

**Alameda Landing  
Urban Decay Analysis  
Summary of Findings**

**Prepared for:**

**Catellus**

**Prepared by:**

**ALH | ECON**

**ALH Urban & Regional Economics**

**November 2011**

November 30, 2011

Steve Buster  
Catellus  
66 Franklin Street, Suite 200  
Oakland, CA 94607

**Re: Alameda Landing Urban Decay Analysis**

Dear Mr. Buster:

ALH Urban & Regional Economics (ALH Economics) is pleased to present this report regarding the urban decay analysis of the planned retail component of Alameda Landing in the City of Alameda, a planned 285,000 square feet retail shopping center. The purpose of this report is to provide an assessment of the potential for the project to cause or contribute to urban decay.

It has been a pleasure working with you on this project. Please let me know if you have any questions or concerns.

Sincerely,



Amy L. Herman, AICP  
Principal

## TABLE OF CONTENTS

I. EXECUTIVE SUMMARY .....	1
INTRODUCTION.....	1
SUMMARY OF FINDINGS.....	1
URBAN DECAY DETERMINATION .....	6
II. INTRODUCTION.....	9
STUDY BACKGROUND .....	9
STUDY TASKS.....	10
STUDY RESOURCES AND REPORT ORGANIZATION .....	10
III. PROJECTED ALAMEDA LANDING SALES.....	12
ALAMEDA LANDING SHOPPING CENTER SHOPPING CENTER DESCRIPTION.....	12
PROJECTED ALAMEDA LANDING SHOPPING CENTER STORES SALES .....	13
IV. MARKET AREA DEFINITION.....	17
APPROACH .....	17
MARKET AREA DESCRIPTION AND BOUNDARIES.....	17
KEY MARKET AREA SHOPPING DISTRICTS .....	18
V. RETAIL SALES BASE CHARACTERIZATION .....	19
METHODOLOGY .....	19
MARKET AREA RETAIL SALES BASE.....	20
RETAIL LEAKAGE AND ATTRACTION FINDINGS .....	21
VI. PROJECT SALES IMPACTS .....	25
APPROACH .....	25
RECAPTURED LEAKAGE POTENTIAL .....	25
ESTIMATED MARKET AREA SALES IMPACTS .....	27
VII. CUMULATIVE PROJECT IMPACTS .....	32
IDENTIFIED RETAIL DEVELOPMENT PROJECTS .....	32
CUMULATIVE PROJECT SALES ESTIMATES AND SALES IMPACTS .....	33
VIII. URBAN DECAY DETERMINATION.....	35
STUDY DEFINITION OF URBAN DECAY.....	35
APPROACH TO DETERMINING URBAN DECAY POTENTIAL.....	35
THE CURRENT ENVIRONMENT .....	35
POTENTIAL FOR URBAN DECAY RESULTING FROM THE PROJECT .....	37
ASSUMPTIONS AND GENERAL LIMITING CONDITIONS.....	40
APPENDIX A: EXHIBITS (Exibits 1 – 23)	
APPENDIX B: SUPPORT EXHIBITS (Exhibits B-1 – B-5)	
APPENDIX C: FIRM INTRODUCTION	

## **APPENDIX A LIST OF EXHIBITS**

- Exhibit 1. Estimated Sales per Square Foot, all Target Stores, in 2010 and 2011 Dollars
- Exhibit 2. Estimated Alameda Landing Sales, in 2010 and 2011 Dollars
- Exhibit 3. Distribution of Target Sales by Retail Category
- Exhibit 4. Estimate of Alameda Landing Store Sales by Category, Sales Generated by Market Area Residents, in 2011 Dollars
- Exhibit 5. Map of Alameda Landing Market Area and Existing Area Target Stores
- Exhibit 6. Household Estimates, Alameda Landing Market Area, 2000 and 2010
- Exhibit 7. City of Alameda Market Area Sales Base, in Current Dollars, Second Half 2009 and First Half 2010
- Exhibit 8. City of Oakland Taxable and Total Sales Estimates and Portion of Oakland Sales in the Alameda Landing Market Area, in Current Dollars, Second Half 2009 and First Half 2010
- Exhibit 9. Alameda Landing Market Area Retail Sales Base, in Current Dollars, Second Half 2009 and First Half 2010
- Exhibit 10. Retail Demand, Sales Attraction, and Spending analysis, City of Alameda, 2010, Dollars in (\$000s)
- Exhibit 11. Retail Demand, Sales Attraction, and Spending analysis, City of Oakland, 2010, Dollars in (\$000s)
- Exhibit 12. Retail Demand, Sales Attraction, and Spending analysis, Alameda Landing Market Area, 2010, dollars in (\$000s)
- Exhibit 13. Time-Adjusted Market Area Retail Sales Base and Sales Attraction/Leakage, 2011 Estimate
- Exhibit 14. Potential Alameda Landing Market Area Sales Impacts, 2011
- Exhibit 15. Planned Residential Developments, City of Alameda, October 2011
- Exhibit 16. Estimated Household Demand for Retail, Alameda Landing Market Area, 2011 Dollars
- Exhibit 17. Cumulative Major Retail Developments (10,000+ Square Feet), Within and Near the Market Area, October 2011

**APPENDIX A**  
**LIST OF EXHIBITS (CONTINUED)**

Exhibit 18. Sales Estimates for Cumulative Projects, in 2011 Dollars

Exhibit 19. Estimate of Cumulative Projects Sales by BOE Category, in 2011 Dollars

Exhibit 20. Potential Sales Impacts from Cumulative Projects, Including Alameda Landing,  
Alameda Landing Market Area, in 2011 Dollars

Exhibit 21. City of Alameda Vacancy Trends, 2006 Through Q3 2011

Exhibit 22. City of Oakland Vacancy Trends, 2006 Through Q3 2011

Exhibit 23. Recent Lease Transactions, City of Alameda, October 2010 to October 2011

**APPENDIX B**  
**LIST OF SUPPORT EXHIBITS**

Exhibit B-1. Market Area Definition, 2000 and 2010 Constituent Census Tracts and City Match

Exhibit B-2. Translation of Claritas Retail Sales Categories to BOE Categories, Portion of Market Area within City of Oakland, in 2010 Constant Dollars (millions)

Exhibit B-3. Translation of Claritas Retail Sales Categories to BOE Categories, City of Oakland, in 2010 Constant Dollars (millions)

Exhibit B-4. Project Market Area Retail Sales within City of Oakland, in 2010 Dollars

Exhibit B-5. Allocations of Unknown Retail Space into BOE Categories by Shopping Center Format

## I. EXECUTIVE SUMMARY

### INTRODUCTION

The purpose of this study is to assess the economic impact and potential for urban decay resulting from the development of the Alameda Landing Retail Shopping Center (referred to as "Project") in Alameda, California. The development site is located west of Mariner Square Loop, between Stargell and Mitchell avenues in Alameda. The site is immediately adjacent to the southern portal of the Webster Street tube connecting Alameda to the City of Oakland.

The 285,000-square-foot development would be anchored by a 140,000-square-foot Target store. Specific additional retail tenants have not yet been identified, but current programming efforts suggest they could include a 30,000-square-foot grocer and a 35,000-square-foot building materials store. Other prospective tenants could include apparel and accessories stores, specialty retail stores, restaurants, furniture and home furnishings stores, specialty food stores, and service retail.

The Project is one component of a larger mixed-use waterfront development project that will include residential and office uses. The Target store is anticipated to open during fall of 2013. Other retailers may locate and open at the center later, such as during 2014 or 2015.

This study estimates the potential impacts of the Project's tenants on existing retailers in the Project's market area and other potentially affected areas, primarily in the form of diverted sales from existing retailers. The study estimates the extent to which the opening of the Project and other cumulative retail projects may or may not contribute to urban decay in the market area pursuant to potential store closures attributable to existing retailer sales diversions.

### SUMMARY OF FINDINGS

#### Project Sales

ALH Economics estimates that stabilized Project sales will total \$92.6 million in 2011 dollars. Of this amount, 90% is estimated to be generated by residents of the Project's market area, equivalent to \$83.4 million in sales. The Project's market area is defined as the City of Alameda plus a narrow band of Oakland, generally defined as east of Highway 980, south of West Grand Avenue and other portions of Oakland west of but not adjacent to Interstate 580, and north of a portion of Fruitvale Avenue and a portion of High Street.

By category of retail sales, taking into account the type of stores a general merchandise retailer like Target competes with, the Project's estimated sales generated by market area residents comprise the following:

- \$20.4 million in food & beverage store sales;
- \$17.1 million in other retail sales;
- \$16.9 million in general merchandise sales;
- \$10.3 million in clothing & clothing accessories;
- \$8.7 million in building materials & garden equipment sales;

- \$6.2 million in home furnishings & appliances sales; and
- \$3.7 million in food services and drinking places (restaurants).

The other retail category is a broad category that includes a wide range of goods, such as office supplies, books, pet supplies, jewelry, and sporting goods.

Stabilized sales are not expected to occur the first year of store operations, but rather the second or third year, which is typical of new retail operations. The longer it takes for the Center to stabilize sales, the less impact there will be on local retailers, due to the effects of new demand. To be conservative, this analysis assumes stabilized sales are achieved in 2011. Accordingly, all dollar figures unless otherwise noted are presented in 2011 dollars.

### **Project Absorption of Retail Sales Leakage**

The Project's market area is estimated to have a \$1.3 billion sales base in 2011, comprised of Alameda sales and a portion of Oakland. Despite this high level of sales, a substantial amount of demand generated by market area residents "leaks" from the market area, meaning that sufficient retail shopping opportunities are not available in the market area to fully capture demand generated by market area residents. This is the case for the market area as a whole, but even more so for the City of Alameda. In Alameda almost all retail categories experience leakage, with the exception of food and beverage sales (i.e., grocery sales). More than 40% of retail demand generated by Alameda residents is estimated to leak to other communities. The market area also has a high degree of leakage, comprising 23.4% of the resident demand, but not in as many retail categories as Alameda.

The enhanced shopping opportunities provided by Alameda Landing will serve to help recapture existing retail leakage. The amount of recaptured leakage will depend upon the nature of the Project's retail opportunities and the complexity of the retail purchase. This study estimates that all of the Project's home furnishings & appliances, building materials & garden equipment, general merchandise, and restaurant sales will be accounted for through recaptured leakage, either from the market area as a whole or just from Alameda residents. This recapture will account for an estimated \$35.5 million of Project sales. Even after the Project's recapture of these sales a great deal of leakage in these categories will persist, with residents still needing to make purchases in these categories outside the market area to meet their needs.

Two other categories of Project sales with noted leakage have the potential for some recapture. These categories include the Project's clothing and other retail sales. Consumers purchase apparel at a wide variety of retailers, meeting the needs of many family members and for a range of purposes. Given the amount of estimated leakage, the study assumes that only a portion of the Project's clothing sales will constitute recaptured leakage, with consumers continuing to make clothing purchases outside the market area to meet a wide variety of needs. The leakage in the Project's other retail sales category is low. Accordingly, only a portion of this retail leakage is assumed to be recaptured. Together, the recaptured leakage in these two categories will account for another estimated \$7.9 million in Project sales.

In total, the analysis assumes that \$43.4 million in Project sales will be achieved through recaptured sales leakage. While this recaptured sales leakage amount translates into new Project

and market area sales, the constituent recaptured sales will still occur to the detriment of other existing retailers. It is difficult to identify which existing retailers outside the market area may experience sales reductions as a result of the Project's recaptured leakage. However, one likely such retailer is Target itself. Target is a very popular retailer, such that market area residents likely already spend a certain portion of their retail dollars at nearby Target stores, including the more established store in San Leandro and the newer store in Emeryville. Much of the recaptured sales leakage is likely to occur to the detriment of these two stores. Therefore, a significant portion of the identified \$43.4 million in recaptured leakage will comprise reduced sales at the San Leandro and Emeryville Target stores, neither of which ALH Economics anticipates will close as a result of Target's decision to locate in Alameda. The other stores outside the market area likely to lose sales as a result of the Project's recaptured leakage are located over a wide area, depending on the nature of the good, and probably include stores in other Oakland locations, San Leandro, Emeryville, Berkeley, and even San Francisco. This is such a widely dispersed area that it is unlikely that any particular store outside the market area would lose sufficient sales directly attributable to the Project resulting in store closure, and thus would not lead to urban decay in this more generalized area.

### **Sales Impacts**

After consideration of out of market area sales and recaptured sales leakage, Alameda Landing has the potential to divert \$40.0 million in sales from existing market area retailers. This sales volume includes all of the Project's anticipated \$20.4 million in food sales generated by market area residents as well as \$5.2 million in clothing sales and \$14.4 million in other retail sales.

**Grocery Stores.** The City of Alameda and the market area are both characterized by food sales attraction. Consequently, the analysis conservatively assumes that any Project food sales generated by market area residents will occur to the detriment of existing food and beverage retailers in the market area. In similar fashion, the portion of clothing and other retail sales generated by market area residents not accounted for through recaptured leakage are also conservatively assumed to be diverted away from existing market area retailers.

The amount of food sales impacts comprises 5.4% of the estimated market area retail sales base. This is a relatively low amount, and if spread across the range of market area food retailers is unlikely to be sufficiently strong enough to cause any particular store to close. This is especially the case given analysis of market area food store performance, which suggests that almost all the food store retailers in Alameda are exceeding industry standard sales volumes. An exception to this above average sales performance is the Safeway on Bay Farm Island and one or two of the city's smaller markets. In addition, the Lucky store nearby in Oakland at Fruitvale Station is also performing below this average level as is the more discount-oriented Smart & Final in Oakland.

Across the markets in Alameda and the Oakland portion of the market area, the average store achieves strong sales performance, with average performance at or above industry standard. This includes the grocery store in closest proximity to Alameda Landing, the Lucky store at Marina Village, as well as the more distant Nob Hill grocery at Bridgeside Shopping Center. While the Marina Village Lucky store is close to Alameda Landing, it is anticipated to be able to withstand the competitive influence of a new grocery store, in large part because that area of the Island is not well-served by grocery stores, future growth is anticipated in this area, and because the Alameda Landing grocery store is more likely to achieve sales from residents in the Oakland portion of the

market area than the Alameda Lucky store given that there is already a Lucky store nearby in Oakland proximate to the Oakland market area residents. In addition, as a mid-sized grocery store, the Alameda Landing store is likely to be more niche-oriented, thereby complementing or appealing to a different customer mix than a more conventional Lucky store. In conclusion, because of the strong sales of most market area grocery stores, especially those most likely to be competitive with a new mid-sized grocery store with a likely specialized niche, ALH Economics does not anticipate that any loss of store sales attributable to the success of the Project's planned food sales will impact any existing food store to the extent to cause store closure.

***Clothing and Other Retail Stores.*** The clothing and other retail sales impacts collectively total \$19.5 million in sales. The identified sales are equivalent to 8.6% of the market area sales base in clothing stores and 6.9% the sales base in other retail. If these sales impacts are concentrated among specific market area retailers, it is possible they might incur a high enough loss in sales to impair operations and ultimately close. This is less likely to occur in the other retail category because these sales impacts are distributed among a wide range of retailers, such as office supplies, pet supply, sporting goods, jewelry, and bookstores; with service and product changes such retailers have been successful in repositioning their stores and increasing sales in other product lines. Therefore, the analysis suggests that some clothing stores may be most susceptible to sales losses and declines sufficient to induce some store closures. However, the \$5.2 million in clothing store impacts is equivalent to less than 13,000 square feet of retail space. This is a very small increment of space, comprising less than 0.5% of the market area's retail inventory, and thus is not anticipated to pose a substantial hardship to the commercial marketplace. Moreover, even with development of Alameda Landing the City of Alameda and the market area as a whole will continue to exhibit retail sales leakage in numerous retail categories. Therefore, any retail vacancies that might occur due to negative sales impacts of Alameda Landing would have the strong potential to be backfilled by new stores positioned to satisfy unmet retail shopping needs.

***Webster Street Impacts.*** While not a retail sales category, the Webster Street shopping area radiates out from the Alameda Landing Project site, and is part of the West Alameda Business District, which also includes businesses on other area streets such as Central Avenue, Main Street, Buena Vista Avenue, and Santa Clara Avenue, among others. The businesses in this area are primarily small, service-oriented businesses, representing a wide range of businesses. The strong service orientation and niche retailing in this area suggests limited competitive overlap with the planned tenant programming at the Alameda Landing Project. Restaurants might comprise the greatest competitive influence; however, the market area's strong leakage in this retail category suggests sufficient demand will exist to support the Project's restaurant spaces as well as the many restaurants on and around Webster Street. Furthermore, the Project is likely to attract national or regional chain restaurants, whereas the restaurants in the Webster Street area are largely independent restaurants, with a clientele seeking a different kind of dining experience. Finally, it is also possible that Alameda Landing will help serve as a catalyst for additional shopping on Webster Street, as shoppers become more familiar with the area and the wide array of available services and shops.

### **Offsetting Effects of Future Growth**

The Target store is assumed to be completed during fall 2013. Other retailers may locate and open at the center later, such as during 2014 or 2015. Thus, prior to the Project opening there will

be the potential for new retail demand to be generated from within the City of Alameda and the market area as a whole pursuant to population growth.

There are several residential developments planned in Alameda, including the residential component of Alameda Landing. Projects that could be developed in the near term have the potential to account for 713 new residential units in Alameda, although not all of the projects have identified opening or completion date expectations. In addition, Alameda Point, planned for a portion of the former Naval Air Station in Alameda, may have some long-term residential development potential for at least another 1,425 units.

These future market area households, as well as other growth potential in the Oakland portion of the market area, which may total thousands of units especially in the Oak to Ninth Mixed Use District, will create additional retail demand in Alameda and throughout the region, helping to offset any negative sales impacts induced by the Alameda Landing retail project. To be conservative, the report does not quantify this potential demand, but new market area households are estimated, on average, to generate \$23,500 in annual retail demand. Of relevance to the Alameda Landing Project, the largest component of annual household retail demand is approximately \$4,500 for food and beverage stores (figures would be lower for households in affordable housing units). Because of the propensity for consumers to purchase groceries relatively close to home, the majority of this per household expenditure would likely be captured within the market area. Thus, future household growth will help buoy demand at Alameda Landing as well as sales at existing grocery stores that may experience a sales decline because of the Alameda Landing grocery store.

The grocery stores closest to the planned residential developments will likely benefit the most from the grocery component of demand, but other stores throughout Alameda and the Oakland portion of the market area will benefit from the retail demand generated in a range of other retail categories. Not all demand in these categories will be captured by market area retailers, as demonstrated by the strong market area leakage, but certainly a significant portion will have the potential to be retained to support for existing and planned retail development, such as Alameda Landing and other planned retail projects, discussed in the following chapter.

### **Cumulative Project Impacts**

ALH Economics identified seven potential cumulative retail development projects in the market area and surrounding area of Oakland with the potential to be developed during the same approximate timeframe as Alameda Landing and thus contribute to additional market area sales impacts. Given assumptions about project size, sales, and degree of market area overlap with Alameda Landing, these seven projects are estimated to generate \$27.6 million of sales assumed to be competitive with the Project and generated by residents within the Project's market area. Based on sales distributions and the potential for further absorption of existing leakage, these cumulative projects, in association with Alameda Landing, have the potential to increase the market area sales impact from \$40.0 million for just the Project to \$57.6 million. The incremental sales impacts are in the food, clothing, restaurant, and other retail categories. As with the Project impacts, new household growth will to some extent help offset the incremental cumulative project impacts. The incremental sales impact figures in the food category are low enough that it is unlikely any food stores would experience sales losses sufficient to prompt store closure. Further, if existing stores close because of cumulative project sales impacts there are many other market area opportunities for new stores to

open and help satisfy unmet retail demand due to continued retail sales leakage in Alameda and the market area.

## **URBAN DECAY DETERMINATION**

### **Definition of Urban Decay**

For the purpose of this analysis, urban decay is defined as, among other characteristics, visible symptoms of physical deterioration that invite vandalism, loitering, and graffiti that is caused by a downward spiral of business closures and long term vacancies. This physical deterioration to properties or structures is so prevalent, substantial, and lasting for a significant period of time that it impairs the proper utilization of the properties and structures, and the health, safety, and welfare of the surrounding community. The manifestations of urban decay include such visible conditions as plywood-boarded doors and windows, parked trucks and long term unauthorized use of the properties and parking lots, extensive gang and other graffiti and offensive words painted on buildings, dumping of refuse on site, overturned dumpsters, broken parking barriers, broken glass littering the site, dead trees and shrubbery together with weeds, lack of building maintenance, homeless encampments, and unsightly and dilapidated fencing.

### **Retail Market Characteristics**

Both Alameda and the City of Oakland have historically maintained relatively healthy retail market sectors. As of third quarter 2011, Alameda had an overall retail vacancy rate of 6.5%. This rate is better than noted during the height of the recession in 2009, when vacancy peaked at 8.2%, and only slightly higher than the rates noted during 2006, when retail conditions and consumer spending patterns were considered among their strongest. Alameda's retail vacancy rate during this time vacillated between 4.6% and 5.2%. In general, retail markets are deemed most healthy when there is some increment of vacancy, at least 5.0%, which allows for market fluidity and growth opportunities for existing retailers. Thus, the current Alameda retail vacancy rate of 6.5% is a reasonable vacancy rate and indicative of a relatively strong market. In like manner, data for Oakland indicate that Oakland is generally characterized by a strong retail market, with third quarter 2011 vacancy at 3.8%, and a peak over the past 5.5 years of 4.9% earlier in 2011. These figures suggest the retail market in Oakland as a whole is even stronger than the retail market in Alameda.

For the one-year period October 2010 to October 2011 there were at least 19 retail leases executed in the City of Alameda. These 19 leases accounted for absorption of 35,300 square feet of retail space in Alameda, averaging 1,860 square feet each. While most of these lease transactions are for a relatively small increment of space, they are indicative of strong interest in the Alameda retail market. Similar information regarding executed leases in the entire City of Oakland identified approximately 100 retail leases executed over the same one-year time frame.

As of October 2011 there are at least 30 retail vacancies in Alameda. Most of these vacancies are relatively small. The exception is two larger vacancies at South Shore Center, one of which is a former Border's bookstore, the closure of which was independent of any inherent issues with the Alameda retail market. Interviews with commercial real estate brokers active in the market area confirm that the retail market in Alameda is perceived as strong. Smaller retail vacancies do not stay vacant for long. Various broker comments indicate that smaller spaces between 500-800

square feet lease quickly, spaces over 2,000 square feet stay vacant for only about four months, and spaces under 5,000 square feet stay vacant about three to six months.

### **Urban Decay Conclusion**

ALH Economics focused on determining whether or not physical deterioration would likely result from the opening of the Project and other cumulative retail developments in reaching a conclusion about urban decay. The conclusion is based on consideration of current market conditions, findings regarding diverted sales, the backfilling potential of existing store spaces, and regulatory controls. Highlights of these findings are as follows:

- **Current Market Conditions:** Field research, market research, and broker interviews indicated that retail market conditions are strong in Alameda. Both Alameda and the Oakland portion of the market area have low retail vacancy rates, indicating that long-term retail vacancy is not an issue in the market area. Existing retail vacancies appear well-maintained, and retail brokers indicate that vacancies in Alameda are typically absorbed within a reasonable time period. There are no visible signs of urban decay or deterioration among the market area's retail nodes and corridors.
- **Diverted Sales and Additional Retail Leakage:** After recapture of existing market area leakage and new demand generated by household growth, there is the potential for a few small retail operations to close in the market area. However, even with development of the Project and other cumulative projects, Alameda and the market area are anticipated to be characterized by continued retail leakage in several retail categories. This remaining leakage provides an opportunity for other retailers to enter the marketplace focused on satisfying unmet retail demand.
- **Backfilling Potential:** ALH Economics will seek more information about the market area's backfilling potential prior to the release of the more in-depth report. However, preliminary research findings indicates that available vacancies for smaller retail spaces are filled within a reasonable time, typically no more than six months. While more information is being sought regarding larger retail vacancies, it is unlikely that any vacancies that might result from development of the Project or cumulative projects will cause existing large retailers in Alameda or the market area to close, thus the backfilling experience of smaller retail spaces is more relevant to this analysis.
- **Regulatory Controls:** City ordinances, such as the City of Alameda Code of Ordinances Chapter 4-1 on Litter Control, Chapter 4-2 on Graffiti, Chapter 13-14 on Boarded Buildings and Vacant Parcels, Chapter 13-15 on Boarded Building and Vacant Parcel Monitoring Fee, and Chapter 23-4 on Weeds, Rubbish, and Rubbish Control, require property owners to maintain their properties so as not to create a nuisance by creating a condition that reduces property values and promotes blight and neighborhood deterioration. Enforcement of these ordinances can help prevent physical deterioration due to any long-term closures of retail spaces. If properties require nuisance abatement there are controls in place to provide this abatement. During fieldwork conducted in October, 2011 there were no visible signs of litter, graffiti, weeds, or rubbish associated with existing commercial nodes and corridors in Alameda. In addition, City of Alameda staff report that the City is aggressive

regarding graffiti remediation, that weed abatement occurs on a regular basis, and that private property owners tend to respond quickly when alerted to instances of graffiti or trash associated with their property. Thus, ALH Economics concludes that existing measures to maintain private commercial property in good condition in the City of Alameda are effective and will serve to preclude the potential for urban decay and deterioration in the event any existing retailers in the City of Alameda close following the operations of the Project and other cumulative retail projects.

Based upon these findings, ALH Economics concludes that the Alameda Landing Project and the identified cumulative projects will not cause or contribute to urban decay.

## II. INTRODUCTION

### STUDY BACKGROUND

Catellus is seeking to develop a 285,000-square-foot Retail Shopping Center in Alameda, California (the "Project"). The Project is one component of Catellus' planned Alameda Landing development, which is a waterfront development on the site of the former U.S. Navy's Fleet Industrial Supply Center in Alameda. Alameda Landing is also planned to include residential and office space. The retail portion of Alameda Landing will be located west of Mariner Square Loop, between Stargell and Mitchell avenues. The site is immediately adjacent to the southern portal of the Webster Street tube connecting Alameda to the City of Oakland.

Alameda Landing is planned to be anchored by a 140,000-square-foot Target store. This store will include some food sales as part of the product mix, but it is not planned to include a specialized food section comparable in size and scale to the food sections Target has been incorporating into many other new or existing Bay Area Target stores. Specific additional Project retail tenants have not yet been identified, but current programming efforts suggest additional tenants could include a 30,000-square-foot grocer and a 35,000-square-foot building materials store. Other prospective tenants could include apparel and accessories stores, specialty retail stores, restaurants, furniture and home furnishings stores, specialty food stores, and service retail. It is anticipated that the Target store will open during fall of 2013. Other retailers may locate and open at the center later, such as during 2014 or 2015.

An Environmental Impact Report (EIR) for Alameda Landing was completed in 2000. At that time Alameda Landing's plans did not include retail development. In 2006 a supplemental EIR was prepared that accommodated 300,000 square feet of unspecified retail. Since then, Target has emerged as the anchor tenant for the Project, and environmental documents for many California projects with a strong retail component have begun to include an urban decay analysis, with the purpose of determining if the planned project will have the potential to cause or contribute to urban decay. This is the result of court cases involving the environmental process focused primarily on large scale retail development such as Walmart. As the planning process proceeds, Catellus seeks to have such a study conducted for Alameda Landing, to address all potential environmental considerations. A traffic study update is also being conducted.

ALH Urban & Regional Economics (ALH Economics) was retained to complete the Alameda Landing urban decay study. The report contained herein provides the research, analysis, and conclusions associated with this urban decay analysis. The field work upon which this study is based was completed in October 2011. Accordingly, ALH Economics assumes no responsibility for market events pertinent to the market area, more general environs, or the Project site occurring after that date.

## STUDY TASKS

ALH Economics engaged in numerous tasks to complete this assignment. These tasks included the following:

- Identified the Project's market area, i.e., the area from which the majority of Project consumers are anticipated to originate;
- Conducted fieldwork to review the Project site and evaluate existing market conditions;
- Estimated the planned Project's sales;
- Estimated market area retail sales;
- Conducted retail sales leakage analyses for the Project's market area and the cities of Alameda and Oakland;
- Estimated demand generated by households added to the market area by the time the Project is developed;
- Estimated the Project's impacts on existing relevant retailers;
- Identified planned retail projects in the market area and other relevant areas;
- Assessed the cumulative impacts of planned retail projects in the market area and other relevant areas; and
- Assessed the extent to which opening of Alameda Landing's retail space and the cumulative projects may or may not contribute to urban decay.

The findings pertaining to these tasks are reviewed and summarized in this report, with analytical findings presented in the exhibits in Appendices A and B.

## STUDY RESOURCES AND REPORT ORGANIZATION

### Study Resources

Many resources were relied upon for this study. This included information provided by Catellus, the Planning Departments in the cities of Alameda and Oakland, and individuals engaged in commercial real estate familiar with the area's retail market. Detailed Alameda and Oakland retail market data were generated from Costar, a commercial real estate information company, and provided by CB Richard Ellis. LoopNet was also a resource for market-based information.

Additional study resources included Target, Inc.'s Annual 10-K Report on file with the SEC, the 2010 U.S. Census, the Association of Bay Area Governments, the California State Board of Equalization, Claritas, a national provider of economic and demographic data, and Neilson Trade Dimensions. Some retail sales data were provided by Retail MAXIM's *Alternative Retail Risk analysis for Alternative Capital, July 2011*. Inflationary adjustments were prepared based upon the U.S. Bureau of Labor Statistics' Consumer Price Index for all urban consumers in the Western U.S. Region. All sources are cited as relevant in the study exhibits.

## **Report Organization**

This report includes eight chapters, as follows:

- I. Executive Summary
- II. Introduction
- III. Projected Alameda Landing Sales
- IV. Market Area Definition
- V. Retail Sales Base Characterization
- VI. Project Sales Impacts
- VII. Cumulative Project Impacts
- VIII. Urban Decay Determination

This report is subject to the appended Assumptions and General Limiting Conditions.

### III. PROJECTED ALAMEDA LANDING SALES

A description of the planned Alameda Landing Shopping Center and ALH Economics' estimates of the total retail sales generated by the Project are presented below, including sales generated by retail category. This estimate is necessary to facilitate analysis of the Project's urban decay impacts.

#### ALAMEDA LANDING SHOPPING CENTER SHOPPING CENTER DESCRIPTION

The 285,000-square-foot Alameda Landing Shopping Center will be located west of Mariner Square Loop, between Stargell Avenue and Mitchell Avenue in Alameda. The site is immediately adjacent to the southern portal of the Webster Street tube connecting Alameda to the City of Oakland. Aside from the Target store, specific additional retail tenants have not yet been identified, but current programming efforts suggest additional tenants could include a 30,000-square-foot grocer and a 35,000-square-foot building materials store. Other prospective tenants could include apparel and accessories stores, specialty retail stores, restaurants, furniture and home furnishings stores, specialty food stores, and service retail.

Based upon current retail programming plans and tenant expectations, Catellus provided ALH Economics with a prospective breakdown of the retail space by type of retail tenant. The breakdown is summarized in Table 1, below.

**Table 1**  
**Alameda Landing Retail Shopping Center**  
**Prospective Tenant Types and Associated Square Feet**

Tenant Type	Retail Space (Sq. Ft.)	Percent
Target Store	140,000	49.1%
Building Materials	35,000	12.3%
Grocery	30,000	10.5%
Apparel & Accessories	18,000	6.3%
Accessories & Beauty Supplies	15,000	5.3%
Specialty Retail	15,000	5.3%
Restaurants	12,000	4.2%
Furniture & Home Furnishings	10,000	3.5%
Specialty Food	5,000	1.8%
Service Retail	5,000	1.8%
<b>Total</b>	<b>285,000</b>	<b>100.0%</b>

Note: Figures may not total due to rounding.

Sources: Catellus; and ALH Urban & Regional Economics.

The Target store will represent the bulk of the Project's retail space at 49.1% of the total. The next two tenant spaces, with 35,000 and 30,000 square feet, will collectively comprise an additional 22.8% of the total. The remaining tenants, including a small increment of service retail, will total the balance of the space, or 28.2%.

## PROJECTED ALAMEDA LANDING SHOPPING CENTER STORES SALES

### Approach

It is anticipated that the Target store will open during fall of 2013. Other Project retailers may locate and open later, such as during 2014. Since the Target comprises approximately one-half the Project's retail space, the study conservatively assumes 2014 will comprise the first full year of complete Project operations. To facilitate the study, however, the analysis is conducted assuming sales in year 2011 dollars. Stabilized sales are not expected to occur the first year of store operations, but rather the second or third year, which is typical of new retail operations. However, for simplicity, this analysis conservatively assumes stabilized sales are achieved during the first full year of operations.

Store sales projections were prepared differently by type of retail tenant. Two methods were employed, one for the Target store and one for all other retail tenants.

**Target Store Sales.** Sales projections for the proposed Target store are based on data provided in Target Corporation's 2010 Annual Report. The projections are based on the net sales of all Target stores divided by total Target store square footage. The resulting figure for 2010 was \$282 per square foot (see Exhibit 1). This sales figure was converted to 2011 dollars by the consumer price index (CPI) for the western region, using an inflationary increase estimate of 2.36% from mid-year 2010 to mid-year 2011. The resulting figure is \$288 per square foot (see Exhibit 1). The analysis therefore assumes the planned Target store will achieve sales of \$288 per square foot.

**All Other Retail Store Sales.** In order to estimate the annual sales performance of the retail spaces for which specific retailers have not been identified, ALH Economics developed assumptions for each store type based on information available from Retail MAXIM's "Alternative Retail Risk Analysis for Alternative Capital," July, 2011. The Retail MAXIM publication provides average sales per square foot figures for many national retailers and aggregates the data by specific retail categories. Retail Maxim's figures were reported for 2010, which ALH Economics then adjusted to 2011 by inflation. While specific Alameda Landing retailers have not been identified, the retail categories provided by Catellus were matched to categories included in the Retail Maxim retail survey or retailers representative of the selected categories. The resulting sales figures range from \$248 per square foot for specialty retail to \$548 per square foot for grocery. All of the sales per square foot assumptions are presented in Exhibit 2.

### Projected Alameda Landing Sales

**Total Projected Store Sales** The estimate of store and Project sales is documented in Exhibit 2. This estimate includes the projected Target sales and sales for all other prospective Project tenants. Sales are not projected for one increment of space, the 5,000 square feet allocated to service retail. These tenants are not anticipated to generate the type of sales that compete with traditional retailers, and thus are not typically considered of concern in an urban decay analysis. The total

Project sales in 2011 dollars is estimated at \$92.6 million. This equates to \$331 in average sales per square foot.

***Projected Market Area Project Sales.*** Materials published by major industry organizations support that a retail store's trade area generally supplies 70% to 90% of the store's sales, while the remaining 10% to 30% of sales are attributed to consumers residing outside of the store's market area. In its Shopping Center Development Handbook, Third Edition, the Urban Land Institute (ULI) states the following:

"A site generally has a primary and a secondary trade area, and it might have a tertiary area. The primary trade area should generally supply 70 to 80 percent of the sales generated by the site. These boundaries are set by geographical and psychological obstacles."<sup>1</sup>

ULI is a nonprofit research and education organization representing the entire spectrum of land use and real estate development disciplines. Among real estate, retail, and economic development professionals, this organization is considered a preeminent educational forum.

Information published by the International Council of Shopping Centers (ICSC), a trade association for the shopping center industry, also provides instructional information about market area definitions. In the recent publication Developing Successful Retail in Secondary & Rural Markets, the ICSC says:

"A trade area is the geographic market that you will be offering to potential retailers as a consumer market. ... Defining a retail trade area is an art and a science. In general, a trade area should reflect the geography from which 75-90 percent of retail sales are generated. Different stores can have different trade areas based on their individual drawing power and the competitive market context."<sup>2</sup>

Given Alameda Landing's proximity to Interstate 880, and the presence of many other major retailers along this corridor and other nearby cities, it is assumed that 10% of the Project's sales will be attributed to consumers residing outside of the Project's market area. This is a relatively low percentage of outside market area sales. Pursuant to this assumption the estimated Project sales originating from market area residents is \$86.1 million (see Exhibit 2). This is the sales figure that is central to the urban decay analysis, as it comprises Project demand generated by market area residents. These are the sales that have the potential to be diverted away from other retailers, including retailers in the market area, and thus are the sales of interest in determining the risk of potential store closures that could ultimately lead to deterioration and decay.

### **Projected Sales by Category**

***Retail Sales Categories.*** It is necessary to allocate the Project's sales into appropriate retail categories to determine the potential impact on those specific categories. Subsequent analysis in this report compares Project sales to estimated market area sales in store categories used by

---

<sup>1</sup> Shopping Center Development Handbook, Third Edition, Urban Land Institute, 1999, page 44.

<sup>2</sup> Developing Successful Retail in Secondary & Rural Markets, International Council of Shopping Centers in cooperation with National Association of Counties, 2007, page 7.

governmental data sources, facilitating a comparison between retail supply and demand. Accordingly, the retail categories used to analyze the Project's sales match the categories used to estimate relevant market area sales.

The new sales generated by the Project will be spread across several merchandising categories due to the range of retailers anticipated. This study uses the retail categories as defined by the State of California Board of Equalization ("BOE"), which reports taxable sales by retail category for cities and counties. To maximize the use of these data it is important to use the BOE's defined retail sales categories for analytical purposes. Accordingly, ALH Economics' analysis is benchmarked to these categories and the sales reported by the BOE. These categories, as typically reported for cities, include the following:

- Motor Vehicle & Parts Dealers
- Home Furnishings & Appliances
- Building Materials & Garden Equipment
- Food & Beverage Stores
- Gasoline Stations
- Clothing & Clothing Accessories
- General Merchandise Stores
- Food Services & Drinking Places (Restaurants)
- "Other Retail" Stores<sup>3</sup>

***Target Sales Distribution by Category.*** The Target's sales will be reported by the BOE in the General Merchandise category. However, the impact of these sales is more appropriately analyzed relative to all the retail categories that include stores competitive with or complementary to Target. This includes stores that are classified in the clothing, home furnishings & appliances, food & beverage stores, and other retail categories.

The estimated sales by category for the Target store are based upon detailed information from Target Corporation's 2010 10-K Report with adjustments made by ALH Economics. Based on Target's reported data, the sales distribution by category of retail tracked by Target, presented in Exhibit 3, is as follows:

- Household essentials, 24%
- Hardlines, 20%
- Apparel & accessories, 20%
- Home furnishings & décor, 19%
- Food & pet supplies, 17%

ALH Economics then converted these retail categories to the relevant BOE categories. In addition, for each Target-defined category, the analysis assumes that one-half the sales will be competitive with other general merchandise stores, and then one-half will be competitive with the type of store that best matches the Target category. This translation is presented in Exhibit 4, and results in the following estimated distribution of Target sales by BOE category:

---

<sup>3</sup> Other retail stores include a wide range of retailers, such as pet supplies, office supplies, sporting goods, book stores, florists, and gifts.

- General Merchandise, 46.5%
- Other Retail, 24%
- Clothing & Clothing Accessories, 10%
- Home Furnishings & Appliances, 9.5%
- Food & Beverage, 10.0%

This allocation includes an estimated 10% of sales for food, recognizing the food component now included in most Bay Area Target stores, often through store renovation. The store’s estimated 24% allocation for other retail includes an anticipated store pharmacy. The basic BOE sales report for cities aggregates drug store sales into the other retail category, and thus these projected sales are included in this category, along with other key store merchandise, such as pet supplies, toys, jewelry, sporting goods, and office supplies.

**Distributed Sales.** Exhibit 4 allocates sales from Target and the representative store categories and sums the total sales of the Project by BOE retail category. This is for the 90% share of sales generated by market area residents, totaling \$83.4 million. This distribution is summarized in Table 2, below.

**Table 2**  
**Estimated Alameda Landing Shopping Center Sales by Retail Category (1)**  
**2011 Dollars**

Retail Category	Estimated Retail Sales Volume	Percent
Motor Vehicles & Parts	\$0	0.0%
Home Furnishings & Appliances	\$6,158,829	7.4%
Building Materials & Garden Equip.	\$8,673,651	10.4%
Food & Beverage Stores	\$20,421,866	24.5%
Clothing & Clothing Accessories	\$10,347,901	12.4%
General Merchandise	\$16,888,450	20.3%
Food Services & Drinking Places	\$3,747,681	4.5%
Other Retail Group	\$17,146,137	20.5%
<b>Total</b>	<b>\$83,384,515</b>	<b>100.0%</b>

(1) Based on California Board of Equalization retail categories.

Source: Exhibit 4; and ALH Urban & Regional Economics.

As noted above, the Project is estimated to capture \$83.4 million in sales generated by market area residents. The three highest categories of sales, with shares equal to or greater than 20% are food & beverage, general merchandise, and other retail. Together, these three categories account for an estimated 65.3% of market area sales. The remaining categories include clothing & clothing accessories with 12.4% of sales, building materials & garden equipment with 10.4% of sales, home furnishings & appliances at 7.4% of sales, and food services & drinking places at 4.5% of sales.

## IV. MARKET AREA DEFINITION

This report chapter discusses the approach to examining the Project's market area, which is the area from which the majority of shoppers is anticipated to originate. This chapter defines the Project's anticipated market area based on this approach and provides information regarding locations of major retail corridors and nodes within the market area.

### APPROACH

ALH Economics defined a market area for Alameda Landing for the purpose of analyzing the prospective urban decay impacts. The market area definition is based on the principle that most consumers will travel to the shopping destination most convenient to their homes given the type of goods available. A market area is the geographic area from which the majority of a retail shopping center's demand is anticipated to originate. Several tasks were completed to identify the market area, foremost of which included mapping the location of the Project relative to major competitive retail shopping locations (i.e., other Target stores).

### MARKET AREA DESCRIPTION AND BOUNDARIES

ALH Economics conducted research to develop an estimate of the market area for the Project, i.e., the area from which the majority of shoppers will originate. Because of the Project's location in Alameda, along a major thoroughfare, Alameda residents are assumed to comprise a strong consumer base for the Project. Thus, all of Alameda is included in the market area. However, the Project site is also proximate to portions of Oakland given the site's adjacency to the portal of the Webster Street tube. Therefore, portions of Oakland are appropriate to consider for inclusion in the market area. The primary determinant of the Oakland portion of the market area was the location of existing Target stores in Emeryville and San Leandro, given Target's identity as the Project's anchor tenant. The study assumes that Oakland residents for whom Alameda Landing will be the nearest and most convenient Target store will choose to shop at Alameda Landing instead of more distant Target stores anchoring other shopping centers. Other market area defining factors include the traffic patterns created by existing roadways and regional population concentrations.

Relative to the existing Target stores, a number of intersections throughout the area of Oakland south of Interstate 580 between Emeryville and San Leandro were identified for research purposes. These intersections were then tested using mapping software to determine which Target store, including the planned Alameda Landing site, was closest in proximity and involved the shortest travel time. Approximately 25 intersections were mapped and tested in this manner. The testing results identified a narrow band of Oakland for which the planned Alameda Landing Target will comprise the closest Target store relative to both time and distance traveled. This area is generally defined as east of Highway 980, south of West Grand Avenue and other portions of Oakland west of but not adjacent to Interstate 580, and north of a portion of Fruitvale Avenue and a portion of High Street. This area, including the City of Alameda, is depicted in Exhibit 5.

The specific Oakland geography was defined based on aggregations of census tracts. The advantage of using census tracts is that the market area definition is easily defined, easily replicable, and key demographic estimates and projections are readily available in this format. The market area's census tracts are listed in Exhibit B-1. For data collection purposes it was necessary to use both 2000 and

2010 census tract definitions. In most cases the census tracts are the same but there are some slight variations due to census tract splits or aggregations between the decennial censuses.

### **KEY MARKET AREA SHOPPING DISTRICTS**

Within the market area there are several key shopping districts. Radiating out from the Project site, these shopping areas include Marina Village, anchored by a Lucky grocery store, Webster Street, Park Street, South Shore Center, and the small Harbor Bay Landing shopping center on Bay Farm Island anchored by a small Safeway store. There are also many small neighborhood shopping districts distributed throughout Alameda, many of which extend only one to two blocks. In the Oakland portion of the market area the key shopping districts include Jack London Square, Fruitvale Station, and numerous small retailers distributed along portions of Fruitvale Avenue and International Boulevard.

In Alameda, South Shore Center comprises the most significant retail shopping location, with a strong regional tenant orientation. Many other retail tenants in Alameda are small, with many comprising independent operations. There are numerous grocery stores and food retailers distributed throughout Alameda, including some in shopping centers, embedded in key shopping corridors such as Park Street, or comprising neighborhood corner markets.

While the type and nature of existing retailers in these shopping districts is relevant to this urban decay analysis, of equal if not greater importance is the physical condition of the commercial shopping districts and character and volume of existing retail vacancies. Accordingly, later sections of this report provide information about the market area's retail market conditions and general status of the retail market.

## V. RETAIL SALES BASE CHARACTERIZATION

This chapter analyzes the retail sales leakage and attraction profile of the City of Alameda, the City of Oakland, and the Project's market area. The analysis focuses on the extent to which each area captures resident household spending as well as sales generated from outside the area. This analysis provides a characterization of the sales performance of the relevant retail sales bases, an estimate of the size of the sales bases, and an estimate of existing demand for retail. ALH Economics conducts this analysis as a building block towards determining the extent to which the Project may or may not divert sales away from existing market area retailers.

### METHODOLOGY

#### Approach

ALH Economics uses a retail model that estimates retail spending potential for an area based upon household counts, income, and consumer spending patterns. The model then computes the extent to which the area is or is not capturing this spending potential based upon taxable sales data published by the State of California Board of Equalization (BOE) or provided by local government municipal tax consultants. This analysis can be most readily conducted for cities, groupings of cities, or counties, consistent with the geographies reported by the BOE.

For any study area, retail categories in which spending by locals is not fully captured are called "leakage" categories, while retail categories in which more sales are captured than are generated by residents are called "attraction" categories. This type of study is generically called a retail demand, sales attraction, and spending leakage analysis. Generally, attraction categories signal particular strengths of a retail market while leakage categories signal particular weaknesses. ALH Economics' model, as well as variations developed by other urban economic and real estate consultants, compares projected spending to actual sales.

For the purpose of generating a Retail Demand, Sales Attraction, and Spending Leakage Analysis for the Project's market area, as well as its constituent cities, ALH Economics obtained taxable retail sales data for mid-2009 through mid-2010 as reported by the BOE and adjusted the taxable sales to reflect total, more current sales. These were the most recent BOE data available at the time the study was conducted. Using the retail sales data, combined with household counts estimated by the U.S. Census for the cities and market area census tracts, household projections prepared by the Association of Bay Area Governments (ABAG), and income estimates provided by Claritas, Inc., ALH Economics conducted Retail Demand, Sales Attraction, and Spending Leakage Analyses. These analyses compared total estimated household spending to actual retail sales in each geography, i.e., the City of Alameda, the City of Oakland, and the market area. Sales estimates for the market area were prepared based on the available citywide BOE data where relevant, which were then benchmarked to retail sales estimates prepared by Claritas for the portion of the market area not coincident with existing city boundaries.

#### Demographic Characteristics

ALH Economics' Retail Demand, Sales Attraction, and Spending Leakage Analysis requires household count and average household income inputs for the area of analysis. Demographic data assumptions

for the market area are presented in Exhibit 6. The main assumption relative to the Retail Demand, Sales Attraction, and Spending Leakage Analysis is estimated households for 2010. This is the timeframe that best approximates the time period measured by the available BOE retail sales data. Based on the aggregations of census tracts identified in Exhibit B-1, the market area household count in 2010 totaled 64,837. While not reflected in Exhibit 6, Alameda's household count pursuant to the 2010 census totaled 32,351 in 2010 and Oakland's totaled 169,710. Average household incomes based on Claritas estimates were \$94,785 in Alameda, \$73,662 in Oakland, and \$72,276 in the market area.<sup>4</sup>

### MARKET AREA RETAIL SALES BASE

ALH Economics estimated sales for the market area by utilizing city BOE data, with adjustments based on benchmarked retail sales data estimated by Claritas in order to customize the data to the market area. BOE publishes taxable sales figures for counties and major cities; its most recent full-year taxable sales figures are for 2009, with additional quarterly data available through 2<sup>nd</sup> quarter 2010. No more recent data through BOE are available as of early November 2011, when this study was completed. As a base for estimating the market area's retail sales base, ALH Economics used BOE's figures for cities located in the market area as published in its publication "*Taxable Sales in California*" for third quarter 2009 through second quarter 2010.

Because BOE presents data corresponding with only taxable sales, ALH Economics included adjustments to gross the estimated sales up to total sales. This involved sales adjustments for non-taxable sales for food, pharmacy, and a portion of general merchandise store sales that include food sales. ALH Economics estimates that 70 percent of food store sales and 67 percent of drug store sales are non-taxable based on discussions with the BOE and other industry research, including U.S. Census publications. In addition, sales of grocery items at non-drug store general merchandise stores are non-taxable and are estimated at 20% percent of sales for this subset of the retail category in Oakland and portions thereof based on analysis of the U.S Economic Census for General Merchandise Stores.<sup>5</sup> Consequently, the BOE taxable sales figures for the general merchandise (Oakland) and food stores categories (Alameda and Oakland) are adjusted upward to reflect non-taxable transactions. The general merchandise adjustment was not as relevant to Alameda given that the BOE does not release general merchandise sales for Alameda, and a different estimation procedure described in Exhibit 7 was used to estimate general merchandise sales in Alameda (i.e., benchmarking to Claritas).

The market area sales estimation process is documented in Exhibits 7 and 8 as well as Exhibits B-2, B-3, and B-4. Exhibit 7 identifies the estimation process for the City of Alameda sales base while Exhibit 8 includes estimates for the portion of the City of Oakland located in the market area. The entire market area summation is presented in Exhibit 9. The analysis in Exhibit 7 for Alameda includes adjustments to remove estimated sales at the Alameda Borders bookstore due to the subsequent closure of this store.

The total estimated market area sales base in approximately 2010 was \$1.25 billion. The portion of the market area in Alameda comprised \$540.4 million of the sales base, or 40.5%. The majority of

---

<sup>4</sup> Note the average market area household incomes are lower than the average in Alameda and Oakland because of the portion of Oakland incorporated into the market area.

<sup>5</sup> Per the U.S. Economic Census data, General Merchandise stores encompass a mix of department stores, discount department stores, warehouse clubs and Supercenters, variety stores, and other general miscellaneous stores. The 20% estimate is based on the existing mix of stores in the City of Oakland.

the estimated sales occurred in the Oakland portion of the market area, totaling \$705.2 million, or 59.5% of the sales base. Adjustments to this sales base occur later in the analysis to reflect more current economic conditions.

### **RETAIL LEAKAGE AND ATTRACTION FINDINGS**

Retail Demand, Sales Attraction, and Spending Leakage Analyses were prepared for the City of Alameda, the City of Oakland, and the Alameda Landing market area, which reflects the City of Alameda and the Oakland portions of the market area. For each area the analysis was conducted for approximately the 2010 time period. The market area findings were then analytically adjusted to approximate conditions in 2011, the current baseline.

#### **City of Alameda**

As shown in Exhibit 10, the City of Alameda has retail leakage in almost all retail categories. The only exception is the food and beverage category, where the City experienced an estimated \$34.7 million in retail attraction in 2010. Leakage is strong in almost all other categories, typically exceeding 50% of resident spending potential. The categories with the strongest leakage relevant to Alameda Landing's prospective retail mix (i.e., excluding auto-related categories) included the following:

- General merchandise with (\$137.2) million in leakage, or 89.7% of resident spending;
- Building materials with (\$68.9) million in leakage, or 81.4% of resident spending;
- Food service and drinking places with (\$29.0) million in leakage, or 24.1% of resident spending;
- Clothing & and clothing accessories with (\$19.6) million in leakage, or 44.2% of resident spending; and
- Home furnishings & appliances with (\$13.5) million in leakage, or 48.3% of resident spending.

The remaining retail category was approximately neutral relative to leakage and attraction, other retail. This is a category that includes a wide variety of retailers, such as office supplies, pet supply, book stores, and sporting goods. For 2010, this category had only (\$5.8) million in leakage, comprising 5.1% of resident spending. This leakage takes into account the closure of the Borders bookstore in Alameda.

#### **City of Oakland**

As shown in Exhibit 11, the City of Oakland also has retail leakage in almost all retail categories, excepting home furnishings & appliance stores and food & beverage stores, with \$13.1 million and \$48.7 million in attraction, respectively. Leakage is quite pronounced in most other categories, typically exceeding 50% of resident spending potential, just as in the City of Alameda. The categories with the strongest leakage relevant to Alameda Landing's prospective retail mix (i.e., excluding auto-related categories) included the following:

- General merchandise with (\$591.1) million in leakage, or 85.0% of resident spending;
- Building materials with (\$207.6) million in leakage, or 57.1% of resident spending;
- Clothing & clothing accessories with (\$136.8) million in leakage, or 68.3% of resident spending;

- Other retail, with (\$100.5) million in leakage, or 19.4% of resident spending; and
- Food service & drinking places, or restaurants, with (\$52.9) million in leakage, or 9.8% of resident spending.

These findings indicate that Oakland as a whole has strong retail leakage. This is an important analytical backdrop to the market area retail leakage and attraction analysis that follows.

## **Market Area**

The Alameda Landing market area's Retail Demand, Sales Attraction, and Spending Analysis findings are presented in Exhibit 12. The market area, as previously defined, is comprised of all of the City of Alameda and a nearby portion of the City of Oakland. This area of Oakland includes Jack London Square, Fruitvale Station, and many small retailers along Fruitvale Avenue and International Boulevard. Relative to many other areas of Oakland, this portion of Oakland has a strong complement of retail. This contributes to the retail leakage and attraction profile of the market area, which serves to reduce the leakage relative to both the City of Alameda and City of Oakland findings. In other words, because this area of Oakland has a proportionally higher share of retail sales than all of Oakland, some component of retail attraction serves to otherwise obscure noted leakage, such as in the City of Alameda.

To highlight the findings presented in Exhibit 12, the relevant market area retail leakage findings are as follows:

- General merchandise with (\$191.1) million in leakage, or 72.7% of resident spending;
- Building materials with (\$49.2) million in leakage, or 35.9% of resident spending; and
- Clothing & clothing accessories with (\$23.1) million in leakage, or 30.5% of resident spending.

Several categories in the market area appear to attract sales from outside the market area. These categories include home furnishings & appliances with 40.0% of sales attraction, food & beverage stores with 21.6% attraction, food services & drinking places with 25.4% attraction, and other retail with 3.5% attraction.

## **Comparative Findings**

The market area findings show a slightly different pattern than noted in the City of Alameda. For example, the home furnishings category that is a leakage category in the City of Alameda becomes an area of attraction for the market area. This is likely the influence of the Bed, Bath & Beyond store near Jack London Square. In addition, while there is still building materials leakage, the amount is much less than noted in just the City of Alameda. The amount of food store attraction is higher as well. A summary of the retail leakage and attraction findings across the three geographies is presented in Table 3.

**Table 3**  
**Summary Retail Leakage and Attraction Findings**  
**2010, \$s in millions**

Retail Category	City of Alameda		City of Oakland		Market Area	
	Amount	Percent	Amount	Percent	Amount	Percent
Motor Vehicles & Parts	(\$124.1)	(81.1%)	(\$409.4)	(55.8%)	(\$218.2)	(78.3%)
Home Furnishings	(\$13.5)	(48.3%)	\$13.1	9.9%	\$29.8	40.0%
Building Materials	(\$68.9)	(81.4%)	(\$207.6)	(57.1%)	(\$49.2)	(35.9%)
Food & Beverage Stores	\$34.7	17.9%	\$48.7	6.1%	\$78.3	21.6%
Gasoline Stations	(\$57.1)	(54.2%)	(\$73.5)	(14.4%)	(\$133.8)	(68.9%)
Clothing	(\$19.6)	(44.2%)	(\$136.8)	(68.3%)	(\$23.1)	(30.5%)
General Merchandise	(\$137.2)	(89.7%)	(\$591.1)	(85.0%)	(\$191.1)	(72.7%)
Food Services	(\$29.0)	(24.1%)	(\$52.9)	(9.8%)	\$69.2	25.4%
Other Retail Group	(\$5.8)	(5.1%)	(\$100.5)	(19.4%)	\$7.2	3.5%
<b>Total</b>	<b>(\$420.5)</b>	<b>(43.8%)</b>	<b>(\$881.2)</b>	<b>(45.1%)</b>	<b>(\$431.0)</b>	<b>(25.4%)</b>

Note: Figures may not total due to rounding.

Sources: Exhibits 10, 11, and 12; and ALH Urban & Regional Economics.

These summary figures provide an interesting comparison between the three geographies; however, the areas of greatest relevance to the urban decay study include the City of Alameda and the market area.

### Adjusted Market Area Findings

Because the Retail Demand, Sales Attraction, and Spending Analysis findings were based on 2010 sales and demand estimates, Exhibit 13 presents a generalized update to 2011 dollars. This update is based on applying noted sales tax increases in Alameda to the Alameda portion of the market area sales base and the consumer price index (CPI) to the Oakland portion of the market area sales base (with the exception of gasoline station sales) and the estimated level of consumer spending. The sales tax increases for Alameda reflect data provided to the City by its tax consultant, Hinderliter de Llamas, reflecting sales tax increases noted between Q2 2010 and Q2 2011. These increases were applied to the estimated sales base derived from Q2 2009 through Q2 2010 data to bring the sales base more current. The update for the Oakland portion of the market area is more generalized, given the unavailability of more current sales trend data for Oakland.

In addition to sales base adjustments pursuant to noted sales increases (sales tax increase in Alameda and CPI in Oakland), Exhibit 13 also includes an adjustment based on one key new interim store opening. This new store is the Pagano's Hardware Mart that opened in 2010 at the South Shore Center. This store is considered key because it is representative of one of the categories relevant to the Project, - building materials and garden equipment. Because the BOE sales base is only through second quarter 2010, most of the sales at this new Pagano's location are not included in the sales base. An estimate of these store sales was manually inserted into Exhibit 13. Information from the City of Alameda indicates that this store totals 8,322 square feet. Using the \$275 per square foot building materials average store sales figure presented in Exhibit 2 suggests this store could be achieving

approximately \$2.3 million in annual sales. This amount was added into the market area sales base for the Alameda portion, resulting in an estimated 14.524% increase in Alameda sales in this category. It is possible that some of the store sales at the South Shore Pagano's occurred by reducing sales at the existing Pagano's location on Lincoln Avenue, but the study assumes all of the sales are net new, which increases the sales base and reduces estimated leakage in this category. Relative to estimating market area leakage, this is a conservative assumption.

The result of these adjustments is presented in Exhibit 13, which indicates a market area sales base of approximately \$1.3 billion, and total retail leakage of (\$403.0) million. This leakage is less than the noted 2010 leakage from Exhibit 12 of (\$431.0) million, but only because of the strong growth in gasoline sales. Absent the influence of gasoline sales, market area leakage is estimated to remain generally the same, at (\$297.2) million in 2010 and (\$294.6) million in 2011.

## VI. PROJECT SALES IMPACTS

The following analysis examines the extent to which the Project's operations would attract new sales to the market area and/or divert sales from existing retailers. If some sales are diverted, the maximum level of impact on existing market area retailers is identified.

### APPROACH

ALH Economics has developed an analytic approach that estimates the impact of the Project's incremental sales on existing retailers. For this analysis, the approach assumes that if the Project is adding sales to a category in an amount greater than any potential recaptured market area leakage in the category, *then at worst*, the amount of sales in that category in excess of any recaptured leakage will be diverted away from existing market area retailers. This is a conservative assumption given that diverted sales could also occur among other retailers beyond the market area boundaries.

### RECAPTURED LEAKAGE POTENTIAL

One potential source of demand for new retail space such as the Project is the share of market area residents' shopping that occurs outside of the market area, comprising the estimated retail leakage. In other words, given the identification of retail leakage, market area households clearly spend some proportion of their incomes at non-market area stores, including the concentrations of retail in Emeryville, San Leandro, other parts of Oakland, and beyond. If the addition of the Project makes the market area a more convenient shopping destination, local demand could increase through the recapture of these sales.

### Leakage Categories and Amounts

As summarized in Exhibit 14, the market area experiences (\$607.4) million in retail sales leakage. Some of this leakage, however, is in categories not relevant to Alameda Landing, such as leakage totaling (\$233.6) million in motor vehicles sales and (\$108.6) million in gasoline sales. The retail categories in the market area with leakage relevant to the Project include building materials & garden equipment with (\$50.5) million in leakage, clothing & clothing accessories with (\$17.9) million in leakage, and general merchandise with (\$196.7) million in leakage. In addition to this market area leakage, the City of Alameda exhibits leakage in retail categories not characterized by leakage in the market area. This is attributable to the presence of several strong retail nodes in the market area portion of the City of Oakland, including the Jack London Square area and the Fruitvale Station shopping center. Thus, leakage in Alameda also presents an opportunity for the recapture of sales. The categories where leakage in Alameda is assumed to have the potential for recapture include home furnishings & appliances stores, food services & drinking places, and other retail, with estimated 2011 leakage of (\$12.6 million), (\$26.6) million, and (\$5.5) million, respectively (see Exhibit 14).

### Recaptured Leakage

**Categories Comprising All Recaptured Leakage.** The enhanced shopping opportunities provided by Alameda Landing will serve to help recapture existing retail leakage. The amount of recaptured leakage will depend upon the nature of the Project's retail opportunities and the complexity of the retail purchase. As demonstrated in Exhibit 14, the analysis assumes all of the Project's home furnishings & appliances and building materials & garden equipment sales will be accounted for

through recaptured leakage. Even with these amounts of sales accounted for through recaptured leakage there will still remain (\$6.4) million in home furnishings leakage generated by Alameda residents and (\$40.1) million in market area building materials leakage. The Project's new building materials retail in particular will help broaden market area offerings but will not meet all resident shopping needs in this category. Market area residents will continue to need to make such purchases outside the market area, just as Alameda residents will continue to make home furnishings & appliances purchases out of Alameda. The depth of the building materials leakage, however, suggests that existing market area stores such as Pagano's, an established independent hardware store with a long history of serving Alameda, will not experience a substantial sales decline attributable to Alameda Landing's potential building materials store. Instead, consumers will have more choice, and Oakland market area shoppers will be more likely to purchase building materials goods in Alameda given the site's somewhat greater proximity to Oakland relative to either of the Pagano's store locations.

In like manner, all of the Project's \$16.9 million in general merchandise sales generated by market area residents are assumed to be accounted for through recaptured leakage. This retail category is the relevant category with the greatest amount of leakage in the market area, totaling (\$196.7) million. Even with the Project achieving all its sales through recaptured leakage the market area will continue to have almost (\$180) million in general merchandise sales leakage. Thus, there will continue to be a need for market area residents to patronize other general merchandise retailers throughout the greater region.

Finally, the Project's food services (i.e., restaurant) sales are also assumed to be accounted for through recapture of existing leakage, with still a very strong increment of almost (\$23.0) million leakage in this category noted in Alameda.

***Categories with Partial Recaptured Leakage.*** There are two other categories of Project sales with noted leakage that have the potential for some recapture. These categories include the Project's \$10.3 million sales in clothing generated by market area residents and \$17.1 million in other retail sales. For these categories, however, ALH Economics does not assume that all Project sales will represent recaptured leakage. This is because consumers purchase apparel at a wide variety of retailers, meeting the needs of many family members and for a range of purposes, including casual, work, and dressy. Accordingly, the analysis assumes that one-half the Project's clothing sales will constitute recaptured leakage, but that another one-half will not. In other words, market area consumers will continue to make clothing purchases outside the market area to meet a wide variety of needs, such that some portion of Project sales in this category may constitute sales diverted from existing market area retailers. Hence the analysis assumes that \$5.2 million in Project apparel sales will comprise recaptured leakage and another \$5.2 million will comprise sales diverted from existing market area retailers.

In similar fashion, there is not strong leakage noted in the Project's other retail sales category, which includes a wide array of retail stores. A portion of the small amount other retail leakage generated by Alameda residents is assumed to be recaptured, but given the low level of leakage this accounts for only a small portion of the Project's anticipated sales generated by market area residents.

***Total Project Recaptured Leakage.*** In total, Exhibit 14 indicates that an estimated \$43.4 million in Project sales will be achieved through recaptured sales leakage in the home furnishings, building materials, clothing, general merchandise, food services, and other retail categories. While this recaptured sales leakage amount translates into new market area sales, the constituent recaptured sales will still occur to the detriment of other existing retailers.

In the absence of a detailed survey of market area residents it is difficult to identify which existing retailers may experience sales reductions as a result of the Project's recaptured leakage. However, one likely such retailer is Target itself, in other area locations. Target is a very popular retailer, such that market area residents likely already spend a certain portion of their retail dollars at nearby Target stores, such as the more established store in San Leandro or the newer store in Emeryville (see Exhibit 5). Much of the recaptured sales leakage is likely to occur to the detriment of these two stores. Therefore, a significant portion of the identified \$43.4 million in recaptured leakage will comprise reduced sales at the San Leandro and Emeryville Target stores, neither of which ALH Economics anticipates will close as a result of Target's decision to locate in Alameda. The other stores outside the market area likely to lose sales as a result of the Project's recaptured leakage are certainly located over a wide area, depending on the nature of the good, and probably include stores in other Oakland locations (including the Walmart store on Edgewater Drive near the Oakland Airport), San Leandro, Emeryville, Berkeley, and even San Francisco. This is such a widely dispersed area that it is unlikely that any particular store outside the market area, including the nearby Walmart store, would lose sufficient sales directly attributable to the Project resulting in store closure, and thus would not lead to urban decay in this more generalized area.

## **ESTIMATED MARKET AREA SALES IMPACTS**

### **Sales Base Impacts**

Absent the share of Project sales anticipated to be generated by consumers outside the market area and the above-referenced recaptured leakage, Exhibit 14 indicates the potential for \$40.0 million in sales to be diverted from market area retailers. This sales volume includes all of the Project's anticipated \$20.4 million in food sales generated by market area residents as well as \$5.2 million in clothing sales and \$14.4 million in other retail sales.

The City of Alameda and the market area are both characterized by food sales attraction. Consequently, the analysis conservatively assumes that any Project food sales generated by market area residents will occur to the detriment of existing food and beverage retailers in the market area. In similar fashion, the portion of clothing and other retail sales generated by market area residents not accounted for through recaptured leakage are also conservatively assumed to be diverted away from existing market area retailers.

**Food Sales Impacts.** Relative to the market area, the diverted food and beverage store sales comprise 5.4% of the estimated market area retail sales base (see Exhibit 14). This is a relatively low amount, and if spread across the range of market area food retailers is unlikely to be sufficiently strong enough to cause any particular store to close. This conclusion is especially relevant given ALH Economics' analysis of food store performance data in the cities of Alameda and Oakland, generated by Nielson Trade Dimensions. These data provide estimates of store sales and selling square feet, from which annual average store sales per square foot can be deduced. These data were acquired by ALH Economics pursuant to a confidentiality agreement indicating that individual store performance data will not be disclosed; however, discussing store sales trends is acceptable pursuant to this agreement.

The City of Alameda and Oakland portion of the market area are characterized by a wide range of food shopping opportunities, including conventional grocery stores such as Lucky, Safeway, and Nob Hill as well as specialty produce, meat, and seafood markets, such as Dan's Fresh Produce, Baron's Meat & Poultry, and JP Seafood. Given the potential size of the Project's identified grocery space,

30,000 square feet, the main grocery tenant will comprise a mid-sized grocer, likely with a specialized orientation, although this is similar to the size of the Safeway store on Bay Farm Island.

Based on industry wide performance standards, this analysis assumes the typical grocery store achieves average sales of \$535 per square foot (see Exhibit 2). This figure is an industry standard, with wide variations by type of grocer. For example, specialized food stores such as Trader Joe's and Whole Foods achieve substantially higher sales per square foot figures, while most discount-oriented food stores achieve lower per square foot figures. There is not a strong presence of discount food retailers in the market area, with the exception of a Smart & Final store in the Oakland portion of the market area. In addition, more conventional grocery stores tend to have a lower industry standard than the overall supermarket average, such as \$460 in 2010 for conventional multiregional stores as reported by the Retail Maxim resource relied upon for this study.

Pursuant to the Nielson Trade Dimensions data obtained for food stores in Alameda and Oakland, almost all the food store retailers in Alameda are exceeding the industry average sales volume figure, with Trader Joe's substantially exceeding even its 2010 national average figure of \$1,941.<sup>6</sup> An exception to this above average sales performance in Alameda is the Safeway on Bay Farm Island and one or two of the city's smaller markets. In addition, the Lucky store nearby in Oakland at Fruitvale Station is also performing below this average level as is the Smart & Final. However, across the markets in Alameda and the Oakland portion of the market area included in the Nielson Trade Dimensions database, and excluding the high performing Trader Joe's, the average store achieves sales of over \$700 per square foot of sales area, which converts to over \$650 per square foot of store space assuming a ratio of 10% non-sales space.

Stores that achieve less than these amounts are still typically performing above the cited conventional multiregional store average. This includes the grocery store in closest proximity to Alameda Landing, the Lucky store at Marina Village, as well as the more distant Nob Hill grocery at Bridgeside Shopping Center. While the Marina Village Lucky store is close to Alameda Landing, it is anticipated to be able to withstand the competitive influence of a new grocery store, in large part because that area of the Island is not well-served by grocery stores, future growth is anticipated in this area (see following section), and because the Alameda Landing grocery store is more likely to achieve sales from residents in the Oakland portion of the market area than the Alameda Lucky store given that there is already a Lucky store nearby in Oakland proximate to the Oakland market area residents. In addition, as a mid-sized grocery store, the Alameda Landing store is likely to be more niche-oriented, thereby complementing or appealing to a different customer mix than a more conventional Lucky store.

In conclusion, because of the noted strong sales of most market area grocery stores, especially those most likely to be competitive with a new mid-sized grocery store with a likely specialized niche, ALH Economics does not anticipate that any loss of store sales attributable to the success of the Project's planned food sales will impact any existing food store to the extent to cause store closure. Moreover, the stores with lower than average store performance will likely not be highly competitive with the Project's food sales, given that the Safeway on Bay Farm Island is the furthest store location from the Project site and most proximate to the relatively contained Bay Farm Island population base and that the Lucky store at Fruitvale Station likely serves mostly the Oakland portion of the market area households.

---

<sup>6</sup> Trader Joe's average performance indicator from Retail Maxim, "Alternative Retail Risk Analysis for Alternative Capital", July 2011, page 24.

***Clothing and Other Retail Sales Impacts.*** The clothing and other retail sales impacts collectively total \$19.5 million in sales. The identified sales are equivalent to 8.6% of the market area sales base in clothing stores and 6.9% the sales base in other retail. If these sales impacts are concentrated among specific market area retailers, it is possible they might incur a high enough loss in sales to impair operations and ultimately close. This is less likely to occur in the other retail category because these sales impacts are distributed among a wide range of retailers, such as office supplies, pet supply, sporting goods, bookstores, and drugstores, and with service and product changes such retailers have been successful in repositioning their stores and increasing sales in other product lines. The pharmacy component at Target could present a competitive threat to existing market area drugstores; however, the scale of these impacts is likely to be minimal, especially given the comparative accessibility and convenience advantages of more stand-alone, neighborhood-oriented drugstores.

The analysis suggests that some clothing stores may be most susceptible to sales losses and declines sufficient to induce some store closures. However, at the clothing store sales estimate of \$405 per square foot presented in Exhibit 2, the \$5.2 million sales impact is equivalent to less than 13,000 square feet of retail space. This is a very small increment of space, comprising less than 0.5% of the market area's retail inventory, and thus is not anticipated to pose a substantial hardship to the commercial marketplace.<sup>7</sup> Moreover, even with development of Alameda Landing the City of Alameda and the market area as a whole will continue to exhibit retail sales leakage in numerous retail categories. Therefore, any retail vacancies that might occur due to negative sales impacts of Alameda Landing would have the strong potential to be backfilled by new stores positioned to satisfy unmet retail shopping needs.

***Webster Street Impacts.*** While not a retail sales category, the Webster Street shopping area radiates out from the Alameda Landing Project site, and is part of the West Alameda Business District, which also includes businesses on other area streets such as Central Avenue, Main Street, Buena Vista Avenue, and Santa Clara Avenue, among others. The businesses in this area are primarily small, service-oriented businesses, representing a wide range of businesses, such as restaurants, personal services, antiques and collectibles, community services, medical services, professional services, automotive services, and a range of small, unique shops such as art glass work and restoration, sportswear, fine women's apparel, and jewelry. The strong service orientation and niche retailing in this area suggests limited competitive overlap with the planned tenant programming at the Alameda Landing Project. Restaurants might comprise the greatest competitive influence given the 12,000 square feet of restaurant space planned at the Project. However, the market area's strong leakage in this retail category suggests sufficient demand will exist to support the Project's restaurant spaces as well as the many restaurants on and around Webster Street. Moreover, the Project is likely to attract national or regional chain restaurants, whereas the restaurants in the Webster Street area are largely independent restaurants, with a clientele seeking a different kind of dining experience. Finally, it is also possible that Alameda Landing will help serve as a catalyst for additional shopping on Webster Street, as shoppers become more familiar with the area and the wide array of available services and shops.

### **Offsetting Effects of Future Growth**

The Target store is assumed to be completed during fall 2013. Other retailers may locate and open at the center later, such as during 2014 or 2015. Thus, prior to the Project opening there will be the potential for new retail demand to be generated from within the City of Alameda and the market area as a whole pursuant to population growth.

---

<sup>7</sup> See Exhibits 21 and 22 for information about the size of the market area retail inventory.

***New Development Potential.*** There are several residential developments planned in Alameda, including the residential component of Alameda Landing. The projects with more defined development timeframes are identified in Exhibit 15. In addition to Alameda Landing, with 300 units entitled and units anticipated for delivery beginning in 2015, these projects include the 182-unit approved Boatworks project, the 130-unit planned Harbor Bay Complex, the 61-unit approved Alameda Mariner project, and the 40-unit Grand Marina Village project already under construction. In total, the available project information indicates the potential for 713 new residential units in Alameda, although not all of the projects have identified opening or completion date expectations.

In addition to the preceding five residential projects, Alameda Point, planned for a portion of the former Naval Air Station in Alameda, may have some long-term residential development potential. Development plans for this property have a long evolution, with the ultimate disposition of a portion of the property somewhat in the balance at the present time. The Navy and the City of Alameda have negotiated a term sheet for conveyance of the base to the City of Alameda starting in 2012. The term sheet caps the number of new residential units at 1,425 over the life of the project. Other large-scale land uses will also be included in the site's redevelopment. If the City or master developer seeks to build more than the identified 1,425 residential units a surcharge will be paid to the Navy at a future date. The timing of Alameda Point's potential residential development is undetermined at this time. However, long-term residential development appears to be a strong possibility, which could result in the formation of more than 1,000 new households, providing long-term strong support for existing and future retail space.

Exhibit 15 also includes seven future residential projects in the Oakland portion of the market area. All of the Oakland projects are either approved or under construction, and total 3,734 units. The largest project is the Oak to Ninth Mixed-Use project, which is part of a planned waterfront zoning district comprising 64.2 acres. This approved project has the potential for 3,100 units, with unit delivery possibly starting in 2015. There are other, smaller projects planned in this part of Oakland, many of which are affordable housing and/or senior housing units. In total, the seven Oakland area residential projects have the potential for adding 3,734 new units to the market area, all of which will generate demand for retail.

***Retail Demand Implications.*** Future market area residential growth will create additional retail demand in Alameda and throughout the region, helping to offset any negative sales impacts induced by the Alameda Landing retail project. To be conservative, the report does not quantify this potential demand, but estimates of market area household retail demand in 2011 dollars are presented in Exhibit 16. This exhibit indicates that each new market area household is estimated, on average, to generate \$23,500 in annual retail demand. Of relevance to the Alameda Landing Project, the largest component of annual household retail demand is approximately \$4,500 for food and beverage stores (the dollar figures for total demand and food expenditures will be lower for residents of affordable housing units, such as many of the planned residential units in the Oakland portion of the market area). Because of the propensity for consumers to purchase groceries relatively close to home, the majority of this per household expenditure would likely be captured within the market area. Thus, future household growth will help buoy demand at Alameda Landing as well as sales at existing grocery stores that may experience a sales decline because of the Alameda Landing grocery store.

The grocery stores closest to the planned residential developments will likely benefit the most from the grocery component of demand, but other stores throughout Alameda and the Oakland portion of the market area will benefit from the retail demand generated in a range of other retail categories. Not all demand in these categories will be captured by market area retailers, as demonstrated by the

strong market area leakage, but certainly a significant portion will have the potential to be retained to support for existing and planned retail development, such as Alameda Landing and other planned retail projects, discussed in the following chapter.

## VII. CUMULATIVE PROJECT IMPACTS

This analysis seeks to quantify the impact of the Project taking into consideration other planned competitive retail projects within or very near the market area. The cumulative projects that have been assessed for impacts include retail developments that are in various stages of entitlement or planning; however, specific development timelines are not available for many of the projects. It is therefore conservative for the analysis to identify and include these projects as cumulative projects as they may ultimately not be open and operational during the approximate same timeframe as the Project.

### IDENTIFIED RETAIL DEVELOPMENT PROJECTS

ALH Economics identified eight potential cumulative retail development projects in the market area and surrounding area of Oakland. Information about these projects was primarily derived from interviews with local government sources, reviews of planning department information, and supplemental news articles. These eight projects are described in Exhibit 17, which also identifies their distance from the Project site. Five of the cumulative projects are within the market area, with one in Alameda and the remaining four in Oakland. These projects vary in distance from the Project site, ranging from 2.0 to 3.1 miles. The remaining three projects are located in Oakland very close to the market area boundary, and range from 3.0 to 3.7 miles from the Project site. These projects are included because their market areas may overlap to some extent with the Project's market area, thus providing competition for market area resident retail expenditures.

The five projects located in the market area and their net amount of planned retail space are as follows:

- Oak to Ninth mixed use project in Oakland, approved, with up to 200,000 square feet of planned commercial space, with potential opening by 2015 (this project also includes planned residential development);
- Jack London Square redevelopment in Oakland, approved with 10,000 square feet of additional retail;
- CVS and retail project on Santa Clara Avenue in Alameda, in the pre-application stage with 10,000 net square feet of retail;
- Kaiser Center in Oakland, approved project with potentially 22,000 square feet of retail space; and
- Victory Court Ballpark Development in Oakland, including 180,000 square feet of retail, with a DEIR under preparation (the project also includes planned residential development).

The remaining three planned retail projects located near but not within the market area include the following:

- Valdez & 23<sup>rd</sup> Street project, with 12,000 square feet of retail and planned residential units, with prior approval extended;
- Mandela Transit Village, including 38,500 square feet of retail and a residential component, which approval valid through year-end 2011; and
- Macarthur BART Transit Village, another planned residential project with 42,500 square feet of retail, currently under construction.

ALH Economics conservatively assumes all these projects but one has the potential of being developed somewhat coincident with the timeframe for the Project. The exception is the retail associated with the Kaiser Center in Oakland, which Oakland city sources indicate will not be fully developed for more than five years, beyond the near-term time-frame of Alameda Landing's retail development.

## **CUMULATIVE PROJECT SALES ESTIMATES AND SALES IMPACTS**

### **Sales Estimates**

Sales figures for the seven remaining cumulative projects are estimated in Exhibit 18. The estimates were developed with sensitivity to the size and nature of the prospective retail space, and range from \$360 per square foot to \$444 per square foot, as general sales estimations. These figure reflect estimates for neighborhood shopping centers or more generalized other retail sales, depending upon the orientation of the cumulative project. For the full amount of planned retail development among the cumulative projects, which totals 489,600 square feet, these estimated sales total \$184.6 million.

The cumulative retail projects will compete with the Project's market area only to the extent that their market areas overlap. Exhibit 18 also shows estimates of the share of each cumulative project sales anticipated to be sourced from the same market area as the Project. These estimates are the result of generalized assumptions, based on consideration of the location of the projects, their distance from the Alameda Landing site, and the anticipated nature of their retail space and likely consumer. For example, the CVS Retail project is the only cumulative project located in Alameda. This project is anticipated to have a 50 percent overlap with the Project's market area. A greater figure is not used because a CVS store is more convenience oriented than the planned Project components, and thus is not anticipated to draw consumers from as large an area as the Alameda Landing Project. The other cumulative projects are assumed to have 10 to 30 percent market area overlap with the Project, with the cumulative projects located outside the Project's market area assumed to be at the low end of this range.

Pursuant to the market area overlap assumptions, \$27.6 million of cumulative project estimated sales are assumed to be competitive with the Project and generated by residents within the Project's market area. These retail sales are then distributed by retail category in Exhibit 19. The sales distributions are based upon industry averages identified by type of retail shopping center. These sales distributions are presented in Exhibit B-5, which summarizes industry trends for a range of shopping centers, including neighborhood centers, community centers, power centers, regional malls, and lifestyle centers.

The results of the cumulative project sales distribution indicate that the majority of cumulative project market area sales will occur in four retail categories: general merchandise sales, with \$6.8 million, or 25% the competitive total; food stores, with \$6.5 million, or 24% the competitive total; other retail, with \$6.0 million, or 22% the competitive total; and restaurants, with \$5.2 million, or 19% the competitive total. This leaves \$3.0 million of competitive sales spread among additional retail categories.

### **Impact Analysis**

In an analysis parallel to the Project impact analysis, the cumulative project impact analysis is documented in Exhibit 20. This exhibit takes into consideration the anticipated sales by retail category from the Alameda Landing Project and the cumulative projects, focusing on the sales anticipated to originate from each project's market area. As with the Project's sales impact analysis, the cumulative projects analysis includes recapture of a portion of the estimated market area or Alameda leakage for

retail categories where leakage was identified. The assumptions underlying the share of sales recaptured for the cumulative projects are similar to the assumptions described for the Project’s impact analysis.

The results in Exhibit 20 indicate maximum cumulative project impacts on market area retailers totaling \$57.6 million. This compares to the Project’s impact analysis of \$40.0 million. Table 4 highlights the comparative sales impact findings for just the Project as well as the Project in combination with the competitive portion of the cumulative retail projects.

**Table 4**  
**Comparative Sales Impacts**  
**Alameda Landing and Cumulative Projects**  
**\$s in millions**

Retail Category	Alameda Landing	Cumulative Projects
Food and Beverage Stores	\$20.4	\$26.9
Clothing and Accessories Stores	\$5.2	\$5.4
Food Service (Restaurants)	\$0.0	\$4.9
Other Retail	\$14.4	\$20.4
<b>Total</b>	<b>\$40.0</b>	<b>\$57.6</b>

Note: Figures may not total due to rounding.

Sources: Exhibits 14 and 20.

The figures in Table 4 indicate that the increment in sales impacts is negligible for the clothing category. As Table 20 indicates, the additional restaurant sales impact figure is equal to only 1.7% of the market area’s retail sales base. This is not a sufficiently high enough level of impact to warrant concern that some existing restaurants may close. In all likelihood, with a greater variety of options, and assuming continued economic recovery, households will likely dine out more, thus potentially compensating for the prospective sales loss.

This leaves the food and other retail categories as the ones with the greatest amount of incremental sales impact pursuant to the cumulative projects. As with the Project impacts, new household growth as it materializes will to some extent likely help offset these impacts. Moreover, the incremental sales impact figures are low enough that it is unlikely any food stores would experience sales losses sufficient to prompt store closure. Finally, if existing stores close because of the other retail sales impacts, as with the Project impacts there are many other market area opportunities for new stores to open and help satisfy unmet retail demand.

The extent to which any possible store closures become problematic for the retail market will also depend upon the market strength, regulatory controls, and actions pursued by property owners. These market area characteristics, and the resulting likelihood of potential vacancies causing urban decay, are discussed in the following chapter.

## VIII. URBAN DECAY DETERMINATION

The purpose of this chapter is to assess the degree to which development of the retail portion of Alameda Landing will or will not contribute to urban decay. This includes impacts associated with the cumulative impacts of the Project and other planned retail development. This chapter discusses the definition of urban decay, the study's approach to determining urban decay potential, and ALH Economics' urban decay determination.

### STUDY DEFINITION OF URBAN DECAY

For the purpose of this analysis, urban decay is defined as, among other characteristics, visible symptoms of physical deterioration that invite vandalism, loitering, and graffiti that is caused by a downward spiral of business closures and long term vacancies. The outward manifestations of urban decay include, but are not limited to, plywood-boarded doors and windows, parked trucks and long term unauthorized use of the properties and parking lots, extensive gang and other graffiti and offensive words painted on buildings, dumping of refuse on site, overturned dumpsters, broken parking barriers, broken glass littering the site, dead trees and shrubbery together with weeds, lack of building maintenance, homeless encampments, and unsightly and/or dilapidated fencing. A project's economic impacts on a community are only considered significant if they lead to adverse physical changes in the environment.

### APPROACH TO DETERMINING URBAN DECAY POTENTIAL

ALH Economics engaged in several tasks to assess the probability of urban decay ensuing from Project development and the identified cumulative projects. These tasks revolved around assessing the potential for closed retail store spaces, if any, to either (a) remain vacant for a prolonged period of time such that they contribute to the multitude of causes that could eventually lead to urban decay, or (b) be leased to other retailers within a reasonable marketing period.

The purpose of this research was to determine if sufficient retailer demand exists to absorb vacated space in the event existing retailers close due to any negative economic impacts of the Project and the development of other planned retail. ALH Economics conducted field research and contacted real estate brokers and third party resources to determine the commercial health of the market area.

### THE CURRENT ENVIRONMENT

ALH Economics conducted fieldwork throughout the City Alameda and the Oakland portion of the market area. The purpose of this fieldwork was to perform reconnaissance of the Project site, identify and visit select competitive retailers, such as grocery stores and other food-related vendors, examine the physical condition of major shopping centers and shopping corridors, and identify existing retail vacancies and assess their condition and appearance. The examination of retail vacancies was guided by two resources identifying existing retail vacancies, especially in Alameda. These included listings of vacancies prepared by CoStar, a commercial real estate information company, and LoopNet, an online commercial real estate listing service. Other Alameda retail vacancies that were not included in these listings were additionally identified during the fieldwork.

## **Retail Market Statistics**

Historically, both Alameda and the City of Oakland have generally maintained relatively healthy retail market sectors. Historical trend data in Exhibit 21 presents general vacancy, absorption, and new construction trends in Alameda by quarter beginning in 2006. The same data are presented for Oakland in Exhibit 22. Such trend data are not available exclusively for the Oakland portion of the market area. However, Oakland trends in general are informative, and the fieldwork conducted in the Oakland portion of the market area suggested that overall market conditions in this part of Oakland are likely as strong as they are citywide.

Exhibit 21 indicates that as of third quarter 2011, Alameda had an overall retail vacancy rate of 6.5%. This rate is better than noted during the height of the recession in 2009, when vacancy peaked at 8.2%, and only slightly higher than the rates noted during 2006, when retail conditions and consumer spending patterns were considered among their strongest. Alameda's retail vacancy rate during this time vacillated between 4.6% and 5.2%. In general, retail markets are deemed most healthy when there is some increment of vacancy, at least 5.0%, which allows for market fluidity and growth of existing retailers. Thus, the current Alameda retail vacancy rate of 6.5% is a reasonable vacancy rate and indicative of a relatively strong market. In like manner, the data presented for Oakland in Exhibit 22 indicates that Oakland is generally characterized by a strong retail market, with third quarter 2011 vacancy at 3.8%, and a peak over the past 5.5 years of 4.9% earlier in 2011. These figures suggest the retail market in Oakland as a whole is even stronger than the retail market in Alameda.

## **Retail Lease Transactions**

Exhibit 23 demonstrates that retail vacancies in Alameda are finding new tenants. This exhibit includes information about 19 leases transacted during a recent one-year period from October 2010 to October 2011. These 19 leases accounted for absorption of 35,300 square feet of retail space in Alameda, averaging 1,860 square feet each. While most of these lease transactions are for a relatively small increment of space, they are indicative of strong interest in the Alameda retail market. Although not included as part of the report, similar information regarding executed leases in the entire City of Oakland identified approximately 100 retail leases executed over the same one-year time frame.

## **Retail Vacancies**

The CoStar and LoopNet lists of retail vacancies and area fieldwork identified at least 30 retail vacancies in Alameda as of October 2011. Similar to the lease transactions identified in Exhibit 23, most of these vacancies are relatively small. The exception is two larger vacancies at South Shore Center, one of which is a former Border's bookstore, the closure of which was independent of any inherent issues with the Alameda retail market.

There appear to be a few select areas in Alameda that, on a relative basis, have a concentration of the City's retail availability. These areas include a small shopping center at approximately the southern end of Webster Street at Central Avenue and the Bridgeside Shopping Center on Blanding Avenue, where Alameda's successful Nob Hill Grocery store is located. Despite this small concentrations of retail vacancy, interviews with real estate brokers active in Alameda supported the earlier conclusion from reviewing the CoStar vacancy data that the retail market in Alameda is strong. In particular, two surveyed brokers, who represent the Gallagher & Lindsey and CB Richard Ellis brokerage firms, indicated that smaller retail vacancies do not stay vacant for long. One broker indicated that smaller spaces between 500-800 square feet lease quickly and that spaces over 2,000

square feet stay vacant for only about four months. The other broker indicated that Alameda has a very healthy vacancy rate and that spaces under 5,000 square feet stay vacant about three to six months.

## **POTENTIAL FOR URBAN DECAY RESULTING FROM THE PROJECT**

### **Contributing Causes to Urban Decay**

Before considering how the Project and cumulative projects might affect the market and environs, it is useful to focus on what constitutes the *environmental* impact known as urban decay. The leading court case on the subject, *Bakersfield Citizens for Local Control v. City of Bakersfield* (2004) 124 Cal.App.4th 1184, 1204, described the phenomenon as “a chain reaction of store closures and long-term vacancies, ultimately destroying existing neighborhoods and leaving decaying shells in their wake.” The court also discussed prior case law that addressed the potential for large retail projects to cause “physical deterioration of [a] downtown area” or “a general deterioration of [a] downtown area.” (Id. at pp. 1206, 1207). When looking at the phenomenon of urban decay, it is also helpful to note economic impacts that do not constitute urban decay. For example, a vacant building is not urban decay, even if the building were to be vacant over a relatively long time. Similarly, even a number of empty storefronts will not constitute urban decay. Based on the preceding descriptions regarding urban decay, therefore, ALH Economics’ analysis examined whether there was sufficient market demand to support the Project without affecting existing retailers so severely such as to lead to a downward spiral toward decay.

There are existing retail vacancies in Alameda and the Oakland portion of the Project’s market area. All of the vacant retail spaces observed during the field reconnaissance in Alameda and the Oakland portion of the market area are in good condition, with no obvious signs of deterioration or decay. These vacancies are occurring independent of Project or cumulative project development. The condition of the vacancies indicates that property owners are engaging in property maintenance efforts and providing upkeep even in the absence of tenants.

The findings presented earlier regarding the Project’s sales impacts indicate the potential for \$40.4 million in market area sales diversions, in the categories of food stores, clothing stores, and other retail. When the broader range of cumulative projects is considered, sales impacts were additionally identified in the restaurant category, with the cumulative total of all sales impacts increasing modestly to \$58.0 million. These are impacts remaining after sales leakage is captured by the Project as well as the cumulative projects. A portion of these impacts are anticipated to be absorbed through new growth and some retailer repositioning. The level of impacts that may remain even after new demand and retailer repositioning are accounted for can lead to any one or more of the following consequences:

1. sales diversion from existing market area retailers;
2. slower than anticipated completion and opening of space at Alameda Landing and other proposed retail developments;
3. lower initial sales volumes at the Project and other proposed retail developments; and
4. a longer than estimated period of time to reach stabilized sales among the new retail developments.

In other words, the estimated sales impacts are likely to affect two types of businesses/retailers: existing retailers (#1 above); and the developers and future tenants of the other retail centers

proposed for the market (#2-4 above). With regard to the impact on existing retailers, some existing stores in the impact categories could sustain a short-term reduction in sales while others may not be able to do so and could close. It is when stores close that concerns about urban decay come to the forefront. However, in the case of the Alameda Landing project, ALH Economics does not believe there is the potential for urban decay to ensue as a result of Project development.

### **Urban Decay Conclusion**

In developing a conclusion regarding the potential for urban decay, ALH Economics relied on the definition presented earlier in this chapter, which focused on determining whether or not physical deterioration would likely result from the opening of the Project and other cumulative retail developments. ALH Economics' conclusion is based on consideration of current market conditions, findings regarding diverted sales, the backfilling potential of existing store spaces, and regulatory controls, as summarized below:

- **Current Market Conditions:** The field research, market research, and broker interviews indicated that retail market conditions are strong in Alameda. Both Alameda and the Oakland portion of the market area have low retail vacancy rates, indicating that long-term retail vacancy is not an issue in the market area. Existing retail vacancies appear well-maintained, and retail brokers indicate that vacancies in Alameda are typically absorbed within a reasonable time period. There are no visible signs of urban decay or deterioration among the market area's retail nodes and corridors.
- **Diverted Sales and Additional Retail Leakage:** ALH Economics estimates that after recapture of existing market area leakage and new demand generated by household growth, there is the potential for a few small retail operations to close in the market area. However, even with development of the Project and other cumulative projects, Alameda and the market area are anticipated to be characterized by continued retail leakage in several retail categories. This remaining leakage provides an opportunity for other retailers to enter the marketplace focused on satisfying unmet retail demand.
- **Backfilling Potential:** Research findings indicate that available vacancies for smaller retail spaces in Alameda are filled within a reasonable time, typically no more than six months. It is obvious from the existing vacancies at South Shore Center that larger vacancies require more time, but South Shore Center appears to be a strong performing center, including the City of Alameda's two strongest performing grocery stores (e.g., Trader Joe's and Safeway). However, it is unlikely that any vacancies that might result from development of the Project or cumulative projects will cause existing large retailers in Alameda or the market area to close, thus the backfilling experience of smaller retail spaces is most relevant to this analysis.
- **Regulatory Controls:** City ordinances, such as the City of Alameda Code of Ordinances Chapter 4-1 on Litter Control, Chapter 4-2 on Graffiti, Chapter 13-14 on Boarded Buildings and Vacant Parcels, Chapter 13-15 on Boarded Building and Vacant Parcel Monitoring Fee, and Chapter 23-4 on Weeds, Rubbish, and Rubbish Control, require property owners to maintain their properties so as not to create a nuisance by creating a condition that reduces property values and promotes blight and neighborhood deterioration. Enforcement of these ordinances can help prevent

physical deterioration due to any long-term closures of retail spaces. If properties require nuisance abatement there are controls in place to provide this abatement. For example, if Code Enforcement issues a complaint for a nuisance like graffiti, the property owner has three days to abate the graffiti. If property owners do not address code violations such as graffiti abatement, the City has the right to issue an Order to Remove Graffiti, which ultimately gives the City the right to abate the graffiti at the property owner's expense. Similar provisions exist for litter, weeds, and rubbish abatement. As a further example, the ordinance on boarded building or vacant parcels requires that owners of any boarded building should rehabilitate the building for occupancy within 90 days after the building is boarded, whether it is boarded by voluntary action of the owner or as a result of enforcement activity by the City. Exceptions exist to this 90-day requirement, but only if actions are in progress to ensure the building does not contribute to blight. Such exceptions include owner diligence in completing repairs, rehabilitation or construction pursuant to a valid building permit; the property is ready for occupancy and is actively on the market; and because the owner is actively maintaining and monitoring the building so that it does not contribute to blight.

ALH Economics obtained information from City of Alameda staff about code enforcement in Alameda. The most common code enforcement concern is graffiti, with about five cases reported on an average weekly basis. These graffiti displays are typically small, with about one-half on private property and one-half on public property, such as transformers, sidewalks, and phone poles. The cases on private property are typically centered on Webster or Park streets. The City is aggressive regarding graffiti remediation, and reports that most instances of graffiti on private property are remediated within two weeks of being reported. In addition, through the Fire Department, the City manages weed abatement, including implementation of an annual program to go through the city and check for weed problems. This is not seen as a significant issue by the City, given the relative lack of vacant parcels where weeds can accumulate. In addition, the City closely monitors trash dumped in public right-of-ways and on private property. The City cleans up the trash in public right-of-ways and notifies private property owners regarding their clean up responsibilities. These and other code enforcement issues are typically responded to quickly by private property owners. At the extreme the City may need to proceed to threatening property owners with citations, but very rarely do code violations proceed to the point where the City needs to issue such citations.

Fieldwork conducted in October, 2011 suggested that the City's code enforcement measures are successful. There were no visible signs of litter, graffiti, weeds, or rubbish associated with existing commercial nodes and corridors in Alameda. Thus, ALH Economics concludes that existing measures to maintain private commercial property in good condition in the City of Alameda are effective and will serve to preclude the potential for urban decay and deterioration in the event any existing retailers in the City of Alameda close following the operations of the Project and other cumulative retail projects.

Based upon these findings, ALH Economics concludes that the Alameda Landing Project and the identified cumulative projects will not cause or contribute to urban decay.

## ASSUMPTIONS AND GENERAL LIMITING CONDITIONS

ALH Urban & Regional Economics has made extensive efforts to confirm the accuracy and timeliness of the information contained in this study. Such information was compiled from a variety of sources, including interviews with government officials, review of City and County documents, and other third parties deemed to be reliable. Although ALH Urban & Regional Economics believes all information in this study is correct, it does not warrant the accuracy of such information and assumes no responsibility for inaccuracies in the information by third parties. We have no responsibility to update this report for events and circumstances occurring after the date of this report. Further, no guarantee is made as to the possible effect on development of present or future federal, state or local legislation, including any regarding environmental or ecological matters.

The accompanying projections and analyses are based on estimates and assumptions developed in connection with the study. In turn, these assumptions, and their relation to the projections, were developed using currently available economic data and other relevant information. It is the nature of forecasting, however, that some assumptions may not materialize, and unanticipated events and circumstances may occur. Therefore, actual results achieved during the projection period will likely vary from the projections, and some of the variations may be material to the conclusions of the analysis.

Contractual obligations do not include access to or ownership transfer of any electronic data processing files, programs or models completed directly for or as by-products of this research effort, unless explicitly so agreed as part of the contract.

## **APPENDIX A: EXHIBITS**

**Exhibit 1**  
**Alameda Landing**  
**Estimated Sales per Square Foot**  
**All Target Stores**  
**in 2010 and 2011 Dollars**

<b>Description</b>	<b>Amount</b>
<b>All Target Stores (1)</b>	
Net Sales, 2010	\$65,786,000,000
Total Square Feet of Retail Stores, 2010	233,618,000
Average Sales Per Square Foot, 2010 Dollars	\$282
<b>Average Sales Per Square Foot (2010\$s)</b>	<b>\$282</b>
<b>Average Sales Per Square Foot (2011\$s) (1)</b>	<b>\$288</b>

Sources: United States Securities and Exchange Commission, "Target Inc. Annual 10-K Report 2010"; U.S. Bureau of Labor Statistics; and ALH Urban & Regional Economics.

(1) Projections for 2011 are adjusted for inflation from 2010 baseline figures. Inflation is estimated from the Consumer Price Index (CPI) for the Western Region, Urban Consumers published by the U.S. Department of Labor, Bureau of Labor Statistics. An estimate of 2.36 percent is used for mid-year 2011.

**Exhibit 2**  
**Alameda Landing**  
**Estimated Alameda Landing Sales**  
**in 2010 and 2011 Dollars**

Retail Store or Category	Relevant BOE Category	Estimated Square Feet (1)	Average Sales / SF 2010 (2)	Average Sales / SF 2011 (3)	Estimated Sales 2011	Sales Generated by Market Area Residents (4)
Target Store	Various (5)	140,000	\$282 (6)	\$288	\$40,354,719	\$36,319,248
Building Materials	Building Materials & Garden	35,000	\$269 (7)	\$275	\$9,637,390	\$8,673,651
Grocery	Food & Beverage Stores	30,000	\$535 (8)	\$548	\$16,429,114	\$14,786,203
Apparel & Accessories	Clothing & Clothing Accessories	18,000	\$405 (9)	\$415	\$7,462,196	\$6,715,976
Accessories & Beauty Supplies	Other Retail	15,000	\$368 (10)	\$377	\$5,650,387	\$5,085,348
Specialty Retail	Other Retail	15,000	\$242 (11)	\$248	\$3,715,744	\$3,344,169
Restaurants	Eating and Drinking Places	12,000	\$339 (12)	\$347	\$4,164,090	\$3,747,681
Furniture & Home Furnishings	Home Furnishings	10,000	\$294 (13)	\$301	\$3,009,445	\$2,708,501
Specialty Food	Eating & Drinking	5,000	\$435 (14)	\$445	\$2,226,375	\$2,003,738
Service Retail	Non-Retail	5,000	\$0 (15)	\$0	\$0	\$0
<b>Total/Weighted Average</b>		<b>285,000</b>		<b>\$331</b>	<b>\$92,649,461</b>	<b>\$83,384,515</b>

Sources: Catellus, Inc.; Target, Inc. Annual 10-K Report 2010; Retail MAXIM's *Alternative Retail Risk Analysis for Alternative Capital*, July 2011; U.S. Bureau of Labor Statistics; and ALH Urban & Regional Economics.

(1) Square footage estimates provided by Catellus, Inc.

(2) Target sales per square foot from Target's 2010 10-K annual report. The other store sales per square foot estimates by type of retailer are for 2010 and are reported by Retail MAXIM.

(3) Projections for 2011 are adjusted for inflation from 2010 figures. Inflation is estimated from the Consumer Price Index (CPI) for the Western Region, Urban Consumers published by the U.S. Department of Labor, Bureau of Labor Statistics. An estimate of 2.36 percent per year is used for mid year 2011.

(4) Alameda Landing market area residents are anticipated to generate 90% of project sales.

(5) See Exhibit 1 for a breakdown of the relevant BOE categories for Target.

(6) See Exhibit 1.

(7) The sales per square foot assumption is based on the Home Improvement (DIY) retail category as reported by Retail MAXIM.

(8) The sales per square foot assumption is based on the Supermarket retail category as reported by Retail MAXIM.

(9) The sales per square foot assumption is based on the Apparel retail category as reported by Retail MAXIM.

(10) The sales per square foot assumption is based on ULTA, a national cosmetics, fragrance, hair care, skincare, bath and body products, and salon hair care products chain as reported by Retail MAXIM. This store was selected as representative of the store sales category, and not because this chain has been identified as a prospective Alameda Landing tenant.

(11) The sales per square foot assumption is based on representative specialty retail tenants, such as Radio Shack and gifts, hobbies, as reported by Retail MAXIM.

(12) The sales per square foot assumption is based on the Restaurants, Family Dining retail category as reported by Retail MAXIM.

(13) The sales per square foot assumption is based on the Domestic retail category as reported by Retail MAXIM.

(14) The sales per square foot assumption is based on the Coffee/Doughnuts/Bagels retail category as reported by Retail MAXIM.

(15) Non-retail uses are typically banks and other services, for which retail sales are typically not generated.

**Exhibit 3**  
**Alameda Landing**  
**Distribution of Target Sales by Retail Category (1)**

Target Sales Category (2)	Percent Target Sales Distribution (2)	BOE Sales Categories (3)	Study Distribution of Target Sales (4)	
			Percent	BOE Sales Category
Household essentials (5)	24.0%	Other Retail (pharmacy, personal care) General Merchandise	12.0%	General Merchandise
			12.0%	Other Retail
Hardlines (6)	20.0%	Other Retail	10.0%	General Merchandise
			10.0%	Other Retail
Apparel and accessories (7)	20.0%	Clothing and Clothing Accessories	10.0%	General Merchandise
			10.0%	Clothing and Clothing Accessories
Home furnishings and décor (8)	19.0%	Home Furnishings and Appliances	9.5%	General Merchandise
			9.5%	Home Furnishings and Appliances
Food and pet supplies (9)	17.0%	Food and Beverage Stores Other Retail (pet supplies)	5.0%	General Merchandise
			10.0%	Food and Beverage Stores
			2.0%	Other Retail (pet supplies)
	100.0%		100.0%	

Sources: Target, Inc., "2010 Annual Report;" Catellus; and ALH Urban & Regional Economics.

(1) To facilitate the urban decay analysis, Target sales are parsed into the State of California Board of Equalization (BOE) reporting categories.

(2) Sales categories and percentage distribution reported by Target, Inc.

(3) BOE Sales categories matched to Target sales categories.

(4) Sales distribution adjusted to reflect the categories of retail anticipated to experience competitive pressure from Alameda Landing. While the BOE will report all Target sales as general merchandise, competitive pressures will likely be experienced by stores in other retail categories. These percentage allocations were developed assuming that for most categories (excluding food and pet supplies), approximately one-half the sales will be competitive with other general merchandise stores and one-half will be competitive with stores more representative of the dominant retail category. The exception is the Target "Food and pet supplies," category, wherein the remaining one-half not allocated to general merchandise is divided between the Food and Beverage category (approximately three-quarters the balance) and Other Retail (approximately one-quarter the balance). These are assumptions developed by ALH Urban & Regional Economics for the purpose of lending a greater sensitivity to the analysis with respect to the existing retail base.

(5) Household essentials are defined by Target to include pharmacy, beauty, personal care, baby care, cleaning and paper products.

(6) Hardlines are defined by Target to include electronics (including video game hardware and software), music, movies, books, computer software, sporting goods and toys.

(7) Apparel and accessories are defined by Target to include apparel for women, men, boys, girls, toddlers, infants and newborns. The category also includes intimate apparel, jewelry, accessories and shoes.

(8) Home furnishings and décor are defined by Target to include furniture, lighting, kitchenware, small appliances, home décor, bed and bath, home improvement, automotive and seasonal merchandise such as patio furniture and holiday décor.

(9) Food and pet supplies are defined by Target to include dry grocery, dairy, frozen food, beverages, candy, snacks, deli, bakery, meat, produce and pet supplies. Estimates provided by Catellus indicate Target anticipates that 10% of the sales floor area will be devoted to food sales. Thus, the analysis assumes this share of sales comprises food sales. The balance of the space is divided by ALH Economics, assuming 5% for General Merchandise and 2% for Other Retail (pet supplies).

**Exhibit 4**  
**Alameda Landing**  
**Estimate of Alameda Landing Store Sales by Category (1)(2)**  
**Sales Generated by Market Area Residents (3)**  
**in 2011 Dollars**

Retail Store or Category (3)	Target Store (4)		Building Materials		Grocery Store & Specialty Food		Apparel & Accessories		Beauty Supplies	
	Sales	%	Sales	%	Sales	%	Sales	%	Sales	%
Motor Vehicle and Parts	\$0	0.0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%
Home Furnishings and Appliances	\$3,450,329	9.5%	\$0	0%	\$0	0%	\$0	0%	\$0	0%
Building Materials and Garden Equip.	\$0	0.0%	\$8,673,651	100%	\$0	0%	\$0	0%	\$0	0%
Food and Beverage Stores	\$3,631,925	10.0%	\$0	0%	\$16,789,941	100%	\$0	0%	\$0	0%
Clothing & Clothing Accessories	\$3,631,925	10.0%	\$0	0%	\$0	0%	\$6,715,976	100%	\$0	0%
General Merchandise	\$16,888,450	46.5%	\$0	0%	\$0	0%	\$0	0%	\$0	0%
Food Services and Drinking Places	\$0	0.0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%
Other Retail Group (5)	\$8,716,619	24.0%	\$0	0%	\$0	0%	\$0	0%	\$5,085,348	100%
<b>Total Estimated Market Area Sales</b>	<b>\$36,319,248</b>	<b>100%</b>	<b>\$8,673,651</b>	<b>100%</b>	<b>\$16,789,941</b>	<b>100%</b>	<b>\$6,715,976</b>	<b>100%</b>	<b>\$5,085,348</b>	<b>100%</b>

continued on next page

Source: ALH Urban & Regional Economics.

(1) Retail categories to which no sales are allocated are not shown in this exhibit.

(2) Figures may not total due to rounding.

(3) See Exhibit 3 for sales generated by market area residents by retail store or category. The sales generated by market area residents are anticipated to comprise 90% of total Alameda Landing sales.

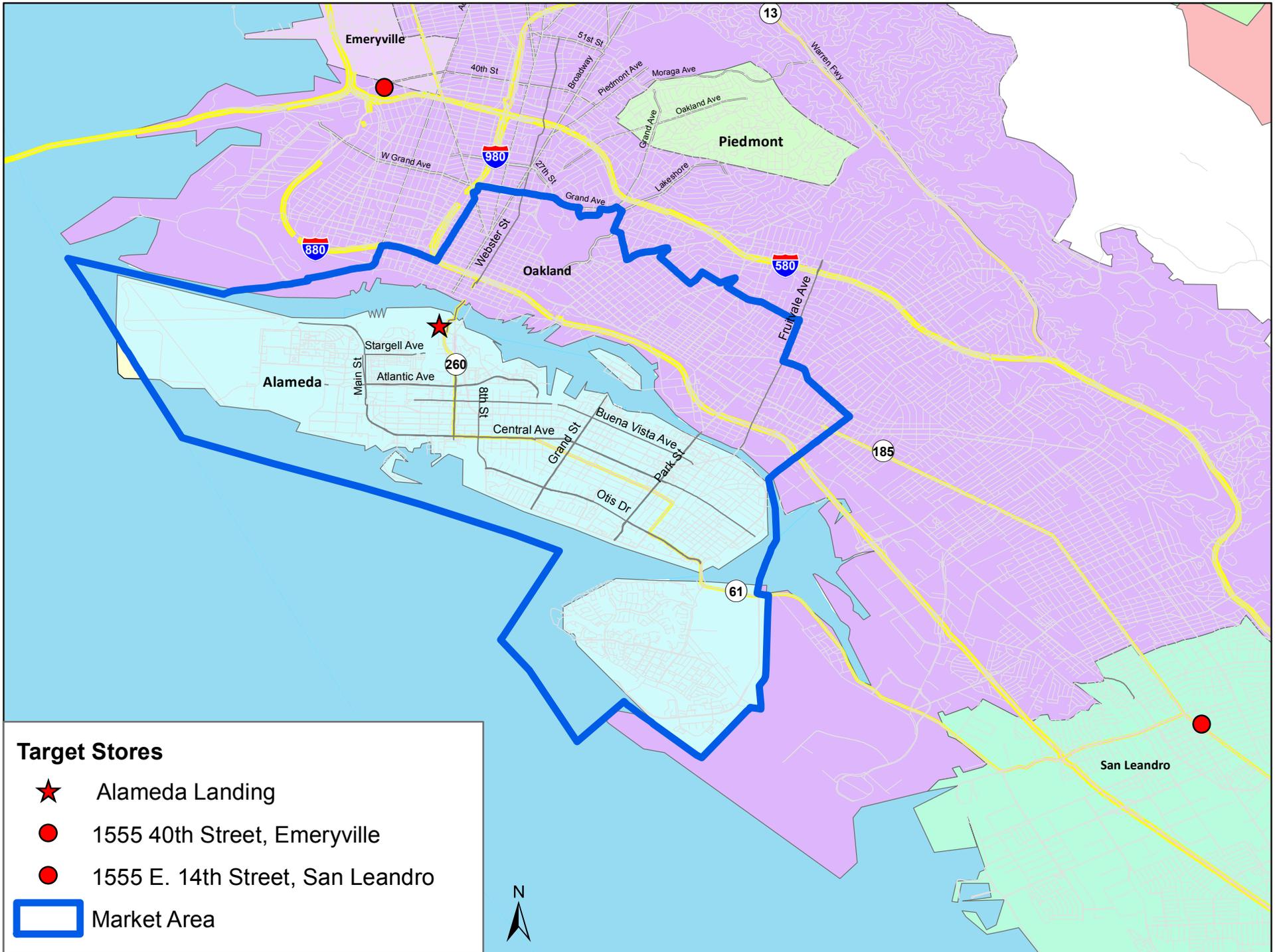
(4) See Exhibit 2 for anticipated Target store sales distribution.

(5) Other Retail Groups includes sales from art goods, gifts and novelties, sporting goods, florists, photographic equipment and supplies, musical instruments, stationery and books, jewelry, office and school supplies, second-hand merchandise, mobile homes/trailers and campers, boat and motorcycle dealers, and miscellaneous other retail stores.

**Exhibit 4**  
**Alameda Landing**  
**Estimate of Store Sales by Category (1)(2)**  
**Sales Generated by Market Area Residents (3)**  
**In 2011 Dollars**  
**(continued)**

Retail Store or Category (3)	Specialty Retail		Restaurants		Furniture & Home Furnishings		Total Sales Generated by Market Area Residents
	Sales	%	Sales	%	Sales	%	
Motor Vehicle and Parts	\$0	0%	\$0	0%	\$0	0%	\$0
Home Furnishings and Appliances	\$0	0%	\$0	0%	\$2,708,501	100%	\$6,158,829
Building Materials and Garden Equip.	\$0	0%	\$0	0%	\$0	0%	\$8,673,651
Food and Beverage Stores	\$0	0%	\$0	0%	\$0	0%	\$20,421,866
Clothing & Clothing Accessories	\$0	0%	\$0	0%	\$0	0%	\$10,347,901
General Merchandise	\$0	0%	\$0	0%	\$0	0%	\$16,888,450
Food Services and Drinking Places	\$0	0%	\$3,747,681	100%	\$0	0%	\$3,747,681
Other Retail Group (5)	\$3,344,169	100%	\$0	0%	\$0	0%	\$17,146,137
<b>Total Estimated Market Area Sales</b>	<b>\$3,344,169</b>	<b>100%</b>	<b>\$3,747,681</b>	<b>100%</b>	<b>\$2,708,501</b>	<b>100%</b>	<b>\$83,384,515</b>

# Exhibit 5: Alameda Landing Market Area and Existing Area Target Stores



0 1 2 4 Miles

This map contains information from sources we believe to be reliable, but we make no representation, warranty or guaranty of its accuracy. This map is published for the use of ALH Economics and its clients only. Redistribution in whole or part to any third party without the prior written consent of ALH Economics is strictly prohibited.

**Exhibit 6**  
**Alameda Landing**  
**Household Estimates**  
**Alameda Landing Market Area**  
**2000 and 2010**

---

<b>Geographies</b>	<b>2000 (1)</b>	<b>2010 (2)</b>
Market Area within City of Alameda	30,226	32,351
Market Area within City of Oakland	26,273	32,486
Market Area Total	56,499	64,837

---

Sources: Claritas, U.S. Census Bureau 2010 Census, and ALH Urban & Regional Economics.

Notes:

- (1) 2000 Census Data provided by Claritas.
- (2) 2010 Census Data prepared by U.S. Census Bureau.

**Exhibit 7**  
**Alameda Landing**  
**City of Alameda Market Area Sales Base**  
**in Current Dollars**  
**Second Half 2009 and First Half 2010**

Type of Retailer	BOE Taxable Sales Figures					Sales Adjusted to Taxable Total
	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Total	
Motor Vehicle and Parts Dealers	\$6,268,000	\$8,178,000	\$7,869,000	\$6,657,000	\$28,972,000	\$28,972,000
Home Furnishings and Appliances	\$3,431,000	\$4,965,000	\$2,978,000	\$3,027,000	\$14,401,000	\$14,401,000
Building Materials and Garden Equip.	\$4,159,000	\$3,796,000	\$3,500,000	\$4,322,000	\$15,777,000	\$15,777,000
Food and Beverage Stores	\$13,937,000	\$16,636,000	\$13,411,000	\$14,244,000	\$58,228,000	\$194,093,333 (2)
Gasoline Stations	\$12,516,000	\$11,839,000	\$11,830,000	\$12,016,000	\$48,201,000	\$48,201,000
Clothing and Clothing Accessories	\$5,928,000	\$7,430,000	\$5,508,000	\$5,947,000	\$24,813,000	\$24,813,000
General Merchandise Stores	(1)	(1)	(1)	(1)	(1)	\$15,755,292 (3)
Food Services and Drinking Places	\$22,717,000	\$22,741,000	\$22,124,000	\$23,937,000	\$91,519,000	\$91,519,000
Other Retail Group	\$20,822,000	\$24,193,000	\$19,719,000	\$21,040,000	\$85,774,000	\$106,872,657 (4)(5)
<b>Total</b>	<b>\$89,778,000</b>	<b>\$99,778,000</b>	<b>\$86,939,000</b>	<b>\$91,190,000</b>	<b>\$367,685,000</b>	<b>\$540,404,282</b>

Sources: California State Board of Equalization (BOE), "Taxable Sales in California" reports, for Third Quarter 2009, Fourth Quarter 2009, First Quarter 2010, and Second Quarter 2010; Retail MAXIM's *Alternative Retail Risk Analysis for Alternative Capital*, July 2011; and ALH Urban & Regional Economics.

(1) The BOE does not release sales data for all categories due to concerns about confidentiality. Taxable sales in the categories not reported are reflected in the Other Retail Group category.

(2) Sales for Food and Beverage Stores have been adjusted to account for non-taxable sales; only 30 percent of all food store sales are estimated to be taxable.

(3) The BOE does not release General Merchandise sales data for Alameda. Claritas estimates that General Merchandise totals 2.9 percent of total retail sales in Alameda. This calculation was applied to the adjusted taxable total to derive the General Merchandise estimate. The Other Retail Group category was adjusted downward to reflect this estimate.

(4) Sales for Other Retail Group have been adjusted to account for non-taxable drug store sales, since drug store sales are included in the Other Retail Group category. ALH Urban & Regional Economics estimates that 33 percent of drug store sales are taxable, based on discussions with the California BOE and examination of U.S. Census data. In Alameda County, drug store sales in Q3 2009, Q4 2009, Q1 2010 and Q2 2010 represented approximately 15.91 percent of all Other Retail Group sales. ALH Urban & Regional Economics applied that percentage and then adjusted upward for non-taxable sales.

(5) The total sales base is adjusted to exclude estimate Borders store sales, as the Borders store is no longer present in the Alameda retail marketplace. The analysis assumes average store size of 25,000 square feet (pursuant to various internet resources), with average sales of about \$180 per square foot per Retail Maxim.

**Exhibit 8**  
**Alameda Landing**  
**City of Oakland Taxable and Total Sales Estimates and Portion of Oakland Sales in the Alameda Landing Market Area**  
**in Current Dollars**  
**Second Half 2009 and First Half 2010**

Type of Retailer	BOE Taxable Sales Adjusted for Total Sales				Total Taxable Sales City of Oakland [E = A + B + C + D]	Total Retail Sales in City of Oakland [F]	Ratio of Market Area Portion to City (4) [G]	City of Oakland Portion of Market Area Retail Sales [H = G * F]
	Q3 2009 [A]	Q4 2009 [B]	Q1 2010 [C]	Q2 2010 [D]				
Motor Vehicle and Parts Dealers	\$91,143,000	\$76,792,000	\$74,481,000	\$82,354,000	\$324,770,000	\$324,770,000	9.7%	\$31,588,162
Home Furnishings and Appliances	\$30,645,000	\$40,421,000	\$29,786,000	\$30,865,000	\$131,717,000	\$131,717,000	45.6%	\$60,025,028
Building Materials and Garden Equip.	\$44,043,000	\$37,381,000	\$34,491,000	\$39,887,000	\$155,802,000	\$155,802,000	46.1%	\$71,874,095
Food and Beverage Stores	\$58,633,000	\$64,567,000	\$55,561,000	\$60,451,000	\$239,212,000 (1)	\$797,373,333	21.1%	\$167,986,075
Gasoline Stations	\$108,168,000	\$105,557,000	\$107,270,000	\$116,880,000	\$437,875,000	\$437,875,000	2.8%	\$12,329,679
Clothing and Clothing Accessories	\$14,817,000	\$17,459,000	\$14,789,000	\$16,408,000	\$63,473,000	\$63,473,000	43.8%	\$27,804,552
General Merchandise Stores	\$20,994,000	\$25,705,000	\$19,446,000	\$20,862,000	\$87,007,000 (2)	\$104,408,400	53.8%	\$56,140,935
Food Services and Drinking Places	\$121,765,000	\$120,564,000	\$117,142,000	\$126,079,000	\$485,550,000	\$485,550,000	37.3%	\$181,000,148
Other Retail Group	\$69,410,000	\$75,019,000	\$66,850,000	\$70,606,000	\$281,885,000 (3)	\$417,789,329	23.1%	\$96,487,965
<b>Total</b>	<b>\$559,618,000</b>	<b>\$563,465,000</b>	<b>\$519,816,000</b>	<b>\$564,392,000</b>	<b>\$2,207,291,000</b>	<b>\$2,918,758,062</b>	<b>25.6%</b>	<b>\$705,236,639</b>

Sources: California State Board of Equalization (BOE), "Taxable Sales in California" reports, for Third Quarter 2009, Fourth Quarter 2009, First Quarter 2010, and Second Quarter 2010; and ALH Urban & Regional Economics.

(1) Sales for Food and Beverage Stores have been adjusted to account for non-taxable sales; only 30 percent of all food store sales are estimated to be taxable.

(2) Sales for General Merchandise Stores have been adjusted to account for non-taxable food sales, since some General Merchandise Store sales include non-taxable food items. ALH Urban & Regional Economics estimates that at least 20 percent of General Merchandise sales are for grocery items that are also non-taxable. This estimate is based on the analyses of the 2007 U.S. Economic Census, which attributes 21 percent of General Merchandise Stores sales to food.

(3) Sales for Other Retail Group have been adjusted to account for non-taxable drug store sales, since drug store sales are included in the Other Retail Group category. ALH Urban & Regional Economics estimates that 33 percent of drug store sales are taxable, based on discussions with the California BOE and examination of U.S. Census data. In Alameda County, drug store sales in Q3 2009, Q4 2009, Q1 2010 and Q2 2010 represented approximately 15.91 percent of all Other Retail Group sales. ALH Urban & Regional Economics applied that percentage and then adjusted upward for non-taxable sales.

(4) See Exhibit B-2 and Exhibit B-4 for the analytical bridge between Claritas retail sale categories and BOE sales categories.

**Exhibit 9**  
**Alameda Landing**  
**Alameda Landing Market Area Retail Sales Base**  
**in Current Dollars**  
**Second Half 2009 and First Half 2010**

---

Type of Retailer	City of Alameda Retail Sales (1) [A]	Retail Sales in Oakland Portion of Market Area (2) [B]	Total Retail Sales in Market Area [C = A + B]
Motor Vehicle and Parts Dealers	\$28,972,000	\$31,588,162	\$60,560,162
Home Furnishings and Appliances	\$14,401,000	\$60,025,028	\$74,426,028
Building Materials and Garden Equip.	\$15,777,000	\$71,874,095	\$87,651,095
Food and Beverage Stores	\$194,093,333	\$167,986,075	\$362,079,408
Gasoline Stations	\$48,201,000	\$12,329,679	\$60,530,679
Clothing and Clothing Accessories	\$24,813,000	\$27,804,552	\$52,617,552
General Merchandise Stores	\$15,755,292	\$56,140,935	\$71,896,227
Food Services and Drinking Places	\$91,519,000	\$181,000,148	\$272,519,148
Other Retail Group	\$106,872,657	\$96,487,965	\$203,360,622
<b>Total</b>	\$540,404,282	\$705,236,639	\$1,245,640,921

---

Source: ALH Urban & Regional Economics.

(1) See Exhibit 7.

(2) See Exhibit 8.

**Exhibit 10**  
**Alameda Landing**  
**Retail Demand, Sales Attraction, and Spending Analysis (1)**  
**City of Alameda**  
**2010**  
**dollars in (\$000s)**

Type of Retailer	Per Household (2)(3)		Alameda Household Demand (4)	Alameda Sales (5)	Retail Sales Attraction/(Leakage)	
	Spending	Sales			Amount	Percent
Motor Vehicles and Parts Dealers	\$4,732	\$896	\$153,092	\$28,972	(\$124,120)	(81.1%)
Home Furnishings and Appliance Stores	\$861	\$445	\$27,855	\$14,401	(\$13,454)	(48.3%)
Building Materials and Garden Equip (4)	\$2,618	\$488	\$84,702	\$15,777	(\$68,925)	(81.4%)
Food and Beverage Stores (5)	\$4,927	\$6,000	\$159,407	\$194,093	\$34,686	17.9%
Gasoline Stations	\$3,254	\$1,490	\$105,261	\$48,201	(\$57,060)	(54.2%)
Clothing and Clothing Accessories Stores	\$1,373	\$767	\$44,432	\$24,813	(\$19,619)	(44.2%)
General Merchandise Stores (6)	\$4,728	\$487	\$152,952	\$15,755	(\$137,196)	(89.7%)
Food Services and Drinking Places	\$3,726	\$2,829	\$120,553	\$91,519	(\$29,034)	(24.1%)
Other Retail Group (7)	\$3,482	\$3,443	\$112,661	\$106,873	(\$5,788)	(5.1%)
<b>Total</b>	<b>\$29,703</b>	<b>\$16,844</b>	<b>\$960,915</b>	<b>\$540,404</b>	<b>(\$420,510)</b>	<b>(43.8%)</b>

Sources: Claritas; 2010 U.S. Census; and ALH Urban & Regional Economics.

(1) All figures are expressed in constant 2010 dollars.

(2) The household spending estimates were generated by ALH Urban & Regional Economics' Retail Demand, Sales Attraction, and Spending Leakage Analysis.

(3) The household count is estimated at 32,351 per the 2010 U.S. Census. The analysis assumes an average household income in 2010 of \$94,785 as estimated by Claritas, Inc.

(4) Building Materials and Garden Equipment includes hardware stores, plumbing and electrical supplies, paint and wallpaper products, glass stores, lawn and garden equipment, and lumber.

(5) Sales for Food and Beverage stores have been adjusted to account for non-taxable sales; only 30 percent of all food store sales are estimated to be taxable.

(6) Sales for General Merchandise stores have been adjusted to account for non-taxable sales.

(7) Other Retail Group includes drugs stores, health and personal care, gifts, art goods and novelties, sporting goods, florists, photographic equipment and supplies, musical instruments, stationary and books, office and school supplies, second-hand merchandise, and miscellaneous other retail stores.

**Exhibit 11**  
**Alameda Landing**  
**Retail Demand, Sales Attraction, and Spending Analysis (1)**  
**City of Oakland**  
**2010**  
**dollars in (000s)**

<b>Type of Retailer</b>	<b>Per Household (2)(3)</b>		<b>Oakland Household Demand (4)</b>	<b>Oakland Sales (5)</b>	<b>Retail Sales Attraction/(Leakage)</b>	
	<b>Spending</b>	<b>Sales</b>			<b>Amount</b>	<b>Percent</b>
Motor Vehicles and Parts Dealers	\$4,326	\$1,914	\$734,208	\$324,770	(\$409,438)	(55.8%)
Home Furnishings and Appliance Stores	\$699	\$776	\$118,652	\$131,717	\$13,065	9.9%
Building Materials and Garden Equip (6)	\$2,142	\$918	\$363,440	\$155,802	(\$207,638)	(57.1%)
Food and Beverage Stores (7)	\$4,411	\$4,698	\$748,659	\$797,373	\$48,714	6.1%
Gasoline Stations	\$3,013	\$2,580	\$511,394	\$437,875	(\$73,519)	(14.4%)
Clothing and Clothing Accessories Stores	\$1,180	\$374	\$200,314	\$63,473	(\$136,841)	(68.3%)
General Merchandise Stores (8)	\$4,098	\$615	\$695,487	\$104,408	(\$591,078)	(85.0%)
Food Services and Drinking Places	\$3,173	\$2,861	\$538,409	\$485,550	(\$52,859)	(9.8%)
Other Retail Group (9)	\$3,054	\$2,462	\$518,244	\$417,789	(\$100,455)	(19.4%)
<b>Total</b>	<b>\$26,096</b>	<b>\$17,199</b>	<b>\$4,428,807</b>	<b>\$2,918,758</b>	<b>(\$1,510,049)</b>	<b>(34.1%)</b>

Sources: Claritas; 2010 U.S. Census; and ALH Urban & Regional Economics.

(1) All figures are expressed in constant 2010 dollars.

(2) The household spending estimates were generated by ALH Urban & Regional Economics Retail Demand, Sales Attraction, and Spending Leakage Analysis.

(3) The household count is estimated at 169,710 per the 2010 U.S. Census. The analysis assumes an average household income in 2010 of \$73,662 as estimated by Claritas, Inc.

(4) Represents per household spending multiplied by the market area household count.

(5) See Exhibit 8.

(6) Building Materials and Garden Equipment includes hardware stores, plumbing and electrical supplies, paint and wallpaper products, glass stores, lawn and garden equipment, and lumber.

(7) Sales for Food and Beverage stores have been adjusted to account for non-taxable sales; only 30 percent of all food store sales are estimated to be taxable.

(8) Sales for General Merchandise stores have been adjusted to account for non-taxable sales.

(9) Other Retail Group includes drugs stores, health and personal care, gifts, art goods and novelties, sporting goods, florists, photographic equipment and supplies, musical instruments, stationary and books, office and school supplies, second-hand merchandise, and miscellaneous other retail stores.

**Exhibit 12**  
**Alameda Landing**  
**Retail Demand, Sales Attraction, and Spending Analysis (1)**  
**Alameda Landing Market Area**  
**2010**  
**dollars in (\$000s)**

Type of Retailer	Per Household (2)(3)		Market Area Household Demand (4)	Market Area Sales (5)	Retail Sales Attraction/(Leakage)	
	Spending	Sales			Amount	Percent
Motor Vehicles and Parts Dealers	\$4,300	\$934	\$278,774	\$60,560	(\$218,214)	(78.3%)
Home Furnishings and Appliance Stores	\$689	\$1,148	\$44,642	\$74,426	\$29,784	40.0%
Building Materials and Garden Equip (4)	\$2,110	\$1,352	\$136,823	\$87,651	(\$49,172)	(35.9%)
Food and Beverage Stores (5)	\$4,378	\$5,584	\$283,827	\$362,079	\$78,253	21.6%
Gasoline Stations	\$2,998	\$934	\$194,353	\$60,531	(\$133,823)	(68.9%)
Clothing and Clothing Accessories Stores	\$1,168	\$812	\$75,708	\$52,618	(\$23,090)	(30.5%)
General Merchandise Stores (6)	\$4,057	\$1,109	\$263,029	\$71,896	(\$191,132)	(72.7%)
Food Services and Drinking Places	\$3,136	\$4,203	\$203,341	\$272,519	\$69,179	25.4%
Other Retail Group (7)	\$3,026	\$3,206	\$196,169	\$203,361	\$7,192	3.5%
<b>Total</b>	<b>\$25,860</b>	<b>\$19,281</b>	<b>\$1,676,664</b>	<b>\$1,245,641</b>	<b>(\$431,023)</b>	<b>(25.7%)</b>

Sources: Claritas; 2010 U.S. Census; and ALH Urban & Regional Economics.

(1) All figures are expressed in constant 2010 dollars.

(2) The household spending estimates were generated by ALH Urban & Regional Economics' Retail Demand, Sales Attraction, and Spending Leakage Analysis.

(3) The household count is estimated at 64,837 per the 2010 U.S. Census. The analysis assumes an average household income in 2010 of \$72,276 as reported by Claritas, Inc.

(4) Building Materials and Garden Equipment includes hardware stores, plumbing and electrical supplies, paint and wallpaper products, glass stores, lawn and garden equipment, and lumber.

(5) Sales for Food and Beverage stores have been adjusted to account for non-taxable sales; only 30 percent of all food store sales are estimated to be taxable.

(6) Sales for General Merchandise stores have been adjusted to account for non-taxable sales.

(9) Other Retail Group includes drugs stores, health and personal care, gifts, art goods and novelties, sporting goods, florists, photographic equipment and supplies, musical instruments, stationary and books, office and school supplies, second-hand merchandise, and miscellaneous other retail stores.

**Exhibit 13**  
**Alameda Landing**  
**Time-Adjusted Market Area Retail Sales Base and Sales Attraction/Leakage**  
**2011 Estimate**

Type of Retailer	Sales Base					Household Demand			Retail Sales Attraction/(Leakage)	
	Alameda Portion		Oakland Portion		2010/2011 (5)	Percent		2010/2011 (7)	Amount	Percent
	2009/2010 (1)	Percent Increase (2)	2009/2010 (3)	Percent Increase (4)		2009/2010 (6)	Increase (4)			
Motor Vehicle and Parts Dealers	\$28,972,000	-28.260%	\$31,588,162	2.925%	\$53,296,638	\$278,773,850	2.925%	\$286,928,071	(\$233,631,433)	(81.4%)
Home Furnishings and Appliances	\$14,401,000	11.700%	\$60,025,028	2.925%	\$77,866,696	\$44,641,820	2.925%	\$45,947,607	\$31,919,089	41.0%
Building Materials and Garden Equip.	\$15,777,000	14.524% (8)	\$71,874,095	2.925%	\$92,044,930	\$136,822,861	2.925%	\$140,824,972	(\$48,780,041)	(34.6%)
Food and Beverage Stores	\$194,093,333	6.861%	\$167,986,075	2.925%	\$380,309,796	\$283,826,787	2.925%	\$292,128,808	\$88,180,988	23.2%
Gasoline Stations	\$48,201,000	51.080%	\$12,329,679	51.080%	\$91,449,749	\$194,353,371	2.925%	\$200,038,267	(\$108,588,518)	(54.3%)
Clothing and Clothing Accessories	\$24,813,000	26.400%	\$27,804,552	2.925%	\$59,981,476	\$75,707,617	2.925%	\$77,922,088	(\$17,940,612)	(23.0%)
General Merchandise Stores	\$15,755,292	3.311%	\$56,140,935	2.925%	\$74,060,024	\$263,028,544	2.925%	\$270,722,210	(\$196,662,186)	(72.6%)
Food Services and Drinking Places	\$91,519,000	6.521%	\$181,000,148	2.925%	\$283,781,413	\$203,340,630	2.925%	\$209,288,406	\$74,493,006	26.3%
Other Retail Group	\$106,872,657	3.311%	\$96,487,965	2.925%	\$209,721,478	\$196,168,889	2.925%	\$201,906,890	\$7,814,589	3.7%
<b>Total</b>	\$540,404,282		\$705,236,639		\$1,322,512,201	\$1,676,664,369		\$1,725,707,319	(\$403,195,118)	(23.4%)

Sources: City of Alameda quarterly sales tax reports prepared by Hinderliter de Llamas, for Q2 2011; U.S. Bureau of Labor Statistics; and ALH Urban & Regional Economics.

(1) See Exhibit 7.

(2) Increases based on increases in Q2 2010 to Q2 2011 sales tax collection data for the City of Alameda, pursuant to trend data generated by Hinderliter de Llamas, the City's tax consultant. If specific category data were unavailable the generalized consumer goods rate of increase of 3.311% is applied. See exception for Building Materials and Garden Equip. in footnote (8).

(3) See Exhibit 8.

(4) Estimated increase in sales is based upon CPI index. This is a likely conservative assumption given noted sales increases in Alameda over the same time period. Gas sales are assumed to increase comparable to the rate noted in Alameda.

(5) Estimated sales based upon the respective percent increase assumptions by geographic portion of sales base.

(6) See Exhibit 12.

(7) Estimated increase in demand based upon CPI Index.

(8) In June 2010 an 8,322-square-foot Pagano's Hardware store opened in the South Shore Center. As the bulk of these sales were not reflected in the 2009/2010 sales base, an estimate of store sales is manually included in the analysis. Based on the \$275 building materials sales per square foot figure in Exhibit 2 this sales estimate is \$2,291,496. Adding these sales is equivalent to a 14.524% increase in the sales base.

**Exhibit 14**  
**Alameda Landing**  
**Potential Alameda Landing Market Area Sales Impacts**  
**2011**

Type of Retailer	Project Sales		Market Area Leakage			Market Area Sales Impact	
	Generated by Market Area Residents (1)	Market Area Sales Base (2)	Market Area Leakage (2)	Incremental Alameda Leakage (3)	Potential Project Recapture (4)	Amount	Percent of Sales Base
	[A]	[B]	[C]	[D]	[E]	[F = A - E]	[G = F / B]
Motor Vehicles and Parts Dealers	\$0	\$53,296,638	(\$233,631,433)	\$0	N/A	\$0	0.0%
Home Furnishings and Appliance Stores	\$6,158,829	\$77,866,696	\$0	(\$12,584,244)	(\$6,158,829)	\$0	0.0%
Building Materials and Garden Equip (4)	\$8,673,651	\$92,044,930	(\$48,780,041)	\$0	(\$8,673,651)	\$0	0.0%
Food and Beverage Stores (5)	\$20,421,866	\$380,309,796	\$0	\$0	N/A	\$20,421,866	5.4%
Gasoline Stations	\$0	\$91,449,749	(\$108,588,518)	\$0	N/A	\$0	0.0%
Clothing and Clothing Accessories Stores	\$10,347,901	\$59,981,476	(\$17,940,612)	\$0	(\$5,173,951)	\$5,173,951	8.6%
General Merchandise Stores (6)	\$16,888,450	\$74,060,024	(\$196,662,186)	\$0	(\$16,888,450)	\$0	0.0%
Food Services and Drinking Places	\$3,747,681	\$283,781,413	\$0	(\$26,591,787)	(\$3,747,681)	\$0	0.0%
Other Retail Group (7)	\$17,146,137	\$209,721,478	\$0	(\$5,545,149)	(\$2,772,575)	\$14,373,562	6.9%
<b>Total</b>	<b>\$83,384,515</b>	<b>\$1,322,512,201</b>	<b>(\$605,602,790)</b>	<b>(\$44,721,180)</b>	<b>(\$43,415,136)</b>	<b>\$39,969,378</b>	<b>3.0%</b>

Sources: Claritas; 2010 U.S. Census; and ALH Urban & Regional Economics.

(1) See Exhibit 2.

(2) See Exhibit 13.

(3) Derived from figures in Exhibits 10 and 13, i.e., the sales base is adjusted for time pursuant to Exhibit 13 data points and demand from Exhibit 10 is adjusted based on the consumer price index as noted in E)

(4) Potential Project leakage recapture figures are based upon assumptions prepared by ALH Urban & Regional Economics. The assumptions vary by category, depending upon the nature of the prospective Project tenant, the type of existing market area retailers, and the likelihood that retailers outside the market area will continue to attract sales from the market area retailers due to their brand, national orientation, or regional prevalence. Both leakage for the market area and Alameda are considered, but only Alameda leakage in categories where such leakage exists or exceeds the amount identified for the market area, under the assumption that the Oakland portion of the market area is not absorbing all of Alameda's leakage, but instead attracts sales from outside the identified area of the City of Oakland.

**Exhibit 15  
Alameda Landing  
Planned Residential Developments  
City of Alameda and Oakland Portion of the Alameda Landing Market Area  
October and November**

<b>Project</b>	<b>Description</b>	<b>Status</b>	<b>Notes</b>	<b>Location</b>	<b>Number of Units</b>	<b>Expected Opening/Completion</b>
<b>City of Alameda</b>						
1. Alameda Landing	77-acre mixed use residential, retail, office and open space development of the former Navy Fleet Industrial Supply Center.	Entitled	25% Affordable Units. Construction scheduled to start mid to end 2013.	Mariner Square Loop & Willie Stargell Ave.	300	2015
2. Boatworks	9.48-acre, mixed use development that includes 156, single family residential units and 26 multi-family units.	Approved	156 Market Rate Units and 26 Affordable Units.	2229 Clement Ave.	182	Unknown
3. Harbor Bay Complex	Residential development and redesign of Harbor Bay Chuck Corica golf complex with construction of athletic fields.	Planned	In early stages of obtaining public feedback about proposed development.	Island Drive and Clubhouse Memorial Road	130	Unknown
4. Alameda Mariner	Rehabilitation of former Islander Motel. Construction includes a new office building and community room.	Approved	100% Affordable. Construction scheduled to start January 2012.	2428 Central Avenue	61	Late 2012
5. Grand Marina Village	Residential development of single family detached homes.	Under Construction	Three Affordable Units.	Grand Street and the Grand Marina	40	2012
<b>Total Planned Residential Units in Alameda</b>					<b>713</b>	

continued on the next page

**Exhibit 15  
Alameda Landing  
Planned Residential Developments  
City of Alameda and Oakland Portion of the Alameda Landing Market Area  
October and November  
(continued)**

<b>Project</b>	<b>Description</b>	<b>Status</b>	<b>Notes</b>	<b>Location</b>	<b>Number of Units</b>	<b>Expected Opening/Completion</b>
<b>Oakland Portion of the Market Area</b>						
6. Oak to Ninth Mixed Use	The project is part of a new planned waterfront zoning district comprising 64.2 acres and has the potential for 3,100 residential units, 200,000 square feet of commercial space (which would include neighborhood serving retail), 3,950 structured parking spaces, 29.9 acres public open space, 2 renovated marinas; 170 boat slips, and a wetlands restoration area.	Approved	The Lawrence Berkeley Lab is also a potential tenant for the space. If this occurs, the retail use would then change to more community-serving space.	Waterfront site bounded by Fallon Street, Embarcadero Road, 10th Ave., and the Oakland Estuary	3,100	2015
7. Fruitvale Village Phase II	This is the second phase of a multifamily residential development which includes 275 residential units and a parking garage.	Approved		Block bounded by 35th and 37th Avenues, East 12th Street and BART tracks	275	2013+
8. Cathedral Gardens	The project is the rehabilitation of the Rectory building into 100 affordable housing units and is estimated to break ground in Spring 2012.	Approved	Affordable housing units	2126 Martin Luther King Jr. Way and 616-620 21st Street	100	2013
9. 2647 International Blvd	Rehabilitation of the historic building. Phase I completed – 84 units for elderly residential use and community commercial space; Current Phases II & III – 62 residential units; Future Phase IV: up to 18 residential units.	Approved		2647 International Blvd	80	2013+
10. 116 6th Street	The project comprises 70 affordable senior apartment units.	Under Construction	Affordable housing units	116 6th Street	70	2012
11. 720 E 11th Street	55 affordable units	Under Construction	Affordable housing units	720 E 11th Street	55	2012
12. 1431 Jefferson Street	The project comprises 54 residential units and 3,000 square feet of ground floor commercial.	Approval 07/09/08		1431 Jefferson Street	54	N/A
<b>Total Planned Residential Units in Oakland Portion of Market Area</b>					<b>3,734</b>	

Sources: City of Alameda Planning Department; City of Oakland Planning Department; and ALH Urban & Regional Economics.

**Exhibit 16**  
**Alameda Landing**  
**Estimated Household Demand for Retail**  
**Market Area**  
**2011 Dollars**

---

<b>Retail Category (1)</b>	<b>Average Household Retail Spending 2011 (2)</b>
Motor Vehicles and Parts Dealers	\$4,425
Home Furnishings and Appliance Stores	\$709
Building Materials and Garden Equip	\$2,172
Food and Beverage Stores	\$4,506
Clothing and Clothing Accessories Stores	\$1,202
General Merchandise Stores	\$4,175
Food Services and Drinking Places	\$3,228
Other Retail Group	\$3,114
<b>Total</b>	<b>\$23,531</b>

---

Sources: Exhibit 12; and ALH Urban & Regional Economics.

(1) Excludes Gasoline Stations as they are not a component of Alameda Landing.

(2) Average Household Retail Spending dollars are for the market area as shown in Exhibit 12, and adjusted based on the CPI Index.

**Exhibit 17**  
**Alameda Landing**  
**Cumulative Major Retail Developments (10,000+ Square Feet)**  
**Within and Near the Market Area**  
**October 2011**

Project	City	Description	Estimated Net New Retail Square Footage	Status	Location	Distance from Alameda Landing (Miles)	Expected Opening/ Completion
<b>Market Area</b>							
1. Oak to Ninth Mixed Use	Oakland	The project is part of a new planned waterfront zoning district comprising 64.2 acres and has the potential for 3,100 residential units, 200,000 square feet of commercial space (which would include neighborhood serving retail), 3,950 structured parking spaces, 29.9 acres public open space, 2 renovated marinas; 170 boat slips, and a wetlands restoration area. The Lawrence Berkeley Lab is also a potential tenant for the space, the retail use would then change to more community serving).	200,000 (1)	Approved	Waterfront site bounded by Fallon Street, Embarcadero Road, 10th Ave., and the Oakland Estuary	2.0	2015
2. Jack London Square Redevelopment	Oakland	Master Plan- 1.2 million S.F. of mixed-use retail, commercial, and office. The remaining phase of the project, includes a 140,000-square-foot office building, 250-room hotel, an eight-story, 155,000-	10,000	Approved Site	Alice, 2nd, and Harrison Streets, and Embarcadero	2.2	N/A
3. CVS and Retail	Alameda	This project includes demolition of a former Chevrolet dealership. New construction of a 10,000-square foot CVS store. Project would replace the existing store at 2314 Santa Clara Avenue. Project	6,600 (2)	Pre-application	Park Street and Tilden	2.9	N/A
4. Kaiser Center	Oakland	This project includes demolition of 280,000 square feet, construction of 2 new towers: one 42-stories with 780,000 square feet of office space and one 34-stories with 565,000 square feet of office space, and potentially 22,000 square feet of retail.	22,000	Approved	300 Lakeside Drive	3.0	N/A
5. Victory Court Ballpark Development	Oakland	This project is on a 22-acre site and proposes up to a 39,000-seat MLB ballpark, 180,000 square feet of retail, 540,000 square feet of office space, and 700 residential units. Retail tenants will likely include entertainment, food, and drinks to serve ballpark patrons.	180,000	DEIR preparation underway.	Victory Court Site located between Oak Street, Lake Merritt Channel, I-880, and Embarcadero	3.1	N/A

**continued on the next page**

**Exhibit 17**  
**Alameda Landing**  
**Cumulative Major Retail Developments (10,000+ Square Feet)**  
**Within and Near the Market Area**  
**October 2011**  
**(continued)**

Project	City	Description	Estimated Net New Retail Square Footage	Status	Location	Distance from Alameda Landing (Miles)	Expected Opening/Completion
<b><u>Bordering the Market Area</u></b>							
6. Valdez & 23rd Street Project	Oakland	This project includes 281 residential units, 500 car parking structure, including 250 public spaces, and potential space for 12,000 square feet of retail.	12,000	Extension granted January 2009	Valdez and 23rd Street	3.0	N/A
7. Mandela Transit Village	Oakland	This project contains 120 residential units and 38,500 square feet commercial.	38,500	Approval is valid through December 31, 2011	1357 5th Street	3.0	N/A
8. MacArthur BART Transit Village	Oakland	This is an affordable housing and redevelopment project located on 6.84 acres adjacent to the BART station. The project comprises 624 residential units, 42,500 square feet of retail/commercial space, and surface parking.	42,500	Under Construction	W. MacArthur Boulevard, Telegraph Avenue, 40th Street, and Highway 24	3.7	2020

Sources: Planning Departments in the cities of Alameda, and Oakland; Jayphares-Corporation, "Foothill Square Redevelopment Project Description"; San Francisco Business Journal, "Pulse Quickens on Oakland Waterfront," July 2011; and ALH Urban & Regional Economics.

(1) According to the planner, the 200,000 square feet of commercial space would not likely consist of all retail; however, to be conservative, ALH Urban & Regional Economics is allocating all of the space to retail.

(2) This project would replace an existing store, resulting in an estimated net increment of new retail space for the 6,600 square feet of neighborhood serving retail.

**Exhibit 18**  
**Alameda Landing**  
**Sales Estimates for Cumulative Projects**  
**in 2011 Dollars (1)**

Project Name (2)	City	Distance from Alameda Landing (Miles)	Estimated Sq. Ft. (3)	Sales per Sq. Ft.	Total Sales	Estimated Market Area Sales
			[A]	[B]	[C = A * B]	[D = A * % MA Sales]
<b>Market Area</b>						
1. Oak to Ninth Mixed Use	Oakland	2.0	200,000	\$360 (4)	\$72,000,000	\$14,400,000 (5)
2. Jack London Square Redevelopment	Oakland	2.2	10,000	\$360 (4)	\$3,600,000	\$1,080,000 (6)
3. CVS Retail	Alameda	2.9	6,600	\$444 (7)	\$2,930,400	\$1,465,200 (8)
4. Kaiser Center	Oakland	3.0	This project is excluded from the cumulative project sales estimate because the project timing is not within a comparable timeframe as the Alameda Landing Project.			
5. Victory Court Ballpark	Oakland	3.1	180,000	\$360 (4)	\$64,800,000	\$6,480,000 (9)
<b>Bordering the Market Area</b>						
6. Valdez & 23rd Street Project	Oakland	3.0	12,000	\$444 (7)	\$5,328,000	\$532,800 (9)
7. Mandela Transit Village	Oakland	3.0	38,500	\$444 (7)	\$17,094,000	\$1,709,400 (9)
8. Macarthur BART Transit	Oakland	3.7	42,500	\$444 (7)	\$18,870,000	\$1,887,000 (9)
<b>Total</b>			<b>489,600</b>		<b>\$184,622,400</b>	<b>\$27,554,400</b>

Source: ALH Urban and Regional Economics.

(1) Projects with an undetermined timeline are too speculative to include their sales in this analysis, as well as projects that are too far from the Site and too small to be considered competitive.

(2) The project numbers match the numbers in Exhibit 17.

(3) See Exhibit 17.

(4) Average sales per square foot for the generalized average of Other Retail and Neighborhood retail categories.

(5) ALH Urban & Regional Economics estimates that 20 percent of sales for this project will be attributed to consumers residing inside the Alameda Landing market area.

(6) ALH Urban & Regional Economics estimates that 30 percent of sales for this project will be attributed to consumers residing inside the Alameda Landing market area.

(7) Average sales per square foot for the Neighborhood Center retail Category as reported by Retail MAXIM.

(8) ALH Urban & Regional Economics estimates that 50 percent of sales for this project will be attributed to consumers residing inside the Alameda Landing market area.

(9) ALH Urban & Regional Economics estimates that 10 percent of sales for this project will be attributed to consumers residing inside the Alameda Landing market area.

**Exhibit 19**  
**Alameda Landing**  
**Estimate of Cumulative Projects Sales by BOE Category (1)**  
**in 2011 Dollars**

Planned Store Type	Estimated Market Area Sales (2)	Home Furnishings and Appliance Stores	Building Materials and Garden Equip	Food and Beverage Stores	Clothing and Clothing Accessories Stores	General Merchandise Stores	Food Services and Drinking Places	Other Retail Group
<b>Market Area</b>								
1. Oak to Ninth Mixed Use (3)	\$14,400,000	\$0	\$720,000	\$3,600,000	\$720,000	\$5,040,000	\$2,160,000	\$2,160,000
2. Jack London Redevelopment (4)	\$1,080,000	\$0	\$0	\$0	\$0	\$0	\$0	\$1,080,000
3. CVS Retail (5)	\$1,465,200	\$0	\$0	\$586,080	\$0	\$293,040	\$293,040	\$293,040
4. Victory Court Ballpark (6)	\$6,480,000	\$648,000	\$0	\$648,000	\$972,000	\$648,000	\$1,944,000	\$1,620,000
<b>Bordering the Market Area</b>								
5. Valdez & 23rd Street Project (5)	\$532,800	\$0	\$0	\$213,120	\$0	\$106,560	\$106,560	\$106,560
6. Mandela Transit Village (5)	\$1,709,400	\$0	\$0	\$683,760	\$0	\$341,880	\$341,880	\$341,880
7. Macarthur BART Transit (5)	\$1,887,000	\$0	\$0	\$754,800	\$0	\$377,400	\$377,400	\$377,400
<b>Total</b>	<b>\$27,554,400</b>	<b>\$648,000</b>	<b>\$720,000</b>	<b>\$6,485,760</b>	<b>\$1,692,000</b>	<b>\$6,806,880</b>	<b>\$5,222,880</b>	<b>\$5,978,880</b>
<b>Percent of Total</b>	<b>100%</b>	<b>2%</b>	<b>3%</b>	<b>24%</b>	<b>6%</b>	<b>25%</b>	<b>19%</b>	<b>22%</b>

Source: ALH Urban & Regional Economics.

- (1) Retail categories to which no sales are allocated are not shown in this exhibit.  
(2) See Exhibit 18.  
(3) Allocations estimated by ALH Urban & Regional Economics, see Exhibit B-5.  
(5) Figures may not total due to rounding.

**Exhibit 20**  
**Potential Sales Impacts from Cumulative Projects, Including Alameda Landing**  
**Alameda Landing Market Area**  
**in 2011 Dollars**

Retail Category	Cumulative Project Sales from Market Area Residents			Market Area Leakage			Potential Project Recapture (5)	Market Area Sales Impact	
	Alameda Landing (1)	Other Cumulative Projects (2)	Total Cumulative Projects	Market Area Sales Base (3)	Market Area Leakage (3)	Incremental Alameda Leakage (4)		Amount	Percent of Sales Base
	[A]	[B]	[C]	[D]	[E]	[F]		[G]	[H = C + G]
Motor Vehicle and Parts Dealers	\$0	\$0	\$0	\$53,296,638	(\$233,631,433)	\$0	N/A	\$0	0.0%
Home Furnishings and Appliances	\$6,158,829	\$648,000	\$6,806,829	\$77,866,696	\$0	(\$12,584,244)	(\$6,806,829)	\$0	0.0%
Building Materials and Garden Equip.	\$8,673,651	\$720,000	\$9,393,651	\$92,044,930	(\$48,780,041)	\$0	(\$9,393,651)	\$0	0.0%
Food and Beverage Stores	\$20,421,866	\$6,485,760	\$26,907,626	\$380,309,796	\$0	\$0	N/A	\$26,907,626	7.1%
Gasoline Stations	\$0	\$0	\$0	\$91,449,749	(\$108,588,518)	\$0	N/A	\$0	0.0%
Clothing and Clothing Accessories	\$10,347,901	\$1,692,000	\$12,039,901	\$59,981,476	(\$17,940,612)	\$0	(\$6,621,946)	\$5,417,955	9.0%
General Merchandise Stores	\$16,888,450	\$6,806,880	\$23,695,330	\$74,060,024	(\$196,662,186)	\$0	(\$23,695,330)	\$0	0.0%
Food Services and Drinking Places (6)	\$3,747,681	\$5,222,880	\$8,970,561	\$283,781,413	\$0	(\$26,591,787)	(\$4,040,721)	\$4,929,840	1.7%
Other Retail Group	\$17,146,137	\$5,978,880	\$23,125,017	\$209,721,478	\$0	(\$5,545,149)	(\$2,772,575)	\$20,352,442	9.7%
<b>Total</b>	<b>\$83,384,515</b>	<b>\$27,554,400</b>	<b>\$110,938,915</b>	<b>\$1,322,512,201</b>	<b>(\$605,602,790)</b>	<b>(\$44,721,180)</b>	<b>(\$53,331,051)</b>	<b>\$57,607,863</b>	<b>4.4%</b>

Source: ALH Urban & Regional Economics.

(1) See Exhibit 4.

(2) See Exhibit 19.

(3) See Exhibit 13.

(4) See Exhibit 14.

(5) Potential Project leakage recapture figures are based upon assumptions prepared by ALH Urban & Regional Economics. The assumptions vary by category, depending upon the nature of the prospective Project tenant, the type of existing market area retailers, and the likelihood that retailers outside the market area will continue to attract sales from the market area retailers due to their brand, national orientation, or regional prevalence. Both leakage for the market area and Alameda are considered, but only Alameda leakage in categories where such leakage exists or exceeds the amount identified for the market area, under the assumption that the Oakland portion of the market area is not absorbing all of Alameda's leakage, but instead attracts sales from outside the identified area of the City of Oakland.

(6) Restaurant leakage recapture is increased by the incremental cumulative project restaurant sales anticipated to be generated by market area residents for the Alameda project. This project is assumed to absorb leakage generated by Alameda residents. The other projects are not anticipated to as directly serve Alameda residents.

**Exhibit 21**  
**Alameda Landing**  
**City of Alameda Vacancy Trends**  
**2006 Through Q3 2011**

Period	Rentable Building Area					Total Net Absorption	Leasing Activity		New Construction			
	# Bldgs	Total SF	Vacant SF	Percent Vacant	Occupied SF		Total Deals	Total SF Leased	Number Delivered	RBA Delivered	# Under Const	RBA Under Const
2011 3Q	429	3,019,176	197,481	6.5%	2,821,695	(3,206)	5	6,356	0	0	0	0
2011 2Q	429	3,019,176	194,275	6.4%	2,824,901	1,766	6	16,560	0	0	0	0
2011 1Q	429	3,019,176	196,041	6.5%	2,823,135	(4,929)	6	6,203	0	0	0	0
2010 4Q	429	3,019,176	191,112	6.3%	2,828,064	28,194	13	21,923	0	0	0	0
2010 3Q	429	3,019,176	219,306	7.3%	2,799,870	27,620	5	7,975	0	0	0	0
2010 2Q	429	3,019,176	246,926	8.2%	2,772,250	(8,079)	15	64,631	0	0	0	0
2010 1Q	429	3,019,176	238,847	7.9%	2,780,329	4,958	13	49,369	0	0	0	0
2009 4Q	430	3,021,648	246,277	8.2%	2,775,371	(13,065)	7	7,682	0	0	0	0
2009 3Q	430	3,021,648	233,212	7.7%	2,788,436	(19,305)	5	8,266	0	0	0	0
2009 2Q	430	3,021,648	213,907	7.1%	2,807,741	6,164	4	6,771	0	0	0	0
2009 1Q	430	3,021,648	220,071	7.3%	2,801,577	(19,151)	5	11,798	1	2,325	0	0
2008 4Q	429	3,019,323	198,595	6.6%	2,820,728	(9,444)	5	37,696	0	0	1	2,325
2008 3Q	429	3,019,323	189,151	6.3%	2,830,172	(48,662)	3	2,500	0	0	1	2,325
2008 2Q	429	3,019,323	140,489	4.7%	2,878,834	9,689	9	90,017	0	0	0	0
2008 1Q	429	3,019,323	150,178	5.0%	2,869,145	43,724	7	14,705	2	52,967	0	0
2007 4Q	427	2,966,356	140,935	4.8%	2,825,421	14,195	2	5,389	0	0	2	52,967
2007 3Q	427	2,966,356	155,130	5.2%	2,811,226	(4,501)	4	10,097	0	0	2	52,967
2007 2Q	426	2,962,512	146,785	5.0%	2,815,727	14,311	3	6,931	0	0	2	8,537
2007 1Q	426	2,962,512	161,096	5.4%	2,801,416	(3,252)	20	48,029	2	9,202	1	3,844
2006 4Q	425	2,957,154	152,486	5.2%	2,804,668	47,660	2	2,864	1	58,977	1	5,358
2006 3Q	424	2,898,177	141,169	4.9%	2,757,008	29,498	1	28,000	0	0	2	64,335
2006 2Q	423	2,894,794	167,284	5.8%	2,727,510	(35,339)	4	3,651	0	0	3	67,718
2006 1Q	423	2,894,794	131,945	4.6%	2,762,849	26,476	3	5,378	4	39,195	3	67,718

Source: Costar; and CB Richard Ellis.

**Exhibit 22**  
**Alameda Landing**  
**City of Oakland Vacancy Trends**  
**2006 Through Q3 2011**

Period	Rentable Building Area					Total Net Absorption	Leasing Activity		New Construction			
	# Bldgs	Total SF	Vacant SF	Percent Vacant	Occupied SF		Total Deals	Total SF Leased	Number Delivered	RBA Delivered	# Under Const	RBA Under Const
2011 3Q	3,139	22,383,779	846,307	3.8%	21,537,472	64,702	27	38,275	0	0	1	10,367
2011 2Q	3,151	22,422,195	949,425	4.2%	21,472,770	23,640	25	55,440	0	0	1	10,367
2011 1Q	3,181	22,555,379	1,106,249	4.9%	21,449,130	(169,837)	32	51,283	0	0	0	0
2010 4Q	3,181	22,555,379	936,412	4.2%	21,618,967	11,773	22	48,202	0	0	0	0
2010 3Q	3,181	22,555,379	948,185	4.2%	21,607,194	915	15	28,666	0	0	0	0
2010 2Q	3,181	22,555,379	949,100	4.2%	21,606,279	(10,179)	26	63,451	1	14,740	0	0
2010 1Q	3,181	22,548,515	932,057	4.1%	21,616,458	(3,299)	37	60,699	1	4,974	1	14,740
2009 4Q	3,180	22,543,541	923,784	4.1%	21,619,757	148,311	36	67,643	2	11,720	2	19,714
2009 3Q	3,178	22,531,821	1,060,375	4.7%	21,471,446	(27,784)	31	65,918	2	40,430	4	31,434
2009 2Q	3,177	22,493,555	994,325	4.4%	21,499,230	(82,604)	44	74,386	1	10,000	5	57,124
2009 1Q	3,177	22,498,058	916,224	4.1%	21,581,834	(295,030)	30	62,728	2	6,062	6	67,124
2008 4Q	3,176	22,494,193	617,329	2.7%	21,876,864	195,064	12	41,703	2	193,874	5	56,492
2008 3Q	3,172	22,296,455	614,655	2.8%	21,681,800	69,262	23	51,588	0	0	9	254,230
2008 2Q	3,174	22,357,223	744,685	3.3%	21,612,538	(114,064)	13	27,925	0	0	7	248,168
2008 1Q	3,174	22,357,223	630,621	2.8%	21,726,602	53,352	16	18,794	4	27,781	3	224,304
2007 4Q	3,172	22,333,306	660,056	3.0%	21,673,250	(4,486)	25	80,356	1	2,425	4	63,397
2007 3Q	3,170	22,328,975	651,239	2.9%	21,677,736	113,272	16	36,313	2	26,177	6	67,728
2007 2Q	3,167	22,192,798	628,334	2.8%	21,564,464	140,401	2	24,798	0	0	6	178,082
2007 1Q	3,165	22,186,898	762,835	3.4%	21,424,063	157,817	9	45,472	7	186,388	8	183,982
2006 4Q	3,164	22,308,089	1,041,843	4.7%	21,266,246	(44,526)	10	40,063	0	0	10	228,293
2006 3Q	3,164	22,308,089	997,317	4.5%	21,310,772	(18,194)	2	6,439	1	28,875	5	72,913
2006 2Q	3,161	22,269,620	940,654	4.2%	21,328,966	4,104	5	13,526	0	0	5	98,112
2006 1Q	3,161	22,269,620	944,758	4.2%	21,324,862	251,931	9	16,181	7	250,152	3	38,469

Source: Costar; and CB Richard Ellis.

**Exhibit 23  
Alameda Landing  
Recent Lease Transactions  
City of Alameda  
October 2010 to October 2011**

## Leasing Activity Report - Alameda

10/11/2010 to 10/11/2011

Building Address Building/Park Name Submarket City	RBA Typical Floor Building Type Class	SF Leased Sign Date Move Date Expiration Date	Rent Paid/mo Space Use/Type Mailing Suite Leased Floor #s	Leasing Company / Phone Leasing Company Brokers Tenant Rep / Phone Tenant Rep Brokers	Tenant Name Transaction Type
901 Marina Village Pky Bldg C,Marina Village Shopping Center Alameda Alameda, CA 94501	8,000 SF - Retail/Freestanding -	2,103 SF 11/02/2010 01/01/2011 -	\$2.15/nnn(est) Retail/Direct - 1	TRI Commercial / CORFAC International / 415-268-2200 Valerie Villaraza-Steele - -	Dollar City Move In
1700-1710 Lincoln Ave - Alameda Alameda, CA 94501	10,522 SF 10,522 SF Retail/Storefront -	2,100 SF 12/02/2010 01/01/2011 12/31/2015	\$1.55/mg(est) Retail/Direct - 1	Harbor Bay Realty / 510-523-1144 Richard Krinks Harbor Bay Realty / 510-523-1144 Richard Krinks	Alameda Yoga Move In
1200 Lincoln Ave Market Spot Alameda Alameda, CA 94501	4,410 SF 4,410 SF Retail/Convenience Store -	2,000 SF 12/02/2010 01/01/2011 12/31/2015	\$0.85/nnn Retail/Direct - 1	Peter Cho / 510-301-9031 Peter Cho - -	Luong's Meat Market Move In
1303 Lincoln Ave - Alameda Alameda, CA 94501	2,771 SF 1,385 SF Retail -	1,000 SF 01/19/2011 01/19/2011 -	\$1.10/mg(est) Retail/Direct - 1	Kin & Lavinia Llc / 510-865-3132 Kin Li - -	- Move In
2212-2216 Shore Ctr Bldg 700,Alameda South Shore Center Alameda Alameda, CA 94501	37,580 SF 37,580 SF Retail/Freestanding -	1,400 SF 01/30/2011 03/01/2011 -	\$2.67/nnn(est) Retail/Direct - 1	Cornish & Carey Commercial Newmark Knight Frank / 415-445-8888 Julie Taylor, Stephen Rusher - -	Sprint Move In
2000-2008 Encinal Ave - Alameda Alameda, CA 94501	6,000 SF 6,000 SF Retail -	1,500 SF 03/02/2011 04/01/2011 -	\$2.00/+util(est) Off/Ret/Direct - 1	Mike Yue / 510-582-3469 Mike Yue - -	Green Grass Learning Center Move In

Leasing Activity Report - Alameda

10/11/2010 to 10/11/2011

Building Address Building/Park Name Submarket City	RBA Typical Floor Building Type Class	SF Leased Sign Date Move Date Expiration Date	Rent Paid/mo Space Use/Type Mailing Suite Leased Floor #s	Leasing Company / Phone Leasing Company Brokers Tenant Rep / Phone Tenant Rep Brokers	Tenant Name Transaction Type
1070 Marina Village Pky Marina Village Alameda Alameda, CA 94501	16,826 SF 8,413 SF Retail/Storefront Retail/Office -	803 SF 03/09/2011 03/09/2011 03/08/2012 -	- Office/Direct - 2 -	SRM Associates / 510-217-5400 Kathryn Luck - -	- Move In
1353-1355 Park St - Alameda Alameda, CA 94501	3,784 SF 3,784 SF Retail/Storefront -	1,500 SF 03/11/2011 04/01/2011 03/31/2016	\$3.17/+util Retail/Direct - 1	Preferred Properties of California / 510-473-3997 John Parten - -	Spice I am Move In
3211 Encinal Ave - Alameda Alameda, CA 94501	10,963 SF 10,963 SF Retail/Supermarket -	1,200 SF 04/01/2011 05/01/2011 -	\$1.04/mg(est) Retail/Direct - 1	OMM, Inc. / 510-522-8074 Jan Mason - -	- Move In
2001-2009 High St High Street Bridge Center,High Street Bridge Center Alameda Alameda, CA 94501	8,797 SF 9,961 SF Retail/Storefront Retail/Office -	4,800 SF 04/15/2011 05/01/2011 10/31/2011	\$1.46/nnn Retail/Direct - 1	Gallagher & Lindsay Property Management, LLC / 510-522-3322 Barbara Henry - -	- Move In
1533 Webster St - Alameda Alameda, CA 94501	5,100 SF 5,100 SF Retail/Storefront -	5,100 SF 05/10/2011 07/09/2011 -	\$1.25/mg(est) Retail/Direct - 1	BC Realty / 510-835-8888 Bonnie Chui - -	About Beauty Move In
2508 Santa Clara Ave - Alameda Alameda, CA 94501	2,240 SF 2,240 SF Retail/Freestanding -	2,240 SF 05/10/2011 06/09/2011 06/08/2014	\$1.34/nnn Retail/Direct - 1	Thomason Properties / 510-521-1403 Fred Runnion - -	See Spot Run Move In

Leasing Activity Report - Alameda

10/11/2010 to 10/11/2011

Building Address Building/Park Name Submarket City	RBA Typical Floor Building Type Class	SF Leased Sign Date Move Date Expiration Date	Rent Paid/mo Space Use/Type Mailing Suite Leased Floor #s	Leasing Company / Phone Leasing Company Brokers Tenant Rep / Phone Tenant Rep Brokers	Tenant Name Transaction Type
1701-1703 Webster St - Alameda Alameda, CA 94501	3,537 SF 3,537 SF Retail/Storefront -	1,800 SF 05/13/2011 06/12/2011 06/11/2012	\$1.22/fs(est) Off/Ret/Direct - 1	Gallagher & Lindsey Rentals / 510-521-8181 Melanie Snell - -	- Move In
1336-1364 Park St 1336-1364 Park Street Alameda Alameda, CA 94501	47,256 SF 13,088 SF Retail/Freestanding -	1,420 SF 06/23/2011 07/23/2011 07/22/2016	\$2.75/nnn Retail/Direct - 1	Park Street Properties Llc / 510-864-1354 Lucinda Scanlon Century 21 Earnest Realty / 626-289-3505 Kelly Tran	Happy Feet Children's Shoes Move In
1412-1416 Park St - Alameda Alameda, CA 94501	4,764 SF 4,764 SF Retail/Storefront -	970 SF 07/05/2011 07/05/2011 -	- Retail/Direct - 1	Hansen & Company / 925-256-0736 Mona Hansen - -	- Move In
1545-1553 Webster St - Alameda Alameda, CA 94501	8,451 SF 4,225 SF Retail/Storefront Retail/Office -	800 SF 07/15/2011 08/15/2011 08/31/2014	\$1.47/fs Retail/Direct - 1	Gallagher & Lindsey Rentals / 510-521-8181 Mario Mariani Gallagher & Lindsey Rentals / 510-521-8181 Mario Mariani	Red Wagon Collectibles Move In
1701-1703 Webster St - Alameda Alameda, CA 94501	3,537 SF 3,537 SF Retail/Storefront -	1,800 SF 07/25/2011 08/01/2011 09/30/2016	\$1.29/nnn Retail/Direct - 1	Gallagher & Lindsey Rentals / 510-521-8181 Andrea Guyette - -	- Move In
930-934 Central Ave - Alameda Alameda, CA 94501	5,674 SF 2,837 SF Retail/Storefront Retail/Residential -	1,000 SF 07/25/2011 07/25/2011 -	\$1.27/mg(est) Retail/Direct - 1	Harbor Bay Realty / 510-523-1144 Alex Mak - -	Rise Integrated Health & Fitness Move In

Leasing Activity Report - Alameda

10/11/2010 to 10/11/2011

Building Address Building/Park Name Submarket City	RBA Typical Floor Building Type Class	SF Leased Sign Date Move Date Expiration Date	Rent Paid/mo Space Use/Type Mailing Suite Leased Floor #s	Leasing Company / Phone Leasing Company Brokers Tenant Rep / Phone Tenant Rep Brokers	Tenant Name Transaction Type
2681 Blanding Ave	5,358 SF	1,786 SF	\$2.45/nnn(est)	CBRE / 408-453-7400	-
Bldg F, Bridgeside Shopping Center	2,198 SF	08/04/2011	Retail/Direct	Rick Shaffer, Eric Stokes	Move In
Alameda	Retail	09/03/2011	-	-	
Alameda, CA 94501	-	-	1	-	

## **APPENDIX B: SUPPORT EXHIBITS**

**Exhibit B-1**  
**Alameda Landing**  
**Market Area Definition**  
**2000 and 2010 Constituent Census Tracts and City Match (1)**

<b>2000 Census Tracts</b>		<b>2010 Census Tracts</b>	
<b>Census Tract</b>	<b>City</b>	<b>Census Tract</b>	<b>City</b>
4271.00	Alameda	4271.00	Alameda
4272.00	Alameda	4272.00	Alameda
4273.00	Alameda	4273.00	Alameda
4274.00	Alameda	4287.00	Alameda
4275.00	Alameda		
4276.00	Alameda	4276.00	Alameda
4277.00	Alameda	4277.00	Alameda
4278.00	Alameda	4278.00	Alameda
4279.00	Alameda	4279.00	Alameda
4280.00	Alameda	4280.00	Alameda
4281.00	Alameda	4281.00	Alameda
4282.00	Alameda	4282.00	Alameda
4283.01	Alameda	4283.01	Alameda
4283.02	Alameda	4283.02	Alameda
4284.00	Alameda	4284.00	Alameda
4285.00	Alameda	4285.00	Alameda
4286.00	Alameda	4286.00	Alameda
4020.00	Oakland	9820.00	Oakland
4028.00	Oakland	4028.00	Oakland
4029.00	Oakland	4029.00	Oakland
4030.00	Oakland	4030.00	Oakland
4031.00	Oakland	4031.00	Oakland
4032.00	Oakland	9832.00	Oakland
4033.00	Oakland	4033.00	Oakland
4034.00	Oakland	4034.00	Oakland
4053.00	Oakland	4053.01	Oakland
		4053.02	Oakland
4054.00	Oakland	4054.01	Oakland
		4054.02	Oakland
4055.00	Oakland	4055.00	Oakland
4058.00	Oakland	4058.00	Oakland
4059.00	Oakland	4059.01	Oakland
		4059.02	Oakland
4060.00	Oakland	4060.00	Oakland
4061.00	Oakland	4061.00	Oakland
4062.01	Oakland	4062.01	Oakland
4062.02	Oakland	4062.02	Oakland
4063.00	Oakland	4063.00	Oakland
4072.00	Oakland	4072.00	Oakland

Sources: U.S. Census Bureau; and ALH Urban & Regional Economics.

(1) For data retrieval purposes it is necessary to identify both the 2000 and 2010 census tracts for the market area.

**Exhibit B-2**  
**Alameda Landing**  
**Translation of Claritas Retail Sales Categories to BOE Categories**  
**Portion of Market Area within City of Oakland**  
**in 2010 Constant Dollars (millions)**

Claritas Sales Category	Claritas Retail Sales 2010 2010 \$'s	BOE Category
<b>Motor Vehicle &amp; Parts Dealers</b>		
- Automotive Dealers	\$28.9	<b>Motor Vehicles &amp; Parts</b>
- Other Motor Vehicle Dealers	\$6.2	
- Automotive Parts, Accessories, & Tire Stores	\$14.0	
<b>Furniture &amp; Home Furnishings Stores</b>		
- Furniture Stores	\$31.7	<b>Home Furnishings &amp; Appliances</b>
- Home Furnishing Stores	\$8.9	
<b>Electronics &amp; Appliance Stores</b>		
- Appliance, Television, and Other Electronics	\$18.8	
- Household Appliances Stores	\$1.9	
- Radio Television and Other Electronics	\$16.9	
- Computer and Software Stores	\$34.7	
- Camera & Photographic Equipment Stores	\$0.3	
<b>Building Material &amp; Garden Equipment &amp; Supply Dealers</b>		
- Building Material & Supply Dealers	\$117.7	<b>Building Materials and Garden Equip. &amp; Supplies</b>
- Home Centers	\$86.2	
- Paint and Wallpaper Stores	\$0.0	
- Hardware Stores	\$7.4	
- Other Building Materials Dealers	\$24.1	
- Building Materials, Lumberyards	\$9.4	
- Lawn and Garden Equipment and Supplies	\$1.0	
- Outdoor Power Equipment Stores	\$0.5	
- Nursery and Garden Centers	\$0.5	
<b>Food &amp; Beverage Stores</b>		
- Grocery Stores	\$194.9	<b>Food and Beverage Stores</b>
- Supermarkets and Other Grocery Stores	\$190.9	
- Convenience Stores	\$4.0	
- Speciality Food Stores	\$20.1	
- Beer, Wine, & Liquor Stores	\$15.6	
<b>Health &amp; Personal Care Stores</b>		
- Pharmacies and Drug Stores	\$58.8	<b>Other Retail Group</b>
- Cosmetics, Beauty Supplies and Perfume Stores	\$2.9	
- Optical Goods Stores	\$1.1	
- Other Health and Personal Care Stores	\$3.4	
<b>Gasoline Stations</b>		
- Gasoline Stations with Convenience Stores	\$0.0	<b>Service Stations</b>
- Other Gasoline Stations	\$11.1	
<b>Clothing &amp; Clothing Accessories Stores</b>		
- Clothing Stores	\$21.2	<b>Clothing &amp; Clothing Accessories</b>
- Men's Clothing Stores	\$5.6	
- Women's Clothing Stores	\$5.6	
- Children's and Infants' Clothing Stores	\$0.5	
- Family Clothing Stores	\$2.3	
- Clothing Accessories Stores	\$1.2	
- Other Clothing Stores	\$5.9	
- Shoe Stores	\$6.0	
- Jewelry, Luggage, & Leather Goods Stores	\$15.4	
- Jewelry Stores	\$15.4	
- Luggage, & Leather Goods Stores	\$0.0	

**Exhibit B-2**  
**Alameda Landing**  
**Translation of Claritas Retail Sales Categories to BOE Categories**  
**Portion of Market Area within City of Oakland**  
**In 2010 Constant Dollars (Millions)**

Claritas Sales Category	Claritas Retail Sales 2010 2010 \$'s	BOE Category
<b>Sporting Goods, Hobby, Book, &amp; Music Stores</b>		
- Sporting Goods, Hobby, & Musical Instruments	\$8.3	
- Sporting Goods Stores	\$2.9	
- Hobby, Toys and Games Stores	\$2.2	
- Sew, Needlework, Piece Goods Stores	\$0.9	
- Musical Instrument and Supplies Stores	\$2.4	<b>Other Retail Group</b>
- Book, Periodical, & Music Stores	\$3.5	
- Book Stores and News Dealers	\$2.3	
- Book Stores	\$2.0	
- News Dealers and Newsstands	\$0.2	
- Prerecorded Tape, Compact Disc, & Records	\$1.2	
<b>General Merchandise Stores</b>		
- Department Stores excluding Leased Dept Stores	\$23.2	<b>General Merchandise Stores</b>
- Other General Merchandise Stores	\$111.2	
<b>Miscellaneous Store Retailers</b>		
- Florists	\$1.8	
- Office Supplies, Stationery, & Gift Stores	\$6.9	
- Office Supplies and Stationery Stores	\$3.1	<b>Other Retail Group</b>
- Gift, Novelty, and Souvenir Stores	\$3.8	
- Used Merchandise Stores	\$6.5	
- Other Miscellaneous Store Retailers	\$9.6	
<b>Non-store Retailers</b>	<b>\$93.3</b>	<b>Other Retail Group</b>
<b>Foodservice &amp; Drinking Places</b>		
- Full-Service Restaurants	\$90.4	<b>Food Services &amp; Drinking Places</b>
- Limited-service Eating Places	\$75.4	
- Special Foodservices	\$13.9	
- Drinking Places - Alcoholic Beverages	\$10.3	
<b>TOTAL RETAIL STORES</b>	<b>\$1,066.7</b>	

<b>Calculations</b>	
<b>BOE Category</b>	<b>In Millions</b>
Motor Vehicles & Parts	\$49.0
Home Furnishings and Appliances	\$94.4
Building Materials and Garden Equip	\$118.7
Food and Beverage Stores	\$230.6
Gasoline Stations	\$11.1
Clothing and Clothing Accessories	\$42.6
General Merchandise	\$134.3
Food Services and Drinking Places	\$189.9
Other Retail Group	\$196.0
<b>Retail Total</b>	<b>\$1,066.7</b>

Sources: Claritas; State of California Board of Equalization; and ALH Urban & Regional Economics.

**Exhibit B-3**  
**Alameda Landing**  
**Translation of Claritas Retail Sales Categories to BOE Categories**  
**City of Oakland**  
**in 2010 Constant Dollars (millions)**

Claritas Sales Category	Claritas Retail Sales 2010 2010 \$'s	BOE Category
<b>Motor Vehicle &amp; Parts Dealers</b>		
- Automotive Dealers	\$437.8	<b>Motor Vehicles &amp; Parts</b>
- Other Motor Vehicle Dealers	\$15.6	
- Automotive Parts, Accessories, & Tire Stores	\$50.9	
<b>Furniture &amp; Home Furnishings Stores</b>		
- Furniture Stores	\$89.0	<b>Home Furnishings &amp; Appliances</b>
- Home Furnishing Stores	\$29.8	
<b>Electronics &amp; Appliance Stores</b>		
- Appliance, Television, and Other Electronics	\$39.5	
- Household Appliances Stores	\$8.4	
- Radio Television and Other Electronics	\$31.2	
- Computer and Software Stores	\$42.0	
- Camera & Photographic Equipment Stores	\$6.8	
<b>Building Material &amp; Garden Equipment &amp; Supply Dealers</b>		
- Building Material & Supply Dealers	\$249.8	<b>Building Materials and Garden Equip. &amp; Supplies</b>
- Home Centers	\$105.6	
- Paint and Wallpaper Stores	\$9.3	
- Hardware Stores	\$42.4	
- Other Building Materials Dealers	\$92.5	
- Building Materials, Lumberyards	\$36.2	
- Lawn and Garden Equipment and Supplies	\$7.5	
- Outdoor Power Equipment Stores	\$0.8	
- Nursery and Garden Centers	\$6.7	
<b>Food &amp; Beverage Stores</b>		
- Grocery Stores	\$970.6	<b>Food and Beverage Stores</b>
- Supermarkets and Other Grocery Stores	\$945.1	
- Convenience Stores	\$25.5	
- Speciality Food Stores	\$58.2	
- Beer, Wine, & Liquor Stores	\$65.9	
<b>Health &amp; Personal Care Stores</b>		
- Pharmacies and Drug Stores	\$268.7	<b>Other Retail Group</b>
- Cosmetics, Beauty Supplies and Perfume Stores	\$10.6	
- Optical Goods Stores	\$3.1	
- Other Health and Personal Care Stores	\$19.4	
<b>Gasoline Stations</b>		
- Gasoline Stations with Convenience Stores	\$292.7	<b>Service Stations</b>
- Other Gasoline Stations	\$99.9	
<b>Clothing &amp; Clothing Accessories Stores</b>		
- Clothing Stores	\$61.4	<b>Clothing &amp; Clothing Accessories</b>
- Men's Clothing Stores	\$8.1	
- Women's Clothing Stores	\$21.6	
- Children's and Infants' Clothing Stores	\$7.4	
- Family Clothing Stores	\$13.6	
- Clothing Accessories Stores	\$2.9	
- Other Clothing Stores	\$7.7	
- Shoe Stores	\$12.0	
- Jewelry, Luggage, & Leather Goods Stores	\$24.0	
- Jewelry Stores	\$24.0	
- Luggage, & Leather Goods Stores	\$0.1	

**Exhibit B-3**  
**Alameda Landing**  
**Translation of Claritas Retail Sales Categories to BOE Categories**  
**City of Oakland**  
**In 2010 Constant Dollars (Millions)**

Claritas Sales Category	Claritas Retail Sales 2010 2010 \$'s	BOE Category
<b>Sporting Goods, Hobby, Book, &amp; Music Stores</b>		
- Sporting Goods, Hobby, & Musical Instruments	\$29.5	
- Sporting Goods Stores	\$18.0	
- Hobby, Toys and Games Stores	\$6.2	
- Sew, Needlework, Piece Goods Stores	\$1.9	
- Musical Instrument and Supplies Stores	\$3.4	<b>Other Retail Group</b>
- Book, Periodical, & Music Stores	\$16.7	
- Book Stores and News Dealers	\$8.9	
- Book Stores	\$8.5	
- News Dealers and Newsstands	\$0.3	
- Prerecorded Tape, Compact Disc, & Records	\$7.9	
<b>General Merchandise Stores</b>		
- Department Stores excluding Leased Dept Stores	\$103.1	<b>General Merchandise Stores</b>
- Other General Merchandise Stores	\$146.7	
<b>Miscellaneous Store Retailers</b>		
- Florists	\$6.1	
- Office Supplies, Stationery, & Gift Stores	\$29.3	
- Office Supplies and Stationery Stores	\$12.7	<b>Other Retail Group</b>
- Gift, Novelty, and Souvenir Stores	\$16.6	
- Used Merchandise Stores	\$28.3	
- Other Miscellaneous Store Retailers	\$29.2	
<b>Non-store Retailers</b>	<b>\$408.0</b>	
<b>Foodservice &amp; Drinking Places</b>		
- Full-Service Restaurants	\$227.5	<b>Food Services &amp; Drinking Places</b>
- Limited-service Eating Places	\$213.7	
- Special Foodservices	\$44.5	
- Drinking Places - Alcoholic Beverages	\$23.8	
<b>TOTAL RETAIL STORES</b>	<b>\$4,161.4</b>	

<b>Calculations</b>	
<b>BOE Category</b>	<b>In Millions</b>
Motor Vehicles & Parts	\$504.3
Home Furnishings and Appliances	\$207.1
Building Materials and Garden Equip	\$257.4
Food and Beverage Stores	\$1,094.7
Gasoline Stations	\$392.6
Clothing and Clothing Accessories	\$97.3
General Merchandise	\$249.8
Food Services and Drinking Places	\$509.5
Other Retail Group	\$848.8
<b>Retail Total</b>	<b>\$4,161.4</b>

Sources: Claritas; State of California Board of Equalization; and ALH Urban & Regional Economics.

**Exhibit B-4**  
**Alameda Landing**  
**Project Market Area Retail Sales within City of Oakland**  
**In 2010 Dollars**

Type of Retailer	Claritas Retail Sales Estimates for 2010 (1)		
	Retail Sales Within	Total Retail Sales in	Sales
	Oakland Portion of Market Area (2)	City of Oakland (3)	Ratio
	[A]	[B]	[C = A / B]
Motor Vehicles & Parts	\$49,047,051	\$504,271,533	9.7%
Home Furnishings and Appliances	\$94,368,420	\$207,079,039	45.6%
Building Materials and Garden Equip	\$118,721,357	\$257,353,152	46.1%
Food and Beverage Stores	\$230,618,950	\$1,094,670,503	21.1%
Gasoline Stations	\$11,054,558	\$392,590,487	2.8%
Clothing and Clothing Accessories	\$42,636,176	\$97,331,041	43.8%
General Merchandise	\$134,327,701	\$249,816,651	53.8%
Food Services and Drinking Places	\$189,924,740	\$509,491,060	37.3%
Other Retail Group	\$196,037,020	\$848,833,065	23.1%
<b>Total</b>	<b>\$1,066,735,973</b>	<b>\$4,161,436,531</b>	<b>25.6%</b>

Sources: Claritas, Inc.; California State Board of Equalization; and ALH Urban & Regional Economics.

(1) Claritas data are in 2010 dollars. See Appendix B-2 and B-3 for translation of Claritas to BOE categories.

(2) See Exhibit B-2.

(3) See Exhibit B-3.

**Exhibit B-5****Allocations of Unknown Retail Space into BOE Categories by Shopping Center Format (1)**

---

<b>Format</b>	<b>Motor Vehicles and Parts Dealers</b>	<b>Home Furnishings and Appliance Stores</b>	<b>Building Materials and Garden Equip</b>	<b>Food and Beverage Stores</b>	<b>Gasoline Stations</b>	<b>Clothing and Clothing Accessories Stores</b>	<b>General Merchandise</b>	<b>Food Services and Drinking Places</b>	<b>Other Retail</b>
<b>Neighborhood Centers</b>	0%	0%	0%	40%	0%	0%	20%	20%	20%
<b>Community Centers</b>	0%	0%	5%	25%	0%	5%	35%	15%	15%
<b>Power Centers</b>	0%	5%	10%	15%	0%	10%	45%	5%	10%
<b>Regional Malls</b>	0%	10%	0%	0%	0%	30%	35%	5%	20%
<b>Lifestyle Centers</b>	0%	10%	0%	10%	0%	15%	10%	30%	25%

---

Sources: International Council of Shopping Centers (ICSC), U.S. Shopping Center Definitions, July 2011 ([http://www.icsc.org/srch/lib/SC\\_TYPES.pdf](http://www.icsc.org/srch/lib/SC_TYPES.pdf)); and ALH Urban & Regional Economics.

(1) ALH Urban & Regional Economics estimates for typical shopping center formats were developed based on ICSC shopping center classification criteria.

## **APPENDIX C: FIRM INTRODUCTION**

## FIRM HISTORY, SELECT QUALIFICATIONS, AND RESUME

### FIRM INTRODUCTION

ALH Urban & Regional Economics (ALH Economics) is a recently formed sole proprietorship devoted to providing urban and regional economic consulting services to clients throughout California. Until early summer 2011, Amy L. Herman, Principal of ALH Economics, was a Senior Managing Director with CBRE Consulting in San Francisco, a division of the real estate services firm CB Richard Ellis. CBRE Consulting was the successor name of Sedway Group, a well established urban economic and real estate consulting firm acquired by CB Richard Ellis in the late 1990s. Ms. Herman's tenure with Sedway Group and then CBRE Consulting's land use and economics practice totaled more than 20 years. During that time Ms. Herman established a strong professional network and client base providing a range of services such as economic development and redevelopment, market feasibility analysis, fiscal and economic impact analysis, location analysis, strategic planning, and policy analysis. Ms. Herman's client base includes governmental clients, transportation agencies, corporations, environmental consultants, educational and health institutions, non-profits, and developers.

In early 2011, CBRE chose to restructure the land use and economics practice area within CBRE Consulting. Ms. Herman took this opportunity to establish her own firm, through which she can continue to serve her existing client base and expand her practice in areas that suit her professional and personal interests. Examples of clients with whom ALH Economics is already under contract include the University of California at Berkeley, LSA Associates, Jack Faucett Associates, Hanna Novato, LLC, Terry Margerum & Associates, Raney Planning and Management, Inc., During Associates, Lamphier-Gregory, California Gold Corp., Sedway Consulting, University of California at Riverside, Arcadia Development Co., and Catellus.

During her tenure with CBRE Consulting Ms. Herman developed a strong practice area involving the conduct of urban decay analyses as part of the environmental review process for projects with major retail components. A description of these services and recent projects follows. Also included are select examples of other economic impact studies conducted by Ms. Herman during her tenure with CBRE Consulting.

### EXPERIENCE CONDUCTING RETAIL URBAN DECAY STUDIES

#### Description of Services

The Principal of ALH Economics, Amy L. Herman, has performed economic impact and urban decay studies for a number of retail development projects in California. These studies have generally been the direct outcome of the 2004 court ruling *Bakersfield Citizens for Local Control ("BCLC") v. City of Bakersfield* (December 2004) 124 Cal.App.4th 1184, requiring environmental impacts analyses to take into consideration the potential for a retail project as well as other cumulative retail projects to contribute to urban decay in the market area served by the project. Prior to the advent of the Bakersfield court decision, Ms. Herman managed these studies for project developers or retailers, typically at the request of the host city, or sometimes for the city itself. Following the Bakersfield decision, the studies have most commonly been directly commissioned by the host cities or environmental planning firms conducting Environmental Impact Reports (EIRs) for the projects. Studies are often conducted as part of the EIR process, but also in response to organized challenges to a city's project approval or to Court decisions ruling that additional analysis is required.

The types of high volume retail projects for which these studies have been conducted include single store developments, typically comprising a Walmart Store, The Home Depot, Lowe's Home Improvement Warehouse, or Target store (including SuperTarget). The studies have also been conducted for large retail shopping centers, typically anchored by one or more of the preceding stores, but also including as much as 300,000 to 400,000 square feet or more of additional retail space with smaller anchor stores and in-line tenants.

The scope of services for these studies includes numerous tasks. The basic tasks common to most studies include the following:

- defining the project and estimating sales for the first full year of operations
- identifying the market area
- identifying and touring existing competitive market area retailers
- evaluating existing retail market conditions at competitive shopping centers and along major commercial corridors in the market area
- conducting retail demand, sales attraction, and spending leakage analyses for the market area and other relevant areas
- forecasting future retail demand in the market area
- researching the retail market's history in backfilling vacated retail spaces
- assessing the extent to which project sales will occur to the detriment of existing retailers (i.e., diverted sales)
- determining the likelihood existing competitive and nearby stores will close due to sales diversions attributable to the project
- researching planned retail projects and assessing cumulative impacts
- identifying the likelihood the project's economic impacts and cumulative project impacts will trigger or cause urban decay.

Many studies include yet additional tasks, such as assessing the project's impact on downtown retailers; determining the extent to which development of the project corresponds with city public policy, redevelopment, and economic development goals; projecting the fiscal benefits relative to the host city's General Plan; forecasting job impacts; analyzing wages relative to the existing retail base; and assessing potential impacts on local social service providers.

### **Recent Projects, Past 3 Years**

High volume retail projects for which Ms. Herman has prepared economic impact and urban decay studies during just the past three years are listed below. This includes studies for projects that have successfully navigated the public approvals process or are currently in progress. Projects are listed alphabetically by the California city in which they are located. These projects represent a range of entitlement success, from projects already completed to projects lacking certified EIRs.

- Apple Valley, Walmart Superstore, 240,000 square feet plus 9,000 square feet of additional retail, replacing existing Walmart Discount Store, EIR certified, engaged in the legal process
- Bakersfield, Bakersfield Commons, totaling 1.2 million square feet of lifestyle retail space and 400,000 square feet of community shopping center space, EIR Certified and project approved
- Bakersfield, Crossroads Shopping Center, totaling 786,370 square feet, anchored by a Target, EIR Certified and project approved

- Bakersfield, Silver Creek Plaza, anchored by a WinCo Foods, totaling 137,609 square feet, EIR Certified and project approved
- Concord, Lowe's Commercial Shopping Center, totaling 334,112 square feet, anchored by a Lowe's Home Improvement Warehouse and a national general merchandise store; EIR Certified December 2008 with no subsequent legal challenge; store opened January 2010
- Eureka, Eureka Balloon Track Development, totaling 327,500 square feet of retail space, anchored by Home Depot, EIR certified, engaged in the legal process
- Fairfield, Green Valley Plaza, totaling 465,000 square feet; EIR certified and project approved, not yet under construction
- Fresno, Fresno 40, totaling 209,650 square feet, project approved and beyond legal challenge
- Hesperia, Main Street Marketplace, totaling 465,000 square feet, anchored by a Walmart Superstore and a Home Depot, EIR certified but engaged in the legal process
- Kern County, Rosedale and Renfro, totaling 228,966 square feet, anchored by a Target, EIR Certified and project approved
- Livingston, Blueberry Crossing, totaling 273,225 square feet, anchored by a large general merchandise store, project environmental process on hold
- Menlo Park, Beverages & More, 8,788-square-foot store opened February 2011
- Milpitas, Walmart Superstore, 17,640-square-foot expansion to existing Walmart; EIR certified by the Planning Commission but not by the City Council
- Novato, Hanna Ranch, Novato, Hanna Ranch, mixed-use project including 44,621 square feet of retail space, 21,190 square feet of office space, and a 116-room hotel; DEIR out for public review
- Oroville, Walmart Superstore, 213,400 square feet, replacing existing Walmart Discount Store, EIR certified but engaged in the legal process
- Palo Alto, Stanford Shopping Center, 240,000-square-foot expansion; project withdrawn by applicant
- San Francisco, Candlestick Point, 635,000 square feet of regional retail and Hunters Point, with two, 125,000-square-foot neighborhood shopping centers; EIR certified but engaged in the legal process for reasons not associated with CBRE Consulting's work effort
- Santa Rosa, Lowe's Home Improvement Store, 155,454 square feet plus 9,000 square of pad space; EIR not certified
- Sonora, Lowe's Home Improvement Warehouse, 111,196 square feet; store opened December 2010
- Ukiah, Walmart Superstore, 47,621-square-foot expansion to existing Walmart, DEIR out for public review
- Vallejo, WinCo grocery store, 71,393 square feet; FEIR under preparation

There have been yet numerous other comparable studies conducted by Ms. Herman in California locations prior to the past three years. These also include projects located in Adelanto, American Canyon, Carlsbad, Chico, Citrus Heights, Gilroy, Hercules, Madera, Rancho Cordova, Sacramento, San Jose, Victorville, West Sacramento, and Willows.

### EXPERIENCE CONDUCTING OTHER ECONOMIC IMPACT STUDIES

Following are description of other economic impact studies managed by Ms. Herman. These studies have been performed under a range of circumstances, including for existing institutions seeking to demonstrate their local and regional impacts to new development projects seeking public approvals.

These studies were all initiated during Ms. Herman's tenure with CBRE Consulting; however, Ms. Herman is continuing to provide services to some of these projects through ALH Economics.

- ***University of California at San Diego/Economic Impact Analysis.*** Ms. Herman managed a study of the economic impacts of UC San Diego on the City of San Diego, San Diego County, and the State of California. Financial data gathered from the University and companies started by alumni and faculty were used to estimate economic benefits in terms of spending, employment, and personal income. A model was developed to analyze these impacts using IMPLAN input-output multipliers. The model was provided to UC San Diego for their use in analyzing these impacts going forward. Select qualitative economic impacts were also analyzed and include UC San Diego's extensive contribution to the regional workforce, cultural opportunities, and community development efforts. Specifically, the community benefits associated with the medical and health sectors include medical training, significant research spending on health issues, and healthcare for local residents.
- ***Kaiser Permanente/Lancaster Medical District Economic Impact Analysis.*** Ms. Herman managed a study of the economic impacts of a planned Kaiser Medical District in Lancaster, California. The facility is planned as part of a larger development area and will serve the growing Antelope Valley. The economic impacts associated with the hospital and medical office buildings include both one-time benefits from construction and on-going operational benefits. The quantifiable benefits include new jobs and income, increased local spending by Kaiser, and spending by new Kaiser employees. The Kaiser Medical District will also likely result in significant economic development impacts such as an increase in the annual community contributions in the region, establishment of local medical training programs and job recruitment, and attraction of adjacent real estate development.
- ***Forest City Enterprises/Economic Impact Analysis.*** Ms. Herman conducted an economic impact analysis for a planned mixed-use development project in downtown Fresno, California. Ms. Herman estimated the one-time benefits associated with this project including the number of direct construction period jobs, indirect jobs associated with the development effort, and construction worker spending in the local community. Similarly, on-going benefits were estimated to include on-site project management jobs, retail sales generated by project residents, and direct and indirect jobs generated by on-site retail spending. These benefits were analyzed on a local and regional level. Some of the qualitative benefits associated with green construction and operation were also analyzed, such as increasing the local knowledge base and the creation of a green cluster.
- ***Lawrence Berkeley National Laboratory/Economic Impact Study.*** Ms. Herman has twice conducted an economic impact analysis demonstrating the benefits of Lawrence Berkeley National Laboratory ("Berkeley Lab") to the City of Berkeley, the Bay Area region, and the State of California. The study was also intended to be useful to Berkeley Lab in the process of preparing its Long Range Development Plan. The study focused on job generation, wages, and local and regional spending. The analysis culminated in a brief memorandum of findings, as well as an Excel-based economic impact model for Berkeley Lab's future use that was designed to update itself automatically with annual inputs provided by LBL. Recent updates to this study have been used as a springboard to analysis of the Lab's planned second Bay Area campus, for which Ms. Herman participated in public meetings.
- ***Regents of the University of California at Berkeley/Berkeley Art Museum and Pacific Film Archive Economic Impact Analysis.*** The Regents of the University of California at Berkeley is planning to

relocate the University's Berkeley Art Museum and Pacific Film Archive (BAM and PFA) to a signature building designed by a world-renowned architect in Downtown Berkeley near the gateway to the University campus. The project will be a focal point of Berkeley's evolving Arts District. The plan calls for 118,000 square feet, including 2,500 square feet for retail, an 88-space parking garage, two film screening rooms, 12 galleries, a café, and rooftop gardens. The Exhibition space is 32,760 square feet. Ms. Herman conducted an economic impact analysis of the new facility upon completion. The economic impacts analyzed construction period and on-going impacts on the City of Berkeley, Alameda and Contra Costa counties, and the Bay Area region. The on-going impacts were based upon visitorship projections prepared for the study, forecasted local visitor spending, and anticipated BAM and PFA local spending on payroll as well as goods and services pursuant to analysis of historic spending patterns. They study additionally included qualitative analysis of the spin-off benefits of the new facility, including revitalization of Downtown Berkeley, increasing exposure for local retailers and restaurants, and accelerating growth in residential development.

- ***Transbay Joint Powers Board/Economic Impact of Transbay Development Program.*** Ms. Herman conducted economic impact analysis of select components of the proposed new Transbay Terminal and the associated Transbay Terminal Redevelopment Project Area. This included analysis of the operations of the Terminal and the impacts of the new riders attracted into San Francisco due to expansion of the Terminal's capacity, the downtown extension of Caltrain, and the potential addition of High-Speed Rail service. In anticipation of this major redevelopment effort, the City of San Francisco Redevelopment Agency created a Transbay Redevelopment Project Area calling for an extensive commercial and residential development program. The analysis therefore also projected the economic impacts associated with the construction and operations of this program, which included 3,378 residential units, 765,000 square feet of office space, 40,516 square feet of retail space, and a 1,000-room hotel. The analysis was conducted for a static time period, representing estimated stabilization of the various operations, in the year 2020.
- ***University of California at Riverside/Economic Impact Analysis.*** Ms. Herman conducted an economic impact analysis of the UC Riverside campus and its research centers. The purpose of the study was for the University to demonstrate its impacts on the local Riverside community, the surrounding region, and beyond, as well demonstrate as its leadership role. These impacts include tangible benefits such as job generation, wages, and local and regional spending, as well as intangible benefits such as cultural opportunities, intellectual stimulation, and volunteer work. The study was especially relevant to the University's anticipated Long Range Development Plan (LRDP), both in terms of the University's economic benefits and potential negative impacts. The geographies reflected in the study included the City of Riverside, Riverside County, the Inland Empire, the State of California, and the nation. The study also included baseline analysis of a new Palm Desert campus, with the Heckman Center for Entrepreneurial Management, home of the University's MPB program. A model update to this analysis in process includes expansion of the University's impacts to the national level.



**AMY L. HERMAN, AICP**  
PRINCIPAL

ALH Urban & Regional  
Economics  
Berkeley, California  
www.alhecon.com

T 510.704.1599

aherman@alhecon.com

#### OTHER CLIENTS PREVIOUSLY SERVED

- A.G. Spanos Companies
- Bohannon Development Company
- Essex Property Trust
- Forest City Enterprises
- Gresham Savage Nolan & Tilden
- Lawrence Berkeley National Laboratory
- Lennar
- Merlone Geier Partners
- Michael Brandman Associates
- Mills Corporation
- City of Mountain View
- Port of San Francisco
- The Presidio Trust
- Pulte Homes
- Santa Clara Valley Transportation Authority
- City of Santa Rosa
- Shea Properties
- Sheppard Mullin Richter & Hampton LLP
- Simon Property Group
- The Sobrato Organization
- Southbay Development
- City of Sunnyvale
- Sunset Development Co.
- Transbay Joint Powers Authority
- University of Phoenix
- Westfield Corporation

Amy L. Herman, Principal of ALH Urban & Regional Economics, has provided urban and regional consulting services for almost 30 years. During this time she has been responsible for directing assignments for corporate, institutional, non-profit, and governmental clients in key service areas, including fiscal and economic impact analysis, economic development and redevelopment, feasibility analysis, location analysis, strategic planning, policy analysis, and transit-oriented development. Her award-winning economic development work has been recognized by the American Planning Association, the California Redevelopment Association, and the League of California Cities.

Prior to forming ALH Urban & Regional Economics, Ms. Herman's professional tenure included 20 years with Sedway Group, inclusive of its acquisition by CB Richard Ellis and subsequent name change to CBRE Consulting. Her prior professional work experience includes 5 years in the Real Estate Consulting Group of the now defunct accounting firm Laventhol & Horwath (L&H), preceded by several years with the real estate consulting firm Land Economics Group, which was acquired by L&H.

Following are descriptions of select consulting assignments managed by Ms. Herman during the course of her career.

### ECONOMIC DEVELOPMENT AND REDEVELOPMENT

**City of Morgan Hill.** Reviewed the City's economic development practices and compared them with "best practices" to other competitive Bay Area cities.

**Solano County Cities.** Managed a regional labor market study for Solano County cities designed to enhance the recognition of Solano County's competitiveness as a business location to prospective businesses and corporate site selectors.

**City of San Jose Redevelopment Agency.** Prepared a study analyzing the costs and benefits associated with creating a bioscience incentive zone in the Edenvale industrial redevelopment area.

**City of Lake Forest.** Prepared a commercial revitalization plan for the El Toro Corridor, including strategies to attract retail tenants, improve design standards, and create a community focal point. Led a series of community workshops and assessed the existing retail market.

**City of Palo Alto.** Conducted a retail study targeting six of Palo Alto's retail business districts for revitalization, including the identification of barriers to revitalization and recommended strategies tailored to the priorities established for each of the individual target commercial areas.

**East Bay Municipal Water District.** Managed economic, demographic, and real estate data analysis in support of developing market-sensitive adjustments to long-term water demand forecasts.

**Redwood City Redevelopment Agency.** Conducted a business attraction, retention and expansion study designed to preserve and strengthen Redwood City's industrial and retail bases. Outlined a program of economic development incentives, formulated implementation strategies, and recommended an organizational structure for a new economic development department.

### ECONOMIC IMPACT ANALYSIS

**University of California.** Conducted economic impact studies for five University of California campuses: Berkeley, Davis, Riverside, San Francisco, and San Diego. Prepared models suitable for annual updates by campus personnel.

**Various EIR Firms.** Managed numerous assignments analyzing the potential for urban decay to result from development of major big box and other shopping center retailers. The analysis comprises a required Environmental Impact Report component pursuant to CEQA.

**Apple Computer Inc., Hewlett Packard Corporation, and Tandem Computers, Inc.** Conducted collaborative economic impact analysis demonstrating net economic benefits associated with office and R&D expansion pursuant to General Plan buildout in Cupertino, CA and related entitlements.

**Bay Area Rapid Transit District.** Conducted an economic impact study demonstrating BART's regional economic benefits, focusing on quality of life, regional competitiveness, smart growth, and development impacts.

**Kaiser Permanente.** Managed economic impact analysis for planned Kaiser facilities in Modesto (hospital) and Lancaster, California (medical office campus). The analyses included multiplier impacts for local and regional employment, wages, and vendor expenditures.

**AMY L. HERMAN, AICP**  
Principal

## FISCAL IMPACT ANALYSIS

**Stanford Management Company and Stanford Hospitals.** Managed numerous assignments involving fiscal impact analysis for planned facilities developed by Stanford Management Company or Stanford Hospitals, including a satellite medical campus in Redwood City, a hotel and office complex in Menlo Park, and expansion of the hospital complex and the Stanford School of Medicine in Palo Alto.

**Google.** Preparing a fiscal impact analysis of the master planning effort for Google's expanded headquarters presence in the City of Mountain View.

**City of Concord.** Structured and managed fiscal impact analysis designed to test the net fiscal impact of multiple land use alternatives pertaining to the reuse of the 5,170-acre former Concord Naval Weapons Station, leading to possible annexation into the City of Concord, California.

**General Electric Company.** Conducted industrial market, retail demand, and comparative fiscal impact analysis to support changing 55.1 acres of heavy industrial land to commercial use in San Jose, California. The resulting regional shopping center met with strong market acceptance.

**Exxon Mobil Corporation.** Prepared a fiscal and economic impact report demonstrating the role of general industry, including Exxon Mobil, on the quality of life in Benicia, California. This was performed relative to the City's General Plan Update.

**Catellus (now ProLogis).** Demonstrated the fiscal and economic benefits of San Francisco's 303-acre planned multi-use Mission Bay development over the 30-year projected build-out period as a precondition of City/County and Redevelopment Agency plan approval.

## CORPORATE LOCATION ANALYSIS

**Toyota Motor Corporation.** Conducted a location analysis study for a distribution facility in the San Francisco Bay Area, designed to minimize travel time distance to the majority of area dealerships.

**Cisco Systems.** Managed multiple corporate location studies for Cisco Systems, headquartered in San Jose, California. These studies focused on the formulation of both a regional and a North American location strategy.

**Starbucks Coffee Company.** Directed analysis examining alternative locations for a new coffee roasting plant in the Western United States. A variety of economic, business, and labor market data were collected. The roasting plant was successfully sited in Sparks, Nevada.

**Sacramento Regional Transportation District (RTD).** Managed a consultant team assisting the RTD in planning for its immediate and long-term administrative office space needs, and in developing a strategy for maximizing the value of the existing RTD complex.

**Hines.** Managed comparative analysis highlighting business and employee costs associated with business locations in three competitive Bay Area locations.

## DEVELOPMENT FEASIBILITY

**ChevronTexaco.** Conducted a regional market analysis of an 8,400-acre oil field retired from active oil production in the New Orleans, Louisiana metropolitan area.

**City of San Jose.** Managed alternative City Hall location analysis, focused on recommending a long-term occupation strategy for the City. Following relocation of City Hall conducted a study examining the feasibility of redeveloping the City's former City Hall location and nearby parking facilities for residential, retail, and civic land uses.

**Ford Motor Land Corporation.** Managed the market analysis component pertinent to the redevelopment of Ford's 157-acre Ford auto assembly plant site in Milpitas. Ford ultimately disposed of the property for the purpose of retail development through adaptive reuse.

**General Motors Corporation.** Managed reuse studies for closed manufacturing facilities in Indiana (250 acres, 14 sites) and New Jersey (80 acres). Studies focused on the long term reuse and redevelopment potential of the closed manufacturing sites.

**AMY L. HERMAN, AICP**  
Principal

## PROFESSIONAL AFFILIATIONS

- American Planning Association (APA) and its Economic Development Division
- American Institute of Certified Planners (AICP)
- International Economic Development Council (IEDC)
- California Association for Local Economic Development (CALED), former Board Member
- State of California, Real Estate Salesperson License, License #01821384

## EDUCATION

- Ms. Herman holds a Bachelor of Arts degree in urban studies, magna cum laude, from Syracuse University. She also holds a Master of Community Planning degree from the University of Cincinnati. She has also pursued advanced graduate studies in City and Regional Planning at the University of California at Berkeley.

## VOLUNTEER ACTIVITIES

- Neighborhood Captain for Earthquake Preparedness, Berkeley, California
- President, Diablo Pacific Short Line, 501 (c)(3) Portable Modular Train Organization
- Volunteer, Swanton Pacific Railroad, Santa Cruz County, California
- Volunteer, Redwood Valley Railway, Tilden Regional Park, California