

Indianapolis Market Study Overviews

Challenges and Opportunities for Retail Development in the Indianapolis Inner City: Census Tracts 3510, 3515 and 3516, World-Class Industrial Network, May 20, 2002. Challenges and Opportunities for Retail Development in the Indianapolis Inner City: Census Tracts 3510, 3515 and 3516 was completed by World Class Industrial Network (WIN) in May 2002. The study was conducted in partnership with Near North Development Corporation (NNDC). Although the study examined retail potential in all sectors, particular interest was given to the development of a grocery store as NNDC felt that there was considerable unmet need for food and basic household items in the community.

The study's review of the demographic data indicates that while the neighborhood may be poor relative to Marion County, not everyone is poor. Fully 60.7% of the households earn \$25,000 or more; 30.6% of households earn between \$35,000 and \$49,999. Much of the study's data was drawn from Experian, a major provider of detailed market data.

The study determined supply and demand for retail products and services using a variety of data sources including Dunn and Bradstreet and Claritas. The authors cite certain limitations as to the use of this data, namely that they are estimates and that, in the case of Claritas, the information does not include expenditures by commercial concerns or nonresidents. Notwithstanding these issues, the authors determined that aggregate consumer demand exceeded aggregate consumer supply by 90%. In all categories, except alcoholic beverages, demand exceeded supply. The aggregate dollar amount of projected excess retail demand, or leakage, was nearly \$11million. In the "Food at Home" category, a proxy for groceries, the gap was \$3.7 million; demand exceeded supply by 99%. The findings indicate that there is an opportunity for retail development, including a grocery store, within the three census tracts.

Additionally, the study provides a myriad of data concerning age, home ownership, income, consumption patterns of goods and services, media usage and other detailed information.

The authors interviewed community leaders, business owners and residents to determine barriers to development. The study puts barriers to development into three categories: land use and physical barriers, including land assemblage, parking; social and economic barriers, including the ability to find honest workers, theft and physical safety; and political and financial barriers, including access to capital, absence of technical assistance and lack of public financial incentives.

The study concludes with three options for consideration:

- Attracting a food retailer
- Developing a food co-op
- Attracting a major discount store, such as Wal-Mart
- The study lists the pros and cons of each scenario and provides general guidelines for proceeding with planning the next steps for each of the options.

Summary prepared by Shorebank Advisory Services.

Martindale-Brightwood Neighborhood Retail Market Study, Development Concepts, Incorporated, July 2002. Development Concepts completed the Martindale-Brightwood Neighborhood Retail Market Study in July 2002. Its purpose is to provide a description of the existing retail climate in the neighborhood, provide an analysis of the study area using traditional demographic and census data, as well as resident and stakeholder interviews and surveys, and recommend specific strategies for strengthening retail development in the area.

Development Concepts defines the primary trade area as the community's boundaries, i.e. 30th Street to the north, Sherman Drive to the East, Massachusetts Ave. to the south and the Monon Trail to the west. The extended trade area extends to 38th Street to the north Emerson Ave. to the east, Massachusetts Ave. and 16th Street to the south and Meridian Street to the west. This definition was selected based on site surveys and expected resident shopping patterns given drive times, population density and other standard means of measuring trade areas.

The information used to determine existing retail potential was gathered using a variety of data sources. These include demographic data from CACI including Census of Retail Trade (CORT) information, results from a survey issued to residents to determine current spending habits and interviews with community leaders, property owners, real estate professionals and lenders. Additionally, a windshield survey was done to evaluate the existing retail supply and the quality of goods and services provided by existing retailers. The authors also took note of vacant storefronts, commercial buildings and land in order to get a sense of potential sites for future retail development.

The population of the Martindale-Brightwood community as of the 2000 census was 7,580. CACI projects that the population will decrease to 7063 by 2006. The number of households, 2894 as of the 2000 census, is projected to decrease to 2828 by 2006. The population and number of households in the extended trade area are also expected to decrease through 2006. The median income of the community is projected to decline through 2006; however, the average household and per capita incomes are projected to increase through 2006.

Using CORT data and demographic data, the authors project retail demand within the community and the extended trade area. In order to determine how that demand is currently met, a survey of the community was done. Additionally, the authors discuss the development of the Keystone Enterprise Park, a proposed industrial park and its potential impact on retail development in the community.

The study includes an action plan for implementation in which recommendations/ suggestions are made for potential retail development in the neighborhood. In it the authors present three opportunities for retail development.

Summary prepared by Shorebank Advisory Services.

Near Eastside Neighborhood Retail Study, Development Concepts, Incorporated, October 2001. The Near Eastside Neighborhood Retail Study was completed by Development Concepts in October 2001. The stated goals of the study were to gather market data to identify potential uses in the study area and to identify potential sites for focusing retail development activities. The information used to determine market demand and supply were gathered from a variety of sources. CACI was the primary source for demographic information. Development Concepts issued a survey of residents in order to assess market demand, as well.

In its demographic review of the communities, Development Concepts found that the number of households in the area has remained relatively constant over the last decade. Projections indicate that the number should not change greatly through 2005. The median household income of the community had grown to \$25,581 in 2000, growing at roughly the same rate as the state and national medians; although the neighborhood median is lower than both the state and national medians.

Also, the review indicated that the ethnic make-up of the community was changing. The percentage of African-American and Hispanic residents is increasing; the percentage of Caucasians is decreasing. This creates a change in demand for products and services in the community.

Of significant note, Development Concepts states that there is substantial competition for neighborhood retailers in very close proximity to the subject community. Also, the authors found that there is a lack of concentration of retail services in any area of the community.

Development Concepts notes correctly that the use of standard demographics when analyzing urban communities can lead to the conclusion that these communities could not support additional retailers. The study notes that the income density, a key statistic in measuring an urban community's retail potential, is \$77 million per square mile. The authors intimate that deeper drilling could lead to further proof this community could support more retail. The study states that the categories of retail that have the greatest potential for success in the Near Eastside neighborhoods are apparel, furniture and major appliances, sporting goods, games and toys and pet supplies.

Development opportunities appear to exist in the neighborhood.

The neighborhood is positioned along major thoroughfares that carry commuters to and from downtown. Roughly 65,000 commuters pass along the four major roads. There may be an opportunity to pull some of the commuters into the community to purchase goods and services.

The authors believe that the proximity to downtown Indianapolis presents clear opportunities for residential development along smaller commercial streets that would serve the community in two ways: 1) increase population density which could spur retail development; and 2) reduce the number of vacant buildings within the area.

A strong base of committed businesses exists. The authors believe that with the organization of business associations, local owners could pool resources to develop market share.

The primary trade area has an income density of \$77 million per square mile. This indicates strong buying power within the community. Moreover, analysis indicates that there are categories in which there are evident gaps in the availability of goods.

Summary prepared by Shorebank Advisory Services.

Retail Analysis of SEND, Scott-Hilliard-Kosene, Wabash Scientific, Gentleman Associates, and Marketrends, Summer 2002. The Retail Analysis of the Near Southeast side Neighborhoods was prepared by a consortium of research organizations consisting of Wabash Scientific, Gentleman Associates, Marketrends/American Grassroots and Scott-Hilliard-Kosene. Their objective in undertaking this analysis was fourfold:

- To quantify market demand
- To compare market demand with the existing supply of retail goods and services in the neighborhood and to determine gaps
- To ascertain the likelihood of neighborhood consumers using new businesses that would potentially fill those gaps
- To determine additional sources of retail demand in the neighborhood

The geographic market area was deemed to be the twelve census tracts that comprise the neighborhood. The information used to quantify the market demand was gleaned from the U.S. Census Bureau, Claritas (a major vendor of demographic data), the Bureau of Labor Statistics and the Census of Retail Trade. In order to validate the data, the authors chose to compare similar data sets from different sources. For instance, for population data, they reviewed numbers from The Census Bureau and Claritas. They found that the differences were not statistically significant. However, because there is a growing Hispanic population and there appeared to be an under count of this group, they decided to use a range of numbers to account for the suspected under count. Overall, they determined the population of the community was 32,715 in 2000, up 2% from the 1990 census; Per the Census Bureau, there were 11,173 households; although the authors chose to increase this number to 11,500 to account for the suspected undercount of Hispanic residents. The average household income was \$41, 753. The total aggregate income (average income multiplied by number of households) for the community ranged between \$467 million and \$480 million.

Using CORT and BLS data, the authors determined that there was significant unmet demand in the neighborhood in a wide variety of categories. The authors determined chose to categorize these gaps, which they called "Merchandise Voids", into four categories: "Merchandise voids which can be realistically filled in the Near Southside"; "Merchandise voids which cannot be realistically filled in the Near Southside due to the dominance in that category of suburban 'big box' retail"; Merchandise voids which are too small to warrant another business; should work with existing businesses"; Merchandise which is currently over-represented in Near Southside".

In order to assess the likelihood of neighborhood consumers patronizing new retailers in the Near Southside, the authors conducted 1,117 telephone interviews. The interview focused only on those categories that the authors had deemed "Merchandise voids that can be realistically filled in the Near Southside". Their results indicate that residents would be drawn most greatly to reasonably-priced apparel and shoe stores, ethnic restaurants, hobby/craft stores, optical services, coffee shops/bakeries and dry cleaners, in that order.

In order to determine other sources of retail demand in the community, the authors examined traffic patterns within the neighborhood. They looked at public transportation usage (IndyGo ridership) and traffic counts on 11 corridors running through the neighborhood. The data indicated that a large number of commuters pass through the community on a daily basis.

Employers in the community represent another source of retail demand. The authors report that 1600 business establishments employ 45,000 workers in the neighborhood. The authors cite interviews with representatives of three major employers, all of whom indicated that they would be willing to work with the neighborhood retailers to increase awareness of the services available in the surrounding community among their workforces. The most often cited needs for this sector were restaurants; although health and beauty products and dry cleaning were also mentioned. A primary concern of each interviewee was parking at the potential retail sites.

Additionally, the authors cite that 200,000 visitors come into the neighborhood each year.
Summary prepared by Shorebank Advisory Services.

Retail Market Study-Citizens/King Park, Economic Research Associates, July, 2001. Economic Research Associates (ERA) completed the Citizens/King Park Retail Market Study for the City of Indianapolis in July 2001. The purpose of this market analysis was to help develop a retail strategy for the Citizens/King Park neighborhood, just to the north of the city’s central business district. The analysis targeted 4 intersections in the community and sought to determine what types of developments might be feasible at these intersections, and the neighborhood as a whole, to assist in retail-related planning efforts.

While the study’s intent was to focus on a particular neighborhood, the authors chose to review market data based on a primary trade area of a one-mile radius surrounding the intersection of 22nd St and Central Avenue; their secondary trade area is a two-mile radius from that intersection. They note correctly that consumers’ retail spending patterns are based on factors other than neighborhood boundaries; retailers, therefore typically use this “radius” method of evaluating potential markets. For instance, a dry cleaner located at the center of a designated neighborhood may be farther, either in terms of distance or time, from homes located at the edge of the neighborhood than a dry cleaner located in an adjacent neighborhood. As well, retailers typically use this method to determine markets.

The study reviews a large number of demographic data points including population, income and spending patterns. The data were drawn from a variety of sources including CACI (a major vendor of demographic data), the City of Indianapolis Dept. of Capital Asset Management, the Urban Land Institute and the International Council of Shopping Centers, Bureau of Labor Statistics and the Census of Retail Trade. All of these sources provide industry standard information that allows those analyzing the data to be confident that the statistics are consistent across all geographic market areas. Moreover, these data sources are consistent with those used by major retailers when choosing locations.

Using various metrics, ERA found that in six key retail categories in the primary trade area that the aggregate demand in these categories exceeded supply by more than \$20 million. This indicates that residents purchase items in these categories outside of the primary trade area. When the three categories in which neighborhood supply exceeded demand were excluded from the aggregate, demand exceeded supply by more than \$26 million. The four key categories that show the greatest opportunity for retail development were as follows:

Category	Supply	Demand	Leakage
Apparel	1,000,000	7,068,000	6,608,000
Miscellaneous*	4,875,000	14,005,000	9,130,000
Eating and Drinking Places	7,875,000	11,585,000	3,710,000
Materials and Household Furnishings	500,000	7,089,000	6,589,000
Total Leakage			26,037,000
* consists primarily of drug stores, liquor stores and entertainment retail			

Of this total, ERA believes roughly one-third of the aggregate leakage or “\$6.8 million in potential sales could take place in the neighborhood study area if appropriate and well managed stores in certain categories were to open there”. As well, ERA states that this additional retail could support the addition of 30,000 to 40,000 square feet of retail space. Based on the categories that were found to be the most lacking in the community, ERA presents examples of the various retailers in these categories and their space requirements. Additionally, the authors present a variety of franchise opportunities that may be appropriate for local entrepreneurs.

Based on their analysis, ERA recommends that a neighborhood shopping center be developed, preferably in conjunction with an existing Safeway grocery store located at 22nd St. and Central Ave. The rationale behind this recommendation is that successful neighborhood retail requires critical mass in order to be successful. By locating the new retail development along side the Safeway, the new retail outlets would benefit from the traffic generated by Safeway shoppers. ERA also presents a financing scenario and a concept plan for the site. It is their belief that significant public subsidy will be required in order to construct this center, including infrastructure improvements, low interest loans, tax abatements and equity investments.

ERA also strongly recommends that certain neighborhood initiatives be undertaken to improve the appearance of the neighborhood. These include organizing neighborhood clean-up efforts, the reduction in the number of loose animals and the greater presence of security personnel to increase the sense of safety in the community and reduce the perception of crime. *Summary prepared by Shorebank Advisory Services.*