Site Feasibility Report Notes

Ventura, CA
August 22, 2023

Attached as a PDF is your 2023 PetroREPORT Feasibility for Ventura.

Development Option 2 on Page 3 shows the feasibility of a 2,980 square foot convenience store with 8 forecourt fueling positions, and a single-bay car wash on 0.63 acres.

Pro Indications

1. Traffic volume is moderately high with 8,685 AADT on Telegraph Road and 11,953 AADT on Wells Road. The combined traffic volume at the site is 20,638 AADT. The projected traffic capture rate is 4.1`%.

2. The resident population within the 3-minute drive-time is 10,920. Generally, 2,100 residents are required to support a typical convenience store. The calculated supply-demand ratio at the 3-minute drive-time is 1.72. In other words, the site has +72% more resident population to support the existing number of convenience stores plus the proposed site. This is an under-supplied sub-market.

3. No hypermarket is located within two miles of the site.

4. No raised medians are present.

Contra Indications

None.

Recommendations

This is a favorable site for retail fuel development.

No retail fuel competitors are at the intersection. The nearest competitors (Valero, Union 76) are 0.3 miles south. A Circle K is also 0.3 miles south, but has no fuel offering.

Our analysis shows increasing feasibility for this site as more profit centers are added. In other words, the most profitable utilization of the land is a four-point combination of convenience store, fuel service, food service and car wash as shown in Development Option 4. However, the site may be too small to accommodate this level of development.

The attached Demographic Report shows you the largest tapestry segment within the 3-minute drive time of the site. Understanding the buying preferences of your customers will help you better market toward them and make the site more successful.

Where Customers Buy Gasoline

National studies have shown that the three most significant reasons in a customer's decision as to where they purchase gasoline are (1) *Price*, (2) *Location*, and (3) *Ease of Access*.

The retail price per gallon charged by the operator will play a significant role in the volume of gasoline sold. This explains the high gallonage achieved by hypermarkets. We do not make performance projections for a specific brand. Our retail pricing and margin data is from OPIS, CS News and NACS, which all publish industry averages. No source publishes existing gallonage levels for specific brands in specific markets. We use the average gallons we expect the store to do at a specific location under typical management given the 21 real estate-related variables we examine in our model. This assumes all conventional retail competitors and the subject are priced at street average. The individual operator decides the retail price per gallon for a location, which is a business decision, not a characteristic of the real estate. Furthermore, a competitor can raise or lower their retail pricing at any time; and this in turn changes the competitive dynamic in the trade area, no matter what brand is chosen by the operator. Economists call firms in these types of markets, "price-takers" where the businesses must respond to the changing retail pricing of each other.

Location is the second-most important factor in where customers buy gasoline. This generally means sites located near the purchase decision will do better. About 70% of all convenience store customers are pass-by traffic. In other words, the customer was on their way somewhere else and made an impulse purchase at the convenience store. Sites near the terminal end of customer trips, such as home, places of work, or traffic generators tend to capture these impulse customers.

Ease of access means not only entry into the site, but vehicle movement across the site and being able exit the site and return to the direction of travel. To meet these conditions of access, the site should be of adequate size and have full four-way turning movement at the driveways, when possible.

Projecting gallons and inside sales for a site is helpful in making development decisions. But, this knowledge only goes so far. Unlike other vendors, PetroREPORT© Site Feasibility Reports are a true feasibility analysis, showing how the projected gallons and inside sales translate into project market value and how this compares to the estimated cost of development. A projection of 1.2 million gallons per year and annual inside sales of $1.5 million may be adequate for one site, but not enough for another. PetroREPORT© Site Feasibility Reports will help you to learn more about a site with the added knowledge of project feasibility; balancing cost and benefit.

Although no third-party analysis can speak to all of the investment goals of a particular developer-operator, the Overall Site Feasibility Rating at the top of Page 2 shows you our impression of the suitability of the site for development. The developer-operator should carefully consider sites rated less than five.

PetroREPORT© Site Feasibility Reports should be thought of as an initial site screening tool, helping you to avoid investing time and money in further consideration of poor sites. However, more due diligence is required in proceeding with promising sites. The developer-operator must obtain regulatory approvals, civil engineering support, actual construction cost estimates from local contractors, and make branding decisions.

We wish you all the best with your project.

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