RETAIL LEAKAGE REPORT

ECONOMIC ELEVATE 2022

buxton

OPPORTUNITY Stanislaus

buxton®

Retail Leakage and Surplus Analysis

The Retail Leakage and Surplus Analysis examines the quantitative aspect of the community's retail opportunities. It is a guide to understanding retail opportunities but it is not an analysis that indicates unconditional opportunities. The analysis is sometimes called "a gap analysis" or "a supply and demand analysis" and can aid in the following:

- Indicating how well the retail needs of local residents are being met
- Uncovering unmet demand and possible opportunities
- Understanding the strengths and weaknesses of the local retail sector
- Measuring the difference between estimated and potential retail sales

Understanding Retail Leakage

Retail leakage means that residents are spending more for products than local businesses capture. Retail sales leakage suggests that there is unmet demand in the trade area and that the community can support additional store space for that type of business.

However, retail leakage does not necessarily translate into opportunity. For example, there could be a strong competitor in a neighboring community that dominates the market for that type of product or store.

Understanding Retail Surplus

A retail surplus means that the community's trade area is capturing the local market plus attracting non-local shoppers. A retail surplus does not necessarily mean that the community cannot support additional business. Many communities have developed strong clusters of stores that have broad geographic appeal. Examples of these types of retailers include: sporting goods stores, home furnishing stores, restaurants, and other specialty operations that become destination retailers and draw customers from outside the trade area.

Examining the quantitative aspects (Leakage/Surplus) is only part of the evaluation of community's retail opportunities. Before any conclusions can be drawn about potential business expansion or recruitment opportunities, qualitative considerations such as trade area psychographics and buying habits must be analyzed in context of other market factors.

Interpreting Leakage Index

1.0 = equilibrium, meaning that demand and sales in the area being analyzed are in balance.
.80 = demand exceeds sales by 20%, meaning that consumers are leaving the area being analyzed.
1.2 = sales exceed demand by 20%, meaning that consumers are coming from outside the area being analyzed.

All estimates, projections or forecasts in this report are subject to errors, including statistical error, error due to the subjective nature of some data, error due to changes in demographics, error based on lagging competitor information or growth data, and error due to factors that are not included in the model. The user assumes all risk of reliance on this information. Powered by Alteryx®.

Leakage/Surplus Index by Major Store Type

The quantitative comparison of retail leakage and surplus in the twelve major store types shown in the chart and table below provides an initial measure of market opportunities. Combining this analysis with the knowledge of the local retail situation will take the process of identifying retail possibilities one step further.

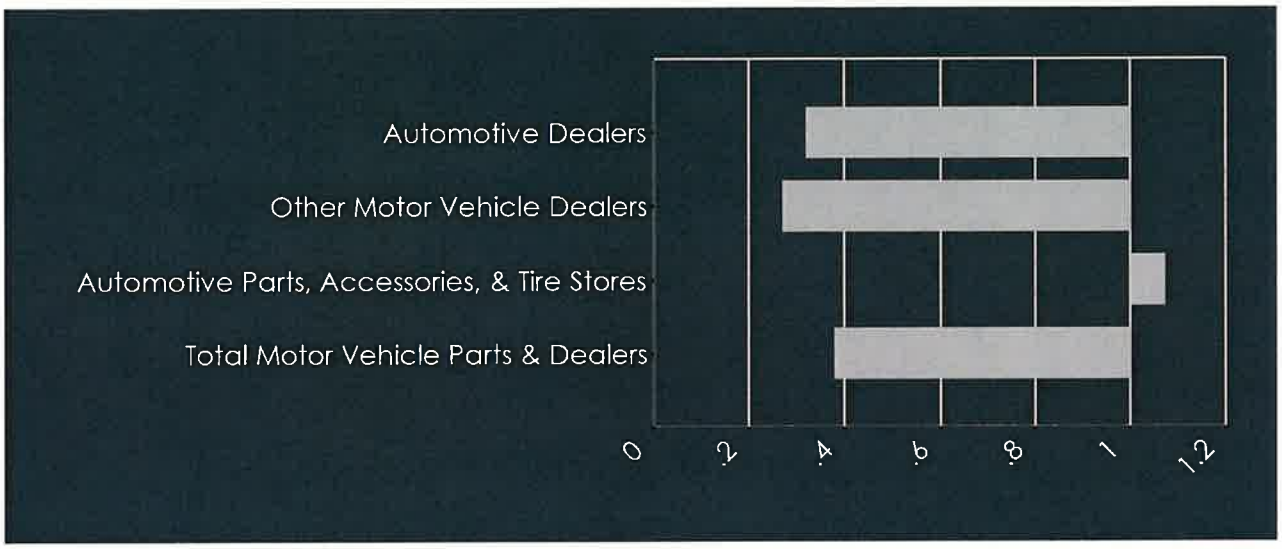
Figure 1 provides the leakage/surplus indices and following is the sales potential and estimated sales for major store types.

Figure 1. Leakage/Surplus Index and Estimated and Potential Sales by Major Store Types

Store Type	Potential	Estimated Sales	Surplus/Leakage
Motor Vehicle Parts & Dealers	61,866,458	23,418,517	0.4
Furniture & Home Furnishing Stores	6,083,427	1,615,572	0.3
Electronics & Appliance Stores	5,559,598	1,664,824	0.3
Building Material, Garden Equip. & Supplies	20,682,642	9,310,901	0.5
Food & Beverage Stores	45,910,455	35,963,808	0.8
Health & Personal Care Stores	15,901,974	21,297,506	1.3
Clothing & Clothing Accessories Stores	10,489,208	2,504,219	0.2
Sporting Goods, Hobby, Book, & Music Stores	4,642,063	1,699,868	0.4
General Merchandise Stores	39,545,308	10,453,220	0.3
Miscellaneous Store Retailers	6,587,983	3,994,006	0.6
Foodservice & Drinking Places	37,487,053	20,618,201	0.6
Total	254,756,167	132,540,643	0.5

All estimates, projections or forecasts in this report are subject to errors, including statistical error, error due to the subjective nature of some data, error due to changes in demographics, error based on lagging competitor information or growth data, and error due to factors that are not included in the model. The user assumes all risk of reliance on this information. Powered by Alteryx®.

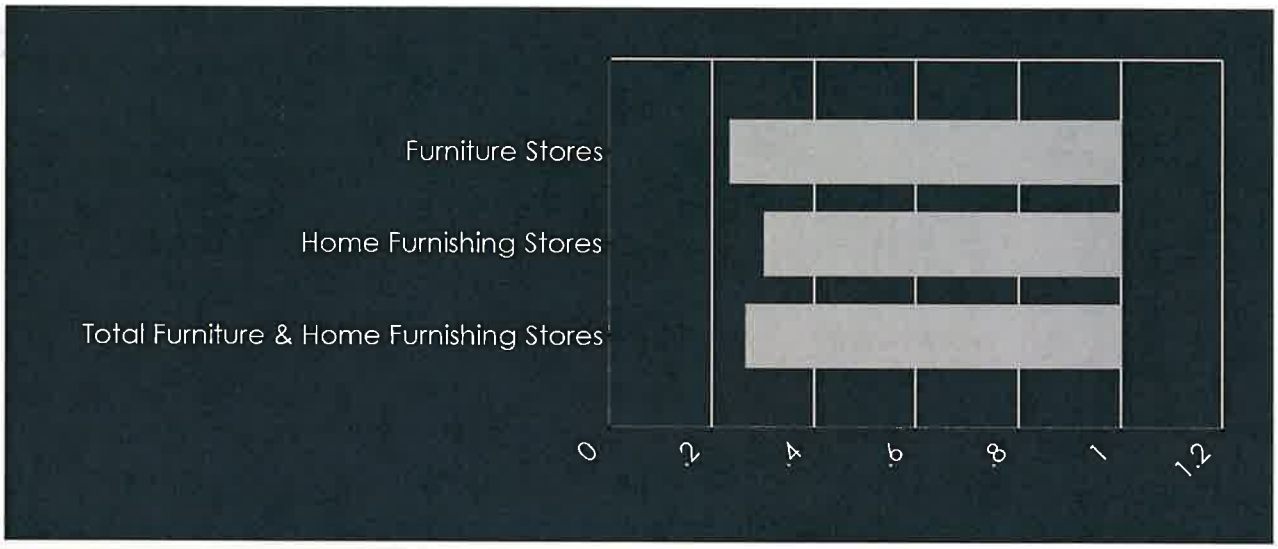
Sub-Categories of Motor Vehicle Parts & Dealers



Store Type	Potential	Estimated Sales	Surplus/Leakage
Automotive Dealers	51,729,076	16,531,943	0.3
Other Motor Vehicle Dealers	4,976,986	1,349,983	0.3
Automotive Parts, Accessories, & Tire Stores	5,160,396	5,536,590	1.1
Total Motor Vehicle Parts & Dealers	61,866,458	23,418,517	0.4

All estimates, projections or forecasts in this report are subject to errors, including statistical error, error due to the subjective nature of some data, error due to changes in demographics, error based on lagging competitor information or growth data, and error due to factors that are not included in the model. The user assumes all risk of reliance on this information. Powered by Alteryx®.

Sub-Categories of Furniture & Home Furnishing Stores



Store Type	Potential	Estimated Sales	Surplus/Leakage
Furniture Stores	3,240,658	758,361	0.2
Home Furnishing Stores	2,842,769	857,211	0.3
Total Furniture & Home Furnishing Stores	6,083,427	1,615,572	0.3

All estimates, projections or forecasts in this report are subject to errors, including statistical error, error due to the subjective nature of some data, error due to changes in demographics, error based on lagging competitor information or growth data, and error due to factors that are not included in the model. The user assumes all risk of reliance on this information. Powered by Alteryx®.

Sub-Categories of Electronics & Appliance Stores

Store Type	Potential	Estimated Sales	Surplus/Leakage
Household appliance stores	1,061,092	78,052	0.1
Electronics Stores	4,498,505	1,586,772	0.4
Total Electronics & Appliance Stores	5,559,598	1,664,824	0.3

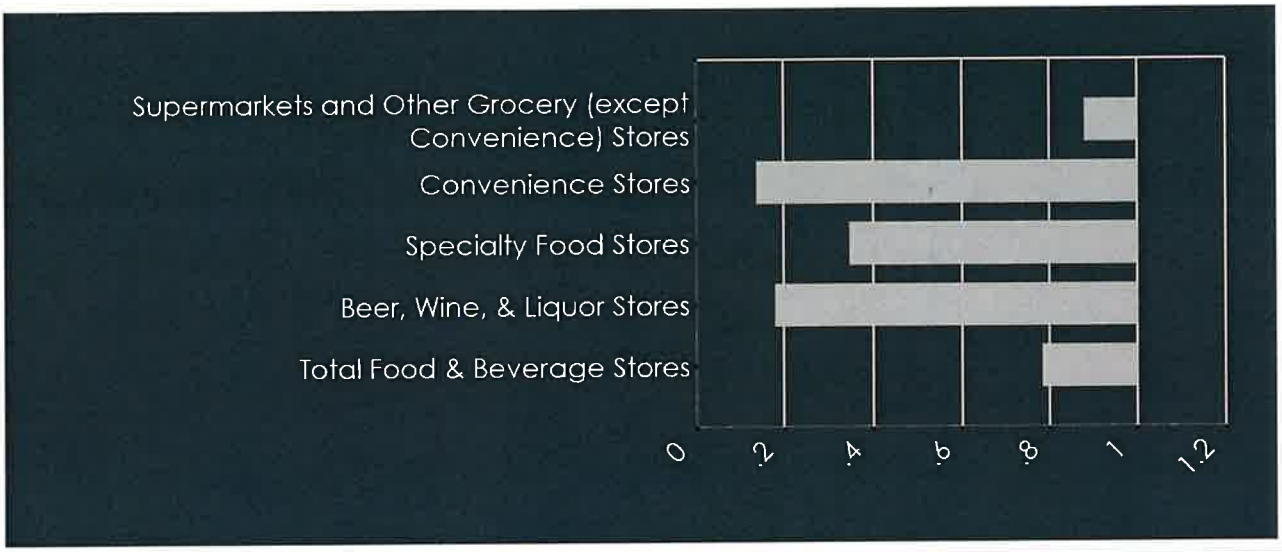
All estimates, projections or forecasts in this report are subject to errors, including statistical error, error due to the subjective nature of some data, error due to changes in demographics, error based on lagging competitor information or growth data, and error due to factors that are not included in the model. The user assumes all risk of reliance on this information. Powered by Alteryx®.

Sub-Categories of Building Material, Garden Equip. & Supplies

Store Type	Potential	Estimated Sales	Surplus/Leakage
Home Centers	10,457,152	20,234	0.0
Paint and Wallpaper Stores	581,236	537,452	0.9
Hardware Stores	1,400,539	3,859,848	2.8
Other Building Material Dealers	5,685,357	898,783	0.2
Outdoor Power Equipment Stores	512,192	2,388,666	4.7
Nursery, Garden Center, & Farm Supply Stores	2,046,166	1,605,917	0.8
Total Building Material, Garden Equip. & Supplies	20,682,642	9,310,901	0.5

All estimates, projections or forecasts in this report are subject to errors, including statistical error, error due to the subjective nature of some data, error due to changes in demographics, error based on lagging competitor information or growth data, and error due to factors that are not included in the model. The user assumes all risk of reliance on this information. Powered by Alteryx®.

Sub-Categories of Food & Beverage Stores



Store Type	Potential	Estimated Sales	Surplus/Leakage
Supermarkets and Other Grocery (except Convenience) Stores	39,297,204	34,629,133	0.9
Convenience Stores	1,606,617	221,015	0.1
Specialty Food Stores	1,271,639	442,347	0.3
Beer, Wine, & Liquor Stores	3,734,996	671,314	0.2
Total Food & Beverage Stores	45,910,455	35,963,808	0.8

All estimates, projections or forecasts in this report are subject to errors, including statistical error, error due to the subjective nature of some data, error due to changes in demographics, error based on lagging competitor information or growth data, and error due to factors that are not included in the model. The user assumes all risk of reliance on this information. Powered by Alteryx®.

Sub-Categories of Health & Personal Care Stores

Store Type	Potential	Estimated Sales	Surplus/Leakage
Pharmacies and Drug Stores	13,657,305	20,221,913	1.5
Cosmetics, Beauty Supplies and Perfume Stores	1,009,597	482,860	0.5
Optical Goods Stores	437,011	312,913	0.7
Other Health and Personal Care Stores	798,060	279,821	0.4
Total Health & Personal Care Stores	15,901,974	21,297,506	1.3

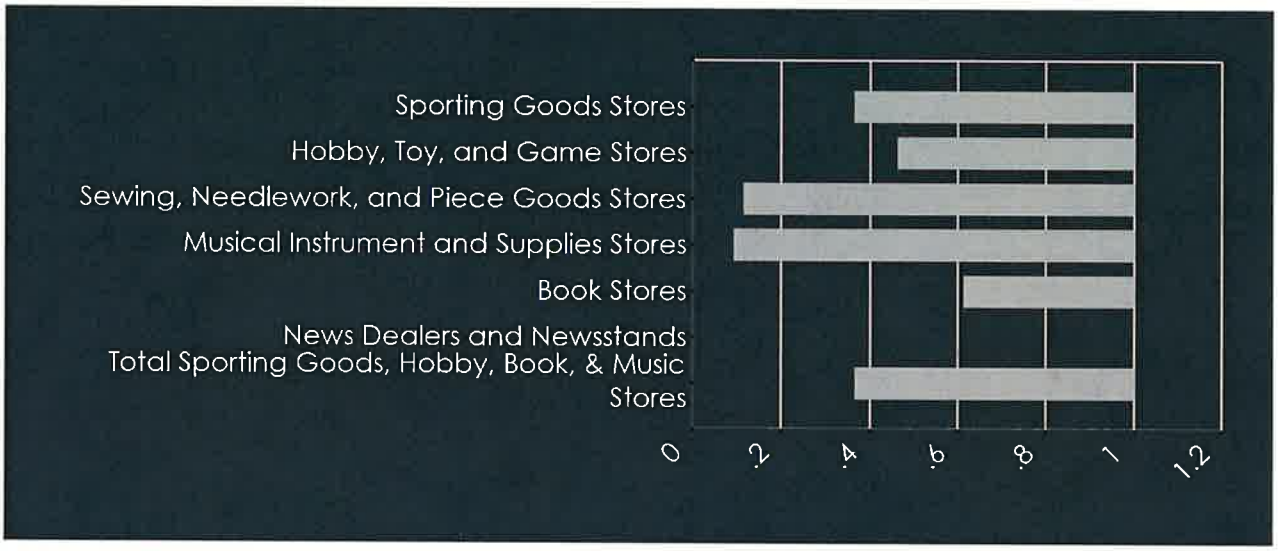
All estimates, projections or forecasts in this report are subject to errors, including statistical error, error due to the subjective nature of some data, error due to changes in demographics, error based on lagging competitor information or growth data, and error due to factors that are not included in the model. The user assumes all risk of reliance on this information. Powered by Alteryx®.

Sub-Categories of Clothing & Clothing Accessories Stores

Store Type	Potential	Estimated Sales	Surplus/Leakage
Mens Clothing Stores	305,568	0	0.0
Womens Clothing Stores	1,482,626	588,003	0.4
Childrens and Infants Clothing Stores	263,550	0	0.0
Family Clothing Stores	4,467,388	1,330,709	0.3
Clothing Accessories Stores	272,478	127,651	0.5
Other Clothing Stores	709,130	192,885	0.3
Shoe Stores	1,343,045	0	0.0
Jewelry Stores	1,571,729	264,972	0.2
Luggage & Leather Goods Stores	73,693	0	0.0
Total Clothing & Clothing Accessories Stores	10,489,208	2,504,219	0.2

All estimates, projections or forecasts in this report are subject to errors, including statistical error, error due to the subjective nature of some data, error due to changes in demographics, error based on lagging competitor information or growth data, and error due to factors that are not included in the model. The user assumes all risk of reliance on this information. Powered by Alteryx®.

Sub-Categories of Sporting Goods, Hobby, Book, & Music Stores



Store Type	Potential	Estimated Sales	Surplus/Leakage
Sporting Goods Stores	2,571,284	938,120	0.4
Hobby, Toy, and Game Stores	1,009,596	467,145	0.5
Sewing, Needlework, and Piece Goods Stores	189,301	21,482	0.1
Musical Instrument and Supplies Stores	214,963	19,676	0.1
Book Stores	414,091	253,446	0.6
News Dealers and Newsstands	242,828	0	0.0
Total Sporting Goods, Hobby, Book, & Music Stores	4,642,063	1,699,868	0.4

All estimates, projections or forecasts in this report are subject to errors, including statistical error, error due to the subjective nature of some data, error due to changes in demographics, error based on lagging competitor information or growth data, and error due to factors that are not included in the model. The user assumes all risk of reliance on this information. Powered by Alteryx®.

Sub-Categories of General Merchandise Stores

Store Type	Potential	Estimated Sales	Surplus/Leakage
Department Stores	6,276,160	8,888,346	1.4
Warehouse Clubs & Superstores	28,385,107	114,013	0.0
All Other General Merchandise Stores	4,884,041	1,450,860	0.3
Total General Merchandise Stores	39,545,308	10,453,220	0.3

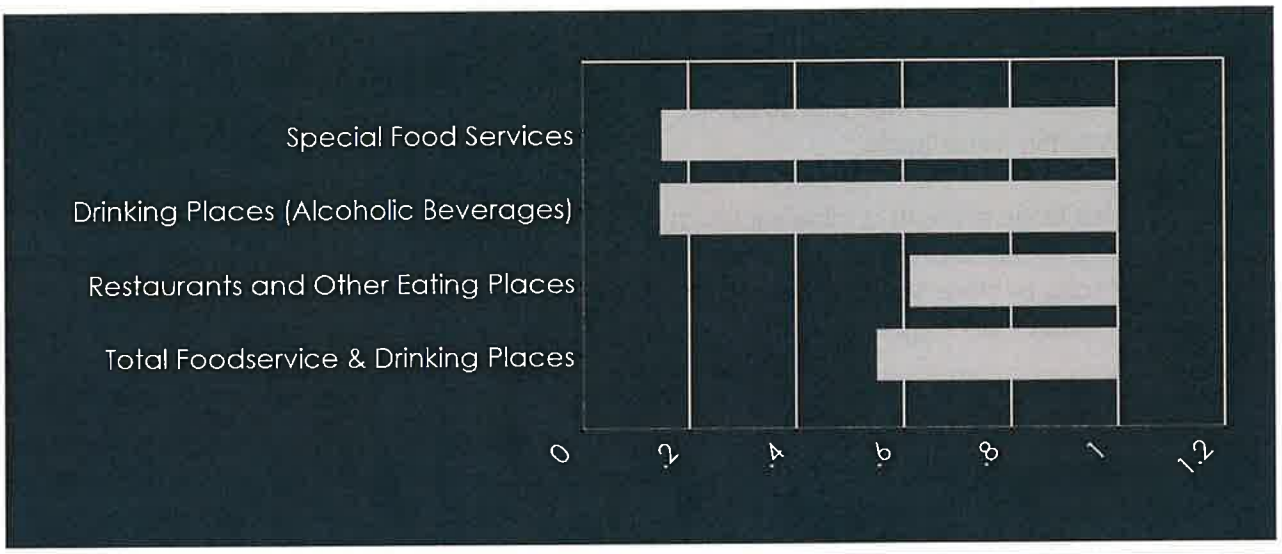
All estimates, projections or forecasts in this report are subject to errors, including statistical error, error due to the subjective nature of some data, error due to changes in demographics, error based on lagging competitor information or growth data, and error due to factors that are not included in the model. The user assumes all risk of reliance on this information. Powered by Alteryx®.

Sub-Categories of Miscellaneous Store Retailers

Store Type	Potential	Estimated Sales	Surplus/Leakage
Florists	262,849	206,193	0.8
Office Supplies and Stationery Stores	572,526	0	0.0
Gift, Novelty, and Souvenir Stores	666,633	262,343	0.4
Used Merchandise Stores	654,141	1,304,587	2.0
Other Miscellaneous Store Retailers	4,431,834	2,220,883	0.5
Total Miscellaneous Store Retailers	6,587,983	3,994,006	0.6

All estimates, projections or forecasts in this report are subject to errors, including statistical error, error due to the subjective nature of some data, error due to changes in demographics, error based on lagging competitor information or growth data, and error due to factors that are not included in the model. The user assumes all risk of reliance on this information. Powered by Alteryx®.

Sub-Categories of Foodservice & Drinking Places



Store Type	Potential	Estimated Sales	Surplus/Leakage
Special Food Services	3,580,883	531,919	0.1
Drinking Places (Alcoholic Beverages)	1,357,582	196,795	0.1
Restaurants and Other Eating Places	32,548,589	19,889,487	0.6
Total Foodservice & Drinking Places	37,487,053	20,618,201	0.6

All estimates, projections or forecasts in this report are subject to errors, including statistical error, error due to the subjective nature of some data, error due to changes in demographics, error based on lagging competitor information or growth data, and error due to factors that are not included in the model. The user assumes all risk of reliance on this information. Powered by Alteryx®.

Sources and Methodology

The primary data sources used in the construction of the database include:

- Current Year CAPE (Census Area Projections & Estimates) Consumer Expenditure Estimates
- Census of Retail Trade, Merchandise Line Sales
- Census Bureau Monthly Retail Trade

The Census of Retail Trade presents a table known as the Merchandise Line summary, which relates approximately 120 merchandise lines (e.g. hardware) to each of the store types. For each merchandise line, the distribution of sales by store type can be computed, yielding a conversion table which apportions merchandise line sales by store type.

The CAPE (Census Area Projections & Estimates) Consumer Expenditure database was re-computed to these merchandise lines by aggregating both whole and partial categories, yielding, at the block group level, a series of merchandise line estimates which are consistent with the CAPE Consumer Expenditure database.

These two components were then combined in order to derive estimated potential by store type. The results were then compared to current retail trade statistics to ensure consistency and completeness.

All estimates, projections or forecasts in this report are subject to errors, including statistical error, error due to the subjective nature of some data, error due to changes in demographics, error based on lagging competitor information or growth data, and error due to factors that are not included in the model. The user assumes all risk of reliance on this information. Powered by Alteryx®.