



MEMO

TO: Lisa Brinton, City of Salinas
Maria Orozco, City of Salinas
Beth Altshuler, Raimi Associates
Darlene Drapkin, Urban Transformations

FROM: Doug Svensson

DATE: August 29, 2017

SUBJECT: Summary of Alisal Vibrancy Plan Retail Analysis

This memo provides a more concise summary of the findings of the retail leakage and a set of talking points for use in the upcoming stakeholder outreach.

- The estimated annual retail spending by Alisal households is about \$204.6 million. This estimate is based on the American Community Survey (ACS) estimates of the number of households in the Alisal, and reflects spending patterns associated with the higher household sizes in the Alisal, the number of homeowners vs. renters, the age distribution and the ethnic make-up of the community. It does not necessarily capture the full extent of spending from seasonal workers who are not present during the non-peak farm season.
- Retail businesses in the Alisal capture \$234.2 million in sales. This is based on taxable sales records, adjusted to account for non-taxable items, but does not capture cash transactions that are not reported.
- Retail sales in the Alisal exceed local demand by \$29.6 million overall, supporting the notion that the Alisal draws customers from around the Salinas Valley for certain specialized items like food, bridal, western work clothes, communion supplies and others. In fact the analysis calculates that Alisal retail businesses draw as much as \$90.6 million in sales from shoppers outside the community. In addition to the items mentioned above, used car sales and auto parts account for \$65 million of this surplus sales activity.
- The report estimates that \$61.0 million, about 30 percent, of local household retail demand is spent outside of the Alisal neighborhood, mainly for items like household appliances and electronics, new cars and general merchandise.

- The report estimates that Alisal could add about 44,000 sq. ft. of new retail space just based on existing spending leakages.¹ Key store opportunities include:
 - Apparel and shoe stores
 - Specialty retail, including florists, jewelry, sporting goods, hobby/toy stores, office supplies, pet shops and beauty supplies
 - Household appliances and electronics
 - Hardware and building materials
 - Health services
 - Child care/day care/preschool
 - While existing eating establishments already capture more than local demand, there may be opportunities for more variety in restaurants, particularly those that provide table service and a variety of cuisines

¹ In addition, the analysis identifies the needs for more gas stations in the community but this is not counted in the retail demand potential in this memo.