RETAIL MARKET ASSESSMENT

June 2007

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Retail Market Analysis

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Retail Market Assessment
Santa Rosa, California

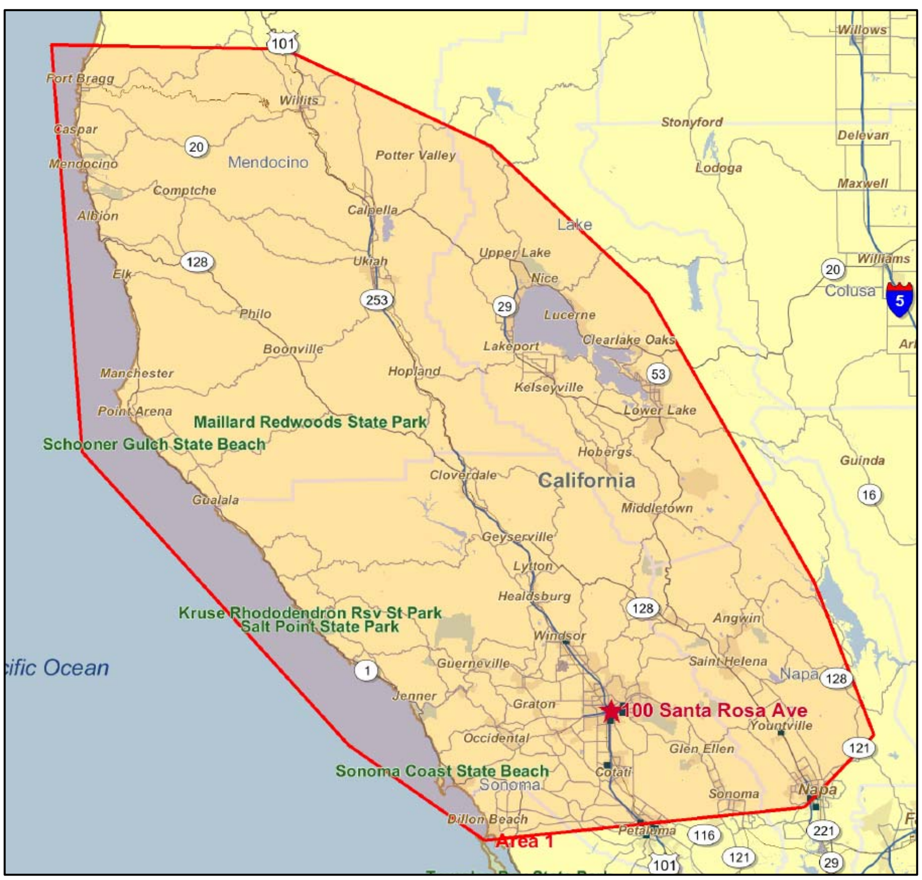
DEMOGRAPHIC PROFILE

The socioeconomic characteristics of the Santa Rosa retail trade area are provided in this section. Santa Rosa's local trade area represents the area from which most Santa Rosa businesses draw shoppers and where most Santa Rosa area shoppers carry out day-to-day business transactions.

The delineation of the local trade area is not meant to suggest that prospective customers of area businesses will be drawn solely from this geographic area. However, based upon factors such as highway access, drivetime, the location of retail competition, local newspaper circulation and other business activity, this market area provides a sound and reasonable basis for gauging retail potential.

A map illustrating the boundaries of the delineated local trade area is provided below. For comparative purposes, demographics are shown for the Santa Rosa Retail Market Area, the City of Santa Rosa and the State of California. Socioeconomic trends are analyzed for the 1990-2012 timeframe.

Santa Rosa Retail Market Area

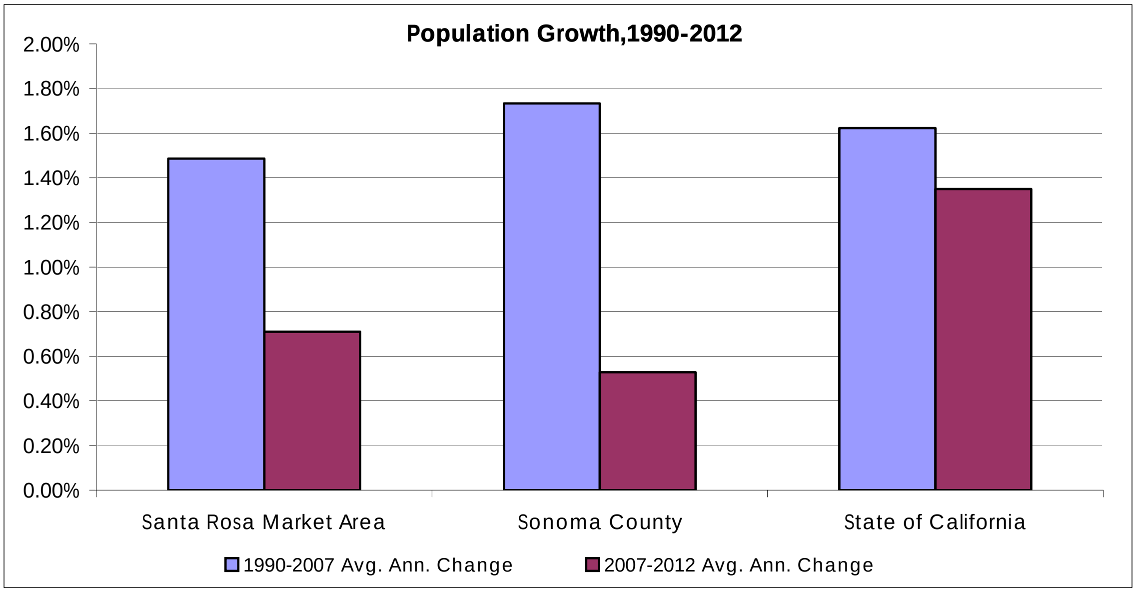


A. Population & Household Growth

- Over the past 17 years, population growth in the Santa Rosa market area has been strong, though the City of Santa Rosa and the State of California have experienced slightly higher growth rates over the same time period (See Exhibit 1).
- The 2007 population of the Santa Rosa market area is estimated at 674,349. This figure represents an average annual growth rate of 1.49% since 1990, or an average annual increase of 8,095 persons. During the 2007-2012 time period, Santa Rosa's rate of growth is anticipated to slow somewhat to about 0.71% annually. This rate is based on trended growth projections anticipating an average increase of 1,818 new households each year. With an average household size of 2.57, total population is anticipated to reach 698,293 by 2012.
- The State of California will experience a slight decline in its population growth rate, moving from an average annual rate of 1.62% (from 1990 to 2007) to 1.35% during the 2007 to 2012 time frame. The State's population should reach just over 40 million people by 2012. While the City of Santa Rosa's average annual growth rate from 1990 to 2007 surpassed both the market area and the State at 1.73%, it is expected to decline significantly over the next five years to an average of 0.53% per year.
- In the past few decades, household size declined nationally due to a decrease in fertility rates, increasing divorces and single person households and a rise in the elderly population. Today, it is estimated at 2.59 persons per household. In the Santa Rosa market area and the City of Santa Rosa average household size is 2.57 – in line with the national average but below the state average of 2.92. These figures are expected to remain relatively steady through 2012.

EXHIBIT 1
POPULATION GROWTH
Santa Rosa Market Area, City of Santa Rosa and State of California
1990-2012

Geographic Area		Avg. Ann. Change 1990-2007			Avg. Ann. Change 2007-2012	
	1990	2007 (Estimate)	Number	Percent	2012 (Forecast)	Number	Percent
Santa Rosa Market Area							
Population	544,832	674,349	8,095	1.49%	698,293	4,789	0.71%
Households	209,857	255,275	2,839	1.35%	264,366	1,818	0.71%
Avg. Household Size	2.53	2.57	0.003		2.57	0.000	
City of Santa Rosa							
Population	122,741	156,790	2,128	1.73%	160,929	828	0.53%
Households	48,937	59,319	649	1.33%	60,816	299	0.50%
Avg. Household Size	2.47	2.57	0.006		2.58	0.002	
State of California							
Population	29,760,021	37,483,448	482,714	1.62%	40,011,731	505,657	1.35%
Households	10,381,206	12,540,420	134,951	1.30%	13,323,850	156,686	1.25%
Avg. Household Size	2.79	2.92	0.008		2.94	0.004	



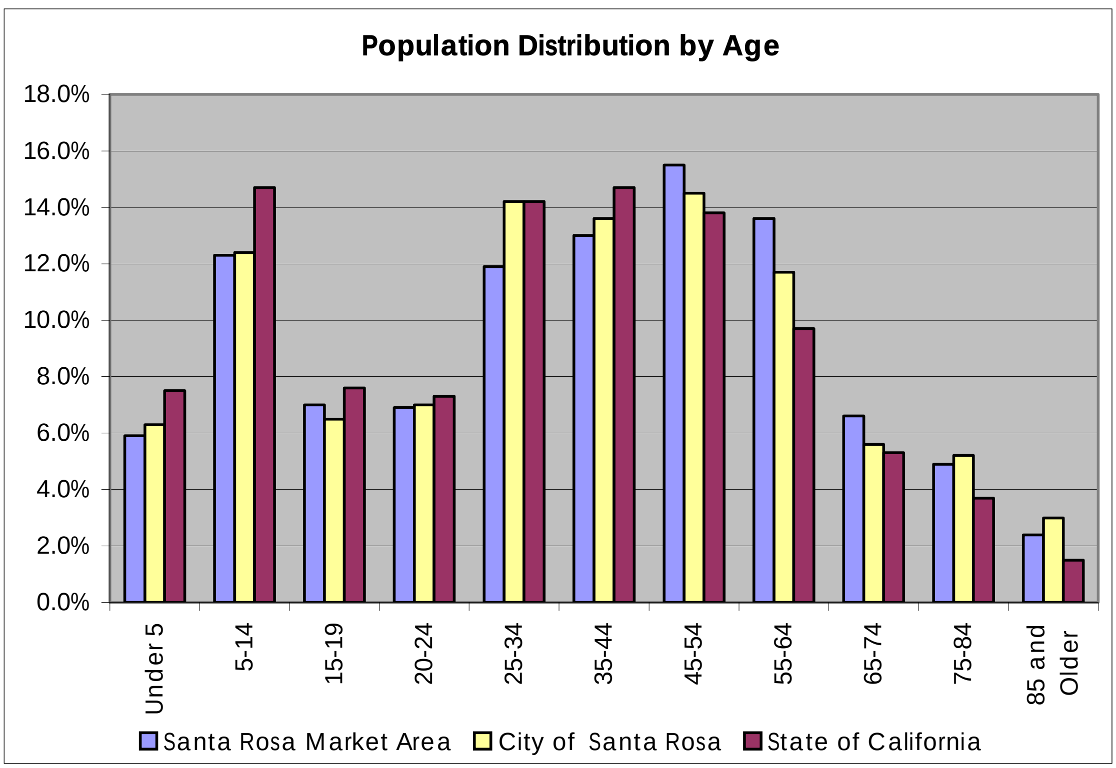
Source: ESRI BIS

B. Age Distribution

- The 2007 median age of the population within the Santa Rosa market area is significantly higher than the State of California, 40.0 years compared to 34.2 years, respectively (Exhibit 2). The City of Santa Rosa's median age is also much higher than the state's at 37.7 years.
- The estimated proportion of the population over the age of 65 in 2007 is 13.9% for the trade area compared to 10.5% statewide. California has a higher proportion of its population in every age category below 45 years of age, while the Santa Rosa market area has a higher percentage in every population segment over 45 years of age.
- The prime consumer age group of 25 to 54 years makes up approximately 40.4% of the Santa Rosa market area population. The proportion of the population within this age group is 42.7% statewide and 42.3% in the City of Santa Rosa.

EXHIBIT 2
POPULATION BY AGE
Santa Rosa Market Area, City of Santa Rosa and State of California
2007

Age Category	Santa Rosa Market Area	City of Santa Rosa	State of California
Under 5	5.9%	6.3%	7.5%
5-14	12.3%	12.4%	14.7%
15-19	7.0%	6.5%	7.6%
20-24	6.9%	7.0%	7.3%
25-34	11.9%	14.2%	14.2%
35-44	13.0%	13.6%	14.7%
45-54	15.5%	14.5%	13.8%
55-64	13.6%	11.7%	9.7%
65-74	6.6%	5.6%	5.3%
75-84	4.9%	5.2%	3.7%
85 and Older	2.4%	3.0%	1.5%
Total	674,349	156,790	37,483,448
Median Age	40.0	37.7	34.2



Source: ESRI BIS

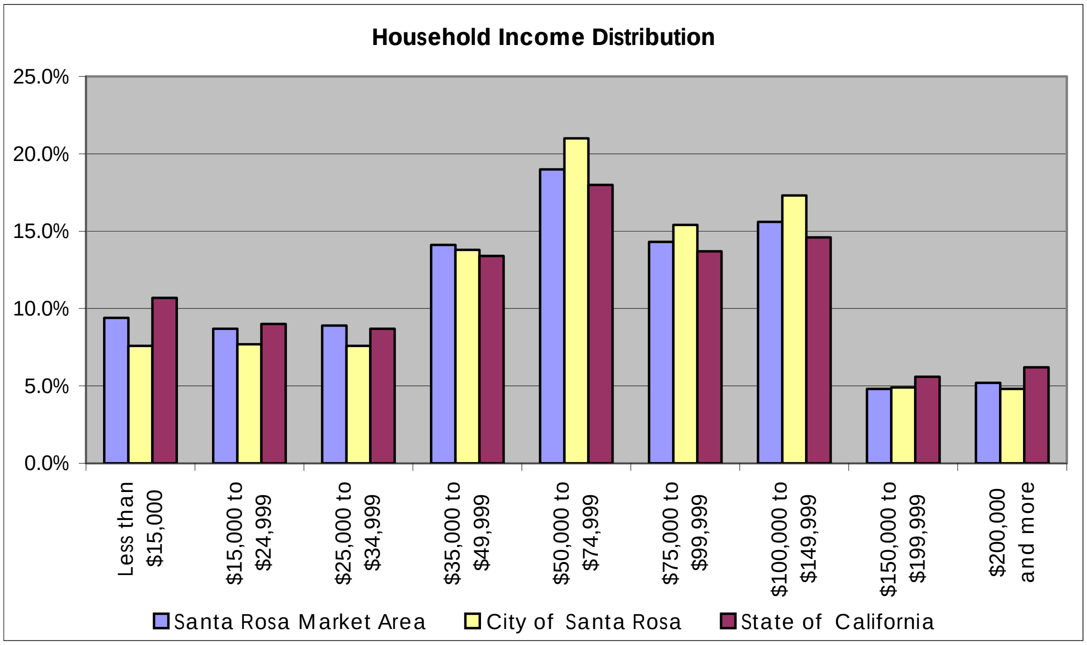
C. Household Income Distribution

- Exhibit 3 shows that Santa Rosa market area household incomes are on par with statewide income levels. Within the Santa Rosa market area, 2007 median household income is estimated to be $60,520, compared to $60,268 for the state. The City of Santa Rosa's median household income is significantly higher at $64,450. This difference is likely due to the fact that the market area includes rural parts of Mendocino and Lake Counties where incomes tend to be lower than those of households in urbanized Santa Rosa.

- The percentage of households with incomes in excess of $100,000 is highest in the City of Santa Rosa (27.0%), followed closely by the state (26.4%) and the Santa Rosa market area (25.6%).

EXHIBIT 3
HOUSEHOLD INCOME
Santa Rosa Market Area, City of Santa Rosa and State of California
2007

Income	Santa Rosa Market Area	City of Santa Rosa	State of California
Less than $15,000	9.4%	7.6%	10.7%
$15,000 to $24,999	8.7%	7.7%	9.0%
$25,000 to $34,999	8.9%	7.6%	8.7%
$35,000 to $49,999	14.1%	13.8%	13.4%
$50,000 to $74,999	19.0%	21.0%	18.0%
$75,000 to $99,999	14.3%	15.4%	13.7%
$100,000 to $149,999	15.6%	17.3%	14.6%
$150,000 to $199,999	4.8%	4.9%	5.6%
$200,000 and more	5.2%	4.8%	6.2%
Total Households	255,275	59,319	12,540,420
Median HH Income	$60,520	$64,450	$60,268



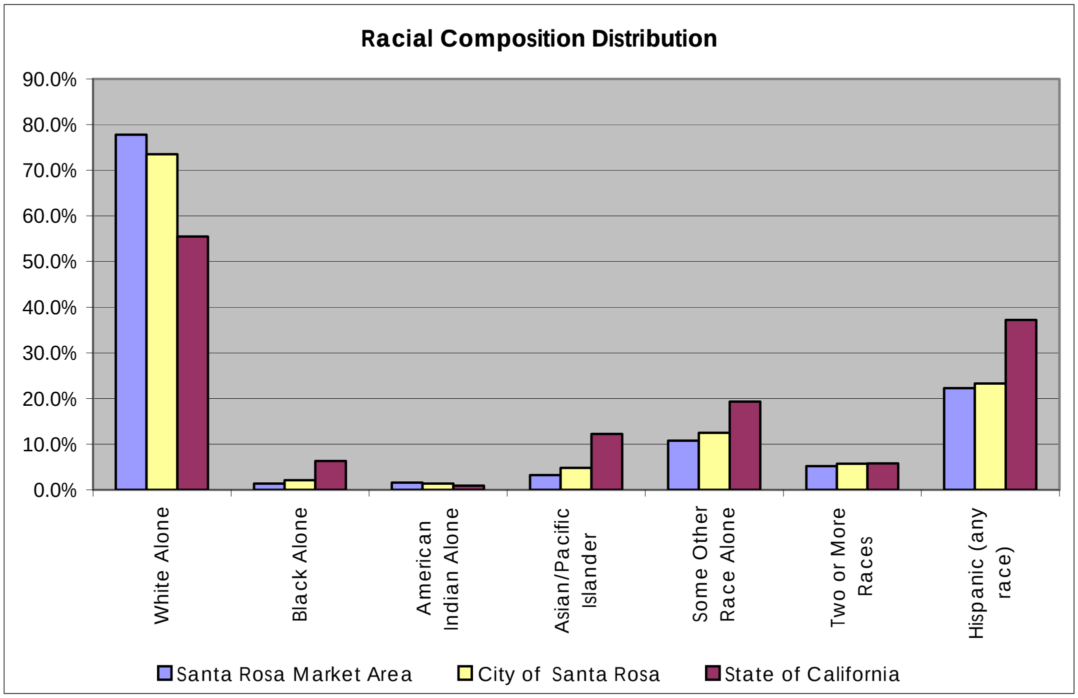
Source: ESRI BIS

D. Racial Composition

- The 2007 racial distribution of the Santa Rosa market area population is primarily white (77.8%), with Hispanics comprising 22.3%. The City of Santa Rosa's distribution is nearly identical to that of the market area. Hispanics make up a significantly higher proportion of the population statewide at 37.2%.

Exhibit 4
RACIAL COMPOSITION
Santa Rosa Market Area, City of Santa Rosa and State of California
2007

Race	Santa Rosa Market Area	City of Santa Rosa	State of California
White Alone	77.8%	73.5%	55.5%
Black Alone	1.4%	2.1%	6.3%
American Indian Alone	1.6%	1.4%	0.9%
Asian/Pacific Islander	3.2%	4.8%	12.2%
Some Other Race Alone	10.8%	12.5%	19.3%
Two or More Races	5.2%	5.7%	5.8%
Hispanic (any race)	22.3%	23.3%	37.2%
Total	674,349	156,790	37,483,448



Source: ESRI BIS

E. Community Tapestry Segments

Recognizing that people who share the same demographic characteristics may have widely divergent desires and preferences, Community Tapestry data (developed by ESRI Business Information Solutions) categorizes neighborhoods throughout the nation into 65 consumer groups or market segments. Neighborhoods are geographically defined by census blocks, which are analyzed and sorted by a variety of demographic and socioeconomic characteristics as well as other determinants of consumer behavior. Based on this information, neighborhoods are classified as one of 65 market segments.

Community Tapestry descriptions help bring to life demographic variables by sharing information regarding the consumer spending habits, household types, hobbies and preferences of local market segments. Existing and prospective businesses can gain valuable insights to the needs and interests of the local shopper base through understanding lifestyle tendencies.

Santa Rosa market area households have been grouped into Community Tapestry market segments, which reveal a great deal of diversity in the population. The Urban Chic segment represents the greatest percentage of households at 12.9%. Rural Resort Dwellers comprise 7.0% of all households, followed by Connoisseurs with 6.8% and Senior Sun Seekers at 5.3%. Over 20 different tapestry or lifestyle segments make up 80% of market area households, reflecting considerable variety. Exhibit 5 that follows identifies the top ten largest segments and the total percentage of households represented in the Santa Rosa trade area. The chart is followed by short descriptive paragraphs of the major tapestry groups in the Santa Rosa Retail Market Area. More detail is provided on each segment in Appendix A.

Exhibit 5
HOUSEHOLDS BY PRIMARY MARKET SEGMENT
Santa Rosa Market Area
2007

	Santa Rosa Market Area	
	Market Segment	Percent of Households
1	Urban Chic	12.9%
2	Rural Resort Dwellers	7.0%
3	Connoisseurs	6.8%
4	Senior Sun Seekers	5.3%
5	In Style	4.7%
6	Aspiring Young Families	4.7%
7	Urban Villages	4.3%
8	International Marketplaces	3.6%
9	Main Street, USA	3.4%
10	Exurbanites	3.4%
Total		56.1%

Source: ESRI

Urban Chic, 12.9% Households

Urban Chic residents are well-educated professionals living an urban, exclusive lifestyle. Most own expensive single-family homes with a median value of $633,000. Married couple families and singles comprise most of these households. The median age is 41.4 years. *Urban Chic* residents travel extensively, visit museums, attend dance performances, play golf, and go hiking. They use the Internet frequently to trade or track investments or to buy concert and sports tickets, clothes, flowers, and books. They appreciate a good cup of coffee while reading a book or newspaper and prefer to listen to classical music, all-talk, or public radio programs. Civic minded, many residents would probably volunteer in their communities.

Rural Resort Dwellers, 7.0% Households

Favoring milder climates and pastoral settings, *Rural Resort Dwellers* live in rural nonfarm areas. These small, growing communities mainly consist of single-family and mobile homes, with a significant inventory of seasonal housing. This somewhat older market has a median age of 46.0 years. Most households consist of married-couples with no children living at home or singles, living alone. A higher than average proportion of residents is self-employed and work from home. The median household income is $45,600. Modest living and simple consumer tastes describe this market. The rural setting instills more riding lawn mowers and satellite dishes. Lawn maintenance and gardening is a priority, and households own a plethora of tools and equipment. Many households own or lease a truck. Residents enjoy boating, hunting, fishing, snorkeling, canoeing, and listening to country music.

Connoisseurs, 6.8% Households

Second in wealth to *Top Rung* among the consumer markets, but first for conspicuous consumption, *Connoisseurs* residents are well-educated and somewhat older, with a median age of 45.4 years. Although residents appear closer to retirement than child rearing, many of these married couples have children still living at home. Their neighborhoods tend to be older bastions of affluence where the median home value is $664,500. 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, do yoga, and jog. Being active in the community, they work for political candidates or parties, write or visit elected officials, and participate in local civic issues.

Senior Sun Seekers, 5.3% Households

The *Senior Sun Seekers* market is one of the faster growing markets, located mainly in the South and West, especially in Florida. Escaping from cold winter climates, many residents have permanently relocated to warmer areas, and others are “snowbirds” who move south for the winter. Most residents are retired or are anticipating retirement. The median age is 51.4 years, and 62 percent of householders are aged 55 years or older. Most households are single-family dwellings or mobile homes, and there is a high proportion of seasonal housing. Many residents are members of veterans clubs or fraternal orders. They own lots of insurance and consult with a financial advisor. Leisure activities include dining out, reading (especially boating magazines), watching TV, fishing, playing backgammon and bingo, doing crossword puzzles, and gambling at casinos.

In Style, 4.7% Households

In Style residents live in affluent neighborhoods of metropolitan areas. More suburban than urban, they nevertheless embrace an urbane lifestyle. Townhome ownership is more than double the national level, but more than half of the households are traditional single-family homes. Labor force participation is high and professional couples predominate. The median household income is $67,800. Only about one-third of households include children. The median age is 39.3 years. *In Style* residents are computer savvy; they use the Internet daily, to look up information, track investments, or make purchases. They own a diverse investment portfolio, contribute to retirement savings plans, and have long term care and life insurance. They enjoy going to the beach, snorkeling, playing golf, and casino gambling. They favor domestic travel.

Urban Villages, 4.3% Households

Urban Villages neighborhoods are the multicultural enclaves of young families, unique to U.S. gateway cities, located primarily in California. The median age is 30.7 years. All family types dominate this market. The average family size of 4.12 is the second highest of all the Tapestry segments. Many households have two wage earners, chiefly employed in the manufacturing, health care, retail trade, construction, and educational services industries. The median household income is $56,200. Most residents own older, single-family homes with a median value of $355,600, and multiple vehicles. Family and home dictate purchases. To maintain their older homes, time and money are spent on home remodeling and repair. Leisure activities include playing soccer and tennis, renting foreign films, listening to Hispanic and variety radio, and visiting Disneyland, Sea World, or Six Flags.

Aspiring Young Families, 4.1% Households

Aspiring Young Families neighborhoods are located in large, growing metropolitan areas in the South and West, with the highest concentrations in California, Florida, and Texas. Mainly comprised of young, married-couple families or single parents with children, the median age for this segment is 30.4 years. Half of the households are owner-occupied single-family dwellings or townhomes, and half are occupied by renters, many living in newer multiunit buildings. Residents spend much of their discretionary income on baby and children's products and toys, as well as home furniture. Recent electronic purchases include cameras and video game systems. Leisure activities include dining out, dancing, going to the movies, attending pro football games, fishing, weight lifting, and playing basketball. Vacations are likely to include visits to theme parks. Internet usage mainly involves chat room visits.

Urban Villages, 3.9% Households

Urban Villages neighborhoods are the multicultural enclaves of young families, unique to U.S. gateway cities, located primarily in California. The median age is 30.7 years. All family types dominate this market. The average family size of 4.12 is the second highest of all the Tapestry segments. Many households have two wage earners, chiefly employed in the manufacturing, health care, retail trade, construction, and educational services industries. The median household income is $56,200. Most residents own older, single-family homes with a median value of $355,600, and multiple vehicles. Family and home dictate purchases. To maintain their older homes, time and money are spent on home remodeling and repair. Leisure activities include playing soccer and tennis, renting foreign films, listening to Hispanic and variety radio, and visiting Disneyland, Sea World, or Six Flags.

International Marketplace, 3.6% Households

Located primarily in cities in coastal gateway states, *International Marketplace* neighborhoods are developing, urban markets with a rich blend of cultures and household types. Approximately 70 percent of households are occupied by families. Married couples with children and single parents with children represent 44 percent of households. A typical family rents an apartment in an older, multiunit structure. Most of the households are located in California and northeastern states. The median age is 30.4 years, and the median household income is $42,600. Top purchases include groceries and children's clothing. Residents shop at stores such as Marshalls and Costco, but for convenience, they stop at 7-Eleven or other similar convenience stores. They are loyal listeners of Hispanic radio programs and prefer to watch movies and sports on TV.

Main Street, USA, 3.4% Households

Main Street, USA neighborhoods are a mix of single-family homes and multiunit dwellings, found in the suburbs of smaller metropolitan cities, mainly in the Northeast, West, and Midwest. This market is similar to the U.S. when comparing household type, age, race, educational attainment, housing type, occupation, industry, and household income type distributions. The median age of 36.3 years matches the U.S. median. The median household income is a comfortable $51,200. Home homeownership is at 66 percent and the median home value is in excess of $200,000. 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 aerobics.

Exurbanites, 3.4% Households

Open areas with affluence define these neighborhoods. Empty nesters comprise 40 percent of these households, yet married couples with children occupy 32 percent. Half of the householders are between the ages of 45 and 64 years. The median age is 43.6 years. About half of employed persons hold professional or managerial positions. The median home value is approximately $255,900 and the median household income is $83,200. Financial health is a priority for the *Exurbanites* market; they consult with financial planners and track their investments online. They own a diverse investment portfolio, and have long term care and substantial life insurance. Residents work on their homes, lawns, and gardens. Leisure activities include boating, hiking, kayaking, playing Frisbee, photography, and birdwatching. Many are members of fraternal orders and participate in civic activities.

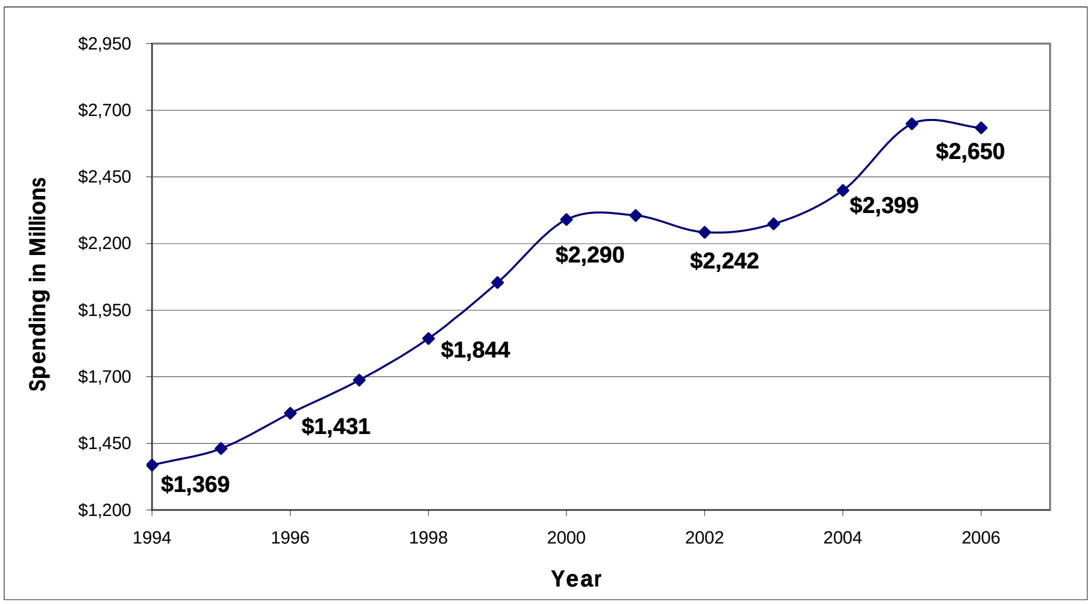
RETAIL ANALYSIS

The purpose of a retail market analysis for Santa Rosa is to identify business opportunities in the local market area and then to promote those opportunities to existing and prospective businesses to enhance the area's business base. Quality information and analysis can help small business entrepreneurs prepare better business plans as well, thereby reducing the risk of business failure. This section provides estimates of potential market demand for retail uses in the Santa Rosa retail trade area as identified in the Demographic Profile.

A. Existing Retail Sales

Retail sales increased by a total of $1,281 million in the City of Santa Rosa during the 1994 to 2006 timeframe, growing from $1,369 million in 1994 to $2,650 million in 2006. Exhibit 6 provides a snapshot of the annual retail sales and year-to-year increase during that time period.

Exhibit 6
TAXABLE RETAIL STORE SALES
City of Santa Rosa
1994 to 2006



Source: California Board of Equalization

B. Existing Retail Leakage

The retail market gap displayed in Exhibit 7 weighs estimated potential sales or retail demand against estimated existing retail sales to determine the leakage or surplus factor for the Santa Rosa Market Area. Demand or potential retail sales is estimated based on household expenditure data generated by the Bureau of Labor Statistics Consumer Expenditure Survey and is customized for Santa Rosa's trade area households. Sales data is derived from the Census of Retail Trade, U.S. Census Bureau and updated with a variety of ESRI BIS demographic and business data bases. Retail leakage or, conversely, surplus, is estimated by measuring the difference between supply and demand. The comparison of supply and demand provides a sound and reasonable assessment of the current Santa Rosa market place.

Exhibit 7 indicates a leakage of sales in four of the ten retail categories: Furniture and Home Furnishings ($34.5 million), Electronics and Appliances ($20.3 million), Clothing and Accessories ($6.5 million) and Food Service and Drinking Places ($142.9 million). Together retail leakage $204.2 million. Retail surplus (i.e., sales greater than demand from market area residents) occur in the remaining six categories, with greatest surpluses in Food and Beverage Stores ($411.9 million) and Health and Personal Care Stores ($211.7 million). Surpluses total $952.9 million and indicate a net surplus of $748.7 million as an approximate summary of the existing retail supply and demand balance in the market area.

Keep in mind, however, that these figures reflect only the difference in actual and potential sales for the Santa Rosa *resident* market area and do not include demand generated by area employees, passers by and visitors. Also be mindful that due to retail competition throughout the Bay area, Santa Rosa trade area residents will always take a portion of their shopping dollars out of town. This is less true for convenience goods, such as grocery and drugstore items that are most often purchased close to home. However, some retail sectors which are supported by a broad cross-section of consumers such as restaurants—which are especially utilized by visitors—may have significantly higher demand than presented in Exhibit 7.

Exhibit 7
Existing Retail Supply/Demand Balance: Selected Categories
Santa Rosa Market Area
2006

NAICS	Supply (Retail Sales)	Demand (Spending Potential)	Difference Leakage (Surplus)
442: Furniture & Home Furnishings Stores	$248,648,077	$283,177,849	$34,529,772
443: Electronics & Appliance Stores	$149,464,268	$169,738,955	$20,274,687
444: Building Materials, Garden Equip. & Supply Stores	$349,567,185	$274,239,676	-$75,327,509
445: Food & Beverage Stores	$2,072,639,764	$1,660,687,342	-$411,952,422
446: Health & Personal Care Stores	$530,901,634	$319,200,373	-$211,701,261
448: Clothing & Clothing Accessories Stores	$419,239,083	$425,764,884	$6,525,801
451: Sporting Goods, Hobby, Book & Music Stores	$217,712,367	$134,437,762	-$83,274,605
452: General Merchandise Stores	$706,177,937	$652,817,593	-$53,360,344
453: Miscellaneous Store Retailers (florist, office supplies, gift stores, etc.)	$268,807,100	$151,505,304	-$117,301,796
722: Food Services & Drinking Places	$904,840,325	$1,047,761,911	$142,921,586
Total Leakage			**$204,251,846**

Source: ESRI BIS; Marketek

C. Retail Sales Potential and Supportable Space: Local Residents

This section estimates market support for retail space in the Santa Rosa trade area over time. The methodology utilizes expenditure potential[1] by type of merchandise to trade area population figures in order to obtain potential sales volume for trade area residents. Potential sales are divided among several merchandise and service categories: *shopper's goods, convenience goods, restaurants, entertainment and personal services*. Exhibit 8 specifies and defines the types of goods and services within several of these categories. For instance, "apparel" (part of shoppers goods) includes women's apparel, men's apparel, children's apparel, footwear, watches and jewelry.

Exhibit 8
SUMMARY OF MERCHANDISE AND SERVICE CATEGORIES

Merchandise/Service Categories	Types of Goods/Services
Apparel	Women's Apparel, Men's Apparel, Children's, Footwear, Watches & Jewelry
Home Furnishings	Furniture, Floor Coverings, Major and Small Appliances, Household Textiles, Floor Coverings, PC Software and Hardware, Housewares, Dinnerware, Telephones
Home Improvement	Maintenance and Remodeling Materials, Lawn & Garden
Misc. Specialty Retail	Pet Care, Books & Periodicals, Sporting Equipment, Toys & Hobbies, Video Cassettes & Games, TV/VCR/Cameras, Audio Equipment, Luggage, Eyeglasses
Groceries	Food at Home, Nonalcoholic Beverages at Home, Alcoholic Beverages, Smoking Products
Restaurants	Food Away From Home, Alcoholic Beverages
Entertainment	Admission to Movie/Theater/Opera/Ballet, Recreational Lessons, Participation in Clubs
Personal Services	Shoe Repair, Video Rental, Laundry & Dry Cleaning, Alterations, Clothing Rental & Storage, Watch & Jewelry Repair, Photo Processing & Supplies, Child Care

Source: ESRI BIS

[1] Consumer spending is estimated from the Bureau of Labor Statistics' Consumer Expenditure (CEX) Surveys. The CEX surveys have been used for over a century to provide data to study consumer spending and its effect on gross domestic product.

Exhibit 9 depicts potential retail sales for Santa Rosa market area households for the 2007-2012 time frame. Estimates of sales per square foot of store space derived from the Urban Land Institute's *Dollars and Cents of Shopping Centers* are used to convert adjusted potential sales to supportable space estimates. For example, in the case of apparel, potential sales of $555 million in the Santa Rosa trade area at sales per square foot of $229 will support 2.4 million square feet devoted to this type of merchandise.

Exhibit 9 shows that in 2007, there is the potential for approximately 31.0 million square feet of retail space based on potential expenditures of residents who reside full-time in the local trade area, which are estimated to total $6.7 billion.

Exhibit 9
RETAIL EXPENDITURE POTENTIAL
Santa Rosa Market Area
2007-2012

Merchandise or Service Category	Per Household Expenditure	Target Sales ($/SF)	2007 Retail Potential Sales	2007 Retail Potential Space (SF)	2012 Retail Potential Sales	2012 Retail Potential Space (SF)
Apparel	$2,176	$229	$555,478,400	2,425,670	$575,260,416	2,512,054
Home Furnishings	$1,445	$218	$368,872,375	1,692,075	$382,008,870	1,752,334
Home Improvement	$1,952	$154	$498,296,800	3,235,694	$516,042,432	3,350,925
Misc. Specialty Retail	$3,352	$237	$855,681,800	3,610,472	$886,154,832	3,739,050
Shoppers Goods			**$2,278,329,375**	**10,963,910**	**$2,359,466,550**	**11,354,363**
Grocery	$7,445	$429	$1,900,522,375	4,430,122	$1,968,204,870	4,587,890
Health & Personal Care	$1,335	$401	$340,792,125	849,856	$352,928,610	880,121
Convenience Goods			**$2,241,314,500**	**5,279,978**	**$2,321,133,480**	**5,468,011**
Restaurants	$3,943	$289	**$1,006,549,325**	**3,482,870**	**$1,042,395,138**	**3,606,904**
Entertainment	$3,909	$98	**$997,869,975**	**10,182,347**	**$1,033,406,694**	**10,544,966**
Personal Services	$725	$166	**$185,074,375**	**1,114,906**	**$191,665,350**	**1,154,611**
Total			**$6,709,137,550**	**31,024,010**	**$6,948,067,212**	**32,128,855**
Five Year Net Gain					**$238,929,662**	**1,104,845**

Sources: ESRI BIS; Urban Land Institute; Marketek, Inc.
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Retail space demand will continue to increase steadily with Santa Rosa's anticipated population growth. By 2012, potential local trade area sales of $6.9 billion will support 32.1 million square feet of retail space as displayed in Exhibit 9.

The net gain in both potential sales and square feet from 2007-2012 for the Santa Rosa trade area appears in the last row of Exhibit 9. By 2012, growth in the local residential population could support an increase of 1.1 million square feet in retail space demand across all key merchandise categories. As noted, these potential expenditures by residents may occur outside of the local or greater trade areas, based upon the competitive environment and absence of desirable goods and services locally.

D. Retail Spending Activity

The Spending Potential Index (SPI) is a measure of market activity developed by ESRI Business Information Solutions and correlates to actual dollars *spent* on certain goods and services by residents within a given market area. This information adds another dimension to the retail potential and lifestyle analyses and is helpful in identifying an appropriate business and merchandise mix for Santa Rosa shopping centers.

When the SPI is equal to 100 for a specific type of merchandise, consumers are spending at a rate equal to the national average. An SPI greater than 100 indicates that consumers are buying or spending above the national average. In other words, the SPI is an indicator of what prices consumers will pay and/or the level of discretionary income they are willing to devote to a particular good or service. Exhibit 10 shows the SPI of Santa Rosa trade area households for various types of goods and services. These figures are derived in part through the U.S. Department of Commerce Consumer Expenditure Survey.

The data presented in Exhibit 11 indicates that overall Santa Rosa trade area residents spend at a rate considerably *above* the national average, which is consistent with their higher household incomes. However in certain categories, such as apparel, spending is well below the national average. This may be due to broad selection of discount apparel stores, an over-supply of apparel merchandise, smart shopper behaviors or all of these reasons.

Exhibit 10
SPENDING POTENTIAL INDEX OF SELECTED GOODS AND SERVICES
Santa Rosa Market Area
2006

Merchandise/ Service Category	Market Area SPI
Apparel	81
Men's	87
Women's	75
Children's	92
Footwear	44
Watches & Jewelry	114
Apparel Products and Services	151
Computer	
Computer/Hardware for Home	114
Software/Accessories for Home	114
Entertainment & Recreation	112
Entertainment Fees & Admissions	115
Membership Fees	114
Sports Participation	117
Theater/Movies/Ballet/Opera	115
Sporting Events	113
Recreational Lessons	115
Television & Sound Equipment	109
Cable Television	109
Color Television	112
VCR/Video Camera/DVD Player	112
Video Cassettes and DVDs	111
Video Game Hardware/Software	108
Satellite Dishes	116
Video/DVD Rental	110
Audio Equipment	108
Rental & Repair of TV/Sound	110
Pets & Supplies	126
Toys & Games	108
Recreational Vehicles & Fees	119
Sports/Exercise Equip & Supplies	87
Photo Equipment & Supplies	111
Books/Magazines/Subscriptions	114
Food & Beverages	110
Groceries	110
Bakery & Cereal Products	110
Meats, Poultry, Fish & Eggs	110
Dairy Products	111
Fruits & Vegetables	113
Other Foods at Home	110
Meals at Restaurants	110
Alcoholic Beverages	111
Nonalcoholic Bev at Home	110
Financial Services	
Investments	137
Auto Loans	109
Health	
Nonprescription Drugs	111
Prescription Drugs	111
Eyeglasses and Contact Lenses	112
Home	
Home Improvement	
Maintenance/Remodeling Serv	119
Maintenance/Remodeling Supp	113
Household Furnishings	
Household Textiles	115
Furniture	113
Floor Coverings	122
Major Appliances	116
Housewares	93
Small Appliances	113
Luggage	115
Telephone & Accessories	46
Child Care	110
Lawn & Garden	114
Moving/Storage	120
Housekeeping Supplies	111
Insurance	
Homeowners/Renters	113
Vehicle	111
Life	112
Health	112
Personal Care Products	111
School Books & Supplies	107
Smoking Products	104
Transportation	
Vehicle Purchases	110
Gas & Oil	110
Vehicle Maintenance & Repair	114
Travel	
Air Fare	117
Hotels/Motels	115
Rental Cars	119
Food/Drink	115

Source: ESRI BIS

E. Market Potential Indicator

Market Potential Indicators (MPI) compare market area demand for a specific product or service to the average national demand for that product or service. ESRI Business Information Solutions calculates market potential based on consumer preferences and behavior by Community Tapestry market segment. An MPI of 100 indicates that individuals and/or households in the market area consume a particular product or service at the same level as the national average. An MPI over 100 represents demand above the national average and one below 100 indicates lower than average demand.

Among the 80 different purchasing categories listed in Exhibit 11, market area households reveal a propensity to purchase above the national average for the overwhelming majority (70%) of categories. In 40% of the categories, the index is 105 or higher, indicating a strong tendency to purchase those goods or services.

The categories with the highest numbers include: foreign and domestic travel, home improvement, PC purchases, live entertainment (theatre and music), housekeeping services, toys/games and books/periodicals. These and other categories represent market niches that should be further explored to ensure there is an adequate supply or selection within the Santa Rosa area.

Exhibit 12 presents similar data regarding visits to restaurants for the Santa Rosa market area. As shown, adults living in the market area tended to visit family restaurants or steak houses at frequencies slightly above the national average and fast food restaurants at a frequency slightly below the national average. Favorite family restaurants include Marie Callender’s, Tony Roma’s, Red Robin and the Cheesecake Factory. Visits to buffet style restaurants such as Golden Corral, Ryans and Ponderosa were made at frequencies well below national averages. Favorite fast food restaurants include Carl’s Jr., Del Taco and El Pollo Loco.

Exhibit 11
MARKET POTENTIAL INDEX FOR SELECTED RETAIL CONSUMER BEHAVIOR
Santa Rosa Market Area
2006

Product/ Consumer Behavior	MPI
Apparel	
Bought any men's apparel	103
Bought any women's apparel	100
Bought apparel for child <13 in last 6 months	95
Bought any shoes	101
Bought any costume jewelry	102
Bought any fine jewelry	101
Bought a watch	98
Beverages	
Drank bottled water/seltzer in last 6 months	106
Drank regular cola in last 6 months	95
Drank beer/ale in last 6 months	104
Cameras & Film	
Bought any camera	104
Bought film	106
Computers	
HH owns a personal computer	108
HH spent <$500 on home PC	100
HH spent $500-$999 on home PC	104
HH spent $1000-$1499 on home PC	107
HH spent $1500-$1999 on home PC	108
HH spent $2000-$2999 on home PC	111
HH spent $3000+ on home PC	119
Convenience Stores	
Shopped at convenience store in last 6 months	101
Bought cigarettes at conv. store in last 30 days	90
Bought gas at convenience store in last 30 days	92
Spent at convenience store in last 30 days: <$20	112
Spent at conv. store in last 30 days: $20-39	96
Spent at convenience store in last 30 days: $40+	94
Entertainment	
Attended movies in last 6 months	106
Went to live theater	120
Attended a music performance	110
Went to a bar/night club	103
Gambled at a casino	109
Rented 1 video tape in last 30 days	102
Rented 1 DVD in last 30 days	104
Purchased 1 DVD in last 30 days	102
Spent <$50 on toys/games	98
Spent $50-$99 on toys/games	110
Spent $100-$199 on toys/games	93
Spent $200-$499 on toys/games	98
Spent $500+ on toys/games	102
Grocery	
Used beef (fresh/frozen) in last 6 months	98
Used bread in last 6 months	100
Used poultry (fresh or frozen) in last 6 months	99

Product/ Consumer Behavior	MPI
Grocery (continued)	
Used seafood (fresh or frozen) in last 6 months	101
Used fresh fruit/vegetables in last 6 months	101
Used fresh milk in last 6 months	99
Health	
Exercise at home 2+ times per week	107
Exercise at club 2+ times per week	113
Visited a doctor	102
Home	
HH had any home improvement	105
HH used housekeeper/maid/cleaning service	120
HH purchased any HH furnishing	105
HH purchased bedding/bath goods	100
HH purchased cooking/serving product	100
HH bought any kitchen appliance	101
Pets	
HH owns any pet	102
HH owns any cat	103
HH owns any dog	99
Reading Materials	
Bought book	108
Read any daily newspaper	105
Heavy magazine reader	102
Telephones & Service	
HH owns in-home cordless telephone	105
HH owns cellular phone	105
HH avg. monthly long distance phone bill: <$16	98
HH avg. monthly long distance phone bill: $16-25	110
HH avg. monthly long distance phone bill: $26-59	109
HH avg. monthly long distance phone bill: $60-99	111
HH avg. monthly long distance phone bill: $100+	112
Television & Sound Equipment	
HH owns 1 TV	95
HH owns 2 TVs	104
HH owns 3 TVs	103
HH owns 4+ TVs	98
HH subscribes to cable TV	103
HH purchased audio equipment	95
HH purchased camcorder	100
HH purchased CD player	101
Travel	
Domestic travel	110
Took 3+ domestic trips by plane	130
Spent on domestic vacations: $3000+	128
Foreign travel in last 3 years	121
Took 3+ foreign trips by plane in last 3 years	135
Spent on foreign vacations: $3000+	135

Source: ESRI BIS

Exhibit 12
MARKET POTENTIAL INDEX FOR SELECTED RESTAURANT CONSUMER BEHAVIOR
Santa Rosa Market Area
2006

Restaurant Type/ Consumer Behavior	MPI
Family Restaurant/Steak House	
Went in Last 6 Months	102
Went less than 2 times in last month	100
Went 2-3 times in last month	102
Went 4 or more times in last month	104
Meal	
Breakfast	106
Lunch	104
Snack	113
Dinner	103
Time of Week	
Weekday	108
Weekend	99
Restaurant	
Applebee`s	96
Bakers Square	113
Bennigan`s	98
Big Boy	80
Bob Evans Farm	86
Cheesecake Factory	121
Chi-Chi`s	86
Chili`s Grill & Bar	110
Cracker Barrel	94
Denny`s	115
Don Pablo`s	102
Friendly`s	106
Golden Corral	83
Intl House of Pancakes	108
Lone Star Steakhouse	101
Marie Callender`s	145
Old Country Buffet	97
Olive Garden	112
Outback Steakhouse	109
Perkins	89
Ponderosa	83
Red Lobster	95
Red Robin	124
Ruby Tuesday	98
Ryan`s	76
Shoney`s	81
Sizzler	115
T.G.I. Friday`s	104
Tony Roma`s	125
Fast Food/Drive-In	
Went in Last 6 Months	100
Went less than 2 times in last month	110
Went 2-3 times in last month	102
Went 4 or more times in last month	94

Restaurant Type/ Consumer Behavior	MPI
Fast Food/Drive-In (continued)	
Meal	
Breakfast	95
Lunch	102
Snack	101
Dinner	97
Time of Week	
Weekday	100
Weekend	96
Restaurant	
A & W	89
Arby`s	91
Blimpie Subs & Salads	96
Boston Market	111
Burger King	97
Captain D`s	81
Carl`s Jr.	141
Checkers	93
Chick-fil-A	88
Chuck E. Cheese`s	91
Church`s Fried Chicken	69
Dairy Queen	90
Del Taco	135
Domino`s Pizza	93
Dunkin` Donuts	110
El Pollo Loco	146
Fuddruckers	109
Hardee`s	74
Jack in the Box	118
KFC	96
Krystal`s Hamburgers	88
Little Caesars	84
Long John Silver`s	74
McDonald`s	98
Papa John`s	94
Pizza Hut	91
Popeyes	87
Sonic Drive-In	86
Steak n Shake	89
Subway	105
Taco Bell	101
Wendy`s	94
Whataburger	91
White Castle	89
Dining Choice	
Eat in	102
Home delivery	95
Take-out/drive-thru	98
Take-out/walk-in	104

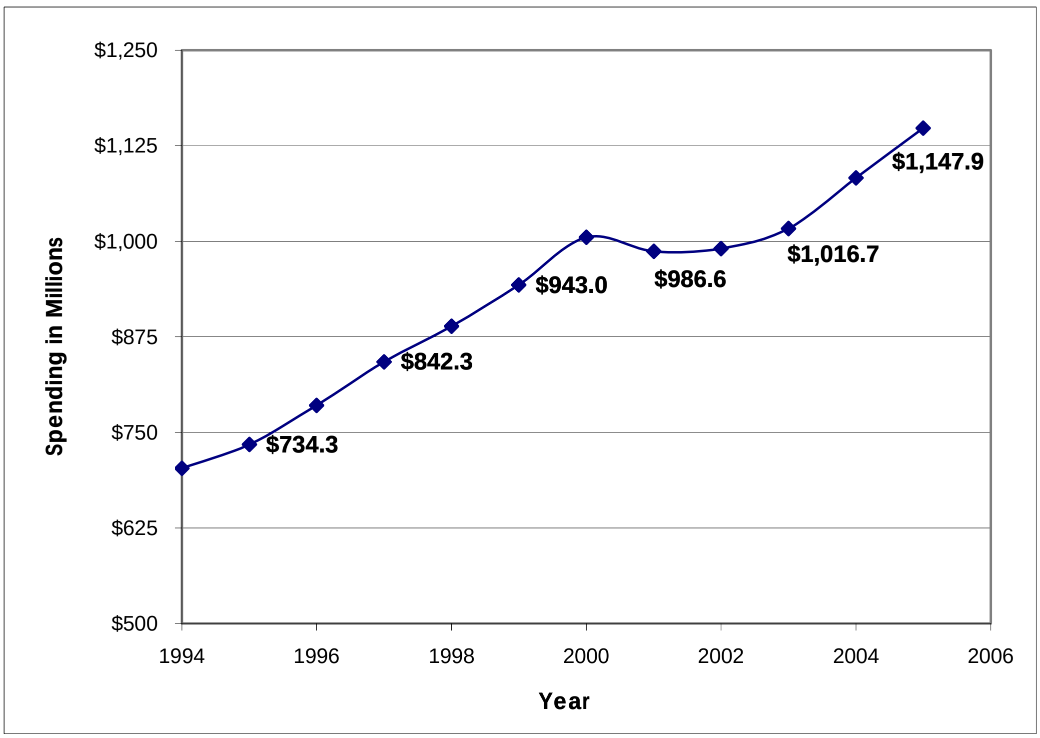
Source: ESRI BIS

F. Visitor Market

The Santa Rosa area has a number of visitor attractors in town and nearby to entice the tourist market, including the historic downtown, numerous annual art and wine events, the Sonoma County Fair and over 200 wineries in Sonoma County. This market has an important influence on retail activity throughout the market area.

The California Travel and Tourism Commission utilizes data provided by Dean Runyan Associates to estimate annual visitor spending by county. Sonoma County's visitor spending has grown rapidly over the past decade, from $703 million in 1994 to over $1.1 billion in 2005, increasing 4.6% on an average annual basis, compared to 4.7% for the state as a whole. See Exhibit 13 below.

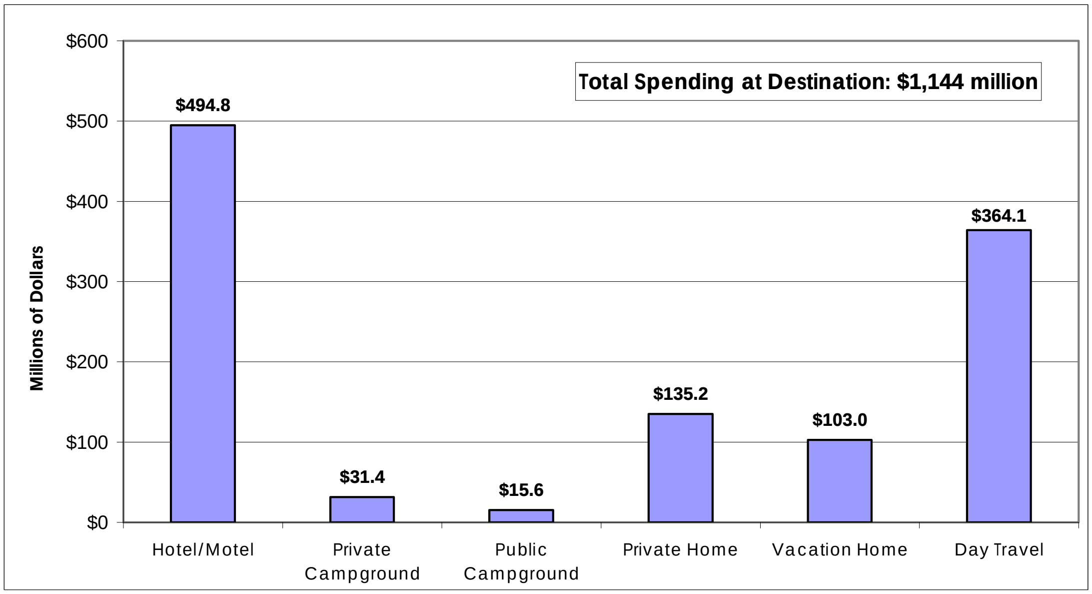
Exhibit 13
TRAVEL SPENDING
Sonoma County
1994 to 2005



Source: Dean Runyan Associates

Exhibit 14 distributes visitor travel impacts by traveler accommodations. Overnight visitors spending the night in hotel/motel accommodations have the greatest economic impact in Sonoma County, comprising 43.2% of total visitor spending. Spending by day travelers makes up $364.1 million, or 31.8% of total spending. Visitors staying with friends or family in a private home generate 11.8% of total spending in Sonoma County.

Exhibit 14
TRAVEL IMPACTS BY ACCOMMODATION
Sonoma County
2005



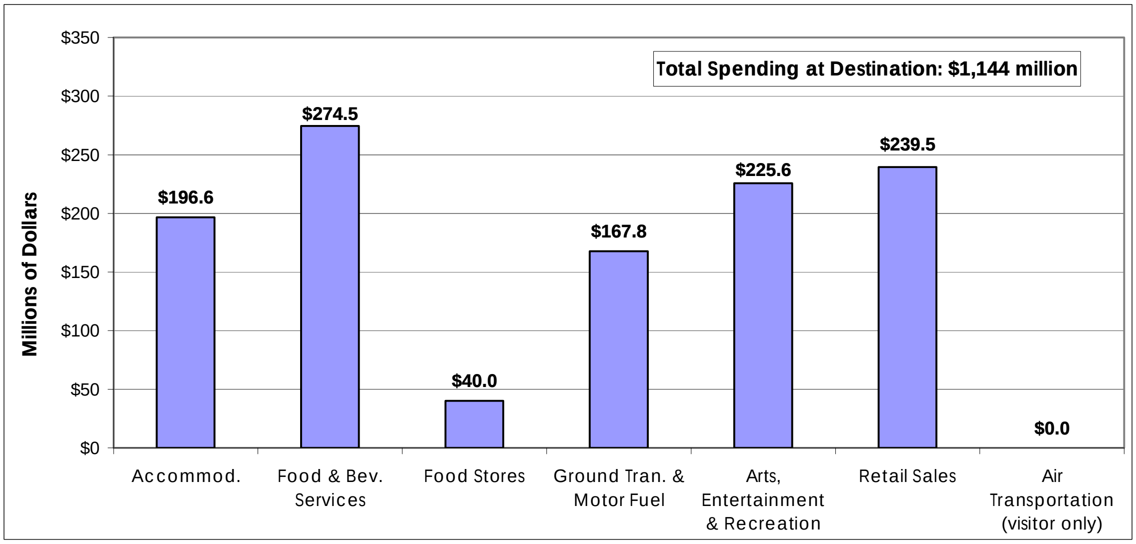
Source: Dean Runyan Associates

The distribution of visitor spending by commodities purchased in Sonoma County is provided in Exhibit 15. Eating out (Food & Beverage Services) is the largest spending category with $274.5 million tallied during the 2005 travel year. Spending on retail sales and arts/entertainment/recreation is also significant at $239.5 million and $225.6 million, respectively. While it may not always be promoted as one of the leading visitor attractions of a community, the diversity of shopping and dining experiences is a key success ingredient for most destinations.

What visitors want includes:

- Unique, one of a kind goods such as arts, crafts, gifts, galleries
- Gifts/antiques/reproductions
- Convenience goods—gas, grocery, etc
- Recreational/sporting goods and services
- Apparel & accessories – unique, often seasonal
- Restaurants and unique eating places
- Variety of cuisine and prices

Exhibit 15
TRAVEL IMPACTS BY COMMODITY
Sonoma County
2005



Source: Dean Runyan Associates

APPENDIX A

Top Lifestyle Categories in the Santa Rosa Market Area

Urban Chic, 12.9% of Households

Demographic: *Urban Chic* residents are professionals who live a sophisticated, exclusive lifestyle. More than half of these households are married-couple families, similar to proportions in the United States. Fewer than half of them have children. Unlike the United States, there is a smaller proportion of single-parent families and a higher proportion of single-person and shared households. The population is slightly older, with a median age of 41.4 years, and the diversity is slightly below average compared to the United States.

Socioeconomic: A median household income higher than $84,800 and a median net worth of approximately $262,700 enable the *Urban Chic* segment to live a stylish lifestyle. The population is well educated: more than half of the residents aged 25 years and older hold a bachelor's or graduate degree. They pursue a variety of occupations, especially management, professional, and sales positions, in industry sectors such as scientific and technical services, educational services, and health care. One-fifth of these households earn income from self-employment ventures, and 55 percent receive additional income from investments.

Residential: *Urban Chic* neighborhoods parallel the United States for housing type and ownership. The setting is urban, and homes range from pre-World War II to post-2000, high-rise to single family. Sixty-three percent of houses are single-family dwellings; 27 percent are apartments in multiunit structures. Homeownership is at 70 percent. Median home value is $633,000, more than three and one-half times that of the U.S. median. Major concentrations of *Urban Chic* households are found on the coasts of northern and southern California and along the East Coast.

Preferences: *Urban Chic* residents focus on lifestyle more than ambience. They travel extensively, visit museums, attend dance performances, shop at upscale establishments, and do volunteer work. They are more inclined to buy dress clothes than casual wear, but they purchase apparel for various pursuits such as running, hiking, golf, and skiing. In addition to buying foods specifically labeled as natural or organic, they take a multitude of vitamins and dietary supplements. They prefer imported vehicles, but domestic wine, and truly appreciate a good cup of coffee.

The busy, computer-savvy *Urban Chic* residents are connected. They not only use PCs extensively, but they also read the manuals. They access the Internet to arrange travel; check their investment portfolios; trade stocks; and purchase books, clothes, flowers, and tickets for concerts and sporting events. They own stock worth $75,000 or more; use stock rating services; and own shares in tax-exempt funds, mutual funds, and money market funds.

Urban Chic residents are one of the Community Tapestry top markets for listening to classical music, all-talk, and public radio. They are avid readers of newspapers and books. When reading magazines, they favor airline, epicurean, travel, and fashion publications. TV viewing is not as prevalent in this market, but they have their favorite shows such as NOVA, *Gilmore Girls,* and *Alias.* Favorite cable stations are Bravo and the Independent Film Channel.

Rural Resort Dwellers, 7.0% of Households

Demographic: Preferring milder climates and pastoral settings, *Rural Resort Dwellers* residents live in rural non-farm areas throughout the United States. The chief household type (39 percent of households) for this segment is a married couple with no children living at home. Other significant household types include singles who live alone (24 percent) and married couples with children (21 percent). This somewhat older segment has a median age of 46 years. Thirty-five percent of the population and half of the householders are aged 55 years or older. There is little diversity in these communities: most residents are white.

Socioeconomic: Although retirement officially looms for many *Rural Resort Dwellers* residents, most of them still work. The median household income is $45,600, slightly below the U.S. level. Six percent of all who are employed work at home, twice that of the U.S. percentage. Because of the higher-than-average presence of residents aged 65 or older, receipt of retirement income and Social Security benefits is common for these households. More than two-fifths of households collect investment income; approximately one-fifth earn self-employment income. More than half of the population aged 25 years and older hold a bachelor's or graduate degree or have attended college, comparable to the U.S. level. The median net worth is $99,700, slightly below the U.S. median.

Residential: Although these low-density communities are small, households are growing at 1.7 percent annually. Typical of areas with rustic appeal, the household inventory features single-family structures (78 percent) and mobile homes (15 percent). Homeownership is at 83 percent, and the median home value is $181,600. A significant inventory of seasonal housing exists in these communities; the *Rural Resort Dwellers* market has the highest percentage of seasonal housing of all the Community Tapestry segments, 18 times higher than the national level.

Preferences: Modest living and simple consumer tastes describe *Rural Resort Dwellers* residents. Gardening tools and equipment are an integral part of maintaining their properties. They often work on home remodeling and improvement projects. Their simple lifestyle also includes baking and preparing home-cooked meals. Many households have pets, particularly dogs. The rural setting means higher-than-average numbers of riding lawn mowers and satellite dishes. Many households also own multiple vehicles including a truck. *Rural Resort Dwellers* residents actively participate in local civic issues. They enjoy boating, hunting, fishing, snorkeling, and canoeing. They listen to country music on the radio. The older population focuses on age-related issues such as general health care, prescription medications, and financial and retirement-related matters. Many *Rural Resort Dwellers* residents actively manage or plan their investments and retirement savings. IRA accounts are more popular than 401(k) plans with this high proportion of self-employed residents.

Connoisseurs, 6.8% of Households

Demographic: The *Connoisseurs* segment is a somewhat older market, with a median age of 45.4 years. Seventy percent of these households are married-couple families. Although residents appear closer to retirement than child-rearing age, 30 percent of the households consist of married couples with children living at home. Ethnic diversity is negligible.

Socioeconomic: With a median net worth of $357,300, the *Connoisseurs* market is second only to Tapestry's *Top Rung* segment in affluence. This market is well educated; more than 60 percent of the population aged 25 years and older hold a bachelor's or graduate degree. Employed residents earn wages from high-paying management, professional, and sales jobs. Many are self-employed, at a rate twice that of the national average. They have a median household income of $118,500, and their salaries are supplemented with income from interest, dividends, and rental properties.

Residential: *Connoisseurs* neighborhoods tend to be older bastions of affluence, where the median home value is $664,500, and growth is slow. Most homes are single-family structures built before 1970. Ninety-one percent of these households own their homes. *Connoisseurs* neighborhoods are located in densely populated city centers and in established affluent areas. Commuting is a way of life; compared to the U.S. average, more *Connoisseurs* residents live in a different state from where they work.

Preferences: *Connoisseurs* residents may be second to *Top Rung* in wealth, but they rank highest for conspicuous consumption. Their homes include the latest upgrades. However, these residents are not do-it-yourselfers. They hire contractors for their home improvement and remodeling projects, lawn care and landscaping services for property upkeep, and professional household cleaning services. Households have burglar alarms for home security, and residents belong to AAA auto club for vehicle security. *Connoisseurs* residents will grind their own coffee beans, which are probably the Starbucks brand. It's not surprising that this is one of the top markets for owning or leasing a luxury car or convertible.

Exercise is a priority for these residents: they work out weekly at a club or other facility, ski, play golf, snorkel, play tennis, do yoga, and jog. They also spend money on the latest sports attire to look good while exercising. *Connoisseurs* residents enjoy foreign and domestic travel as well as going to museums, the theater, and dance performances. They use the Internet to make travel plans, track and trade their investments, and shop online. They order from the L.L. Bean and Lands' End catalogs and shop at Nordstrom, Lord & Taylor, Eddie Bauer, Macy's, and Banana Republic.

Connoisseurs residents are well read. They prefer reading history books, mysteries, and biographies and read two or more daily newspapers. Preferred magazine types are airline, epicurean, travel, finance, and business. Residents listen to classical music as well as public, all-news, news/talk, all-talk, and sports radio. Active in their communities, they work for political candidates or parties, write or visit elected officials, and participate in local civic issues.

Senior Sun Seekers, 5.3% of Households

Demographic: With an annual household growth rate of 2.1 percent, the *Senior Sun Seekers* market is one of the faster growing markets. With a median age of 51.4 years, this segment boasts the third oldest population of all the Community Tapestry segments. Approximately 62 percent of householders are aged 55 years or older. Married couples without children and singles comprise 70 percent of all households. This segment is not ethnically diverse; nearly 90 percent of the residents are white.

Socioeconomic: Many *Senior Sun Seekers* residents are retired or are anticipating retirement. The median household income is $35,300. Labor force participation is at 44 percent; more than one-half of the households receive Social Security benefits. Approximately one-third of the households also receive retirement income. The median net worth for this segment is $84,300. Educational attainment levels are below the U.S. levels; only 12 percent of residents aged 25 years and older hold a bachelor's or graduate degree. However, 29 percent have attended college.

Residential: These neighborhoods are located mainly in the South and West. Forty-three percent of the households are found in Florida alone. Escaping from cold winter climates, many *Senior Sun Seekers* residents have permanently relocated to warmer areas; others are "snowbirds" that move south for the winter. This market has the third highest proportion of seasonal housing of all the Community Tapestry segments. Favorite areas are growth markets, primarily in Florida and portions of California and Arizona. Homeownership is at 84 percent; the median home value is $107,500. Single-family dwellings comprise almost half of the housing inventory; mobile homes comprise nearly 40 percent. Most housing was built after 1969.

Preferences: *Senior Sun Seekers* residents frequently take car trips and prefer to stay in reasonably priced motels or hotels such as Motel 6, Super 8, and Comfort Inn. Many are prepared for roadside emergencies with memberships in auto clubs. They eat out frequently at family restaurants, steakhouses, and fast-food establishments. They own all kinds of insurance including life, travel, long-term care, and personal liability. They consult with a financial advisor about their finances. Homeowners invest time and limited funds in home improvement and remodeling tasks such as replacing wallpaper and fencing the yard. They use the Yellow Pages to locate plumbers, roofers, moving/storage companies, and physicians. Many householders hire lawn and property maintenance services; however, some enjoy gardening and caring for the lawn themselves. Many residents are members of veterans' clubs or fraternal orders and do volunteer work through them. For health reasons, these seniors control their diet and take a variety of vitamins and dietary supplements. When they need to purchase an item at a nearby convenience store, they usually choose Circle K.

Television is a part of their daily routine; residents tune in to a wide variety of programs including game shows, dramas, news programs, home improvement shows, sitcoms, and golf tournaments. The Golf Channel is their cable station of choice. With plenty of leisure time, *Senior Sun Seekers* residents enjoy reading, especially boating magazines, romance novels, mysteries, and religious books. They like to rent videotapes or DVDs, with a preference for science fiction. They listen to the radio infrequently, but when they do, they listen to jazz. Leisure activities include playing backgammon and bingo, working crosswords, gambling at casinos, attending professional football games, visiting theme parks, and fishing.

In Style, 4.7% of Households

Demographic: *In Style* residents live in the suburbs but prefer the city lifestyle. Professional couples predominate. Household distributions by type are similar to those of the United States. Married-couple families represent 54 percent of households. Households without children (married couples without children, single-person, shared, and other family types), comprise more than two-thirds of all households. This count is increasing. The population is slightly older, with a median age of 39.3 years. There is little racial diversity in this market.

Socioeconomic: *In Style* residents are prosperous, with a median household income of $67,800 and a median net worth of $186,600 (more than one and one-half times that of the national median). Wages and salaries provide income for 84 percent of the households; 47 percent also receive some form of investment income. *In Style* residents are more educated compared to the U.S. level: nearly 40 percent of the population aged 25 years and older hold a bachelor's or graduate degree, and 31 percent have attended college. At 70 percent, labor force participation is above average, and the unemployment figure of 4 percent is low. Forty-five percent of employed residents have professional or management positions, with above average concentrations in the finance, insurance, technical services, and education industry sectors.

Residential: *In Style* residents live in affluent neighborhoods of metropolitan areas, scattered all over the country. More suburban than urban, they nevertheless embrace an urbane lifestyle; many prefer townhomes (14 percent of households) to traditional single-family dwellings (56 percent of households). The median home value is $231,800. Homeownership is just slightly above average at 72 percent. More than three-fourths of the housing units were built in the last 30 years.

Preferences: Computer savvy, *In Style* residents use the Internet daily. Online activities include obtaining information about real estate, new or used cars, medical, general news, or sports; tracking investments; trading stocks; making travel arrangements; and buying computer hardware or software, clothes, toys, and concert or sporting events tickets. They use a financial planner and invest in stocks, bonds, money market funds, money market bank accounts, and securities. Looking toward the future, residents have long-term care and universal life insurance and contribute to IRA and 401(k) retirement accounts. To maintain their homes, they hire professional household cleaning services and contractors.

To keep fit, residents exercise, follow a healthy diet method for weight control, buy food specifically labeled as low fat, and take vitamins. They enjoy going to the beach, snorkeling, playing golf, and casino gambling. They favor domestic travel and keep golf in mind when choosing a vacation destination. *In Style* residents read boating, business, and finance magazines and listen to news-talk, classical, and alternative radio formats. TV viewing includes bicycle racing, ski jumping, and golf, so it is not surprising that the Golf Channel is a favorite cable station.

Aspiring Young Families, 4.7% of Households

Demographic: Most *Aspiring Young Families* residents are young, startup families, a mix of married-couple families with and without children and single parents with children. The average family size is 3.13, near the U.S. average. Approximately two-thirds of the households are families, 27 percent are single-person households, and 9 percent are shared. Annual population growth is 1.7 percent, higher than the U.S. growth. The median age is 30.4 years; nearly one-fifth of residents are in their 20s. This market is ethnically diverse. Although most residents are white, other race groups are also represented. Seventeen percent of residents are black, and 16 percent are of Hispanic origin.

Socioeconomic: The median household income is $47,200, and income is derived mainly from wages. The median net worth for this market is $94,300. Approximately 60 percent of employed residents have professional, management, sales, or office/administrative support positions. Overall, 85 percent of residents aged 25 years and older have graduated from high school, 35 percent have attended college, and 22 percent hold a bachelor's or graduate degree.

Residential: *Aspiring Young Families* neighborhoods are located in the large, growing metropolitan areas primarily in the South and West, with the highest state concentrations in California, Florida, and Texas. Although almost three-fourths of the households are in the South and West, one-fifth of the housing is located in the Midwest. Half of the households are occupied by renters, half by homeowners. Residents live in moderately priced apartments, single-family houses, and startup townhomes. The average gross rent is approximately $674 per month, just slightly higher than the U.S. average. The median home value is $142,900. Most of the housing units were built after 1969.

Preferences: *Aspiring Young Families* residents spend much of their discretionary income on their children and their homes. They buy baby and children's products and toys and furniture for the home. Electronic purchases include cameras and video game systems. Residents spend time online visiting chat rooms, searching for employment, playing games, researching real estate, and making travel arrangements. They carry multiple life insurance policies.

Vacations are likely to include visits to theme parks. Leisure time includes dining out, dancing, going to the movies, and attending professional football games. Other activities include fishing, weight lifting, playing basketball, and watching dramas or horror flicks on video or DVD. Residents listen to urban stations and professional basketball games on the radio. When watching TV, they favor sports, news, and entertainment programs and courtroom TV shows. When eating out, *Aspiring Young Families* residents prefer family restaurants such as Tony Roma's and IHOP and fast-food establishments such as Checkers and Jack-in-the-Box.

Urban Villages, 4.3% of Households

Demographic: *Urban Villages* neighborhoods are the multicultural enclaves of young families, unique to densely populated cities in "gateway" states located primarily in California. The average family size of 4.12 is the second largest of all the Tapestry segments. A mix of married couples with and without children, single-parent families, and other families dominate this market. Approximately 40 percent of households consist of married couples with children. The median age is 30.7 years. The diversity of residents is especially high; virtually every race, as well as a multitude of cultures, lives in these neighborhoods. Asian populations comprise 10 percent of the total (two and one-half times the national percentage). Sixty percent of the population is Hispanic, primarily of Mexican origin. Slightly more than one-third of the population is foreign born.

Socioeconomic: Approximately 36 percent of *Urban Villages* residents aged 25 years and older have not completed high school, 24 percent are high school graduates but have not attended college, and 40 percent have some college credits or earned a degree. The labor force participation rate is slightly lower than the U.S. rate, and unemployment is slightly higher. Many households have two wage earners, most of whom are employed in the manufacturing, health care, retail trade, construction, and educational services industry sectors. The median household income is $56,200, and the median net worth is $123,300.

Residential: Eighty-four percent of *Urban Villages* households are located in California. Most homes are older, single-family structures. Approximately two-thirds of the housing units were built before 1970. The homeownership rate is 73 percent, and the median home value is $355,600. Only about 12 percent of households live in apartments, and vacancy rates barely support turnover at less than 3 percent. A typical household owns multiple vehicles; 27 percent own three or more.

Preferences: Purchases for family and home are priorities in the household budgets of *Urban Villages* residents. Because most of their housing is older, residents are remodeling and repairing, especially doors, flooring, windows, and roofing. Spending for groceries, baby products, and children's apparel is typical. Their large families dictate the average amount of $150 or more spent during weekly trips to grocery stores such as Ralphs and Vons. When traveling, Mexico is a popular destination.

Leisure time is a family affair. Possibly by virtue of proximity, this is the top market for visiting Disneyland in California. Trips to Sea World and Six Flags are regular outings also. *Urban Villages* residents like to play soccer and tennis, go to the movies, and eat out. When dining out, residents frequent fast-food restaurants such as El Pollo Loco, Del Taco, and Carl's Jr. as well as family restaurants or steakhouses such as Sizzler and Marie Callender's.

Urban Villages residents rent foreign videos or DVDs, listen to Hispanic and variety radio formats, and watch soccer on TV. Favorite regular and syndicated TV shows include *Alias, Smallville, 3rd Rock from the Sun,* and *People's Court.* Recent purchases for this market include pagers, answering machines, disposable cameras, video game systems, MP3 players, and big-screen TVs.

International Marketplace, 3.6% of Households

Demographic: Located primarily in cities in "gateway" states on both U.S. coasts, *International Marketplace* neighborhoods are developing urban markets with a rich blend of cultures and household types. The population is young, with a median age of only 30.4 years. Approximately 70 percent of households are occupied by families. Married couples with children and single parents with children represent 44 percent of these households. Of all the Community Tapestry segments, *International Marketplace* is in the top five most diverse markets. A little more than half of the population is Hispanic. One in nine residents is Asian (nearly three times the national level), and 7 percent of residents are two or more races (more than twice the U.S. percentage). This market has a high proportion of immigrants, many of whom are recent arrivals.

Socioeconomic: One in five *International Marketplace* households is linguistically isolated (household members do not speak English very well). Labor force participation is at 62 percent, just below the national average. Employed residents work jobs in industries such as manufacturing, retail trade, health care, and other services. Unemployment is high at 10 percent. Approximately 82 percent of households derive income from wages; some households receive Supplemental Security Income or public assistance income. The median household income is $42,600; the median net worth is $98,200. College and graduate school enrollment is a bit above the U.S. average, but educational attainment levels are below U.S. levels.

Residential: *International Marketplace* represents older urban neighborhoods, densely settled microcosms in the largest U.S. cities such as New York City and Los Angeles. Most of the households are located in California and northeastern states. Population density is nearly 10,000 persons per square mile. A typical family rents an apartment in an older, multiunit structure, and because renters dominate this market, homeownership is only 34 percent. The median home value is $314,500. Most of the housing units were built before 1970.

Preferences: Home and hearth products are not the first consumer spending considerations for *International Marketplace* residents. Family is their priority. They buy medical insurance, groceries, diapers, and children's apparel. Keeping in touch with families abroad, either by long-distance calls or traveling, is also important. However, they are mindful of how much they spend for these items. Because of the larger-than-average household size and higher cost of living in urban centers, they must watch their expenditures carefully. Target is their favored department store, followed by Wal-Mart and Kmart. They also shop frequently at Macy's and Marshalls. They rely heavily on the convenience of 7-Eleven and other similar convenience stores.

Newspapers and magazines are not the best media to reach these households. Television and radio are more effective. Although their cable subscription rate is lower than the U.S. average, they enjoy watching television. They are loyal listeners of contemporary hit, Hispanic, and urban radio formats. They are movie buffs, watching either video or cinema, and they enjoy dining out. Domestic and imported beer is popular in this market. Since foreign and domestic car manufacturers are equally appealing to them, they are just as likely to own a Toyota as a Ford.

Main Street, U.S.A., 3.4% of Households

Demographic: *Main Street, USA* neighborhoods are a mix of household types, similar to the U.S. distribution. Approximately half of the households are composed of married-couple families, nearly one-third are single-person or shared households, and the rest are single-parent or other family households. The median age of 36.3 years matches the U.S. median. The majority of these residents are white.

Socioeconomic: The median household income for this market is a comfortable $51,200. Income is mainly derived from wages. The proportion of households with income from other sources is similar to the U.S. distribution. Named appropriately, it is not surprising that the *Main Street, USA* market also exhibits occupation and industry distributions similar to the United States. The median net worth is $120,000. Approximately one-fifth of residents aged 25 years and older have earned a bachelor's or graduate degree; 30 percent have attended college.

Residential: *Main Street, USA* neighborhoods are a mix of single-family homes and multiunit dwellings found in the suburbs of smaller metropolitan cities, mainly in the Northeast, West, and Midwest. Sixty-one percent of households are single-family homes, matching the U.S. percentage. Nearly two-thirds of the housing was built before 1970. Homeownership is at 66 percent; the median home value is $190,200.

Preferences: Residents of *Main Street, USA* are active members of their communities, participating in local civic issues and working as volunteers. They take trips to the beach, visit theme parks, and occasionally go on domestic vacations. In the evenings, they might eat out or play billiards at their favorite bar. Friendly's and Red Robin are their favorite family restaurants.
Many residents prefer to go bowling or ice skating, play chess, or rent a movie. For exercise, they use their stationary bikes and take aerobics. They listen to ice hockey games as well as classic hits and variety stations on the radio. Favorite TV shows include *Diagnosis Murder, 7th Heaven,* and *Malcolm in the Middle.*

They use the Internet to play games, visit chat rooms, or search for employment; however, shopping online is growing in popularity. If they do not have access at home, they may access the Internet at school or at the public library. They rely extensively on the Yellow Pages to find restaurants, stores, contractors, and more. Householders invest in small home remodeling and improvement projects. Residents would probably finish the work themselves instead of hiring an outside contractor. To complete the jobs, they purchase tools and supplies from Home Depot or Ace Hardware. Residents maintain their lawns and gardens by planting new bulbs, fertilizing, and using insecticide regularly.

Exurbanites, 3.4% of Households

Demographic: *Exurbanites* residents live beyond the urban fringe, preferring open space with affluence. Empty nesters (married couples with no children living at home) comprise 40 percent of these households, yet married couples with children occupy 32 percent. Half of the householders are between 45 and 64 years old. Their median age of 43.6 years places these residents directly between paying college expenses and caring for elderly parents. Their lifestage is as important to understanding this market as their lifestyle. There is little ethnic diversity; most residents are white.

Socioeconomic: At 66 percent, labor force participation for the *Exurbanites* market is above average. Residents are educated: more than 40 percent of the population aged 25 years and older hold a bachelor's or graduate degree, and more than 30 percent have attended college. They are also well employed. Approximately half of employed persons hold professional or management positions. The median net worth is $259,000, more than twice that of the national median. The median household income is $83,200. More than 20 percent of households draw retirement income, and 57 percent of households receive additional income from investments.

Residential: Although *Exurbanites* households are growing by almost 1.8 percent annually, these are not the newest neighborhoods. Recent construction comprises only 22 percent of the housing stock. However, 70 percent of the housing units were built after 1969. Most homes are single-family structures. The median home value is approximately $255,900, more than one and one-half times that of the national median. Exurban living is not supported by public transportation. Nearly 80 percent of households own at least two vehicles. The average travel time to work for this market is comparable to the U.S. average.

Preferences: Because of their lifestage, *Exurbanites* residents focus on financial security. They consult with financial planners; have IRA accounts; own shares in money market funds, mutual funds, and tax-exempt funds; own common stock; and track their investments online. Between long-term care insurance and substantial life insurance policies, they are well insured. Many have home equity lines of credit.

Exurbanites residents work on their homes, lawns, and gardens. To enhance their properties, they purchase garden and lawn care products, shrubs, and plants. Many home improvement tasks, such as interior or exterior painting, are accomplished by a household member, although contractors are hired for some work. They own all kinds of tools, such as saws, sanders, and wallpaper strippers, to help them complete their projects. Leisure activities include boating, hiking, kayaking, playing Frisbee, photography, and bird-watching.

Exurbanites residents travel, typically within the United States, and enjoy hiking, playing golf, and visiting national parks on vacation. They listen to public radio and donate to PBS. Participation in civic activities includes addressing public meetings and doing volunteer work. Many are members of fraternal orders and charitable organizations.