San Mateo County Assessor, 2013; Loopnet, 2013; BAE, 2013

Site Attributes

The Marketplace at Metro Center has good visibility from all directions and excellent primary access from Hillsdale Boulevard with secondary access points on Parkway and Portal Lanes, which connect Hillsdale Boulevard with the Metro Center office complex. The amount of parking is adequate and accessible, though 60-degree one-direction parking rows are typically considered less convenient. The project's signature design features, its large wrap-around awnings, and the large central courtyard all present challenges for the project's retail tenants.

The awnings, while representing a unique look, also prevent any meaningful exterior remodel of the center, which is a technique commonly used by retailers to signal that something “new” or “interesting” has happened that customers might want to explore. The awnings also limit the ability of retailers, especially in-line tenants, to post signage that is visible from the street or parking lot and which is most closely associated with their unique brand and trade-dress (tenants look for opportunities to consistently present their brand and associate the same with better store performance). The central landscape area facing the parking lot has the potential to be a central focal point of the center, but its sparse amenities and design prevent it from being used as such. The large landscape feature, tall trees, and knee-level wall surrounding the area, limits tenant visibility, and these tenants are already at a disadvantage by being set back so far from parking and away from the anchor tenant entrances. In general, the public areas are not successfully designed to accommodate outdoor dining or gathering, and a redesign could help the center attract a better mix of daytime and residential serving tenants as well as achieve better rents and higher occupancy levels for these spaces.

Market Position

Metro Center occupies an excellent central location in Foster City, on the “gravity side” of the trade area, meaning that the site is located along a major commuter route or arterial, in this case East Hillsdale Boulevard. The primary competing centers for Metro Center are Edgewater Place, Bay Meadows in San Mateo (Whole Foods anchored), and commodity and daily-needs retail along El Camino Real. The center benefits from two high-performing convenience retail anchors, but the in-line tenant mix is characterized by high vacancy and turnover and a lack of goods and services to attract both daytime and nighttime visitors from the City or surrounding areas. The center’s superior location in terms of visibility, access, parking, and a lack of land on which competing projects might be developed all offer some protection from competition.

Site Potential

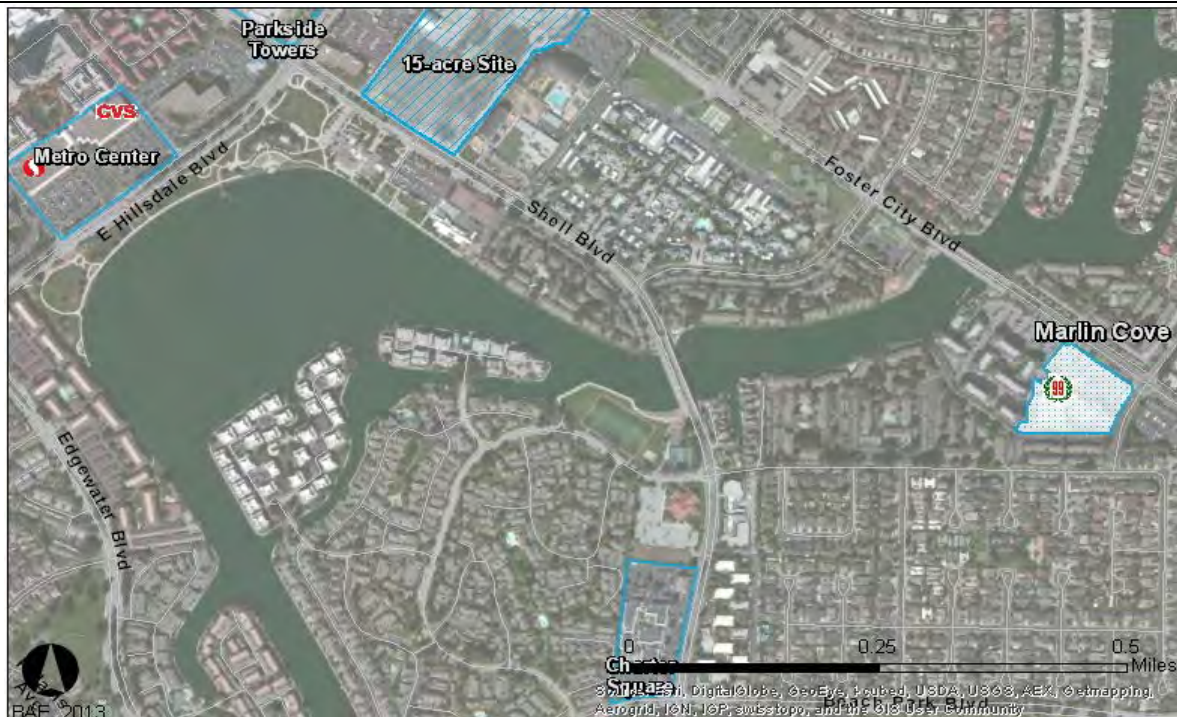
The center’s central location and the barriers to entry for the development of new retail centers of this scale make this center viable over the long-term. However, some improvements should be considered to improve the quality and attractiveness of the in-line tenant mix including improving the design of public space throughout the center that it would appeal to a wider variety of retailers which in turn might invite visitors to gather or linger. The central courtyard configuration and the scale and placement of the signature awning design could be redesigned to allow for greater visibility of individual in-line retail tenants and their signage. Improved visual corridors and way-finding signage is needed to attract visitors to the tenants located along the central walkway and interior courtyard. This center could also be strengthened by adding retail pads totaling between 5,000 and 10,000 square feet along E. Hillsdale Avenue to strengthen its presence and provide more retail outlets. This additional retail could be incorporated by narrowing the existing central entry road as well as by reconfiguring landscaping features. View corridors to existing retailers would have to be preserved.



Marlin Cove Shopping Center

Marlin Cove is a 56,000 square foot shopping center located at the southeast corner of a mixed-use community that includes 280 apartments and 18,000 square feet of medical office space in two levels above ground floor retail. The Center is located on Foster City Boulevard just over a mile from the Highway 92 exit and includes ample surface parking along the street frontage. The Center is anchored by a 99 Ranch Market, a full-service grocery store specializing in Asian food products, which sits at the center of a plaza space flanked on either side by arcades with outdoor seating. National retailers at Marlin Cove include a Starbucks, UPS Store, and Round Table Pizza, and the Center is also home to five independent retailers including a salon, dry cleaning business, and three Asian restaurants. Presently, Marlin Cove has two vacant spaces, and an overall vacancy rate of nine percent.

Figure 17: Marlin Cove Area Map



Marlin Cove Shopping Center

1070 - 1098 Foster City Boulevard

Property Details

Year Built: 2001
Current Owner: ROIC California LLC
Owned Since: 2012

APN: 094-330-190
No. Parcels Owned: 1
Assessed Value: Land - \$10,700,000
 Improvements - \$7,900,000

Lot Area Owned (ac): 4.46
No. of Buildings: 3 attached
Floor-Area Ratio: 0.29

**Leasing Details**

Leasable Space (sf): 56,000
Available Space (sf): 5,213; 2 spaces
Vacancy Rate: 9.3%
Asking Rent: \$2.50 psf NNN

Anchor(s):
 99 Ranch Market
 Starbucks

Current Tenants

<u>Tenant</u>	<u>Business Type</u>	<u>Space Type</u>
Ranch 99	Grocery Store/Specialty Foods	Anchor
Starbucks	Food and Beverage	In-line
Focus Optometry	Medical Services	In-line
Blue White Cleaners	Personal Services	In-line
Idea Spa Salon	Personal Services	In-line
UPS Store	Personal/Business Services	In-line
Pho Saigon	Restaurant	In-line
Round Table Pizza	Restaurant	In-line
Soon's Tofu Korean BBQ	Restaurant	In-line
Tai Wu Restaurant - Chinese	Restaurant	In-line

Sources: Foster City Snapshot Workbook, 2011; San Mateo County Assessor, 2013; Loopnet, 2013; DataQuick, 2013; BAE, 2013

Site Attributes

Marlin Cove enjoys good visibility and access from both Foster City Boulevard and Marlin Avenue. The center has a tight parking supply compared to other grocery-anchored centers in the City, but all inline and anchor tenants are clearly visible from the parking area. The center features wide sidewalks and a central plaza area, which invite visitors to gather, linger, and potentially dine outdoors. The wood beam awning enhances this common space and lends the center a distinct sense of place. Overall, the center is well-maintained and in good condition.

Market Position

The center is located at an "inside" location, meaning that it is positioned away from the main entrance and exit points for Foster City commuters and away from the gravity-side of the trade area. With these limitations noted, the project is centrally located and easily accessible to Foster City residents. The current tenant mix includes everyday needs retail and medical office space and is a suitable fit for the site's central location and surrounding residential neighborhoods.

The center is anchored by an ethnic grocery store, Ranch 99 Market, catering to Foster City's large Asian-American population (see demographic analysis), providing a unique draw.

Site Potential

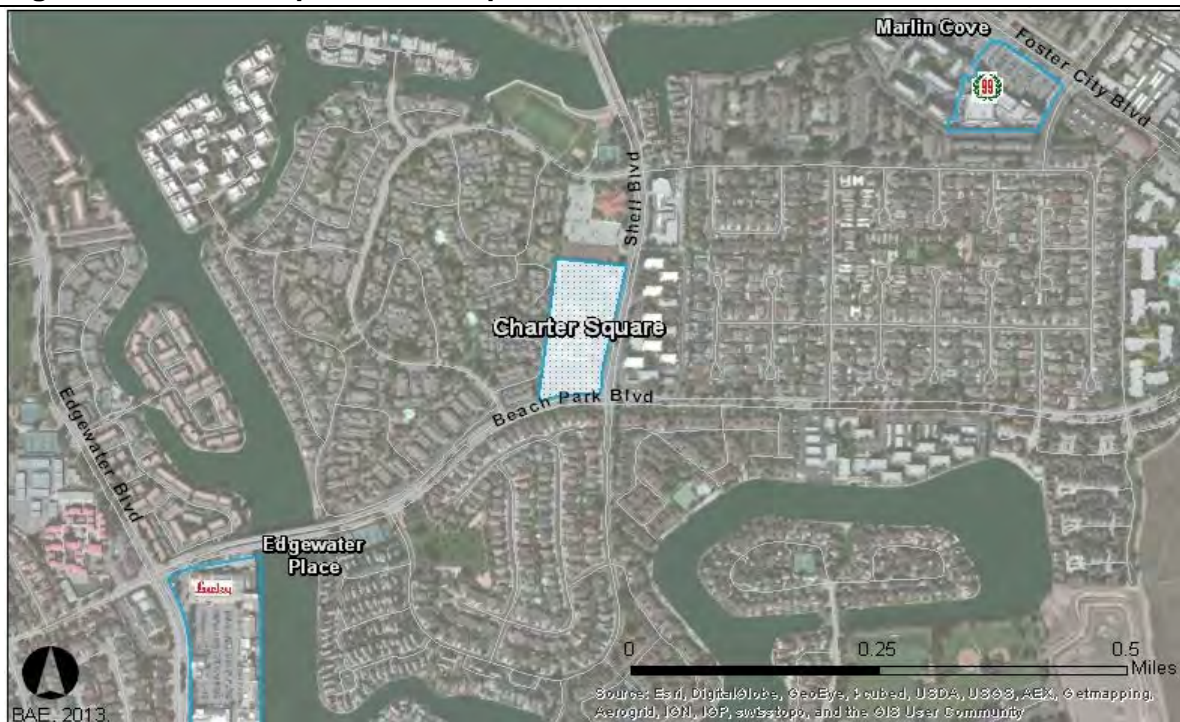
As a relatively new center, Marlin Cove is in good physical condition and features modern layout and design features. The center includes a mix of national and independent retailers and casual dining establishments, and this current tenant mix likely reflects the best tenant merchandising scenario given current market conditions. The center appears to be viable in the long-term as long as it is kept up.



Charter Square Shopping Center

Charter Square is a 55,724 square foot neighborhood shopping center located on Shell Boulevard approximately 1.5 miles from Highway 92. The project is comprised of five single-story buildings arranged around a series of courtyards and shaded walkways, two free-standing one-story pad buildings at either corner of the Center, and customer parking between Shell, Beach Park, and the buildings. One pad building houses the Foster City Post Office; the other formerly housed a US Bank branch with a drive-thru, but is vacant. The Center is home to 14 independent retailers, many of whom are important to the local Indian community. Tenants include several restaurants, a martial arts studio, large childcare center, and an Indian market. There are no national or regional chain retailers. The owner of the Center has expressed a desire to redevelop the site into a mixed-use site comprised of housing and a smaller amount of ground-floor retail, and so is currently advertising only short-term leasing opportunities. There are six vacant spaces with a vacancy rate of just over 25 percent.

Figure 18: Charter Square Area Map



Charter Square Shopping Center

1050 - 1064 Shell Boulevard

Property Details

Year Built: c. 1975
Current Owner: Chang Income Property Partnership
Owned Since: 2006
Broker: Gary Wong, Westlake Realty

APN: 094-473-030
No. Parcels Owned: 1
Assessed Value: Land - \$3,398,755
 Improvements - \$1,189,553

Lot Area Owned (ac): 6.01
No. of Buildings: 7 single story
Floor-Area Ratio: 0.22

**Leasing Details**

Leasable Space (sf): 55,724
Available Space (sf): 14,608; 6 spaces
Vacancy Rate: 26.2%
Asking Rent: \$1.34 - \$2.39 psf NNN

Anchor(s):
 United States Post Office

Current Tenants

<u>Tenant</u>	<u>Business Type</u>	<u>Space Type</u>
Foster City Pre-School and Daycare Center	Childcare	In-line
Music Land School of Music	Educational/Instruction	In-line
Small Fry Dance Club - Kids dance lessons	Educational/Instruction	In-line
United Studios of Self-Defense	Educational/Instruction	In-line
Chow Down Catering	Food Services	In-line
India Cash & Carry - market	Grocery Store/Specialty Foods	In-line
Deluxe Cleaners	Personal Services	In-line
Foster City LaunderLand	Personal Services	In-line
Metra Center for Arts and Culture - Indian	Personal Services	In-line
My Fair Lady Beauty Salon	Personal Services	In-line
Chalet Ticino	Restaurant	In-line
Tokie's	Restaurant	In-line
Khao San Thai	Restaurant	In-line
Lotus Garden - Chinese	Restaurant	In-line
Tabla Flavors Indian	Restaurant	In-line

Sources: Foster City Snapshot Workbook, 2011; San Mateo County Assessor, 2013; Loopnet, 2013; DataQuick, 2013; BAE, 2013

Site Attributes

Charter Square enjoys good visibility from all directions and is easily accessible with all turning movements available on both Shell Boulevard and Beach Park Boulevards. The amount of parking available at Charter Square is sufficient, but the center's many tenant spaces along the interior walkways and courtyards are not directly proximate to or visible from the parking areas. While the center's "Town-and-Country" layout still works in some circumstances, it is generally considered out-dated as the retailers located along the interior walkways and courtyards are at a disadvantage with respect to visibility and direct access. These disadvantages translate into their being less competitive from a leasing, rent rate, and occupancy perspective. The center's relatively narrow sidewalks and overhangs also limit opportunities for retailers to merchandise

their businesses to invite visitors to gather or linger, and generally makes for a less inviting environment. The center also suffers from significant deferred maintenance. The rents charged for space at the center range from \$1.34 to \$2.39 monthly per square foot on a triple net basis. This rental range is less expensive than rents for newly constructed or better-located retail space.

Market Position

The center occupies a central location in Foster City, firmly on the “inside” of the trade area, meaning it does not lie along major commuter routes and is primarily situated to serve daily needs for neighborhood residents. Charter Square faces competition from several nearby shopping centers located on all sides, including Edgewater Place, Metro Center, Marlin Cove, and, potentially, the proposed 15-Acre Foster Square project. The lack of any anchor tenant puts the center at a significant disadvantage, compared to surrounding centers which all have one or more major daily-needs serving retail anchor. While the Post Office does provide a draw for Foster City residents from throughout the City, it is located in a free-standing building near Shell Boulevard and thus is less likely to draw visitors into the rest of the center. Notably, the current tenant mix does appear to serve the needs of Foster City’s substantial Indian community, indicating an important niche market demand for these tenants. Nonetheless, the overall tenant mix remains quite limited.

Site Potential

In the long-term, the center is not likely to be viable given its demonstrated inability to draw a branded everyday needs anchor, its outdated layout, and need for major renovation. The property owner has proposed a complete mixed-use redevelopment of this site including a number of housing units and a significantly reduced amount of retail space that appears more closely aligned with demand at this location. Under a redevelopment scenario, a reasonable range of retail would be 10,000 to 15,000 square feet, essentially becoming a smaller, unanchored neighborhood convenience center. Potential tenants would be a coffee shop, cleaners, small market/country store, copy place, and restaurant/food service that meet the daily needs of nearby residents.

Given the center’s performance to date, rental rates, and overall physical condition, redevelopment appears to be a more viable option than efforts to renovate or upgrade the tenant mix of the center. However, the City might balance the loss of retail space affordable to independent businesses, such as the Indian ethnic retailers with the benefits from redevelopment – such as increased sales generated by a better location or redeveloped center. Under a redevelopment scenario, the total recommended square footage of neighborhood-serving retail would be reduced from the existing 55,700 square feet to between 10,000 and 15,000 square feet.

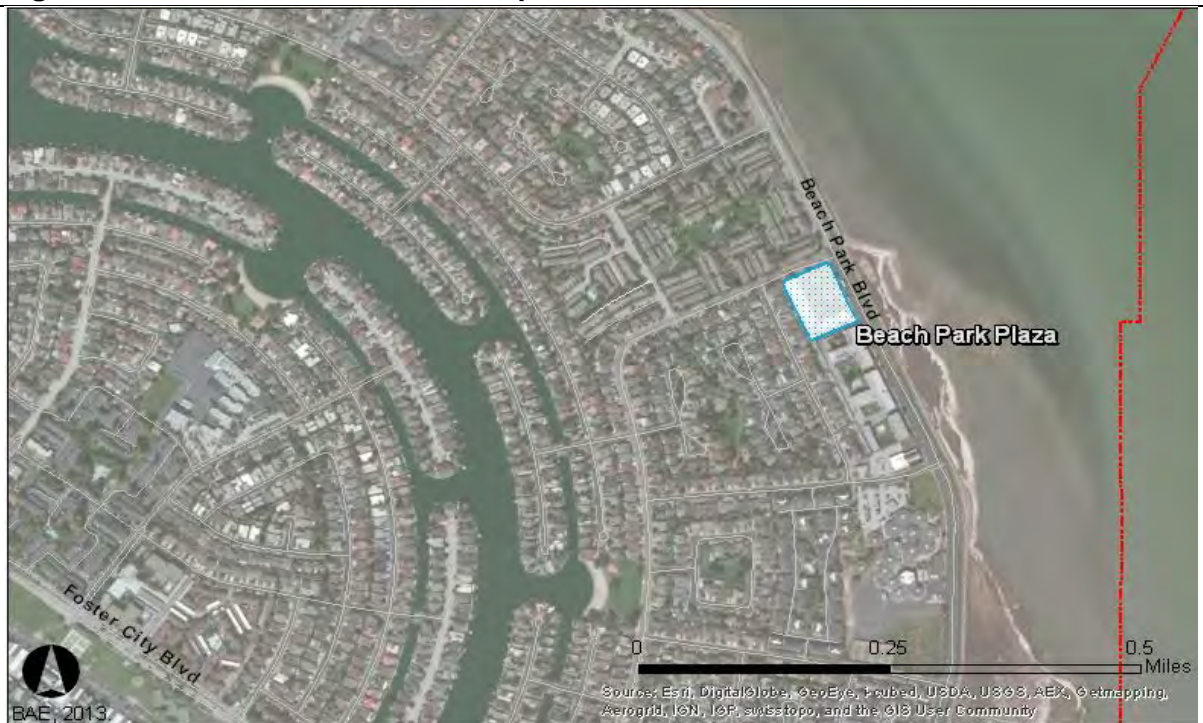


Beach Park Plaza

Beach Park Plaza is a 26,000 square foot neighborhood shopping center arranged in a “L” configuration around a surface parking lot with frontage onto Beach Park Boulevard and Marlin Avenue. The Center is located two miles east of the nearest Highway 92 exit and sits directly across Beach Park Boulevard from the San Francisco Bay Trail, with views of the East Bay and the San Mateo

Bridge. There are no national retailers at the Center, but Beach Park is fully leased with 16 independent retailers, including five Asian restaurants, a laundromat, dance academy, day care, salon with massage businesses, and a pet grooming business. Some restaurants have placed outdoor seating and modest landscaping to create a limited outdoor dining area beneath the building’s roof overhang.

Figure 19: Beach Park Plaza Area Map



Beach Park Plaza

1455 - 1485 Beach Park Boulevard

Property Details

Year Built: 1972
Current Owner: Wilson Wei Chang
Owned Since: 1987

APN: 094-261-270, 094-261-330
No. Parcels Owned: 2
Assessed Value: Land - \$1,707,728
 Improvements - \$1,140,875

Lot Area Owned (ac): 2.30
No. of Buildings: 1
Floor-Area Ratio: 0.26

**Leasing Details**

Leasable Space (sf): 26,000
Available Space (sf): none
Vacancy Rate: 0%
Asking Rent: \$2.50 psf NNN

Anchor(s): none

Current Tenants

Tenant	Business Type	Space Type
Roots After School	Childcare	In-Line
Music Art Studio	Educational/Instruction	In-Line
Peninsula Dance Academy	Educational/Instruction	In-Line
Milk and Honey Catering	Food Services	In-Line
Scientific Acupuncture	Medical Services	In-Line
Arpa Thai Massage	Personal Services	In-Line
Beach Park Laundry Cleaners	Personal Services	In-Line
Bones Doggy Daycare	Personal Services	In-Line
Foster City Laundromat	Personal Services	In-Line
Kavai - Hair/Nail	Personal Services	In-Line
Pretty Paws	Personal Services	In-Line
The Body Studio for Fitness	Personal Services	In-Line
Joy Restaurant - Chinese	Restaurant	In-Line
Kenta Ramen - Japanese	Restaurant	In-Line
See U - American	Restaurant	In-Line
Sweet Basil Thai	Restaurant	In-Line
Thai Idea Vegetarian	Restaurant	In-Line

Sources: Foster City Snapshot Workbook, 2011; San Mateo County Assessor, 2013; Loopnet, 2013; DataQuick, 2013; BAE, 2013

Site Attributes

Beach Park Plaza enjoys good visibility and access from Beach Park Boulevard, as well as ample parking that fronts directly onto most tenant spaces. The main design feature of the center is a large overhang above the sidewalk. The sidewalk design does not include any space for gathering or lingering, but some retailers have added their own sidewalk furniture and moveable landscaping. The overall condition of the center is fair to poor, with minimal apparent effort to keep the space up to date. The center is located across Beach Park Boulevard from the Bay Trail, posing a unique opportunity that the current design of the center does not capitalize on.

Market Position

Beach Park Plaza's location along the shoreline leaves the center with a "180-degree" trade area, meaning that the center can only attract visitors from one direction. Lying at the extreme edge of the trade area, the center was probably intended to serve the daily needs of nearby City residents. The main competing shopping centers for Beach Park Plaza are Metro Center, Marlin Cove, and the 15-Acre Foster Square. The current tenant mix caters primarily to the immediate neighborhood and includes a variety of independent retailers, many apparently serving the Asian community.

Site Potential

Currently, Beach Park Plaza is fully leased. This means that it is viable in the short- to mid-term, but in the longer-term the present tenant mix and configuration may not reflect this property's highest and best use. The shoreline location presents an opportunity for successful lifestyle or destination retail options, if the center were redeveloped to accommodate a targeted mix of specialty retailers – but the opportunity for a project of scale is limited by the small site size. Any redevelopment should aim to arrange retail and dining spaces closer to Beach Park Boulevard to take advantage of attractive Bay views and proximity to the Bay Trail. A mix of residential and retail uses should be explored, with the retail component reduced to 5,000 to 10,000 square feet. Inviting outdoor seating and gathering spaces would likely be a critical component of any successful retail redevelopment. Convenient pedestrian access to the Bay Trail across Beach Park Boulevard (e.g., a signaled or well-marked crosswalk) would further enhance the center's potential as a unique destination center. Achieving a high-enough residential density to justify redevelopment of this site may present challenges, however.



Parkside Towers

Parkside Towers is a mixed use 400,000 square foot office project in two five-story towers with 17,000 square feet of ground floor retail space located along the front/west side of the building. Prominent office tenants include IBM, Rearden Commerce, and Guidewire Software. The retail spaces are fronted by a single row of 90-degree surface parking on a one-way drive aisle, and a landscaped plaza area fronting onto East Hillsdale Boulevard and Shell Boulevard. There is also a parking garage located in the building. Parkside Towers occupies a central location, across East Hillsdale Boulevard from the Civic Center and across Shell Boulevard from Metro Center. The retail space is presently 65 percent vacant, with six available spaces. The only two ground level tenants are the Foster City Chamber of Commerce and a Comerica Bank branch.

Figure 20: Parkside Towers Area Map



Parkside Towers

1001 - 1035 East Hillsdale Boulevard

Property Details

Year Built: 2001
Current Owner: Harvest Parkside Investors, LLC
Owned Since: 2008

APN: 094-524-220
No. of Parcels Owned: 1
Assessed Value: Land - \$102,000,000
 Improvements - \$54,000,000

Lot Area Owned (ac): 5.99
No. of Buildings: 1
Floor-Area Ratio: 1.59

**Leasing Details**

Leasable Space (sf): 17,000
Available Space (sf): 10,972; 6 spaces
Vacancy Rate: 65%
Asking Rent: Shop space - \$2.50 psf Full Service; \$0.65 NNN
 Restaurant space - \$3.00 psf Full Service; \$0.65 NNN

Anchor(s):
none

Current Tenants

Tenant	Business Type	Space Type
Foster City Chamber of Commerce	Association	In-line
Comerica Bank	Financial Institution	In-line

Sources: Foster City Snapshot Workbook, 2011; San Mateo County Assessor, 2013; Loopnet, 2013; DataQuick, 2013; BAE, 2013

Site Attributes

The ground floor retail portion of Parkside Towers is tucked into the ground floor of an office complex, and does not differentiate itself as a retail center. Furthermore, the retail space is served by a one-way drive-aisle accessed from a mid-block point on median-bound East Hillsdale Boulevard. Store fronts are set back from the street by a large plaza feature. While the plaza fronting East Hillsdale Boulevard is attractive and the landscaping is well-maintained and in good condition, it contributes to the retail having a lack of identity as such by significantly interfering with visibility from the major thoroughfare. In addition, the retail does not have a significantly contrasting design distinguishing it from the ground floor of the office building. There is a single row of parking along the retail space, but this is not visible from the main thoroughfares (most of the center's parking is in a parking garage accessed from behind the building). In sum, the retail portion of the project does a poor job of identifying itself as such, and thus of competing with other nearby convenience-oriented, surface-parked retail projects with respect to parking, visibility, and access.

Market Position

Parkside Towers is well located at a prime intersection on the "gravity side" of the trade area, meaning it lies along major commute routes. However, it is also faces direct competition from 1000 Metro Center, which is located within walking distance of Parkside Towers along Shell

Blvd. which connects the project to Highway 92. The Plaza (recently completed) and Triton Pointe (under construction) both add ground floor retail space in close proximity to Parkside Towers. Metro Center and the 15-Acre Foster Square pose additional competition to this project.

Site Potential

Parkside Towers is poorly suited for many types of retail uses given its design, access, and surrounding market competition. “Quasi-retail” and service retail tenants, such as another bank branch or an insurance or real estate office, present the most likely options for filling this ground floor space. A café could potentially be attracted to the end-cap space which has the best street identity, if the office spaces were better occupied, and retail visibility and access were enhanced. In the long-term, the project is not designed to attract either daily needs or lifestyle retail, particularly when compared to other nearby projects. The recently relaxed permitted uses for the retail portion of this project are a positive development since permitting a wider range of uses, such as ground floor office space, will help get the remaining space fully leased.



1000 Metro Center

1000 Metro Center is an 8,000 square foot free-standing shopping center at the corner of Metro Center and Shell Boulevards. The Center is arranged along the street frontage and opens onto a rear parking lot with access to both major streets. The Center is fully occupied by four national and regional food and beverage retailers, including

Starbucks, Freebirds, Jamba Juice, and Noah's Bagels. The Center is of more recent construction, in good condition and includes outdoor seating areas.

Figure 21: 1000 Metro Center Area Map



1000 Metro Center

1000 Metro Center Boulevard

Property Details

Year Built: 1995
Current Owners: Paja Investments
Owned Since: 1995

APN: 094-524-040
No. Parcels Owned: 1
Assessed Value: Land - \$1,300,00
 Improvements - \$1,945,029

Lot Area Owned (ac): 1.08
No. of Buildings: 1
Floor-Area Ratio: 0.17

**Leasing Details**

Leasable Space (sf): 8,000
Available Space (sf): none
Vacancy Rate: 0.0%
Asking Rent: n/a

Current Tenants

Tenant	Business Type	Space Type
Starbucks	Food and Beverage	In-Line
Freebirds	Restaurant	In-Line
Jamba Juice	Restaurant	In-Line
Noah's Bagels	Restaurant	In-Line

Sources: Foster City Snapshot Workbook, 2011; San Mateo County Assessor, 2013; Loopnet, 2013; DataQuick, 2013; BAE, 2013

Site Attributes

1000 Metro Center has good access from Highway 92 and to central Foster City, and by foot from surrounding office complexes and a nearby hotel. The retail space is designed in a traditional strip center format with ample parking behind it. Tenant signage is highly visible from both sides. The restaurant tenants have placed outdoor seating and umbrellas on the parking lot side of the building. The building is in generally good condition.

Market Position

1000 Metro Center is centrally located on the “gravity side” of the trade area, meaning it lies along major commute routes, and has good proximity to Highway 92. The center is also well-located to serve the adjacent business-oriented mid-range hotel and is complementary to nearby regional retail draws, including OSH and Costco.

Site Potential

The center’s current tenant mix of national food retailers is the ideal mix for this center. In the mid-term this center is viable in its current configuration and with its current tenants. In the longer-term, the land value for this site may increase to a point where it will become ripe for redevelopment with a higher-density retail or mixed-use project.



Pilgrim-Triton Master Plan

Pilgrim-Triton is a master planned mixed-used development of 20.75 acres of aging industrial park property at the northeast end of central Foster City. The plan is to be completed in four phases – Triton Plaza, Triton Pointe, The Waverly, and Phase C – and envisions up 29,000 square feet of retail, 730 residential units, and 258,000 square feet of office/commercial space, according to information provided by the City. As indicated

below, The Plaza is the only phase to have been completed, opening with 307 luxury apartment units and 8,100 square feet of ground floor retail space in the summer of 2013. Each component of the Pilgrim-Triton Master Plan is described in the following pages.

Figure 22: Pilgrim-Triton Area Map





The Plaza

The Plaza is a new mixed use residential community with 307 luxury apartments and 8,100 square feet of ground floor retail located less than half a mile from the Foster City Boulevard exit off Highway 92 and less than a mile from the retail portion of Metro Center. The complex which opened in 2013 is the first phase of the Triton-Pilgrim master plan development that could include up to 730 residential units and 296,000 square feet of commercial space.

The Plaza opens onto a large lawn and plaza area with a play structure and picnic tables, and includes structured parking as well as “teaser” curbside parking fronting the retail spaces. The development opened in the summer of 2013, and at the time of this report one retail space for a sandwich shop had been occupied and two additional tenant prospects were pending, including a coffee shop and beauty parlor. Brokers representing the center expect for the ground floor retail to be fully occupied by the end of the year. The Triton Pointe development now under construction across Triton Drive is the next phase of the Triton-Pilgrim master plan.

The Plaza

1 - 7 Plaza View Lane

Property Details

Year Built:	2013
Current Owner:	Northwestern Mutual Life Insurance Co
Owned Since:	2012
APN:	094-010-560
No. Parcels Owned:	1
Assessed Value:	Land - \$7,204,558 Improvements - \$4,910,945
Lot Area Owned (ac):	6.14
No. of Buildings:	2
Floor-Area Ratio:	n/a



Leasing Details

Leasable Space (sf):	8,100	Anchor(s):	None (b)
Available Space (sf):	8,100; 6 spaces		
Vacancy Rate:	59% (a)		
Asking Rent:	\$2.75-\$3.00 psf NNN		

Current Tenants

<u>Tenant</u>	<u>Business Type</u>	<u>Space Type</u>
Sandwich Monkey (b)	Restaurant	In-line

Notes:

(a) The Plaza opened in summer 2013 and was still in lease-up as of the writing of this report.

(b) As of the writing of this report, two additional tenants were secured and negotiations for the remaining three spaces were underway, including an anchor restaurant for the corner space. The broker anticipated full occupancy by the end of 2013.

Sources: Foster City Snapshot Workbook, 2011; San Mateo County Assessor, 2013; Loopnet, 2013; DataQuick, 2013; BAE, 2013



Upcoming Phases

Triton Pointe will be the second phase of development and is currently under construction on approximately five acres at the corner of Foster City and East Hillsdale Boulevards. Triton Pointe will include 12,000 square feet of retail along with 166 multifamily apartment units and 43,000 square feet of office/commercial space, along with a retail pad on Foster City Boulevard that will accommodate 6,000 square feet of retail. The third phase of development

will be The Waverly, which is currently under plan review. The Waverly proposes an additional 5,000 square feet of ground floor retail, 240 apartment and townhome residential units, and up to 53,000 square feet of office/commercial space.

The following analysis summarizes the conditions and outlook for the entire Pilgrim-Triton Master Plan development, except for Phase C, for which site proposals were not available at the time of this writing.

Site Attributes

The Plaza is brand new with modern and attractive design elements including an attractive plaza, lawn features, and wide sidewalks. However, the site is not visible from any main thoroughfare and no way-finding signage for the Pilgrim-Triton area is presently provided. In addition, vehicular access to the retail space is circuitous, further limiting the site's convenience to the overall community. For all Pilgrim-Triton phases, the configuration fails to take advantage of frontage with either Foster City or East Hillsdale Boulevards and all ground floor retail is inside the development, offering limited visibility. This configuration will be unattractive to national retailers.

Market Position

Though Pilgrim-Triton as a whole is centrally positioned on the "gravity side" of the trade area and has good proximity to Highway 92, the configuration at The Plaza and Triton Pointe and the proposed configuration at The Waverly place the retail space at an "inside" location and off of major thoroughfares and commuter routes. While this design does establish a "town square feel" with retail flanking a central park area, the pedestrian traffic from on-site residents is unlikely to provide a sufficient demand base for retailers in and of itself. Rather, the retail and commercial tenant mix will be key to attracting sufficient traffic to the interior of the proposed community.

Site Potential

When the entire project is built, there will be a central retail component surrounded by mixed uses. The ideal mix of retail users for the site would be destination-oriented service and retailers, such as a gym facility. A café would be complementary to such a tenant mix. However, the poor access and visibility of the center make it a less attractive option for these kinds of retailers compared with Metro Center or the 15-Acre Foster Square. While medium or big-box destination retailers may be a viable use due to freeway visibility, there does not appear to be room for such uses given the master plan. In the long-term, as the remaining phases of the Triton Pilgrim master plan are built out, these spaces should be considered as “flex” space in order to accommodate absorption of a variety of uses as new, better located retail locations continue to come online. We recommend addressing the situation now by, at minimum, “branding” the Pilgrim-Triton retail district as a destination area, providing significant way-finding signage, and allowing flexible uses much as been done at Parkside Towers. Even with a proactive program, it stands to reason that retailers who might be interested in the Pilgrim-Triton area will also evaluate the 15-Acre Foster Square and find it to have a superior location as well as better access and visibility.

15-Acre Foster Square

The City-owned 15-Acre Foster Square is a flat, rectangular parcel that is comprised of approximately 15 acres adjacent to the Civic Center. It is bounded by Shell Boulevard to the east, Civic Center Drive to the north, Foster City Boulevard to the east, and Balclutha Drive to the south. The New Home Company has submitted conceptual plans to the City for a mixed-use development composed of approximately 200 for-sale condominiums, approximately 134 senior oriented and age-restricted assisted and independent living units, and 66 for-rent affordable housing units. The residential units will be age-restricted for seniors. The plans also call for approximately 30,000 gross square feet of ground floor retail. Additionally, public space would be provided in the form of gathering spaces and two pedestrian paseos.

As part of Task 8 of this report, the BAE Team prepared a detailed analysis of this site which is presented in Appendix G.

Figure 23: 15-Acre Foster Square Area Map



Sales Performance for Retail Centers in Foster City

As shown previously in Table 20, Foster City has a number of retail nodes. The largest node consists of two free-standing stores, Costco and Orchard Supply Hardware. There are five conventional shopping centers (in descending order of size): Edgewater Place, The Marketplace at Metro Center, Marlin Cove, Charter Square, and Beach Park Plaza. The three largest centers are anchored by supermarkets, and the two smaller strip centers have no dominant anchor store. The retail in Parkside Towers and the Plaza are inline shops that are part of larger mixed-use projects. 1000 Metro Center is a small center consisting of fast food-oriented businesses.

BAE obtained business license data from the City that allowed a review of the relative performance of the retail centers, as shown in Table 21. This analysis was limited to four of the five conventional shopping centers, largely to preserve confidentiality of proprietary sales information; Marlin Cove sales are dominated by the 99 Ranch Market to a degree that overall center sales could not be disclosed. Other nodes had too few outlets to allow even aggregated disclosure of sales information. To provide benchmarks for comparison, national average sales per square foot for four major retail chains are also presented for reference purposes.

Table 21: Sales Performance of Foster City Shopping Centers

Center Name	Annual Gross Receipts (a)	Square Feet (b)	Annual Sales per Square Foot
Beach Park Plaza	\$4,714,057	26,000	\$181
Charter Square	\$10,799,124	55,724	\$194
Edgewater Place	\$36,504,635	123,300	\$296
Marlin Cove	(c)	56,000	(c)
Metro Center	\$59,076,884	120,300	\$491

National Average Sales per Square Foot for Sample of National Retailers

Target	\$299
Walmart	\$428
Safeway	\$567
Costco	\$1,117

(a) Includes non-retail business in centers, with the exception of Marlin Cove, where all businesses above 1st floor are excluded.

(b) Excludes portions of Marlin Cove above 1st floor.

(c) Marlin Cove gross receipts not disclosed to preserve confidentiality of sales for Ranch 99, which dominates sales in the center.

Sources: City of Foster City; Company Annual Reports; BAE, 2013.

Despite full occupancy, Beach Park Plaza exhibits the lowest sales per square foot for any of the centers; with its somewhat out-of-the-way location, the center likely commands lower rents, and tenants can maintain profitability at lower revenue levels. A large number of the tenants are service-oriented businesses. Charter Square also has low sales per square foot, reflecting the high vacancy rate and a lack of high-volume retail tenants. Edgewater Place shows sales volumes comparable to the lower end of the retailer benchmarks, while the Marketplace at Metro Center shows relatively strong sales performance.

Retail Centers in Surrounding Areas

Foster City's shoreline location provides a sense of place and many benefits to City residents and visitors, but it also poses challenges from a retail market perspective. In essence, the City as a whole experiences a "180-degree" trade area, meaning that potential shoppers must be primarily attracted from one direction. Foster City's neighboring cities, particularly San Mateo, offer a wide variety of regional and destination shopping centers that are likely to capture a significant amount of retail and dining demand from surrounding areas.

Bridgepointe Shopping Center (San Mateo)

Bridgepointe Shopping Center (formerly the Fashion Island Shopping Center) is a large power center located in San Mateo, immediately adjacent to the Foster City boundary. The center has excellent visibility and access from Highway 92, with exits on its west and east ends.

Bridgepointe is also easily accessed from central Foster City via Mariners Island/Edgewater Boulevard, Vintage Park Drive, and Foster City Boulevard. The Vintage Park area of Foster City, where major employers including Gilead and Electronics for Imaging are located, also has direct access to Bridgepointe via Mariners Island Boulevard and Vintage Park Drive. The 550,000 square foot center includes major region-serving anchors, including a Target, Marshall's, Bed Bath & Beyond, Pets Co, Staples, Sports Authority, and Toys R' US. The center includes over a dozen other national retail and dining establishments and is almost fully leased.

Bay Meadows (San Mateo)

The former Bay Meadows race track, located north of Hillsdale Boulevard at Highway 101, is being redeveloped into a community with substantial residential, office, and retail offerings. The center enjoys excellent access from Hillsdale Boulevard and Highway 101 in both directions, though visibility is currently limited from these main arterials. So far, a Whole Foods-anchored retail center has opened and the center features attractive landscaping, ample gathering space, and a mix of dining and shopping tenants. Bay Meadows is a five-minute drive from Metro Center via Hillsdale Boulevard.

Hillsdale Shopping Center (San Mateo)

Hillsdale Shopping Center is a regional mall located across El Camino Real from Bay Meadows with excellent regional accessibility via El Camino Real, Hillsdale Boulevard, and Caltrain. The center is anchored by Nordstrom, Macy's, and Sears, and houses multiple other national fashion retailers, such as Forever 21. A number of top high-volume sit-down restaurant chains are also located at Hillsdale, including Cheesecake Factory and California Pizza Kitchen. Significant commodity and daily needs retailers are adjacent to the shopping center, which is a five-minute drive from Metro Center via Hillsdale Boulevard.

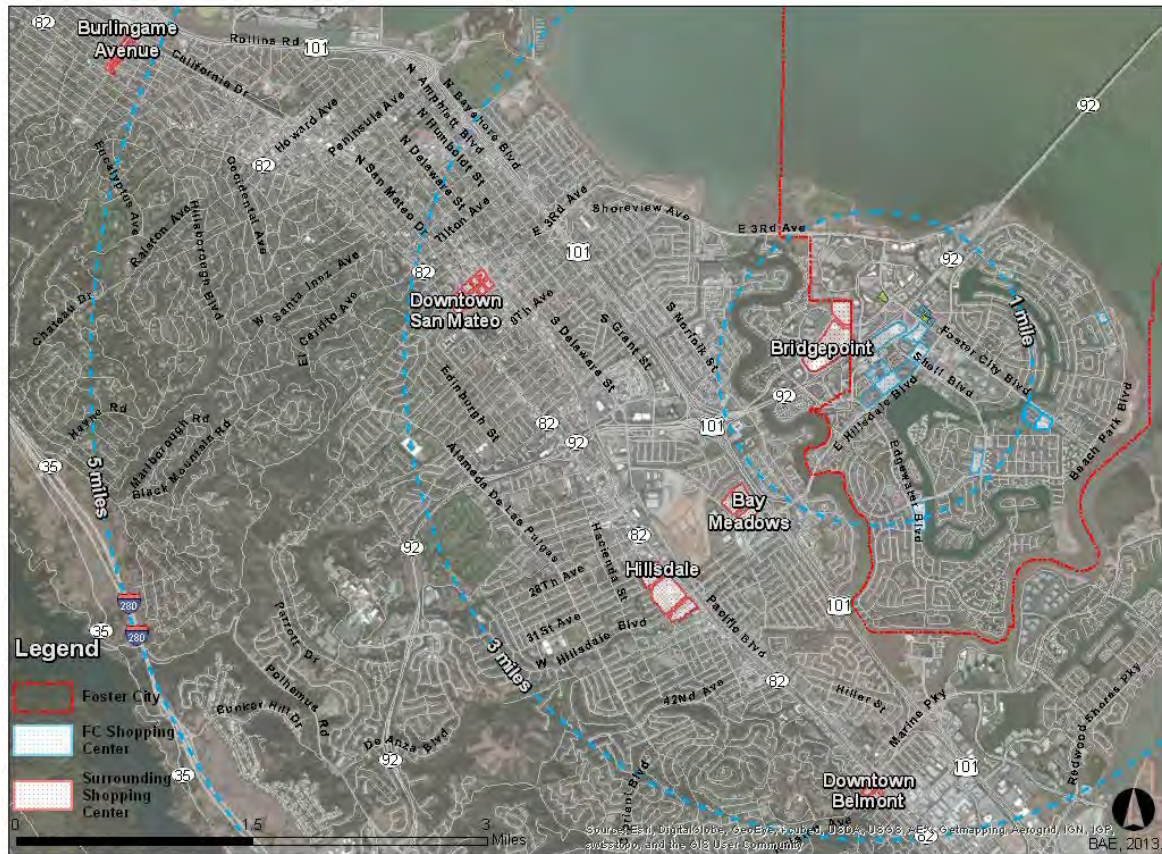
Downtown San Mateo (San Mateo)

Downtown San Mateo has been home to an active retail district for decades. The area is home to numerous restaurants, community-serving retailers, and entertainment venues, such as Century Theater. Downtown San Mateo has excellent regional access via Highway 101, El Camino Real, and Caltrain. From Foster City, the area is an eight-minute drive from Metro Center via Highway 101, or from Vintage Park via East 3rd Avenue.

Burlingame Avenue (Burlingame)

For decades, Burlingame Avenue in Downtown Burlingame has been home to a thriving retail district, often attracting tenants seen in regional shopping environments, such as Gap and Banana Republic, in addition to local independent merchants. The area is recognized for its concentration of high-end specialty retailers as well, making it an attractive destination for the Mid-Peninsula area. Downtown Burlingame is a 10-minute drive from Metro Center via Highway 101, and is also easily accessible from Vintage Park via East 3rd Avenue

Figure 24: Major Retail Centers in Surrounding Areas



Void Analysis and Square Feet Requirements of Regional Retailers

The BAE Team obtained a Merchant Void Analysis from USA Sites Inc. that indicates which regional and national retailers have outlets within a five-mile radius of central Foster City and which are not within the five-mile radius and might be candidates for a Foster City location, if the right location and store size were available. A list of retailers both within and outside the five-mile radius is presented in Appendix H.

To attract most of the retailers that are deemed as a “void,” Foster City would have to offer a full regional or community shopping center facility since many of the regional and national retailers prefer to co-locate. Since sites are limited in Foster City and community retail shopping is already found just outside Foster City at Bridgepoint, it may not be possible to attract many of these “void” retailers. However, new retail space at the Marketplace at the Metro Center or future redevelopment of key properties along E. Hillsdale at Shell or Foster City Boulevards may be attractive –if the right-sized retail spaces are provided. To give a sense of the typical store size, a list of regional and national retailers with their typical size requirements is provided in Appendix I.

STRATEGIES TO IMPROVE THE CITY'S RETAIL SECTOR

This section of the report presents a number of strategies and ideas for Foster City to consider as part of its initiative to improve its retail sector and offer a unique and enjoyable retail experience to its residents and workers. These strategies and recommended actions are data-driven and are formulated to focus the City's efforts so that it achieves the greatest return on its investment.

Summary of the Problem

Despite affluent demographics and a well-compensated workforce, Foster City is leaking substantial retail sales to other nearby communities in the Retail Trade Area and beyond. At the same time, despite this significant leakage, several existing retail centers are not performing well as measured by vacancy rates and sales per square foot. Centers that are doing well, such as the Marketplace at the Metro Center and 1000 Metro Center, are situated on the gravity side of Foster City –i.e., along the City's most heavily trafficked arterials with good access and visibility.

The key problem appears to be a mismatch between available retail inventory and the requirements of retailers that would be in a position to recapture a portion of the City's lost sales. National and regional commodity and specialty retailers will seek high visibility locations and require larger footprints that what is offered in many of the City's existing retail centers. While the Plaza and Pilgrim-Triton have high visibility locations, they do not offer spaces suitable to medium-sized or big-box retailers that could potentially take advantage of their location. Spaces at these centers are configured for smaller retail tenants. Older centers with "inside" locations in Foster City, such as Charter Square and Beach Park Plaza, have a large number of independent retailers and personal service establishment that generate low annual sales per square foot. Parkside Towers has a good location on E. Hillsdale Boulevard, but has limited access and parking which has made leasing the ground floor retail difficult.

Potential Retail Strategies

Strategy #1: Redevelopment of outdated retail centers. The City should consider reducing its inventory of outdated retail facilities by promoting the redevelopment of Charter Square and Beach Park Plaza. A redeveloped Charter Square could have between 10,000 and 15,000 of neighborhood convenience retail, while Beach Park Plaza could be reconfigured to provide 5,000 to 10,000 of neighborhood convenience retail, including one or two restaurants that could take advantage of the site's unique waterfront position with views of the Bay and San Mateo Bridge and access to the Bay Trail. By redeveloping these properties and reducing the retail component at each site, the City would permit greater concentration of retail at the 15-Acre Foster Square site and other new retail spaces at the Pilgrim-Triton developments yet permit the continued provision of neighborhood retail at these two older sites.

Strategy #2: Repositioning Edgewater Place. Edgewater Place has a unique location adjacent to the lagoon that offers very good potential to enhance the City's shopping experience for residents and workers. However, the center suffers from deferred maintenance and from low sales and traffic generated tenants such as the Lucky's Supermarket. Consideration should be made to replace the Lucky's with a more attractive supermarket that reflects Foster City's affluent demographics such as a Spouts, Fresh Farm, or other ethnic grocer. A stronger supermarket at this center would benefit other retailers as well. To attract a better performing supermarket, the center will have to make a significant capital investment to renovate the center, including improvement of signage and way finding and rehabilitation of the center's boardwalk.

Strategy #3: Partial redevelopment of The Market Place at Metro Center. With a reworking of the site plan for The Marketplace at Metro Center, additional retail could be accommodated and the visibility to existing retail could be enhanced. Such changes could include permitting 5,000 to 10,000 square feet of additional retail fronting directly on E. Hillsdale Boulevard and replacing lost parking by narrowing the entry off of E. Hillsdale Boulevard to expand the parking field. To improve visibility into the existing retailers on the site, the landscaped feature between the ABC Seafood Restaurant and other potential restaurant space could be reworked into an outdoor seating area to give this center a more "lifestyle" feel. View corridors to existing retailers would have to be preserved, however.

Strategy #4: Façade improvement and revolving loan fund program. If other centers do not undergo redevelopment the City should consider establishment of a façade improvement program that would be focused on improving signage and way finding. By establishing a modest façade improvement program in which the City and property owners share the costs of exterior façade improvements, the City may gain additional taxable retail sales from these improved shopping centers. Such a program can be structured as part grant and part loan from the City. A modest revolving loan fund program can help finance tenant improvements for targeted retail categories, including restaurant build-outs. This program could be targeted to older retail complexes or to areas of Foster City south of E. Hillsdale Boulevard to focus the program on older properties.

Strategy #5 Sales tax rebates for targeted retailers. The City could consider offering full or partial sales tax rebates for a defined period to attract targeted retailers to locate in Foster City or as assistance to retailers that seek to relocate due to redevelopment of existing retail shopping centers. Through its former Redevelopment Agency, the City has made such an arrangement with Costco in the past. Under this strategy, the concept would be extended to smaller retailers that the City wishes to encourage, such as a full service restaurants or a medium sized regional or national retailer in categories where substantial retail leakage is occurring.

Strategy #6: Economic development staffing. Consider hiring an Economic Development Specialist with retail experience to assist property owners and developers in marketing Foster City to retailers. Data from this report and from other sources can be used to present compelling demographic and retail sales information to reinforce the excellent opportunities in Foster City. This position could manage any façade improvement program and would also be responsible to undertake outreach to retailers in the region to explore branch locations at Foster City.

Strategy #7: Revise development standards for new ground floor retail so that future retail is concentrated on the “gravity” side of Foster City. Development standards should promote new ground floor retail on sites that can best support it. In Foster City, the “gravity side” of the trade area can generally be defined as the corridor running along Highway 92 and E. Hillsdale Boulevard, and the portions of Foster City, Shell, and Edgewater Boulevards that approach and run between them. Projects that offer only interior retail (e.g., not on the “gravity side”) should be avoided. 15-Acre Foster Square is an example of a centrally located project with the potential for good access and visibility from both Foster City and Shell Boulevards. Promote ground floor retail on sites, such as 1000 Metro Center, that have superior access (e.g., right-in right-out vehicular access, u-turns on streets fronting the projects etc.). Further, development standards for retail should also encourage larger floor plates that could be utilized by medium-sized or big-box retail tenants. Marlin Cove provides a recent example of how this can work in a mixed use setting; the retail faces Foster City Boulevard and accommodated a Ranch 99 Market. The BAE Team acknowledges that this strategy would be a long term one since redevelopment of key properties would only be feasible at the end of the useful life of existing improvements and/or when higher densities become economically feasible.

Strategy #8: City RFP for a full-service restaurant. Foster City could explore cooperating with a retail center owner to undertake a high-profile campaign through a Request for Proposals (RFP) mechanism to attract an experienced full service restaurant operator to the City who would offer a higher-end dining experience. The City could also offer discounted permit fees or sales tax rebate as part of this initiative. As part of this effort, the message would get out to the retail community that Foster City has significant retail potential.

Strategy #9: Facilitate “Pop-Up” retail in existing or new centers. Foster City can work with existing retail center owners or developers of new retail to provide vacant space to “pop-up” retailers— the space could be a sample sale one day and host a private party the next evening. The trend involves “popping-up” one day, then disappearing anywhere from one day to several weeks later. These shops, while small and temporary, can build up interest by consumer exposure. Pop-up retail allows a company to create a unique environment that engages their customers, as well as generating a feeling of relevance and interactivity. There are different benefits to pop-ups: marketing, testing products, locations, or markets, and as a low cost way to start a business. Some are seasonal, others go on to sign long term leases, and some use it as creative engagement.

Strategy #10: Facilitate food truck events at the City's shopping centers. Food truck events are popular in the Bay Area and nationwide and can draw attention to the retail opportunities that are at or near the food truck event venue. While restaurants at a center may lose some business during the event, the event itself brings residents and workers to the center and exposes them to its eating, drinking and shopping opportunities, ultimately increasing sales for permanent tenants. These events could be periodic (quarterly or semi-annual) and rotate among Foster City's shopping centers.

Strategy #11: Promote a greenway connector along Foster City Boulevard. Consider establishing a continuous greenway with pedestrian and bikeways to connect residential neighborhoods in the southern part of the City to central Foster City, including the 15-Acre Foster Square site, Parkside Towers, and Metro Center. Pedestrian friendly pathways would promote non-vehicular travel to retail centers in central Foster City and also help facilitate foot traffic from Metro Center and Parkside Towers to the 15-Acre Foster Square site. The key is to provide pathways that are either separated or well-marked to encourage families and youth to use them. Such a connection also promotes Foster City as a place with a healthy lifestyle and accessible retail.

Strategy #12: Promote Foster City retail to daytime workers. One of the roles of the recommended economic development staff suggested in Recommendation #4 could be to promote existing and new Foster City retailers and restaurants to daytime workers, particularly those north of Highway 92. Periodic "Foster City Food Festivals" could be staged at or near employers in the north side of Foster City to acquaint workers with available restaurants and services. A bike sharing/rental program could be considered as well as shuttle service to provide a quick connection between the workplace and retail centers.

APPENDIX A: ZIP CODES IN THE RETAIL TRADE AREA

Table A-1: Zip Codes in the Retail Trade Area

Zip Code	Post Office
94002	Belmont
94065	Redwood City
94401	San Mateo
94402	San Mateo
94403	San Mateo
94404	Foster City
94497	San Mateo

APPENDIX B: RETAIL SALES TRENDS

Table B-1a: Foster City Taxable Retail Sales Trends, 2000-2008 (a)

Sales in 2013 \$000 (a) (b) (c)	2000	2001	2002	2003	2004	2005	2006	2007	2008
Motor Vehicles and Parts	#	#	#						
Home Furnishings and Appliances	\$1,022	\$843	\$955						
Building Materials	#	#	#						
Food Stores	\$20,744	\$18,956	\$18,386						
Service Stations	\$26,373	\$23,055	\$19,359						
Apparel Stores	\$3,618	\$974	\$248						
General Merchandise Stores	\$114,555	\$103,777	#						
Eating and Drinking Places	\$45,405	\$40,489	\$42,046						
Other Retail Stores	\$97,850	\$72,384	\$159,023						
Retail Stores Total	\$309,566	\$260,478	\$240,017	\$231,388	\$252,420	\$250,257	\$244,100	\$242,914	\$229,696

Sales per Capita in 2013 \$ (d)	2000	2001	2002	2003	2004	2005	2006	2007	2008
Motor Vehicles and Parts	#	#	#						
Home Furnishings and Appliances	\$35	\$29	\$33						
Building Materials	#	#	#						
Food Stores	\$720	\$658	\$641						
Service Stations	\$916	\$800	\$675						
Apparel Stores	\$126	\$34	\$9						
General Merchandise Stores	\$3,977	\$3,603	#						
Eating and Drinking Places	\$1,576	\$1,406	\$1,466						
Other Retail Stores	\$3,397	\$2,513	\$5,545						
Retail Stores Total	\$10,748	\$9,044	\$8,369	\$7,812	\$8,532	\$8,456	\$8,232	\$8,133	\$7,646

Population	2000	2001	2002	2003	2004	2005	2006	2007	2008
	28,803	28,802	28,679	29,620	29,585	29,595	29,652	29,868	30,042

(a) Retail sales have been adjusted to 2013 dollars based on the Bay Area Consumer Price Index, U.S. Bureau of Labor Statistics. At the beginning of 2007, SBOE made some minor changes to their classification system, thus year-to-year comparisons with previous years should be made with caution. 2009-2011 data presented in a separate table due to major change in categorization scheme, such that data are not fully comparable with earlier years.

(b) Analysis excludes all non-retail outlets (business and personal services) reporting taxable sales.

(c) A "#" sign indicates data unavailability for the category due to SBOE confidentiality rules that suppress data when there are four or fewer outlets or sales in a category dominated by one store. Suppressed sales have been combined with Other Retail Stores.

(d) Per capita sales calculated based on sales divided by population. 2000 and 2010 population from U.S. Census; estimates for other years from CA State Dept. of Finance.

Sources: 2000 & 2010 U.S. Census; State Dept. of Finance; State Board of Equalization; CA Dept. of Industrial Relations; U.S. Bureau of Labor Statistics; BAE, 2013.

Note: (a) Data unpublished by State Board of Equalization for years 2002 and 2008. Data requested and provided for years 2009 through 2011.

Table B-1b: Foster City Taxable Retail Sales Trends, 2009-2011

Sales in 2013 \$000 (a) (b) (c)	2009	2010	2011
Motor Vehicle and Parts Dealers	#	#	#
Home Furnishings and Appliance Stores	\$10,954	#	\$15,528
Bldg. Matrl. and Garden Equip. & Supplies	#	#	#
Food and Beverage Stores	\$16,873	\$16,472	\$16,387
Gasoline Stations	\$27,486	\$29,925	\$35,399
Clothing & Clothing Accessories Stores	\$514	\$694	\$640
General Merchandise Stores	#	#	#
Food Services and Drinking Places	\$42,776	\$40,742	\$41,240
Other Retail Group	\$125,752	\$136,506	\$113,730
Retail Stores Total	\$224,355	\$224,339	\$222,924

Sales per Capita in 2013 \$ (d)	2009	2010	2011
Motor Vehicle and Parts Dealers	#	#	#
Home Furnishings and Appliance Stores	\$362	#	\$506
Bldg. Matrl. and Garden Equip. & Supplies	#	#	#
Food and Beverage Stores	\$557	\$539	\$534
Gasoline Stations	\$908	\$979	\$1,155
Clothing & Clothing Accessories Stores	\$17	\$23	\$21
General Merchandise Stores	#	#	#
Food Services and Drinking Places	\$1,413	\$1,333	\$1,345
Other Retail Group	\$4,154	\$4,466	\$3,709
Retail Stores Total	\$7,412	\$7,339	\$7,271

Population 30,270 30,567 30,660

(a) Retail sales have been adjusted to 2013 dollars based on the Bay Area Consumer Price Index, U.S. Bureau of Labor Statistics. At the beginning of 2007, SBOE made some minor changes to their classification system, thus year-to-year comparisons with previous years should be made with caution. 2009-2011 data presented in a separate table due to major change in categorization scheme, such that data are not fully comparable with earlier years.

(b) Analysis excludes all non-retail outlets (business and personal services) reporting taxable sales.

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

(d) Per capita sales calculated based on sales divided by population. 2000 and 2010 population from U.S. Census; estimates for other years from CA State Dept. of Finance.

Sources: 2000 & 2010 U.S. Census; State Dept. of Finance; State Board of Equalization; CA Dept. of Industrial Relations; U.S. Bureau of Labor Statistics; BAE, 2013.

Table B-2a: San Mateo County Taxable Retail Sales Trends, 2000-2008

Sales in 2013 \$000 (a) (b) (c)	2000	2001	2002	2003	2004	2005	2006	2007	2008
Motor Vehicles and Parts	\$2,535,733	\$2,320,006	\$2,175,843	\$2,081,977	\$2,028,146	\$2,007,626	\$1,917,361	\$1,795,299	\$1,364,944
Home Furnishings and Appliances	\$662,347	\$568,094	\$518,592	\$547,053	\$630,837	\$624,026	\$601,457	\$608,474	\$597,339
Building Materials	\$1,039,284	\$1,062,209	\$1,037,142	\$1,008,429	\$1,142,198	\$1,137,520	\$1,077,395	\$961,575	\$840,659
Food Stores	\$553,043	\$536,642	\$510,488	\$499,819	\$495,838	\$495,314	\$482,925	\$489,714	\$481,010
Service Stations	\$1,092,349	\$956,283	\$833,964	\$819,517	\$882,696	\$1,002,738	\$1,069,511	\$1,146,161	\$1,163,173
Apparel Stores	\$475,912	\$423,413	\$398,874	\$390,962	\$417,158	\$442,731	\$467,378	\$483,130	\$520,624
General Merchandise Stores	\$1,683,542	\$1,600,780	\$1,527,616	\$1,509,768	\$1,514,951	\$1,511,748	\$1,541,168	\$1,549,925	\$1,418,876
Eating and Drinking Places	\$1,336,602	\$1,269,963	\$1,212,437	\$1,189,775	\$1,259,815	\$1,346,035	\$1,359,916	\$1,415,119	\$1,410,472
Other Retail Stores	\$2,335,768	\$1,885,678	\$1,582,004	\$1,581,523	\$1,619,438	\$1,723,155	\$1,721,680	\$1,778,361	\$1,485,889
Retail Stores Total	\$11,714,579	\$10,623,068	\$9,796,961	\$9,628,824	\$9,991,078	\$10,290,893	\$10,238,791	\$10,227,758	\$9,282,986

Sales per Capita in 2013 \$ (d)	2000	2001	2002	2003	2004	2005	2006	2007	2008
Motor Vehicles and Parts	\$3,586	\$3,277	\$3,081	\$2,957	\$2,888	\$2,867	\$2,742	\$2,558	\$1,928
Home Furnishings and Appliances	\$937	\$802	\$734	\$777	\$898	\$891	\$860	\$867	\$844
Building Materials	\$1,470	\$1,500	\$1,469	\$1,432	\$1,626	\$1,624	\$1,541	\$1,370	\$1,188
Food Stores	\$782	\$758	\$723	\$710	\$706	\$707	\$691	\$698	\$680
Service Stations	\$1,545	\$1,351	\$1,181	\$1,164	\$1,257	\$1,432	\$1,529	\$1,633	\$1,643
Apparel Stores	\$673	\$598	\$565	\$555	\$594	\$632	\$668	\$688	\$736
General Merchandise Stores	\$2,381	\$2,261	\$2,163	\$2,145	\$2,157	\$2,159	\$2,204	\$2,208	\$2,005
Eating and Drinking Places	\$1,890	\$1,794	\$1,717	\$1,690	\$1,794	\$1,922	\$1,945	\$2,016	\$1,993
Other Retail Stores	\$3,303	\$2,664	\$2,240	\$2,246	\$2,306	\$2,460	\$2,462	\$2,534	\$2,099
Retail Stores Total	\$16,566	\$15,005	\$13,873	\$13,677	\$14,227	\$14,694	\$14,641	\$14,573	\$13,115

Population	707,163	707,965	706,213	704,014	702,254	700,350	699,347	701,838	707,820
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(a) Retail sales have been adjusted to 2013 dollars based on the Bay Area Consumer Price Index, U.S. Bureau of Labor Statistics. At the beginning of 2007, SBOE made some minor changes to their classification system, thus year-to-year comparisons with previous years should be made with caution. 2009-2011 data presented in a separate table due to major change in categorization scheme, such that data are not fully comparable with earlier years.

(b) Analysis excludes all non-retail outlets (business and personal services) reporting taxable sales.

(c) A "#" sign indicates data unavailability for the category due to SBOE confidentiality rules that suppress data when there are four or fewer outlets or sales in a category dominated by one store. Suppressed sales have been combined with Other Retail Stores.

(d) Per capita sales calculated based on sales divided by population. 2000 and 2010 population from U.S. Census; estimates for other years from CA State Dept. of Finance.

Sources: 2000 & 2010 U.S. Census; State Dept. of Finance; State Board of Equalization; CA Dept. of Industrial Relations; U.S. Bureau of Labor Statistics; BAE, 2013.

Table B-2b: San Mateo County Taxable Retail Sales Trends, 2009-2011

Sales in 2013 \$000 (a) (b) (c)	2009	2010	2011
Motor Vehicle and Parts Dealers	\$1,163,530	\$1,206,306	\$1,305,837
Home Furnishings and Appliance Stores	\$690,032	\$717,099	\$745,350
Bldg. Matrl. and Garden Equip. & Supplies	\$780,317	\$755,401	\$754,060
Food and Beverage Stores	\$549,021	\$549,392	\$560,266
Gasoline Stations	\$880,395	\$1,009,621	\$1,214,897
Clothing & Clothing Accessories Stores	\$622,535	\$642,725	\$666,962
General Merchandise Stores	\$1,040,348	\$1,108,085	\$1,145,690
Food Services and Drinking Places	\$1,341,875	\$1,380,975	\$1,463,515
Other Retail Group	\$1,090,563	\$1,100,303	\$1,124,155
Retail Stores Total	\$8,158,616	\$8,469,907	\$8,980,732

Sales per Capita in 2013 \$ (d)	2009	2010	2011
Motor Vehicle and Parts Dealers	\$1,630	\$1,679	\$1,808
Home Furnishings and Appliance Stores	\$967	\$998	\$1,032
Bldg. Matrl. and Garden Equip. & Supplies	\$1,093	\$1,051	\$1,044
Food and Beverage Stores	\$769	\$765	\$776
Gasoline Stations	\$1,233	\$1,405	\$1,682
Clothing & Clothing Accessories Stores	\$872	\$895	\$923
General Merchandise Stores	\$1,457	\$1,542	\$1,586
Food Services and Drinking Places	\$1,880	\$1,922	\$2,026
Other Retail Group	\$1,528	\$1,531	\$1,556
Retail Stores Total	\$11,430	\$11,789	\$12,432

Population	713,818	718,451	722,372
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(a) Retail sales have been adjusted to 2013 dollars based on the Bay Area Consumer Price Index, U.S. Bureau of Labor Statistics. At the beginning of 2007, SBOE made some minor changes to their classification system, thus year-to-year comparisons with previous years should be made with caution. 2009-2011 data presented in a separate table due to major change in categorization scheme, such that data are not fully comparable with earlier years.

(b) Analysis excludes all non-retail outlets (business and personal services) reporting taxable sales.

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

(d) Per capita sales calculated based on sales divided by population. 2000 and 2010 population from U.S. Census; estimates for other years from CA State Dept. of Finance.

Sources: 2000 & 2010 U.S. Census; State Dept. of Finance; State Board of Equalization; CA Dept. of Industrial Relations; U.S. Bureau of Labor Statistics; BAE, 2013.

Appendix B-3a: California Taxable Retail Sales Trends, 2000-2008

Sales in 2013 \$000 (a) (b) (c)	2000	2001	2002	2003	2004	2005	2006	2007	2008
Motor Vehicles and Parts	\$78,687,416	\$81,100,813	\$83,150,976	\$85,387,605	\$87,815,063	\$88,083,712	\$82,443,661	78,931,811	58,824,168
Home Furnishings and Appliances	\$18,854,714	\$17,790,789	\$18,218,475	\$19,234,478	\$20,356,822	\$20,810,231	\$20,023,176	18,646,617	18,550,142
Building Materials	\$34,407,444	\$35,310,552	\$36,577,241	\$39,086,988	\$46,073,613	\$47,460,838	\$45,857,040	36,417,400	28,740,064
Food Stores	\$25,487,123	\$25,118,667	\$24,691,321	\$24,714,908	\$24,601,107	\$25,285,859	\$25,184,318	25,047,932	23,193,418
Service Stations	\$34,967,716	\$32,860,270	\$31,175,651	\$35,293,225	\$40,650,280	\$46,155,181	\$50,197,426	52,507,781	56,100,919
Apparel Stores	\$17,820,587	\$17,865,876	\$18,278,294	\$19,330,614	\$21,041,519	\$22,394,058	\$22,840,571	23,257,893	23,857,573
General Merchandise Stores	\$63,569,900	\$62,972,876	\$63,172,359	\$64,373,981	\$66,931,682	\$67,961,003	\$68,264,441	66,795,815	60,857,555
Eating and Drinking Places	\$49,188,959	\$49,172,488	\$49,613,259	\$51,001,323	\$53,698,484	\$55,545,374	\$56,705,049	57,608,168	56,139,914
Other Retail Stores	\$75,207,677	\$70,070,628	\$68,085,560	\$69,357,552	\$73,348,494	\$76,058,590	\$76,631,784	72,385,929	59,121,161
Retail Stores Total	\$398,191,535	\$392,262,957	\$392,963,136	\$407,780,675	\$434,517,065	\$449,754,846	\$448,147,466	\$431,599,347	\$385,384,914

Sales per Capita in 2013 \$ (d)	2000	2001	2002	2003	2004	2005	2006	2007	2008
Motor Vehicles and Parts	\$2,323	\$2,367	\$2,395	\$2,428	\$2,469	\$2,456	\$2,283	\$2,168	\$1,603
Home Furnishings and Appliances	\$557	\$519	\$525	\$547	\$572	\$580	\$554	\$512	\$505
Building Materials	\$1,016	\$1,031	\$1,053	\$1,112	\$1,295	\$1,323	\$1,270	\$1,000	\$783
Food Stores	\$752	\$733	\$711	\$703	\$692	\$705	\$697	\$688	\$632
Service Stations	\$1,032	\$959	\$898	\$1,004	\$1,143	\$1,287	\$1,390	\$1,443	\$1,528
Apparel Stores	\$526	\$522	\$526	\$550	\$592	\$624	\$632	\$639	\$650
General Merchandise Stores	\$1,877	\$1,838	\$1,819	\$1,831	\$1,882	\$1,895	\$1,890	\$1,835	\$1,658
Eating and Drinking Places	\$1,452	\$1,435	\$1,429	\$1,450	\$1,510	\$1,549	\$1,570	\$1,583	\$1,530
Other Retail Stores	\$2,220	\$2,045	\$1,961	\$1,972	\$2,062	\$2,120	\$2,122	\$1,989	\$1,611
Retail Stores Total	\$11,755	\$11,451	\$11,316	\$11,597	\$12,216	\$12,539	\$12,408	\$11,857	\$10,500

Population	33,873,086	34,256,789	34,725,516	35,163,609	35,570,847	35,869,173	36,116,202	36,399,676	36,704,375
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(a) Retail sales have been adjusted to 2013 dollars based on the CA Consumer Price Index, from the CA Dept. of Industrial Relations, based on data from the U.S. Bureau of Labor Statistics. At the beginning of 2007, SBOE made some minor changes to their classification system, thus year-to-year comparisons with previous years should be made with caution. 2009-2011 data presented in a separate table due to major change in categorization scheme, such that data are not fully comparable with earlier years.

(b) Analysis excludes all non-retail outlets (business and personal services) reporting taxable sales.

(c) A "#" sign indicates data unavailability for the category due to SBOE confidentiality rules that suppress data when there are four or fewer outlets or sales in a category dominated by one store. Suppressed sales have been combined with Other Retail Stores.

(d) Per capita sales calculated based on sales divided by population. 2000 and 2010 population from U.S. Census; estimates for other years from CA State Dept. of Finance.

Sources: 2000 & 2010 U.S. Census; State Dept. of Finance; State Board of Equalization; CA Dept. of Industrial Relations; U.S. Bureau of Labor Statistics; BAE, 2013.

Appendix B-3b: California Taxable Retail Sales Trends, 2009-2011

Sales in 2013 \$000 (a) (b) (c)

	2009	2010	2011
Motor Vehicle and Parts Dealers	\$48,131,867	\$50,599,860	\$55,485,253
Home Furnishings and Appliance Stores	\$23,656,173	\$24,032,913	\$24,543,159
Bldg. Matrl. and Garden Equip. & Supplies	\$25,942,182	\$26,446,527	\$27,131,264
Food and Beverage Stores	\$24,392,869	\$24,348,554	\$24,572,348
Gasoline Stations	\$42,278,384	\$48,324,922	\$57,469,865
Clothing & Clothing Accessories Stores	\$27,741,342	\$29,135,500	\$30,811,610
General Merchandise Stores	\$48,600,807	\$49,497,410	\$50,192,658
Food Services and Drinking Places	\$54,010,213	\$54,795,773	\$56,997,145
Other Retail Group	\$41,949,841	\$41,983,537	\$42,866,352
Retail Stores Total	\$336,703,680	\$349,164,997	\$370,069,655

Sales per Capita in 2013 \$ (d)

	2009	2010	2011
Motor Vehicle and Parts Dealers	\$1,302	\$1,358	\$1,482
Home Furnishings and Appliance Stores	\$640	\$645	\$656
Bldg. Matrl. and Garden Equip. & Supplies	\$702	\$710	\$725
Food and Beverage Stores	\$660	\$654	\$657
Gasoline Stations	\$1,144	\$1,297	\$1,535
Clothing & Clothing Accessories Stores	\$750	\$782	\$823
General Merchandise Stores	\$1,315	\$1,329	\$1,341
Food Services and Drinking Places	\$1,461	\$1,471	\$1,523
Other Retail Group	\$1,135	\$1,127	\$1,145
Retail Stores Total	\$9,108	\$9,373	\$9,888

Population

36,966,713 37,253,956 37,427,946

(a) Retail sales have been adjusted to 2013 dollars based on the CA Consumer Price Index, from the CA Dept. of Industrial Relations, based on data from the U.S. Bureau of Labor Statistics. At the beginning of 2007, SBOE made some minor changes to their classification system, thus year-to-year comparisons with previous years should be made with caution. 2009-2011 data presented in a separate table due to major change in categorization scheme, such that data are not fully comparable with earlier years.

(b) Analysis excludes all non-retail outlets (business and personal services) reporting taxable sales.

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

(d) Per capita sales calculated based on sales divided by population. 2000 and 2010 population from U.S. Census; estimates for other years from CA State Dept. of Finance.

Sources: 2000 & 2010 U.S. Census; State Dept. of Finance; State Board of Equalization; CA Dept. of Industrial Relations; U.S. Bureau of Labor Statistics; BAE, 2013.

APPENDIX C: LEAKAGE ANALYSIS DETAIL

Table C-1: Leakage Analysis Detail

	Baseline Per Capita Retail Sales/Expenditures		2013 Total Annual Retail Sales and Sales Potential in \$000 (c)				2013 Total Injection/ (Leakage) \$000	Injection/ Leakage as % of Potential Sales
	Estimated Sales in Area (a)	Estimated Resident Expenditures (b)	Estimated Sales in Area	Estimated Resident Expenditures	Estimated Worker Expenditures	Estimated Total Potential Expenditures		
Store Category								
Motor Vehicle and Parts Dealers	\$0	\$3,698	\$0	\$115,070	\$0	\$115,070	(\$115,070)	-100%
Furniture and Home Furnishings Stores	\$130	\$580	\$4,060	\$18,055	\$0	\$18,055	(\$13,995)	-78%
Electronics and Appliance Stores	\$98	\$645	\$3,045	\$20,073	\$100	\$20,173	(\$17,128)	-85%
Bldg. Matr. and Garden Equip. and Supplies	\$548	\$1,442	\$17,052	\$44,868	\$0	\$44,868	(\$27,816)	-62%
Food and Beverage Stores	\$2,254	\$3,174	\$70,137	\$98,772	\$300	\$99,072	(\$28,935)	-29%
Health and Personal Care Stores	\$444	\$773	\$13,804	\$24,051	\$100	\$24,151	(\$10,347)	-43%
Gasoline Stations	\$978	\$1,363	\$30,450	\$42,412	\$0	\$42,412	(\$11,961)	-28%
Clothing and Clothing Accessories Stores	\$42	\$1,063	\$1,320	\$33,091	\$200	\$33,291	(\$31,972)	-96%
Sporting Goods, Hobby, Book, and Music Stores	\$7	\$426	\$203	\$13,260	\$100	\$13,360	(\$13,157)	-98%
General Merchandise Stores	\$5,055	\$1,851	\$157,326	\$57,596	\$500	\$58,096	\$99,229	171%
Miscellaneous Store Retailers	\$114	\$496	\$3,553	\$15,427	\$200	\$15,627	(\$12,075)	-77%
Food Services and Drinking Places	\$2,084	\$2,679	\$64,859	\$83,376	\$400	\$83,776	(\$18,917)	-23%
Total	\$11,755	\$18,189	\$365,807	\$566,051	\$1,900	\$567,951	(\$202,144)	-36%

Retail Trade Area

	Baseline Per Capita Retail Sales/Expenditures		2013 Total Annual Retail Sales and Sales Potential in \$000 (c)				2013 Total Injection/ (Leakage) \$000	Injection/ Leakage as % of Potential Sales
	Estimated Sales in Area (a)	Estimated Resident Expenditures (b)	Estimated Sales in Area	Estimated Resident Expenditures	Estimated Worker Expenditures	Estimated Total Potential Expenditures		
Store Category								
Motor Vehicle and Parts Dealers	\$1,693	\$3,261	\$296,250	\$570,614	\$0	\$570,614	(\$274,365)	-48%
Furniture and Home Furnishings Stores	\$470	\$539	\$82,309	\$94,346	\$0	\$94,346	(\$12,037)	-13%
Electronics and Appliance Stores	\$391	\$579	\$68,420	\$101,242	\$200	\$101,442	(\$33,022)	-33%
Bldg. Matr. and Garden Equip. and Supplies	\$745	\$1,350	\$130,305	\$236,139	\$0	\$236,139	(\$105,834)	-45%
Food and Beverage Stores	\$2,907	\$3,085	\$508,659	\$539,819	\$500	\$540,319	(\$31,660)	-6%
Health and Personal Care Stores	\$748	\$773	\$130,815	\$135,180	\$200	\$135,380	(\$4,565)	-3%
Gasoline Stations	\$1,055	\$1,307	\$184,530	\$228,645	\$0	\$228,645	(\$44,114)	-19%
Clothing and Clothing Accessories Stores	\$1,350	\$990	\$236,305	\$173,248	\$200	\$173,448	\$62,857	36%
Sporting Goods, Hobby, Book, and Music Stores	\$489	\$390	\$85,576	\$68,246	\$100	\$68,346	\$17,231	25%
General Merchandise Stores	\$2,029	\$1,764	\$354,968	\$308,703	\$700	\$309,403	\$45,565	15%
Miscellaneous Store Retailers	\$325	\$473	\$56,881	\$82,732	\$200	\$82,932	(\$26,052)	-31%
Food Services and Drinking Places	\$2,086	\$2,490	\$365,078	\$435,759	\$600	\$436,359	(\$71,281)	-16%
Total	\$14,288	\$17,000	\$2,500,097	\$2,974,673	\$2,700	\$2,977,373	(\$477,275)	-16%

All sales and leakages are in 2013 dollars.

(a) From Table 14.

(b) Estimated expenditures per capita are derived from Nielsen RMP Opportunity Gap Report, adjusted to account for local expenditure patterns in San Mateo County. These levels of consumer potential are assumed as a benchmark against which to compare actual sales. Sales assumed to be "leaking" from the area if that area has per capita sales below benchmark sales. Per capita sales are calculated based on 2013 population per CA State Dept. of Finance for City and Nielsen for Retail Trade Area.

2013 Foster City Population: 31,120

2013 RTA Population: 174,980

(c) Total sales = Sales/expenditures per capita times area population.

Sources: CA Department of Industrial Relations; U.S. Bureau of Labor Statistics; U.S. Census of Retail Trade, 2007; 2011 Zip Code and County Business Patterns; Nielsen MarketPlace; BAE, 2013.

APPENDIX D: NOTES ON METHODOLOGY FOR RETAIL SALES AND LEAKAGE ESTIMATES

BAE has developed point-in-time estimates of retail sales by six-digit NAICS¹ category, applying sales per employee data by NAICS from the 2007 Census of Retail Trade to generate estimates of total retail sales by category for 2011 based on Zip Code Business Patterns, the most recent data available at the time of analysis. These estimates have the advantage over estimates based on taxable data in that all retail sales are included, so no adjustment factors are necessary to get from SBOE data to total retail sales. It should be noted that these estimates should be considered as approximate, since the exact employment numbers for each store type are not available; instead, the published data group stores into an employment class size.² Additional comparisons were made with SBOE data to determine whether it was necessary to reconcile major discrepancies between the Zip Code-derived estimates and the published taxable sales data. It was determined that no adjustments were required; while the estimates from the Zip Code data vary from SBOE figures, these differences are due in large part to the inclusion of nontaxable sales.

¹ The North American Industrial Classification System (NAICS) is a federally-directed system for classifying establishments by industry.

² For example, one store size category in the Zip Code Business Patterns ranges from 25 to 49 employees; estimates are based on a central point in this range, since the exact number of employees is unknown.

APPENDIX E: WORKER SPENDING CLOSE TO PLACE OF WORK

Table E-1: Worker Spending Close to Place of Work

Major Retail Category	Avg. Per Week, 2011 \$ (a)	Avg. Per Year, 2011 \$ (b)	Avg. Per Year, 2013 \$ (c)	Category for Estimate (d)
Electronics/Phone/Computer Stores	\$8.93	\$429	\$446	Electronics and Appliance Stores
Grocery Stores	\$21.58	\$1,036	\$1,079	Food and Beverage Stores
Drug Stores	\$7.60	\$365	\$380	Health and Personal Care Stores
Clothing Stores	\$4.43	\$213	\$221	Clothing and Clothing Accessories Stores
Shoe Stores	\$3.40	\$163	\$170	Clothing and Clothing Accessories Stores
Jewelry Stores	\$3.75	\$180	\$187	Clothing and Clothing Accessories Stores
Sporting Goods Stores	\$3.49	\$168	\$174	Sporting Goods, Hobby, Book, and Music Stores
Department Stores	\$9.03	\$433	\$451	General Merchandise Stores
Discount Stores	\$11.33	\$544	\$566	General Merchandise Stores
Warehouse Clubs	\$12.32	\$591	\$616	General Merchandise Stores
Office Supplies/Stationery/Novelty Gifts and Cards	\$7.41	\$356	\$370	Miscellaneous Store Retailers
Other Goods (florist, non-food vendors, etc.)	\$3.75	\$180	\$187	Miscellaneous Store Retailers
Full-Service Restaurants	\$13.06	\$627	\$653	Food Services and Drinking Places
Fast Food/Deli/Lunch Eateries	<u>\$15.80</u>	<u>\$758</u>	<u>\$790</u>	Food Services and Drinking Places
Total	\$125.88	\$6,042	\$6,292	

Notes:

(a) Estimate of worker potential expenditures based on *Office-Worker Retail Spending in the Digital Age* (ICSC, 2012).

(b) Assumes work weeks per year = 48 to account for vacation, sick time, and other absences.

(c) Survey conducted in 2011. Inflated to 2013 dollars using the US Consumer Price Index for All Urban Consumers, with inflation in 2013 assumed to continue at the rate from January through June.

Inflation factor = 1.040931

Sources: International Council of Shopping Centers (ICSC); U.S. Bureau of Labor Statistics; BAE, 2013.

APPENDIX F: NET RETAIL EXPENDITURES NEAR WORK FOR FOSTER CITY AND RTA WORKERS

Major Retail Category	Annual Potential Worker Expenditures Near Work (a)	
	Foster City	RTA
Motor Vehicle and Parts Dealers	\$0	\$0
Furniture and Home Furnishings Stores	\$0	\$0
Electronics and Appliance Stores	\$100,000	\$200,000
Bldg. Matrl. and Garden Equip. and Supplies	\$0	\$0
Food and Beverage Stores	\$300,000	\$500,000
Health and Personal Care Stores	\$100,000	\$200,000
Gasoline Stations	\$0	
Clothing and Clothing Accessories Stores	\$200,000	\$200,000
Sporting Goods, Hobby, Book, and Music Stores	\$100,000	\$100,000
General Merchandise Stores	\$500,000	\$700,000
Miscellaneous Store Retailers	\$200,000	\$200,000
Food Services and Drinking Places	\$400,000	\$600,000
Net Potential Worker Retail Expenditures	\$1,900,000	\$2,700,000

Notes:

(a) Estimate of worker potential expenditures based on *Office-Worker Retail Spending in the Digital Age* (ICSC, 2012) as shown in Appendix E. Total worker expenditures based on per worker data is multiplied by the estimated net inflow of workers into Cupertino. Numbers rounded to nearest hundred thousand. Net inflows of workers is used since worker expenditures for the number of workers up to the number of working residents would already be accounted for by the expenditures of those working residents in the resident demand analysis.

Net inflow of workers into Foster City = 287

Net inflow of workers into Retail Trade Area = 418

Based on U.S. Census Bureau's OnTheMap Application and LEHD Origin-Destination Employment Statistics (Beginning of Quarter Employment, 2nd Quarter of 2002-2011).

Sources: U.S. Census Bureau Longitudinal Employer-Household Dynamics (LEHD); International Council of Shopping Centers (ICSC); BAE, 2013.

APPENDIX G: 15-ACRE SITE TECHNICAL MEMORANDUM

TECHNICAL MEMORANDUM

Date: October 20, 2013

Re: 15-Acre Foster Square Retail Program Evaluation

Purpose and Background

Through the sale and development of its 15-Acre Foster Square site, Foster City seeks to create a place where residents and employees would like to spend time enjoying their community. As part of its disposition and planning efforts, the City of Foster City (City) engaged BAE Urban Economics, Inc., in association with Greensfelder Commercial Real Estate (collectively, the BAE Team), to prepare a Commercial Market Analysis as part of the City's set of initiatives to improve its retail sector and quality of life for residents and employees. As part of Task 8 of this analysis, BAE has conducted a review of the retail component of the 15-acre mixed-use neighborhood development (15-Acre Foster Square) proposed by The New Home Company (TNHC). The BAE Team conferred with the City to focus its analysis on answering a set of questions as set forth below in the *Retail Program Evaluation* section of this Memorandum.

Summary of Key Findings

- Foster City is an affluent community with significant retail leakage. The City's location, community design, and built out status results in its being off main transportation corridors along which retail has historically been positioned and thus at a disadvantage competing to capture retail sales as compared with other areas.
- The 15-Acre Foster Square is a good site in the center of Foster City but has some challenges from the retail perspective associated with its being a mid-block, median bound parcel. These challenges need to be mitigated to ensure that the retail component, sized aggressively at 30,000 square feet, will be successful.
- Foster City has attracted a qualified master developer to make a considerable investment in Foster City to construct the development that is the subject of this technical memorandum. While the proposed Retail Component appears to offer high-quality retail and public spaces, the BAE Team believes the ultimate success of the project will depend on the retail experience and financial capacity of the ultimate owner of the Retail Component.
- To increase the probability of success the project site plan must integrate the North Peninsula Jewish Community Center as the effective project anchor and emphasize pedestrian connections to adjacent and other nearby uses that can generate retail traffic/patronage. A robust signage and way-finding program is recommended to draw

San Francisco
1285 66th Street
Second Floor
Emeryville, CA 94608
510.547.9380

Sacramento
803 2nd Street
Suite A
Davis, CA 95616
530.750.2195

Los Angeles
5405 Wilshire Blvd.
Suite 291
Los Angeles, CA 90036
213.471.2666

Washington DC
1436 U Street NW
Suite 403
Washington, DC 20009
202.588.8945

New York City
121 West 27th Street
Suite 705
New York, NY 10001
212.683.4486

traffic to the site. In addition, parking management controls should be considered to support short-term parking near the ground floor retail spaces.

- The use lists formulated for two retail zones (e.g., the “Town Square” and the “Boulevard” zones) should be merged and the zone concept eliminated. The retail investor and owner will need the maximum flexibility to design the best tenant merchandising mix. Given the constraints of the site, this flexibility would be an important factor to achieve success.

Table 1 summarizes these and other key findings from the BAE Team analysis.

Table 1
Summary of Findings and Recommendations
15-Acre Foster Square Site Retail Program

Opportunities	Challenges	Mitigations
<ul style="list-style-type: none"> • Significant retail sales leakage • High household incomes • Adjacent uses support retail sales • Central location with orientation to Shell and Foster City Blvds. • Strong community desire for town center 	<ul style="list-style-type: none"> • Mid-block, median bound site • Deep set back from Foster City Blvd. • 30,000 sq. ft., unanchored • Retail component to be sold to independent operator TBD • Foster City “off the main line” for retail • Achieving pro forma targeted rents given retail vacancy rates in the City • Pedestrian connections to adjacent uses 	<ul style="list-style-type: none"> • City involvement in selection of retail operator • Incorporate PJCC as defacto “anchor” • Robust signage with dramatic elements • Improve pedestrian connectivity into 15-acre site from nearby office & Civic Center uses • Design parking landscaping to enhance visibility • Flexible uses, retail & personal services • Avoid irregular-shapes for retail spaces • Parking management to support retail uses

Methodology

To prepare its analysis of the 15-acre retail development program, the BAE Team has completed two field tours of existing Foster City retail centers and the 15-Acre Foster Square site. The BAE Team also met with TNHC and its development team to discuss the retail program and gather additional information about the developer's marketing concepts and efforts. The analysis also draws from the full Commercial Market Analysis separately provided.

Site Context

Foster City was established and master planned in the 1960's at a time that vehicle-oriented, suburban environments were the norm. There is a growing tendency by today's planners to create retail shopping environments that are denser, more sustainable, and offer a more urban environment. These sorts of environments tend to lend themselves to specialty as opposed to commodity retail tenants. The 15-Acre Foster Square is centrally located in the City. It lies between the City's Civic Center and the heavily patronized Peninsula Jewish Community Center (PJCC). It also has the potential to provide a needed connection between Shell Boulevard and Foster City Boulevard, two of the City's primary arterials. From a retail perspective, the site demands careful consideration to meet contemporary consumer preferences.

There are several examples of retail projects in Foster City that have not fared well over time, including Beach Park Plaza and Charter Square. Both these centers are located "inside" and away from the "gravity" side¹ of the trade area (i.e. Foster City), meaning that they do not lie along the main travel paths of City residents and workers. The 15-Acre Foster Square site is not situated at a major intersection with high traffic counts, which is typically necessary to attract a major anchor such as a chain grocer. However, the site is positioned on the gravity-side of the trade area, located near East Hillsdale and Foster City Boulevards, which constitutes a "100 percent corner" in the City, meaning a site that is highly desirable to retailers. In addition, the site has the potential to provide links between key uses and infrastructure at the heart of the City.

With respect to retail, planning the 15-Acre Foster Square site deliberately with an eye to what is realistically achievable will be keenly important. A "build it and they will come" approach can be fraught with peril as can be seen in the many projects built during the peak of the last real estate cycle that have not fared well since. Planning the site in full consideration of its locational and market context will work to counteract the real estate market attributes working against it, and increase its likelihood of success.

¹ Gravity side of the trade area" is defined as the general direction in the trade area from which residents and daytime workers enter the trade area and to which they travel in order to leave the area. From an operational definition perspective, most people enter Foster City from Highway 92 on the City's northwesterly boundary and from Hillsdale Boulevard from the City's southwesterly boundary, so areas closest to Foster City Boulevard and Highway 92 and the Metro Center/Town Center area generally and towards E Hillsdale Boulevard where it crosses Seal Slough would be considered on the "gravity side of the trade area."

Figure 1
Location of 15-Acre Foster Square



Development Site and Proposed Retail Program

Location. The development site is a flat, rectangular parcel that is comprised of approximately 15 acres adjacent to the Civic Center to the north (for purposes of this Memorandum, Foster City Boulevard is deemed to run north-south). The 15-Acre Foster Square site is bounded by Shell Boulevard to the east, Civic Center Drive to the north, Foster City Boulevard to the east, and Balclutha Drive to the south.

Proposed Development Program. TNHC has submitted conceptual plans to the City for a mixed-use development composed of approximately 200 for-sale condominiums, approximately 134 assisted and independent living units, and 66 for-rent affordable housing units. The plans also call for approximately 30,000 gross square feet of ground floor retail (Retail Component). Additionally, public space would be provided in the form of gathering spaces and two pedestrian paseos. The BAE Team reviewed conceptual plans, renderings, and design guidelines submitted for the July 11, 2013 Planning Commission Study Session; a memo prepared by Main Street Property Services dated August 28, 2012; and staff reports about the subject project.

Retail Program Description. TNHC's overall concept is to create a town square that would be a "place for everyone" in Foster City. As shown in Figure 2, the Retail Component would be provided in three separate structures. In three of the structures, retail would be on the ground floor of a multi-story residential building (refer to Retail A, C, and D on Figure 2. Retail B would be a small, stand-alone single-story retail structure. The retail facilities would face at an angle (pointing northeast) towards surface parking to be constructed under the PG&E power line easement running parallel along Foster City Boulevard. Central Street, a proposed two-way boulevard connecting Shell Boulevard to the parking lot would turn into a couplet at Paseo B with the Retail B structure situated in the middle and gathering spaces directly in front facing east. Parking is provided under the power lines and would serve not only the retail but also the assisted living and affordable housing components. The BAE Team's review of the Retail Component assumes that the overall retail site configuration is fixed since the site plan has undergone an extensive public planning and review process.

Retail Component Ownership and Management. TNHC indicated to the BAE Team that it plans to offer the Retail Component as a stand-alone investment opportunity by creating a retail condominium with the three retail structures and certain common areas. The owner of the retail condominium would then be responsible for marketing, leasing, constructing tenant improvements, managing, and operating the Retail Component of the project. The developer's goal is to sell the retail condominium to an experienced operator that can realize the planned retail concept.

Nearby Retail Patronage Drivers. Within a quarter mile radius (5 minute walk) of the site's proposed retail, there are several uses that generate a significant level of primary traffic that could lend support new retail uses at the site, including:

- **Peninsula Jewish Community Center (PJCC):** located immediately adjacent to the site on the south side across Balclutha Drive, at the corner with Foster City Boulevard. The PJCC is a significant generator of traffic with just over 10,500 members and over one million visits annually (averaging 2,700 visits per day).

- **Civic Center:** complex including City Hall and the San Mateo County-operated Foster City Library. The library reports that between 1,200 and 1,300 people visit the library daily. The City reports that there are approximately 50 to 65 employees at City Hall, excluding uniformed public safety personnel.
- **Parkside Towers:** located to the north of the Civic Center on NWC of E. Hillsdale Boulevard. The five-story structures contain approximately 400,000 gross square feet, including approximately 17,000 square feet of ground floor retail. At an average of 95 percent occupancy, the complex would house between 1,500 to 1,700 employees.²
- **Century Plaza Office Complex:** to the north of the Civic Center on NEC of E. Hillsdale Boulevard. This four-story Class A office building contains 115,500 square feet and would have approximately 460 to 500 employees at 95 percent occupancy.³
- **Leo J. Ryan Memorial Park:** to the west of the site that consists of approximately 20 acres overlooking the City's Central Lake, and facilities including an outdoor amphitheater, sailboat tie-up facilities, boardwalk, lawn areas and gazebo. The park is the site of the City's annual Fourth of July Fireworks and other special events. The William E. Walker Recreational Center located at 650 Shell Boulevard in close proximity to the proposed intersection of Shell Boulevard and Central Avenue is a multipurpose recreation center that provides facilities on a rental basis for third-party special events, parties, and meetings.
- **Farmers' Market:** A small farmers market is sponsored by the PJCC on Wednesdays⁴.

Connectivity to Adjacent Uses and Major Arterials. The site plan shows a new Central Street cutting through the site, linking the Leo J. Ryan Memorial Park on the west side of Shell Boulevard (near the the William E. Walker Recreation Center) to the retail node, starting approximately 650 feet into the site and continuing to the public plaza and parking lot under the PG&E power line easement. To connect the park and the project site, TNHC has proposed designing the intersection with special paving and signage. To further strengthen this connection to Shell Boulevard, the current design has the affordable residential/Retail A structure extending out at an angle which is intended to provide a view of the structure from Shell Boulevard.

The site plan indicates that the town square, or plaza, would also extend partially into the surface parking lot, giving some visibility of the retail facility from Foster City Boulevard. The proposed retail connects to the PJCC by Paseo B which links a vacant portion of the PJCC site to the eastern edge of the Central Street couplet. The City has reported that the PJCC plans to construct a performing arts center on its vacant land. The second connection to the PJCC is at the western edge of the site where a portion of the ground floor retail contained in the affordable housing parcel (e.g., Retail A) faces the PJCC on the roundabout on Balclutha Drive.

² This is calculated based upon 225 to 250 gross square feet per employee. The five percent vacancy factor represents a normalized vacancy reflective of a healthy Class A office market.

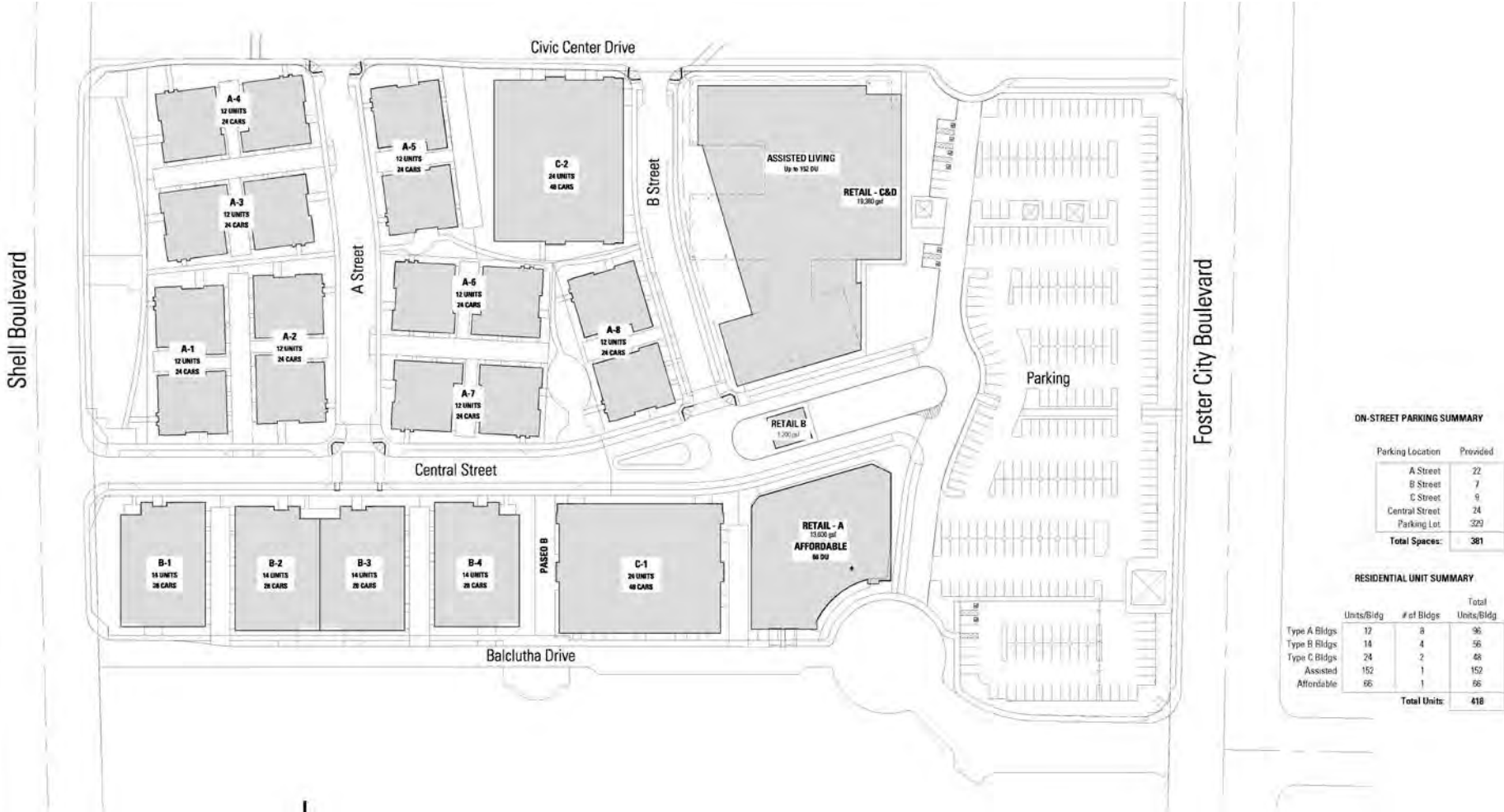
³ See prior footnote.

⁴ Note that a larger farmers' market is held on Saturdays at Charter Square on Beach Park Boulevard.

There are five points of vehicular and pedestrian connection between the 15-Acre Foster Square and the Civic Center along Civic Center Drive: (i) proposed new A Street; (ii) proposed new B Street; (iii) a proposed new internal street along the retail frontage paralleling Foster City Boulevard; (iv) existing Shell Boulevard; and (v) existing Foster City Boulevard.

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Figure 2: 15-Acre Foster Square Development Plan



ON-STREET PARKING SUMMARY

Parking Location	Provided
A Street	22
B Street	7
C Street	9
Central Street	24
Parking Lot	329
Total Spaces:	381

RESIDENTIAL UNIT SUMMARY

	Units/Bldg	# of Bldgs	Total Units/Bldg
Type A Bldgs	12	8	96
Type B Bldgs	14	4	56
Type C Bldgs	24	2	48
Assisted	152	1	152
Affordable	66	1	66
Total Units:			418

Foster City - 15 Acres

Foster City, CA

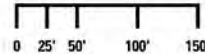
Site Plan

BARARCHITECTS

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Preliminary “Snapshot” Retail Leakage Analysis

As part of its Commercial Market Analysis, the BAE Team has prepared a detailed evaluation of the City’s taxable retail sales. Table 2 is a preliminary summary of this analysis, showing that Foster City reported approximately \$222.9 million in total taxable sales for 2011 (adjusted to 2013 dollars). This comprises 2.5 percent of total taxable retail sales in San Mateo County while in contrast Foster City accounts for approximately 4.2 percent of the County’s population.

As shown in Figure 2, Foster City brought in significantly lower retail sales in 2011 than San Mateo County and California on a per capita basis. In 2011, the per capital total taxable sales in Foster City amounted to approximately \$7,300 compared to over \$12,400 in San Mateo County, and nearly \$9,900 for California. It should be noted that these figures have been adjusted to reflect 2013 dollars but have not yet been adjusted for personal income differences (these adjustments and final findings are presented in the Commercial Market Analysis).

Household Incomes

While Foster City reports lower per capital retail sales, Table 3 indicates that Foster City median household incomes are far above the San Francisco Bay Area and state averages, suggesting more available discretionary income to support local retailers as compared with the County or State. Nielsen Inc. estimates that Foster City’s median household income is approximately \$109,000, 46 percent higher than the median income for the nine-county Bay Area (\$74,400) and 85 percent higher than the household median income estimated for California (\$58,700).

Overall, these preliminary statistics indicate significant leakage of retail sales out of the City. Foster City residents are making both discretionary and non-discretionary purchases outside their home community. Again, a comprehensive analysis of retail sales be presented in the full Commercial Market Analysis report.

Table 2
Total Taxable Retail Sales, 2011
Foster City and San Mateo County

<u>Area</u>	<u>Total 2011</u>	
	<u>Sales (a)</u>	<u>Percent</u>
Foster City	\$ 222.9	2.5%
San Mateo County	\$ 8,980.7	NA

Note:

(a) Adjusted to millions 2013 dollars.

Sources: State Board of Equiaization; BAE, 2013.

Figure 2
Per Capita Taxable Retail Sales
Foster City, San Mateo County, Bay Area and State
2011 Sales (adjusted to 2013 dollars)

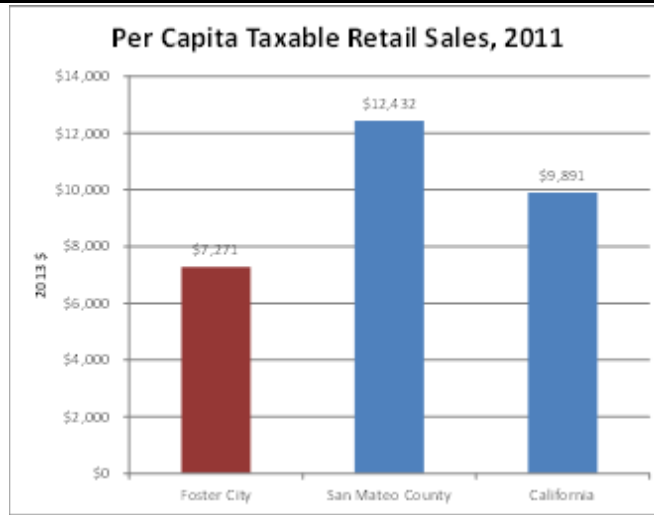


Table 3
Median Household Income, 2013
Foster City, Bay Area, and California

	<u>Foster City</u>	<u>Bay Area (a)</u>	<u>California</u>
Median HH Income	\$109,029	\$74,423	\$58,724

Note:
(a) The nine-county Bay Area includes Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma counties.
Sources: Nielsen; BAE, 2013.

Overall Retail Market Conditions

In its Commercial Market Analysis, the BAE Team presents a full analysis of retail market conditions in the trade area and an inventory of existing retail centers in the City. Table 4 provides preliminary information on the City’s existing and proposed retail centers. Of the ten existing retail centers, or clusters, four are fully occupied (Costco/OSH, Beach Park Plaza, Free-standing Fast Food, and 1000 Metro Center), two have vacancies in a normal 5 to 10 percent range (The Marketplace at Metro Center and Marlin Cove), and three have significant vacancies (Charter Square, Parkside Towers Retail, and the Plaza⁵).

Overall, despite significant leakage of retail sales out of Foster City, several existing centers have not been able to fully lease their projects, suggesting that the supply of retail space is not

⁵ The Plaza opened in 2013 and is currently in lease-up.

matched well against the requirements of retailers who could capture additional retail spending by residents and employees. Challenges with existing retail centers include locational disadvantages, limited parking, dated or functionally obsolete facilities, and underinvestment in maintenance and renovation. The 15-Acre Foster Square site would offer an opportunity to develop fully functional retail space to capture lost sales, particularly sales for specialty retail as well as personal services.

**Table 4
Summary Information for Existing Retail Centers
Foster City 2013**

Name	Leasable SF	Site Acreage	Anchor Tenant	Tenants (a)	Vacancy Rate
Existing					
Costco/OSH Regional Center	181,986	17.82	Costco; OSH	2	0.0%
Edgewater Place	123,300	8.89	Lucky	35	0.0%
The Marketplace at Metro Center	120,300	9.09	Safeway; CVS	12	6.1%
Marlin Cove	56,000	4.46	99 Ranch Market	10	9.3%
Charter Square	55,724	6.01	n/a	13	26.2%
Beach Park Plaza	26,000	2.30	n/a	16	0.0%
Parkside Towers Retail	17,000	5.99	n/a	2	65.0%
Free-standing Fast Food (b)	14,965	3.93	n/a	5	0.0%
The Plaza (c) (d)	8,100	6.14	n/a	0	59.0%
1000 Metro Center	8,000	1.08	n/a	4	0.0%
Total Existing	611,375	65.70			
Planned and Proposed					
Triton Pointe (under construction) (c)	17,000	3.40	n/a	n/a	n/a
15-Acre Foster Square Site	30,000	15.0	n/a	n/a	n/a
Total Proposed	47,000	18.40			

Notes:
(a) Represents currently leasing or pre-leased tenants only as of June 2013.
(b) Represents the combined total for five adjacent retail locations.
(c) The Plaza, Triton Pointe, and The Waverly are phases of the Pilgrim-Triton Master Plan development; the Plaza opened in summer of 2013 and was expected to be fully occupied by the end of the year.
Sources: Foster City Snapshot Workbook, 2011; San Mateo County Assessor, 2013; Loopnet, 2013; DataQuick, 2013; BAE, 2013

15-Acre Foster Square: Retail Program Evaluation

To focus its analysis, the BAE Team worked with the City's Implementation Team to formulate a set of key questions to address. The questions will be presented along with the analysis and findings of the BAE Team.

1. Will the Retail Component be successful?

Success metrics: (i) space is leased, (ii) tenant businesses are successful, and (iii) people that live and work in Foster City want to go to the new project.

While the demographics and retail sales patterns (e.g., high incomes and retail spending leakage) would indicate that there is general support for additional retail, the success of the proposed Retail Component will depend on the physical and locational attributes of the proposed Retail Component and the developer's approach to designing, marketing and negotiating business terms (specifically rent and pass-through expenses).

Tenant Marketing Approach. The developer’s retail marketing plan is conceptual only. The BAE Team understands that the actual marketing of retail space will be undertaken by the purchaser of the retail component of the project. The success of the retail component will thus depend upon the quality and capacity of the retail ownership and management entity. The City should consider retaining an approval right over the sale (at a minimum on the first such sale) of the retail component with disapproval standards related to the buyer’s track record in owning and operating similar retail facilities. We also recommend that the City ensure that the retail property is preserved as one asset and not subsequently broken up and resold in pieces, through either deed restrictions or CC&Rs.⁶ In the event that a retail tenant requires ownership of its pad, the City could request that a repurchase option be included in any sales agreement to give then-current owner the right to control the entire property.

The developer has designed the Retail Component to provide space for what’s referred to as “specialty” retail which is further defined below. TNHC has stated that it seeks to avoid development of a traditional strip center and instead focus on leasing to quality retailers in an attractive town square environment which the developer hopes will generate repeat patronage. Targeted merchants would result in a mix that includes a pharmacy, bank, barber/spa, market restaurant, coffeehouse, patisserie, baker, ice cream shop, specialty sports apparel store, specialty pet supplier, arts and crafts retailer, full service restaurant, and wine bar. TNHC has indicated that it will focus on restaurants with “good food + atmosphere” and offer choices for both casual and business dining.

One of the easiest ways to think of how retail organizes itself is as either “commodity” or “specialty.” These are characterized as follows:

- Commodity retail goods and services are those goods and services that are purchased and consumed on a regular basis most frequently from non-discretionary household funds, largely without emotional attachment by the consumer, and at retailers and retail shopping centers offering the optimal combination of lowest price and highest convenience most responsive to the purchase and need in question. In other words, the product is fungible – it is the same product wherever purchased. Commodity retailers range from local convenience stores to drug stores, grocery stores, discounters and warehouse stores; and "commodity shopping centers" are those shopping venues whose primary purpose is the offering of commodity goods and services to consumers.
- Specialty retail goods and services, by contrast, are those goods and services that are purchased on a more discretionary basis by consumers using "discretionary funds" which are not earmarked for food, shelter, or clothing, and which are selected and often consumed during free time. Successful specialty shopping venues, regardless of format, deliver a unique and attractive combination of tenant mix and the shopping environment (i.e. a sense of place) to the consumer within the market or trade area in question and lend themselves to extended consumer stays. An emotional connection to the tenant mix and environment is key, especially for higher end specialty retail projects. Foodservice is frequently a key component of such venues.

⁶ See comments related to the draft development and disposition agreement for this project.

Given the location and physical features of the Retail Program, the project may encounter resistance from smaller anchor retailers (such as a commodity chain pharmacy such as Walgreens or Rite Aid) due to the site's mid-block location, access and circulation design, and the deep set back from Foster City Boulevard. Among banks, the 15-Acre Foster Square may be attractive to financial institutions catering to affluent or high net worth households but less attractive for retail bank branches such as Wells Fargo, Bank of America, or Citicorp that seek high traffic, high profile locations⁷.

Main Street Property Services, Inc. (MSPS), one of TNHC's consultants, is recommending that the ultimate retail buyer/operator should selectively lease to operators of businesses with larger trade areas, noting that Foster City's difficulties with small-shop retail in its convenience centers has much to do with their limited appeal and thus small trade areas. The BAE Team agrees with MSPS' analysis that Foster City, despite its Mid-Peninsula location, is challenged by being "off the main line," and that while the City has a compelling demographic profile (reasonable density, higher than average incomes and education levels, etc), the City's location must be overcome by providing compelling reasons for non-residents and non-workers to visit and return. In other words, the City "exports" more shopping trips than it "imports" in both commodity and specialty categories; the BAE Team's preliminary leakage analysis corroborates this finding.

MSPS observes that strong, specialty tenants are needed to create a destination pull, and that tenant selection is an operational and ownership prerogative mostly outside the scope of City regulatory control. To counteract these issues, MSPS proposes a new framework which is different from the simple "use lists" that are often adopted: to regulate permitted uses to encourage future owners of the retail condominium to seek stronger-pulling tenants. The obvious follow-on question is how to attract these destination tenants given the "inside" nature of Foster City's location in the larger trade area, and several well established destination specialty retail and entertainment areas such as Downtown San Mateo, Burlingame Avenue in Burlingame, and Hillside Mall all of which are more on the "Main Line" than the 15-Acre Foster Square.

Target Tenant Mix/Number of Tenants. The developer states that they expect 8 to 10 tenants to occupy the 30,000 square feet in the retail condominium. They also point to better dining options or a "public house" as good anchors for the site. Full-service sit-down chain restaurants typically occupy 4,000-6,000 square feet (some such as Gordon Biersch or Cheesecake factory being examples of exceptions on the larger side), with independent restaurants, such as the Los Altos Grill, often being smaller. Shop (sometimes called in-line) tenants are much smaller, generally in the 1,500-2,000 square foot range. By way of example only, these tenants might include Starbucks or Peets Coffee, Togos or Quiznos Sandwiches, Jamba Juice, cleaners, salons or beauty supply and the like. Specialty retailers, such as Lululemon, often are smaller than they appear at first glance. Banks generally range from 3,500-5,500 square feet. Based on these guidelines for tenant sizes, the BAE Team believes as many as 15 to 20 retailers will be needed to fill the retail condominium if only one such full service restaurant is secured –the scale of the Retail Component raises the overall marketing risk of the program (for more discussion of the size of the Retail Component, see the BAE

⁷ These banks (or ATMs) are in Foster City along major Boulevards such as E. Hillside and Foster City Boulevard in traditional configurations facing directly onto the street.

Team response to Questions 1(a) on page 15). Naturally, if the owner of the retail component is successful in attracting more than one restaurant, the overall number of tenants would decrease as would the overall leasing risk of the project.

There may be some design improvements, including integration and linkages to adjacent sites, signage, landscaping, and hardscape design features that could somewhat but certainly not fully mitigate these locational and physical shortcomings. These suggestions are discussed in the response to Question #2.

Interplay between Occupancy Costs and Achieving the Targeted Tenant Mix. Tenants will respond to the total cost of occupancy which is the sum of base rent, percentage rent (if expected as part of a deal, triple net (NNN) expenses⁸, and how the sum of these costs compares with other alternatives in the trade area. Without having reviewed the project's development pro-forma or current asking rents for the retail space in the area, it is difficult to say what impact the occupancy cost might have on the project's success. Also, sometimes ground floor retail is "subsidized" by rents anticipated to be achieved by other uses in mixed use projects, and this may or may not be the assumption in TNHC's pro-forma. Generally, in order for new construction to be financially viable, it will require a higher rent than 2nd generation space in existing projects (and there is quite a bit of such existing space in the trade area). The project design and obligation of the owner of the retail component lead the BAE Team to believe that the NNN costs will be high, and, as already mentioned, it is total occupancy cost that the retailer needs to keep in mind, not just the base rent.

Retail tenants will be successful if they have enough customers to generate a profit. Typically, costs of goods sold, labor, and occupancy costs are the three biggest line items on a retail profit and loss sheet (P&L). If there are enough "top line" sales, then expenses can be supported. For purposes of answering this question, this Memorandum focuses only on top line sales and occupancy cost. This project will need to compete with other projects in the trade area. To the extent that other projects are better located, have easier access or better visibility, or offer lower occupancy costs, they will have an advantage over 15-Acre Foster Square even if it offers certain superior amenities or ambience. It should be noted that other sites do have some positive ambience attributes of their own: Edgewater Place has the boardwalk (albeit in need of refurbishment), and Metro Center has an adjacent park located between the retail and the office buildings which is appealing and well maintained. The Pilgrim-Triton, which shows vacant retail space, has only recently come on the market and the owners have leased one space to a sandwich shop and have two more tenants in process (a café and beauty salon).

Pro Forma Retail Rents. When considering a new location, a retailer's first objective is to find the best possible location for its business. Its second objective is to estimate initial sales and then sales growth over time. If patterns are to be changed and Foster City residents are to alter the pattern of patronizing the more established retail and entertainment destinations as anecdotal evidence, leasing terms will need to take into account the amount of time it will take (a) to train those already in Foster City to remain in Foster City, (b) for those outside of Foster City to travel to a new destination, and (c) for retail and restaurant operators in 15-Acre Foster

⁸ NNN refers to a "net-net-net" or "triple net" rent structure under which the tenant typically pays maintenance, utilities, taxes and insurance costs associated with its leased premises.

Square to achieve sustainable sales levels. We believe a more robust articulation of occupancy and tenant attraction/concessions will benefit the retail project as a whole, and that this articulation take into account the amount of time it will realistically take to build and sustain a tenant base while marketing efforts are underway to adjust today's "import/export" pattern or shopping trips.

With respect to economics specifically, Foster City retail generates lower rents (thought by TNHC and its consultant Main Street Property Services to be approximately \$2.50 per square foot per month triple net) than those found in surrounding communities, and the retail portion of the 15 Acre Site must operate in this environment. Consequently, the developer has been forced to assume a conservative blend of rent, delivery condition, and improvement allowances in order to attract tenants. The developer has indicated that it expects rents to range from \$2.50 to \$3.00 triple net with an average tenant allowance package of \$90.00 per square foot. While the stated rents are at or above market rents, the tenant improvement allowance would be above what is offered at other existing centers. Adjusted for value of the tenant improvement package, the base rents at the 15-Acre Foster Square would appear to be generally competitive with other space in Foster City but one has to keep in mind that tenants will have to pay for new space with first generation tenant improvements. Hence in the end, the project economics require that retail spaces at the 15-Acre Foster Square be priced in the stated \$2.50 to \$3.00 range. While there is other new retail space in the City, the 15-Acre Foster Square offers ample parking that is not available at other newly constructed retail facilities. such as at The Waverly in the Pilgrim Triton area.

- a. Is there market support for the square footage of retail proposed? (Provide both quantitative and qualitative analysis.) Would market support at the expense of other existing Foster City retail centers?*

Retail Leakage Perspective. The preliminary leakage analysis suggests that additional retail facilities could be developed in the City without impacting sales at other existing centers. If the proposed retail component achieved, \$500 per square foot in annual total retail sales, this would total would generate a total of \$15 million in sales, a figure that would represent approximately one-tenth of the taxable sales leaking out of the City currently⁹.

Size of Retail Component. Despite potential support indicated by preliminary retail leakage statistics, building 30,000 square feet of new retail would be perceived in the marketplace as a risky proposition, even with an anchor, given the location and site attributes of the 15-Acre Foster Square (e.g., mid-block location and deep setback from Foster City Boulevard). In contrast, a retail project sized at 20,000 square feet would be less risky because once the owner of the Retail Component secures a restaurant tenant at, say, 5,000 square feet, only 15,000 square feet would remain to lease to potentially 10 additional tenants at an average of 1,500 square feet per shop. It should also be noted that the 400 units of new residential proposed, while complementary, will not generate sufficient demand alone to support the proposed new retail. The question is then how can the project

⁹ Note that not all leaking sales can realistically be captured by Foster City; this is explored and discussed further in the Commercial Market Analysis.

achieve success at its proposed 30,000 square foot size? The BAE Team offers the following ways to mitigate the leasing risk associated with a larger project:

Mitigating Risks – PJCC as Effective Project Anchor. While the site plan has been developed and reviewed through an already lengthy process, the BAE Team believes that these risks can be mitigated by viewing the PJCC as the effective, off-site anchor of the Retail Program. In order to accomplish this, creating a bona fide connectivity between the PJCC and the retail condominium through intuitive and well-marked pedestrian and vehicular reciprocal access is desirable. Ideally, a reciprocal easement agreement would be crafted with the PJCC. However, absent that scenario there are on-site enhancements that could be done unilaterally, such as modifying site plan and layout design to emphasize connection between the neighbors, creating more direct and better articulated paths of travel, and providing clear way-finding signage.

Mitigating Risks – Use Restrictions and Flexible Uses. What is clear is that the community and the City want to create a focal point for the town that addresses the points articulated in the Sustainable Foster City Plan and that providing this amenity is understood to be a "cost of doing business" in developing this project. The BAE Team's assigned task is to evaluate the viability of the Retail Component, and to point out risks and possible mitigations. Restrictions are not necessarily in the sponsor, the project, or the City's best interest as they have the potential to create unintended consequences. A desirable prospective may not wish to wait while the owner of the Retail Component and City pursue and complete a process to alter the applicable use list. The axiom that "you can legislate them [uses/tenants] out, but you can't legislate them in" should not be ignored.

The BAE Team believes that reassessing the use restrictions proposed for the project is in everyone's best interest. For example, creating a Boulevard Zone and a Town Square Zone limits the sponsor and the leasing team's ability to create the best merchandising mix, and also ignores that retail evolves over time: Uses fall in and out of favor (frozen yogurt being a perfect example), new uses and merchandising strategies develop over time (ING café), and tried and true uses evaporate (Blockbuster and Hollywood Video). It stands to reason that a use scheme that looks at uses more expansively and gives more flexibility to mix and match uses throughout the project will reduce the risk that the project's tenant mix and occupancy level will fall victim to unintended consequences, now or in the future. For example, allowing a pre-determined number of square feet of various uses, regardless of location, would give the sponsor and leasing team additional flexibility in creating the most dynamic merchandising mix. Other ways to mitigate the market risk would be to permit flexible interim uses of the ground floor retail spaces. The BAE Team understands that the City would view anything less than a retail condominium fully leased with traditional retail uses as unsuccessful. However, if initial marketing efforts result in less than full retail and personal services occupancy, the ultimate success of the center may be tainted by low occupancy if permitted uses are inflexible. In keeping with the idea that "people want to be where people are," the City and the owner of the retail condominium should retain the flexibility to designate some of the commercial space for

business incubators or service retail such as financial services (e.g., Charles Schwab, Fidelity), title companies and the like as a hedge against leasing issues and low occupancy whilst creating some foot traffic and daytime population. Redwood City has explored this approach for their downtown and may be viewed as a model. For example, the City could entitle the project such that such personal or financial services uses are conditionally permitted. These conditional uses could be approved for a limited time, for example, to match a typical five or ten year initial lease term. As the project matures, the City could chose not to renew the tenant's Conditional Use Permit (CUP), thereby forcing spaces to convert to more desired as-of-right retail uses. Further, as demand for retail, as opposed to business incubators, waxes and wanes, uses and vacant spaces could reasonably and easily be repurposed as necessary. Considering this flexibility could be seen as part of ramping up of the project as opposed to a sign of failure.

Mitigating Risks –Existing Retailer Relocations. As a separate approach to answering the demand question, one could assume that much of the retail in existing retail centers, such as Beach Park Plaza or Charter Square would chose to relocate to the 15-Acre Foster Square to be more centrally located and nearer to the gravity side of the trade area. However, it is not at all clear that those tenants would be able to afford whatever asking rents are asked for the new Class A space at the 15-Acre Foster Square. To the extent that existing retailers did relocate, the prospects of fully leasing the 30,000 square feet in the Retail Component would be enhanced.

b. Would the proposed retail component be complementary to other immediately adjacent uses (e.g. PJCC, City Civic complex, Metro Towers, and Parkside Towers). Can these adjacent uses act as anchors to support the 15-Acre Foster Square?

The BAE Team's analysis of the linkages to adjacent or nearby uses indicates that the proposed retail component is compatible and complementary with adjacent existing uses. New retail in a town square setting has the potential to be attractive to nearby residents and office workers. It would serve a daytime and night-time population, creating synergies leading to perhaps not a full 24-hour concept, but an extended 18-hour dynamic town center. As discussed earlier, the degree to which it is complimentary will be a function of how well the connections between the proposed project and existing neighboring uses are articulated. The lack of a retail anchor and its drawing capability certainly is not helping the 15-Acre Foster Square Retail Component's chances for success. Again, the PJCC provides a compelling de facto off-site anchor for the Retail Program, and the Team emphasizes the potential value of eliminating or reducing any barrier between the two projects. Specific recommendations are presented in our answer to Question #2.

Another complementary use to encourage in order to increase overall traffic to the 15-Acre Foster Square would be an expanded JPCC farmers' market or a relocated Charter Square farmers' market in the event that the Charter Square site is redeveloped.

2. *What challenges in developing this mixed-use project should be addressed? For example, what changes in the design and layout, if any, might yield a better project? (Address both physical and nonphysical attributes)*

To address the challenges with marketing the proposed Retail Component and to ensure the project's success, the BAE Team has formulated a number of changes (again, assuming that the layout of the retail facilities and town square are fixed) for the City and project developer to consider, as follows:

- **Additional Features for the Square.** The small approximately 30'x30' restaurant building in the middle of the square will help break up the space and add some activity. Consider taking this a step further with additional kiosks to complement other kiosks planned along Central Street or features like a tot lot (mentioned below) that helps define the outdoor gathering spaces.
- **Consider Tot Lot/Small Grassy Area.** Given the relatively high percentage of families in Foster City with children, consideration should be given to reducing some of the hard surface public areas to provide a small tot lot, play area, or grassy area to attract stay-at-home parents during weekdays and encourage patronage by families on weekends. These amenities are featured at the Malibu Country Mart, a small high-end retail complex in Malibu, California (shown in Appendix A).
- **Minimize Irregular Space Dimensions.** The site plans reviewed by the BAE Team indicate that a portion of the proposed retail space would have irregular dimensions rather than space with regular 90 degree corners. While this geometry lends itself to the off-axis town square, it is more difficult to lease and for retailers to merchandise. Depending upon the extent of the irregular dimensions, a developer may expect to receive less rent for the space in recognition that it is more difficult and less efficient for the retailer to utilize. Modifications to the site plan to create regular angles and have shop spaces with traditional depths in the 55'-65' range will minimize this issue.
- **Design Restaurant Venting to Avoid Conflict with Residential Uses.** Care should be taken in the design of venting for restaurants to make sure that vent and equipment line shafts and service doors on upper floors are incorporated into the overall design so that provisions are in place for rooftop venting and equipment pads for remote venting, HVAC, and refrigeration equipment. Venting cooking odors through the roof rather than out the sides of the buildings will be important to provide for the quiet enjoyment of upper floor residents.
- **Bolster Visibility of Interior Retailers with Signage Treatments.** Many of the retailers are internally facing and do not face the main parking lot. While this creates a more dynamic "Main Street" environment, it puts these retailers at a disadvantage in that they do not merchandise to the main parking lot and to passing traffic. This design does not make these retailers more visible from Shell Boulevard, which we had understood to be one of its goals. There are ways to lessen this disadvantage through signage or other means (for example, a series of flag poles each with one or two flags sporting a retailer's name and logo), but not to eliminate it. No matter what,

convenience-oriented tenants will be at a disadvantage if located along Central Street in an interior position.

- **Design Landscaping in Parking Lot to Enhance Visibility of Town Square.** Similarly, while the landscaping lends itself to the town square environment, it blocks visibility of storefronts and signage, putting interior facing tenants at an additional disadvantage (see “Aerial at the Square” page 4 of the animation printout). We note that the extent of landscaping, and if there is too much landscaping, already have been raised at Planning Commission meetings.
- **High Visibility, Robust Signage and Way Finding.** On page 13 of the design criteria, “conventional” project monument/way-finding signage tactics are being discouraged. What alternatives are being recommended? There needs to be project signage and way-finding signage, especially to draw people to the more “inside” uses and ideally to and from adjacent uses such as the PJCC. The City could consider a high visibility signage program with dramatic elements, such as an arched gateway or entry posts. Such dramatic features may be more effective at announcing the town square and associated retail to Shell Boulevard traffic and the connection to Leo J Ryan Memorial Park to visitors to the Foster City Boulevard side of the Project. Project signage that announces what uses are available inside the project and paths of travel, for example between Foster City and Shell Boulevards, will enhance traffic through the retail portions of the project, perhaps in the best scenario even helping to foster a downtown-like environment.
- **Parking Layout and Management to Support Retail Uses.** The retail project is “off center” with respect to the parking lot (or vice versa) with additional parking being provided east of the project. This attribute has advantages and disadvantages. For example, there is more parking closer to the signalized access point between the PJCC and the subject project. On the other hand, the nearly 10,000 square feet of shops closer to the Civic Center will have a lower parking ratio and close proximity to residential uses that are to share that parking. Overall the parking ratio appears to be over 10:1,000, however, since this parking is to be shared with some of the residential uses, pitting retail customers and residential visitors against each other for prime, convenient parking spaces. If this project is intended to be specialty in nature, and if the PJCC is seen as an important off-site “anchor,” then reconsidering how parking layout and circulation could be improved in light of the adjacent uses pattern would be advisable. Also, designating certain parts of the parking field as “retail parking only” or “1 (or 2) hour parking only” could help the effort, but only if it is then enforced.
- **Circulation and Ingress/Egress Enhancements.** Of equal concern with parking is circulation and ingress/egress. The BAE Team would recommend the following to enhance the convenience associated with travelling to the retail component:
 - **Pedestrian Pathways from Nearby/Adjacent Office Uses.** There is a one-time opportunity to create a further connection between the linear park along Foster City Boulevard east of the PJCC and uses to the north including the Civic Center and office complexes, helping to integrate these public or quasi-public and community-serving facilities. This integration would likely have even further-reaching implications such as creating an easy and inviting path of travel for

office workers across Hillsdale Boulevard. to walk to and patronize the tenants around the town square, to use the facilities at the PJCC, and a walkable/bikeable connection throughout the length of Foster City.

- **Minimize Vehicle/Pedestrian Conflicts.** The 15-Acre Foster Square via Central Avenue and through the town square. This access is applauded for a variety of reasons, the first and foremost of which is that the 15-Acre Foster Square integrates into the overall grid and circulation pattern. Another example: This integration will help the inward-facing tenants (although certainly not as much as if they enjoyed improved visibility). Of concern is the vehicle/pedestrian interaction as Central Ave meets the main parking area on the north end of the site (see “Aerial at the Square” page 4 of the animation printout). Vehicles need to make rather severe turning movements, and they do this in exactly the same place we would want to see pedestrians strolling (and connecting from the Civic Center to the PJCC) – we are concerned about vehicle-pedestrian conflict and public safety generally, and question if this confluence of potentially conflicting users has been resolved as elegantly as might be the case.
- **Working Around the Roundabouts.** While the roundabouts at the east and west side of the 15-Acre Foster Square’s parking lot are a nice planning feature and provide for traffic calming, they may discourage drivers from integrating the combined site into their driving patterns. They also exacerbate the separation of uses for pedestrian paths of travel. If they cannot be eliminated, then clearly marked paths of travel combined with way finding signage should be encouraged.
- **Linear Parkway/Pathway.** The internal circulation in the 15-Acre Foster Square’s parking lot is chopped up. Again, the 15-Acre Foster Square offers an opportunity to create continuity and a bridge between the Civic Center and the PJCC for both pedestrians and vehicles, and moreover an axis from Hillsdale Boulevard to the Foster City Dog Park on the far side of Bounty Drive. The only other linear park of which we are aware in Foster City is along the levee, and that facility is on the edge and not in the middle of the City. Revisiting the axis for both vehicular and pedestrians is strongly recommended.
- **Additional Linear Parkway/Pathway Comment.** Pedestrian connection to Foster City Boulevard has been emphasized when connection between and among the Civic Center, the 15-Acre Foster Square’s public areas and the town square, and the PJCC should be what’s emphasized. Even sidewalks paralleling the parking areas in front of merchants appear to have been deemphasized. This is a lost opportunity and is strongly recommended to be revisited. The mixed-use Waterford Plaza at Tassajara and Dublin Boulevards in Dublin, California has met with success with a strong orientation to the sidewalks and street. (See photos in Appendix B).
- **Right-in, Right Out Access.** There is no right-in, right-out (RIRO) on Foster City Boulevard directly from the project’s parking lot. RIRO access to/from the main retail parking field would make the retail more convenient to patronize

since visitors would not have to navigate a roundabout and choppy internal circulation pattern. To implement a RIRO scheme, the developer would have to potentially reduce parking space in the parking lot. Nevertheless, we would encourage the development team to revisit providing RIRO access if parking impacts could be minimized.

- o **Bus Routing through the Site.** There are bus lines as close as Hillsdale and Foster City Boulevards. Is it possible to get these bus lines to circulate through the PJCC, 15-Acre Foster Square, and Civic Center once they are integrated?

3. *How would the proposed project contribute to meeting the City's expressed goals of "Investing in Foster City," "Shop in Foster City," and "We are Foster City." Will the proposed project meet the needs of today's (and tomorrow's) residents and employees?*

- a. **Will it result in a public space attractive to residents, employees, and high quality retailers?**

Foster City has attracted a qualified master developer to make a considerable investment in Foster City to construct the proposed development program. While the proposed Retail Program appears already to offer high-quality retail and public spaces, the BAE Team believes the ultimate success of the project depends on the experience and financial capacity of the ultimate owner of the Retail Component as well as enhancing linkages to adjacent uses and providing a robust way-finding signage program. Further, taking advantage of the PJCC which is an already established destination as a de facto project anchor should be given serious consideration. Flexibility in permitted uses for the ground floor retail can offer interim use of ground floor spaces and can be repurposed as other public improvements and redevelopment occur nearby and demand for retail grows.

- b. **Will the proposed retail component be successful over the long-term? E.g., meet the future needs of Foster City retail.**

Today's and tomorrow's residents and employees seek places that they can form an emotional attachment to and make repeat visits. We believe that this project has the potential to do that.

Appendix A

Malibu Country Mart Tot Lot and Grassy Areas

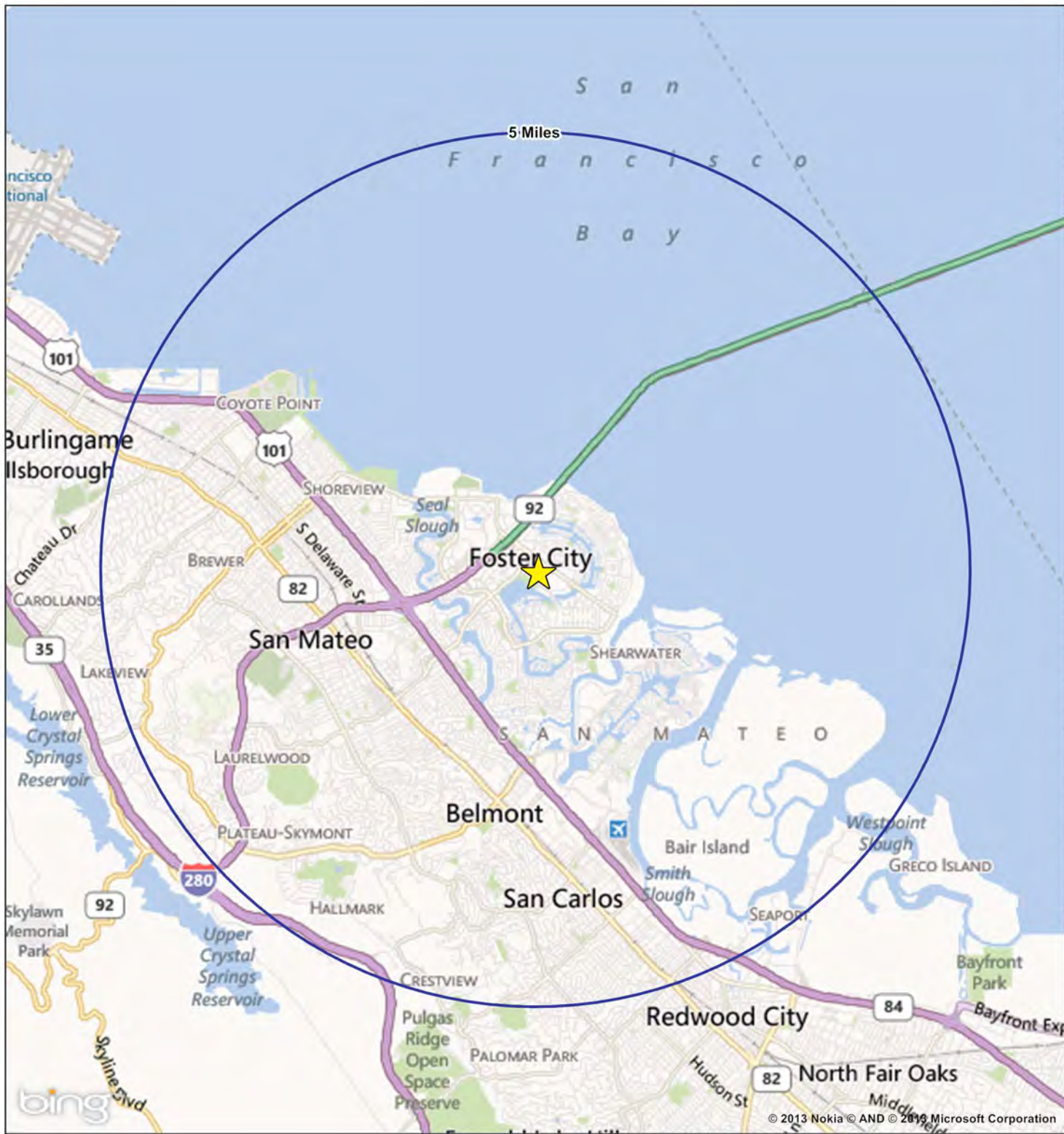


Appendix B

Waterford Plaza
Dublin, California



APPENDIX H: VOID ANALYSIS



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610 Foster City Blvd Foster City, CA









October 2013

Merchant Void Analysis



Lat/Lon: 37.5589/-122.2681

VOID_DISTANCE

610 Foster City Blvd Foster City, CA 94404		Closest Location	Locations In 5 mi radius	Locations In San Francisco-Oakland-Fremont
Auto Parts Tires				
	America's Tire	5.64 Mi SE	-	10
	AutoZone		1	32
	Big O Tires		1	30
	CARQUEST		1	7
	Firestone		2	19
	Goodyear	12.66 Mi NE	-	2
	NAPA		2	25
	O'Reilly		3	58
	Pep Boys		1	4
	Tires Plus	17.49 Mi NE	-	3
	Wheel Works		3	21
Banks				
	Bank of America		8	155
	Bank of the West		2	51
	California Bank-Trust		1	14
	Chase Bank		6	116
	Citizens Bank		7	88
	Comerica Bank		4	18
	Compass Bank		1	7
	East West Bank		3	25
	First Bank		1	9
	First Community Bank	14.59 Mi NE	-	3
	HSBC		1	9
	Rabobank	13.02 Mi NE	-	1
	Sterling Savings Bank	26.38 Mi NE	-	4

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VOID_DISTANCE

610 Foster City Blvd Foster City, CA 94404		Closest Location	Locations In 5 mi radius	Locations In San Francisco-Oakland-Fremont
Banks Continued...				
	U.S. Bank		6	88
VOID	Umpqua Bank	25.91 Mi NE	-	2
	Union Bank		2	40
	Wells Fargo		10	167
VOID	Westamerica Bank	17.69 Mi NW	-	19
Banks Minor				
	Bank		10	245
Book Stores				
	Barnes & Noble		1	10
VOID	Half Price Books	15.48 Mi SE	-	4
Clothing Apparel				
VOID	Abercrombie & Fitch	17.29 Mi NW	-	5
VOID	Aeropostale	14.85 Mi SE	-	5
	American Eagle Outfitters		1	7
	Ann Taylor		1	5
VOID	Ann Taylor Factory	12.04 Mi NE	-	1
	Ann Taylor Loft		1	5
	Anthropologie		1	6
	Banana Republic		2	13
VOID	BCBG Max Azria	17.33 Mi NW	-	5
	bebe		1	7
VOID	Buckle	20.92 Mi NE	-	3
VOID	Catherines	10.97 Mi NE	-	1
VOID	Charlotte Russe	9.94 Mi NW	-	4
	Chico's		1	11
VOID	Citi Trends	16.88 Mi NW	-	1

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VOID_DISTANCE

610 Foster City Blvd Foster City, CA 94404	Closest Location	Locations In 5 mi radius	Locations In San Francisco-Oakland-Fremont
Clothing Apparel Continued...			
Coldwater Creek		1	4
VOID dd's DISCOUNTS	10.80 Mi NE	-	4
VOID Dress Barn	5.51 Mi SE	-	7
DSW		1	7
Express		1	11
VOID Factory 2-U	10.78 Mi NE	-	3
VOID Fallas Paredes	27.33 Mi NW	-	2
Forever 21		1	14
VOID Fossil	17.29 Mi NW	-	3
Gap		3	20
H And M		1	11
Hollister Co.		1	7
J. Crew		1	8
J. Jill		1	6
Jos. A. Bank		1	8
VOID K&G Superstore	14.99 Mi NE	-	1
VOID Lane Bryant	6.50 Mi SE	-	10
VOID Last Call	29.11 Mi NE	-	1
VOID Loehmann's	17.60 Mi NW	-	2
Lucky Brand Jeans		1	9
Men's Wearhouse		1	20
VOID New York & Company	11.28 Mi NE	-	4
VOID Nordstrom Rack	9.88 Mi SE	-	5
Old Navy		2	14
PacSun		1	9
VOID Rainbow	11.11 Mi NE	-	6

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VOID_DISTANCE

610 Foster City Blvd Foster City, CA 94404		Closest Location	Locations In 5 mi radius	Locations In San Francisco-Oakland-Fremont
Clothing Apparel Continued...				
VOID	Rue21	38.68 Mi NE	-	1
VOID	Saks OFF 5TH	29.11 Mi NE	-	1
VOID	Talbots	12.04 Mi NE	-	5
	The Childrens Place		1	14
VOID	The Limited	21.02 Mi NE	-	1
VOID	Urban Outfitters	17.38 Mi NW	-	6
	Victoria's Secret		1	16
VOID	Wet Seal	13.40 Mi NW	-	4
	White House Black Market		1	6
Computers Electronic				
	Apple Store		2	10
	Best Buy		1	13
VOID	Fry's Electronics	18.12 Mi SE	-	2
	RadioShack		4	73
Convenience Stores				
	7-Eleven		5	149
	ARCO AmPm		3	38
	Chevron		8	172
	Circle K		1	15
	Shell		9	152
VOID	Texaco	25.36 Mi NE	-	1
	Valero		6	103
Craft Fabric Stores				
	Aaron Brothers		1	11
	Jo-Ann		1	11
	Michaels		1	12














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VOID_DISTANCE

610 Foster City Blvd Foster City, CA 94404		Closest Location	Locations In 5 mi radius	Locations In San Francisco-Oakland-Fremont
Department Stores				
	Barneys New York	17.42 Mi NW	-	2
	Bloomingdale's	17.27 Mi NW	-	2
	JCPenney	9.76 Mi NW	-	10
	Macy's		2	18
	Neiman Marcus	17.48 Mi NW	-	2
	Nordstrom		1	6
	Saks Fifth Avenue	17.60 Mi NW	-	1
	ULTA		1	6
Discount Department Stores				
	Babies R Us	11.54 Mi NE	-	5
	Burlington Coat Factory	10.96 Mi NE	-	8
	David's Bridal	13.59 Mi NW	-	2
	Kmart		1	7
	Kohl's	5.18 Mi SE	-	12
	Marshalls		1	14
	Ross		2	33
	Sears		1	10
	Target		1	24
	TJ Maxx		2	13
	Toys R Us		1	11
	Tuesday Morning	5.47 Mi SE	-	12
	Wal-Mart	11.46 Mi NE	-	12
Dollar Stores				
	99 Cent Only	11.39 Mi NE	-	10
	Big Lots	5.72 Mi SE	-	10

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Merchant Void Analysis



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VOID_DISTANCE

610 Foster City Blvd Foster City, CA 94404		Closest Location	Locations In 5 mi radius	Locations In San Francisco-Oakland-Fremont
Dollar Stores Continued...				
VOID	Dollar General	41.04 Mi NE	-	1
	Dollar Tree		2	35
Drug Stores				
	CVS		7	92
	Rite Aid		2	38
	Walgreens		5	140
Fitness				
	24 Hour Fitness		3	39
VOID	Anytime Fitness	12.41 Mi NE	-	6
VOID	Bally Total Fitness	10.28 Mi NW	-	5
	Crunch		2	9
	Curves For Women		1	29
	Equinox Fitness		1	2
VOID	In-Shape	19.57 Mi NW	-	5
VOID	Planet Fitness	11.25 Mi NE	-	5
VOID	Powerhouse Gym	5.46 Mi SE	-	1
VOID	World Gym	16.09 Mi NW	-	1
	YMCA		1	32
Furniture Household				
VOID	Anna's Linens	5.23 Mi SE	-	8
VOID	Ashley Furniture	16.56 Mi SE	-	2
	Bassett		1	4
	Bed Bath & Beyond		1	13
	Cost Plus		1	11
VOID	Crate and Barrel	17.42 Mi NW	-	4
	Ethan Allen		1	4

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Merchant Void Analysis



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VOID_DISTANCE

610 Foster City Blvd Foster City, CA 94404	Closest Location	Locations In 5 mi radius	Locations In San Francisco-Oakland-Fremont
Furniture Household Continued...			
HomeGoods		1	4
VOID IKEA	9.77 Mi SE	-	2
Jennifer Convertibles		1	6
VOID La-Z-Boy	10.65 Mi NW	-	5
LAMPS PLUS		1	5
Pier 1		1	14
Pottery Barn		1	7
VOID Relax The Back	8.56 Mi SE	-	4
Sur La Table		1	6
VOID The Container Store	17.34 Mi NW	-	3
VOID Thomasville	21.24 Mi NE	-	1
Williams-Sonoma		1	9
VOID Z Gallerie	18.80 Mi NW	-	3
Grocery Stores			
VOID Food Maxx	10.71 Mi NE	-	13
VOID Foods Co	5.76 Mi SE	-	5
VOID fresh&easy	11.07 Mi NE	-	12
VOID Grocery Outlet	5.54 Mi SE	-	17
Lucky		2	38
Nob Hill		1	6
VOID Raley's	11.89 Mi SE	-	8
Safeway		7	98
VOID Save Mart	38.43 Mi NE	-	2
VOID Sprouts	15.45 Mi SE	-	3
VOID Sunflower Farmers Market	15.45 Mi SE	-	1
Trader Joe's		3	32

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VOID_DISTANCE

610 Foster City Blvd Foster City, CA 94404		Closest Location	Locations In 5 mi radius	Locations In San Francisco-Oakland-Fremont
Grocery Stores Continued...				
	Whole Foods		1	16
VOID	WinCo Foods	38.46 Mi NE	-	2
Home Improvement				
	Ace Hardware		3	57
	Do It Best		2	17
	Dunn-Edwards		1	6
	Home Depot		2	23
	Kelly-Moore		4	36
VOID	Lowe's	10.11 Mi NW	-	10
	Orchard		1	19
VOID	Restoration Hardware	16.22 Mi NW	-	5
	Sherwin-Williams		1	19
VOID	True Value	13.01 Mi NE	-	17
Office Supply				
	Office Depot		2	18
VOID	Office Max	5.73 Mi SE	-	9
	Staples		1	18
Pet Stores				
	Petco		1	20
	PetsMart		2	10
Restaurants Bakery Bagels				
VOID	Corner Bakery	21.19 Mi NE	-	1
VOID	Einstein Bros	13.21 Mi NE	-	1
VOID	Manhattan Bagel	21.61 Mi NW	-	1
	Noah's		2	25
VOID	Panera Bread	6.92 Mi NW	-	14

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VOID_DISTANCE

610 Foster City Blvd Foster City, CA 94404		Closest Location	Locations In 5 mi radius	Locations In San Francisco-Oakland-Fremont
Restaurants Casual				
VOID	Applebee's	5.35 Mi SE	-	13
	Baja Fresh		1	11
	BJ's Restaurant & Brewery		1	7
VOID	Buca Di Beppo	17.09 Mi NW	-	1
VOID	Buffalo Wild Wings	13.47 Mi NW	-	4
	California Pizza Kitchen		2	10
VOID	Carino's	40.20 Mi NE	-	1
	Chevys		1	8
VOID	Chili's	9.60 Mi NW	-	11
	Chipotle		3	41
VOID	Claim Jumper	16.61 Mi SE	-	2
VOID	Coco's	11.04 Mi NE	-	3
	Denny's		1	23
VOID	Dickey's	9.99 Mi NW	-	9
VOID	Elephant Bar	6.10 Mi NW	-	7
VOID	Famous Dave's	11.01 Mi NE	-	1
	Five Guys		2	11
VOID	Fleming's	25.90 Mi NE	-	1
VOID	Fuddruckers	11.38 Mi NE	-	5
VOID	Hooters	9.94 Mi NW	-	2
VOID	Houlihan's	9.61 Mi NW	-	1
	IHOP		3	22
VOID	Joe's Crab Shack	19.01 Mi NW	-	1
VOID	Johnny Rockets	5.60 Mi SE	-	3
	Macaroni Grill		1	2

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VOID_DISTANCE

610 Foster City Blvd Foster City, CA 94404		Closest Location	Locations In 5 mi radius	Locations In San Francisco-Oakland-Fremont
Restaurants Casual Continued...				
	McCormick & Schmick's	19.04 Mi NW	-	2
	Mimis Cafe		1	5
	Morton's	17.60 Mi NW	-	1
	Olive Garden	10.78 Mi NE	-	4
	On The Border	23.23 Mi NE	-	1
	Outback Steakhouse		1	8
	P.F. Chang's	16.76 Mi SE	-	5
	Rainforest Cafe	18.98 Mi NW	-	1
	Red Lobster	10.08 Mi NW	-	3
	Red Robin		1	6
	Rubio's		1	9
	Ruth's Chris	18.08 Mi NW	-	2
	Ryan's	11.21 Mi NE	-	5
	Sizzler	5.28 Mi SE	-	9
	Smashburger	28.45 Mi NW	-	2
	T.G.I. Friday's		1	2
	Texas Roadhouse	11.40 Mi NE	-	1
	The Cheesecake Factory		1	5
	Uno	39.09 Mi NE	-	1
Restaurants Coffee Donuts				
	It's A Grind		1	2
Wholesale				
	Costco		1	15
Restaurants Coffee Donuts				
	Krispy Kreme	11.14 Mi NE	-	3
	Peet's		5	81

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VOID_DISTANCE

610 Foster City Blvd Foster City, CA 94404		Closest Location	Locations In 5 mi radius	Locations In San Francisco-Oakland-Fremont
Restaurants Coffee Donuts Continued...				
VOID	Seattle's Best Coffee	17.22 Mi NW	-	4
	Starbucks		25	372
VOID	The Coffee Bean	17.38 Mi NW	-	3
VOID	Tully's Coffee	18.50 Mi NW	-	2
Restaurants Fast Food Major				
VOID	Arby's	11.05 Mi NW	-	4
	Burger King		3	85
VOID	Dairy Queen	6.66 Mi SE	-	9
	Jack in the Box		2	72
	KFC		2	61
	McDonald's		5	127
VOID	Sonic	13.43 Mi NE	-	1
	Taco Bell		5	85
	Wendy's		1	28
Restaurants Fast Food Minor				
VOID	A&W	7.73 Mi NW	-	13
VOID	Boston Market	13.31 Mi NW	-	6
	Carl's Jr.		2	30
VOID	Church's Chicken	12.21 Mi NE	-	9
VOID	Del Taco	12.03 Mi SE	-	3
VOID	El Pollo Loco	12.72 Mi NE	-	5
	Green Burrito		2	15
	In-N-Out		1	17
VOID	Long John Silver's	11.46 Mi NW	-	4
	Panda Express		4	42
VOID	Popeyes	6.74 Mi SE	-	23

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VOID_DISTANCE

610 Foster City Blvd Foster City, CA 94404		Closest Location	Locations In 5 mi radius	Locations In San Francisco-Oakland-Fremont
Restaurants Fast Food Minor Continued...				
VOID	Wienerschnitzel	12.62 Mi NE	-	9
Restaurants Ice Cream Smoothie				
	Baskin-Robbins		6	42
VOID	Ben & Jerry's	13.48 Mi NE	-	8
	Cold Stone Creamery		1	24
	Jamba Juice		5	61
VOID	Maggie Moo's	11.08 Mi NE	-	2
VOID	NRgize	17.82 Mi NW	-	2
VOID	Orange Julius	9.88 Mi NW	-	4
VOID	Pinkberry	17.19 Mi NW	-	3
VOID	Red Mango	19.01 Mi NW	-	1
VOID	Robeks	28.71 Mi NE	-	1
VOID	Surf City Squeeze	9.90 Mi NW	-	9
Restaurants Pizza				
VOID	Chuck E. Cheese's	6.49 Mi SE	-	8
	Domino's Pizza		2	44
VOID	Godfather's Pizza	12.78 Mi SE	-	1
VOID	Hungry Howie's	12.75 Mi NE	-	1
	Little Caesars		2	40
	Papa John's		1	12
	Papa Murphy's		1	21
	Pizza Hut		3	27
	Round Table		7	72
VOID	Sbarro	15.03 Mi SE	-	4
Restaurants Sandwich				
VOID	Blimpie	18.18 Mi SE	-	1

This report was produced using data from private and government sources deemed to be reliable. The information herein is provided without representation or warranty.

Merchant Void Analysis



Lat/Lon: 37.5589/-122.2681

VOID_DISTANCE

610 Foster City Blvd Foster City, CA 94404		Closest Location	Locations In 5 mi radius	Locations In San Francisco-Oakland-Fremont
Restaurants Sandwich Continued...				
VOID	Charley's Grilled Subs	11.11 Mi NE	-	5
	Great Steak		1	6
VOID	Jimmy John's	17.50 Mi NW	-	1
	Quiznos		1	34
	Subway		12	294
	Togo's		3	39
Sporting Goods				
	Big 5		1	22
	Golfsmith		1	4
VOID	Play It Again Sports	20.88 Mi NE	-	2
	REI		1	7
VOID	Sport Chalet	23.09 Mi NE	-	3
	Sports Authority		1	15
Wholesale				
VOID	Sam's Club	31.40 Mi NE	-	1
	Smart & Final		1	15
Wireless Stores				
	AT&T		2	30
	Sprint		1	18
	T-Mobile		3	47
	Verizon Wireless		1	23

This report was produced using data from private and government sources deemed to be reliable. The information herein is provided without representation or warranty.

APPENDIX I: RETAILER SQUARE FOOT REQUIREMENTS



National Retailer & Restaurant Expansion Interactive Guide



Welcome to the inaugural edition of our National Retailer and Restaurant Expansion Guide. Our goal is to make this guide the most comprehensive publication of its kind in the marketplace. To that end, the information presented here is gathered from a wide variety of sources. We use intelligence gathered by our brokers, shared with us by retailers, data from third-party vendors and a host of other parties. We subscribe to the quarterly SEC reports of hundreds of publicly traded retailers and restaurant chains. We also scour hundreds of daily newspapers, business journals, trade magazines and nearly every other media source there is to gather information on retailer growth plans.

There is no way to list the plans of every single retailer in the U.S., but our goal is to put together the most comprehensive study of expansion plans that exists within the industry. We hope that you will find this an invaluable tool for analyzing the marketplace whatever your involvement in commercial real estate may be, whether you are a retailer, landlord, broker, investor, appraiser or just interested in retail trends.

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“7-Eleven could add as many as 350 units throughout the US & Canada in 2011.”

A

Chain	Planned Units	Footprint	Regions
7 for all Mankind	This chain opened about five new stores in 2010. We expect as many as 7 new units in 2011.	1,800 to 2,800 sf	Multiple US Markets
77kids	This American Eagle concept opened seven stores last year, but we expect those numbers to double in 2011.	3,000 sf	Multiple US Markets
7-Eleven	Looking to open as many as 350 units in US and Canada in 2011, not counting stores purchased in acquisitions. Plans for as many as 100 NYC and 500 Texas units alone over next few years. The chain is looking to broaden that number to 400 stores in 2012.	2,000 to 3,000 sf	Multiple US Markets
99 Cents Only	This dollar store chain added only about 15 new stores in 2010, but is expected to ramp up development in 2011. We expect as many as 25 new stores.	20,000 sf	Multiple US Markets
Aamco Transmissions	Chain is looking to add units in 2011, but total number is not disclosed. Believed to be less than 25.	4,000 to 8,000 sf	Multiple US Markets
Accessorize	This London-based chain is looking to aggressively grow in the US. Their current plans are for 100 US stores through 2015.	1,500 to 3,000 sf	Multiple US Markets
AC Moore Arts & Crafts	AC Moore only added two stores in 2010. Though we expect growth to pick up in the coming year, it will remain conservative. We would be surprised to see more than a handful of new locations for 2011.	20,000 sf	Multiple US Markets
Academy Sports	Academy is looking to grow within its existing marketplaces. Numbers have not been released, but our sources tell us that there could be as many as 5 new units in the next 18 months.	66,000 to 85,000 sf	Southern US
Ace Hardware	Ace hopes to open as many as 105 new stores in 2011.	5,000 to 10,000 sf	Multiple US Markets
Advance Auto	Advance Auto will likely add 150 new stores in 2011.	6,000 to 7,000 sf	Multiple US Markets
ALCO-Duckwall	ALCO stores (which take about 20,000 sf) will see the lion's share of growth in 2011. The Duckwall division typically takes about 5,000 sf. Both serve rural communities. We expect as many as five units in 2011, possibly more.	5,000 to 20,000 sf	Rural US Markets
Aldi	Looking to open as many as 100 new stores in US for 2011. The chain is looking at 22 of these openings in the Midwest alone; 5 in Chicago, 5 in Ohio, 2 in Indiana and others in Michigan and Missouri.	15,000 to 17,000 sf	Eastern and Southern US; Midwest
All Saints	Closed 2010 with eight new stores, but may be putting brakes on expansion in 2011 due to debt issues.	4,000 to 10,000 sf	Tier one urban markets
Amalgamated Bank	Bank is looking to open retail banking outlets in the greater NYC area in 2011. Exact growth numbers are not known, but we suspect at least five units in next 18 months.	2,000 to 4,000 sf	New York City

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Chain	Planned Units	Footprint	Regions
AMC Theaters	AMC only opened one new unit in 2010. Whether the chain grows in 2011 is up in the air, if it does it will be by three units or less	50,000 to 80,000 sf	Multiple US Markets
American Eagle/aerie	We expect between 5 and 10 new over the next 18 months.	4,500 to 6,500 sf	Multiple US Markets
America's Tire/Discount Tire	These sister chains added about 35 new stores in 2010 and are expected to match that pace in 2011.	8,500 sf	Multiple US Markets
Angel Tips Nail Salons	We expect this chain to add as many as four units in the next 18 months.	800 to 3,000 sf	CT, NJ, NY
Ann Taylor	Ann Taylor plans on opening 35 Ann Taylor Loft stores and as many as five factory outlets in 2011.	4,000 to 8,000 sf	Multiple US Markets
Anna's Linens	They closed 2010 with about 23 new openings. We expect this number to surpass 25 units in 2011.	6,000 to 15,000 sf	Multiple US Markets
Annie Sez	Chain is looking to expand over the next 18 months—our sources say likely by a minimum of five units.	10,000 to 12,000 sf	Eastern US
Apple	Apple will add at least 50 new stores in 2011, though many will be overseas. We expect at least 20 new domestic locations.	2,000 to 4,000 sf	Multiple US Markets
Arden B/Wet Seal	Most of Wet Seal's growth in 2011 will be through its namesake concept but we are told that Arden B will likely add at least a handful of new units as well.	3,900 sf	Multiple US Markets
AT&T	The company now has over 2,200 company-owned stores and continues to expand. Growth numbers have not been released, but we expect a minimum of 100 new units in 2011.	3,000 to 3,200 sf	Multiple US Markets
Aubuchon Hardware	Growth totals have not been released, but we expect as many as 10 new units over the next 24 months.	6,800 sf	Northeast US
Auto Barn Stores	Chain is looking to add units in 2011, but total number not disclosed. Believed to be less than five.	5,000 to 8,000 sf	New York
Auto Tech	Chain is looking to add units in 2011, but total number not disclosed. Believed to be less than three.	6,000 sf	Indiana
Automotive Supply	Chain is looking to add units in 2011, but total number not disclosed. Believed to be less than four.	4,500 to 8,500 sf	MI, WI
Autozone	Autozone is expected to add at least 165 new stores in 2011.	6,000 to 10,000 sf	Multiple US Markets
B Bakers Footwear	Bakers would like to open as many as six new units in 2011.	2,000 to 2,400 sf	Multiple US Markets
Banana Republic	The Republic closed 2010 with 10 closures and 5 openings. We expect the chain to return to growth in 2011, but it will likely be a handful of stores at most.	6,000 to 7,000 sf	Multiple US Markets
Barnes & Noble	B&N is in consolidation mode. The chain is looking at closing as many as ten stores each of the next three years. It also has 435 leases expiring through 2014, some of which will not be renewed. An acquisition or even possible merger with Borders would likely increase the pace of consolidations. The chain may open less than a handful of new stores in the coming year, but these will be far outpaced by closures.	25,000 to 35,000 sf	Multiple US Markets

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“Bed, Bath & Beyond may be opening as many as 60 new stores over the next 18 months.”

Chain	Planned Units	Footprint	Regions
Bartell Drugs	This regional pharmacy chain is hoping to expand in 2011. We expect as many as three new units over the next 18 months.	15,000 sf	Pacific Northwest
Bass Pro Shops	Bass has not released figures, but we know of at least three projects where deals are inked and where new stores may be in place over the next 18 months. New Orleans will likely be their next grand opening.	175,000 to 350,000 sf	Multiple US Markets
Bath & Body Works	They will primarily be looking to Canada for expansion with most 2011 growth slated for outside the US. Still, there will likely be at least 5 to 10 US openings in the coming months.	2,500 sf	Multiple US Markets
Beall's Outlet Stores/Burke's Outlet Stores	Beall's and sister-chain Burke's are looking to grow in 2011, but total growth projections have not been disclosed. Our sources tell us to expect somewhere in the neighborhood of ten new stores, though this number may increase if the recovery picks up velocity later in the year.	20,000 to 25,000 sf	Multiple US Markets
Bed, Bath & Beyond	Current plans call for at least 60 new stores over the next 18 months.	Can take between 20,000 and 75,000 sf, but sweet spot is 35,000 sf	Multiple US Markets
Best Buy	Best Buy is looking to grow aggressively both via its namesake brand and new Mobile stores in 2011. Growth projections have not been released, but we expect as many as 50 units in 2011.	30,000 to 40,000 sf	Multiple US Markets; Northeast US
Best Buy Mobile	Best Buy Mobile opened about 100 new stores in 2010 and should surpass this level in 2011. Look for at least 100 new units and possibly as many as 150.	3,000 sf	Multiple US Markets
BevMo!	We expect at least five new units.	+/- 20,000 sf	Western US
Big 5 Sporting Goods	Big 5 used to average 15 new stores annually before the recession. Our sources tell us to expect them to come in at about 10 new units in 2011.	11,000 sf	Western US
Big League Barbers	This chain is looking to add as many as 10 new units in 2011.	1,000 to 1,400 sf	Eastern US
Big Lots!	Planning on opening as many as 90 stores nationally through 2011.	20,000 to 30,000 sf	Multiple US Markets
Big Saver Foods	Regional discount grocery chain is looking to expand in Northern California. Numbers have not been released, but our sources tell us that there could be as many as four new units in the next 24 months.	20,000 to 40,000 sf	Northern California
BI-Mart	Chain is looking to add units in 2011, but total number not disclosed. Believed to be less than five.	30,000 sf	Pacific Northwest
BJ's Wholesale Club	BJ's recently closed five under performers while opening one new location. 2011 expansion likely to be subdued, though this may change if the chain is sold. The company's stated goal is to add at least 7 new clubs annually over the next few years.	100,000+ sf	Northern US
Blinds To Go	Blinds To Go would like to open as many as nine new stores over the next 18 months. About half of these would be in Canada.	3,000 to 4,000 sf	NJ; NY

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Chain	Planned Units	Footprint	Regions
Blockbuster	Blockbuster Video remains in consolidation mode as it gradually shifts from a bricks and mortar retailer to being an online presence. Expect closures to be in the hundreds, if not thousands, of locations this year as the retailer works through bankruptcy.	4,000 to 5,000 sf	Multiple US Markets
Bloomingdale's, The Outlet Store/ Macy's	Bloomingdale's, The Outlet Store opened its first three stores in 2010. Though plans have not yet been released, parent Macy's has indicated that if these stores did well that a rapid rollout in 2011 could follow.	25,000 sf	Multiple US Markets
Bob's Carpet Mart	This regional chain would like to expand and is currently looking for space. Growth numbers have not been released but our sources tell us they could be adding as many as three new units over the next 18 months.	5,000 to 10,000 sf	Florida
Body Central	Body Central has plans for as many as 35 new units in the coming year.	3,200 to 5,200 sf	Mid-Atlantic, Midwest and Southern US
Body Shop, The	Body Shop is looking for international growth in 2011. They opened 22 stores in 2010. They will likely hit 25 in 2011, but it is doubtful that more than a handful of these will be in the U.S.	800 to 1,000 sf	Multiple US Markets
BonWorth	BonWorth added about 10 stores in 2011 and reportedly wants to keep at least that pace in 2011.	1,300 to 3,300 sf	Mid-Atlantic, Midwest
Books-A-Million	Books-A-Million plans on continuing its strategy of cautious growth in 2011. Numbers have not been released, but we expect the chain will likely add 4 or 5 units.	15,000 to 20,000 sf	Eastern US
Borders	Borders filed for Chapter 11 bankruptcy protection in mid-February and announced plans to close 275 stores (one third of their locations) by late April. The real question is whether there will be more closures beyond that. A buyout or merger could boost those totals.	25,000 to 35,000 sf	Multiple US Markets
Bottom Dollar Food/Food Lion/ Delhaize	While Delhaize is expected to quietly close under performers in their mid-price range concepts like Food Lion in 2011, they are ramping up growth for their new discount concept, Bottom Dollar Food. Bottom Dollar is expected to add as many as 110 stores nationally this year. Up to 36 new Pennsylvania stores are planned over just the next few years.	30,000 to 50,000 sf	Multiple US Markets
Brookstone	The gadget store is expected to open no more than 10 permanent locations in 2011, but look for this chain to become a permanent player in the pop-up world. They opened about 150 seasonal stores in 2010. This number may increase in 2011.	3,000 sf for regular stores... 1,000 to 2,000 sf for pop-ups.	Multiple US Markets
Buckle, The	The Buckle opened 9 new stores in 2010. It will likely open about 5 in 2011.	5,000 sf	Multiple US Markets
Buddy's Home Furnishings	Buddy's goal is to open 20 stores in 2011.	5,000 to 10,000 sf	Multiple US Markets

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“Burlington Coat Factory is aggressively seeking deals on superior second-generation space. They may open as many as 20 stores in 2011.”

Chain	Planned Units	Footprint	Regions
Bumble & Bumble/Estee Lauder	The Bumble & Bumble hair salons will account for nearly all of Estee Lauder's US growth in 2011. The beauty niche giant is looking overseas for most of its growth. Bumble will open at least 10 new units.	2,000 sf	Multiple US Markets
Burlington Coat Factory	BCF is looking to open at least 20 stores in 2011, but this number could as much as double if the right deals come along.	70,000 sf	Multiple US Markets
buybuyBaby	BuybuyBaby saw about 20 new stores in 2010. We expect about 30 in 2011.	28,000 to 35,000 sf	Multiple US Markets
C&K Market/ Ray's Food Place/ Shop Smart	We expect as many as three to four new units over the next 18 months.	24,000 to 46,000 sf	CA, OR
Cabela's	Cabela's will open at least five stores in 2011 and likely another five in 2012. By 2013 the chain may be back up to their long-term goal of 10 units annually. The chain has lowered its footprint from 150,000 to 250,000 sf to as low as 80,000 sf in order to take advantage on cheap second-generation rents.	80,000 to 150,000 sf	Multiple US Markets
Card\$mart	Chain is looking to add units in 2011, but total number not disclosed. Believed to be less than ten.	2,000 to 4,000 sf	Multiple US Markets
Carter's/OshKosh	Carter's is looking at opening as many as 55 new stores between its two banners in 2011.	4,000 to 5,000 sf	Multiple US Markets
Cartoon Cuts	This chain is in conservative growth mode. They may or may not grow in 2011. Expansion will likely be less than five units.	1,500 sf	Eastern US
Casey's General Store	This convenience store player may grow significantly in the coming year via acquisition activity. Alimentation Couch-Tard continues to chase the chain and may eventually purchase it. In the meantime, Casey's continues to make deals of its own. We expect as many as 90 new units in 2011, though acquisition activity could significantly boost those totals.	3,700 sf	Multiple US Markets
Cavender's Boot City	This regional chain is looking to grow in 2011. Numbers have not been released, but we expect as many as five units over the next 24 months.	15,000 to 20,000 sf	AR, AZ, CO, KS, LA, MO
Charlotte Russe	Charlotte Russe's new template is at 5,500 sf, down from 7,200 sf. The chain is looking to grow in 2011 and expand its presence at outlet centers. Growth numbers have not been announced but our sources tell us to expect as many as 10 new units in the next 18 months.	5,500 sf	Multiple US Markets
Charming Charlie's	This Houston-based women's apparel and accessories chain grew by about 40 units in 2010. We expect a similar growth rate for 2011.	8,000 to 10,000 sf	Multiple US Markets
Chico's	Chico's wants to add as many as 50 more outlet stores over the next few years. But they are also opening new namesake stores and relocating units as well. We expect as many as 30 to 40 new units in the next 18 months.	2,700 sf	Multiple US Markets
Children of America	Childcare/learning chain is looking to add units in 2011, but total number not disclosed. Believed to be less than five.	8,500 to 12,600 sf	Eastern US
Children's Place, The	The Children's Place opened about 65 new locations in 2010. Look for the chain to match or beat that number in 2011. We expect 70 new units.	4,500 sf	Multiple US Markets

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Chain	Planned Units	Footprint	Regions
Christmas Tree Shops by BB&B	Likely to open at least 10 standalone stores in 2011—about the same level as 2010, but this concept by Bed, Bath & Beyond also has opened more than a few store-within-a-store locations at BB&B.	35,000 to 45,000	Multiple US Markets
Christopher & Banks	C&B is looking to open as many as 25 new stores in 2011. Most will be their outlet format.	4,500 to 5,500 sf	Multiple US Markets
Cinemark Holdings	Cinemark has at least seven new theaters planned for 2011, though this number could increase to as high as ten. Officially the chain is looking for five new units in 2011 and 2012, but our sources tell us that the right deals could increase this number.	50,000+ sf	Multiple US Markets
Citi Trends	Citi will open as many as 65 new stores in 2011.	11,000 to 16,000 sf	Multiple US Markets
Claire's	Claire's added about 13 North American stores in 2010. We expect as many as 15 stores in 2011, though foreign expansion will likely remain the company's focus.	1,200 sf	Multiple US Markets
Cleaning Concepts	This dry cleaner chain is hoping to grow by as many as five new units in the next 18 months.	2,000 to 4,000 sf	Western US
Coach	Coach opened roughly 10 retail stores and 10 outlet stores in 2010. We expect them to match that pace in 2011.	2,500 to 4,000 sf	Multiple US Markets
Coldwater Creek	Coldwater opened about 20 new stores in 2010 and we expect the same pace for 2011.	6,000 sf	Multiple US Markets
Comet Cleaners	This dry cleaning chain is looking to expand via franchisees in 2011. We expect as many as 10 new units over the next 18 to 24 months.	1,500 to 2,000 sf	Multiple US Markets
Container Store, The	They only opened about three stores in 2010, but we expect as many as five new units in 2011.	22,000 to 25,000 sf	Florida, Texas
Cool Cuts 4 Kids	We expect as many as five new units in 2011.	1,200 sf	Western US
Cost Plus	Cost Plus has been in consolidation mode for the past few years. We expect that to end in 2011, however, growth plans are currently unknown. We do expect the chain to pick up the pace of expansion soon, though we may not see increased unit counts until 2012.	15,000 to 20,000 sf	Multiple US Markets
Costco	Costco has a US target of 175 new warehouse club stores (including its Business Center clubs) over the next ten years. We expect about 20 new units over the next 12 to 15 months, though Costco is targeting a goal of 16.	126,000 sf for business centers and 145,000+ sf for warehouse clubs	Multiple US Markets
CR Jewelers Diamond Outlet	CR is a small regional chain looking to expand. We expect as many as two to three new units over the next 18 to 24 months.	1,000 to 1,500 sf	CA, FL, MD, NJ, VA
Crate & Barrel	C&B remains in conservative growth mode. The chain only opened a few stores between its namesake concept and CB2 in 2010. We expect them to remain at current growth levels for 2011.	12,500 to 25,000 sf	Multiple US Markets
Crunch Fitness	As many as 20 new locations over the next couple of years.	30,000 to 40,000 sf	Mid-Atlantic states
CVS	CVS will likely open between 250 and 275 openings in both 2011 and 2012.	12,900 to 14,600 sf	Multiple US Markets

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“Dick’s Sporting Goods in aggressively expanding. Look for at least 24 units in 2011, but this number could double by year-end.”

D

Chain	Planned Units	Footprint	Regions
Daffy’s	Daffy’s recently inked a deal for a new store in Times Square—the chain hopes to add 14 New York stores through 2015. Our sources tell us to expect as many as 10 new units in the coming year.	25,000 to 30,000 sf	Eastern US
Daniels Tire Service	Chain is looking to add units in 2011, but total number not disclosed. Believed to be less than five.	7,000 sf	Southern California
Dan’s Key Foods	Dan’s is looking to grow in the next 18 months. Our sources tell us by one to three units depending upon the economy and deals available in the marketplace.	20,000 to 40,000 sf	New York
David’s Bridal	David’s is looking at four new stores in 2011.	5,500 to 8,000 sf	Multiple US Markets
DEB Shops	This chain has been in consolidation mode until recently. We expect them to return to conservative growth in 2011, but expansion will likely be a handful of stores or less.	8,000 sf	Multiple US Markets
Destination Maternity	Destination will grow in two ways in 2011; standalone stores and its presence within Macy’s. They plan 615 store-within-stores at Macy’s over next three years. Figures for standalone stores have not been released, but our sources tell us to expect at least 15.	1,500 to 8,000 sf	Multiple US Markets
Destination XL/ Casual Male	While Casual Male may be closing under performers, the chain continues to grow its Destination XL concept. The chain will open 5 units in 2011 and as many as 15 in 2012.	10,000 to 12,000 sf	Multiple US Markets
Dick’s Sporting Goods	Dick’s has plans to add as many as 450 stores over the next five years. The chain is opportunistically seeking second-generation deals. They had planned on 20 units in 2010, but ended up with 24. They will at least reach those growth levels in 2011, but our sources tell us if the deals are right, they may double last year’s growth. Our guess is that we will see between 35 and 40 new openings in 2011.	35,000 to 45,000 sf	Multiple US Markets
Dierberg’s Markets	Chain is looking to add units in 2011, but total number not disclosed. Believed to be less than five.	65,000 to 75,000 sf	Midwest
Dirt Cheap	Dirt Cheap is planning on at least 5 new stores for 2011.	15,000 to 17,000 sf	Southern US
Discount Tire Company/ America’s Tire Company	Chain is looking to add units in 2011, but total number not disclosed. Believed to be less than 50.	8,000 sf	Multiple US Markets
Disney Store	Disney is back and it is back under the control of the Disney company, with a new format and new stores for 2011. Our sources tell us to expect around 25 new units.	3,000 to 6,000 sf	Multiple US Markets
Do It Best	This small format hardware coop chain reportedly wants to add as many as 60 units by the close of its fiscal year in June.	12,000 to 15,000 sf	Multiple US Markets
Dollar General	Dollar General plans on opening a whopping 625 new stores in 2011. Is on the record as having stated goal of as many as 12,000 new stores nationally over next decade.	9,000 sf	Multiple US Markets



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“Dollar Tree will likely add at least 275 new stores in 2011.”

Chain	Planned Units	Footprint	Regions
Dollar Tree	Dollar Tree is testing a larger concept with expanded grocery selections, Dollar Tree Market in Virginia. The chain added about 250 stores in 2010 and will likely hit at least 275 for 2011. It also is likely to add at least 30 of its smaller format Deal\$ stores.	8,000 to 12,000 sf for Dollar Tree; 23,000 sf for Dollar Tree Market; 5,000 sf for Deal\$ stores	Multiple US Markets
Drug World Pharmacy	Chain is looking to expand. We estimate as many as three new units over next 24 months.	7,000 sf	New York
DSW	DSW is looking to achieve 10 to 15 new stores annually over the next couple of years.	17,000 to 20,000 sf	Multiple US Markets
E Earth Fare	Regional organic grocery chain is expected to grow by as many as a handful of units over the next 24 months.	25,000 sf	Southern US
Edwin Watts Golf	The chain inked a deal last year with Sears to open 12 store-within-a-store sites. We are also told that Watts may be boosting traditional growth in 2011. Our sources tell us there could be as many as 5 new units in the next 24 months.	5,000 to 10,000 sf	Southern US
Eileen Fisher	We expect between 5 and 10 new over the next 18 months.	1,000 to 2,500 sf	Multiple US Markets
El Dorado Furniture	El Dorado might add another store in the coming year.	100,000 sf	Florida
El Super	Ethnic grocer El Super should see strong growth ahead. The chain will likely open five new stores in 2011, but may be acquiring as many as ten more.	45,000 sf	AZ, CA, NV
Ethan Allen	Ethan Allen is looking to grow in 2011. Expansion numbers have not been released, but our sources tell us to expect as many as ten new units over the next 18 to 24 months.	6,500 sf	Multiple US Markets; St. Louis
F Eye Care Centers of America/ Visionworks/Hour Eyes/Dr. Bizer's ValueVision/Davis Vision	This chain should open between 20 and 25 units this year between all of its banners.	2,000 to 4,000 sf	Multiple US Markets
EZ Bargain/ Beyond Linens/ AZ Sons and Furniture Mecca	These sister chains are looking to expand within their existing NJ/PA stronghold in 2011. We expect one or two new units.	3,000 to 26,000 sf	NJ, PA
Express	Express is looking to open as many as 30 stores annually over each of the next five years.	2,500 to 4,000 sf	Multiple US Markets
F Factory Mattress Direct	This chain is looking expand within its existing Texas stronghold in 2011. We expect one or two new units.	4,000 sf	Texas
Fallas Paredes/ Fallas Discount Stores/Factory 2U	This chain would like to see growth from all of their concepts in 2011. As this report went to press, growth totals had not been released, however, we expect as many as 10 new units across all concepts over the next 18 to 24 months.	15,000 to 22,000 sf	Western US
Family Christian Stores	Family Christian would like to open as many as 20 new units in 2011.	5,000 to 6,000 sf	Multiple US Markets
Family Dollar	300 Stores in 2011, including the chain's likely entry to the California market.	7,000 to 10,000 sf	Multiple US Markets

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“Family Dollar will add at least 300 stores in 2011.”

Chain	Planned Units	Footprint	Regions
Famous Footwear	Famous plans on as many as 35 new stores in 2011.	2,700 to 7,000 sf	Multiple US Markets
Famous Labels/Little Labels/20 Below	Famous is looking at as many as 25 new stores in 2011.	8,000 to 30,000 sf	Multiple US Markets
Fannie Mae Candies	Fannie Mae is hoping to add 50 franchised units for each of the next three years.	2,500 to 2,800 sf	Multiple US Markets
Fantastic Sam's	They plan to open at least 100 units in 2011—primarily through franchisees.	1,000 to 1,400 sf	Multiple US Markets
Farmers Home Furniture	This regional chain is looking to expand within existing markets over the next 18 months. Official numbers have not been released, but we expect as many as 5 units over the next 24 months.	15,000 to 20,000 sf	Southeast US
Fast Frame	This chain is looking to expand in 2011. Though official numbers have not been stated, our sources tell us to expect as many as ten units in 2011.	1,500 sf	Multiple US Markets
Finish Line, The	The Finish Line will likely add at least 20 new US stores in 2011.	2,000 to 3,000 sf	Multiple US Markets
Firestone Tire & Service Centers	Firestone is planning on opening as many as 75 new stores in both 2011 and 2012.	7,500 to 8,100 sf	Multiple US Markets
Fitness Together	Fitness Together would like to add as many as 30 units in 2011.	10,000 sf	Midwest
Five & Dime General Stores	Five & Dime is looking at opening a minimum of five new stores in 2011, though our sources tell us this number could increase if the deal is right.	2,500 to 4,000 sf	Northern CA, NY, SC
Five Below	Five Below recently inked a deal to open as many as 60 stores in the Chicago market alone (over the next five years). They also continue to look for sites in multiple markets. We expect as many as 50 new units in 2011, if not more.	2,000 to 4,000 sf	Multiple US Markets
Flash Foods	Convenience store/gas station chain is looking to add units in 2011, but total number not disclosed. Believed to be less than 10.	3,500 to 4,500 sf	Southeast US
Flip Flop Shops	This Florida-based chain currently operates about 25 stores but has plans to go national and wants to hit the 236-unit mark by 2013. They would like to open as many as 65 units in 2011.	1,000 sf	Multiple US Markets
Food City	This regional chain will open as many as three new stores in 2011.	40,000 to 50,000 sf	Appalachia
FoodsCo/Food 4 Less	This chain will open at least two new stores annually over the next two years.	70,000 sf	Chicago, Las Vegas, California
Foot Locker	Foot Locker will likely open at least 20 new US units in 2011.	2,000 to 3,000 sf	Multiple US Markets
Forever 21	Forever 21 now has a gross opening target number of between 70 and 80 units worldwide annually. This is the most opportunistic of all retailers when it comes to real estate, willing and able to bend its footprint to the deal. That being said, we expect at least 50 new US units in the coming year in all shapes and sizes.	40,000 to 200,000 sf	Multiple US Markets
Fossil	Fossil added 45 stores in 2010, but most were outside the US. The chain plans on a similar expansion pace this year, but may boost US growth. Our sources tell us to expect at least 10 new US stores, possibly more, in the coming year.	1,500 to 6,000 sf	Multiple US Markets

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Chain	Planned Units	Footprint	Regions
Fred Meyer	Our sources tell us to expect Fred to be on the move in 2011, primarily looking to buy sites, and that California expansion may be in the works. Still, no hard numbers have been shared. We expect there could be as many as four new stores in 2011.	66,000 to 175,000 sf	Western US
Fred's	Fred's growth plans have not been announced, but our sources tell us that the chain will likely add a minimum of between 20 units in 2011.	14,000 to 18,000 sf	Southern US
Fresh & Easy	As many as 60 Stores to open in Northern California and Nevada in 2011. Midwest rumored to be focus of next expansion blitz—may begin before year-end. All told, the chain wants to grow by about 230 units over the next two years.	14,000 sf	Northern California, Nevada, Midwest
Fresh Market	Regional organic grocery chain is expected to grow in the range of 10 units annually over the next couple of years. They would like to eventually take their roughly 100-unit count as high as 500.	18,000 to 21,000 sf	Southern US
Gamer Doc	We expect this franchisee driven video game store chain to add as many as 25 units in 2011.	2,000 sf	Multiple US Markets
Gamestop	Gamestop opened about 250 new stores in 2010. We expect 2011 openings to hit at least 275.	2,000 sf	Multiple US Markets
Gap, The	The Gap's new active wear concept, Athleta, was recently launched in Northern California. Though The Gap has slowed growth of its namesake stores, we expect considerable growth from this new concept in 2011. Numbers have not been released but we are told that as many as 50 units could be open over the next 24 months.	2,000 to 4,000 sf	Multiple US Markets
Gateway Newsstands	Gateway wants to open 20 new units annually within existing markets over the next few years.	150 to 1,000 sf	Multiple US Markets
Gelson's Markets	Upscale regional supermarket chain is looking to grow in 2011. We expect one or two new units at most.	30,000 to 35,000 sf	Southern California
Giant Foods	Giant has plans for at least two new stores in Pennsylvania in former Genuardi's locations, but we are told that this number could go up.	40,000 to 60,000 sf	Eastern US
Gilroy's Hardware	This regional chain is looking to grow in 2011. Expansion numbers have not been released, but our sources tell us to expect as many as four new units over the next 18 to 24 months.	8,000 to 10,000 sf	Southern US
Glamour Shots	This photography chain is looking to grow in 2011, primarily via franchisees. We expect at least four to seven new units.	800 to 1,200 sf	Multiple US Markets
GNC	GNC wants to add at least another 1,000 US and Canadian stores over the next few years. We expect as many as 40 new units in 2011.	1,500 to 2,500 sf	Multiple US Markets
Golf Galaxy	Will likely be adding five new stores per year in both 2011 and 2012.	16,500 sf	Multiple US Markets
Golfsmith	Golfsmith is expected to add seven new units this year and next. The chain is also experimenting with a new concept; Golf Playground, which could add as many as 14 new stores through 2012.	20,000 to 28,000 sf	Multiple US Markets
Goodwill	Goodwill has not released growth goals, but the chain is on an expansion roll lately. The climate is perfect for thrift stores. We expect a minimum of 30 new units in 2011.	Various footprints	Multiple US Markets

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“Grocery Outlet will add at least 14 stores in 2011, but our sources tell us this number will likely increase.”

H

Chain	Planned Units	Footprint	Regions
Gordman's Department Store	Gordman's will be opening as many as 8 new units in 2011, including two new Minneapolis stores.	50,000 sf	Midwest
Grease Monkey	Chain is looking to add units in 2011, but total number not disclosed. Believed to be less than 10.	2,300 sf	Multiple US Markets
Greenway Stores	Convenience store chain is looking to add units in 2011, but total number not disclosed. Believed to be less than five.	3,000 sf	Georgia
Grocery Outlet	At least 14 new stores throughout the Western US in 2011—this number may increase. We expect a minimum of 20 new stores in 2011.	12,000 to 20,000 sf	Western US
Gymboree/Crazy 8/Janie and Jack	Gymboree opened about 120 new stores under its three divisions in 2010. We expect them to match or beat that total in 2011. Our estimate is 130 new units.	2,000 to 3,000 sf	Multiple US Markets
Halloween Express	This seasonal space user bumped from about 165 units in 2009 to 200 units in 2010. We expect they may be in the market for as many as 225 pop-ups for 2011.	9,000 to 12,000 sf	Multiple US Markets
Hancock Fabrics	Hancock has been in consolidation mode the last few years. We expect them to eventually return to growth, but likely not this year.	25,000 sf	Multiple US Markets
Hannaford Supermarkets	May be adding as many as four stores through midyear 2012.	40,000 to 60,000 sf	Eastern US
H-E-B Groceries/ Joe V's Smart Shop	H-E-B continues to grow in its home territory of the Lone Star State. Growth numbers have not been released, but we see as many as five to ten new units between H-E-B and its discount banner (Joe V's) in the coming 18 months.	30,000 to 60,000 sf	Texas
H&M	H&M has been opening about 250 stores annually worldwide for the last few years. This growth pace should continue into 2011. As this went to press a new downtown Baltimore store was in the works. Ultimately we expect at least 20 new units in the US in the months ahead.	15,000 to 40,000 sf	Multiple US Markets
Hermes	Hermes has plans for as many as three new US Stores in 2011.	2,000 sf	Atlanta, New York
HHGregg	HHGregg has been the major user of former Circuit City space on the East Coast, locking in low lease rates on second generation space in order to secure growth in these markets. The chain opened about 45 new stores in 2010 and we expect it to surpass those numbers in 2011... possibly hitting the 60 unit count	30,000 to 40,000 sf	East of the Mississippi
Hibbett Sports	Hibbett could see as many as 50 new stores in 2011. The chain is aggressively pursuing deals on second-generation video store sites.	5,000 sf	Midwest, Southeast, Southwest
Hobby Lobby	Hobby Lobby is looking at adding as many as 30 new stores in 2011.	55,000 sf	Northeast US, West Coast
Home & Garden Showplace	This chain is looking to match 2010's opening levels of 10 stores.	5,000 to 10,000 sf	West of the Rockies
Home Depot	Ten new US Stores planned for 2011.	95,000 to 120,000 sf	Multiple US Markets
Hot Topic	This chain will likely open about 10 new units in 2011.	1,600 to 1,800 sf	Multiple US Markets
Huntington Learning Centers	Huntington is looking to expand in the coming year. We expect them to add at least 30 new units.	1,800 to 2,500 sf	Multiple US Markets

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“Kohl’s is looking to add as many as 40 new department stores throughout the US in 2011.”

Chain	Planned Units	Footprint	Regions
IKEA	One new store in Denver on tap for 2011.	150,000+ sf	Denver
It’s Fashion Metro	This chain could add as many as 30 new stores in 2011.	3,000 to 4,000 sf	Multiple US Markets
Ivan Smith Furniture	Chain wants to expand over next 18 months. Growth goals have not been made public, but our sources tell us to expect as many as three new units.	20,000 to 40,000 sf	AR, LA, TX
J. Crew	Chain is looking to expand over the next 18 months, however, as this report went to press J Crew was in the process of potentially being acquired... so actual growth plans are hazy. We suspect at least 10 new units in 2011.	5,500 sf	Multiple US Markets
J. Stephens	We expect this chain to add as many as three units in the next 18 months.	1,400 to 2,200 sf	AZ, CA
Jared—The Galleria of Jewelry/Sterling Jewelers	Chain is looking to add units in 2011, but total number not disclosed. Believed to be less than 15.	6,000 sf	Multiple US Markets
JCPenney	JCPenney will open at least three new department stores in 2011, even while closing down its outlet division. The chain would eventually like to see at least 30 openings annually, but is only willing to take second-generation space at premium centers. The chain would like to see a minimum of 25 new department stores annually by 2103/2014.	90,000 sf+	CA, MD, TX
JCPenney Big & Tall Concept: The Foundry Big & Tall Supply Company	As many as 300 new standalone stores through 2013.	6,000 sf	Multiple US Markets
Jensen Jewelers	This regional chain out of Idaho is looking to grow in 2011. We expect at least one to two new units over the next 18 months.	1,400 to 1,600 sf	Northwest
Jewel-Osco/SUPERVALU	Jewel is looking to remodel as many as 20 locations in 2011. The chain will likely see new openings below the level of five units.	60,000 to 75,000 sf	Midwest
Jimmy Jazz	Jimmy Jazz is hoping to open between 25 and 30 new units in 2011.	2,500 to 4,000 sf	Multiple US Markets
Jo-Ann Stores	Jo-Ann is looking at adding as many as 50 new stores in 2011.	10,000 to 25,000 sf	Multiple US Markets
Joe’s Jeans	This chain opened 13 stores in 2010. We expect at least 15 in 2011.	1,500 sf	Multiple US Markets
Jos A Banks	Up to 175 stores nationally over the next five years.	3,500 to 4,500 sf	Multiple US Markets
Justin Boot Outlet/Tony Loma Outlet	We expect this chain to add as many as two units in the next 18 months.	5,000 to 8,500 sf	MO, TX
Kay Jewelers/Sterling Jewelers	Chain is looking to add units in 2011, but total number not disclosed. Believed to be less than 15.	1,600 to 1,800 sf	Multiple US Markets
Kirkland’s	Kirkland’s is expected to open at least 35 new stores in 2011.	7,000 to 10,000 sf	Multiple US Markets
Kroger/Kroger Marketplace/Dillion’s/Fry’s/Smith’s	Much of Kroger’s growth this year will be via its Marketplace concept, which we expect will be adding as many as 20 units in 2011. However, we also expect the chain to be active in closing some under performers under their namesake banner.	Kroger marketplace uses about 117,000 sf	Central US; Southern US
Kohl’s	Kohl’s is planning on between 30 and 40 new stores in 2011.	60,000 to 90,000 sf	Multiple US Markets
Kumon Math & Reading Centers	Kumon could add as many as 150 new units in 2011.	1,200 sf	Multiple US Markets

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Chain	Planned Units	Footprint	Regions
LA Fitness	LA Fitness continues to look for locations throughout California and other markets. Growth projections have not been released, though we know of at least four units in the pipeline. This number will almost certainly go up. Our sources tell us there may be 10 new clubs over the next 18 to 24 months.	20,000 to 40,000 sf	Multiple US Markets
Lauderland/Lucy's Laundromat	This chain is looking to expand in 2011, though growth targets have not been announced. We expect as many as 10 new units in 2011.	1,800 to 4,000 sf	Western US
La-Z-Boy	La-Z-Boy is looking to open at least 12 new stores in the next 18 months.	15,000 sf	Multiple US Markets
Lola by BCBG Max Azria	New concept that could add as many as 20 units over next 24 months.	1,500 to 3,000 sf	Multiple US Markets
LensCrafters	LensCrafters will likely open at least 20 units across all of its brands in 2011, though actual numbers have not yet been released.	2,000 to 4,000 sf	Multiple US Markets
Les Schwab Tire Centers	Les Schwab is reducing its footprint from 15,000 sf to about 11,000 sf this year. The chain also is looking to open about 10 new stores in 2011.	11,000 to 12,000 sf	Western US
Lifestyle Family Fitness	Health club chain is looking to add units in 2011, but total number not disclosed. Believed to be less than 8.	32,000 to 48,000 sf	Midwest
Linens & More for Less	This chain is looking to open as many as 15 units in 2011.	20,000 to 45,000 sf	Multiple US Markets
Liz Claiborne/Juicy Couture/kate spade/Lucky Brand Jeans	Liz Claiborne is expected to open between 25 and 30 new units across its multiple brands in 2011.	1,200 to 1,800 sf (kate spade) 2,000 sf (Juicy Couture) 2,000 to 4,000 sf (all others)	Multiple US Markets
L'Occitane	This French beauty niche retailer recently (May 2010) raised funds through an IPO and is reportedly looking to boost US expansion in 2011. Numbers have not been released but our sources tell us to expect at least 10 new units over the next 18 months.	5,000 to 10,000 sf	Boston, Chicago, Denver, Los Angeles, New York, San Diego & Washington DC
Lord & Taylor	Adding first new department store in 10 years—2012 in Yonkers.	100,000± sf	New York City
Louie's Tux Shop	Louie's may be adding as many as three new stores over the next couple of years.	1,000 to 1,600 sf	Midwest
Lowe's	Lowe's is expected to add as many as 45 new stores internationally in 2011. Canada and the US will account for most of this growth.	94,000 to 103,000 sf	North America
Lululemon	As many as 30 new North American stores in 2011.	2,000 to 4,000 sf	Multiple US Markets and Canada

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M

Chain	Planned Units	Footprint	Regions
Magruders	Regional grocer looking to expand in existing markets in next 18 months. Our sources tell us growth will be anywhere from one to three units.	25,000 to 32,000 sf	Greater Washington DC area
Mandee	Chain is looking to expand over the next 18 months—our sources say likely by a minimum of five units.	5,000 to 8,500 sf	Eastern US
Mango	This Spanish fashion retailer has big expansion plans for the US on tap, but mostly in the form of stores-within-a-store. The chain will be adding 600 shops within existing JCPenney stores through next year.	2,000 to 5,000 sf	Multiple US Markets
Marburn Curtain Warehouse	Regional chain Marburn is looking for opportunities to expand within its core areas of PA, NJ and NY. We expect one to two new units in the coming year.	7,500 sf	NJ, NY, PA
Max Muscle	Max Muscle wants to add as many as 24 new stores in 2011.	2,000 sf	Multiple US Markets
Max Wellness	This fitness shop is expected to grow by as many as 20 new stores in 2011.	5,000 sf	Mid-Atlantic, Midwest
Maxx Value Foods/Save Mart Supermarkets	New discount concept from Save Mart expected to add as many as five new units in 2011.	25,000 to 40,000 sf	California
Meijer	Meijer is exploring a new smaller format in the Chicago market as low as 105,000 sf, but is also on the hunt for prime second-generation spaces. Our sources tell us that we could see as many as 5 new units in 2011.	105,000 sf	Midwest
Menards	We know of two planned new Menards so far for 2011; one in Yankton, SD and one in Eden Prairie, MN. We would not be surprised to see the Midwest-based home improvement retailer add another store or two into the mix before the end of the year.	225,000 sf	Midwest
Men's Wearhouse	Though this chain has not been in growth mode as of late, we expect this to change in 2011, whether through the namesake concept of K&G Fashion Superstores. We expect at least ten to 115 new units.	15,000 to 25,000 sf	Multiple US Markets
Michael's	Michael's will add as many as 35 new arts and crafts stores in 2011.	14,000 to 24,000 sf	Multiple US Markets
Micro Center	Electronics chain is looking to add units in 2011, but total number not disclosed. Believed to be less than five.	28,000 to 32,000 sf	New York
Microsoft	We estimate 15 to 20 new stores in 2011.	2,000 to 7,000 sf	Multiple US Markets
Mind Body Sole by Famous Footwear	New concept that added five units in late 2010. We expect 2011 growth to be in the ten to 15 unit range.	2,000 to 4,000 sf	Multiple US Markets
Mitchell Gold + Bob Williams	This upscale furniture chain is looking to grow in 2011. Our sources tell us to expect at least two new units, possibly double that.	7,500 to 12,500 sf	Multiple US Markets



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“Nordstrom Rack will open at least 19 new stores in 2011, but this number will likely increase.”

N

O

Chain	Planned Units	Footprint	Regions
National Vision/ America's Best Contacts & Eyeglasses/ Eyeglass World	This optometry chain is hoping to open 50 units in 2011.	2,000 to 3,000 sf	Multiple US Markets
New York & Co	They opened about 25 outlet stores in 2010. It remains to be seen if they will match this pace in 2011. Still, we expect a minimum of at least 10 new units, if not more.	5,500 sf	Multiple US Markets
Newflower Farmer's Market	We expect 5 to 10 new units	11,000 to 30,000 sf	Multiple US Markets
Neiman Marcus Last Call	Growth numbers have not been released but we expect a minimum of five new outlet stores from Neiman.	11,000 to 30,000 sf	Multiple US Markets
New York Sports Clubs	This health club chain is looking to grow in 2011. Our sources tell us to expect at least three new locations, possibly more.	15,000 to 30,000 sf	Northeast US
Nike	Up to 300 US locations over the next five years. 2011 store counts are unclear, though we expect as many as 60, including both Nike Factory Outlets and Niketown.	4,000 to 6,000 sf	Multiple US Markets
Nordstrom Rack	Nordstrom has plans for about 19 new Rack stores through 2011, but this number could increase.	34,000 to 42,000 sf	Multiple US Markets
Northgate Gonzalez Market	This regional ethnic grocer will see strong growth ahead. The chain is likely to see between five and ten new stores in Southern California (half may come through acquisition) and is gearing up to expand to California's Central Valley and San Jose soon.	15,000 to 45,000 sf	California
Ocean State Job Lot	We expect as many as 10 new units over the next 24 months.	25,000 to 45,000 sf	New England
Off Broadway Shoes	Growth projections have not been released, but we expect a minimum of five new units over the next 18 months.	25,000 to 35,000 sf	Multiple US Markets
Office Depot	Office Depot has not released numbers, but the 1,150 unit chain has a long-term goal of reaching 2,000 units. Growth is likely back on tap for this year, but we expect it will be cautious growth. Our sources tell us to expect no more than 20 new units in 2011.	15,000 to 24,000 sf	Multiple US Markets
OfficeMax	OfficeMax will see minimal growth in 2011. The chain only opened two stores in 2010—both in Mexico. It has 600 leases in the US expiring through 2014 and will likely renew most as they do not want to lose further market share through closures. But our sources tell us new openings in the US will likely be fewer than five in 2011.	18,000 sf	Multiple US Markets
Ollie's Bargain Outlets	Ollie's is hoping to open as many as 20 new stores in 2011.	27,000 to 42,000 sf	Eastern US
Olympia Sports	Regional small format sporting goods player Olympia added about 13 stores in 2010 and our sources tell us they are looking to match this number in 2011.	3,600 to 5,000 sf	Mid- Atlantic, New England
One Stop Food Market/Tinee Giant	Convenience store chain is looking to add units in 2011, but total number not disclosed. Believed to be less than four.	3,000 sf	Virginia
O'Reilly Auto Parts	O'Reilly will add 170 new stores in 2011.	6,800 to 7,300 sf	Multiple US Markets

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“Payless ShoeSource may be opening as many as 60 new stores in 2011”

P

Chain	Planned Units	Footprint	Regions
OSH	OSH only opened one new store in 2010, but our sources tell us this number should grow in 2011. We expect as many as three to five new units in the coming year—all in OSH’s home base of California.	35,000 to 45,000 sf	California
Pantry, The	The Pantry only added one new store in 2010 and remains conservative in 2011 growth plans. Still, they may add units via acquisition. And they may grow through the Kangaroo Express banner. We expect minimal growth in 2011, but still would not be surprised to see at least ten new units.	2,600 to 3,200 sf	Southern US
Papyrus/American Greetings/Carlton Cards	Sister chains are looking to add units in 2011, but total number not disclosed. Believed to be in the 6 to 10 range.	1,500 to 4,000 sf	Multiple US Markets
Payless ShoeSource	Payless is planning on as many as 60 new stores in the coming year, though it also has plans to close about 80 underperformers.	2,700 to 7,000 sf	Multiple US Markets
P.C. Richard	This regional electronics chain has been active lately gobbling up second generation space left behind by the BK Bernie’s TV & Appliance chain. They may open as many as 10 units in 2011.	30,000 to 35,000 sf	Eastern US
Pep Boys	Manny, Moe and Jack are hoping to open as many as 55 new stores in 2011. This number includes both their smaller format tire centers and their larger superstores.	4,000 to 6,000 sf (tire centers) 14,000 to 20,000 sf	Multiple US Markets
Performance Bicycle	Performance wants to add between five and nine units in 2011.	6,500 to 8,000 sf	Multiple US Markets
Pet Food Express	This recent startup is looking at a minimum of two new locations in 2011, but these numbers may increase quickly.	7,000 to 10,000 sf	Northern California
PetLand	PetLand is planning on 15 new stores in 2011.	4,000 to 5,500 sf	Central US
PetSense	They are hoping to open as many as 30 stores in 2011.	5,200 to 7,200 sf	Southeast US
Pet Supermarket	Pet Supermarket is hoping to open 24 new stores in 2011.	8,000 to 10,000 sf	Midwest, Southern US
Pet Supplies Plus	Pet Supplies Plus is looking to open 15 new stores in 2011.	8,000 to 10,000 sf	Central US
Petco	Petco added just over 40 new stores in 2010. We expect those numbers to creep back up in 2011. While we doubt that they will reach the 50-unit mark that was recorded in 2009, we think 45 units will be their sweet spot.	13,000 to 14,000 sf	Multiple US Markets
PetSmart	PetSmart has lowered its typical footprint from 20,000 sf to about 13,000 sf. The chain has also lowered its growth rate from 10% just a couple of years ago to the 3% to 4% range. Still, with roughly 1,165 stores, a 3% growth rate means at least 35 new units in 2011.	13,000 sf	Multiple US Markets
Pier 1 Imports	Plans call for 100 new stores in existing markets over the next three years. That being said, the ramp up will be slow. We only know of five units for sure in 2011, though this number may go up if recovery holds.	8,000 to 10,000 sf	Multiple US Markets

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“Red Wing Shoes is looking to aggressively expand with as many as 125 new stores planned for the next five years.”

R

Chain	Planned Units	Footprint	Regions
Piggly Wiggly	Piggly Wiggly is currently looking for sites in South Carolina, however, we also expect the chain to be closing a few under-performers throughout the South this year.	25,000 to 45,000 sf	South Carolina
Planet Fitness	As many as five NYC locations alone over the next 24 months. Nationally, the chain is hoping for 75 new units.	11,000 to 12,000 sf	Multiple US Markets; Midwest
Play N Trade	Play N Trade opened about 30 stores in 2010. This year's target is 40 units.	2,200 sf	Multiple US Markets
Pretty Girl	We expect as many as five new units over the next 24 months.	3,500 to 15,000 sf	Eastern US
Publix/Publix Sabor	Growth plans have not been announced but we expect growth from both Publix and its Hispanic-themed concept Publix Sabor. The chain is well funded and has a stated goal of as many as 35 new stores annually.	40,000 sf for Publix Sabor	Southeast US
Puget Consumers Co-Op	This regional grocer is looking to add at least one more unit in the next year.	20,000 to 25,000 sf	Seattle
Pump & Pantry	Convenience store/gas station chain is looking to add units in 2011, but total number not disclosed. Believed to be less than five.	2,000 to 5,000 sf	New England
Putting Edge	Indoor miniature golf chain looking to expand in 2011. Likely to add at least one or two new stores.	7,000 sf	Multiple US Markets
RaceTrac	This regional convenience store player could be looking at a minimum of 100 new c-store/gas stations in the next year.	4,000 sf	Southern US
Rack Room	Rack Room has plans to open as many as 15 new shoe stores this year.	6,000 sf	Multiple US Markets
Radio Shack	The Shack has been in slow growth mode for its traditional stores over the past few years, adding 25 or fewer units the past two. We expect growth to pick up slightly in 2011, but likely still fall in the 25 to 40 unit range.	2,500 sf	Multiple US Markets
Rainbow Shops/ Rainbow Kids/ Rainbow Plus/5 7 9 Stores	Rainbow is looking to open as many as 60 stores in 2011 across all of its concepts.	1,800 to 3,000 sf (5 7 9 hops); 6,000 to 20,000 sf (all other Rainbow concepts)	Multiple US Markets
Red Wing Shoes	Red Wing has plans for 125 new stores over the next five years. We expect at least 30 of them to come online in 2011.	2,000 to 4,000 sf	Northeast US
Regal Cinemas	Regal wants to add at least seven new theaters in 2011, and possibly more in 2012. However, the chain is also continuing to close underperformers.	50,000 to 70,000 sf	Multiple US Markets
REI	REI will be opening a new SoHo store in 2011 and is also seeking other growth opportunities across multiple markets. Growth numbers have not been released, but our sources tell us there could be as many as five new stores over the next 18 to 24 months.	20,000 to 30,000 sf	Multiple US Markets
Relax the Back	Chain has plans for 12 new stores over the next 18 months.	2,300 to 2,700 sf	Multiple US Markets
RetroFitness	Retro wants to add 300 clubs through 2013.	12,000 to 14,000 sf	Midwest
Ridout Lumber Company	Chain wants to open at least two new stores over next 18 months.	9,500 sf	AR, MO, MS, TN

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“Sally Beauty Supply will add as many as 165 stores in 2011.”

S

Chain	Planned Units	Footprint	Regions
Rite Aid	Rite Aid only opened three stores in 2010 and is expected to increase that number in the coming year. The only question is by how many? The chain's debt issues and stock value may ultimately determine this.	15,000 to 17,000 sf	Multiple US Markets
Rogers & Holland's Jewelers	Chain is looking to add units in 2011, but total number not disclosed. Believed to be less than five.	1,500 sf	Central US
Ross Dress for Less/dd's Discount Stores	Ross' long-term goals are to have at least 500 namesake stores and 500 dd's Discount stores in operation. The chain opened about 35 Ross locations and 15 dd's stores in 2010. We expect those numbers to be surpassed in 2011. Between the two concepts, we expect at least 60 units for 2011.	22,000 to 30,000 sf	Multiple US Markets
Roundy's/Mariano's Fresh Market/Metro Market/Pick n' Save/Copps	Roundy's is expanding their Mariano's Fresh Market concept in the Chicagoland region. They are also growing in Wisconsin. Look for at least five new units in 2011.	25,000 to 40,000 sf	Midwest
RP Lumber	This regional chain is looking to grow in 2011. Expansion numbers have not been released, but our sources tell us to expect as many as four new units over the next 18 to 24 months.	Lumber yards need roughly three acres of land.	Midwest
Rue21	Rue wants to open as many as 100 stores in 2011.	2,000 to 4,000 sf	Multiple US Markets
Safeway	Safeway has at least nine new stores in the chute for 2011; seven will be in the San Francisco Bay area while two will be in the greater Los Angeles region.	50,000 to 70,000 sf	CA. OR
Saks Off Fifth	Saks Off Fifth currently has plans for about five new stores in 2011, though we would not be surprised if this number increased by a unit or two over the next few months.	28,000 sf	Multiple US Markets
Sally Beauty Supply	Sally typically adds a minimum of 150 new units annually via franchise growth. 2010 closed with about 165 new stores. We expect at least that number in 2011, if not more.	1,200 to 1,800 sf	Multiple US Markets
Salvation Army	Thrift stores are in growth mode thanks to the economy and Salvation Army is on the move, looking in many markets for new space in a wide variety of sizes. Growth targets have not been released, but we expect as many as 50 new units over the next 18 months.	3,000 to 24,000 sf	Multiple US Markets
Sam's Club	Sam's is looking at adding as many as 12 new stores in 2011.	120,000+ sf	Multiple US Markets
Save-A-Lot/SUPERVALU	This new discount concept from SUPERVALU will see the lion's share of the chain's growth as it trims back on its other mid-priced banners and boosts this smaller discount format. We expect as many as 100 new Save-A-Lot stores in the coming year from SUPERVALU—many of which will be co-branded with Rite Aid and most will be in the Midwest. The chain will also grow its Hispanic themed concept, El Ahorro Save-A-Lot in Texas.	Save-A-Lots are typically in the 15,000 to 20,000 sf range, with some variances	Multiple US Markets
Savers/Value Village	Savers and Value Village opened about 20 new stores in 2010. Though numbers have not been released, we expect them to come close to that number in 2011.	25,000 to 40,000 sf	Pacific Northwest

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CHAINLINKS
 RETAIL ADVISORS

Chain	Planned Units	Footprint	Regions
Schnuck's	Has at least two new stores on tap for 2011, though this number may double if recovery picks up steam.	63,000 sf	Midwest
Sedano's Supermarkets	Sedano's will likely open a minimum of three stores in 2011, but we see this number probably doubling before the year is over.	25,000 to 45,000 sf	Florida
See's Candies	See's is looking to open as many as ten new stores in 2011.	1,000 to 1,400 sf	Multiple US Markets
Sharpe Department Stores	Regional small format department store is looking to add new locations in existing markets over next 18 months. Our sources tell us to expect a couple of new units.	5,000 to 10,000 sf	AR, LA, OK
Sherwin-Williams	Paint store chain looking to grow over next 18 months. Growth totals have not been shared. We expect as many as 100 units.	4,000 to 4,500 sf	Multiple US Markets
Shoe Carnival	Shoe Carnival will be closing six under performers in 2011, but opening 20 new locations. The chain plans on as many as 30 new units in 2012.	8,000 to 15,000 sf	Multiple US Markets
Shoe Sensation	We expect this chain to add as many as four units in the next 18 months.	4,800 to 6,500 sf	Eastern US
Shoe Show/Shoe Dept./Encore	Shoe Show is planning on at least ten new stores in 2011. The chain's midsize concept, Shoe Dept., is slated for as many as 15 new stores. Meanwhile, Shoe Show's newest concept, Encore, is expected to open as many as seven units in 2011.	3,200 to 4,000 sf (Shoe Show) 4,500 to 10,000 sf (Shoe Dept.) 12,000 to 15,000 sf (Encore)	Multiple US Markets
ShopKo/Hometown	Shopko is looking to grow in 2011 but have not released target numbers. Our sources tell us to expect no more than five. The chain recently opened two of its new smaller concept Hometown stores. We expect that this concept will see the lion's share of growth in 2011.	35,000 sf for Hometown and 80,000 sf for ShopKo	Western US
ShopRite Supermarkets/LML Supermarkets	ShopRite and sister-brand LML are looking to grow in 2011 but have not released target numbers. Our sources tell us to expect at least two new ShopRite units and possibly the same from LML.	60,000 to 70,000 sf	CT, NJ, NY, PA
Sixth Avenue Electronics	This regional player is looking to add as many as three to five units over the next 18 months.	25,000 to 35,000 sf	Eastern Seaboard
Smart & Final/SmartCo Foods/Smart & Final Extra	After pulling out of the Denver market in 2010, our sources tell us that Smart & Final is ready to pursue growth again in 2011. However, growth targets have not been released. We know of one SmartCo planned in Orange County, but suspect that we will likely see as many as five new units (if not more) in 2011.	20,000 to 40,000 sf	Western US
Snap Fitness	Snap Fitness wants to add as many as 200 new stores in 2011. At least 130 of these should be in the US. The chain likes former Movie Gallery spaces in particular.	2,500 to 3,500 sf	Multiple US Markets
Spartan Stores/D&W Fresh Markets/Family Fare Supermarkets/Glen's Market's/Felpausch Food Markets	This regional player has mostly grown via acquisition in recent years. That being said, they have plans for at least two new stores by March. We expect as many as 5 new units throughout all concepts in 2011, barring any other low level acquisitions	40,000 to 50,000 sf	Midwest

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“Target has 21 new US stores currently in development for 2011, but this number could increase.”

Chain	Planned Units	Footprint	Regions
Speedway SuperAmerica	This C-store/gas station concept has seen flat growth since 2004, but could finally return to minimal growth in 2011. Numbers have not been released, but we would not be surprised to see at least ten new units in the coming year.	2,400 to 3,600 sf	Midwest
Snip-Its	This franchise driven haircut chain wants to open as many as 30 units in 2011.	800 to 2,000 sf	Multiple US Markets
Spencer's Gifts	Spencer's would like to add as many as 20 units in 2011.	1,800 to 2,100 sf	Multiple US Markets; Canada
Sports Authority	Our sources tell us that Sports Authority will be ramping up their superstore growth in the next two years. Expansion goals have not been released, but we expect a minimum of 25 new stores, but this number could easily double.	40,000 for typical store. SA Elite stores use just 12,000 to 15,000 sf	Multiple US Markets
Sport Chalet	Unlikely to add any new stores in 2011.	42,000 sf	Western US
Sport Clips Haircuts	Sport Clips wants to open 100 new units in 2011.	1,000 to 1,400 sf	Eastern US
Sprouts Farmers Market	Sprouts had been aggressively growing and we had expected them to add as many as 15 new units over the next 18 months. However, they were purchased by Apollo Management in mid-February, a private equity firm that will combine their brand with Henry's Farmer's Market (a concept they already owned). We think they will boost expansion even further once the dust settles.	24,000 to 30,000 sf	Western US
Staples	Staples recently upped 2011 growth plans from 40 to 50 stores. This number may increase yet again.	4,000 sf for small format stores and 18,000 sf for typical format	Multiple US Markets
Stater Brothers	Regional grocer Stater Brothers has at least one new store planned for 2011, but our sources tell us this number could increase to three or four over the next 18 to 24 months.	40,000 to 60,000 sf	Southern California
Stein Mart	While Stein Mart will be closing a few underperformers this year, our sources tell us that they are also returning to cautious expansion. Numbers have not been released, but we expect them to likely add as many as 5 units in the coming months.	30,000 sf	Multiple US Markets
STS Tire & Auto Centers	STS has not released growth plans for 2011, though the chain did open two stores in the latter half of 2010. We expect expansion in 2011 to likely translate into two to three new units.	5,600 sf	Mid-Atlantic States
Sunrise Cinemas	Looking to expand in 2011. Likely to add at least one new theater.	50,000+ sf	Southeast US
Super Mercado/ Buy For Les	Super Mercado and sister chain Buy For Less are looking to grow in 2011—likely by one or two units.	30,000 to 62,000 sf	Oklahoma
Supercuts	Supercuts typically adds a minimum of a few hundred new units annually via new franchisees. We expect them to add at least 100 in 2011, if not more.	800 to 1,200 sf	Multiple US Markets
Sur La Table	Sur La Table will add as many as 15 new stores in 2011.	5,000 sf	Multiple US Markets
Swoozie's	Swoozie's will likely add around five units this year.	3,500 to 4,000 sf	Multiple US Markets

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“Tractor Supply has plans for as many as 75 new stores in 2011.”

T

Chain	Planned Units	Footprint	Regions
T-Mobile	T-Mobile has not released growth plans. Much of their expansion has been franchise driven. However, they are on record as having stated they want to open hundreds of stores in 2011. We expect at least 150 new units in 2011.	1,500 to 2,500 sf	Multiple US Markets
Target	Target has been on a major push to land prime urban retail spots and has recently done deals in Manhattan, Chicago, San Francisco, Seattle and Los Angeles. The chain also is about to make major inroads into Canada thanks to its purchase of the 220-unit Zeller's chain. In the US, Target has announced plans for 21 new stores in 2011.	Typical Target superstore comes in at 128,000, 135,000 or 185,000 sf; exploring as low as 50,000 sf	Multiple US Markets
Tilly's	This skate store chain is looking to open as many as 15 new stores in 2011.	4,000 to 6,000 sf	Multiple US Markets
Tiremax	This regional player is looking to open three new stores in the Denver market in 2011.	6,000 sf	Denver
TJ Maxx/ Marshall's HomeGoods (TJX Companies)	Look for growth for TJX to come from TJMaxx and Marshalls in 2011. The chain is shutting down their AJ Wright concept. 91 locations are being converted into TJMaxx, Marshall's or HomeGoods stores while another 71 are simply going dark. TJMaxx and Marshall's combined for a total of 53 new stores in 2010. Numbers have not been released, but we expect at least another 40 additional units in 2011, not counting the AJ Wright conversions. Meanwhile, HomeGoods will likely surpass last year's ten new stores. We expect about 15.	30,000 to 32,000 sf (TJMaxx & Marshall's); 25,000 to 50,000 sf (HomeGoods)	Multiple US Markets
Totes/Sunglass World/Sunglass Station	Totes is looking to expand in 2011, but growth totals have not been released. We expect at least five new units over the next 18 to 24 months.	500 to 2,500 sf	Multiple US Markets
Town Faire Tire	They expect to open five new stores in 2011.	7,000 sf	New England
Toys R Us	Toys R Us opened 600 pop-up stores during the 2010 Holiday Shopping Season, up from 60 in 2009. Many of these were in former KB Toys spaces of roughly 4,000 sf. We expect at least 10% of these pop-up locations may become permanent Toys R Us Express stores. They also want to convert as many as 70% of their existing nearly 1,400 locations into 55,000 to 70,000 sf Superstores with Toys R Us/Babies R Us combos.	3,000 to 5,000 sf (pop-ups); 20,000 to 40,000 sf	Multiple US Markets
Tractor Supply	Tractor Supply has plans for at least 75 new stores in 2011.	15,000 to 18,000 sf	Multiple US Markets
Trader Joe's	Trader Joe's has two Kansas City area stores on tap for 2011 and is also expanding in the NYC market. Our sources tell us to expect at least 20 new stores in 2011.	10,000 to 18,000 sf	Multiple US Markets; Midwest; Eastern US
True Religion Brand Jeans	True Religion wants to open as many as 50 new stores in 2011.	2,500 to 3,000 sf	Multiple US Markets
True Value Hardware	True Value looks to continue to expand in 2011, primarily in rural markets. They opened, relocated or remodeled just over 100 stores in 2010 and we expect them to keep roughly the same pace in 2011.	8,000 sf	Multiple US Rural Markets
Tuesday Morning	Tuesday Morning is looking for expansion opportunities within its existing marketplaces over the next 18 months. Growth plans have not been released, but we expect at least five to ten new units in this time frame.	8,000 to 10,000 sf	Multiple US Markets

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“Walmart is expanding aggressively across a wide variety of formats. In addition to Supercentre they are also expanding medium & smaller format grocery concept. Look for as many as 400 new North American stores over the next couple of years.”

U

V

W

Chain	Planned Units	Footprint	Regions
Tutoring Club	Tutoring Club is looking to expand in 2011, though numbers have not been released. The chain is looking to break into the Denver and Birmingham markets, our sources tell us to expect at least five new units.	1,000 to 1,500 sf	Multiple US Markets
ULTA	ULTA currently has 60 new stores planned for 2011 and 80 on tap for 2012.	10,000 sf	Multiple US Markets
Ultimate Electronics	Electronics chain was looking to add units in 2011, but the recent bankruptcy filing of its parent company will likely mean the chain will be closing, not opening, stores in 2011.	28,000 to 40,000 sf	Multiple US Markets
Under Armour	Under Armour has plans for as many as 19 new stores in 2011.	4,000 to 4,500 sf	Multiple US Markets
Uniqlo	Plans on as many as 200 new US Stores through 2020.	3,000 to 7,000 sf	Multiple US Markets
Urban Outfitters/ Anthropologie/ Free People/new bridal concept	Urban Outfitters has plans to open as many as 45 stores over the next year. This includes Free People and Anthropologie openings. Ultimately the chain would like to grow from current levels of about 140 stores to 250. They will also be aggressive with the rollout of their new bridal concept over the next 24 months.	8,000 to 15,000 sf	Multiple US Markets
U.S. Cellular	Plans call for as many as 30 new stores in 2011.	1,500 to 3,500 sf	Multiple US Markets
Vallarta Supermarkets	Regional ethnic grocery player Vallarta opened three new stores in 2010 and we expect 2011 growth to likely surpass this level. We expect as many as five new stores.	40,000 to 45,000 sf	California
Vera Bradley	This chain has plans for as many as 16 new stores in 2011.	2,000 to 4,000 sf	Multiple US Markets
Verizon Wireless	Has typically opened 100+ stores annually in recent years via franchise growth. We expect 2011 totals to top 125.	2,500 to 5,000 sf	Multiple US Markets
V.I.M.	We expect this chain to add as many as three units in the next 18 months.	10,000 sf	NJ, NY
Vitamin Shoppe, The	Vitamin Shoppe is looking to open as many as 52 new stores in 2011.	1,500 to 2,500 sf	Multiple US Markets
Von Maur Department Stores	Two new stores for 2011.	60,000 sf+	Atlanta
Walgreen's	Following the breakneck pace of last year when they opened nearly 300 new stores and also added 258 units from Duane Reade into the mix, Walgreen's is looking to slow growth somewhat in 2011. Still, our sources are telling us that this means a minimum of 200 new units and possibly more.	15,000 sf	Multiple US Markets
Walmart	Up to 400 new stores throughout North America over next 30 months. Walmart's smaller concept Neighborhood Market (+/- 20,000 sf) should see a minimum of 40 openings in 2011, with an even bigger push in 2012. At the same time, the chain is looking at opening as many as 50 new Supercenters this year. It also remains opportunistic in terms of acquiring second-generation space. They have acquired a number of former Mervyn's spaces on the West Coast where they will be launching 80,000 sf grocery only stores.	10,000 to 150,000 sf	Multiple US Markets

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Chain	Planned Units	Footprint	Regions
Wash & Tan	This chain is looking to grow in 2011, though growth targets have not been released. We expect as many as five new units over the next 24 months.	3,000 to 5,000 sf	Multiple US Markets
Walt's Food Center	This regional grocer is looking to expand in Illinois in 2011. We expect two to three new units over the next 24 months.	45,000 to 55,000 sf	Illinois
Wegmans	Regional grocery player Wegmans is looking to expand in 2011, though growth projections have not been released. We expect as many as four or five new units over the next 18 to 24 months.	120,000 to 140,000 sf	Eastern US
Wet Seal	The Wet Seal has plans to open 60 new stores in 2011.	3,900 to 6,000 sf	Multiple US Markets
White House/Black Market	WH/BM would like to eventually double in size to about 475 full-line stores and 125 outlets. We expect a minimum of 30 new units in the next 18 months.	3,300 sf	Multiple US Markets
Whole Foods	Whole Foods will open at least 17 new stores in 2011, but this number may go up. The chain has a pipeline approaching 50 units through 2013.	25,000 to 45,000 sf	Multiple US Markets
Williams-Sonoma/Pottery Barn/West Elm	Williams-Sonoma only opened four new stores in 2010 across most of its divisions (Pottery Barn accounted for most growth). The chain remains in conservative growth mode, closing under performers while opening only a handful of stores.	10,000 to 20,000 sf	Multiple US Markets
Winco Foods	Winco is looking to expand throughout the Western US in the coming year. Total growth numbers have not yet been shared, but our sources tell us there could be as many as 10 new stores in the next 24 months.	90,000 to 100,000 sf	Western US
Winn-Dixie	Winn-Dixie will put its emphasis on remodels in 2011, with at least 22 on tap for the coming year. That being said, the chain would also like open five new stores.	55,000 to 75,000 sf	Southern US
Wonder! Stores	Wonder! saw two new stores open in 2010 and had as many as three more on tap for 2011. By year's end we would not be surprised to see four or five new units. Ultimately the chain wants 19 superstores in the next five years.	135,000 sf	Midwest
X XSport Fitness	Plans call for at least two new units in the greater New York area over next 18 months, but our sources tell us this number could increase.	40,000 to 50,000 sf	CT, NJ, NY
Y Yankee Candle Company	Yankee Candle would like to open as many as 30 stores in 2011.	1,500 to 1,700 sf	Multiple US Markets
Z Zara	Zara just opened its 50 th US store in December 2010. Though 2011 growth numbers have not yet been released, we expect the Spanish retailer to keep a similar pace in 2011. Expect at least ten and as many as 20 new units.	3,000 to 5,000 sf	Multiple US Markets
Ziggy's	This home improvement chain will likely add at least one new store in 2011; possibly two over the next 18 months.	45,000 to 110,000 sf	Pacific Northwest
Zoo Health	Zoo is a regional health club player who would like to reach the ten unit per year growth level.	6,000 to 8,000 sf	Midwest; Southern US
Zumiez	This skate shop chain would like to open as many as 30 new stores in 2011.	2,500 to 4,000 sf	Multiple US Markets

Restaurant



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“Baskin-Robbins is looking to add as many as 60 standalone units and 100 co-branded (with Dunkin Donuts) stores in 2011.”

A

Chain	Planned Units	Footprint	Regions
A&W/Yum	Most A&W growth has been franchise driven. Because of Yum's pending (as of 1/2011) plans to sell the chain, growth plans for 2011 are currently unclear.	2,500 to 3,500 sf	Multiple US Markets
Abbott's Frozen Custard	Abbott's is looking to grow in the Eastern US in 2011, primarily via franchisees. We expect as many as five new units this year.	700 to 1,000 sf	Eastern US
Arby's/Wendy's	Arby's is looking for space in a number of markets, however, its current status of being for sale somewhat clouds overall growth projections for 2011. A new buyer could significantly ramp up expansion or go the other way—trimming under performing locations. Still, we expect at least 25 new units this year.. but that is a gross—not net—total.	2,500 to 3,500 sf	Multiple US Markets
Au Bon Pain	Casual bakery/café concept is in the middle of a rollout in the Washington DC market that should add at least three stores there. Our sources tell us that national growth should be at least seven units in the next 18 months.	2,200 to 3,000 sf	Multiple US Markets
Auntie Anne's	Most growth has been franchise driven. We expect at least 50 new units in 2011, but this is an estimate.	450 to 600 sf	Multiple US Markets
Baker's Street Pub & Grill	Pub chain is looking to grow in 2011—likely to add as many as three units in coming year.	6,000 to 7,000 sf	Florida
Banna Strow's	This crepe concept is looking to grow by as many as 20 units in 2011. Ultimately, they would like to see franchisee growth help them reach the 125-unit level by 2015.	140 to 800 sf	Multiple US Markets
Baskin-Robbins	Baskin would like to see as many as 60 new units in 2011 for solo units and as many as 100 co-branded Dunkin Donuts co-branded units in 2011.	800 to 2,400 sf	Multiple US Markets
Bd's Mongolian Grill	Bd's is looking to grow aggressively in 2011 via franchise growth with a number of new markets on their expansion list. Our sources tell us they could add as many as 25 new restaurants over the next 18 months.	5,500 to 6,500 sf	Multiple US Markets
Between Rounds Sandwich Café	This regional player is looking to grow by at least a couple of units, possibly more, over the next 18 months.	2,500 to 3,000 sf	New England
BJ's Brewhouse	As many as 13 new restaurants in 2011.	6,000 to 10,000 sf	Multiple US Markets
Blaze Modern BBQ/White Castle	New BBQ concept from White Castle. Numbers have not been released, but we expect at least eight units in 2011.	2,000 to 3,500 sf	Midwest
Bob Evans/Mimi's Café	Bob Evans will open at least two new units in the first half of 2011, but no other numbers have been released. Our guess is that they will open at least five throughout the year. Meanwhile, Mimi's Café also has not released growth plans, but we suspect they will keep pace with last year's two new units.	5,000 to 6,000 sf	Multiple US Markets

B

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“Chick Fil-A will add as many as 80 new restaurants in 2011.”

Chain	Planned Units	Footprint	Regions
Bojangles Chicken n Biscuits	Bojangles long-term plan is to add as many as 1,000 new restaurants in existing markets before looking to branch into new territories. The chain opened about 44 new stores in 2010. We expect them to surpass 50 in 2011.	2,000 to 3,800 sf	Southern US
Bravo Rio Restaurants/ Brio Tuscan Grill/ Bravo! Cucina Italiano/Bon Vie Bistro	Bravo Rio may open as many as ten new restaurants in 2011. After that, the chain wants to open as many as 50 units annually across all of its concepts.	4,000 to 8,500 sf	Multiple US Markets
Brothers Bar & Grill	Chain is looking to expand over the next 18 months. We estimate at least five new units in that time frame.	6,000 to 8,000 sf	Midwest, Southwest
Bruegger's	Bruegger's is looking to open a minimum of 25 new stores in 2011, though this number may reach as high as 35.	1,500 to 2,500 sf	Eastern US, Midwest
Bruster's Real Ice Cream	Bruster's is looking to expand via franchisees in a number of markets. We expect the chain to likely achieve expansion in the 20-unit range in 2011.	1,200 sf	East of the Rockies
Buffalo Wild Wings	A minimum of 19 Florida and Michigan locations through 2017. That being said, they added about 70 total units last year and we expect as many as 100 in 2011.	4,000 to 7,000 sf	Multiple US Markets
Buffalo Wings & Rings	This chain opened about 10 new units in 2010 and should see about 15 in 2011.	4,500 to 5,500 sf	Midwest, Southern US
Burger King	Most growth has been franchise driven. We expect at least 100 new units in 2011, but this is an estimate.	2,500 to 3,500 sf	Multiple US Markets
California Tortilla	At least 10 new locations in 2011.	2,000 to 3,500 sf	Eastern US
California Pizza Kitchen	Plans on strong franchise driven growth in multiple markets—at least 35 new units in the mid-Atlantic region alone over the next eight years. We expect CPK to add at least 20 units nationally in 2011.	3,000 to 5,000 sf	Multiple US Markets
Charley's Grilled Subs	Plans for as many as 100 franchised locations in 2011.	2,000 to 3,500 sf	Multiple US Markets
Checkers/Rally's	Checker's and Rally's recently has been expanding in New York City and has development deals in the works with franchisees in Atlanta, Baltimore, Chicago, Detroit, Philadelphia and a few other markets. We expect at least 125 new units in 2011.	1,000 sf to 1,500 sf kiosks with dual drive-thru window capability.	Multiple US Markets
Cheeburger Cheeburger	As many as 12 new units through July 2011.	2,000 to 3,500 sf	Multiple US Markets
Chick-fil-A	We expect between 75 and 80 new units in 2011. The chain is currently ramping up growth in Chicago (as many as 14 locations through 2015) and Washington DC (two new stores in 2011) and will reportedly ramp up expansion in St. Louis as well.	2,500 to 3,500 sf	Multiple US Markets
Chipotle	We expect as many as 130 new Chipotle locations in 2011. The chain recently arrived in Memphis with plans for eight stores there over next three years.	1,700 to 3,200 sf	Multiple US Markets

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Chain	Planned Units	Footprint	Regions
Chipotle's new fast casual Asian concept	The name of this concept and growth plans have not yet been released, however, we would be surprised if Chipotle does not add at least 100 of these into the mix over the next 24 months.	1,700 to 3,200 sf	Multiple US Markets
Church's Chicken	Numbers have not been released for Church's, but we expect at least ten new units in 2011.	1,200 to 2,000 sf	Multiple US Markets
Coffee Bean & Tea Leaf	Looking to grow in Southern California by as many as ten units in the next 18 months.	1,000 to 1,600 sf	Southern California
Cold Stone Creamery	Cold Stone will try to keep a pace of 100 new stores in 2011 and 2012.	1,200 sf	Multiple US Markets
Corner Bakery Café	We expect as many as 20 units throughout 2011. The chain is currently pushing into New Jersey with plans for as many as 35 new units there through 2018. In Texas alone it is planning on 50 stores over the next eight years.	2,000 to 3,500 sf	Multiple US Markets
Cracker Barrel	Cracker Barrel opened six units last year and reportedly wants to boost that number in 2011, though no numbers have been released. We expect the chain will likely add at least seven units in 2011.	10,000 sf	Multiple US Markets excluding West Coast
Crumbs	This NYC-based cupcake concept is looking to aggressively grow and hopes to open as many as 200 units in the next three years.	1,000 to 2,000 sf	Multiple US Markets
D Dairy Queen/Orange Julius	DQ/Orange Julius will continue to grow via franchisees in 2011. We expect at least 40 new units.	800 to 1,800 sf	Multiple US Markets
D'Angelo Grilled Sandwiches	Plans call for at least ten new stores over the next 18 months. However, their multi-year goal is to add as many as 200 new locations in the next five years, so this number may skyrocket in 2011 if their franchising efforts are successful.	1,500 sf	East Coast
Darden/Capital Grille/Longhorn Steakhouse/Olive Garden/Red Lobster	Darden opened 63 restaurants in 2010. We expect as many as 70 in 2011. The chain recently unveiled a co-branded Olive Garden/Red Lobster template that they are testing in Florida. Capital Grille is looking to open at least four new units in 2011.	6,000 to 9,000 sf	Multiple US Markets
Deckers/White Castle	Deckers is White Castle's new deli concept. No plans have been announced yet, but initial rollout begins this year. We expect at least eight new units in 2011.	2,000 to 3,000 sf	Midwest
Denny's/Denny's Cafe	Denny's has 111 projected openings on the board for 2011, however, 80 of these will be within Flying J Travel Centers. The chain also has a new smaller format concept, Denny's Café, that could see as many as 1,500 locations over the next decade.	4,000 to 6,000 sf	Multiple US Markets
Dickey's BBQ Pit	Likely to add as many as 20 new stores over the next three years.	2,000 to 3,000 sf	Eastern US; Southern US
Dinosaur Bar-BQ	We are told that Dinosaur is in the market for at least two new locations in 2011; either in the Boston or greater NYC markets.	5,000 to 10,000 sf	Eastern US
Dixie Lee Chicken & Seafood	Plans call for 15 new units over the next 18 months. Growth will include some domestic and international sites.	2,000 sf	Multiple US Markets
Domino's	Domino's actually closed more US locations than it opened last year. Most of the chain's growth has been focused overseas. That being said, we do expect their domestic unit counts to increase in 2011... likely by at least 20.	1,200 to 1,400 sf	Multiple US Markets

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“Freebirds World Burrito is on tap to add at least 20 units in 2011.”

Chain	Planned Units	Footprint	Regions
Dunkin Donuts	Franchise growth is typically above 500 units worldwide each year. We expect DD to open at least 350 U.S. units in 2011.	800 to 2,000 sf	Multiple US Markets
Dunn Brothers Coffee	Chain is looking to grow over next 18 months—primarily through franchisees. We expect at least five new units.	1,200 to 1,800 sf	Central US
Eat N’Park Restaurants	Looking to add two units in 2011.	6,500 sf	Pennsylvania
Einstein Brothers Bagels	Einstein is currently pushing into the Chicago market with five new locations through 2015. Nationally, we expect at least 15 to 20 units in 2011.	2,000 to 3,000 sf	Multiple US Markets
El Pollo Loco	El Pollo Loco only opened about five new stores—all in California—in 2010. We expect this number to at least double in 2011.	1,800 to 2,800 sf	Western US
Energy Kitchen	Energy is pushing into the New York market with plans for three restaurants over the next 18 months. Throughout the US, the chain has plans for as many as 50 new units in 2011.	2,000 to 3,000 sf	Multiple US Markets
Family Buffet Restaurants	This regional chain is looking to expand over the next 18 months. Numbers have not been released, but our sources tell us they may be looking to add as many as three units.	6,500 to 12,000 sf	New England
Famous Dave’s of America	Famous Dave’s will likely see at least ten to 15 new units in 2011.	2,000 to 3,000 sf	Eastern US
Fatburger	Fatburger is planning on as many as 40 new units in 2011.	2,000 to 3,000 sf	Multiple US Markets
Fazoli’s	Fazoli’s continues to target the Midwest for growth. Expansion projections have not been released, but our sources tell us to expect as many as ten units over the next 24 months.	2,000 to 4,000 sf	Midwest
Firehouse Subs	Firehouse is likely to open at least 70 new units in 2011. The chain recently inked a franchise deal that could add as many as 30 units to the Tampa Bay market over the next five years.	1,500 to 2,000 sf	Multiple US Markets
Five Guys Burgers & Fries	Five Guys opened more than 200 units in 2010 and we expect 2011 growth to likely be around 225 units.	2,500 sf	Multiple US Markets
Flamer’s Burgers & Chicken	Chain is looking to grow over the next 18 months—primarily via franchisees. We expect as many as five new units over the next couple of years.	600 to 1,200 sf	East of the Rockies
Fresh Choice	This chain has not grown much in recent years, but our sources tell us that 2011 may see some minimal expansion... perhaps as many as five units over the next 18 months	10,000 sf	California
Freebirds World Burrito	Freebirds is planning on at least 20 units in 2011. 16 will be in California.	1,800 to 3,500 sf	Multiple US Markets, but California and Texas lead the way
Friendly’s/ Friendly’s Express	Friendly’s has plans for at least eight new units in 2011, but our sources tell us this number could go higher.	2,500 sf	Eastern US
Fresh-A-Peel/ Pollo Campero	This new Pollo Campero concept is likely to add at least ten units through 2013.	1,500 to 2,500 sf	Florida, Southwest... markets with strong Hispanic demographics

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“In-N-Out Burger has expanded to Texas and should add at least 15 units in 2011. This number could skyrocket if rumors are true that the company may go public.”

Chain	Planned Units	Footprint	Regions
G	Garbanzo Mediterranean Grill	We expect as many as ten new units.	2,500 to 3,500 sf Multiple US Markets
	Genghis Grill	Genghis is hoping to open 100 new restaurants in 2011.	3,200 to 6,000 sf Southern US, Southwest
	Gigi's Cupcakes	Likely to add at least ten units in 2011.	1,000 to 2,000 sf East of the Rockies
	Golden Chick	Numbers have not been released for Golden Chick, but we expect a likely addition of at least five units over the next 18 months in existing markets.	2,000 sf Texas; Southern US
	Gott's Roadside	Gott's, formerly known as Taylor's Refresher, is looking to grow by as many as four units over the next 24 months.	2,000 to 3,000 sf Northern California
H	Haagen-Dazs	Look for as many as 25 openings in 2011.	500 to 1,200 sf Multiple US Markets
	Habit Burger	Chain is currently expanding in Northern California with plans for multiple units.	1,500 to 2,200 sf Northern California
	Happy Joe's Pizza & Ice Cream	Chain is looking to expand over the next 18 months. Though numbers have not been disclosed, we expect at least five new units during this time frame.	1,500 to 5,000 sf Midwest
	Hook Burger Bistro	New concept from founders of The Habit Burger. Likely to add ten units over next 24 months.	2,000 to 3,000 sf California
	Hooters	Looking to add as many as 400 new units over the next five years. About 100 of these will be in the US.	4,000 to 6,000 sf Multiple US Markets
	Huddle House	Huddle House growth is primarily franchisee driven. Last year it opened its first drive-thru concept and also has a larger footprint available. No numbers have been released, but we expect this chain to add between five and ten units in 2011.	1,800 to 2,100 sf Southern US
	HuHot Mongolian Grill	Is exploring new smaller concept, HuHot Express, which could add as many as 20 units over the next 24 months. At least 11 new restaurants are on tap for 2011.	5,500 to 6,000 sf Central US
	Hungry Howie's Pizza	Plans on as many as 45 new units over the next three years.	1,500 to 2,500 sf Southern US
	Hurricane Grill & Wings	Hurricane wants to add 26 units in 2011.	1,200 to 1,800 sf Multiple US Markets
	Ichiban Japan/ Fuji Express/ Wynn's	These sister concepts are looking to grow, though our sources tell us most of this will be in the Nashville market. Expect as many as three new units in the next 18 months	500 to 3,000 sf Nashville
I	IHOP	Franchise-driven growth in 2011 is likely to exceed 50 units. The chain has averaged 60 to 70 openings annually in recent years and should meet that pace this year.	5,000 sf Multiple US Markets
	In-N-Out Burger	We estimate as many as 15 new units in 2011. However, there are rumors that In-N-Out may go public. Were this to happen, we expect growth plans to increase exponentially. Chain recently expanded to Texas where as many as ten units will be added through 2012.	2,500 to 3,500 sf Western US
	Islands	Islands is looking for growth opportunities in California over the next 18 months. We expect as many as three to five new units.	5,000 to 6,000 sf Western US

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Chain	Planned Units	Footprint	Regions
J Jack in the Box	Growth plans have not been released.	2,000 to 3,500 sf	Multiple US Markets
Jersey Mike's Subs	Jersey Mike's is planning on expanding in Texas in 2011. We estimate between five and ten new units.	1,500 to 2,500 sf	Texas
Jimmy John's	Franchise growth ahead for this chain. We expect at least 30 new units in 2011, but this number could be low if the chain's efforts pay off.	1,000 to 2,000 sf	Eastern US
Juice It Up	This franchise driven chain would like to open at least ten new units in the distant future.	800 to 1,200 sf	Multiple US Markets
K Kentucky Fried Chicken/Yum	All Yum concepts are currently focusing the lion's share of their growth in Asia, however, there will likely be at least 100 new franchise units this year. That being said, the chain only opened about 11 new US stores in 2010. We expect at least 20 new units in 2011.	1,500 to 3,500 sf	Multiple US Markets
Kolache Factory	Would like to expand over the next 18 months. Numbers were not available as this report went to press. We expect minimum of three units.	1,600 to 1,800 sf	Central US
Krispy Kreme	Krispy Kreme had been in consolidation mode until last year when the chain closed with about 50 new stores. We expect at least as many over the next 18 months via a mix of franchisees and company-owned stores.	1,000 to 2,400 sf	Multiple US Markets
Krispy Krunchy Chicken	Likely to add as many as 20 units in 2011.	2,000 to 3,500 sf	Midwest, Southern US
L LaRosa's	LaRosa's is looking to add as many as ten units over the next 18 months.	1,200 to 5,800 sf	Eastern US
Laughing Noodle/White Castle	This new Asian concept from White Castle has yet to announce growth plans, but we expect as many as ten units in 2011.	2,000 to 3,500 sf	Midwest
Lee's Hoagie House	Looking for multiple locations over the next 18 months—we expect at least five new units in the next couple of years.	1,200 to 1,800 sf	Mid-Atlantic states
Legal Sea Foods	Looking for multiple locations over the next 18 months—we expect as many as five new units.	4,500 to 8,000 sf	Eastern and Southern US
Little Caesar's	Chain typically grows via franchisees. They are currently on an expansion push in the Boston area with hopes of opening as many as ten stores in the next two years. We expect national growth to be no less than 100 new units in 2011.	1,100 to 2,000 sf	Multiple US Markets
Long John Silver's/Yum	Most growth has been franchise driven. Because of Yum's pending (as of 1/2011) plans to sell the chain, growth plans for 2011 are currently unclear.	1,500 to 3,500 sf	Multiple US Markets
M Mamma Ilardo's Pizzeria	Looking for multiple locations over the next 18 months—we expect at least five new units.	400 to 1,900 sf	DC, MD, NV
Marco's Pizza	Chain wants to grow via franchisees by as many as 1,000 units over the next seven years. They should open a minimum of 75 new stores in 2011.	1,500 sf	Multiple US Markets
Marvelous Market	This deli and bakery concept is looking to grow over the next 18 months. We expect at least a couple of new units.	1,000 to 2,000 sf	Washington DC
McAlister's Deli	Chain could open as many as 25 units in the next year.	1,200 to 2,800 sf	South, Midwest, Northeast

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“Macro’s’s Pizza should add at least 75 units in 2011.”

Chain	Planned Units	Footprint	Regions
Menchie's Frozen Yogurt	Menchie's growth is primarily franchise driven. We expect at least five and possibly as many as ten new units from them in 2011. Our sources tell us that though the chain is looking to expand throughout the US, much of this year's growth may be in the Southeastern states.	900 to 1,800 sf	Multiple US Markets; Southeast US
Moe's Southwest Grill	Moe's is looking to add as many as nine new units in Boston alone over the next two years. Another franchisee is on board in Connecticut to open as many as 12 units over the next few years. In St. Louis, as many as 15 are slated for delivery over the next few years. Total 2011 growth projections were not available, but we expect as many as 45 new units.	2,000 to 3,000 sf	Multiple US Markets
Mooyah Burger	Mooyah is planning on as many as 50 new units over the next three years.	2,000 to 3,000 sf	South Central US
Muscle Maker Grill	Muscle Maker recently inked a five unit franchisee deal for the San Francisco Bay Area. They also continue to expand in other markets. We expect at least ten to 15 new units in the next 18 to 24 months.	2,00 to 3,000 sf	Multiple US Markets
NakedPizza	Naked wants to open as many as 27 units in 2011.	2,000 to 3,200 sf	Multiple US Markets
Nespresso	This chain would eventually like to grow from its current size of 13 units to about 30.	1,000 to 2,000 sf	Eastern US
Niko Niko	This 20-unit Southern California regional Japanese chain is looking to grow in the months ahead. We expect as many as three new units in the next 18 months.	1,700 to 3,200 sf	Southern California
Noodles & Company	Noodles & Company is in aggressive growth mode. We do not have official growth projections, but expect as many as 30 new units from this chain.	2,000 to 4,000 sf	Multiple US Markets
Olga's Kitchen	This chain is looking to enter nine markets in 2011 as part of a plan to open more than 100 restaurants over the next five years. We expect at least 20 new units in 2011.	2,000 to 3,500 sf	Eastern US; Midwest
Original Soupman	This chain is looking for as many as ten new units in 2011.	1,200 sf	Eastern US
Paisano's Pizza	Likely to add as many as 50 units over next five years.	2,000 to 3,200 sf	Eastern US
Pancho's Mexican Grill	Pancho's is likely to open between four and six new units in 2011.	2,000 to 3,200 sf	Midwest
Panda Express	Panda is planning on adding 950 units through 2015. At least 100 units in 2011.	1,800 to 2,700 sf	Multiple US Markets
Panera	Panera is planning on at least 100 new units in 2011.	2,500 to 4,500 sf	Multiple US Markets
Papa John's Pizza	Papa John's wants to open as many as 120 new stores annually for both 2011 and 2012. The chain primarily grows via its franchising efforts.	800 to 1,500 sf	Multiple US Markets
Papa Murphy's Pizza	Papa Murphy's is planning on at least 150 new units for 2011 and as many as 200 for 2012. The chain primarily expands via its franchising efforts.	1,200 to 1,400 sf	Multiple US Markets
Paxti's Chicago Pizza	Looking at as many as five new units through midyear 2012.	2,000 to 3,500 sf	California
Pei Wei/PF Chang's	Pei Wei is looking to add as many as 18 units in 2011.	2,800 to 3,200 sf	Multiple US Markets

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“Pinkberry will likely add at least 100 new stores this year.”

Chain	Planned Units	Footprint	Regions
Penn Station East Coast Subs	Looking to add as many as 100 units through 2013.	1,500 to 2,500 sf	Chain is focusing on Midwest growth initially, but plans national push soon
Pinkberry	Pinkberry would like to hit as many as 100 new stores in 2011.	1,000 to 1,200 sf	Multiple US Markets
Pita Jungle	At least four, possibly more, in 2011	1,500 to 3,000	Arizona, Southern California
Pizza Hut/Yum	All Yum concepts are currently focusing the lion's share of their growth in Asia, however, there will likely be at least 100 new franchise units in the US this year.	1,500 to 3,500 sf	Multiple US Markets
Pizza Inn	We expect as many as 20 new units in 2011.	2,100 to 4,500 sf	Southern US
Pizza Patron	We expect as many as ten new units in 2010. The chain recently inked a deal with a franchisee that could bring as many as 11 units to San Diego over the next three years.	2,000 to 3,500 sf	Western US
Pluckers	Pluckers is another wing chain on an expansion bent. The chain could add as many as five new units over the next 18 months	6,500 sf	Texas
Pollo Campero	This chain continues to focus most of its growth internationally, though we would not be surprised to see at least 10 new US units in 2011.	1,800 to 2,200 sf	Multiple US Markets
Popeye's	Popeye's is pushing into the Philadelphia metro as well as a handful of others. The chain opened about 120 new units in 2010 and we expect them to match or beat those numbers in 2011. Look for as many as 130 new Popeye's in 2011.	1,000 to 2,200 sf	Multiple US Markets
Pret-A-Manger	We expect between five and ten new units in 2011. Chain recently began a push in the DC market.	2,000 to 3,500 sf	Eastern US
Qdoba Mexican Grill	Likely to add at least 25 units in 2011. The chain is looking to aggressively grow in the mid-Atlantic states.	2,000 to 3,000 sf	Multiple US Markets
Quaker Steak N Lube	Quaker plans on opening as many as ten new units through July 2011.	5,000 to 8,000 sf	Eastern US
Quizno's	Quizno's wants to see as many as 600 new units in 2011. The chain grows via franchisees so whether they reach that number is questionable, but they are aggressively looking to recruit.	1,200 to 1,600 sf	Multiple US Markets
Red Mango	Red Mango's plans call for at least 100 new units in just 2011. That number may increase in 2012.	1,000 to 1,500 sf	Multiple US Markets
Red Robin	We expect ten to 15 new units	4,000 to 6,000 sf	Multiple US Markets; push in Florida and New Jersey
Robeks Smoothies	Robeks will open as many as 25 new units over the next 24 months.	800 to 1,000 sf	Multiple US Markets
Rock On	As many as ten units planned through 2014	2,000 to 4,000 sf	Midwest
Rojo Mexican Bistro	As many as five new units over next 24 months	2,000 to 4,000 sf	Michigan

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Chain	Planned Units	Footprint	Regions
Rubio's Fresh Mexican Grill	Rubio's will likely open around ten new locations in 2011.	2,000 to 3,000 sf	Western US
Ruby Tuesday/ Lime Fresh Mexican Grill	Most of Ruby Tuesday's growth will be via its new fresh Mex concept, Lime Fresh. Lime Fresh is looking to open 12 new units through 2012.	1,800 to 2,800 sf	Multiple US Markets
Saladworks	Likely to see at least 25 new units in 2011.	2,000 to 4,000 sf	CA, CT, DC, MD, NC, TX
Sbarro	Sbarro will likely open at least 80 new stores in 2011, though the chain continues to close under performers.	750 sf	Multiple US Markets
Seattle's Best Coffee	Chain expected to add as many as 20 units in 2011. Recently began push in Chicago market.	1,500 to 2,500 sf	Multiple US Markets
Sensebowl	New fast Asian concept growing in NYC with as many as six locations in Manhattan planned for next 24 months.	2,000 to 4,000 sf	New York City
Shane's Rib Shack	Plans on as many as 50 new units over next three years.	2,000 to 4,000 sf	Southeast US
Shari's Restaurants	Shari's is looking to expand in existing markets over the next 18 months. Unit counts have not been disclosed, but we expect at least three to four new restaurants in the near future.	4,900 sf	Western US
Smashburger	Smashburger is likely to open well over 100 units in 2011. Plans include up to 12 each in St. Louis and Southern Ohio (over next 24 months), as many as 40 in Chicago (over next six years) and as many as three in Brooklyn.	2,000 to 4,000 sf	Multiple US Markets
SoGreen Yogurt	This new player (just three units in CA and NJ) is looking to rapidly grow in 2011. They hope to add 18 units in 18 months.	500 to 1,000 sf	Multiple US Markets
Sonic	Sonic would like to open as many as 85 new units in 2011.	1,500 to 1,700 sf	Multiple US Markets; New England
Souplantation/ Sweet Tomatoes	These sister chains want to grow by as many as ten locations annually over the next couple of years. Souplantation has a new Express model that should account for at least four of those units.	4,500 to 7,000 sf	Western US
Squeeze USA	Squeeze is looking to grow via franchisees. We expect there could be as many as five new units in the next 18 to 24 months.	800 to 1,600 sf	Southern California
Starbucks	Starbucks is back in expansion mode with at least 500 global and 100 US locations in the works for 2011.	1,500 to 4,000 sf	Multiple US Markets
Straw Hat Pizza	Straw Hat is growing primarily through franchisees, but has seven units slated for 1 st Qtr 2011 openings. We think the chain could see as many as 15 units through the entire year—mostly in California.	2,000 to 4,000 sf	Western US
Subway	Subway's typical annual franchise growth exceeds 700 units. We expect the same for 2011. Their hope is for 2,500 new units worldwide, but they are heavily dependent on franchise growth to reach their goals.	1,500 to 2,500 sf	Multiple US Markets
Sunshine Moon Peking Pub	New concept from the creator of PF Chang. This concept is likely to add as many as 10 units over the next 24 months.	4,000 to 6,000 sf	Western US
Suparossa Ristorante Italiano & Pizzeria	This Chicago based chain is looking to expand by as many as a couple of units or more in the next 18 months.	2,500 to 3,500 sf	Chicago

“Smashburger should add a minimum of 100 units in 2011.”



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“English noodle concept Wagamama plans on adding as many as 650 new US units over the next five years.”

T

Chain	Planned Units	Footprint	Regions
Taco Bell/Yum	All Yum concepts are currently focusing the lion's share of their growth in Asia, however, there will likely be at least 100 new franchise units in the US this year.	3,000 sf	Multiple US Markets
Taziki's Mediterranean Grill	Looking to open as many as five new units over next 18 months.	2,000 to 3,500 sf	Southeast US
TCBY	TCBY has plans to open as many as 200 of its new self-serve yogurt concepts in 2011. The chain grows primarily via franchisees. The chain also recently inked a deal for 200 units over the next decade with a Texas franchisee.	500 to 1,500 sf	Multiple US Markets
Ted's Montana Grill	Though the chain closed nine under performers in late 2010, it reportedly is looking for new locations in a handful of states. Our estimate is that Ted's opens about five new units at most in 2011.	5,000 to 8,000 sf	Multiple US Markets
Texas Roadhouse	The Roadhouse is looking at opening at least 20 new restaurants in 2011.	4,000 to 6,000 sf	Multiple US Markets
TGI Friday's	TGI typically grows through a mix of franchise and corporate growth. The chain is currently looking to open at least five Southern California units over the next 24 months, but is also active elsewhere. We expect between ten and 15 new units nationally in 2011.	6,500 to 7,700 sf	Multiple US Markets
Tim Horton's	The Canadian donut giant is looking to open as many as 300 units in the US through 2014. This should translate into as many as 60 units in 2011.	1,500 to 2,500 sf	Multiple US Markets, with Northeast and Midwest focus
Togo's	Togo's growth is franchise driven. We expect the chain to add at least 20 new units in the coming year. The chain wants to add as many as 50 units by the end of 2012, mostly in California.	1,500 to 2,500 sf	Western US
Top That! Pizza	Top That recently inked a 200-unit deal with a franchise group for Arkansas, Kansas, Oklahoma and Texas. These will not all come online in 2011, however. We expect at least 25 new units this year, with this number increasing next.	2,000 to 3,000 sf	AR, KS, OK, TX
Tootie Pie	Tootie Pie opened a handful of retail outlets in Texas in 2010. We expect the chain to add as many as five additional units in 2011.	1,500 to 2,500 sf	Texas
Tropical Smoothie Café	This chain wants to open 30 new stores in 2011.	1,200 to 1,500 sf	Midwest; Southern US
Twin Peaks	Twin Peaks is looking to open five new restaurants in 2011.	2,000 to 4,000 sf	AR, MO, OK
Wagamama	This noodle concept from the UK plans on expanding aggressively in the US—650 units expected over the next five years.	2,000 to 3,500 sf	Multiple US Markets
Wawa	Wawa has plans to open between 20 and 25 stores annually over the next three years.	1,800 to 2,600 sf	Multiple US Markets
Wendy's	Plans for 2011 include 20 new corporate stores and 45 new franchise stores in the US. Wendy's will increasingly shift growth plans to foreign markets. The chain has less than 400 units internationally but sees the opportunity for as many as 6,000.	2,500 to 3,500 sf	Multiple US Markets
Which Wich	Which Wich is expanding into the San Francisco Bay area in 2011. Nationally, they are counting on at least 50 new units in 2011.	1,800 to 2,800 sf	Multiple US Markets

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Chain	Planned Units	Footprint	Regions
White Castle	White Castle would like to add as many as nine new units in 2011, not counting new concepts.	2,000 sf	Midwest
Wingstop	This chain hit nearly 70 openings for 2010, look for as many as 90 in 2011. The chain recently inked a deal in the Baltimore market for ten new units in ten years.	1,500 to 1,800 sf	Multiple US Markets; Midwest
Wing Zone	Wing Zone is looking to open at least ten new stores in the next 18 months.	1,000 to 1,400 sf	East Coast, Midwest
WOW! Café	Wow! Wants 20 new units for 2011.	6,000 to 6,500 sf	Multiple US Markets
Y Yogurt Mountain	They added about eight new stores in 2010. We expect 2011 growth to come in at between eight and ten new units.	800 to 1,500 sf	Multiple US Markets
Z Zoup! Fresh Soup Company	Zoup! Wants to open as many as 50 new locations in 2011 and 70 in 2012.	2,000 sf	Multiple US Markets



About ChainLinks

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