



Project Report
**Calimesa Downtown Corridor Market
Analysis**

Prepared for
**City of Calimesa
Calimesa, CA**

Submitted by
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company (ERA)**

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Table of Contents

I. Executive Summary	1
Summary of Findings	8
II. Introduction	15
Current Market Realities	15
III. Demographic and Socio-Economic Overview	16
Areas of Analysis	16
Demographics.....	19
IV. Customer Economic Profiles	39
Psychographic Profile Summary: City of Calimesa.....	41
Psychographic Profile Summary: 0 – 3 Miles from Study Area.....	44
Psychographic Profile Summary: 3 – 5 Miles from Study Area.....	47
V. Real Estate and Existing Business Profile.....	50
Regional Real Estate Characteristics	50
Calimesa Market Area Real Estate.....	52
Local Retail Characteristics	59
Summary of Existing Businesses.....	65
VI. Planned and Proposed Developments	69
Impact of Planned and Proposed Developments on Market Analysis.....	69
VII. Demand Analysis	73
General Office Demand Analysis.....	73
Retail Demand Analysis.....	77

Index of Tables/Figures

Figure 1: Map of Distance Rings from Calimesa Project Area	17
Figure 2: Satellite Map of Distance Rings from Calimesa Project Area.....	18
Figure 3: Population and Dwelling Unit Growth in Calimesa	20
Figure 4: Annual Historic and Estimated Population & Household Growth, City of Calimesa	20
Figure 5: Annual Historic and Estimated Population & Household Growth, Riverside County	20
Figure 6: Historic Population and Household Growth (2000 – 2008)	21
Figure 7: Historic Household Growth (2000 – 2008)	21
Figure 8: Population and Household Projections (2010 – 2035)	22
Figure 9: Household Growth Projections (2010-2035)	23
Figure 10: Household Income Growth (2000 – 2013)	25
Figure 11: Distribution of Household Incomes, 2008.....	25
Figure 12: Average and Median Household Income	25
Figure 13: Income Distribution, 2008	26
Figure 14: Age Distribution, 2008.....	28
Figure 15: Distribution of Race and Ethnicity, 2008	29
Figure 16: Housing Tenure & Value	31
Figure 17: Housing Tenure Distribution.....	31
Figure 18: Housing Type Distribution	32
Figure 19: Consumer Spending, 2008	34
Figure 20: Total Annual Household Retail Expenditures	34
Figure 21: Annual Household Retail Expenditures by Spending Category	35
Figure 22: Distribution of Annual Household Retail Expenditures by Spending Category.....	35
Figure 23: Transportation to Work Characteristics, 2000	37
Figure 24: Distribution of Mode of Transportation to Work.....	37
Figure 25: Average Travel Time to Work	38
Figure 26: Distribution of Psychographic Profiles.....	40
Figure 27: Top Five Customer Segments for the City of Calimesa	41
Figure 28: Top Ten Customer Segments, 0 – 3 Miles from Study Area	44
Figure 29: Top Ten Customer Segments, 3 – 5 Miles from Study Area	47
Figure 30: Riverside and San Bernardino County Office Characteristics	51
Figure 31: Riverside and San Bernardino County Retail Characteristics	51
Figure 32: General Office Locations within 3 Mile Market Area	52
Figure 33: Existing Office Properties within 3 Mile Market.....	53
Figure 34: Office Property Trends within the Three Mile Market	55
Figure 35: Office Tenancy within the 3 Mile Market	55
Figure 36: Total Office Absorption within the 3 Mile Market	56
Figure 37: Office Property Trends within the City of Calimesa	56
Figure 38: Office Tenancy within the City of Calimesa.....	57
Figure 39: Total Office Absorption within the City of Calimesa	57
Figure 40: Existing Office Inventory	58
Figure 41: Shopping Center Locations within 5 Miles of Study Area.....	59
Figure 42: Existing and Under Construction Shopping Centers within 5 Miles of Study Area	60
Figure 43: Shopping Center Retail Property Trends within the 3 Mile Market.....	62
Figure 44: Shopping Center Tenancy within the 3 Mile Market.....	62
Figure 45: Existing Shopping Center Inventory	63
Figure 46: Non Shopping Center Retail Trends within the 3 Mile Market.....	63

Figure 47: Non Shopping Center Tenancy within the 3 Mile Market 64

Figure 48: Summary of Existing Businesses by Type 68

Figure 49: Planned and Proposed Developments in City of Calimesa 70

Figure 50: Adjustment to Projected Residents Based on Planned and Proposed Developments
..... 71

Figure 51: Estimate of Office-Using Employment within 5-Mile Market Area 75

Figure 52: Summary of General Office Demand, 2008-2013 76

Figure 53: Summary of General Office Demand, 2013-2018 76

Figure 54: Summary of Office Space Demand within Study Area 76

Figure 55: Summary of Retail Space Demand, by Select Type of Retailer 77

Figure 56: Projected Retail Demand from Population Growth, Primary Market Area 79

Figure 57: Projected Capture of Retail Demand from Population Growth, Primary Market Area 79

Figure 58: Estimated Supportable Retail Space from Population Growth, Primary Market Area 80

Figure 59: Summary of Supportable Retail Space by Primary Market, 2008-2018 80

Figure 60: Projected Retail Demand from Population Growth, Secondary Market Area 82

Figure 61: Projected Capture of Retail Demand from Population Growth, Secondary Market Area
..... 82

Figure 62: Estimated Supportable Retail Space from Population Growth, Secondary Market Area
..... 83

Figure 63: Summary of Supportable Retail Space by Secondary Market, 2008-2018 83

Figure 64: Projected Retail Demand from Population Growth, Planned and Proposed Projects 85

Figure 65: Projected Capture of Retail Demand from Population Growth, Planned and Proposed
Projects 85

Figure 66: Estimated Supportable Retail Space from Population Growth, Planned and Proposed
Projects 86

Figure 67: Summary of Supportable Retail Space by Planned and Proposed Projects, 2008-2018
..... 87

Figure 68: Total Supportable Retail Space by Projected Population Growth, All Resident Markets
..... 88

Figure 69: Retail Leakage and Recapture Analysis of City of Indio 90

Figure 70: Summary of Retail Space Demand, by Select Type of Retailer 91

General & Limiting Conditions

Every reasonable effort has been made to ensure that the data contained in this report are accurate as of the date of this study; however, factors exist that are outside the control of Economics Research Associates, an AECOM company (ERA) and that may affect the estimates and/or projections noted herein. This study is based on estimates, assumptions and other information developed by Economics Research Associates from its independent research effort, general knowledge of the industry, and information provided by and consultations with the client and the client's representatives. No responsibility is assumed for inaccuracies in reporting by the client, the client's agent and representatives, or any other data source used in preparing or presenting this study.

This report is based on information that was current as of February 2009 and Economics Research Associates has not undertaken any update of its research effort since such date.

Because future events and circumstances, many of which are not known as of the date of this study, may affect the estimates contained therein, no warranty or representation is made by Economics Research Associates that any of the projected values or results contained in this study will actually be achieved.

Possession of this study does not carry with it the right of publication thereof or to use the name of "Economics Research Associates" in any manner without first obtaining the prior written consent of Economics Research Associates. No abstracting, excerpting or summarization of this study may be made without first obtaining the prior written consent of Economics Research Associates. This report is not to be used in conjunction with any public or private offering of securities, debt, equity, or other similar purpose where it may be relied upon to any degree by any person other than the client, nor is any third party entitled to rely upon this report, without first obtaining the prior written consent of Economics Research Associates. This study may not be used for purposes other than that for which it is prepared or for which prior written consent has first been obtained from Economics Research Associates.

This study is qualified in its entirety by, and should be considered in light of, these limitations, conditions and considerations.

I. Executive Summary

The melt down of the residential market and banking crisis have halted the economy in Southern California and throughout the nation. While new development may be difficult for the next couple of years given current economic conditions, it is an ideal time to strategize for the future of the Calimesa Corridor. By establishing the economic focus of the Corridor, developing the infrastructure, and identifying the steps for successful retailing of the downtown area, the City will be well positioned for the future economic recovery.

The City of Calimesa has retained Economics Research Associates (ERA), an AECOM Company, to complete an economic analysis and retail positioning study for the Downtown Calimesa Business Corridor.

The economic analysis reviews:

1. Base Economic Conditions, including demographic and socio-economic characteristics of the City of Calimesa and the Calimesa Boulevard trade areas, customer profiles, and an overview of the regional and local real estate markets
2. Demand Analysis for retail and office uses
3. Retail Positioning and Marketing Material (under separate cover).

Current Market Realities

It should be noted that ERA has utilized the latest population and household growth projections from the Southern California Association of Governments (SCAG) to project the demand for each use which have not yet been adjusted to account for current economic realities.

ERA believes that projected growth estimates for population and employment will be pushed back given the current recession. While this analysis presents demand in two periods 2008 – 2013 and 2013 – 2018, ERA anticipates that this demand may be pushed back three to five years. Full absorption is likely to extend to 2023.

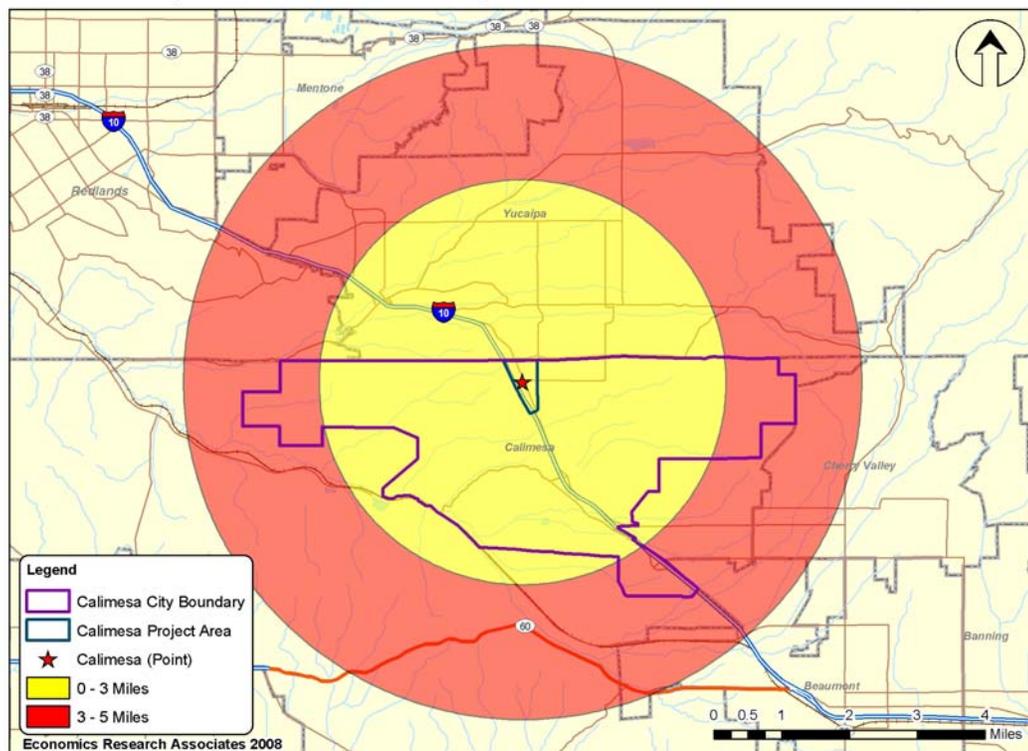
Demographic and Socio-Economic Overview

- Data Sources. ERA uses a variety of resource to gauge demographics including State of California, Department of Finance estimates, Southern California Association of Governments (SCAG) data on existing and projected population and a private data provider known as ESRI,

which makes small area estimates and projections based on a variety of sources, including US Census data and consumer survey information.

- **Areas of Analysis.** For the purpose this study, ERA has looked at the region in terms of the 0 – 3 mile distance ring (Primary Market Area) and the 3 – 5 mile distance ring (Secondary Market Area). ERA also reviews administrative boundaries (City of Calimesa and Riverside County) for reference. ES Figure 1 shows these boundaries.

ES Figure 1: Distance Rings from Calimesa Corridor



Source: ESRI; Economics Research Associates

Population and Households

Significant growth is expected in the Calimesa area across the next 25 to 30 years.

City of Calimesa

- The City of Calimesa did not share in the huge population growth seen in many communities around Riverside County which has helped the City to remain more stable during the current recession. The City has a current population of about 7,500 people and about 3,100 households.

- According to SCAG estimates, the population in the City is expected to experience tremendous growth by 2035, reaching nearly 11,000 residents by 2010 and almost triple by 2035.

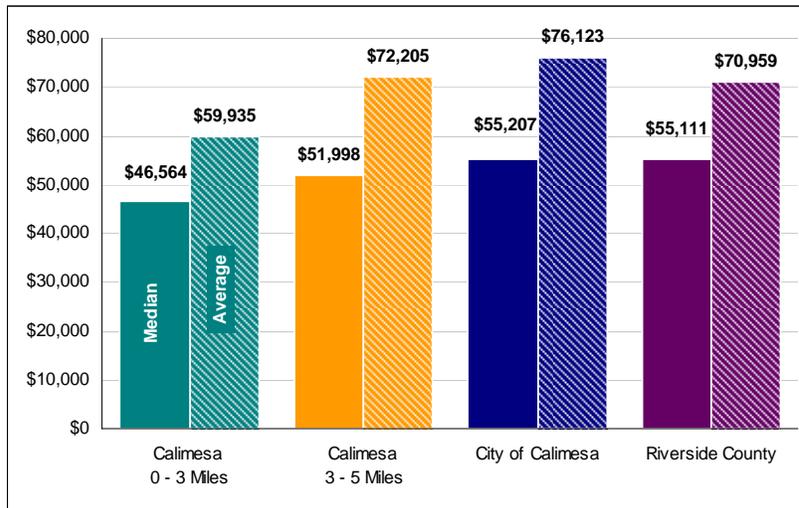
Primary and Secondary Market Area

- The 0 – 3 mile market area currently has approximately 43,000 residents (15,600 households) and is expected to grow by 17,500 residents between 2010 and 2035.
- The 3 – 5 mile market area has approximately 77,000 residents (29,000 households) and is expected to grow by approximately 38,000 residents during the same period.

Income

- Median household incomes are \$46,600 to \$52,000 in the primary and secondary market areas, respectively. The median household income in the City of Calimesa is slightly higher at \$55,200. The County has a median household income of \$55,100

ES Figure 2: Average and Median Household Income



Source: US Census Bureau; ESRI; Economics Research Associates

Age & Ethnicity

- Riverside County's median age is 34.3 years. The Calimesa area, including the market areas and the City of Calimesa, are older than the county average.

- The City and the 3 – 5 mile market area’s median ages are substantially higher than the County’s at 42.6 years and 42.2 years respectively. The 0 -3 mile market area is still higher than the County, at 38.2 years.
- About 80 percent of the population is White and approximately a quarter of the population is of Hispanic origin, regardless of race, in both market areas.

Housing

- The immediate market areas and most of Riverside County are suburban in nature. The majority of housing in the area is detached single-family housing (60 to 70 percent) and approximately 70 to 75 percent of all residential units are owner-occupied.

Household Expenditures

- The City of Calimesa has average per capita retail expenditures of approximately \$28,000 which is higher than the county average. The primary and secondary markets have lower average per capita retail expenditures of \$22,000 and \$26,000, respectively.

Psychographic Profile Summary

City of Calimesa

ERA reviewed the psychographic profiles¹ of residents of the City of Calimesa and residents within the primary and secondary markets. The report includes a description of the national profile for each segment.

All City of Calimesa households fall into one of five customer segment categories: Heartland Communities, Cozy and Comfortable, Exurbanites, Crossroads, or Main Street USA. A majority of Calimesa residents fall in the Heartland Communities or Cozy and Comfortable segments.

The national profiles mirror the socio-demographics, reporting that most of the segments in the City live in single family homes and there is a high level of home ownership. Median ages are greater than the nation on average. They Cozy and Comfortable and Exurbanites (47% of the population) have strong net worth.

ES Figure 3: Top Five Customer Segments for the City of Calimesa

Rank	% of Pop	LifeMode Group	Housing Type	Household Type	Average Household Size	Median Age	Median Household Income	Median Net Worth	Median Home Value	Home Ownership Rate (%)
1	28.6%	Senior Styles	Single Family	Mixed	2.28	42.0	\$35,544	\$47,317	\$82,080	72%
2	28.2%	Upscale Avenues	Single Family	Married Couple Families	2.60	42.1	\$66,895	\$201,567	\$174,687	87%
3	18.9%	High Society	Single Family	Married Couple Families	2.70	44.8	\$88,531	\$416,204	\$288,301	91%
4	13.1%	American Quilt	Mobile Home	Family Mix	2.71	32.1	\$44,247	\$52,594	\$73,224	75%
5	11.2%	Traditional Living	Single Family; Multi-Units	Mixed	2.54	36.8	\$56,882	\$92,178	\$205,391	65%

Note: The figures provided refer to the national profile and are based on ESRI's 2008 estimates.

Source: ESRI; Economics Research Associates

¹ The descriptions provided refer to the national profile for each segment.

Primary Market (0 – 3 Mile Ring)

Like the City of Calimesa, the 0 – 3 mile market area is primarily composed of customer segments of older populations, with smaller average household sizes. However, the 0 – 3 mile market area includes more family-based and children-oriented segments, such as Pleasant-ville. Median household incomes range from \$35,500 (Heartland Communities) up to nearly \$90,000 (Exurbanites). The majority of households in this market area are comprised of the Main Street USA, Heartland Communities, Pleasant-ville, and Crossroads segments. The 0 – 3 mile market area is relative evenly distributed amongst the top ten segments.

ES Figure 4: Top Ten Customer Segments, 0 – 3 Miles from Study Area

Rank		% of Pop	LifeMode Group	Housing Type	Household Type	Average Household Size	Median Age	Median Household Income	Median Net Worth	Median Home Value	Home Ownership Rate (%)
1	Main Street USA	16.9%	Traditional Living	Single Family; Multi-Units	Mixed	2.54	36.8	\$56,882	\$92,178	\$205,391	65%
2	Heartland Communities	16.6%	Senior Styles	Single Family	Mixed	2.28	42.0	\$35,544	\$47,317	\$82,080	72%
3	Pleasant-Ville	9.3%	Upscale Avenues	Single Family	Married Couple Families	2.89	39.8	\$79,203	\$264,335	\$339,930	86%
4	Crossroads	8.8%	American Quilt	Mobile Home	Family Mix	2.71	32.1	\$44,247	\$52,594	\$73,224	75%
5	Midlife Junction	8.7%	Traditional Living	Single Family; Multi-Units	Mixed	2.26	41.2	\$49,031	\$90,386	\$146,293	66%
6	Midland Crowd	6.4%	American Quilt	Single Family; Mobile Home	Married Couple Families	2.70	37.0	\$50,462	\$92,456	\$135,909	83%
7	The Elders	5.6%	Senior Styles	Mixed/Seasonal	Married Couple without Kids; Singles	1.69	73.5	\$41,910	\$191,668	\$177,387	88%
8	Senior Sun Seekers	5.6%	Senior Styles	Single Family; Mobile Home/Seasonal	Married Couple without Kids; Singles	2.17	52.5	\$38,799	\$86,353	\$129,580	83%
9	Cozy and Comfortable	5.2%	Upscale Avenues	Single Family	Married Couple Families	2.60	42.1	\$66,895	\$201,567	\$174,687	87%
10	Exurbanites	4.5%	High Society	Single Family	Married Couple Families	2.70	44.8	\$88,531	\$416,204	\$288,301	91%

Note: The figures provided refer to the national profile and are based on ESRI's 2008 estimates.

Source: ESRI; Economics Research Associates

Secondary Market (3 – 5 Mile Ring)

The larger market area is expectedly more diverse in terms of customer segments. While there are many retirees, with about a quarter of the area’s residents falling in the Senior Sun Seekers segment, many households are larger and younger, with children still living at home. The market also includes a more affluent segment, the Connoisseurs, who have larger household incomes and greater home values.

ES Figure 5: Top Ten Customer Segments, 3 – 5 Miles from Study Area

Rank		% of Pop	LifeMode Group	Housing Type	Household Type	Average Household Size	Median Age	Median Household Income	Median Net Worth	Median Home Value	Home Ownership Rate (%)
1	Senior Sun Seekers	22.9%	Senior Styles	Single Family; Mobile Home/Seasonal	Married Couples without Kids; Singles	2.17	52.5	\$38,799	\$86,353	\$129,580	83%
2	Exurbanites	9.8%	High Society	Single Family	Married Couple Families	2.70	44.8	\$88,531	\$416,204	\$288,301	91%
3	Main Street USA	9.7%	Traditional Living	Single Family; Multi-Units	Mixed	2.54	36.8	\$56,882	\$92,178	\$205,391	65%
4	Heartland Communities	9.5%	Senior Styles	Single Family	Mixed	2.28	42.0	\$35,544	\$47,317	\$82,080	72%
5	Pleasant-Ville	7.1%	Upscale Avenues	Single Family	Married Couple Families	2.89	39.8	\$79,203	\$264,335	\$339,930	86%
6	Crossroads	6.6%	American Quilt	Mobile Home	Family Mix	2.71	32.1	\$44,247	\$52,594	\$73,224	75%
7	Connoisseurs	5.3%	High Society	Single Family	Married Couple Families	2.65	47.3	\$130,973	\$771,778	\$706,720	91%
8	Midlife Junction	5.0%	Traditional Living	Single Family; Multi-Units	Mixed	2.26	41.2	\$49,031	\$90,386	\$146,293	66%
9	Rooted Rural	4.2%	American Quilt	Single Family; Mobile Home	Married Couple Families	2.48	42.2	\$38,050	\$59,986	\$101,198	83%
10	Midland Crowd	3.7%	American Quilt	Single Family; Mobile Home	Married Couple Families	2.70	37.0	\$50,462	\$92,456	\$135,909	83%

Note: The figures provided refer to the national profile and are based on ESRI’s 2008 estimates.
 Source: ESRI; Economics Research Associates

Summary of Findings

Planned and Proposed Developments

In addition to the existing supply of retail and office developments, there is a significant amount of development planned and proposed in Calimesa. When and if these developments take place may have a significant impact on the development of the downtown Calimesa area.

ERA considers the largest developments, the Mesa Verde and Summer Wind Ranch Specific Plans, which are currently on hold and may not be developed for another 5 to 10+ years, separately from the 300,000 square feet additional retail planned throughout Calimesa that is more likely to come online in the immediate future.

- The Mesa Verde and Summer Wind Ranch Specific Plans may result in up to 7,000 new residential units, approximately 17,100 new residents at Calimesa's current persons per household level, and 2.4 million square feet of new retail space. To be successful this retail will have to capture all the 17,100 new residents' internal need, and will also have to draw upon a larger regional base.
- Outside of the two specific plans, another 300,000 square feet of commercial spaces is currently proposed throughout the City. This figure includes the 90,000 square feet currently under construction at the Shoppes at Calimesa center and 76,000 square feet of space for the JP Town Ranch Center².
- Given that there will be sufficient retail space located in the Summer Wind Ranch and Mesa Verde development to take care of residents' daily needs, downtown must compete as a niche market. It is very important to create a sense of place in the downtown area and make downtown a unique "destination" so that Calimesa residents have a reason to visit, such as a cluster of local restaurants and specialty retail, offices, civic uses (library, post office, city hall).
- Downtown Calimesa will also have more leverage if the downtown is branded and established as a local destination before the proposed retail regional centers comes online.

²JP Ranch also includes 700 new residential units. The growth in households in JP Ranch is assumed to be included in the SCAG Projections.

- ERA assumes that the office space in the Summer Wind Ranch and Mesa Verde developments will be supported from internal resident demand. The office space included in the 300,000 of planned developments throughout the City will be most competitive with downtown retail. Again timing is key, ERA assumes a lower capture rate for office space in the downtown if the other planned retail developed before the downtown office space.

Office

ERA reviewed both the existing supply of office space and the future demand for new office space in the Calimesa market.

Office Space

Within the 3 mile market area, there is approximately 156,900 square feet of existing office space. Office properties are primarily located along the major thoroughfares of Calimesa Boulevard, County Line Road and California Street.

- The supply is almost split evenly between Class B and Class C office space, with no Class A office space.
- Vacancy is currently very low within the City of Calimesa. Within the 3 mile market vacancy is about 9 percent including both Class B and Class C office properties with a reported annual rent of \$21.87 per square foot.
- Net office absorption has fluctuated throughout the last decade, averaging approximately 500 square feet per year.

Office Demand

Demand for general office space is based on an assessment of the growth of office-using employment within the 3-mile primary market area. ERA uses fair share capture to estimate the amount of these new jobs that will be located within the City of Calimesa and estimates how many new jobs can be captured within the Calimesa Corridor area.

The ability of the Calimesa Corridor area to capture the office space demand created by new employment in the City is greatly influenced by the realization of other competitive office space development projects.

- If adjacent planned and proposed projects are completed before the completion of projects in the Study Area, ERA estimates that the site can capture about 34,000 square feet of office space demand in the period of 2008 to 2018, or about 40 percent of demand in the City of Calimesa.
- However, if planned and proposed office space development projects in the City of Calimesa do not come online before the development of the downtown area, ERA estimates the Study Area

can capture up to 80 percent of the office space demand in the city. This translates to approximately 67,000 square feet of office space between 2008 to 2018.

ES Figure 6: Summary of Office Space Demand

Office Space Demand	2008 - 2013	2013 - 2018	Total
40% Capture	18,000	16,000	34,000
80% Capture	35,000	32,000	67,000

Retail

Local Retail Characteristics

The City of Calimesa falls within an area that is not presently well covered by shopping center retail.

- Within the 3-mile market area, there is approximately 725,000 square feet of rentable building area of retail shopping centers, mostly in Yucaipa. The City of Calimesa currently has a total of 125,000 square feet of retail strip centers and neighborhood centers, with a 105,000 square feet of this space located within the Calimesa Corridor study area.
- Neither Calimesa nor the study area has experienced growth of retail shopping center supply over the past decade. Additional supply is currently in the pipeline in Calimesa and is expected to produce an additional 214,069 square feet of retail shopping center space.
- In the City of Calimesa, overall vacancy rates for shopping center space are very tight, at 2 percent. Vacancy has ranged between 0 to 5 percent in the larger 0 – 3 mile area since 2000.
- Net shopping center absorption within the 3 mile market area has been fairly strong since 2000, averaging 28,700 square feet per year.
- Within the 3 mile market area, non-shopping center retail space totals to almost 300,000 square feet and has a high overall vacancy rate of 10.7 percent. Net absorption of non-shopping center space has been much lower than shopping center space and was negative 20,000 square feet in 2008.

Summary of Retail Demand

The retail analysis evaluates future retail demand from projected new residents within the existing City of Calimesa, new residents from the Planned and Proposed developments (Mesa Verde & Summer Wind Ranch Specific Plan) and demand from the recapture of retail space currently leaking out of the city.

- ERA estimates that the resident population will support approximately 205,000 square feet of retail space between 2008 and 2018. This includes about 63,800 square feet of food store retail space, 78,400 square feet for general merchandise stores and apparel stores, and approximately 13,600 square feet for restaurants and bars.
- The Shoppes at Calimesa will capture approximately 90,000 square feet of the demand in the Study Area.
- Thus, there will be additional demand for approximately 85,000 square feet of retail space projected between 2008 and 2018 by residents not including the Mesa Verde & Summer Wind Ranch proposed developments and a total of 115,000 square feet of residential demand if we include potential capture of the residents in these two specific plan areas.

ES Figure 7: Summary of Retail Space Demand, by Select Type of Retailer

Type of Retailer	Source of Demand (2008-2018)			Total
	Recapture of Leakage (2008 - 2018)	Incremental Pop Growth (2008 - 2018)	Pop Growth from Planned & Proposed Projects (2013 - 2018)	
Apparel stores	4,000	4,081	1,188	9,269
General merchandise stores	49,000	15,593	4,526	69,119
Food stores	16,000	36,580	11,153	63,733
Eating and drinking places	0	9,039	4,532	13,571
Home furnishings and appliances	0	2,312	534	2,846
Building materials	18,000	8,634	1,658	28,292
Motor vehicles and parts	0	1,678	973	2,651
Service stations	0	0	0	0
Other retail stores	0	9,764	5,575	15,339
Total	87,000	87,682	30,138	204,820

Source: Economics Research Associates

Retail Positioning

Several steps need to be taken before Calimesa can attract the caliber of retailers appropriate for a downtown and, by planning and laying the foundations of a successful downtown now, Calimesa will be well positioned to leverage improvements in the economy across the next two to five years.

In the last two sections of the report, ERA outlines general downtown retail positioning strategies and provides recommendations tailored to Calimesa Boulevard. The report also presents target tenant profile information.

General Downtown Development Theory

It is helpful to review the key components of successful destination districts as we consider Calimesa Boulevard. Successful Downtown districts tend to offer a combination of interrelated modes of consumption to consumers. These key activities include:

- **Experiential consumption:** Commercial entertainment or cultural activities that are ephemeral yet pleasurable. They can range from typical mass entertainment activities such as movie theaters or farmer's markets to very specific niche oriented entertainment experiences offered by cultural facilities.
- **Literal consumption:** Consumption of food and beverage that is designed to be eaten within the district. This type of dining consumption can range from small, limited service cafes and ethnic restaurants, to nationally-recognized brands and/or fine dining experiences.
- **Acquisition consumption:** This type of consumption includes the acquisition of objects to be taken home for later enjoyment. Typically, this acquisition consumption and destination district focuses on discretionary expenditures rather than meeting daily or existential needs.

A goal of the new Calimesa Downtown is to become a destination district that can meet the consumption needs of a potential consumer in the most efficient manner. This comprehensive and cohesive downtown can be developed through a combination of organic growth and public / private partnership to help catalyze private investment.

Current Conditions of the Downtown

Currently, the mile-long Calimesa Boulevard corridor does not feel like a cohesive downtown area. With no amenities that relate to pedestrian activities, the retail orientation of the corridor is strictly automotive based and does not foster an environment that invites customers to linger.

ERA believes the Planning Centers' evolving urban design work which focuses on three areas is appropriate to help bifurcate the downtown corridor, creating a smaller downtown district with more intense development and a better sense of place.

The Planning Centers work will focus development in three areas:

- **Visitor-Serving Commercial:** This node would focus in and around the intersection of Sandalwood and Calimesa. The existing fast food and gas stations would continue to be oriented towards the intercept market from the freeway and larger region.
- **Neighborhood/Community Serving Commercial:** This node would include the existing Stater Brothers development as well as the new construction of the Shoppes at Calimesa. The area is oriented to serving daily shopping needs of the primary and secondary market areas and is likely to maintain the existing automobile orientation.
- **Downtown Commercial Area:** This node would focus on a smaller area between K Street and L Street with new road configurations and open space to establish a mix of specialty and civic uses.

Retail Positioning

Changes to the existing environment would include new road configurations and open space and a node of downtown activity could occur in an area between K Street and L Street. Once these improvements are underway, ERA believes a focused "catalytic" development that can attract one or more desired anchor tenants is essential for the overall downtown retail strategy to be successful.

- If the district wants to penetrate the greater regional market and position itself to compete with future lifestyle shopping center developments it is critical that the district establish a distinct market image and niche.
- A cluster of restaurants in a pleasant pedestrian-oriented environment would be unique in the city and would distinguish the downtown from the chain restaurants in new shopping centers in the region. Cultural and entertainment uses would complement dining elements.
- The downtown corridor should establish its role as a "Main Street" for personal and business services, and general commercial outlets to service city residents and businesses.

- Office uses should be encouraged within future mixed-use development projects in the downtown corridor (as upper level uses).
- Other specialty stores should also be interspersed throughout the downtown area. It should be noted that the inclusion of local independent operators in the overall retail strategy is also critical. Independent local operators create a commercial district's unique identity.

Recruitment Strategies

To successfully recruit businesses, both public and private players should be involved. ERA lays out roles and responsibilities for the Redevelopment Agency, Property Owners and Developers, Commercial Brokers, and a proposed Downtown Recruitment Coordination Group.

The recommended recruitment strategy should:

- Recruit developer for selected "catalytic" new project in a key anchor location to create a critical mass of new investment activity, and to draw small scale credit tenants to the downtown corridor.
- Recruit independent operators to utilize existing and new commercial space within the district.

Recommendations

- Develop basic marketing material which should include marketing flyer with appropriate city contact information as a web page.
- Develop a descriptive downtown monitor, other than "Downtown Calimesa," that defines the area and creates an area identity.
- Improve the current infrastructure. Efforts currently underway by the City will address these problems to promote a pedestrian friendly environment and enhance storefront visibility.
- Calimesa Boulevard's environment and sense-of-place could be enhanced through better connections between the various proposed districts and civic areas.
- The City should consider establishing a series of regular events, such as markets and festivals, in open spaces along Calimesa Boulevard.
- Successful redevelopment in the downtown district should consider the inclusion of higher-density housing in the nearby area.

II. Introduction

The City of Calimesa has retained Economics Research Associates (ERA), an AECOM Company, to complete an economic analysis and market study of the Downtown Calimesa Business Corridor.

This document presents the market analysis of the corridor. Section II reviews demographic and socio-economic characteristics of the City of Calimesa and the Calimesa Boulevard trade areas, Section III presents customer profiles based on buying habits and lifestyles, and Section IV describes regional & local real estate characteristics and summarizes existing Calimesa business information. Section V provides information on key planned and proposed projects in the City of Calimesa and Section VI presents the demand analysis for retail and office uses.

Current Market Realities

It should be noted that ERA has utilized the latest population and household growth projections from the Southern California Association of Governments (SCAG) to project the demand for each use. The SCAG projections have not yet been adjusted to account for current economic realities.

ERA believes that projected growth estimates for population and employment will be pushed back given the current recession.

Thus, while this analysis presents demand in two periods 2008 – 2013 and 2013 – 2018, it should be noted that the demand estimates for the period 2008-2013 are likely to be pushed back three to five years to start between 2011 and 2013 and the demand estimates for 2013 – 2018 are also likely to be pushed back three to five years to between 2015 and 2018.

III. Demographic and Socio-Economic Overview

When assessing the strength of a small market area, ERA uses a variety of resources to gauge growth prospects. These include State of California annual population estimates for cities and counties from the Department of Finance, Southern California Association of Governments (SCAG) data on existing and projected population and a private data provider known as ESRI, which makes small area estimates and projections based on a variety of sources, including Census data and consumer survey information.

Recent downturns in the state's housing market have added stress to the area's job market, which in turn will impact the area's potential for population growth. As mentioned in the Introduction, projections in the following document are from current estimates. The impacts of the current housing and banking crisis on population and household growth are indeterminate. It is anticipated that population and household growth may be reduced for, at least, the next 18 months+.

Areas of Analysis

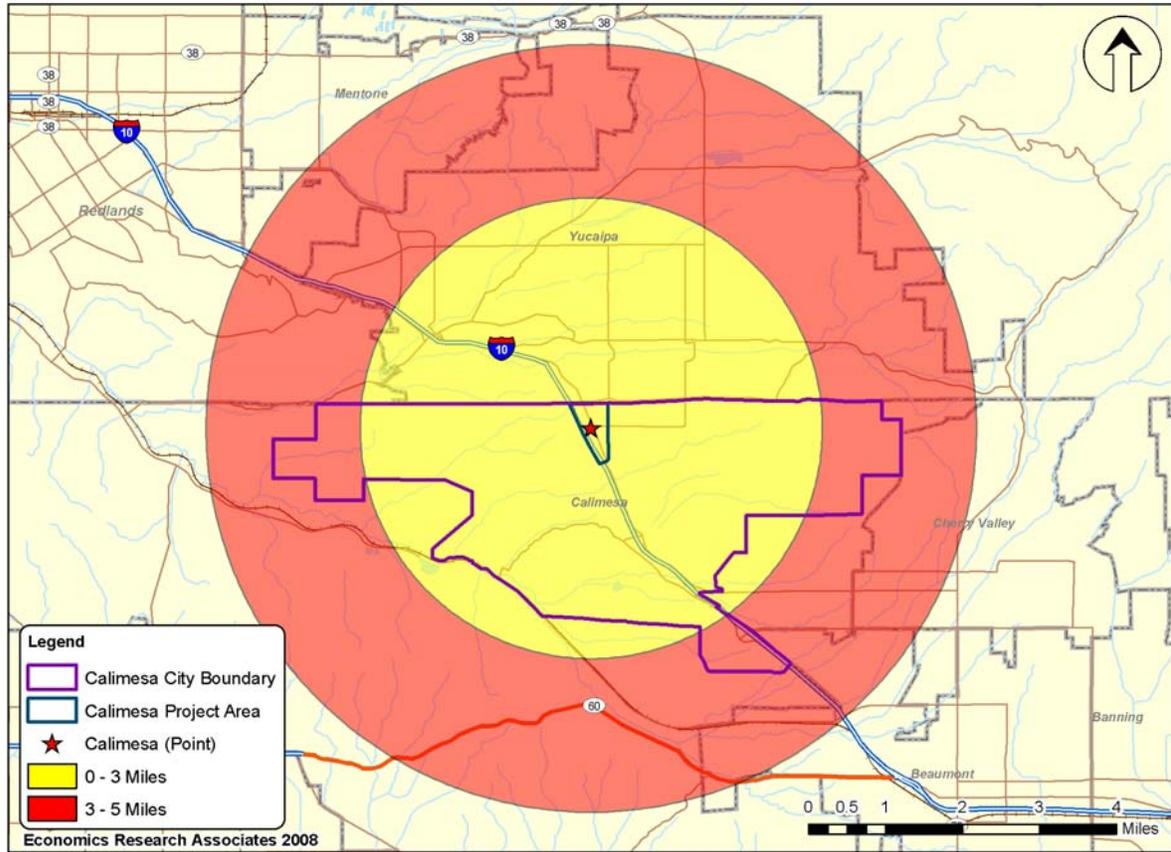
For the purpose this study, ERA has looked at the region in terms of administrative boundaries (City of Calimesa and Riverside County) and by two distance rings (0 – 3 miles and 3 – 5 miles). The distance rings are the primary market areas under discussion. The City and County are provided for reference. Figure 1 shows these boundaries.

The City of Calimesa primarily falls in within the 0 – 3 mile market area. The 0 – 3 mile market area also includes parts of the City of Yucaipa.

The 3 – 5 mile secondary market area is comprised of the remainder of the City of Yucaipa and parts of the cities of Mentone, Redlands, Cherry Valley, Beaumont, and unincorporated parts of Riverside and San Bernardino counties.

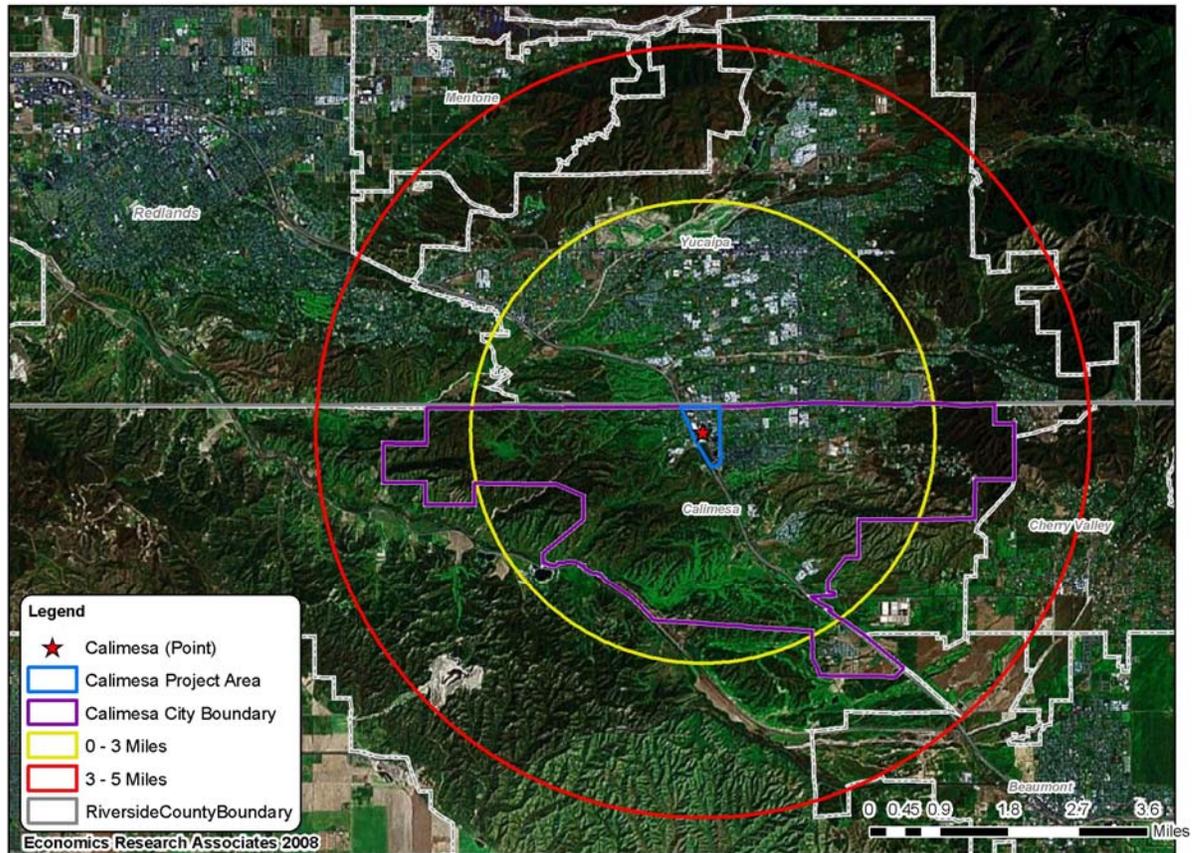
As shown in Figure 2, most of the market areas have sparse developments.

Figure 1: Map of Distance Rings from Calimesa Project Area



Source: ESRI; Economics Research Associates

Figure 2: Satellite Map of Distance Rings from Calimesa Project Area



Source: ESRI; Economics Research Associates

Demographics

Population and Households

According to the most recent DOF report (May 2008), the City of Calimesa had a population of about 7,500 people and about 3,100 households (Figure 4). The City of Calimesa makes up about 0.4 percent of the population of Riverside County, which has about 2.1 million people and about 671,000 households. Over the past eight years, the City has added an average of 50 new residents annually for a total increase of nearly 400 residents. Population and household growth has been slower in the City of Calimesa than in Riverside County, increasing at an average annual rate of 0.7 percent, as compared to nearly 4.0 percent for the county.

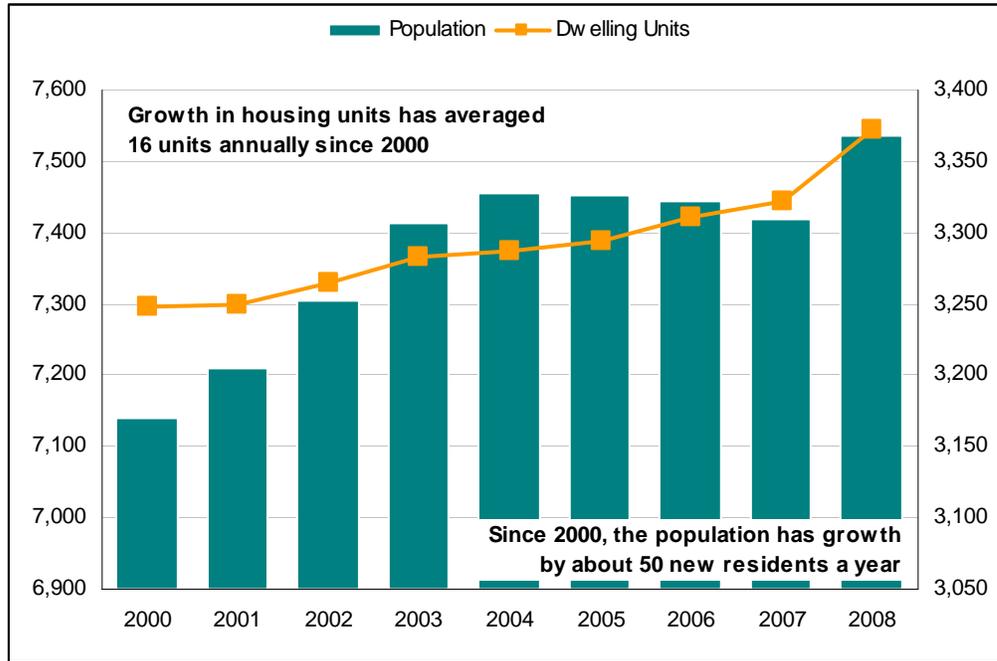
During the same period, the number of new housing units has increased by about 16 a year, for a total increase of 124 housing units. In 2000, the average household size in the City was 2.36 persons per household. In 2008, the average household size remained about the same at 2.40 persons per household.

As shown in Figure 6, the 0 – 3 mile market area has about 43,000 residents (15,600 households) and the larger 3 – 5 mile market area has about 77,000 residents (29,000 households). Across 2000 and 2008, the highest growth amongst the market areas occurred in the in the 3 – 5 mile market area, at an annual rate of 4.5 percent for the resident population and 4.4 percent for household growth.

Projected Growth

- The market areas (0 – 3 mile ring and 3 – 5 mile ring) are expected to experience little to moderate population growth between 2010 and 2035 at an annual rate of about 2.1 and 2.8 percents respectively during this period (Figure 8).
- The 0 – 3 mile market area is expected to grow by 17,500 residents between 2010 and 2035. The 3 – 5 mile market area is expected to grow by approximately 38,000 residents during the same period.
- The population in the City was expected to experience tremendous growth by 2035, reaching nearly 11,000 residents by 2010 and almost triple by 2035 (Figure 9). Much of the growth in the 0 – 3 mile ring is expected to occur within the City of Calimesa.

Figure 3: Population and Dwelling Unit Growth in Calimesa



Source: California Department of Finance; Economics Research Associates

Figure 4: Annual Historic and Estimated Population & Household Growth, City of Calimesa

	2000	2001	2002	2003	2004	2005	2006	2007	2008	CAGR (2000 - 2008)
Population	7,139	7,209	7,305	7,412	7,454	7,453	7,444	7,420	7,536	0.7%
Household Population	7,043	7,113	7,209	7,316	7,358	7,357	7,348	7,324	7,440	0.7%
Persons per Household	2.36	2.39	2.41	2.43	2.44	2.43	2.42	2.40	2.40	0.2%
Occupied	2,982	2,983	2,998	3,015	3,019	3,025	3,041	3,051	3,097	0.5%
% Vacant	8.19%	8.19%	8.18%	8.16%	8.15%	8.17%	8.15%	8.16%	8.16%	0.0%

Source: California Department of Finance; Economics Research Associates

Figure 5: Annual Historic and Estimated Population & Household Growth, Riverside County

	2000	2001	2002	2003	2004	2005	2006	2007	2008	CAGR (2000 - 2008)
Population	1,545,387	1,589,950	1,652,537	1,723,976	1,803,742	1,882,812	1,962,801	2,034,840	2,088,322	3.8%
Household Population	1,511,034	1,554,967	1,617,113	1,688,012	1,767,206	1,846,735	1,926,652	1,997,866	2,052,807	3.9%
Total Riverside County	2.99	3.01	3.04	3.07	3.09	3.08	3.07	3.06	3.06	0.3%
Occupied	506,218	515,958	531,908	549,979	572,582	598,689	627,352	653,826	671,036	3.6%
% Vacant	13.42%	13.38%	13.32%	13.28%	13.24%	13.24%	13.17%	13.28%	13.23%	-0.2%

Source: California Department of Finance; Economics Research Associates

Figure 6: Historic Population and Household Growth (2000 – 2008)

		Calimesa 0 - 3 Miles ¹	Calimesa 3 - 5 Miles ¹	City of Calimesa ²	Riverside County ²	0 - 3 Mile Market Area share of Riverside County	3 - 5 Mile Market Area share of Riverside County
Population	2000	35,817	54,490	7,084	1,535,125	2.3%	3.5%
	2008	42,944	77,261	7,536	2,088,322	2.1%	3.7%
Population CAGR	2000-2008	2.3%	4.5%	0.8%	3.9%	58.5%	113.8%
Households	2000	13,430	20,423	2,982	506,218	2.7%	4.0%
	2008	15,605	28,889	3,097	671,036	2.3%	4.3%
Household CAGR	2000-2008	1.9%	4.4%	0.5%	3.6%	52.8%	123.5%

Note:

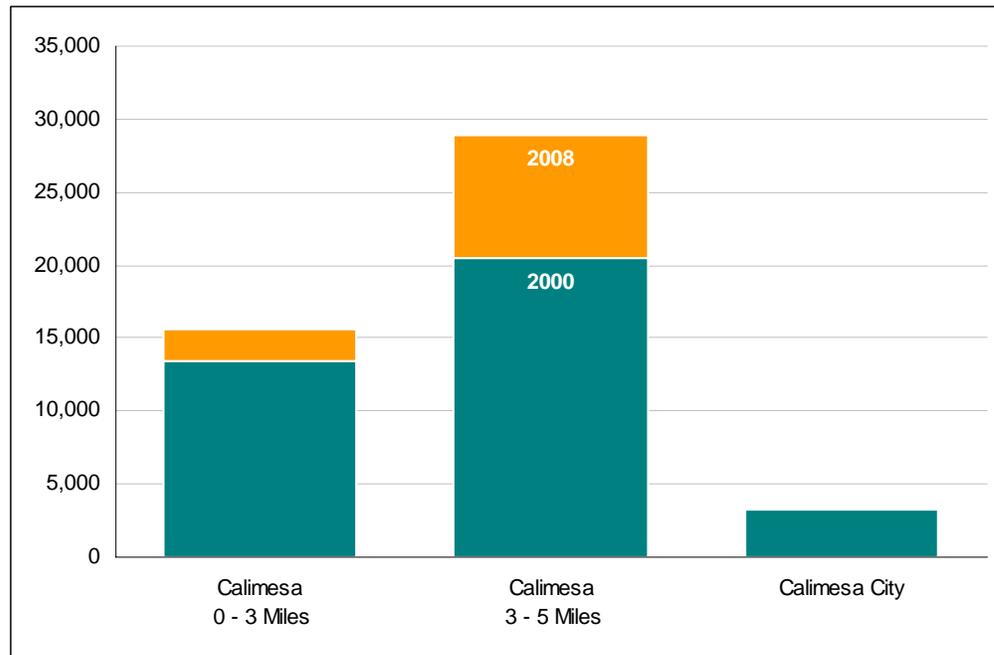
CAGR = Compound Annual Growth Rate

1/ ESRI estimates based on US Census Bureau estimates

2/ California Department of Finance estimates

Source: US Census Bureau; ESRI; California Department of Finance; Economics Research Associates

Figure 7: Historic Household Growth (2000 – 2008)



Source: US Census Bureau; ESRI; California Department of Finance; Economics Research Associates

Figure 8: Population and Household Projections (2010 – 2035)

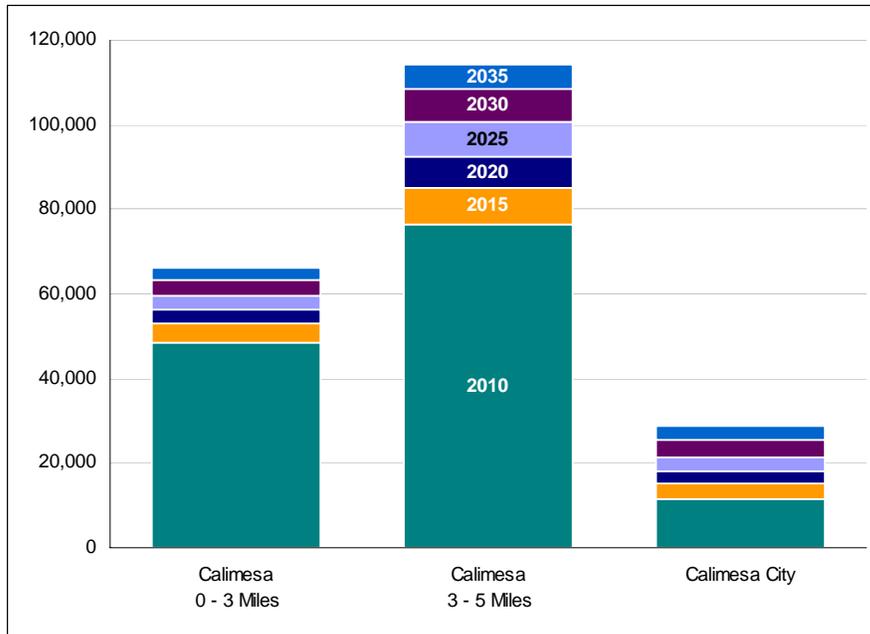
		Calimesa 0 - 3 Miles	Calimesa 3 - 5 Miles	City of Calimesa	Riverside County	0 - 3 Mile Market Area share of Riverside County	3 - 5 Mile Market Area share of Riverside County	Index: Calimesa City compared to Riverside County
Population	2010	48,509	76,366	11,605	2,242,745	2.2%	3.4%	0.5%
	2015	53,052	85,247	15,193	2,509,330	2.1%	3.4%	0.6%
	2020	56,248	92,573	18,267	2,809,003	2.0%	3.3%	0.7%
	2025	59,731	100,497	21,348	3,089,999	1.9%	3.3%	0.7%
	2030	63,404	108,645	25,504	3,343,777	1.9%	3.2%	0.8%
	2035	66,000	114,438	28,831	3,596,680	1.8%	3.2%	0.8%
Population CAGR	2010-2015	1.8%	2.2%	5.5%	2.3%	79.5%	97.9%	243.7%
	2015-2020	1.2%	1.7%	3.8%	2.3%	51.6%	72.9%	164.5%
	2020-2025	1.2%	1.7%	3.2%	1.9%	62.8%	86.0%	164.5%
	2025-2030	1.2%	1.6%	3.6%	1.6%	75.5%	98.8%	227.6%
	2030-2035	0.8%	1.0%	2.5%	1.5%	54.9%	71.1%	169.0%
	2010-2035	2.1%	2.7%	6.3%	3.2%	64.8%	85.4%	195.5%
Households	2010	17,169	26,809	4,066	720,531	2.4%	3.7%	0.6%
	2015	19,162	30,730	5,511	811,486	2.4%	3.8%	0.7%
	2020	20,587	33,964	6,805	913,207	2.3%	3.7%	0.7%
	2025	21,950	37,054	8,054	1,008,909	2.2%	3.7%	0.8%
	2030	23,387	40,271	9,725	1,097,950	2.1%	3.7%	0.9%
	2035	24,481	42,708	11,373	1,183,097	2.1%	3.6%	1.0%
Household CAGR	2010-2015	2.2%	2.8%	6.3%	2.4%	92.3%	115.0%	260.6%
	2015-2020	1.4%	2.0%	4.3%	2.4%	60.5%	84.6%	180.3%
	2020-2025	1.3%	1.8%	3.4%	2.0%	64.1%	87.3%	170.3%
	2025-2030	1.3%	1.7%	3.8%	1.7%	74.8%	98.4%	225.3%
	2030-2035	0.9%	1.2%	3.2%	1.5%	61.0%	78.5%	211.3%
	2010-2035	2.4%	3.2%	7.1%	3.4%	71.2%	93.8%	211.2%

Note:

Southern California Association of Governments Projections, in some cases, may not perfectly align with historical population growth from ESRI or DOF due to the approximation of geographies and differing methodologies.

Source: Southern California Association of Governments; GIS; Economics Research Associates

Figure 9: Household Growth Projections (2010-2035)



Source: Southern California Association of Governments; GIS; Economics Research Associates

Income

Figure 10 through Figure 13 describe the household income characteristics of the local area residents.

Median household income ranges from \$46,600 to \$52,000 in the distance ring market areas. The median household income in the City of Calimesa is slightly higher at \$55,200. The County has a median household income of \$55,100

- The median household incomes of residents in the market areas are lower than the City and County. The median household income of the 0 -3 mile market area is about 85 percent of the County's, while the 3 – 5 mile market area is about 95 percent of the County's.
- Median household incomes are moderate to low in the surrounding market regions (distance rings), but show strong growth in the 0 – 3 mile and 3 -5 mile market areas with growth rates that range from 3.0 to 3.1 percent between 2000 and 2008, as compared to 3.4 and 3.1 percent for the City and County respectively. The City of Calimesa's income growth rate is expected to remain constant between 2008 and 2013, while the 0-3 mile and 3-5 mile ring's income growth rates are expected to increase slightly (Figure 10).
- In the entire 0-5 mile region, about 2,800 households have annual household incomes of \$150,000 or more.
- Between 2008 and 2013, median household incomes in both market areas, as well as in the City and County, are projected to grow by 3 percent.

Figure 10: Household Income Growth (2000 – 2013)

	Calimesa 0 - 3 Miles	Calimesa 3 - 5 Miles	City of Calimesa	Riverside County	Index: 3 Miles compared to Riverside County	Index: 5 Miles compared to Riverside County	Index: Calimesa City compared to Riverside County
Median Household Income							
2000	\$36,777	\$40,578	\$42,208	\$43,091	85%	94%	98%
2008	\$46,564	\$51,998	\$55,207	\$55,111	84%	94%	100%
2013	\$55,684	\$61,277	\$65,283	\$64,853	86%	94%	101%
Income CAGR							
2000-2008	3.0%	3.1%	3.4%	3.1%	96%	101%	109%
2008-2013	3.6%	3.3%	3.4%	3.3%	110%	101%	103%

Source: US Census Bureau; ESRI; Economics Research Associates

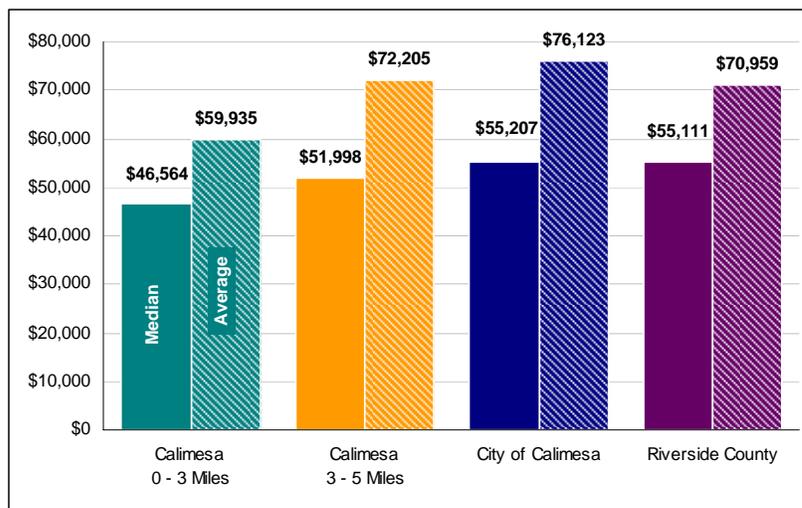
Figure 11: Distribution of Household Incomes, 2008

	Calimesa 0 - 3 Miles	Calimesa 3 - 5 Miles	City of Calimesa	Riverside County
Households & Income, 2008				
Household Income Base	15,600	28,884	3,019	687,843
Median Income	\$46,564	\$51,998	\$55,207	\$55,111
Average Income	\$59,935	\$72,205	\$76,123	\$70,959
Distribution of Household Income, 2008				
Less than \$25,000	24.9%	21.1%	21.5%	20.5%
\$25,000 to \$34,999	12.6%	11.7%	11.1%	10.8%
\$35,000 to \$49,999	15.6%	15.4%	12.8%	14.1%
\$50,000 to \$74,999	18.7%	17.9%	20.7%	19.9%
\$75,000 to \$99,999	15.1%	15.2%	19.1%	16.9%
\$100,000 to \$149,999	9.0%	11.1%	6.9%	10.6%
\$150,000 or more	4.1%	7.6%	8.0%	7.2%

Note: Household Income Base = the number of people represented in each study area

Source: US Census Bureau; ESRI; Economics Research Associates

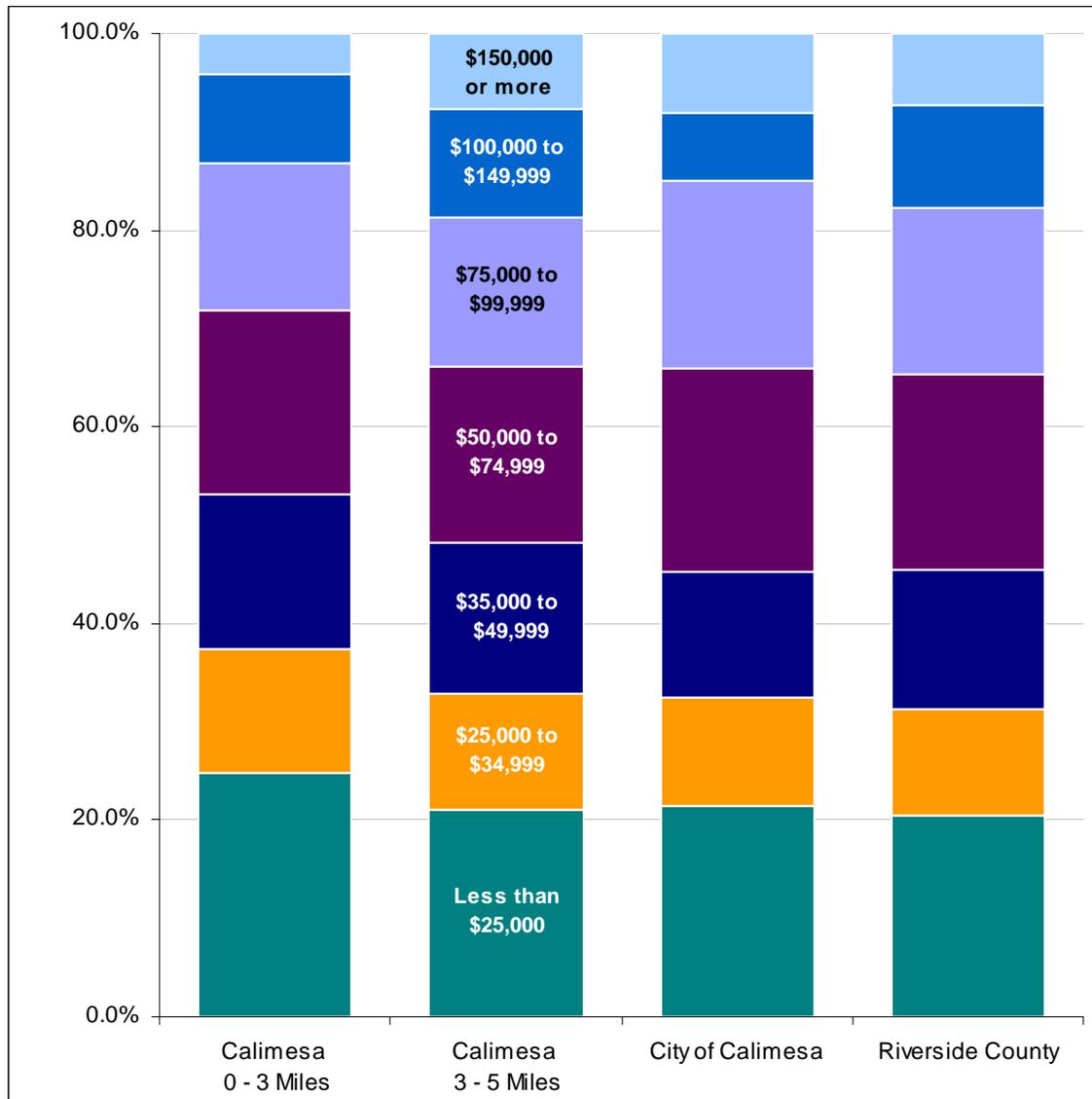
Figure 12: Average and Median Household Income



Note: Median income is the point where 50% of the population is less than the value and 50% of the population is greater than the value. Average income is total income divided by total population.

Source: US Census Bureau; ESRI; Economics Research Associates

Figure 13: Income Distribution, 2008



Source: US Census Bureau; ESRI; Economics Research Associates

Age & Ethnicity

The following section describes the age and ethnic composition of the market areas, as well as the City of Calimesa and Riverside County.

Age

- Riverside County's median age is 34.3 years. The Calimesa area, including the market areas and the City of Calimesa, are older than the county average.
- The City and the 3 – 5 mile market area's median ages are substantially higher than the County's at 42.6 years and 42.2 years respectively.
- The 0 -3 mile market area is still higher than the County, at 38.2 years.
- 45 – 54 year olds are the largest age group in the immediate, 0 – 3 mile market area, making up about 15.2 percent of the population.
- The 3 – 5 mile market area has a larger senior citizen population, with about 17.8 percent of its population 65 years of age and older. People are generally evenly distributed amongst the different age groups in the 3 – 5 mile market area, between the ages of 15 to 64.

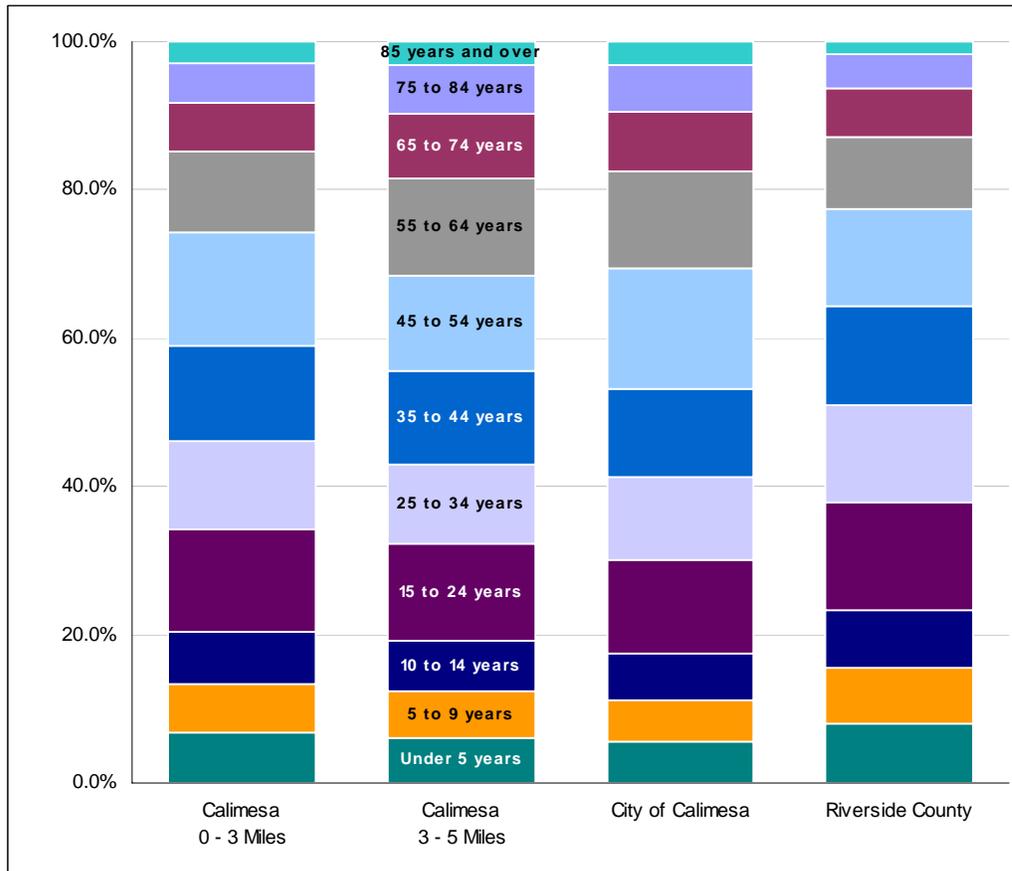
Ethnicity

- About 80 percent of the population is White (Figure 15).
- Approximately a quarter of the population is of Hispanic origin, regardless of race, in both market areas.
- Approximately 1 percent of the population is African American.

Figure 14: Age Distribution, 2008

		Calimesa 0 - 3 Miles	Calimesa 3 - 5 Miles	City of Calimesa	Riverside County
Population and Age, 2008					
	Total Population	42,944	77,261	8,034	2,172,406
	Median Age	38.2	42.2	42.6	34.3
Age Distribution, 2008					
	Under 5 years	6.8%	6.0%	5.6%	8.1%
	5 to 9 years	6.6%	6.0%	5.6%	7.5%
	10 to 14 years	6.9%	6.6%	6.2%	7.6%
	15 to 24 years	14.0%	12.8%	12.8%	14.6%
	25 to 34 years	11.8%	10.2%	11.0%	13.0%
	35 to 44 years	12.9%	12.2%	12.0%	13.3%
	45 to 54 years	15.2%	12.5%	16.2%	13.1%
	55 to 64 years	11.0%	12.9%	13.2%	9.8%
	65 to 74 years	6.6%	8.5%	8.0%	6.4%
	75 to 84 years	5.2%	6.3%	6.4%	4.6%
	85 years and over	3.0%	3.0%	3.1%	1.8%

Source: US Census Bureau; ESRI; Economics Research Associates

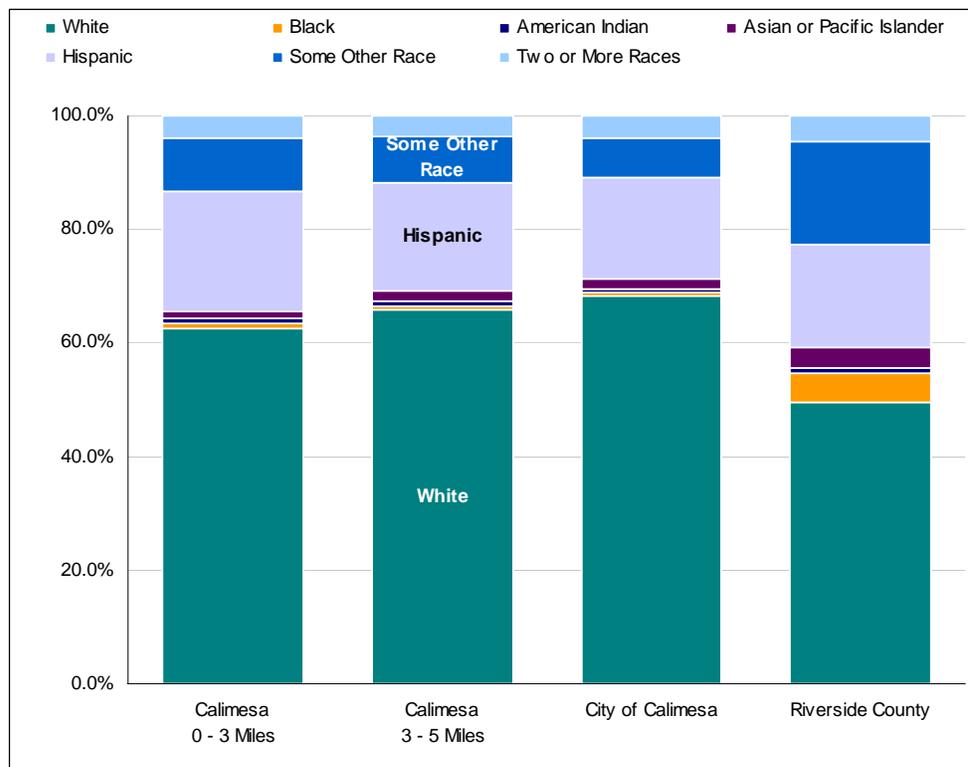


Source: US Census Bureau; ESRI; Economics Research Associates

Figure 15: Distribution of Race and Ethnicity, 2008

	Calimesa 0 - 3 Miles	Calimesa 3 - 5 Miles	City of Calimesa	Riverside County
Population and Age, 2008				
Total Population	42,944	77,261	8,034	2,172,406
Race and Ethnicity, 2008				
White	79.3%	81.3%	83.1%	60.7%
Black	0.9%	1.0%	0.7%	6.0%
American Indian	1.2%	1.0%	0.8%	1.1%
Asian or Pacific Islander	1.6%	2.1%	2.2%	4.5%
Hispanic	26.5%	23.7%	21.7%	22.2%
Some Other Race	12.0%	10.2%	8.3%	22.2%
Two or More Races	5.0%	4.4%	4.9%	5.5%

Source: US Census Bureau; ESRI; Economics Research Associates



Source: US Census Bureau; ESRI; Economics Research Associates

Housing

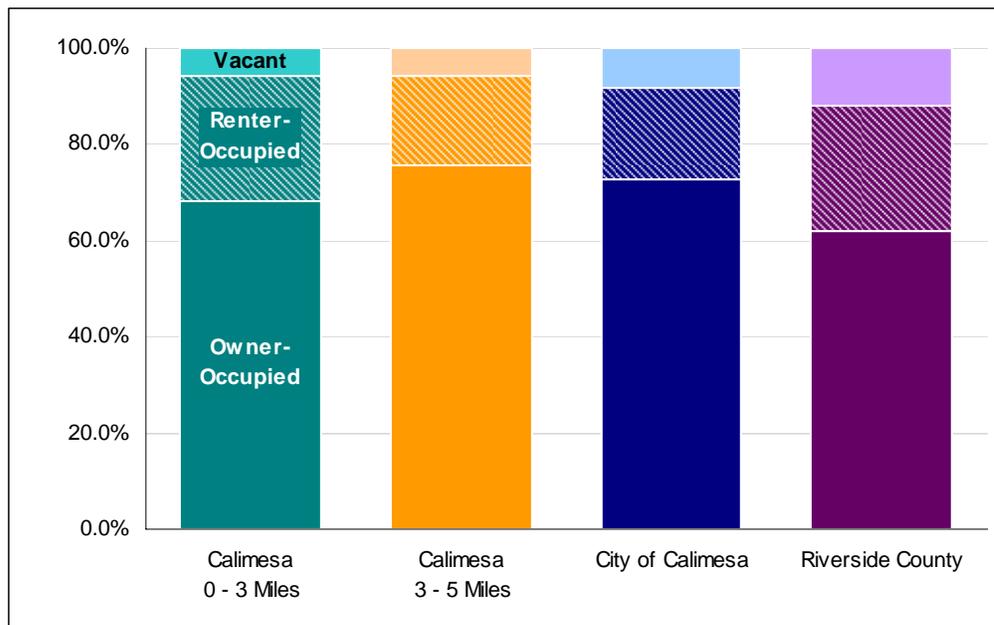
- The immediate market areas and most of Riverside County are suburban in nature.
- The majority of homes in the market areas, as well as the City and County, are owner-occupied (Figure 17). About 69 percent and 76 percent of the homes in the 0 – 3 mile and 3 - 5 mile market areas, respectively, are owner-occupied.
- Additionally, the majority of housing in the area is single-family, detached housing (Figure 18). About a quarter of the homes in the 0 – 3 and 3 – 5 market areas are mobile homes.
- Vacancy rates are generally lower in the market areas, at approximately 6 percent, as compared to the rest of the region (Figure 16). Riverside County has a vacancy rate of about 12 percent, while the City of Calimesa has a vacancy rate of 8.4 percent.

Figure 16: Housing Tenure & Value

		Calimesa 0 - 3 Miles	Calimesa 3 - 5 Miles	City of Calimesa	Riverside County
Tenure, 2008					
	Total Units	16,685	30,909	3,295	793,411
	Owner-Occupied	11,479	23,367	2,399	491,915
	Renter-Occupied	4,371	5,749	619	205,493
	Vacant	951	1,793	277	95,209
Distribution of Tenure, 2008					
	Owner-Occupied	68.8%	75.6%	72.8%	62.0%
	Renter-Occupied	26.2%	18.6%	18.8%	25.9%
	Vacant	5.7%	5.8%	8.4%	12.0%
Housing Units by Units in Structure, 2000					
	Total Units	14,421	21,799	2,995	583,211
	1 Unit, Detached	63.1%	64.8%	70.6%	61.1%
	1 Unit, Attached	3.0%	2.4%	3.7%	7.3%
	2 Units	2.4%	1.8%	1.6%	1.4%
	3 or 4 Units	2.3%	2.0%	0.3%	3.8%
	5 to 9 Units	1.6%	1.4%	1.4%	3.1%
	10 to 19 Units	0.9%	0.7%	0.3%	2.6%
	20 + Units	0.9%	0.8%	0.4%	6.7%
	Mobile Home	25.2%	25.8%	21.0%	12.9%
	Other	0.6%	0.4%	0.7%	1.1%

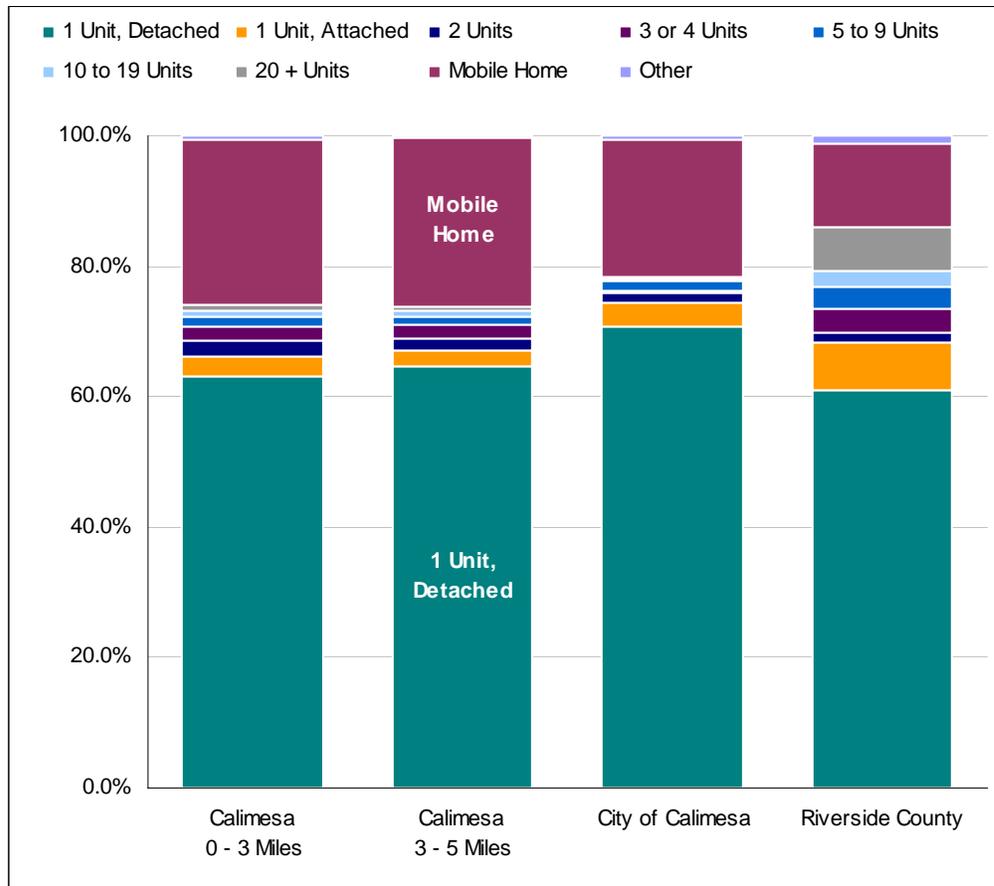
Source: US Census Bureau; ESRI; Economics Research Associates

Figure 17: Housing Tenure Distribution



Source: US Census Bureau; ESRI; Economics Research Associates

Figure 18: Housing Type Distribution



Source: US Census Bureau; ESRI; Economics Research Associates

Household Expenditures

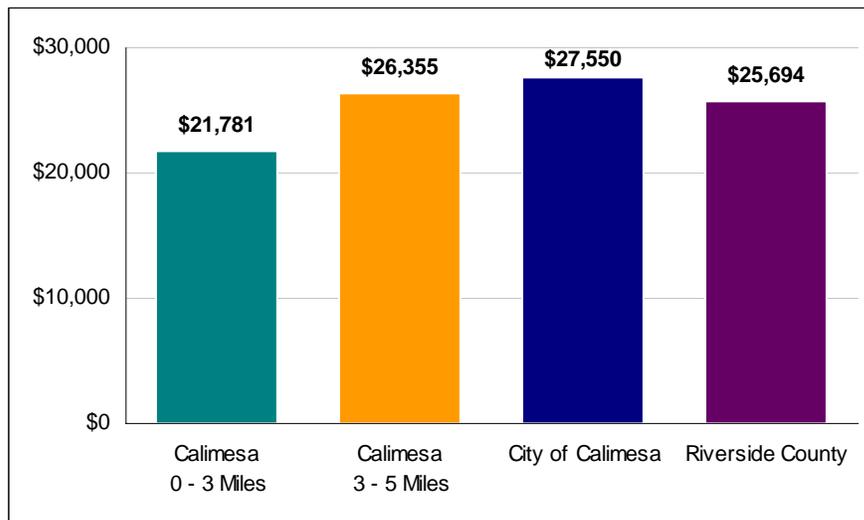
- Corresponding to the median income levels, the highest retail expenditures per household fall within the 3 – 5 mile market area, with approximately \$26,400 in retail expenditures per year (Figure 20). This is lower than the retail spending per household of residents in the City of Calimesa, but higher than that of Riverside County.
- The 0 – 3 mile market area has comparatively lower annual household retail expenditures, at about \$21,800 per household per year.
- The highest proportion of expenditures throughout the market areas and the region are for Food at Home (18%), followed by Entertainment and Recreation (14%) and Food Away from Home (12-13%). Nearly a quarter of household retail expenditures is dedicated to recreation and leisure-related activities (Figure 21 and Figure 22).

Figure 19: Consumer Spending, 2008

	Calimesa 0 - 3 Miles	Calimesa 3 - 5 Miles	City of Calimesa	Riverside County
Total Population, 2008	42,944	77,261	8,034	2,172,406
Total Households, 2008	15,605	28,889	3,019	697,852
Consumer Spending Distribution, 2008				
Retail Goods: Total	\$339,896,169	\$761,381,723	\$83,174,893	\$17,930,928,205
Apparel and Services	\$28,341,834	\$61,943,064	\$6,896,392	\$1,505,670,281
Computers & Accessories	\$3,027,056	\$6,696,449	\$729,689	\$152,750,506
Education	\$17,968,210	\$38,630,187	\$4,361,743	\$885,394,447
Entertainment/Recreation	\$47,735,396	\$107,216,905	\$11,794,062	\$2,511,044,164
Food at Home	\$62,425,716	\$136,121,767	\$14,991,694	\$3,202,263,583
Food Away from Home	\$43,484,945	\$94,613,772	\$10,555,056	\$2,250,635,164
TV/Video/Sound Equipment	\$18,286,735	\$39,904,228	\$4,414,591	\$948,277,186
Per Capita Spending (\$)				
Retail Goods: Total	\$7,915	\$9,855	\$10,353	\$8,254
Apparel and Services	\$660	\$802	\$858	\$693
Computers & Accessories	\$70	\$87	\$91	\$70
Education	\$418	\$500	\$543	\$408
Entertainment/Recreation	\$1,112	\$1,388	\$1,468	\$1,156
Food at Home	\$1,454	\$1,762	\$1,866	\$1,474
Food Away from Home	\$1,013	\$1,225	\$1,314	\$1,036
TV/Video/Sound Equipment	\$426	\$516	\$549	\$437
Per Household Spending (\$)				
Retail Goods: Total	\$21,781	\$26,355	\$27,550	\$25,694
Apparel and Services	\$1,816	\$2,144	\$2,284	\$2,158
Computers & Accessories	\$194	\$232	\$242	\$219
Education	\$1,151	\$1,337	\$1,445	\$1,269
Entertainment/Recreation	\$3,059	\$3,711	\$3,907	\$3,598
Food at Home	\$4,000	\$4,712	\$4,966	\$4,589
Food Away from Home	\$2,787	\$3,275	\$3,496	\$3,225
TV/Video/Sound Equipment	\$1,172	\$1,381	\$1,462	\$1,359

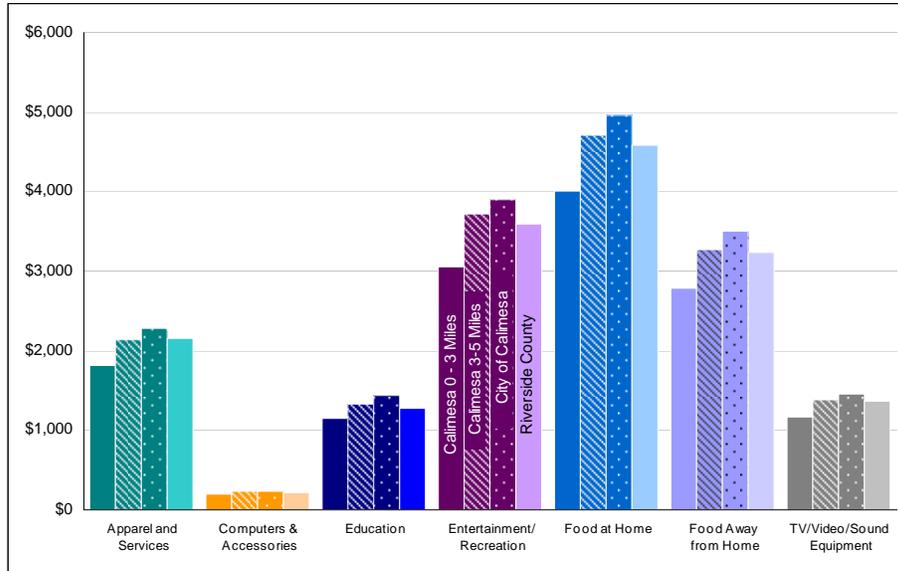
Source: US Census Bureau; ESRI; Economics Research Associates

Figure 20: Total Annual Household Retail Expenditures



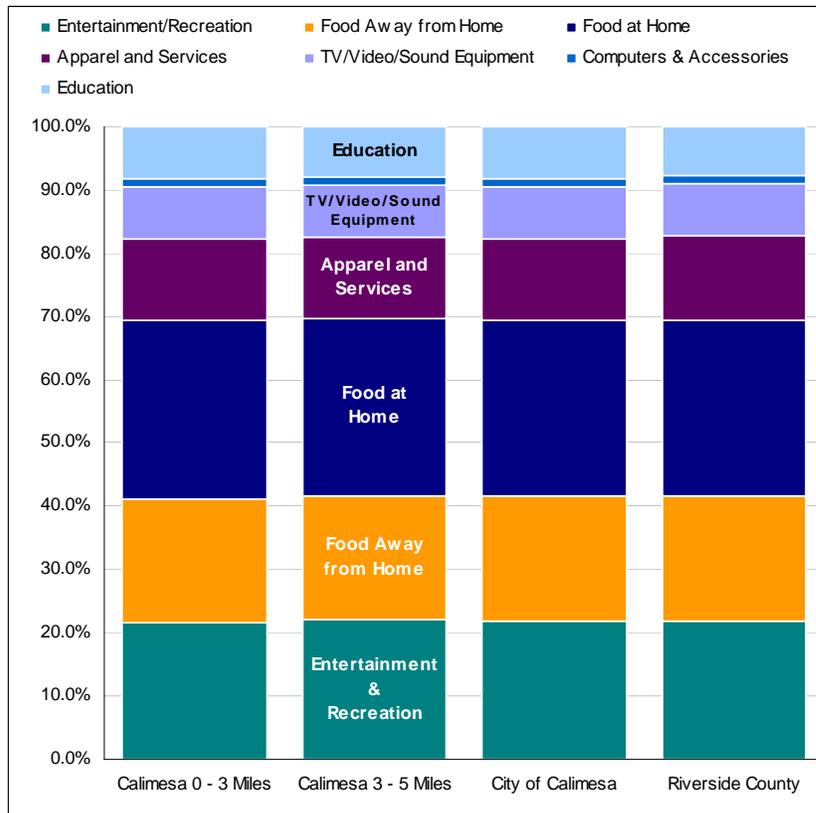
Source: US Census Bureau; ESRI; Economics Research Associates

Figure 21: Annual Household Retail Expenditures by Spending Category



Source: US Census Bureau; ESRI; Economics Research Associates

Figure 22: Distribution of Annual Household Retail Expenditures by Spending Category



Source: US Census Bureau; ESRI; Economics Research Associates

Transportation to Work

The following section describes the modes of transportation to work residents utilized in the different market areas, as well as the average travel time to work. This provides additional insight into the potential impacts of additional residents and households in transportation infrastructure, as well as other features of the market areas.

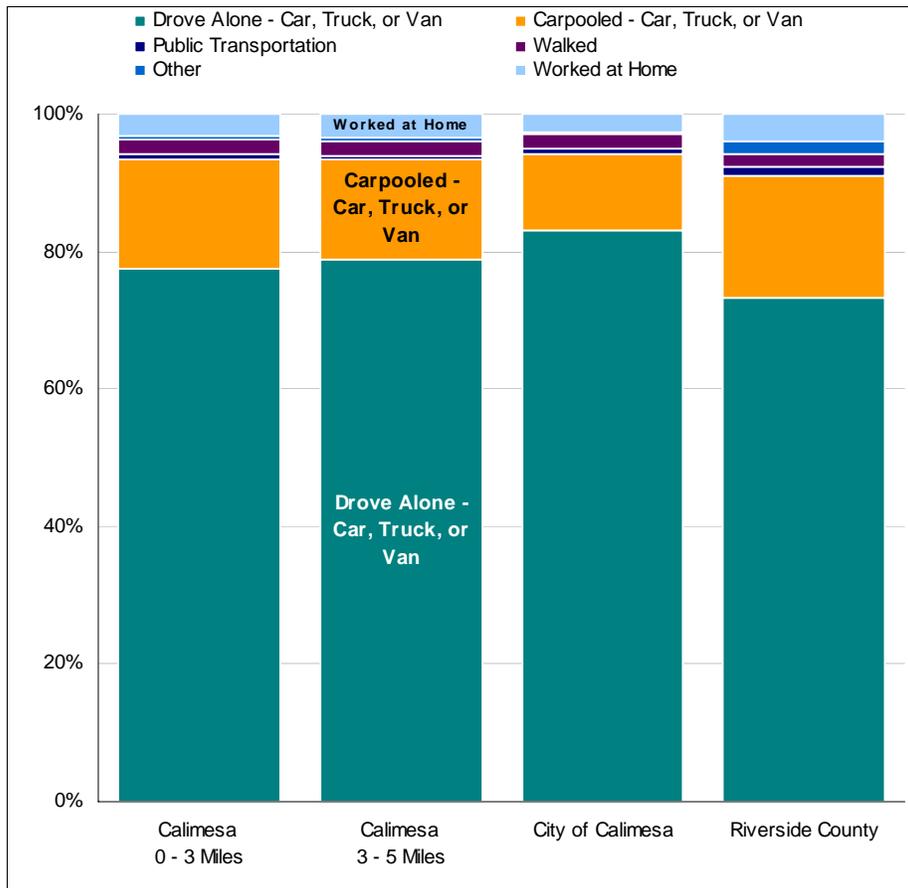
- Throughout all of the market areas, more than 75 percent of the population drove to work alone in their own vehicles in 2000.
- Less than 1 percent of workers used public transportation to get to work (Figure 23)
- Overall, the average travel time to work was approximately 27 to 31 minutes (Figure 25).

Figure 23: Transportation to Work Characteristics, 2000

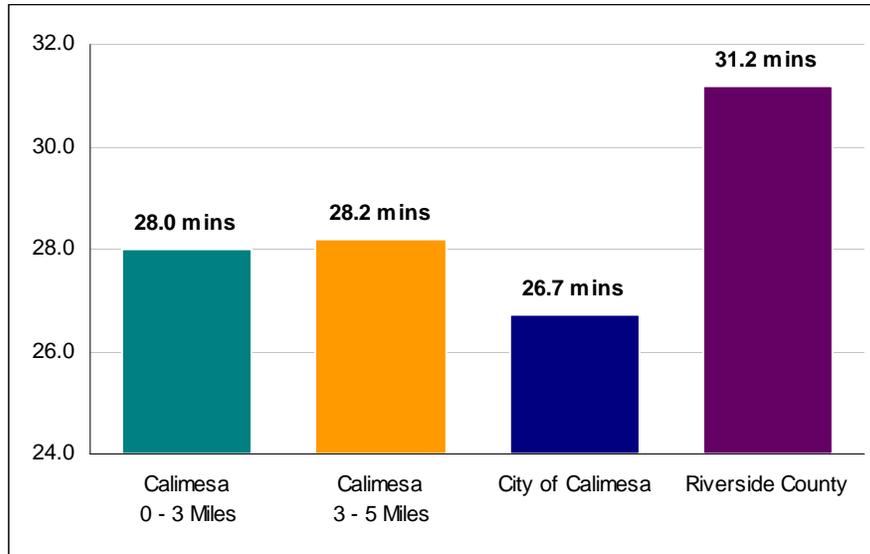
	Calimesa 0 - 3 Miles	Calimesa 3 - 5 Miles	City of Calimesa	Riverside County
Workers 16+ by Means of Transportation to Work, 2000				
Total 16+ Employed	14,709	22,514	2,958	590,432
Drove Alone - Car, Truck, or Van	77.4%	78.8%	82.9%	73.4%
Carpooled - Car, Truck, or Van	16.0%	14.6%	11.3%	17.6%
Public Transportation	0.8%	0.6%	0.6%	1.4%
Walked	2.1%	1.9%	2.3%	1.9%
Other	0.5%	0.7%	0.2%	1.8%
Worked at Home	3.1%	3.4%	2.6%	3.9%
Average Travel Time to Work (in Minutes)	28.0	28.2	26.7	31.2
Average Number of Vehicles Available per Household	1.7	1.8	1.9	1.8

Source: US Census Bureau; ESRI; Economics Research Associates

Figure 24: Distribution of Mode of Transportation to Work



Source: US Census Bureau; ESRI; Economics Research Associates

Figure 25: Average Travel Time to Work

Source: US Census Bureau; ESRI; Economics Research Associates

IV. Customer Economic Profiles

ESRI provides 65 customer segments, ranging from “Top Rung” at the highest level of the socio-economic spectrum to “Social Security Set” at the lowest level. These customer segments are useful in development psychographic profiles of households, to better illustrate the different lifestyle preferences and purchasing habits of different socioeconomic groups.

Figure 26 shows the distribution of the two market areas and the City of Calimesa across the different profile segments. The market areas primarily fall within less than a third of the available customer profile segments. The sections below will describe the top ten segments of each area in greater detail. It should be noted that the descriptions provided refer to the national profile for each segment. As such, the median incomes and home values provided may be lower than what is true for the market areas in Southern California. The profiles are meant to provide illustrative examples of the lifestyle preferences of the potential customer segments available in the market areas.

Figure 26: Distribution of Psychographic Profiles

	City of Calimesa		Calimesa 0 - 3 Miles		Calimesa 3 - 5 Miles	
	% of		% of		% of	
	Households	Households	Households	Households	Households	Households
1 Top Rung	0	0.0%	0	0.0%	0	0.0%
2 Suburban Splendor	0	0.0%	0	0.0%	0	0.0%
3 Connoisseurs	0	0.0%	0	0.0%	1,522	5.3%
4 Boomburbs	0	0.0%	0	0.0%	0	0.0%
5 Wealthy Seaboard Suburbs	0	0.0%	0	0.0%	987	3.4%
6 Sophisticated Squires	0	0.0%	704	4.3%	704	2.4%
7 Exurbanites	571	18.9%	744	4.5%	2,843	9.8%
8 Laptops and Lattes	0	0.0%	0	0.0%	0	0.0%
9 Urban Chic	0	0.0%	0	0.0%	287	1.0%
10 Pleasant-Ville	0	0.0%	1,539	9.3%	2,061	7.1%
11 Pacific Heights	0	0.0%	0	0.0%	0	0.0%
12 Up and Coming Families	0	0.0%	0	0.0%	0	0.0%
13 In Style	0	0.0%	0	0.0%	500	1.7%
14 Prosperous Empty Nesters	0	0.0%	0	0.0%	0	0.0%
15 Silver and Gold	0	0.0%	0	0.0%	0	0.0%
16 Enterprising Professionals	0	0.0%	0	0.0%	0	0.0%
17 Green Acres	0	0.0%	0	0.0%	0	0.0%
18 Cozy and Comfortable	852	28.2%	852	5.2%	852	2.9%
19 Milk and Cookies	0	0.0%	0	0.0%	0	0.0%
20 City Lights	0	0.0%	0	0.0%	0	0.0%
21 Urban Villages	0	0.0%	0	0.0%	0	0.0%
22 Metropolitans	0	0.0%	0	0.0%	0	0.0%
23 Trendsetters	0	0.0%	0	0.0%	0	0.0%
24 Main Street USA	338	11.2%	2,795	16.9%	2,795	9.7%
25 Salt of the Earth	0	0.0%	0	0.0%	0	0.0%
26 Midland Crowd	0	0.0%	1,055	6.4%	1,055	3.7%
27 Metro Renters	0	0.0%	0	0.0%	0	0.0%
28 Aspiring Young Families	0	0.0%	0	0.0%	0	0.0%
29 Rustbelt Retirees	0	0.0%	0	0.0%	0	0.0%
30 Retirement Communities	0	0.0%	0	0.0%	0	0.0%
31 Rural Resort Dwellers	0	0.0%	0	0.0%	0	0.0%
32 Rustbelt Traditions	0	0.0%	0	0.0%	0	0.0%
33 Midlife Junction	0	0.0%	1,431	8.7%	1,431	5.0%
34 Family Foundations	0	0.0%	0	0.0%	0	0.0%
35 International Marketplace	0	0.0%	0	0.0%	0	0.0%
36 Old and Newcomers	0	0.0%	0	0.0%	0	0.0%
37 Prairie Living	0	0.0%	0	0.0%	0	0.0%
38 Industrious Urban Fringe	0	0.0%	706	4.3%	706	2.4%
39 Young and Restless	0	0.0%	0	0.0%	0	0.0%
40 Military Proximity	0	0.0%	0	0.0%	0	0.0%
41 Crossroads	396	13.1%	1,447	8.8%	1,912	6.6%
42 Southern Satellites	0	0.0%	0	0.0%	0	0.0%
43 The Elders	0	0.0%	921	5.6%	0	0.0%
44 Urban Melting Pot	0	0.0%	0	0.0%	0	0.0%
45 City Strivers	0	0.0%	0	0.0%	0	0.0%
46 Rooted Rural	0	0.0%	0	0.0%	1,206	4.2%
47 Las Casas	0	0.0%	0	0.0%	0	0.0%
48 Great Expectations	0	0.0%	0	0.0%	0	0.0%
49 Senior Sun Seekers	0	0.0%	921	5.6%	6,617	22.9%
50 Heartland Communities	862	28.6%	2,735	16.6%	2,735	9.5%
51 Metro City Edge	0	0.0%	0	0.0%	0	0.0%
52 Inner City Tenants	0	0.0%	0	0.0%	0	0.0%
53 Home Town	0	0.0%	0	0.0%	0	0.0%
54 Urban Rows	0	0.0%	0	0.0%	0	0.0%
55 College Towns	0	0.0%	0	0.0%	0	0.0%
56 Rural Bypasses	0	0.0%	0	0.0%	0	0.0%
57 Simple Living	0	0.0%	671	4.1%	671	2.3%
58 NeWest Residents	0	0.0%	0	0.0%	0	0.0%
59 Southwestern Families	0	0.0%	0	0.0%	0	0.0%
60 City Dimensions	0	0.0%	0	0.0%	0	0.0%
61 High Rise Renters	0	0.0%	0	0.0%	0	0.0%
62 Modest Income Homes	0	0.0%	0	0.0%	0	0.0%
63 Dorms to Diplomas	0	0.0%	0	0.0%	0	0.0%
64 City Commons	0	0.0%	0	0.0%	0	0.0%
65 Social Security Set	0	0.0%	0	0.0%	0	0.0%
Total	3,019	100.0%	16,521	100.0%	28,884	100.0%

Source: ESRI; Economics Research Associates

Psychographic Profile Summary: City of Calimesa

All City of Calimesa households fall into one of five customer segment categories: Heartland Communities, Cozy and Comfortable, Exurbanites, Crossroads, or Main Street USA. Most of these segments live in single family homes, with the exception of the Crossroads segments, which reside in mobile homes. All of these segments have median household incomes under \$90,000. There is a high level of home ownership. A majority of Calimesa residents fall in the Heartland Communities or Cozy and Comfortable segments.

Below is a description of the national profile of each segment. Some of the findings of these psychographic profiles, such as the high propensity to be home owners, are supported by other data. For example, according to ESRI estimates, nearly 73 percent of residents in Calimesa are homeowners.

Figure 27: Top Five Customer Segments for the City of Calimesa

Rank	% of Pop	LifeMode Group	Housing Type		Average Household		Median Household	Median Net	Median	Home	
					Size	Median Age	Income	Worth	Home Value	Ownership Rate (%)	
1	Heartland Communities	28.6%	Senior Styles	Single Family	Mixed	2.28	42.0	\$35,544	\$47,317	\$82,080	72%
2	Cozy and Comfortable	28.2%	Upscale Avenues	Single Family	Married Couple Families	2.60	42.1	\$66,895	\$201,567	\$174,687	87%
3	Exurbanites	18.9%	High Society	Single Family	Married Couple Families	2.70	44.8	\$88,531	\$416,204	\$288,301	91%
4	Crossroads	13.1%	American Quilt	Mobile Home	Family Mix	2.71	32.1	\$44,247	\$52,594	\$73,224	75%
5	Main Street USA	11.2%	Traditional Living	Single Family; Multi-Units	Mixed	2.54	36.8	\$56,882	\$92,178	\$205,391	65%

Note: The figures provided refer to the national profile and are based on ESRI's 2008 estimates.

Source: ESRI; Economics Research Associates

Heartland Communities

Most homes in Heartland Community neighborhoods are older (built before 1960), single-family dwellings, with a median home value of \$82,000. Nearly three-quarters of residents in this category are home owners. The median age of residents is about 42 years, with nearly one-third of householders being 65 years of age or older. Residents are interested in hunting, fishing, woodworking, playing bingo, and listening to country music. In addition to working on home improvement projects, many are avid gardeners and read gardening magazines. They participate in civic activities and take an interest in local politics.

Cozy and Comfortable

Cozy and Comfortable residents are settled, married, and still working. Many couples are still living in the pre-1970s, single-family homes in which they raise their children. The median home value is \$174,700. The median age of residents is about 42 years. Nearly 90 percent of people in this segment are homeowners. Home improvement and remodeling are important to residents. Although some work is contracted, homeowners take an active part in many projects, especially painting and law care. They play softball and golf, attend ice hockey games, watch science fiction films on DVD, and gamble at casinos. Television is significant; many household have four or more sets.

Exurbanites

Exurbanite neighborhoods can be characterized as affluent areas with open spaces. Empty nesters (older couples whose children no longer live at home) comprise about 40 percent of this segment; married couples with children occupy about 32 percent. The population, therefore, is older, with over half of the householders falling between the ages of 45 and 64 years and a median age of 44.8 years. Approximately half of those who work hold professional or managerial positions. Financial health is a major priority for members of this segment, frequently consulting financial planners and tracking their investments online. They own a diverse investment portfolio and hold long-term care and substantial life insurance policies. Residents like to work on their homes, lawns, and garden. Leisure activities include many outdoor activities like boating, hiking, kayaking, playing Frisbee, and bird-watching. Many are members of fraternal orders and participate in civic activities.

Crossroads

Crossroad residents are generally comprised of married families and single-parent families, with a median age of 32 years and average household of 2.71. Due to the prominence of mobile homes, the median home value is only about \$73,000. Employment tends to be chiefly in the manufacturing, construction, retail trade, and service industries. Many homes have dogs. Residents typically shop at discount stores, but also frequent convenience stores. They prefer domestic cars and trucks, often

buying and servicing used vehicles. Residents enjoy going fishing, attending auto races, participating in auto racing, and playing the lottery.

Main Street USA

Main Street USA neighborhoods are a mix of single-family units and multi-unit dwellings. The median household income is a comfortable \$57,000. Active members of the community, residents participate in local civic issues and work as volunteers. They take care of their lawns and gardens, and work on small home projects. They enjoy going to the beach and visiting theme parks as well as playing chess, going bowling or ice skating, and participating in aerobic exercise.

Psychographic Profile Summary: 0 – 3 Miles from Study Area

Like the City of Calimesa, the 0 – 3 mile market area is primarily composed of customer segments of older populations, with smaller average household sizes. However, the 0 – 3 mile market area includes more family-based and children-oriented segments, such as Pleasant-ville. There is also a greater range of median household incomes, from as low as \$35,500 (Heartland Communities) and up to nearly \$90,000 (Exurbanites). The majority of households in this market area are comprised of the Main Street USA, Heartland Communities, Pleasant-ville, and Crossroads segments. It is relative evenly distributed amongst the top ten segments, however.

Figure 28: Top Ten Customer Segments, 0 – 3 Miles from Study Area

Rank	% of Pop	LifeMode Group	Housing Type	Household Type	Average Household Size	Median Age	Median Household Income	Median Net Worth	Median Home Value	Home Ownership Rate (%)
1	16.9%	Traditional Living	Single Family; Multi-Units	Mixed	2.54	36.8	\$56,882	\$92,178	\$205,391	65%
2	16.6%	Senior Styles	Single Family	Mixed	2.28	42.0	\$35,544	\$47,317	\$82,080	72%
3	9.3%	Upscale Avenues	Single Family	Married Couple Families	2.89	39.8	\$79,203	\$264,335	\$339,930	86%
4	8.8%	American Quilt	Mobile Home	Family Mix	2.71	32.1	\$44,247	\$52,594	\$73,224	75%
5	8.7%	Traditional Living	Single Family; Multi-Units	Mixed	2.26	41.2	\$49,031	\$90,386	\$146,293	66%
6	6.4%	American Quilt	Single Family; Mobile Home	Married Couple Families	2.70	37.0	\$50,462	\$92,456	\$135,909	83%
7	5.6%	Senior Styles	Mixed/Seasonal	Married Couple without Kids; Singles	1.69	73.5	\$41,910	\$191,668	\$177,387	88%
8	5.6%	Senior Styles	Single Family; Mobile Home/Seasonal	Married Couple without Kids; Singles	2.17	52.5	\$38,799	\$86,353	\$129,580	83%
9	5.2%	Upscale Avenues	Single Family	Married Couple Families	2.60	42.1	\$66,895	\$201,567	\$174,687	87%
10	4.5%	High Society	Single Family	Married Couple Families	2.70	44.8	\$88,531	\$416,204	\$288,301	91%

Note: The figures provided refer to the national profile and are based on ESRI's 2008 estimates.

Source: ESRI; Economics Research Associates

Main Street USA

See page 43.

Heartland Communities

See page 42.

Pleasant-Ville

Pleasant-Ville neighborhoods are typically prosperous with single-family units with a median home value of \$340,000. These households tend to be headed by middle-aged residents, some nearing early retirement. The median age of this group is about 40 years. About 40 percent of households still include families; therefore the average household size is a little higher at 2.89 persons per household. Home remodeling is a priority for residents who live in older homes. Shopping choices are eclectic, ranging from upscale department stores to warehouse or club stores. Sports fanatics, they attend ball games, listen to sports programs and games on the radio, and watch a variety of sports on TV.

Crossroads

See page 42 for description.

Midlife Junction

Midlife Junction residents are phasing out of their child-rearing years. The median age is about 41 years, with about one-third of the population receiving Social Security benefits. About half of the households are composed of married-couple families and 31 percent of residents are singles who live alone. Nearly two-thirds of the housing units are single-family units. Most of the remaining dwellings are apartments in multi-unit dwellings. These residents tend to live quiet, settled lives and spend their money prudently. They prefer to shop by mail or phone from catalogs. They enjoy yoga, attending country music concert and auto races, refinishing furniture, and reading romance novels.

Midland Crowd

The Midland Crowd is the largest segment nationally and has a similar median age, 37 years, as the US median. Home ownership rates are high at about 83 percent, with about two-thirds of households living in single-family structures. The remainder resides in mobile homes. This is a somewhat conservative market politically. These do-it-yourselfers take pride in their homes, lawns, and vehicles. Hunting, fishing, and woodworking are favorite pursuits. Pet ownership, especially birds or dogs, is common.

The Elders

The Elders are so named because of the older population. The median age is about 73.5 years. The highest concentration of retiree residents prefer communities designed for senior living, primarily in warm climates. Approximately 80 percent of households in this segment collect Social Security benefits and about 48 percent receive retirement income. Health conscious, they take vitamins, visit doctors regularly, and watch their diets. Leisure activities include traveling, working cross word puzzles, fishing, attending horse races, gambling at casinos, going to the theater, and dining out. They play golf, listen to golf on the radio, and watch tournaments on the Golf Channel. Their daily routine includes watching TV and reading newspapers.

Senior Sun Seekers

The Senior Sun Seekers market is one of the faster growing markets. It is characterized by residents who permanently relocate to warmer climates to avoid cold winters or those who seasonally move for similar reasons. Most residents are retired or are anticipating retirement. The median age is about 52.5 years, with about two thirds of the householders being 55 years of age or older. Most households are single-family dwellings or mobile homes with median values of \$130,000. There is a high proportion of seasonal housing in this segment as well. Residents own high-paying insurance policies and consult with financial advisors. They enjoy such leisure activities as dining out, watching TV, reading, fishing, playing backgammon and bingo, working crossword puzzles, and gambling at casinos.

Cozy and Comfortable

See page 42 for description.

Exurbanites

See page 42 for description.

Psychographic Profile Summary: 3 – 5 Miles from Study Area

The larger market area is expectedly more diverse in terms of customer segments. While there are many retirees, with about a quarter of the area’s residents falling in the Senior Sun Seekers segment, many households are larger and younger, with children still living at home. The market also includes a more affluent segment, the Connoisseurs, who have larger household incomes and greater home values.

Figure 29: Top Ten Customer Segments, 3 – 5 Miles from Study Area

Rank	% of Pop	LifeMode Group	Housing Type	Household Type	Average Household		Median Household	Median Net	Median	Home
					Size	Median Age	Income	Worth	Home Value	Ownership Rate (%)
1	22.9%	Senior Styles	Single Family; Mobile Home/Seasonal	Married Couples without Kids; Singles	2.17	52.5	\$38,799	\$86,353	\$129,580	83%
2	9.8%	High Society	Single Family	Married Couple Families	2.70	44.8	\$88,531	\$416,204	\$288,301	91%
3	9.7%	Traditional Living	Single Family; Multi-Units	Mixed	2.54	36.8	\$56,882	\$92,178	\$205,391	65%
4	9.5%	Senior Styles	Single Family	Mixed	2.28	42.0	\$35,544	\$47,317	\$82,080	72%
5	7.1%	Upscale Avenues	Single Family	Married Couple Families	2.89	39.8	\$79,203	\$264,335	\$339,930	86%
6	6.6%	American Quilt	Mobile Home	Family Mix	2.71	32.1	\$44,247	\$52,594	\$73,224	75%
7	5.3%	High Society	Single Family	Married Couple Families	2.65	47.3	\$130,973	\$771,778	\$706,720	91%
8	5.0%	Traditional Living	Single Family; Multi-Units	Mixed	2.26	41.2	\$49,031	\$90,386	\$146,293	66%
9	4.2%	American Quilt	Single Family; Mobile Home	Married Couple Families	2.48	42.2	\$38,050	\$59,986	\$101,198	83%
10	3.7%	American Quilt	Single Family; Mobile Home	Married Couple Families	2.70	37.0	\$50,462	\$92,456	\$135,909	83%

Note: The figures provided refer to the national profile and are based on ESRI's 2008 estimates.

Source: ESRI; Economics Research Associates

Senior Sun Seekers

See page 46 for description.

Exurbanites

See page 42 for description.

Main Street USA

See page 43.

Heartland Communities

See page 42.

Pleasant-Ville

See page 48 for description.

Crossroads

See page 42 for description.

Connoisseurs

Second in wealth amongst the 65 customer segments, Connoisseurs residents are well educated and somewhat older with a median age of 47 years. Although residents appear closer to retirement than child-rearing age, many of these married couples have children who still live at home.

Neighborhoods tend to be older bastions of affluence, where the median home value is over \$700,000. Growth in these neighborhoods is slow. Residents spend money on nice homes, cars, clothes, and vacations. Exercise is a priority; they work out weekly at a club or other facility, ski, play golf, snorkel, play tennis, practice yoga, and jog. Active in the community, they work for political candidates or parties, write or visit elected officials, and participate in local civic issues.

Midlife Junction

See page 45 for description.

Rooted Rural

Rooter Rural households are dominated by married-couple families. About one-third of the households receive Social Security benefits. Housing is predominantly single-family dwelling, with a strong presence of mobile homes and some seasonal housing. The median home value is just over \$100,000. Stable and settled, residents tend to move infrequently. They are do-it-yourselfers, constantly working on their homes, gardens, and vehicles. Many families have pets. Residents enjoy

hunting, fishing, target shooting, boating, attending country music concerts, and listening to country music on the radio.

Midland Crowd

See page 45 for description.

V. Real Estate and Existing Business Profile

The following section describes current real estate characteristics in Calimesa area. First, an overview of regional real estate trends is presented, then real estate trends within the 0 to 3 mile Calimesa market are reviewed, and finally a summary of existing businesses in the area is provided.

Regional Real Estate Characteristics

For regional context, ERA evaluates current real estate trends for the Inland Empire. Figure 30 and Figure 31 present detailed information regarding these regional trends for office and retail. Local trends will be evaluated further in the following sections.

Office

Office space, which is based on employment and the strength of the economy, has been more dramatically affected by the recession and job losses than other real estate sectors.

Between 2002 and 2006, there was strong absorption of office space in the Inland Empire. 11 million square feet of office space was delivered to the market during the period, and 10 million square feet was absorbed. The office vacancy rate remained constant near 8 percent.

Absorption has cooled since 2007 and vacancy moved from 8.6 percent up to the current quarter average of 16 percent. As job losses continue, demand for office space will continue to decline.

Retail

Inland Empire retail had very low vacancy rates (between 1 to 2 percent) in the early part of the decade, but rates are slowly creeping upward.

With growth in residents, the Inland Empire began to add a significant amount of new retail in the past decade. In the five years between 1998 and fourth quarter 2002, 11.3 million square feet of retail were delivered to the market; in the five years between 2003 to fourth quarter 2007, double that amount, 27.4 million square feet, of new retail was added. While vacancies increased somewhat, absorption was fairly strong between 2003 and 2007 with 21.2 million square feet absorbed (4 million per year). In 2008, only 2 million square feet of retail was absorbed and the current quarter has negative absorption of 200,000.

Retail vacancy currently stands at 7 percent, a fair rate, but is expected to increase as a wide variety of national retailers, such as Circuit City, Macy's, Office Depot, Ann Taylor, Rite-Aid and others, close or scale back stores. The International Council of Shopping Centers estimated that across the country a total of 144,000 stores closed their doors in 2008.

Figure 30: Riverside and San Bernardino County Office Characteristics

Period	# Bldgs	Total RBA	Total Vacant SF	Total Vacant %	Occupied SF	Total Net Absorption	Total SF Leased	# Delivered	RBA Delivered	# Under Const	RBA Under Const	Office Total Average Rate
QTD	5,830	79,323,003	12,735,251	16.1%	66,587,752	(175,173)	81,006	55	1,346,078	66	1,889,311	\$1.98/fs
2008 4Q	5,814	79,275,295	12,560,078	15.8%	66,715,217	(11,220)	778,612	27	342,963	67	1,972,596	\$1.98/fs
2008 3Q	5,785	78,955,390	12,228,953	15.5%	66,726,437	(574,330)	941,613	67	1,367,443	95	2,230,915	\$2.03/fs
2008 2Q	5,717	77,577,091	10,276,324	13.2%	67,300,767	257,248	1,021,533	49	1,033,533	155	3,399,158	\$2.06/fs
2008 1Q	5,665	76,505,611	9,462,092	12.4%	67,043,519	(384,219)	675,289	76	1,108,000	196	4,063,484	\$2.08/fs
2007 4Q	5,577	75,312,265	7,885,735	10.5%	67,426,530	271,108	651,633	41	1,034,864	220	4,009,398	\$2.09/fs
2007 3Q	5,532	74,246,615	7,091,193	9.6%	67,155,422	660,470	994,074	64	1,539,738	245	4,434,745	\$2.07/fs
2007 2Q	5,459	72,744,913	6,249,961	8.6%	66,494,952	835,217	808,048	38	677,681	269	5,301,770	\$2.05/fs
2007 1Q	5,409	71,806,407	6,146,672	8.6%	65,659,735	512,178	934,145	93	1,600,892	261	5,174,304	\$2.05/fs
2006 4Q	5,342	70,650,702	5,503,145	7.8%	65,147,557	512,767	807,621	19	356,387	236	4,732,283	\$1.96/fs
2006 3Q	5,318	70,242,823	5,608,033	8.0%	64,634,790	685,460	1,084,592	55	622,756	204	3,886,380	\$1.92/fs
2006 2Q	5,259	69,549,927	5,600,597	8.1%	63,949,330	1,243,007	842,851	73	1,103,343	183	3,442,257	\$1.90/fs
2006 1Q	5,176	68,321,946	5,615,653	8.2%	62,706,293	716,463	988,091	98	1,468,720	210	3,338,068	\$1.83/fs
2005 4Q	5,099	67,105,742	5,175,862	7.7%	61,929,880	624,033	756,207	43	723,928	230	3,385,729	\$1.79/fs
2005 3Q	5,055	66,365,334	5,059,487	7.6%	61,305,847	735,748	1,220,322	36	825,295	236	3,652,262	\$1.77/fs
2005 2Q	4,983	64,846,581	4,882,978	7.5%	60,570,099	1,128,665	673,300	28	593,711	211	3,573,918	\$1.77/fs
2005 1Q	4,923	63,982,127	5,309,652	8.3%	58,672,475	498,807	721,101	21	752,446	170	3,118,889	\$1.68/fs
2004 4Q	4,899	63,036,522	5,024,476	7.9%	58,012,046	622,374	827,246	19	143,599	123	2,416,072	\$1.64/fs
2004 3Q	4,881	62,555,503	5,173,245	8.3%	57,382,258	422,874	770,803	29	415,225	107	2,003,007	\$1.64/fs
2004 2Q	4,846	62,355,602	5,093,800	8.2%	57,261,802	370,997	678,796	38	591,978	107	1,841,959	\$1.64/fs
2004 1Q	4,820	62,075,379	4,984,073	8.0%	57,091,306	385,731	685,950	6	183,587	92	1,662,497	\$1.58/fs
2003 4Q	4,800	61,833,673	5,115,548	8.3%	56,718,125	1,032,602	797,714	6	279,205	59	1,045,803	\$1.54/fs
2003 3Q	4,790	61,383,521	4,950,658	8.1%	56,432,863	1,405,555	693,871	8	166,347	104	1,075,758	\$1.52/fs
2003 2Q	4,785	61,136,576	4,852,968	7.9%	56,283,608	292,743	881,664	34	741,895	38	991,894	\$1.43/fs
2002 4Q	4,763	60,704,345	4,713,480	7.8%	55,990,865	96,036	773,768	7	189,970	41	1,032,495	\$1.39/fs
2002 3Q	4,754	60,493,648	4,598,819	7.6%	55,894,829	295,308	591,716	3	74,054	47	1,158,652	\$1.36/fs
2002 2Q	4,749	60,406,159	4,806,638	8.0%	55,599,521	34,159	903,524	2	55,266	38	932,554	\$1.36/fs
2002 1Q	4,747	60,350,893	4,785,531	7.9%	55,565,362	299,762	703,918	32	555,019	21	514,556	\$1.36/fs
2001 4Q	4,720	59,835,055	4,569,455	7.6%	55,265,600	297,416	544,177	9	131,361	36	721,049	\$1.38/fs
2001 3Q	4,710	59,698,797	4,730,613	7.9%	54,968,184	393,127	779,249	2	31,289	41	738,980	\$1.36/fs
2001 2Q	4,704	59,605,405	5,030,348	8.4%	54,575,057	(281,674)	932,039	4	198,666	42	768,844	\$1.43/fs
2001 1Q	4,697	59,372,420	4,526,189	7.6%	54,846,231	(14,943)	708,632	20	443,959	33	813,164	\$1.40/fs
2000 4Q	4,684	59,019,280	4,158,106	7.0%	54,861,174	(136,443)	918,464	1	25,514	30	746,850	\$1.26/fs
2000 3Q	4,682	58,989,996	3,992,379	6.8%	54,997,617	160,320	778,755	2	46,015	26	697,699	\$1.25/fs
2000 2Q	4,675	58,890,257	4,052,960	6.9%	54,837,297	206,167	1,438,365	1	42,450	32	791,271	\$1.24/fs
2000 1Q	4,672	58,838,365	4,207,235	7.2%	54,631,130	139,713	830,057	23	381,595	31	778,676	\$1.22/fs

Source: CoStar, ERA

Figure 31: Riverside and San Bernardino County Retail Characteristics

Period	# Bldgs	Total RBA	Total Vacant SF	Total Vacant %	Occupied SF	Total Net Absorption	Total SF Leased	# Delivered	RBA Delivered	# Under Const	RBA Under Const	Total Average Rate
QTD	11,260	188,966,277	14,859,463	7.9%	174,106,814	(198,819)	22,828	76	2,373,404	81	1,461,565	\$1.73/nn
2008 4Q	11,225	188,535,130	14,479,050	7.7%	174,056,080	440,870	568,517	30	1,642,358	83	1,781,438	\$1.73/nn
2008 3Q	11,199	186,821,143	13,205,933	7.1%	173,615,210	633,146	1,103,129	42	1,499,057	93	3,302,728	\$1.75/nn
2008 2Q	11,148	185,306,552	12,324,488	6.7%	172,982,064	605,786	1,337,999	37	1,571,505	124	4,554,997	\$1.75/nn
2008 1Q	11,096	183,405,440	11,029,162	6.0%	172,376,278	425,405	1,051,072	87	1,853,788	145	6,074,978	\$1.73/nn
2007 4Q	11,000	181,606,282	9,655,049	5.3%	171,951,233	1,772,126	739,874	44	2,171,493	163	5,515,064	\$1.76/nn
2007 3Q	10,934	179,012,605	8,833,498	4.9%	170,179,107	1,836,997	904,666	31	1,352,848	204	7,598,975	\$1.76/nn
2007 2Q	10,888	177,527,500	9,185,390	5.2%	168,342,110	629,375	790,048	31	532,462	205	7,738,403	\$1.73/nn
2007 1Q	10,840	176,603,183	8,890,448	5.0%	167,712,735	1,675,140	1,545,590	107	2,143,440	208	7,448,345	\$1.69/nn
2006 4Q	10,772	175,154,816	9,117,221	5.2%	166,037,595	2,201,179	1,034,251	27	1,296,783	175	6,455,561	\$1.74/nn
2006 3Q	10,722	173,070,597	9,234,181	5.3%	163,836,416	1,520,373	1,349,334	53	746,224	176	6,945,004	\$1.66/nn
2006 2Q	10,646	172,007,000	9,689,997	5.6%	162,317,003	1,706,632	1,219,250	28	1,088,054	196	7,044,501	\$1.64/nn
2006 1Q	10,603	170,646,393	10,034,937	5.9%	160,611,456	914,011	1,223,499	121	2,804,689	180	6,067,847	\$1.57/nn
2005 4Q	10,522	168,792,450	9,095,005	5.4%	159,697,445	898,462	731,561	43	962,074	185	5,227,630	\$1.49/nn
2005 3Q	10,454	167,230,813	8,431,830	5.0%	158,798,983	1,181,154	1,042,596	16	368,774	220	5,837,643	\$1.39/nn
2005 2Q	10,414	166,556,680	8,938,407	5.4%	157,618,273	1,86,985	599,855	17	347,258	154	4,632,788	\$1.36/nn
2005 1Q	10,375	165,908,953	8,477,665	5.1%	157,431,288	1,910,467	837,605	102	3,238,317	139	3,592,089	\$1.26/nn
2004 4Q	10,324	163,682,496	8,155,647	5.0%	155,526,849	2,103,389	1,104,170	13	2,207,387	134	4,577,029	\$1.16/nn
2004 3Q	10,300	161,327,056	7,908,906	4.9%	153,418,150	894,853	821,786	10	354,685	106	5,645,005	\$1.20/nn
2004 2Q	10,269	160,113,336	7,590,039	4.7%	152,523,297	790,978	1,087,026	11	349,589	93	5,974,647	\$1.17/nn
2004 1Q	10,227	159,180,773	7,448,454	4.7%	151,732,319	598,136	593,479	113	2,592,890	109	5,972,213	\$1.15/nn
2003 4Q	10,170	158,052,428	6,909,245	4.4%	151,143,183	202,466	362,783	10	269,632	126	4,650,989	\$1.12/nn
2003 3Q	10,143	157,365,398	6,422,431	4.1%	150,942,967	(115,488)	651,011	12	361,730	91	3,641,226	\$1.14/nn
2003 2Q	10,098	156,557,830	5,494,683	3.5%	151,063,147	(501,677)	719,945	7	176,175	83	2,093,035	\$1.09/nn
2003 1Q	10,062	155,694,042	4,129,218	2.7%	151,564,824	886,383	504,422	104	3,987,068	86	1,878,919	\$0.90/nn
2002 4Q	10,016	153,170,218	2,491,777	1.6%	150,678,441	423,638	474,547	4	106,174	91	3,797,119	\$0.73/nn
2002 3Q	9,999	152,718,587	2,463,784	1.6%	150,254,803	257,144	255,030	2	7,884	78	3,548,910	\$0.76/nn
2002 2Q	9,973	152,329,488	2,331,829	1.5%	149,997,659	1,285,481	432,818	1	7,000	61	2,999,252	\$0.75/nn
2002 1Q	9,953	151,114,065	2,401,887	1.6%	148,712,178	1,003,565	354,529	89	3,360,360	59	3,299,655	\$0.75/nn
2001 4Q	9,917	149,794,479	2,085,866	1.4%	147,708,613	1,233,155	271,186	6	57,275	63	2,894,245	\$0.69/nn
2001 3Q	9,897	149,594,744	2,009,286	1.3%	147,585,458	205,504	293,096	2	33,907	61	1,742,360	\$0.76/nn
2001 2Q	9,878	149,430,255	2,059,301	1.4%	147,370,954	89,951	349,821	1	65,900	55	1,429,228	\$0.69/nn
2001 1Q	9,833	148,262,375	1,941,924	1.3%	146,320,441	926,527	333,326	83	1,488,157	52	1,202,663	\$0.81/nn
2000 4Q	9,770	147,180,778										

Calimesa Market Area Real Estate

ERA evaluated the local market characteristics of office and retail supply located in the City of Calimesa, California and the surrounding area up to 3 miles away from the study area.

Within the 3 mile market area, general commercial office is primarily located along the major thoroughfares of Calimesa Boulevard, County Line Road and California Street. More office is located further north, in the city of Yucaipa with the majority of office properties located along Yucaipa Boulevard. The majority of general office space in the City of Calimesa is located within and very close to the study area. Figure 32 shows the general office locations within the specified market area and Figure 33 lists the properties within that area.

Figure 32: General Office Locations within 3 Mile Market Area

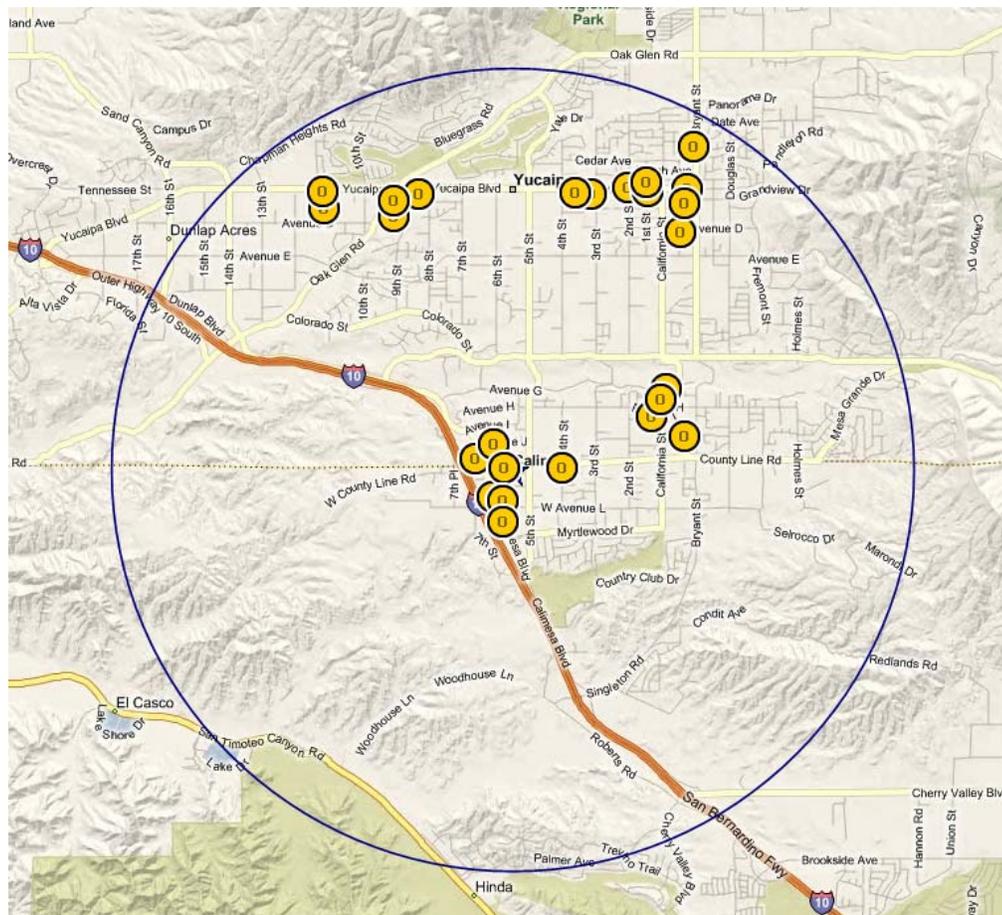


Figure 33: Existing Office Properties within 3 Mile Market Area

Building Address	City	Total Rentable SF	Vacant SF	Building Class	Number Of Stories	Year Built	Average Weighted Rent
1. 1000 Calimesa Blvd	Calimesa	4,235		C	1		-
2. 1075 Calimesa Blvd	Calimesa	10,957		C	1		-
3. 1096 Calimesa Blvd	Calimesa	21,934		B	2		\$ 22.62
4. 409 County Line Rd	Calimesa	1,600		C	1		-
5. 575 W County Line Rd	Calimesa	1,250		C	1	1960	-
6. 12050 1st St	Yucaipa	1,375		C	1	1940	Negotiable
7. 35193 Avenue A	Yucaipa	3,696		B	1	2002	-
8. 35225 Avenue A	Yucaipa	10,588		C	2	1982	-
9. 34075 Avenue J	Yucaipa	5,400		C	1	1954	-
10. 11834 Bryant St	Yucaipa	5,434		C		1974	-
11. 13340 California St	Yucaipa	3,300	700	B	1	2000	\$ 12.00
12. 13391 California St	Yucaipa	4,636	2,977	B	1	1964	\$ 15.00
13. 13391 California St	Yucaipa	2,914	2,914	B	1	1964	\$ 15.00
14. 13391 California St	Yucaipa	7,038	7,038	B	1	1964	\$ 15.00
15. 13700 Calimesa Blvd	Yucaipa	16,773		C	1	1995	-
16. 33487 Oak Glen Rd	Yucaipa	7,265		B	1		-
17. 33063 Yucaipa Blvd	Yucaipa	1,332		C	1	1955	-
18. 33075 Yucaipa Blvd	Yucaipa	1,266		B	1	1955	-
19. 33487 Yucaipa Blvd	Yucaipa	6,000		B	1		-
20. 33629 Yucaipa Blvd	Yucaipa	5,700		B	1	1960	-
21. 34569 Yucaipa Blvd	Yucaipa	1,404		C	1		-
22. 34675 Yucaipa Blvd	Yucaipa	19,500		B	1	1975	-
23. 34880 Yucaipa Blvd	Yucaipa	5,247		C	1	1983	-
24. 35242 Yucaipa Blvd	Yucaipa	2,429		B	1	1956	-
25. 35006 E Yucaipa Blvd	San Bernardino	5,632		C	1	1903	-

Supply

- The City of Calimesa has a total of 40,000 square feet of Class B and Class C office space. The majority of the space, 38,400 square feet, is located within the project boundaries.
- In the 3 miles market area, there is approximately 156,900 square feet in rentable building area (RBA). The supply is almost split evenly between Class B and Class C office space with 86,000 square feet of Class B office space and 71,000 square feet of Class C office space. There are no Class A office properties within this area.
- In the 3 miles market area, there has been 9,700 square feet of office property added to the supply since 2000 and one building delivered with a total of 3,300 square feet.
- Neither the study area nor Calimesa have experienced growth of office supply over the past decade. However, there is currently 9,000 square feet of additional Class B office space in the supply pipeline. Within the 3 mile market, there has been slight growth in office inventory between the years 2001 and 2002 and the years 2007 and 2008 as shown in Figure 34.
- The majority of office properties within the 3 mile market area are older buildings with most of them being built between the years of 1950 to 1980. Only 4 properties listed above in Figure 33 were built between 1980 and 2008 with the most recent building constructed in 2002.

Vacancy

- Currently there is no office vacancy in the City of Calimesa. Vacancy within the 3 mile market is about 9 percent including both Class B and Class C office properties.
- Individually, Class B properties have a vacancy rate of almost 16 percent and Class C properties are completely occupied according to CoStar data.

Rents

- Average square foot office rents in Calimesa are currently \$22.62 annually per square foot.
- Average rental rates within the 3 mile radius are currently reported at \$21.87 per square foot.
- Class B office product in Calimesa is currently renting out at \$22.62 per year, a few dollars below the average rate of Class B office product for Riverside County.

Absorption

- Gross absorption in 2008 for all office space was at 4,650 square feet within the study area and 18,619 square feet within the 3 mile market area. Gross absorption is the measure of total square feet leased over a given period of time with no consideration for space vacated during the same time period. Gross absorption in Riverside County was 2.2 million square feet. The office space within the project boundaries accounted for all of gross absorption in the City of Calimesa, and 25 percent of gross absorption in the 3 miles market area.
- Net absorption is the measure of total square feet leased less the total space vacated over a given period of time. Net office absorption in the 3 mile market area has fluctuated throughout the last decade as shown in Figure 36, averaging 482 square feet per year.
- Net absorption within the project boundaries for 2008 was positive at 4,650 square feet, indicating that tenants had moved into a net total of 4,650 SF more than were vacated over the course of the year.
- For 2008, Calimesa net absorption in was positive at 2,500 square feet.

The following pages provide detailed data and charts to support these findings.

Figure 34: Office Property Trends within the Three Mile Market

	# Bldgs	Total RBA	Total Vacant %	Total Vacant SF	Total Net Absorption	Total Gross Absorption	RBA Delivered	Total Avg Rate	SF Occupied
<u>Class B & C Bldgs</u>									
2000	23	147,209	6.7%	9,800	2,800	5,500	-	-	137,409
2001	23	147,209	17.6%	25,964	(16,164)	1,200	-	-	121,245
2002	24	150,905	6.6%	10,000	19,660	38,124	-	\$21.36	140,905
2003	24	150,905	6.4%	9,700	300	900	-	\$20.50	141,205
2004	24	150,905	20.4%	30,735	(21,035)	900	-	\$19.31	120,170
2005	24	150,905	7.9%	11,900	18,835	19,035	-	\$19.55	139,005
2006	24	150,905	6.7%	10,100	1,800	4,000	-	\$23.11	140,805
2007	24	150,905	7.3%	11,050	(950)	13,268	-	\$22.18	139,855
2008	25	156,905	8.7%	13,629	3,421	18,619	-	\$21.87	143,276

Figure 35: Office Tenancy within the 3 Mile Market

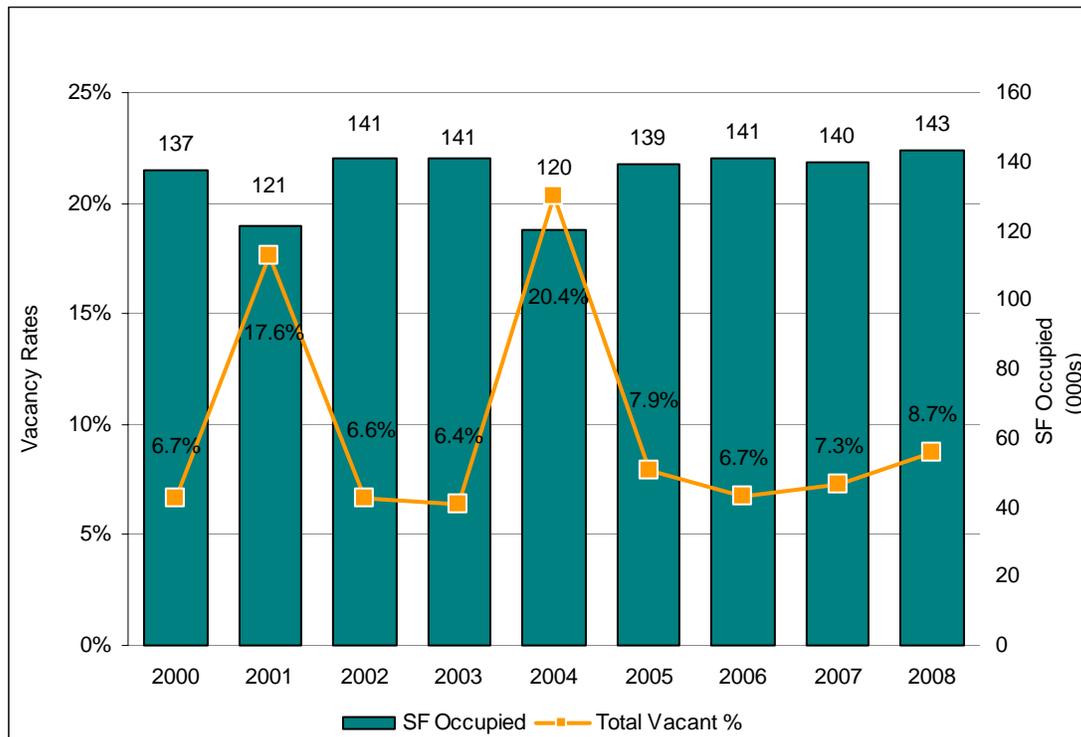


Figure 36: Total Office Absorption within the 3 Mile Market

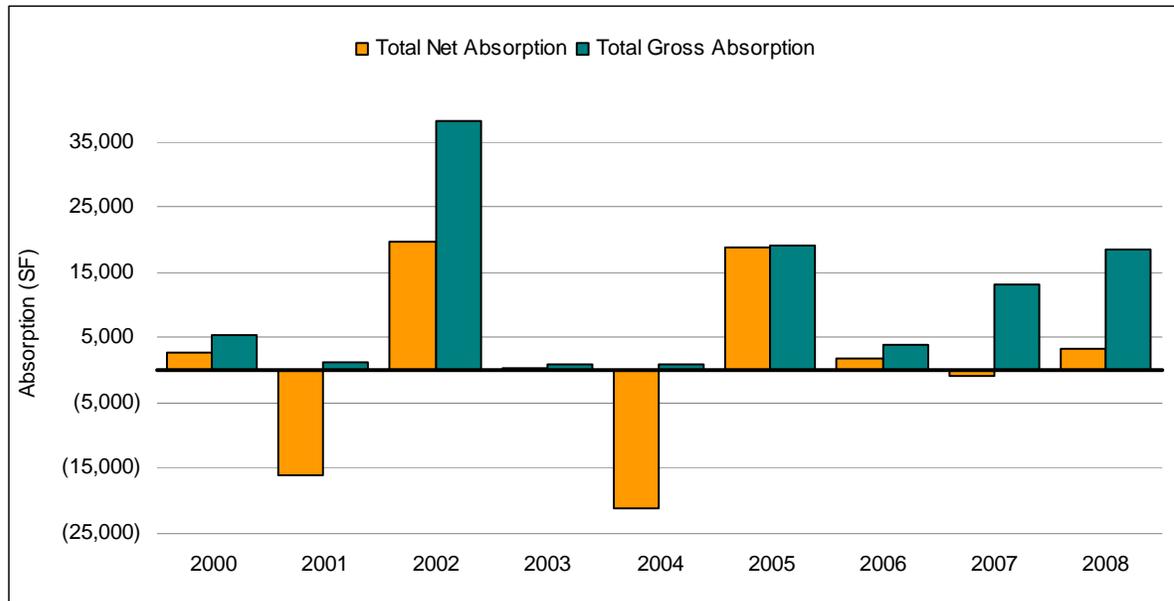


Figure 37: Office Property Trends within the City of Calimesa

	# Bldgs	Total RBA	Total Vacant %	Total Vacant SF	Total Net Absorption	Total Gross Absorption	RBA Delivered	Total Avg Rate
<u>Class B & C Bldgs</u>								
2000	5	39,976	6.8%	2,700	1,100	1,700	-	-
2001	5	39,976	6.8%	2,700	-	300	-	-
2002	5	39,976	6.5%	2,600	100	500	-	-
2003	5	39,976	6.0%	2,400	200	400	-	-
2004	5	39,976	15.8%	6,335	(3,935)	400	-	\$15.00
2005	5	39,976	4.3%	1,700	4,635	4,835	-	\$15.00
2006	5	39,976	6.5%	2,600	(900)	500	-	-
2007	5	39,976	6.3%	2,500	100	800	-	-
2008	5	39,976	0.0%	-	2,500	4,650	-	-

Figure 38: Office Tenancy within the City of Calimesa

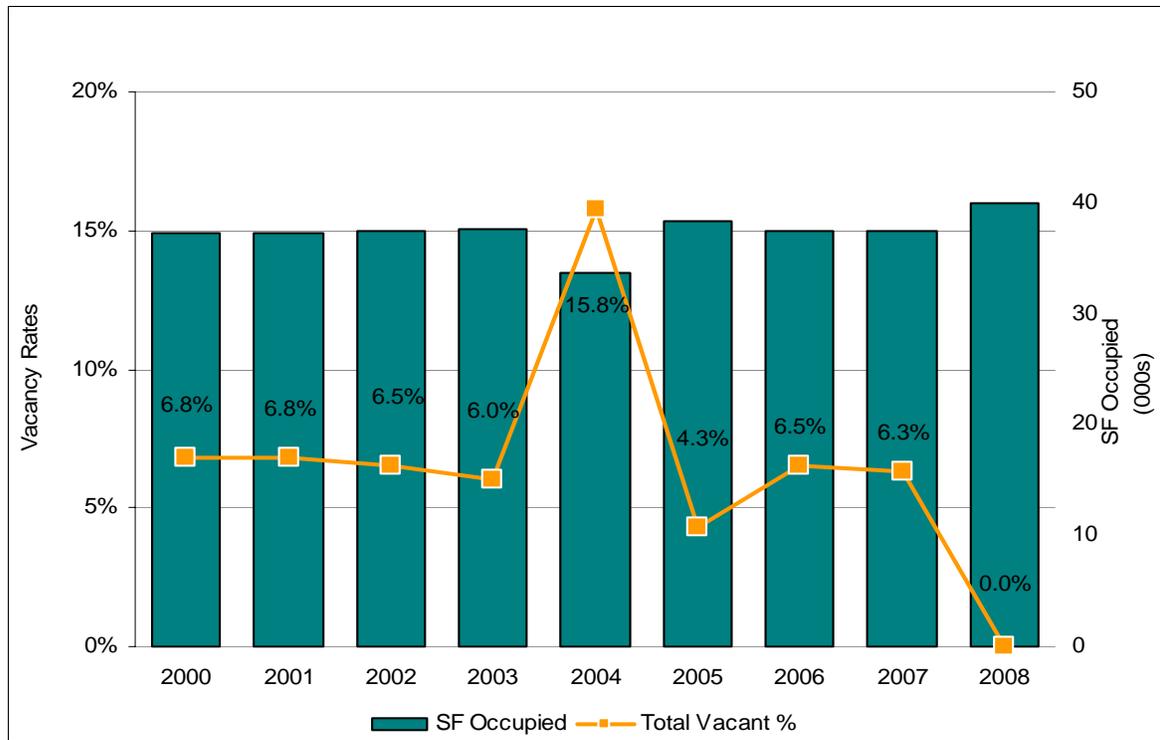


Figure 39: Total Office Absorption within the City of Calimesa

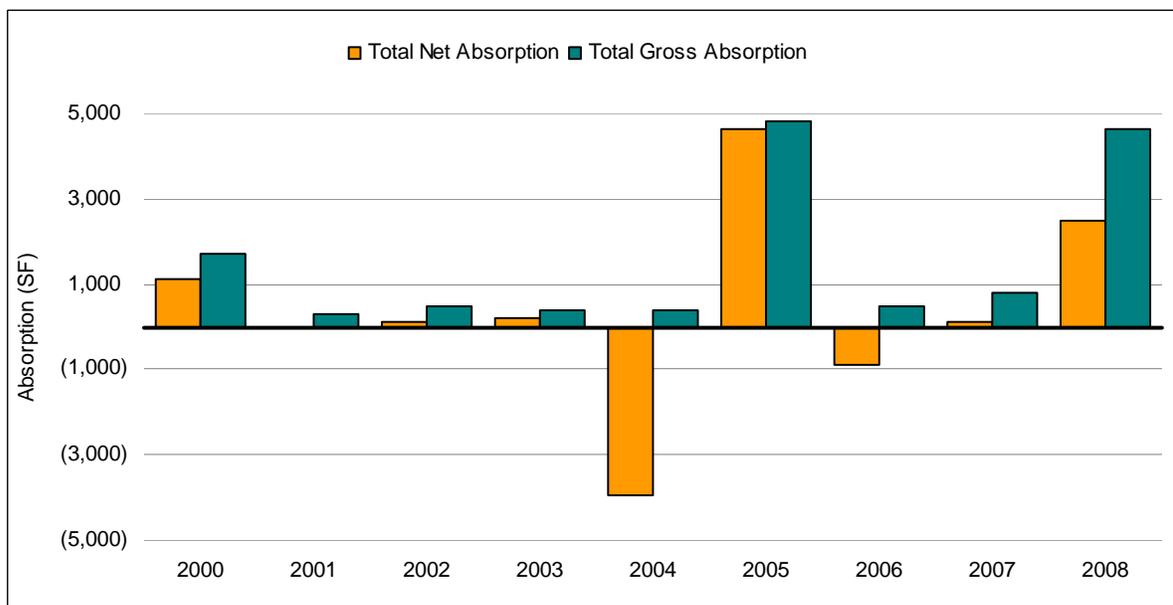
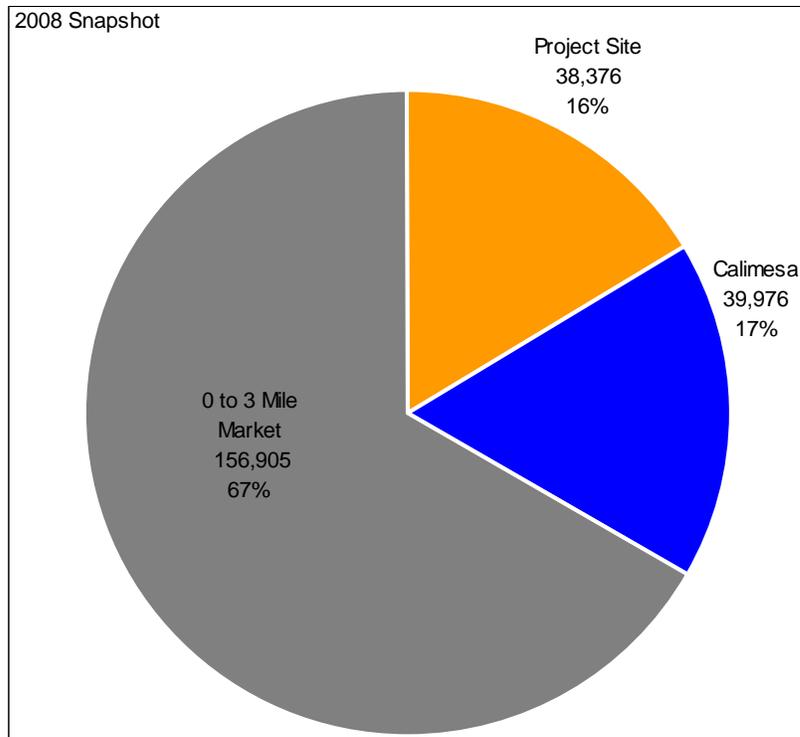


Figure 40: Existing Office Inventory

Local Retail Characteristics

Using data provided by CoStar, ERA compared the retail inventory in the study area, the City of Calimesa and the 3 mile market area. The study area falls within an area that is not presently well covered by shopping center retail. The majority of shopping center retail is located at the southern part of the project boundary. The following map shows shopping centers within Calimesa and surrounding areas up to five miles and Figure 42 lists the shopping centers.

Figure 41: Shopping Center Locations within 5 Miles of Study Area

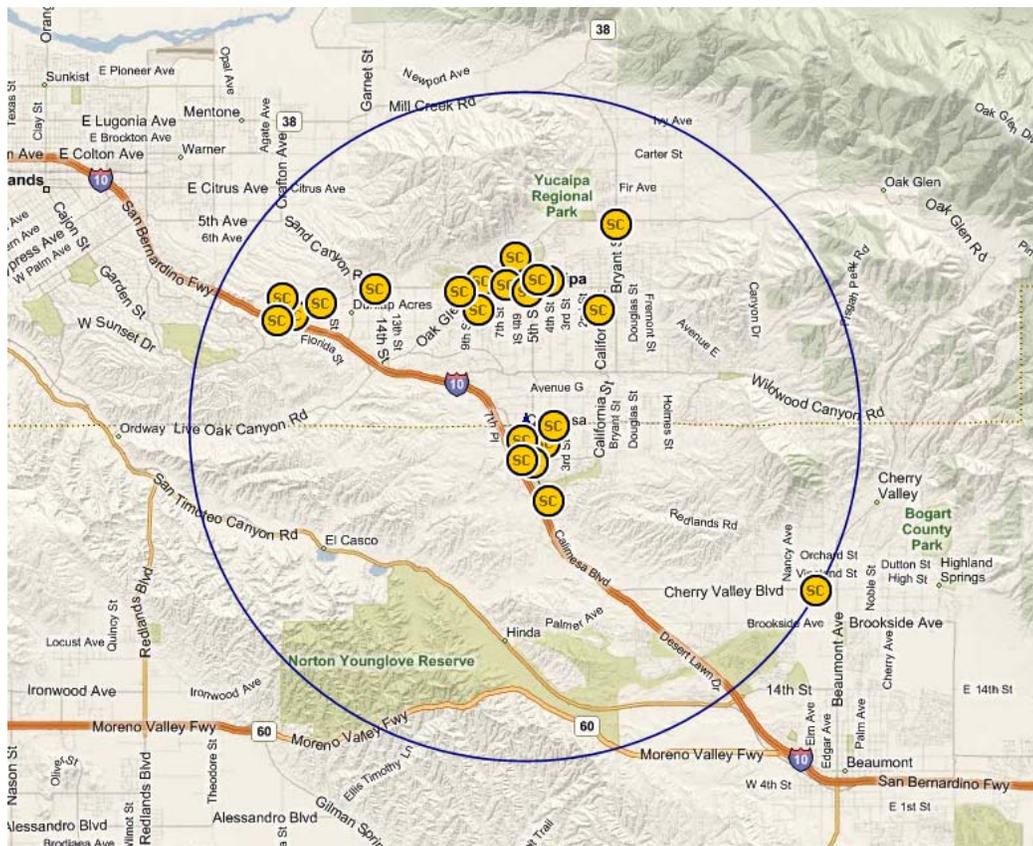


Figure 42: Existing and Under Construction Shopping Centers within 5 Miles of Study Area

Center Name	Center Address	Center City	Year Built	Avg Weighted Rent
<u>Neighborhood Center</u>				
Marketplace at Fifth	12005-12055 5th St	Yucaipa	1982 \$	25.56
Stater Bros Shopping Center	1145-1155 Calimesa Blvd	Calimesa		-
	Oak Glen Rd @ Bryant St	Yucaipa	2009 \$	33.00
CenterPoint Plaza	33490-33492 Oak Glen Rd	Yucaipa		-
Chapman Heights Plaza	34428-34488 Yucaipa Blvd	Yucaipa	1972 \$	16.80
<u>Community Center</u>				
Yucaipa Valley Center	33540-33788 Yucaipa Blvd	Yucaipa	2002 \$	24.00
<u>Strip Center</u>				
	35031-35049 Avenue D	Yucaipa	1961 \$	13.80
The Shoppes at Calimesa	Calimesa Blvd @ Myrtlewood Dr	Calimesa	2009 \$	36.96
Crown Village	1007 Calimesa Blvd	Calimesa	1990	-
	1197 Calimesa Blvd	Calimesa		-
	38925 Cherry Valley Blvd	Beaumont		-
	34590 W County Line Rd	Yucaipa		-
Starbucks Center	31364 Hampton Dr	Yucaipa	2006	-
	548 Myrtlewood Dr	Calimesa		-
Yucaipa Crossings	Oak Glen Rd	Yucaipa	2008 \$	30.00
	31205 Outer Highway 10	Redlands		-
Yucaipa Plaza	Yucaipa Blvd @ 6th & 7th St.	Yucaipa	2008	Negotiable
	31364 Yucaipa Blvd	Yucaipa	2006	-
Yucaipa Valley Business Park	31776 Yucaipa Blvd	Yucaipa	1934 \$	12.00
	32387 Yucaipa Blvd	Yucaipa	1990	-
Oak Glen Center	33561 Yucaipa Blvd	Yucaipa	1990 \$	25.80
	34213 Yucaipa Blvd	Yucaipa	2003 \$	15.00
	34265 Yucaipa Blvd	Yucaipa	1965	-

Shopping Center Retail

Supply

- Within the project boundaries, there is a total of 105,000 square feet of shopping center retail. 82 percent of the center square footage is retail strip centers and the remaining, neighborhood centers.
- The City of Calimesa currently has a total of 125,000 square feet of retail strip centers and neighborhood centers. Within the 3 mile market area, there is approximately 725,000 square feet of rentable building area of retail shopping centers.
- Neither Calimesa nor the study area has experienced growth of retail shopping center supply over the past decade.
- There are currently five properties under constructions totaling 65,000 square feet within the study area.
- Additional supply is currently in the pipeline in Calimesa and expected to produce an additional 214,069 square feet of retail shopping center space.

Vacancy

- At the end of 2008, CoStar does not report any vacancies within the study area which shows strong tenanting. In the City of Calimesa, overall vacancy rates for shopping center space are very tight, at 2 percent.
- Between 2000 and 2008, shopping center vacancy rates within the 0 to 3 miles radius have increased slightly staying within 0 to 5 percent. Current vacancy is 3.4 percent.

Rents

- CoStar has limited information on retail rents and only reports the rents for the new Shoppes at Calimesa. Rent for the Shoppes are estimated at \$36.90 per square foot per year.
- The Shoppes rents are substantially higher than the average rental rates in Riverside County of \$22.06.
- In the 3 mile market areas rents are reported as currently \$25.75.

Absorption

- Net shopping center absorption within the 3 mile market area has fluctuated since 2000, averaging 28,700 square feet per year.
- In 2008, the 3-mile market had a total of two buildings delivered with a total of 43,000 square feet added to shopping center inventory whereas within the study area, there has been no additional shopping centers added to the inventory.
- Net absorption in the 3 mile market in 2008 was positive at 41,000 square feet, indicating that tenants had moved into a net total of 41,000 square feet more than were vacated over the course of the year. Within the project boundary, the net absorption was positive at 1,700 square feet.

Non Shopping Center Retail

- Within the market area, non-shopping center retail space totals to over 296,000 square feet and has a high overall vacancy rate of 10.7 percent.
- Average asking rents are \$12.46 per square foot which is down from 2007, where asking rents were \$23.01.
- Between 2000 and 2003, over 45,000 square feet of non-shopping center retail space has been added to the market area. Since 2004, no additional retail space has been delivered.
- Net office absorption in the 3 mile market area has fluctuated throughout the last decade as shown in Figure 47. In 2008, net absorption was almost negative 20,000 square feet.

The following pages provide detailed data and charts to support these findings.

Figure 43: Shopping Center Retail Property Trends within the 3 Mile Market

	# Bldgs	Total RBA	Total Vacant %	Total Vacant SF	Total Net Absorption	RBA Delivered	Total Avg Rate
<u>Shopping Centers</u>							
2000	20	441,988	0.3%	1,500	(1,000)	-	-
2001	20	441,988	0.5%	2,000	(500)	-	-
2002	22	665,726	0.3%	2,000	223,738	223,738	-
2003	24	677,036	4.5%	30,610	(17,300)	11,310	\$11.07
2004	25	681,568	1.8%	12,600	22,542	4,532	\$16.50
2005	25	681,568	4.5%	30,359	(17,759)	-	\$35.51
2006	25	681,568	2.2%	15,156	15,203	-	\$25.57
2007	25	681,568	3.4%	22,855	(7,699)	-	\$23.64
2008	27	724,675	3.4%	24,967	40,995	43,107	\$26.75

Figure 44: Shopping Center Tenancy within the 3 Mile Market

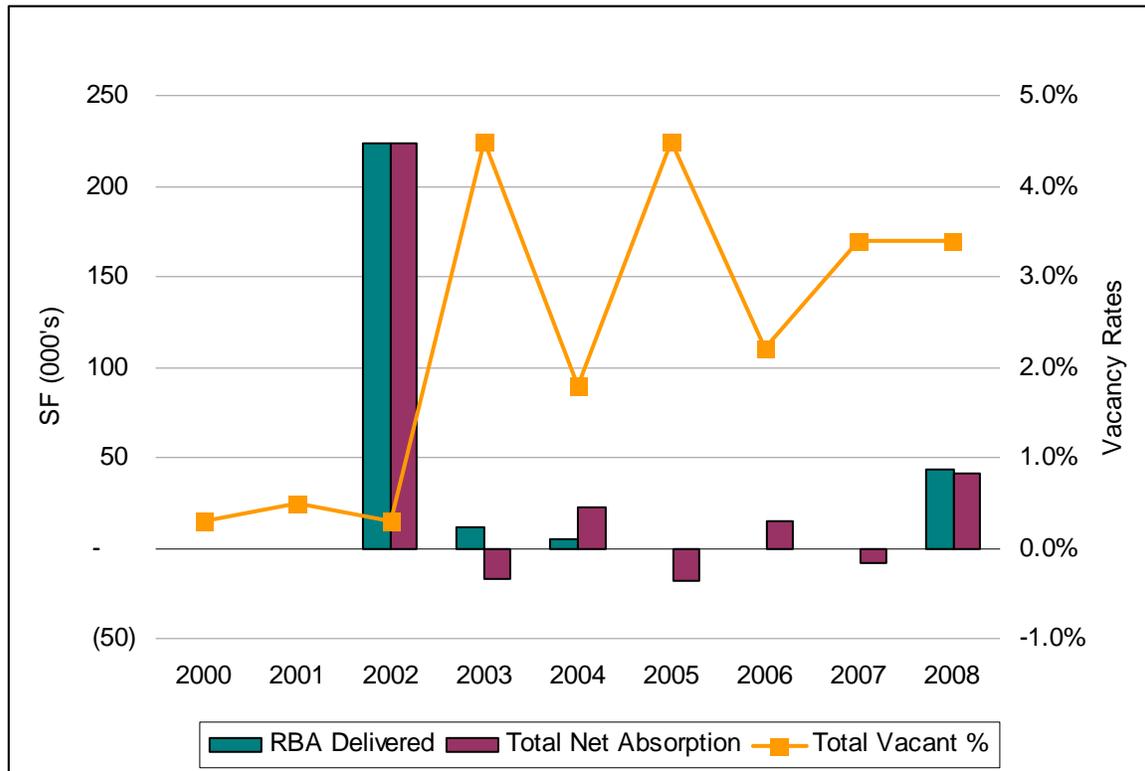


Figure 45: Existing Shopping Center Inventory

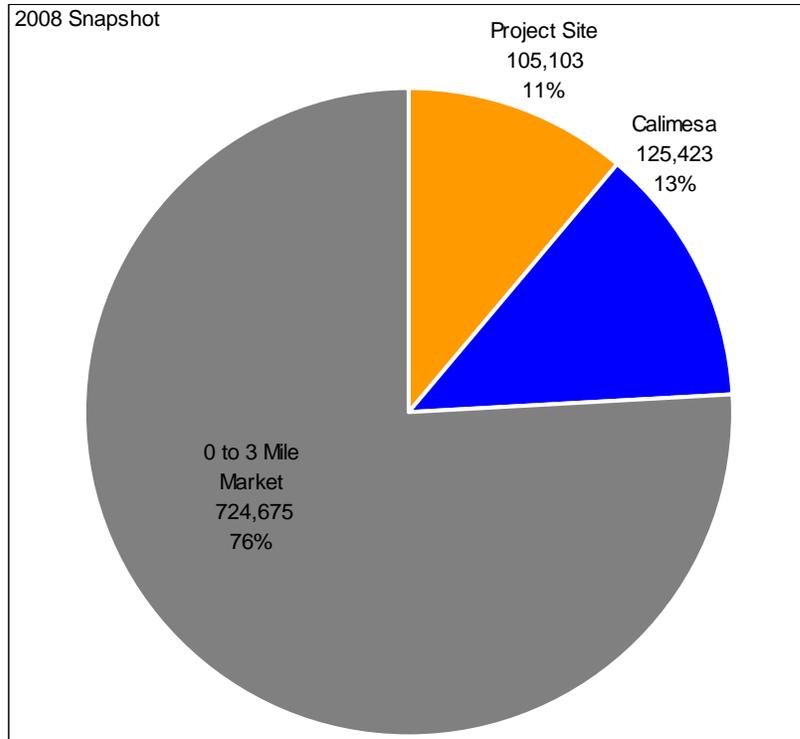
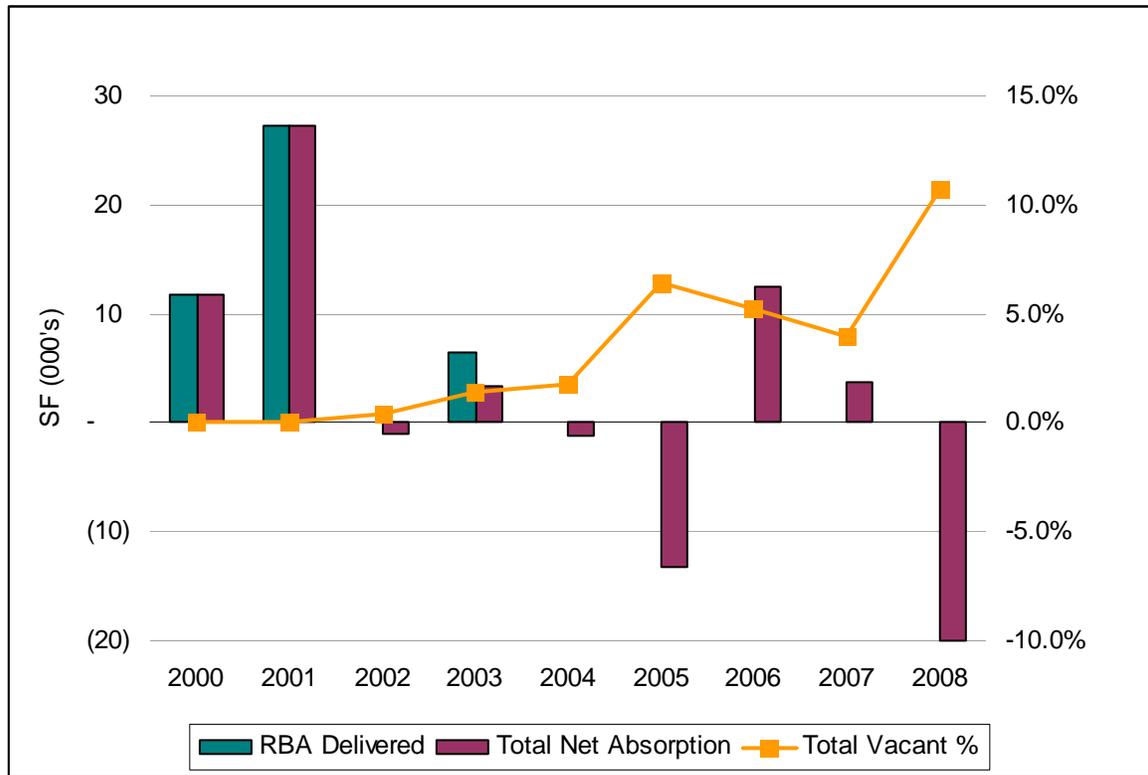


Figure 46: Non Shopping Center Retail Trends within the 3 Mile Market

	# Bldgs	Total RBA	Total Vacant %	Total Vacant SF	Total Net Absorption	RBA Delivered	Total Avg Rate
<u>Retail</u>							
2000	48	253,511	0.0%	-	11,740	11,740	-
2001	50	280,716	0.0%	-	27,205	27,205	-
2002	50	280,716	0.4%	1,000	(1,000)	-	-
2003	52	287,150	1.4%	4,000	3,434	6,434	-
2004	52	287,150	1.8%	5,200	(1,200)	-	-
2005	52	287,150	6.4%	18,398	(13,198)	-	-
2006	54	296,819	5.2%	15,500	12,567	-	\$21.60
2007	54	296,819	4.0%	11,764	3,736	-	\$23.01
2008	54	296,819	10.7%	31,744	(19,980)	-	\$12.46

Figure 47: Non Shopping Center Tenancy within the 3 Mile Market



Summary of Existing Businesses

An estimated 260 businesses are currently located within the City of Calimesa. Almost half of these businesses, 129, are located in the Downtown Calimesa Corridor Study Area. Businesses in both the Downtown Corridor and across the City are predominantly service-oriented.

ERA has used Info USA to estimate businesses located within the Study Area and in the City of Calimesa. A summary of these businesses are presented in Figure 48.

Downtown Corridor Study Area

Currently there are 129 establishments within the project area generating 800 employees. Approximately 82% of the establishments are service-oriented (including Public Administration). Key industries represented along the corridor include retail, food service and drinking places, manufacturing, and professional services.

Retail

- Retail businesses produce the most sales volume in the Study Area.
- With 100 employees, the food & beverage store category has the third highest number of employees along the corridor. Other retail stores employ another 47 persons.
- Together food and beverage and other retail² generate \$35 million in sales, a little more than a quarter of the sales along the boulevard.
- Retail is the second highest employer and generator of sales volume in the Study Area.

Manufacturing

- There currently are only 5 manufacturing businesses within the corridor, but they produce almost 20 percent of the sales volume along the corridor.
- Manufacturing is the third highest employment category along the corridor.

Food Service & Drinking Places

- There are 18 food service and drinking places in the Study Area.
- These restaurants and other food and drinking service places support the most employees, 220, within the corridor.

Professional Services

- There are currently 15 professional service, real estate, management, and administrative businesses located along the corridor, producing 76 jobs.

² Excludes gas station sales volume.

- The industry represents the third highest sales volume within the Study Area.

Other Services

- The other services category, which includes stores such as nail salons, hair salons, and dry cleaners, has the most establishments, but supports only 1.8 employees per establishment and generates \$10 million in sales.

Calimesa City

There are 264 business establishments located in the City of Calimesa. These businesses generated approximately 1,434 employees and \$250 million in sales volume. Approximately 75% of the establishments are service-oriented (including Public Administration). Key industries represented along the corridor include retail, food service and drinking places, construction, manufacturing, and professional services.

Construction

- In terms of sale volume, construction is the highest grossing industry in the City of Calimesa. Construction had an estimated \$54 million in sales, 21% of total city sales volume.
- There are 39 construction firms, second only to professional services and currently, construction employs 154 residents.

Professional Services

- There are 53 professional service businesses³ located in Calimesa, generating 137 employees and \$27 million in sales.
- While the professional services category has the most businesses in the city, it only represents the fifth highest employees and fourth highest sales volume.

Retail

- There are 38 retail establishments⁴ in the City of Calimesa, generating a total of 171 employees and \$44 million in sales volume.
- The retail industry is the third highest generator of employment in the city and retail sales represent 18% of total city sales.

Manufacturing

- There are only 9 manufacturing establishments in the city, but they are the second highest sales generating industry, representing almost 20 percent of city sales.
- Manufacturing employs 127 and is the fifth highest generator of employment in the city.

³ This figure may include persons working from home.

⁴ Excluding gas stations.

Food Service and Drinking Place

- Food service and drinking places are the highest generators of employment in the city.
- Food service and drinking places include 21 establishments employing 284 employees. These businesses generate less than average sales volume.

Figure 48: Summary of Existing Businesses by Type

Industry	Study Area			Calimesa City		
	# of Establishments	# of Employees	Sales Volume (000)	# of Establishments	# of Employees	Sales Volume (000)
Agriculture, Forestry, Fishing, and Hunting	0	0	0	1	0	1,218
Utilities	0	0	0	2	22	5,676
Construction	10	31	12,023	39	154	53,126
Manufacturing	5	124	25,414	9	127	28,768
Wholesale Trade	5	6	10,581	13	17	25,708
Transportation and Warehousing	3	20	3,465	5	21	3,826
Retail (Other than Gas Stations & F&B Stores)	17	47	9,600	31	66	17,133
F&B Stores	6	100	25,702	7	105	26,868
Gas Stations	3	12	7,888	2	7	5,568
Information	2	28	4,176	5	29	8,691
Finance and Insurance	7	15	2,583	10	19	4,253
Prof. Services, Real Estate, Management & Admin	15	76	11,647	53	137	26,954
Education	0	0	0	3	45	0
Health Industry	10	28	4,277	18	62	8,660
Arts & Entertainment	1	4	156	7	109	12,574
Accommodations	2	10	980	2	10	980
Food Service & Drinking Places	18	220	10,412	21	284	15,056
Other Services	22	40	3,234	32	167	4,570
Public Administration	3	43	0	3	43	0
Unknown	0	0	0	1	10	0
Total	129	804	132,138	264	1,434	249,629

Source: InfoUSA, Economics Research Associates

VI. Planned and Proposed Developments

Impact of Planned and Proposed Developments on Market Analysis

In addition to the supply of retail and office developments outlined in the Base Economic Analysis, there is a significant amount of development planned and proposed in Calimesa. Major planned and proposed projects are presented in Figure 49. When and if these developments take place, they may have a significant impact on the development of the downtown Calimesa area.

The largest developments are the Mesa Verde and Summer Wind Ranch Specific Plans. Together the two plans propose over 7,000 new residential units, and an estimated 2.3 million square feet of retail space. Both of these developments are currently on hold, and they may not be developed for another 5 to 10+ years.

In addition to these specific plans there is approximately 300,000 square feet of additional retail planned throughout Calimesa that is more likely to come online in the immediate future. This includes one development in the Study Area, the Shoppes at Calimesa. The Shoppes will include approximately 90,000 square feet of neighborhood oriented retail space, such as a Walgreens, Fresh & Easy, Denny's, Subway, and Carl's Jr. This property has been graded and is slated for construction.

To better compare the impact of these planned and proposed developments on the current market analysis, ERA estimated the share of each retail that will be restaurant and office. These estimates are benchmark estimates based on ERA experience and available information about the product.

Figure 49: Planned and Proposed Developments in City of Calimesa

Residential		Estimated Additional Population
Summer Wind Ranch	3,458 Units	
Mesa Verde Estates	3,683 Units	
Total Planned & Proposed Residential	7,141 Units	17,138
	1,457 Acres	
Commercial / Retail		Estimated SF
Shoppes at Calimesa (In Study Area)		90,000
Cherry Valley Plaza		123,494
County Line Village		20,000
JP Ranch Town Center		76,300
Subtotal Planned Retail		309,794
<i>Estimate of Office Space</i>		<i>19,200</i>
<i>Estimate of Restaurant Space</i>		<i>52,300</i>
Summer Wind Ranch		2,000,000
Mesa Verde Estates		362,419
Subtotal Proposed Retail		2,362,419
<i>Estimate of Office Space</i>		<i>354,363</i>
<i>Estimate of Restaurant Space</i>		<i>602,417</i>
Total Retail		2,743,713
<i>Estimate of Office Space</i>		<i>373,563</i>
<i>Estimate of Restaurant Space</i>		<i>425,863</i>

Source: City of Calimesa; Economics Research Associates

New Resident Impact

Based on the Mesa Verde and Summer Wind Ranch Specific Plans, there may be 7,000 new residential units, which equates to 17,100 new residents at Calimesa’s current persons per household level, developed within another 5 to 10+ years.

SCAG has projected 3,000 new households within the next 10 years. The SCAG projections may not fully account for these plans and so for some demand models we include a second layer of residents. We have included these residents in the second five year period, which is labeled 2013 – 2018 (though we suggest that this growth is likely to happen 2 to 5 years later than currently projected given the current economy).

Figure 50: Adjustment to Projected Residents Based on Planned and Proposed Developments

Current Projection Dates	2008 - 2013	2013 - 2018
<i>Realistic Estimate of Growth</i>	2011 - 2016	2016 - 2021
SCAG Projections (Primary Market)	1,661	1,405
Additional Residents from Planned & Proposed Developments		17,138

Source: City of Calimesa; SCAG; Economics Research Associates

Retail Impact of Planned and Proposed Developments

ERA describes the retail in two categories “planned” and “proposed”. The “proposed” developments are more in concept stage and the “planned” developments are further along in the planning and implementation stages.

There is approximately 300,000 square feet of planned retail. These developments are likely to take place in the next five years. As mentioned the Shoppes at Calimesa are located within the study area. The planned centers will be competitive and have been accounted for in the capture rates allocated to the study area.

The proposed retail in the Mesa Verde and Summer Wind Ranch Specific Plans will be key competitors with the downtown Calimesa area.

From conversations with the City, ERA understands that the Summer Wind Ranch developer is proposing to include a high quality regional life style center in the development. The 2 million square feet of retail is sufficient to size a lifestyle development as well as other neighborhood, and community retail.

Between the Summer Wind Ranch and Mesa Verde specific plans, there is sufficient retail to service all internal resident needs and the retail located in these specific plan areas will also be required to draw from a larger regional basis. From a market perspective, the retail located in the two specific plan areas must attract sufficient regional visitors to support its size.

Given that there will be sufficient retail space located in the Summer Wind Ranch and Mesa Verde development to take care of residents’ daily need, downtown must compete as a niche market. It is very important to create a sense of place in the downtown area and make downtown a unique “destination” so that Calimesa residents have a reason to visit, such as a cluster of local restaurants and specialty retail, offices, civic uses (library, post office, city hall).

Phasing of the development of downtown Calimesa will also be an important factor. Even as a unique destination, Summer Wind Ranch and Mesa Verde retail will likely draw upon visitors who might otherwise go to the downtown area. Downtown Calimesa will have more leverage if the downtown is branded and established as a local destination before the proposed retail regional centers comes online. This includes making it a walkable region with cohesive landscaping.

Office Impact

As mentioned previously, when developing the capture rates of office demand in the study area, ERA considers both the existing and planned and proposed supply.

For the current planned retail centers, ERA estimates about 20,000 square feet will be used as office space. ERA accounts for this competitive supply in the capture rate of our office demand model.

ERA has also identified that almost 15 percent of the Mesa Verde and Summer Wind Ranch Specific Plans will be utilized as office space. Once online this space will be competitive with the downtown Calimesa area. However, ERA has limited the impact of the new commercial developments on the study area's capture rate because ERA assumes that the developments in these new plans will have a strong support base from new residents and will be regional in nature and will draw not just demand from the City of Calimesa.

ERA does not include any office demand impacts from the planned and proposed development. Based on ERA benchmarks for office demand per capita, new Calimesa residents generate approximately 5.1 square feet of in-community office space. Given, the additional 17,100 residents in planned and proposed development this equates to approximately 87,000 square feet of office space. ERA assumes this demand will be generated primarily within the retail located in the plan areas. The planned and proposed office space will be supported by internal demand as well as demand from a regional base.

Conclusions

Phasing of the downtown relative to the new Mesa Verde and Summer Wind Ranch Specific Plans is very important to the success of downtown Calimesa.

Successful retail and commercial, no matter the location, is a boon to the City in terms of sales tax, property tax, and quality of life for residents. However, it will be to the utmost advantage of the downtown, if the area is jump started immediately and has a chance to blossom as a "destination" before the Town Center, lifestyle center and other major proposed retail centers come online.

VII. Demand Analysis

ERA reviews the market support for office uses within the Study Area and demand for restaurant and other retail within the Study Area.

General Office Demand Analysis

Demand for general office space is based on an assessment of the growth of office-using employment within the market area.

As shown in Figure 51, ERA estimates that the market area of 3 miles from the Study Area currently contains approximately 33,700 office-using jobs. This total represents about 38 percent of the total area employment and is lower than county and statewide averages for office-based employment.

Employment projections developed by the Southern California Association of Governments (SCAG) indicate that the 3-mile market area surrounding the Study Area is expected to add about 1,600 net new jobs over the coming five years. Owing to the current slowdown in the County's economy, this addition is likely to come to fruition over several years, rather than immediately.

Figure 51 illustrates ERA's projections for general office space demand over the next five years (2008-2013) within the market area. The SCAG projections of 1,600 jobs will translate into approximately 600 new jobs in the area using office space. At an average of 280 square feet per employee, this translates into approximately 168,000 square feet of new office space required to provide for the projected employment growth. Assuming a structural vacancy rate of 5 percent, the total building space required would be approximately 176,400 square feet.

Figure 53 shows ERA's projections for general office space demand over the following five years (2013-2018) within the same market area. SCAG projects the area will add about 1,450 net new jobs to the area, translating into approximately 550 new jobs in the area that would be expected to need office space. Assuming an average of 280 square feet per employee, as well as a structural vacancy rate of 5 percent, the total building space required would be approximately 161,400 square feet.

Office Demand in City of Calimesa

Given the demand for office space in the region, ERA estimates, based on a historical trend of employment located in the City, that the City of Calimesa's fair share capture rate is about 25 percent of the total supportable space from employment growth. As shown in Figure 52, during the first five years of growth, between 2008 and 2013, ERA estimates the City will capture approximately 44,100 square feet of general office space demand. During the second period, between 2013 and 2018, the

City is estimated to capture approximately 40,300 square feet of general office space demand (see Figure 53).

Office Demand in Study Area

The ability of the study area to capture the office space demand created by new employment in the City is greatly influenced by the realization of other competitive office space development projects. If adjacent planned and proposed projects are completed before the completion of projects in the Study Area, ERA estimates that the site can capture about 18,000 square feet of office space demand in the period of 2008 to 2013, or about 40 percent of demand. During the period between 2013 and 2018, ERA estimates the study area can capture an additional 16,000 square feet of office space, if it is able to attract 40 percent of demand (see Figure 54).

However, if planned and proposed office space development projects in the City of Calimesa do not come online before the development of the downtown area, ERA estimates the Study Area can capture up to 80 percent of the office space demand in the city. This translates to about 35,500 square feet of office space in the first five years (2008-13) and another 32,400 square feet in the following five years (2013-18).

Figure 51: Estimate of Office-Using Employment within 5-Mile Market Area

	3-Mile Market Area		% Using Office	Est Office Supply
	# Bus	# Emp		
Financial/Insurance/Real Estate				
Banks, Saving & Lending Institutions	20	136	85%	116
Securities Brokers and Investments	5	15	100%	15
Insurance Carriers & Agencies	23	57	100%	57
Real Estate/Trust/Holding Companies	70	476	100%	476
Total Financial/Insurance/Real Estate	118	684	97%	664
Services				
Hotels & Lodging	6	21	0%	0
Personal Services	91	277	0%	0
Business Services	80	313	15%	47
Motion Picture & Amusement	30	165	100%	165
Health Services	73	649	10%	65
Legal Services	11	26	0%	0
Education Services	25	784	30%	235
Social Services	89	41,299	25%	10,325
Other Services	169	589	70%	412
Total Services	574	44,123	25%	11,249
Agriculture/Mining	34	157	10%	16
Construction	152	819	25%	205
Manufacturing	33	415	25%	104
Transp/Commun/Pub Util	45	487	40%	195
Wholesale Trade	40	232	75%	174
Government	122	42,184	50%	21,092
Total	1,118	89,101	38%	33,698

Notes: Office using share of employment based on data from U.S. Bureau of Labor Statistics and CoStar

Health care/medical care office users excluded from this analysis to avoid double-counting with the medical office demand analysis.

Source: CoStar; Economics Research Associates

Figure 52: Summary of General Office Demand, 2008-2013

SCAG Projected Employment Growth	1,587
Estimated Portion Office Using	38%
Increase of Office-Using Employment	600
Average Office SF per Employee	280
Total SF demand	168,036
Vacancy Adjustment @ 5%	8,402
Additional Office Space Demand	176,438
Total Supportable Space (rounded)	176,438
City Fair Share Capture Rate (25%)	44,110
Study Area Capture Rate (40%)	17,644

Source: Southern California Association of Governments; ESRI; Economics Research Associates

Figure 53: Summary of General Office Demand, 2013-2018

SCAG Projected Employment Growth	1,451
Estimated Portion Office Using	38%
Increase of Office-Using Employment	549
Average Office SF per Employee	280
Total SF demand	153,686
Vacancy Adjustment @ 5%	7,684
Additional Office Space Demand	161,370
Total Supportable Space (rounded)	161,370
City Fair Share Capture Rate (25%)	40,343
Study Area Capture Rate (40%)	16,137

Source: Southern California Association of Governments; ESRI; Economics Research Associates

Figure 54: Summary of Office Space Demand within Study Area

	2008-13	2013-18
Regionally Supportable Space	176,438	161,370
City Capture Rate	25%	25%
Product Site Capture Rate	40%	40%
Total Office Space Demand for Study Area	17,644	16,137

Source: Economics Research Associates

Retail Demand Analysis

Figure 56 through Figure 69 outline ERA's assessment of retail demand for the study area. The retail analysis evaluates future retail demand from projected new residents and demand from the recapture of retail space currently leaking out of the city.

Summary of Retail Demand

Capturing the demand of new residents and the recapture of sales to other areas, ERA estimates that the resident population will support approximately 205,000 square feet of retail space between 2008 and 2018. This includes about 63,800 square feet of food store retail space, 78,400 square feet for general merchandise stores and apparel stores, and approximately 13,600 square feet for restaurants and bars.

It should be noted that the Shoppes at Calimesa will capture approximately 90,000 square feet of the demand in the study area. Thus, there will only be additional demand for approximately 85,000 square feet of retail space projected between 2008 and 2018 by residents not including the Mesa Verde & Summer Wind Ranch proposed developments and a total of 115,000 square feet of residential demand if we include potential capture of the residents in these two specific plan areas.

Figure 55: Summary of Retail Space Demand, by Select Type of Retailer

Type of Retailer	Source of Demand (2008-2018)			Total
	Recapture of Leakage (2008 - 2018)	Incremental Pop Growth (2008 - 2018)	Pop Growth from Planned & Proposed Projects (2013 - 2018)	
Apparel stores	4,000	4,081	1,188	9,269
General merchandise stores	49,000	15,593	4,526	69,119
Food stores	16,000	36,580	11,153	63,733
Eating and drinking places	0	9,039	4,532	13,571
Home furnishings and appliances	0	2,312	534	2,846
Building materials	18,000	8,634	1,658	28,292
Motor vehicles and parts	0	1,678	973	2,651
Service stations	0	0	0	0
Other retail stores	0	9,764	5,575	15,339
Total	87,000	87,682	30,138	204,820

Source: Economics Research Associates

The following describes the calculations of this retail demand in detail.

Retail Demand from Future Residents

ERA also examined the demand from new residents entering the City of Calimesa and the surrounding area from 2008 to 2013 and 2013 to 2018. The primary market area is defined as the City of Calimesa. The secondary market area includes the communities of Yucaipa, Cherry Valley and Beaumont.

According to SCAG, the primary market area will increase its population by approximately 4,000 residents, while the secondary market area will grow by approximately 19,000 residents between 2008 and 2013. The primary market will continue to grow, adding an additional 3,400 residents between 2013 and 2018. The secondary market will grow by an additional 15,100 residents during the same period.

Retail Demand from Future Primary Market Residents

ERA estimates that projected population growth during 2008 to 2013 in the primary market area can support a total of \$67.3 million of retail sales. This translates to about \$43.9 million for general retail (which includes apparel stores, general merchandise stores, food stores, home furnishings and appliances, and building material stores), \$4.2 million for restaurants and bars, \$8.3 million for motor vehicle dealers and suppliers, \$5.5 million for service stations, and \$5.4 million for other types of retailers. Figure 56 summarizes the estimated new resident spending by retail category. The additional population growth between 2013 and 2018 is expected to support approximately \$57.1 million in additional retail sales. This includes about \$37.2 million for general retail, \$3.6 million for restaurants and bars, \$7.0 million for motor vehicle dealers and suppliers, \$4.7 million for service stations, and \$4.6 million for other retailers.

City capture rates were applied to the estimated new resident spending in order to estimate the amount of spending the City of Calimesa could expect to capture. Capture rates were adjusted by retail category, based on residents' typical spending behaviors and existing competitive retail supply in the surrounding areas. The study area is expected to capture 30 percent of the City's capture of new resident retail sales. Figure 57 summarizes the total capture of new resident spending by retail category for the primary market. In the period of 2008 to 2013, ERA estimates the study area will capture approximately \$14.4 million in retail sales, with an additional \$12.2 million in retail sales by new residents entering the primary market between 2013 and 2018.

As shown in Figure 58, this new resident retail sales translates to approximately 62,900 square feet of supportable new store space in the study area by future residents between 2008 and 2018, including about 49,000 square feet of retail space for general retail, of which 28,000 square feet would be supportable by food stores, and 5,800 square feet of restaurant and bar space.

Figure 56: Projected Retail Demand from Population Growth, Primary Market Area

Type of Retailer	Riverside County Average Per Capita Sales	Primary Market Adj. Regional Avg. Per Capita Sales 2008-2013	Primary Market Adj. Regional Avg. Per Capita Sales 2013-2018	Primary Market Estimated New Resident Spending 2008-2013	Primary Market Estimated New Resident Spending 2013-2018
Apparel stores	\$572	\$575	\$578	\$2,293,155	\$1,947,208
General merchandise stores	\$1,754	\$1,754	\$1,760	\$6,992,261	\$5,935,868
Food stores	\$7,336	\$7,310	\$7,321	\$29,135,843	\$24,684,488
Eating and drinking places	\$1,166	\$1,054	\$1,058	\$4,202,770	\$3,566,609
Home furnishings and appliances	\$412	\$414	\$415	\$1,649,211	\$1,399,769
Building materials	\$958	\$964	\$967	\$3,843,012	\$3,261,989
Motor vehicles	\$1,909	\$1,890	\$1,897	\$7,531,575	\$6,394,910
Motor vehicle parts	\$190	\$189	\$189	\$751,478	\$638,065
Service stations	\$1,384	\$1,386	\$1,391	\$5,524,280	\$4,688,602
Other retail stores	\$1,364	\$1,353	\$1,355	\$5,392,119	\$4,569,964
Retail Stores Totals	\$17,046	\$16,889	\$16,931	\$67,315,705	\$57,087,471

Source: Economics Research Associates

Figure 57: Projected Capture of Retail Demand from Population Growth, Primary Market Area

Type of Retailer	City of Calimesa Capture (%)	Study Area Capture (%)	Capture of Resident Spending 2008-2013	Capture of Resident Spending 2013-2018	Total Capture of Resident Spending
Apparel stores	60%	30%	\$412,768	\$350,497	\$763,265
General merchandise stores	60%	30%	\$1,258,607	\$1,068,456	\$2,327,063
Food stores	80%	30%	\$6,992,602	\$5,924,277	\$12,916,879
Eating and drinking places	75%	30%	\$945,623	\$802,487	\$1,748,110
Home furnishings and appliances	60%	30%	\$296,858	\$251,958	\$548,816
Building materials	60%	30%	\$691,742	\$587,158	\$1,278,900
Motor vehicles and parts	60%	30%	\$1,355,683	\$1,151,084	\$2,506,767
Motor vehicle parts	60%	30%	\$135,266	\$114,852	\$250,118
Service stations	80%	30%	\$1,325,827	\$1,125,264	\$2,451,092
Other retail stores	60%	30%	\$970,581	\$822,593	\$1,793,175
Retail Stores Totals	71%	30%	\$14,385,559	\$12,198,628	\$26,584,186

Note: Drug stores are included in the "General Merchandise Stores" category.

Source: Economics Research Associates

Figure 58: Estimated Supportable Retail Space from Population Growth, Primary Market Area

Type of Retailer	Capture of Resident Spending 2008-2013	Capture of Resident Spending 2013-2018	Typical sales PSF for Outlets	Estimated Supportable SF of New Store Space 2008-2013	Estimated Supportable SF of New Store Space 2013-2018	Total Estimated Supportable SF of New Store Space
Apparel Stores	\$412,768	\$350,497	\$250	1,651	1,402	3,053
General Merchandise Stores	\$1,258,607	\$1,068,456	\$200	6,293	5,342	11,635
Food Stores	\$6,992,602	\$5,924,277	\$450	15,539	13,165	28,704
Eating and Drinking Places	\$945,623	\$802,487	\$300	3,152	2,675	5,827
Home Furnishings and Appliance	\$296,858	\$251,958	\$400	742	630	1,372
Building Materials	\$691,742	\$587,158	\$300	2,306	1,957	4,263
Auto Dealers	\$1,355,683	\$1,151,084				
Auto Supply	\$135,266	\$114,852	\$300	451	383	834
Service Station	\$1,325,827	\$1,125,264				
Other Retail Stores	\$970,581	\$822,593	\$250	3,882	3,290	7,173
Total	\$14,385,559	\$12,198,628		34,016	28,845	62,861

Source: Economics Research Associates

Figure 59: Summary of Supportable Retail Space by Primary Market, 2008-2018

Type of Retailer	2008-2013	2013-2018	Total
General Retail	26,531	22,496	49,028
Apparel Stores	1,651	1,402	3,053
General Merchandise Stores	6,293	5,342	11,635
Food Stores	15,539	13,165	28,704
Home Furnishings and Appliance	742	630	1,372
Building Materials	2,306	1,957	4,263
Restaurants and Bars	3,152	2,675	5,827
Eating and Drinking Places	3,152	2,675	5,827
Automotive Dealers and Supplies	451	383	834
Auto Dealers	0	0	0
Auto Supply	451	383	834
Service Station	0	0	0
Service Station	0	0	0
Other Retail Stores	3,882	3,290	7,173
Total	34,016	28,845	62,861

Source: Economics Research Associates

Retail Demand from Future Secondary Market Residents

ERA estimates that projected population growth during 2008 to 2013 in the secondary market area can support a total of \$293.4 million of retail sales. This translates to about \$193.5 million for general retail (including apparel stores, general merchandise stores, food stores, home furnishings and appliance stores and building material stores), \$18.9 million at restaurants and bars, \$34.5 million at motor vehicle dealers and suppliers, \$23.4 million at service stations, and \$24.0 million at other types of retailers. Figure 60 summarizes the estimated new resident spending by retail category. The additional population growth between 2013 and 2018 is expected to support an additional \$233.8 million in retail sales. This includes about \$154.3 million at general retail stores, \$14.2 million at restaurants and bars, \$27.6 million at motor vehicle dealers and suppliers, \$18.7 million at service stations, and \$19.1 million at other types of retailers.

Again, city capture rates were applied to the estimated new resident spending in order to estimate the amount of spending the City of Calimesa could expect to capture. Capture rates were adjusted by retail category, based on residents' typical spending behaviors and existing competitive retail supply in the surrounding areas.

The city capture rates are lower for the secondary market than the primary market due to the greater available options for secondary market residents in the areas surrounding the City of Calimesa, including Redlands and Moreno Valley. The study area is expected to capture 30 percent of the City's capture of new resident retail sales. Figure 61 summarizes the total capture of new resident spending by retail category for the primary market. In the period of 2008 to 2013, ERA estimates the study area will capture approximately \$6.1 million in retail sales, with an additional \$4.9 million in retail sales by new residents entering the primary market between 2013 and 2018.

As shown in Figure 62, this new secondary market resident retail sales translates to approximately 24,800 square feet of supportable new store space in the study area by future residents between 2008 and 2018. This includes approximately 18,200 square feet of general retail space, of which 7,900 square feet is supported as food store space, and 2,600 square feet of restaurant and bar space.

Figure 60: Projected Retail Demand from Population Growth, Secondary Market Area

Type of Retailer	Riverside County Average Per Capita Sales	Secondary Market Adj. Regional Avg. Per Capita Sales 2008-2013	Secondary Market Adj. Regional Avg. Per Capita Sales 2013-2018	Secondary Market Estimated New Resident Spending 2008-2013	Secondary Market Estimated New Resident Spending 2013-2018
Apparel stores	\$572	\$504	\$495	\$9,538,436	\$7,600,886
General merchandise stores	\$1,754	\$1,552	\$1,527	\$29,367,667	\$23,402,189
Food stores	\$7,336	\$6,948	\$6,905	\$131,493,683	\$104,783,268
Eating and drinking places	\$1,166	\$944	\$931	\$17,873,638	\$14,242,952
Home furnishings and appliances	\$412	\$369	\$363	\$6,978,132	\$5,560,659
Building materials	\$958	\$857	\$844	\$16,217,981	\$12,923,610
Motor vehicles	\$1,909	\$1,660	\$1,632	\$31,410,027	\$25,029,684
Motor vehicle parts	\$190	\$166	\$163	\$3,133,997	\$2,497,386
Service stations	\$1,384	\$1,236	\$1,218	\$23,398,907	\$18,645,869
Other retail stores	\$1,364	\$1,270	\$1,260	\$24,031,390	\$19,149,875
Retail Stores Totals	\$17,046	\$15,506	\$15,340	\$293,443,859	\$233,836,378

Source: Economics Research Associates

Figure 61: Projected Capture of Retail Demand from Population Growth, Secondary Market Area

Type of Retailer	City of Indio Capture (%)	Study Area Capture (%)	Capture of Resident Spending 2008-2013	Capture of Resident Spending 2013-2018	Total Capture of Resident Spending
Apparel stores	5%	30%	\$143,077	\$114,013	\$257,090
General merchandise stores	5%	30%	\$440,515	\$351,033	\$791,548
Food stores	5%	30%	\$1,972,405	\$1,571,749	\$3,544,154
Eating and drinking places	10%	30%	\$536,209	\$427,289	\$963,498
Home furnishings and appliances	10%	30%	\$209,344	\$166,820	\$376,164
Building materials	15%	30%	\$729,809	\$581,562	\$1,311,372
Motor vehicles	10%	30%	\$942,301	\$750,891	\$1,693,191
Motor vehicle parts	10%	30%	\$94,020	\$74,922	\$168,941
Service stations	10%	30%	\$701,967	\$559,376	\$1,261,343
Other retail stores	5%	30%	\$360,471	\$287,248	\$647,719
Retail Stores Totals	7%	30%	\$6,130,118	\$4,884,902	\$11,015,020

Note: Drug stores are included in the "General Merchandise Stores" category.

Source: Economics Research Associates

Figure 62: Estimated Supportable Retail Space from Population Growth, Secondary Market Area

Type of Retailer	Capture of Resident Spending 2008-2013	Capture of Resident Spending 2013-2018	Typical sales PSF for Outlets	Estimated Supportable SF of New Store Space 2008-2013	Estimated Supportable SF of New Store Space 2013-2018	Total Estimated Supportable SF of New Store Space
Apparel Stores	\$143,077	\$114,013	\$250	572	456	1,028
General Merchandise Stores	\$440,515	\$351,033	\$200	2,203	1,755	3,958
Food Stores	\$1,972,405	\$1,571,749	\$450	4,383	3,493	7,876
Eating and Drinking Places	\$536,209	\$427,289	\$300	1,787	1,424	3,212
Home Furnishings and Appliance	\$209,344	\$166,820	\$400	523	417	940
Building Materials	\$729,809	\$581,562	\$300	2,433	1,939	4,371
Motor vehicles	\$942,301	\$750,891				
Motor vehicle parts	\$94,020	\$74,922	\$200	470	375	845
Service Station	\$701,967	\$559,376				
Other Retail Stores	\$360,471	\$287,248	\$250	1,442	1,149	2,591
Total	\$6,130,118	\$4,884,902		13,813	11,007	24,821

Source: Economics Research Associates

Figure 63: Summary of Supportable Retail Space by Secondary Market, 2008-2018

Type of Retailer	2008-2013	2013-2018	Total
General Retail	10,114	8,060	18,174
Apparel Stores	572	456	1,028
General Merchandise Stores	2,203	1,755	3,958
Food Stores	4,383	3,493	7,876
Home Furnishings and Appliance	523	417	940
Building Materials	2,433	1,939	4,371
Restaurants and Bars	1,787	1,424	3,212
Eating and Drinking Places	1,787	1,424	3,212
Automotive Dealers and Supplies	470	375	845
Auto Dealers	0	0	0
Auto Supply	470	375	845
Service Station	0	0	0
Service Station	0	0	0
Other Retail Stores	1,442	1,149	2,591
Total	13,813	11,007	24,821

Source: Economics Research Associates

Retail Demand from Residents from Planned and Proposed Developments in Calimesa

The City of Calimesa has several planned and proposed projects which include over 7,000 new residential units and an estimated 2.3 million square feet of retail space. While these developments are currently under hold and may not be developed for another 5 to 10+ years, the additional residents from the new residential units will generate demand for greater retail space. ERA estimates the two major planned and proposed residential projects, Summer Wind Ranch and Mesa Verde Estates, will add an additional 17,000 new residents between 2013 and 2018, if not later.

Using a similar methodology to determine the amount of retail space supported by new residents in the primary and secondary resident markets, ERA estimates that the new residents from the planned and proposed developments will support about 30,000 square feet of new retail store space by 2018. This estimate is contingent on the planned and proposed projects coming online between 2013 and 2018.

The planned and proposed resident city capture rates are similar to that of the primary market. The study area is expected to capture between 5 and 10 percent of the City's capture, assuming that the majority of their daily needs are absorbed in the new proposed retail. Figure 64 summarizes the total capture of new proposed resident spending by retail category. In the period of 2013 to 2018, ERA estimates the study area will capture approximately \$12.8 million in retail sales which translates into 30,000 square feet of retail.

Figure 64: Projected Retail Demand from Population Growth, Planned and Proposed Projects

Type of Retailer	Riverside County Average Per Capita Sales	Secondary Market Adj. Regional Avg. Per Capita Sales 2013-2018	Secondary Market Estimated New Resident Spending 2013-2018
Apparel stores	\$572	\$578	\$9,897,554
General merchandise stores	\$1,754	\$1,760	\$30,171,693
Food stores	\$7,336	\$7,321	\$125,469,909
Eating and drinking places	\$1,166	\$1,058	\$18,128,882
Home furnishings and appliances	\$412	\$415	\$7,114,948
Building materials	\$958	\$967	\$16,580,515
Motor vehicles	\$1,909	\$1,897	\$32,504,979
Motor vehicle parts	\$190	\$189	\$3,243,248
Service stations	\$1,384	\$1,391	\$23,831,909
Other retail stores	\$1,364	\$1,355	\$23,228,877
Retail Stores Totals	\$17,046	\$16,931	\$290,172,513

Source: Economics Research Associates

Figure 65: Projected Capture of Retail Demand from Population Growth, Planned and Proposed Projects

Retail Demand from Planned and Proposed Developments in City of Calimesa Captured by Project

Type of Retailer	City of Calimesa Capture (%)	Study Area Capture (%)	Capture of Resident Spending 2013-2018	Total Capture of Resident Spending
Apparel stores	60%	5%	\$296,927	\$296,927
General merchandise stores	60%	5%	\$905,151	\$905,151
Food stores	80%	5%	\$5,018,796	\$5,018,796
Eating and drinking places	75%	10%	\$1,359,666	\$1,359,666
Home furnishings and appliances	60%	5%	\$213,448	\$213,448
Building materials	60%	5%	\$497,415	\$497,415
Motor vehicles	60%	5%	\$975,149	\$975,149
Motor vehicle parts	60%	10%	\$194,595	\$194,595
Service stations	80%	10%	\$1,906,553	\$1,906,553
Other retail stores	60%	10%	\$1,393,733	\$1,393,733
Retail Stores Totals	71%	6%	\$12,761,433	\$12,761,433

Source: Economics Research Associates

Figure 66: Estimated Supportable Retail Space from Population Growth, Planned and Proposed Projects

Estimated Supportable Retail Space by Planned and Proposed Developments in City of Calimesa

Type of Retailer	Capture of Resident Spending 2013-2018	Typical sales PSF for Outlets	Estimated Supportable SF of New Store Space 2013-2018	Total Estimated Supportable SF of New Store Space
Apparel Stores	\$296,927	\$250	1,188	1,188
General Merchandise Stores	\$905,151	\$200	4,526	4,526
Food Stores	\$5,018,796	\$450	11,153	11,153
Eating and Drinking Places	\$1,359,666	\$300	4,532	4,532
Home Furnishings and Appliance	\$213,448	\$400	534	534
Building Materials	\$497,415	\$300	1,658	1,658
Motor vehicles	\$975,149			
Motor vehicle parts	\$194,595	\$200	973	973
Service Station	\$1,906,553			
Other Retail Stores	\$1,393,733	\$250	5,575	5,575
Total	\$12,761,433		30,138	30,138

Source: Economics Research Associates

Figure 67: Summary of Supportable Retail Space by Planned and Proposed Projects, 2008-2018

Type of Retailer	2013-2018	Total
General Retail	19,058	19,058
Apparel Stores	1,188	1,188
General Merchandise Stores	4,526	4,526
Food Stores	11,153	11,153
Home Furnishings and Appliance	534	534
Building Materials	1,658	1,658
Restaurants and Bars	4,532	4,532
Eating and Drinking Places	4,532	4,532
Automotive Dealers and Supplies	973	973
Auto Dealers	0	0
Auto Supply	973	973
Service Station	0	0
Service Station	0	0
Other Retail Stores	5,575	5,575
Total	30,138	30,138

Source: Economics Research Associates

Summary of Retail Demand from Future Residents

ERA estimates the future residents entering the primary and secondary markets between 2008 and 2018 will support approximately 112,000 square feet of new retail space in the study area.

Figure 68: Total Supportable Retail Space by Projected Population Growth, All Resident Markets

Type of Retailer	Primary and Secondary Resident Markets		Planned & Proposed	Total
	2008-2013	2013-2018	2013-2018	
General Retail	36,645	30,556	19,058	86,259
Apparel Stores	2,223	1,858	1,188	5,269
General Merchandise Stores	8,496	7,097	4,526	20,119
Food Stores	19,922	16,658	11,153	47,733
Home Furnishings and Appliance	1,266	1,047	534	2,846
Building Materials	4,739	3,896	1,658	10,292
Restaurants and Bars	4,939	4,099	4,532	13,571
Eating and Drinking Places	4,939	4,099	4,532	13,571
Automotive Dealers and Supplies	921	757	973	2,651
Auto Dealers	0	0	0	0
Auto Supply	921	757	973	2,651
Service Station	0	0	0	0
Service Station	0	0	0	0
Other Retail Stores	5,324	4,439	5,575	9,764
Total	47,830	39,852	30,138	112,245

Source: Economics Research Associates

Retail Demand from Current Residents

In addition to retail demand from new residents, ERA evaluates the amount of retail spending that is currently being made outside of the City of Calimesa that could be made within the City. To estimate this amount, ERA compares average regional spending per capita and compares this amount to the spending made within the City of Calimesa.

The retail sales leakage analysis model examines the primary market area of the City of Calimesa. The spending potential is estimated by adjusting the retail sales performance of Riverside County, provided by the California Board of Equalization, for household income differences between the County and the City of Calimesa.

According to the most recent quarterly Taxable Sales in California Report available from the California Board of Equalization, Riverside County has had a retail sales performance of approximately \$17,000 per capita.

Spending potential for the City is then compared against actual retail sales performance occurring at the Cities' numerous retail outlets. As seen in the far right column of Figure 69, a positive value indicates a surplus of sales or sales occurring in an amount greater than would be expected to occur

from local residents. This usually means that in those categories experience excess sales, with outlets in the city drawing customers from neighboring communities.

A negative value indicates a “leakage” of sales from the city to neighboring communities. Store categories which are displaying leakage in Calimesa include: apparel stores, general merchandise stores, food stores, building material stores, and motor vehicles and parts retailers. By recapturing these retail sales, the City has an opportunity to fulfill local resident demand for these store categories.

Capture rates were developed for the study area for each of the store categories, estimating the proportion of total retail expenditures that the study area can reasonably expect to attract on a sustained basis. The capture rates are multiplied by total retail expenditures to arrive at the expected share of total available sales that are estimated to be captured by the retail offerings in the study area

It is assumed that the City will be able to capture all of the spending in categories that are leaking sales. If the study area is able to attract three in five retail businesses, or a capture rate of 60 percent, ERA estimates that the current local residents of the City of Calimesa could support approximately \$34.8 million in recaptured retail sales, including approximately \$16.3 million towards general retail stores (which includes apparel stores, general merchandise stores, and building materials stores), \$7.1 million towards food stores, and \$11.4 million in sales at motor vehicle and parts retailers.

This translates to a total of approximately 87,000 square feet of supportable new store space in the study area by current residents of Calimesa, which includes about 54,000 square feet of apparel store and general merchandise store space, 16,000 square feet of food store space and 18,000 square feet of building materials store space.

Figure 69: Retail Leakage and Recapture Analysis of City of Indio

	Riverside County	City of Calimesa	City of Calimesa	City of Calimesa	City of Calimesa	
Type of Retailer	Average Per Capita Sales	Adj. Regional Per Capita Sales	Avg. Actual Per Capita Sales	Estimated Total Resident Spending	Actual Total Sales	Surplus / Leakage
Apparel stores	\$572	\$578	\$419	\$5,513,180	\$3,997,000	(\$1,516,180)
General merchandise stores	\$1,754	\$1,760	\$46	\$16,806,373	\$437,000	(\$16,369,373)
Food stores	\$7,336	\$7,321	\$6,078	\$69,889,816	\$58,020,000	(\$11,869,816)
Eating and drinking places	\$1,166	\$1,058	\$8,669	\$10,098,232	\$82,755,000	\$72,656,768
Home furnishings and appliances	\$412	\$415	\$533	\$3,963,201	\$5,089,000	\$1,125,799
Building materials	\$958	\$967	\$0	\$9,235,753	\$0	(\$9,235,753)
Motor vehicles and parts	\$2,100	\$2,086	\$92	\$19,912,639	\$877,000	(\$19,035,639)
Service stations	\$1,384	\$1,391	\$22,305	\$13,274,957	\$212,933,000	\$199,658,043
Other retail stores	\$1,364	\$1,355	\$5,419	\$12,939,054	\$51,732,000	\$38,792,946
Retail Stores Totals	\$17,046	\$16,931	\$43,559	\$161,633,205	\$415,840,000	\$254,206,795

Type of Retailer	Study Area Capture (%)	Recaptured Sales within Study Area	Typical sales PSF for Outlets	Estimated Supportable SF of New Store Space
Apparel stores	60%	\$909,708	\$250	4,000
General merchandise stores	60%	\$9,821,624	\$200	49,000
Food stores	60%	\$7,121,890	\$450	16,000
Eating and drinking places	60%			
Home furnishings and appliances	60%			
Building materials	60%	\$5,541,452	\$300	18,000
Motor vehicles and parts	60%	\$11,421,384		
Service stations	60%			
Other retail stores	60%			
Retail Stores Totals		\$34,816,057		87,000

Source: Economics Research Associates

Summary of Retail Demand from Recapture of Leakage

ERA estimates that the recapture of leakage retail sales from current Calimesa residents and the capture of retail sales from the growing resident population will support approximately 188,400 square feet of retail space between 2008 and 2018. This includes about 56,800 square feet of food store retail space, 75,500 square feet for general merchandise stores and apparel stores, and approximately 11,000 square feet for restaurants and bars.

Figure 70: Summary of Retail Space Demand, by Select Type of Retailer

Type of Retailer	Source of Demand (2008-2018)			Total
	Recapture of Leakage (2008 - 2018)	Incremental Pop Growth (2008 - 2018)	Pop Growth from Planned & Proposed Projects (2013 - 2018)	
Apparel stores	4,000	4,081	594	8,675
General merchandise stores	49,000	15,593	2,263	66,856
Food stores	16,000	36,580	4,182	56,762
Eating and drinking places	0	9,039	1,813	10,852
Home furnishings and appliances	0	2,312	534	2,846
Building materials	18,000	8,634	2,487	29,121
Motor vehicles and parts	0	1,678	486	2,165
Service stations	0	0	0	0
Other retail stores	0	9,764	1,394	11,157
Total	87,000	87,682	13,753	188,435

Source: Economics Research Associates