



S A N T A R O S A , C A L I F O R N I A



RETAIL MARKET ASSESSMENT UPDATE

February 2010

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Retail Market Assessment Santa Rosa, California

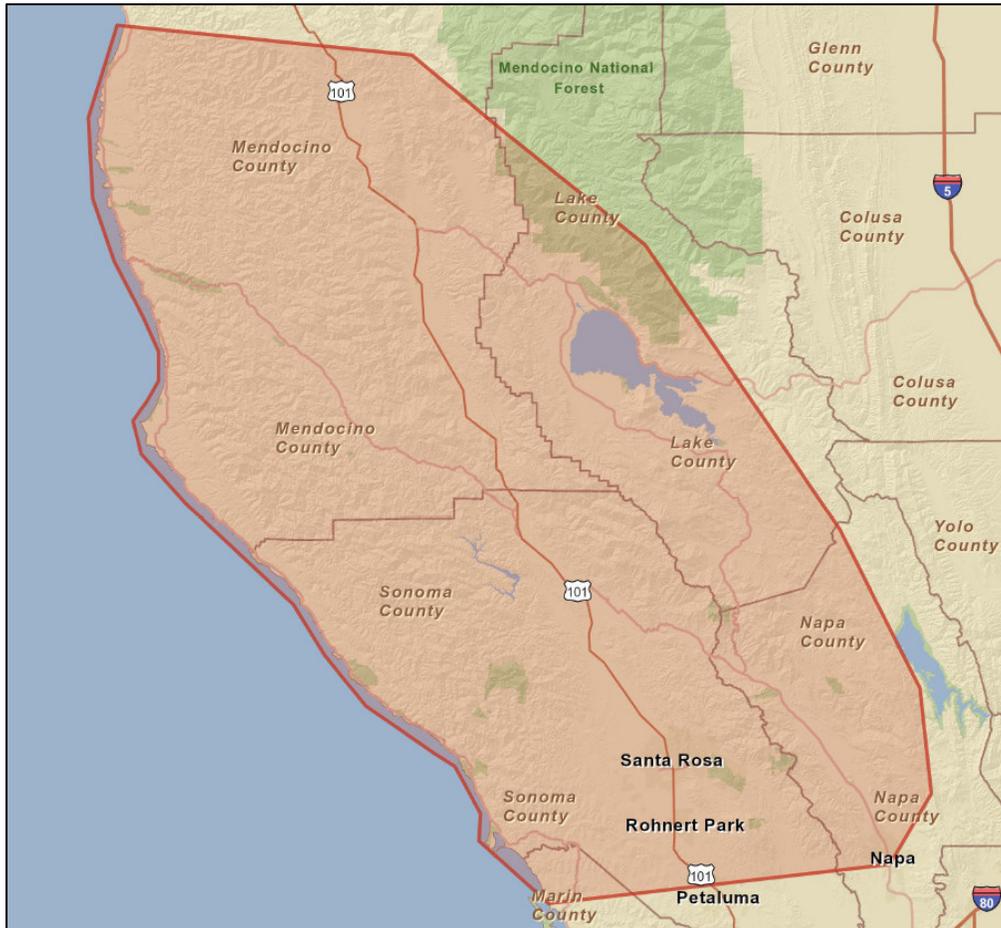
DEMOGRAPHIC PROFILE

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, drive time, 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, Sonoma County and the State of California. Socioeconomic trends are analyzed for the 2000-2015 timeframe.

Santa Rosa Retail Market Area

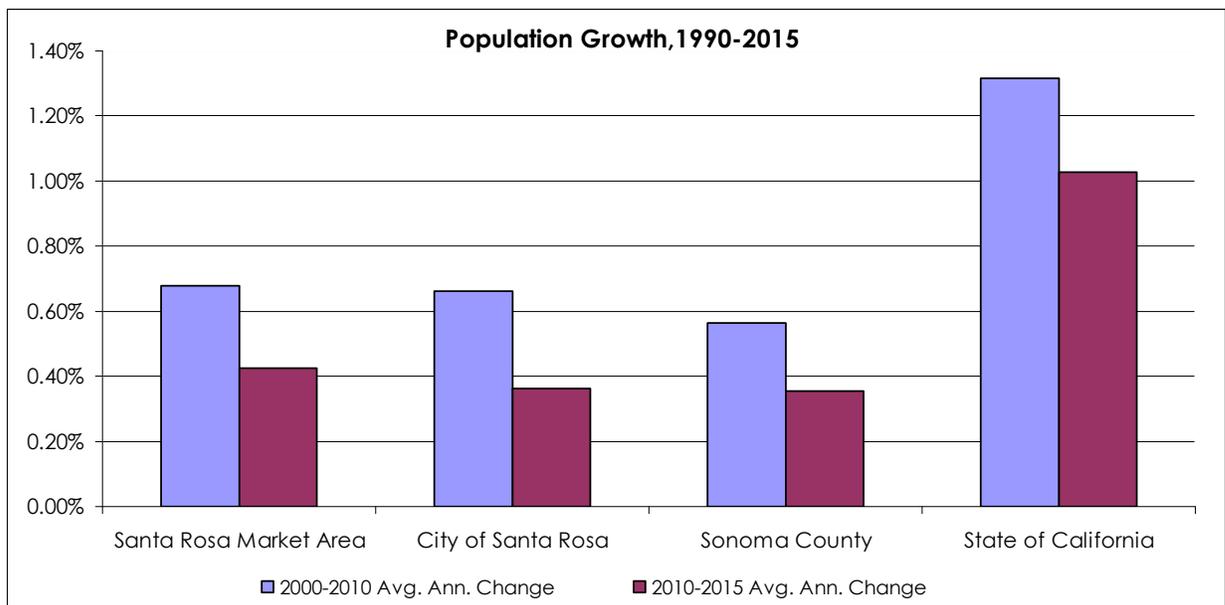


A. Population & Household Growth

- Over the past 10 years, population growth in the Santa Rosa market area has been modest, though on par with the City of Santa Rosa and Sonoma County. The State of California experienced a higher growth rate over the same time period (See Exhibit 1).
- The 2010 population of the Santa Rosa market area is estimated at 672,611. This figure represents an average annual growth rate of 0.68% since 2000, or an average annual increase of 4,265 persons. During the 2010-2015 time period, Santa Rosa's rate of growth is anticipated to slow to about 0.42% annually. This rate is based on trended growth projections anticipating an average increase of 1,065 new households each year. With an average household size of 2.57, total population is anticipated to reach 686,901 by 2015.
- The State of California will experience a decline in its population growth rate, moving from an average annual rate of 1.31% (from 2000 to 2010) to 1.03% during the 2010 to 2015 time frame. The State's population should reach just over 40.2 million people by 2015. Growth rates in the City of Santa Rosa and Sonoma County are also expected to decline over the next five years to an average of 0.36% and 0.35% per year, respectively.
- 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 2.93. These figures are expected to remain steady through 2015.

**Exhibit 1
POPULATION GROWTH
Santa Rosa Market Area, City of Santa Rosa, Sonoma County and State of California
2000-2015**

Geographic Area	Avg. Ann. Change 2000-2010				Avg. Ann. Change 2010-2015		
	2000	2010 (Estimate)	Number	Percent	2015 (Forecast)	Number	Percent
Santa Rosa Market Area							
Population	629,960	672,611	4,265	0.68%	686,901	2,858	0.42%
Households	239,199	254,484	1,529	0.64%	259,810	1,065	0.42%
Avg. Household Size	2.56	2.57	0.001		2.57	0.000	
City of Santa Rosa							
Population	147,595	157,380	979	0.66%	160,240	572	0.36%
Households	56,036	59,332	330	0.59%	60,328	199	0.34%
Avg. Household Size	2.57	2.58	0.001		2.59	0.002	
Sonoma County							
Population	458,614	484,482	2,587	0.56%	493,040	1,712	0.35%
Households	172,403	182,066	966	0.56%	185,258	638	0.35%
Avg. Household Size	2.60	2.59	-0.001		2.60	0.002	
State of California							
Population	33,871,648	38,323,538	445,189	1.31%	40,292,584	393,809	1.03%
Households	11,502,870	12,783,864	128,099	1.11%	13,383,797	119,987	0.94%
Avg. Household Size	2.87	2.93	0.006		2.94	0.002	



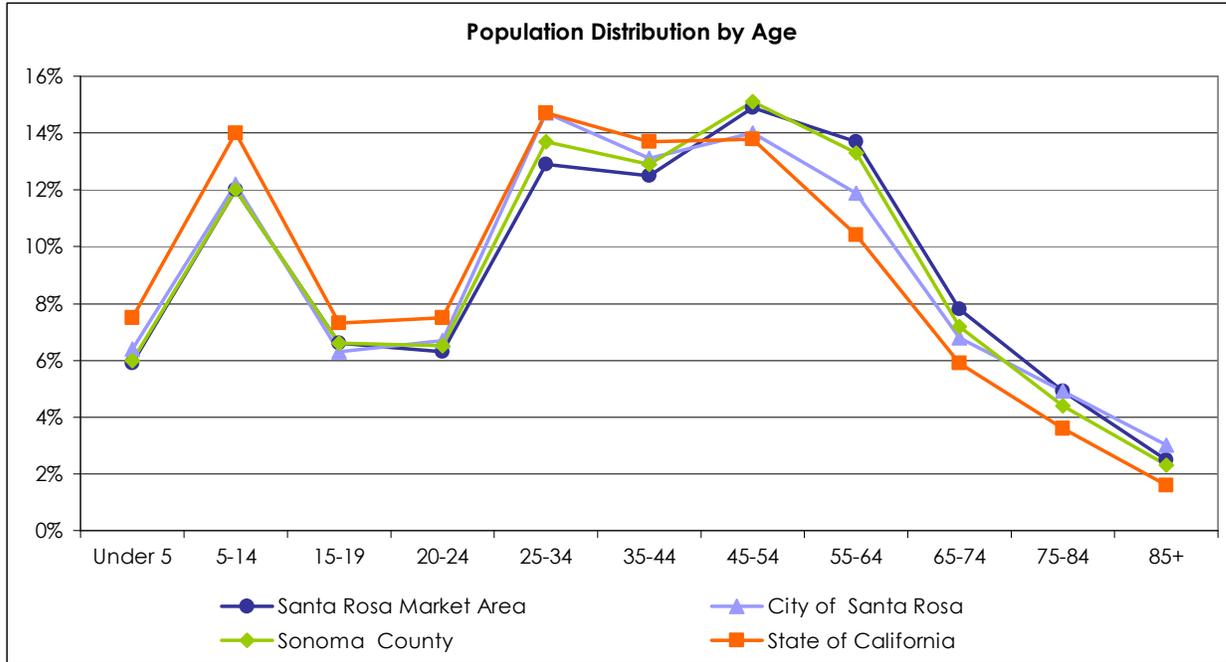
Source: ESRI BIS

B. Age Distribution

- The 2010 median age of the population within the Santa Rosa market area is significantly higher than the State of California, 40.2 years compared to 34.3 years, respectively (Exhibit 2). The median ages in the City of Santa Rosa (37.8 years) and Sonoma County (39.2 years) are also much higher than the state's.
- The estimated proportion of the population over the age of 65 in 2007 is 15.2% for the market area compared to 11.1% 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 40.3% of the Santa Rosa market area population. The proportion of the population within this age group is 42.2% statewide, 41.8% in the City of Santa Rosa and 41.7% in Sonoma County.

**Exhibit 2
POPULATION BY AGE
Santa Rosa Market Area, City of Santa Rosa, Sonoma County and State of California
2010**

Age Category	Santa Rosa Market Area	City of Santa Rosa	Sonoma County	State of California
Under 5	5.9%	6.4%	6.0%	7.5%
5-14	12.0%	12.2%	12.0%	14.0%
15-19	6.6%	6.3%	6.6%	7.3%
20-24	6.3%	6.7%	6.5%	7.5%
25-34	12.9%	14.7%	13.7%	14.7%
35-44	12.5%	13.1%	12.9%	13.7%
45-54	14.9%	14.0%	15.1%	13.8%
55-64	13.7%	11.9%	13.3%	10.4%
65-74	7.8%	6.8%	7.2%	5.9%
75-84	4.9%	4.9%	4.4%	3.6%
85+	2.5%	3.0%	2.3%	1.6%
Total	672,611	157,380	484,482	38,323,538
Median Age	40.2	37.8	39.2	34.3



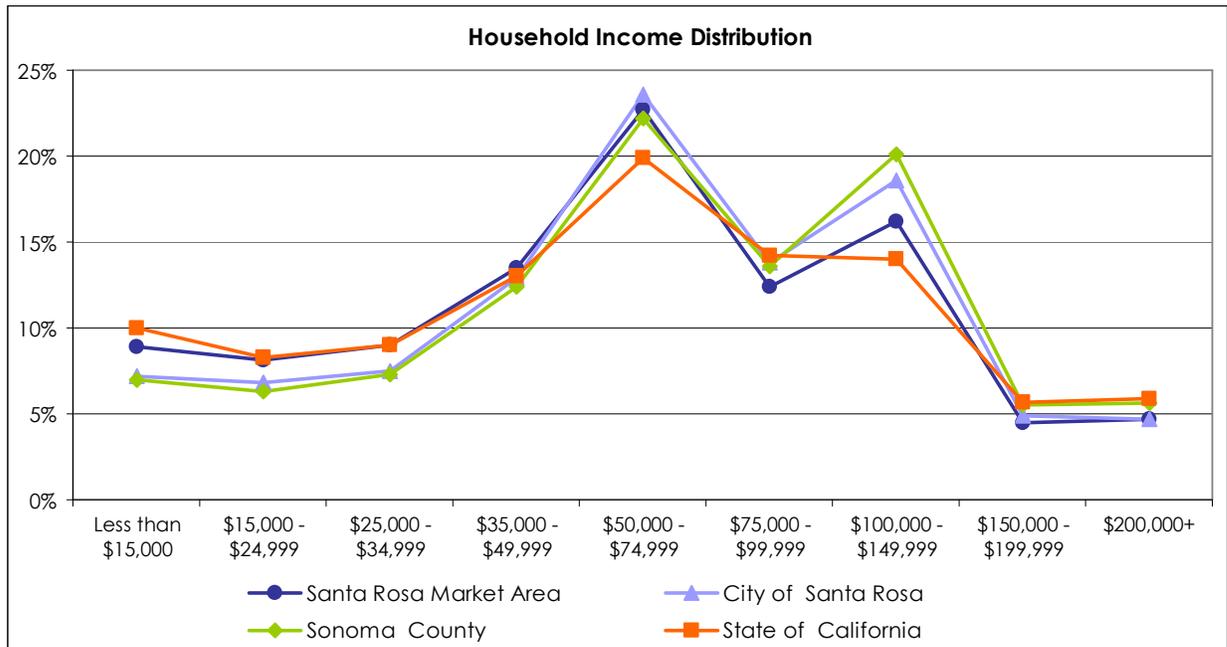
Source: ESRI BIS

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, 2010 median household income is estimated to be \$63,427, compared to \$62,109 for the state. The City of Santa Rosa's median household income is higher at \$67,537. 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 (28.2%), followed closely by the state (25.6%) and the Santa Rosa market area (25.4%). In Sonoma County, 31.2% of households have incomes above \$100,000.

Exhibit 3
HOUSEHOLD INCOME
Santa Rosa Market Area, City of Santa Rosa, Sonoma County and State of California
2010

Income	Santa Rosa Market Area	City of Santa Rosa	Sonoma County	State of California
Less than \$15,000	8.9%	7.2%	7.0%	10.0%
\$15,000 - \$24,999	8.1%	6.8%	6.3%	8.3%
\$25,000 - \$34,999	9.0%	7.5%	7.3%	9.0%
\$35,000 - \$49,999	13.5%	12.9%	12.4%	13.0%
\$50,000 - \$74,999	22.7%	23.6%	22.2%	19.9%
\$75,000 - \$99,999	12.4%	13.8%	13.6%	14.2%
\$100,000 - \$149,999	16.2%	18.6%	20.1%	14.0%
\$150,000 - \$199,999	4.5%	4.9%	5.5%	5.7%
\$200,000+	4.7%	4.7%	5.6%	5.9%
Total Households	254,484	59,332	182,066	12,783,864
Median HH Income	\$63,427	\$67,537	\$69,808	\$62,109



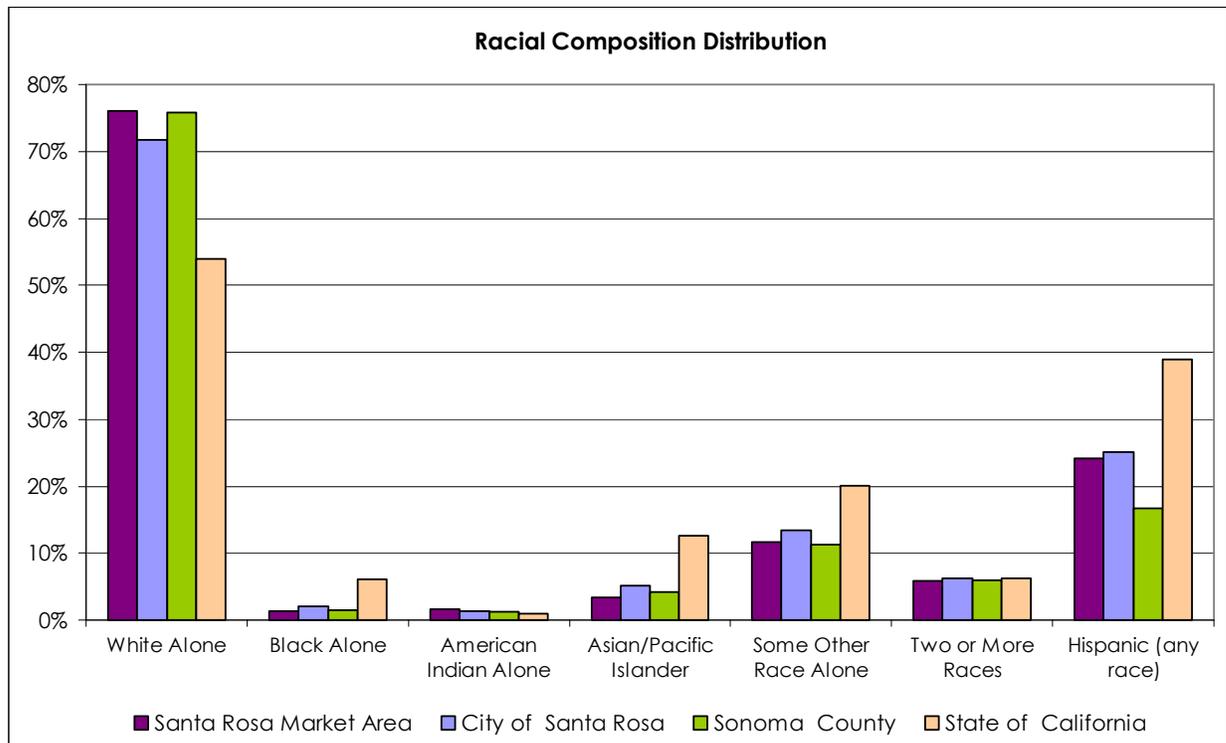
Source: ESRI BIS

D. Racial Composition

- The 2010 racial distribution of the Santa Rosa market area population is primarily white (76.1%), with Hispanics comprising 24.1%. 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 38.9%.

Exhibit 4
RACIAL COMPOSITION
Santa Rosa Market Area, City of Santa Rosa, Sonoma County and State of California
2010

Race	Santa Rosa Market Area	City of Santa Rosa	Sonoma County	State of California
White Alone	76.1%	71.7%	75.8%	54.0%
Black Alone	1.4%	2.1%	1.5%	6.1%
American Indian Alone	1.6%	1.4%	1.2%	0.9%
Asian/Pacific Islander	3.4%	5.1%	4.2%	12.6%
Some Other Race Alone	11.7%	13.4%	11.3%	20.1%
Two or More Races	5.8%	6.3%	6.0%	6.3%
Hispanic (any race)	24.1%	25.1%	16.7%	38.9%
Total	672,611	157,380	484,482	38,323,538



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 13.1%. Rural Resort Dwellers comprise 8.2% of all households, followed by Connoisseurs with 5.7% and Senior Sun Seekers at 5.7%. 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 market 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
2010

Santa Rosa Market Area		
	Market Segment	Percent of Households
1	Urban Chic	13.1%
2	Rural Resort Dwellers	8.2%
3	Connoisseurs	5.7%
4	Senior Sun Seekers	5.7%
5	In Style	4.7%
6	Aspiring Young Families	4.7%
7	Urban Villages	4.5%
8	International Marketplaces	3.6%
9	Main Street, USA	3.4%
10	Exurbanites	2.8%
Total		56.4%

Source: ESRI BIS

Urban Chic, 13.1% Households

Urban Chic residents are well-educated professionals living an urban, exclusive lifestyle. Most own expensive single-family homes with a median value of \$554,000. Married couple families and singles comprise most of these households. The median age is 42.4 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, 8.2% 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 47.2 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 \$48,100. 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, 5.7% 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 46.8 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 \$615,300. 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, 5.7% 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 53.1 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 \$71,200. 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.

Aspiring Young Families, 4.7% 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, 4.5% 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 30.8 years. All family types dominate this market. The average family size of 4.1 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 \$63,000. Most residents own older, single-family homes with a median value of \$263,800, 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 30.3 years, and the median household income is \$47,550. 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 36.7 years matches the U.S. median. The median household income is a comfortable \$57,100. Home homeownership is at 63 percent and the median home value is \$181,600. 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, 2.8% 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 \$256,300 and the median household income is \$87,300. 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.

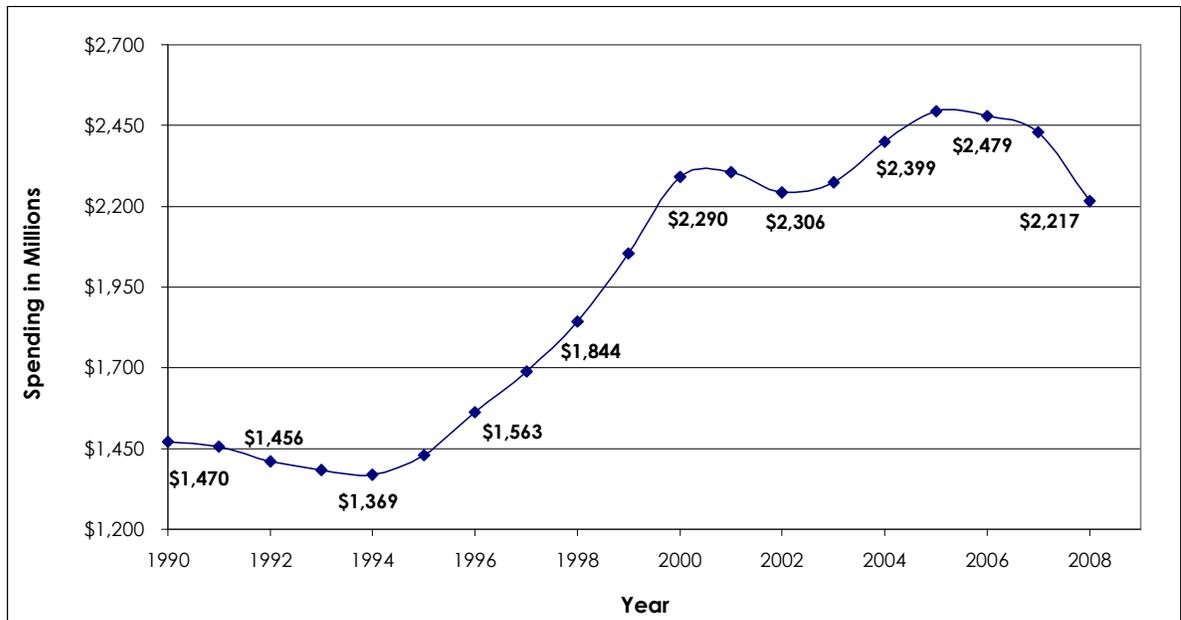
RETAIL ANALYSIS

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 \$746 million in the City of Santa Rosa during the 1990 to 2008 timeframe, growing from \$1,470 million in 1994 to \$2,217 million in 2008. 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
1990 to 2008



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 six of the ten retail categories: Apparel and Accessories (\$67.5 million), Furniture and Home Furnishings (\$36.4 million), Electronics and Appliances (\$24.8 million), General Merchandise (\$32.8 million), Health and Personal Care (\$5.7 million) and Food Service and Drinking Places (\$380.5 million). Together retail leakage totals \$547.8 million. A retail surplus (i.e., sales greater than demand from market area residents) occurs in the remaining four categories, with greatest surpluses in Food and Beverage Stores (\$494.2 million) and Health and Personal Care Stores (\$198.2 million). Surpluses total \$701.0 million and indicate a net surplus of \$153.2 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
Santa Rosa Market Area
2009

Store Type	Supply (Retail Sales)	Demand (Spending Potential)	Difference Leakage (Surplus)
Apparel and Accessory Stores	\$239,571,067	\$307,102,186	\$67,531,119
Furniture & Home Furnishings Stores	\$227,358,403	\$263,788,017	\$36,429,614
Building Materials, Garden Equip. & Supply Stores	\$316,273,846	\$309,810,850	-\$6,462,996
Electronics & Appliance Stores	\$147,708,632	\$172,584,394	\$24,875,762
Sporting Goods, Hobby, Book & Music Stores	\$110,188,289	\$108,116,236	-\$2,072,053
General Merchandise Stores	\$543,180,373	\$575,960,258	\$32,779,885
Miscellaneous Store Retailers (florist, office supplies, gift stores, etc.)	\$352,635,515	\$154,412,855	-\$198,222,660
Food & Beverage Stores	\$2,066,129,502	\$1,571,893,633	-\$494,235,869
Health & Personal Care Stores	\$286,449,947	\$292,192,391	\$5,742,444
Food Services & Drinking Places	\$706,787,001	\$1,087,267,419	\$380,480,418
Total Leakage			\$547,839,242

Source: ESRI BIS

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 potential¹ 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 2010-2015 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 \$452.3 million in the Santa Rosa trade area at sales per square foot of \$229 will support 2.0 million square feet devoted to this type of merchandise.

Exhibit 9 shows that in 2010, there is the potential for approximately 19.9 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 \$5.2 billion.

Exhibit 9
RETAIL EXPENDITURE POTENTIAL
Santa Rosa Market Area
2010-2015

Merchandise or Service Category	Per Household Expenditure	Target Sales (\$/SF)	2010 Retail Potential		2015 Retail Potential	
			Sales	Space (SF)	Sales	Space (SF)
Apparel	\$1,777	\$229	\$452,294,413	1,975,085	\$461,760,313	2,016,421
Home Furnishings	\$1,776	\$218	\$451,994,122	2,073,368	\$461,453,737	2,116,760
Home Improvement	\$1,477	\$154	\$375,982,296	2,441,443	\$383,851,088	2,492,540
Misc. Specialty Retail	\$2,038	\$237	\$518,663,416	2,188,453	\$529,518,328	2,234,255
Shoppers Goods			\$1,798,934,248	8,678,349	\$1,836,583,466	8,859,975
Grocery	\$6,627	\$429	\$1,686,514,668	3,931,270	\$1,721,811,100	4,013,546
Health & Personal Care	\$1,173	\$401	\$298,479,194	744,337	\$304,725,953	759,915
Convenience Goods			\$1,984,993,862	4,675,607	\$2,026,537,053	4,773,461
Restaurants	\$4,001	\$289	\$1,018,185,394	3,523,133	\$1,039,494,614	3,596,867
Entertainment	\$525	\$98	\$133,548,114	1,362,736	\$136,343,092	1,391,256
Personal Services	\$1,113	\$166	\$283,137,202	1,705,646	\$289,062,874	1,741,343
Total			\$5,218,798,820	19,945,470	\$5,328,021,099	20,362,902
Five Year Net Gain					\$109,222,279	417,431

Sources: ESRI BIS; Urban Land Institute; Marketek, Inc.

Retail space demand will continue to increase with Santa Rosa's anticipated population growth. By 2015, potential local trade area sales of \$5.3 billion will support 20.4 million square feet of retail space as displayed in Exhibit 9.

The net gain in both potential sales and square feet from 2010-2015 for the Santa Rosa trade area appears in the last row of Exhibit 9. By 2015, growth in the local residential population could support an increase of 417,400 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 10 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
2009

Merchandise/ Service Category	Market Area SPI	Merchandise/ Service Category	Market Area SPI
Apparel	78	Financial Services	
Men's	75	Investments	127
Women's	70	Auto Loans	110
Children's	81	Health	
Footwear	54	Nonprescription Drugs	114
Watches & Jewelry	113	Prescription Drugs	111
Apparel Products and Services	181	Eyeglasses and Contact Lenses	113
Computer		Home	
Computer/Hardware for Home	114	Home Improvement	
Software/Accessories for Home	118	Maintenance/Remodeling Serv	122
Entertainment & Recreation	115	Maintenance/Remodeling Supp	109
Entertainment Fees & Admissions	117	Household Furnishings	
Membership Fees	117	Household Textiles	116
Sports Participation	118	Furniture	116
Theater/Movies/Ballet/Opera	115	Floor Coverings	112
Sporting Events	119	Major Appliances	117
Recreational Lessons	116	Housewares	95
Television & Sound Equipment	110	Small Appliances	115
Cable Television	109	Luggage	117
Color Television	115	Telephone & Accessories	65
VCR/Video Camera/DVD Player	111	Child Care	106
Video Cassettes and DVDs	111	Lawn & Garden	114
Video Game Hardware/Software	108	Moving/Storage	127
Satellite Dishes	118	Housekeeping Supplies	111
Video/DVD Rental	112	Insurance	
Audio Equipment	109	Homeowners/Renters	112
Rental & Repair of TV/Sound	114	Vehicle	112
Pets & Supplies	133	Life	112
Toys & Games	108	Health	113
Recreational Vehicles & Fees	122	Personal Care Products	112
Sports/Exercise Equip & Supplies	89	School Books & Supplies	107
Photo Equipment & Supplies	115	Smoking Products	104
Books/Magazines/Subscriptions	116	Transportation	
Food & Beverages	111	Vehicle Purchases	114
Groceries	111	Gas & Oil	110
Bakery & Cereal Products	111	Vehicle Maintenance & Repair	115
Meats, Poultry, Fish & Eggs	110	Travel	
Dairy Products	111	Air Fare	122
Fruits & Vegetables	113	Hotels/Motels	118
Other Foods at Home	111	Rental Cars	121
Meals at Restaurants	111	Food/Drink	118
Alcoholic Beverages	112		
Nonalcoholic Bev at Home	111		

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 95 different purchasing categories listed in Exhibit 11, market area households reveal a propensity to purchase at or above the national average for the overwhelming majority (70%) of categories. In 30% 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, health clubs, housekeeping services, PC purchases, entertainment (live theatre, casino gambling and DVD rental) and long distance calling. 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 Sizzler, Cheesecake Factory, Friendly's, Denny's, Chili's Grill and Bar, International House of Pancakes, Outback and Red Robin. Visits to buffet style restaurants such as Golden Corral and Ryans were made at frequencies well below national averages. Favorite fast food restaurants include Carl's Jr., Del Taco and Starbucks.

Exhibit 11
MARKET POTENTIAL INDEX FOR SELECTED RETAIL CONSUMER BEHAVIOR
Santa Rosa Market Area
2009

Product/ Consumer Behavior	MPI	Product/ Consumer Behavior	MPI
Apparel		Grocery	
Bought men's apparel in last 12 months	100	Used beef (fresh/frozen) in last 6 months	99
Bought women's apparel in last 12 months	101	Used bread in last 6 months	100
Bought apparel for child <13 in last 6 months	95	Used poultry (fresh or frozen) in last 6 months	100
Bought shoes in last 12 months	100	Used seafood (fresh or frozen) in last 6 months	101
Bought costume jewelry in last 12 months	100	Used fresh fruit/vegetables in last 6 months	101
Bought fine jewelry in last 12 months	98	Used fresh milk in last 6 months	99
Bought a watch in last 12 months	93	Health	
Beverages		Exercise at home 2+ times per week	104
Drank bottled water/seltzer in last 6 months	103	Exercise at club 2+ times per week	115
Drank regular cola in last 6 months	91	Visited a doctor in last 12 months	102
Drank beer/ale in last 6 months	104	Used vitamins/supplements in last 6 months	107
Cameras & Film		Home (households)	
Bought any camera in last 12 months	97	Made any home improvement in last 12 mos.	105
Bought film in last 12 months	100	Used cleaning service in last 12 mos.	122
Bought digital camera in last 12 months	105	Bought any hhold furnishings in last 12 mos.	101
Bought camera memory card in last 12 months	104	Bought bedding/bath goods in last 12 mos.	100
Cell Phones/PDAs & Service		Bought cooking/serving product in last 12 mos.	100
Bought cell/mobile phone/PDA in last 12 mos.	101	Bought kitchen appliance in last 12 mos.	102
Avg. monthly bill \$1-\$49	104	Pets (households)	
Avg. monthly bill \$50-\$99	103	Owns any pet	101
Avg. monthly bill \$100+	102	Owns any cat	102
Computers (households)		Owns any dog	99
Owns a personal computer	106	Reading Materials	
Spent <\$500 on home PC	96	Bought book in last 12 months	107
Spent \$500-\$999 on home PC	106	Read any daily newspaper	104
Spent \$1000-\$1499 on home PC	105	Heavy magazine reader	103
Spent \$1500-\$1999 on home PC	108	Telephones & Service (households)	
Spent \$2000+ on home PC	112	Owns in-home cordless phone	105
Convenience Stores		Avg. monthly long distance phone bill: <\$16	103
Shopped at convenience store in last 6 months	97	Avg. monthly long distance phone bill: \$16-25	113
Bought cigarettes at conv. store in last 30 days	85	Avg. monthly long distance phone bill: \$26-59	118
Bought gas at conv. store in last 30 days	89	Avg. monthly long distance phone bill: \$60+	104
Spent at conv. store in last 30 days: <\$20	108	Television & Sound Equipment (households)	
Spent at conv. store in last 30 days: \$20-39	105	Owns 1 television	97
Spent at conv. store in last 30 days: \$40+	90	Owns 2 televisions	102
Entertainment		Owns 3 televisions	102
Attended movies in last 6 months	102	Owns 4+ televisions	99
Went to live theater in last 6 months	117	Subscribes to cable TV	107
Went to a bar/night club in last 12 months	96	Watched 15+ hours of cable TV last week	102
Gambled at a casino in last 12 months	112	Bought audio equipment in last 12 months	95
Visited a theme park in last 12 months	106	Bought CD player in last 12 months	95
Rented 1 DVD in last 30 days	100	Bought DVD player in last 12 months	96
Rented 2 DVDs in last 30 days	109	Bought MP3 player in last 12 months	104
Rented 3 DVDs in last 30 days	105	Bought video game system in last 12 months	97
Bought 1 DVD in last 30 days	102	Travel	
Bought 2 DVDs in last 30 days	95	Domestic travel in last 12 months	109
Spent <\$50 on toys/games	96	Took 3+ domestic trips by plane in last 12 months	113
Spent \$50-\$99 on toys/games	91	Spent on domestic vacations: \$3000+	126
Spent \$100-\$199 on toys/games	102	Foreign travel in last 3 years	121
Spent \$200-\$499 on toys/games	100	Took 3+ foreign trips by plane in last 3 years	137
Spent \$500+ on toys/games	107	Spent on foreign vacations: \$3000+	136

Source: ESRI BIS

Exhibit 12
MARKET POTENTIAL INDEX FOR SELECTED RESTAURANT CONSUMER BEHAVIOR
Santa Rosa Market Area
2009

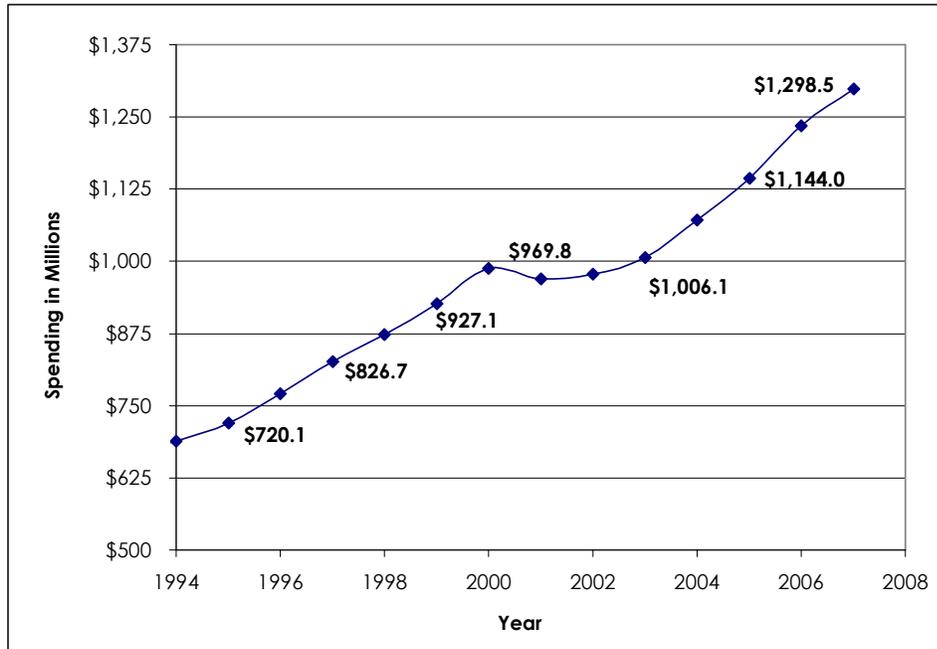
Restaurant Type/ Consumer Behavior	MPI	Restaurant Type/ Consumer Behavior	MPI
Family Restaurant/Steak House		Fast Food/Drive-In (continued)	
Went in Last 6 Months	101	Time of Week	
Went less than 2 times in last month	101	Weekday	99
Went 2-4 times in last month	103	Weekend	96
Went 5 or more times in last month	99	Restaurant	
Meal		A & W	88
Breakfast	100	Arby's	83
Lunch	103	Boston Market	110
Snack	103	Burger King	94
Dinner	100	Captain D's	70
Time of Week		Carl's Jr.	147
Weekday	104	Checkers	91
Weekend	99	Chick-fil-A	82
Restaurant		Chipotle Mexican Grill	108
Applebee's	96	Chuck E. Cheese's	95
Bennigan's	98	Church's Fried Chicken	82
Bob Evans Farm	80	Dairy Queen	84
Cheesecake Factory	125	Del Taco	148
Chili's Grill & Bar	106	Domino's Pizza	92
Cracker Barrel	85	Dunkin' Donuts	116
Denny's	107	Fuddruckers	101
Friendly's	114	Hardee's	74
Golden Corral	81	Jack in the Box	113
Intl House of Pancakes	106	KFC	92
Lone Star Steakhouse	93	Little Caesars	86
Old Country Buffet	80	Long John Silver's	75
Olive Garden	103	McDonald's	96
Outback Steakhouse	105	Panera Bread	108
Perkins	89	Papa John's	83
Red Lobster	92	Pizza Hut	87
Red Robin	105	Popeyes	80
Ruby Tuesday	92	Quiznos	105
Ryan's	72	Sonic Drive-In	75
Sizzler	130	Starbucks	121
T.G.I. Friday's	99	Steak n Shake	82
Fast Food/Drive-In		Subway	94
Went in Last 6 Months	99	Taco Bell	94
Went less than 5 times in last month	105	Wendy's	89
Went 5-12 times in last month	99	Whataburger	91
Went 13 or more times in last month	93	White Castle	81
Meal		Dining Choice	
Breakfast	96	Eat in	98
Lunch	99	Home delivery	92
Snack	101	Take-out/drive-thru	95
Dinner	93	Take-out/walk-in	102

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 \$654 million in 1994 to just under \$1.3 billion in 2007, increasing 4.7% on an average annual basis, compared to 4.6% for the state as a whole. See Exhibit 13 below.

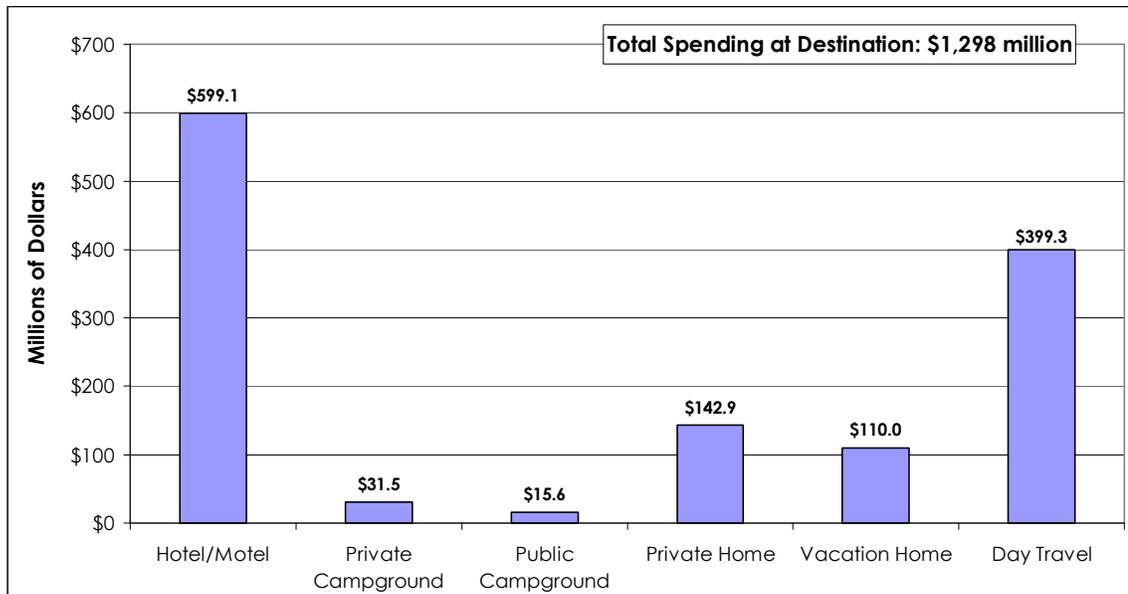
Exhibit 13
VISITOR SPENDING AT DESTINATION
Sonoma County
1994 to 2007



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 46.1% of total visitor spending. Spending by day travelers makes up \$399.3 million, or 30.8% of total spending. Visitors staying with friends or family in a private home generate 11.0% of total spending in Sonoma County.

Exhibit 14
VISITOR SPENDING BY ACCOMMODATION
Sonoma County
2007



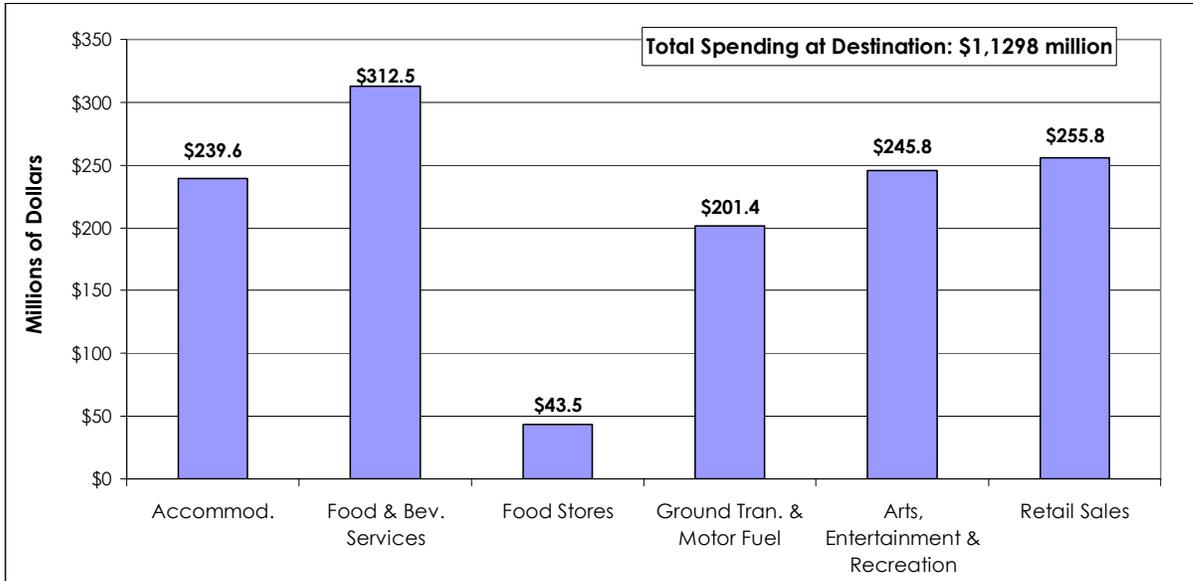
Source: Dean Runyan Associates

The distribution of visitor spending by commodities purchased in Sonoma County is provided in Exhibit 15. Restaurant dining (Food & Beverage Services) is the largest spending category with \$312.5 million tallied during 2007. Spending on retail sales and arts/entertainment/recreation is also significant at \$255.8 million and \$245.8 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
2007



Source: Dean Runyan Associates

APPENDIX A

Top Lifestyle Categories in the Santa Rosa Market Area

Urban Chic, 13.1% 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 median age of 42.4 years is older than the U.S. median of 36.9 years, while the diversity index of 52 is lower than the U.S. figure of 61.

Socioeconomic: A median household income higher than \$89,317 and a median net worth of approximately \$324,280 enable the *Urban Chic* segment to live a stylish lifestyle. They are well educated; more than half of the residents aged 25 years and older hold a bachelor's or graduate degree; 80 percent have attended college. They work in a variety of occupations, especially professional, management and sales positions in the scientific and technical services, educational services, and health care industry sectors. Twenty percent of these households earn income from self-employment ventures; 55 percent receive additional income from investments.

Residential: Major concentrations of *Urban Chic* neighborhoods are found in urban areas on the northern and southern California coasts and along the east coast. These neighborhoods parallel the United States for housing type and homeownership. Homes range in age from pre-World War II to post-2000, and types from high-rises to single-family houses. Sixty-three percent of the housing is single-family; 27 percent is apartments in multiunit buildings. The rate of homeownership is 67 percent. The median home value is \$554,159, more than three and one-half times the U.S. median.

Preferences: *Urban Chic* residents focus more on their lifestyle than ambience. They travel extensively, visit museums, attend dance performances, shop at upscale stores, and do volunteer work. To stay fit, they downhill ski; go backpacking, hiking, and biking; practice yoga; do aerobics; play tennis; and lift weights. They buy natural or organic food and take a multitude of vitamins and dietary supplements. They drink imported wine and truly appreciate a good cup of coffee.

These busy, tech-savvy residents use PCs extensively. This is a top segment to own an Apple computer. They go online to arrange travel; get the latest news; check their investment portfolios; trade stocks; and buy books, clothes, flowers, and tickets to concerts and sports events. They use credit cards, often charging more than \$700 a month. They also own shares in stocks, tax-exempt funds, mutual funds, and money market funds. They will occasionally use a financial planner or brokerage firm.

Urban Chic is one of Tapestry's top segments for radio listening; these residents tune in to classical music, all-talk, and public radio. They are also avid readers of newspapers; books; and general editorial, news and entertainment, business, and home service magazines. They seldom watch TV; however, their favorite channels broadcast news programs and documentaries.

Rural Resort Dwellers, 8.2% of Households

Demographic: These neighborhoods are found in pastoral settings in rural non-farm areas throughout the U.S. Household types include empty-nester married couples, singles, and married couples with children. The median age is 47.2 years; more than half are aged 55 and older. Most residents are white in these low-diversity neighborhoods.

Socioeconomic: Although retirement beckons, most of these residents still work. The median household income is \$48,105, slightly below the U.S. level. Six percent of those who are employed work at home, twice the U.S. rate. Because so many residents are aged 65 and older, receipt of retirement income and Social Security benefits is common. More than two-fifths collect investment income; approximately 20 percent receive self-employment income. Nearly one in four residents aged 25 years and older holds a bachelor's or graduate degree; half of the residents have attended college. The median net worth is \$111,790, slightly below the U.S. median.

Residential: The number of households in these small, low-density neighborhoods is growing at 2.1 percent annually. Seventy-eight percent of the housing is single-family structures; 15 percent is mobile homes. Homeownership is at 81 percent; the median home value is \$189,032. Of the Tapestry segments, *Rural Resort Dwellers* has the highest percentage of seasonal housing, 16 times higher than the national level.

Preferences: These residents live modestly and have simple tastes. They often work on home improvement and remodeling projects and own garden equipment to maintain their yards. They cook and bake at home. Many households own multiple pets, particularly dogs and cats. Riding lawn mowers and satellite dishes are familiar sights in these areas, along with multiple vehicles, including a truck.

Active participants in local civic issues, residents also belong to environmental groups, church and charitable organizations, fraternal orders, unions, and veterans' clubs. They go hiking, boating, canoeing, hunting, fishing, horseback riding, and golfing. They listen to country radio and watch Animal Planet, CMT, BBC America, the National Geographic Channel, and primetime dramas on TV. The older residents focus on their general health care, prescription medications, and financial- and retirement-related matters. Many residents actively manage or plan their investments and retirement savings. The self-employed residents are more likely to have IRAs than 401(k) plans.

Connoisseurs, 5.7% of Households

Demographic: Residents of *Connoisseurs* neighborhoods are somewhat older, with a median age of 46.8 years. Approximately 70 percent of the population is married. Although residents appear closer to retirement than child-rearing age, 30 percent of the households are married couples with children living at home. Ethnic diversity is negligible.

Socioeconomic: With a median net worth of \$771,146, *Connoisseurs* are second in affluence only to the Top Rung segment. This market is well educated; 64 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; the rate is twice that of the national average. They have a median household income of \$127,739 and supplement their salaries with income from interest, dividends, and rental properties.

Residential: *Connoisseurs* neighborhoods are usually slow-growing, established, affluent areas in densely populated city centers where the median home value is \$615,273. Most of their homes are single-family structures built before 1970; 88 percent own their homes. 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 are tops for conspicuous consumption. Their homes include the latest upgrades. Not do-it-yourselfers, residents hire contractors for home improvement and remodeling projects, lawn care, landscaping services for property upkeep, and professional housecleaning services. Households have burglar alarms for home security, and residents belong to the AAA auto club for vehicle security. They grind their own coffee beans, particularly Starbucks. This is one of the top markets for owning or leasing a luxury car or convertible equipped with a navigational system.

Exercise is a priority: they work out weekly at a club or other facility, ski, play golf and tennis, practice yoga, and jog. They also buy the latest sports attire to look good while exercising. They travel abroad and in the United States, go to museums, and attend theater and dance performances. They go online to make travel plans, track and trade their investments, and shop. They order from high-end catalogs and shop in person at service-oriented department stores.

Connoisseurs residents are well read. They read history books; mysteries; biographies; two or more daily newspapers; and epicurean, travel, finance, and business magazines. Residents listen to classical music as well as public, all-news, news/talk, and all-talk radio. Active in their communities, they work for political candidates or parties, write or visit elected officials, and participate in local civic issues. *Connoisseurs* eat out several times a week, but, for fun, will cook at home occasionally.

Senior Sun Seekers, 5.7% of Households

Demographic: Growing at a rate of 2.2 percent annually, *Senior Sun Seekers* neighborhoods are among the fastest growing in the nation. Their median age is 53.1 years, the third oldest population of the Tapestry segments. More than 6 in 10 are aged 55 years or older. Married couples without children and singles comprise 70 percent of all households. This segment is not ethnically diverse; approximately 87 percent are white.

Socioeconomic: Many *Senior Sun Seekers* residents are retired or are anticipating retirement. The median household income is \$39,138. Labor force participation is at 43 percent; more than half of the households receive Social Security benefits. Approximately one-third of the households also receive retirement income. The median net worth is \$103,561. Because a large proportion of the population is older, the education attainment is far lower than the U.S. levels.

Residential: These neighborhoods are primarily in the South and West; 43 percent are in Florida. 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 Tapestry segments. Favorite areas are in Florida, California, and Arizona. Homeownership is at 81 percent; the median home value is \$101,613. 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 Days Inn, Super 8, and Comfort Inn. They eat out frequently at family restaurants 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. They invest time and limited funds in home improvement projects such as painting and fencing the yard. Some enjoy gardening and working on their own landscaping projects. Many join veterans' clubs or fraternal orders and do charity work through these organizations. For health reasons, these seniors control their diet and take a variety of vitamins and dietary supplements. They will stop at nearby Circle K or Citig Quik Mart convenience stores for a quick purchase.

Satellite TV is part of their daily routine; they watch game shows, dramas, news programs, home improvement shows, sitcoms, and golf tournaments. Favorite cable channels include CMT, TNT, and Turner Classic Movies. They also read fishing and hunting magazines, rent comedies on DVD, and occasionally listen to country radio. They also play bingo, visit theme parks, fish, and hunt.

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 39.9 years. There is little diversity in these neighborhoods.

Socioeconomic: *In Style* residents are prosperous, with a median household income of \$71,177 and a median net worth of \$188,492. 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: 42 percent of the population aged 25 years and older hold a bachelor's or graduate degree. Labor force participation is 70 percent; unemployment is 8.2 percent. Forty-six percent of employed residents have professional or management positions, with above average concentrations in the finance, insurance, health care, technical services, and education industry sectors.

Residential: *In Style* residents live in affluent neighborhoods of metropolitan areas across the country. More suburban than urban, they embrace an urbane lifestyle; 14 percent prefer townhouses to traditional single-family homes chosen by 56 percent of the households. The median home value is \$224,030. The 69 percent rate of homeownership is just slightly above average. More than three-quarters of the housing was built in the last 30 years.

Preferences: Computer savvy *In Style* residents go online daily to research real estate information; do their banking; track investments; trade stocks; book travel; and buy computer hardware or software, concert tickets, or tickets to sporting events. They use a financial planner and invest in stocks, bonds, money market funds, money market bank accounts, and securities. Looking toward the future, residents hold life insurance policies and contribute to IRA and 401(k) retirement accounts. To maintain their homes, they hire professional household cleaning services and contractors to remodel their kitchens.

Residents stay fit by exercising, eating a healthy diet to control their weight, buying low-fat foods, and taking vitamins. They attend live musical performances and gamble at casinos. They take domestic vacations to hike, golf, and go backpacking. They read magazines, listen to news-talk radio, and watch professional sports events and golf on TV.

Aspiring Young Families, 4.7% of Households

Demographic: Most of the residents in these neighborhoods are young, startup families, married couples with or without children, and single parents. The average family size of 3.1 people matches the U.S. average. Approximately two-thirds of the households are families, 27 percent are single person, and 9 percent are shared. Annual population growth is 1.3 percent, higher than the U.S. figure. The median age is 30.4 years; nearly 20 percent of the residents are in their 20s. Typical of younger populations, *Aspiring Young Families* residents are more ethnically diverse than the total U.S. population.

Socioeconomic: The median household income is \$52,036; wages provide the primary source of income. The median net worth is \$37,712. Approximately 60 percent of employed residents work in professional, management, sales, or office/administrative support positions. Overall, 87 percent of residents aged 25 years and older have graduated from high school, 58 percent have attended college, and 24 percent hold a bachelor's or graduate degree.

Residential: In large, growing southern and western metropolitan areas, the highest concentrations of these neighborhoods are found in California, Florida, and Texas. Twenty percent are located in the Midwest. Tenure is nearly even; 51 percent of the households rent; 49 percent own their homes. Residents live in moderately priced apartments, single-family houses, and startup townhouses. Most of the housing was built after 1969. The average gross rent is comparable to the U.S. average. The median home value is \$141,309.

Preferences: Focused on family and home, residents of *Aspiring Young Families* communities spend most of their discretionary income for baby and children's products, toys, home furnishings, cameras, and video game systems. They go online to look for jobs, play games, and buy personal preference items such as music and computer equipment.

These residents would probably go to a theme park while on vacation. They play video games, watch TV, eat out, and go to the movies. They also play basketball and go bowling and biking. They listen to urban stations and professional basketball games on the radio and watch sports, news, entertainment, and courtroom shows on TV. They eat out at family restaurants such as Chili's or IHOP and go to Jack in the Box or Sonic for fast food.

Urban Villages, 4.5% of Households

Demographic: *Urban Villages* neighborhoods are multicultural enclaves of young families, unique to densely populated cities in “gateway” states, primarily California. The average family size of 4.1 people is the second largest in the Tapestry system. Household types are married couples with (approximately 40 percent) and without children, single parents, and other family types. The median age is 30.8 years. Population diversity is especially high; virtually every race and culture is represented in these communities. Asians comprise 11 percent of the total population. Sixty-two percent of the population is Hispanic, primarily of Mexican origin. Slightly more than one-third of the population is foreign born.

Socioeconomic: Fifteen percent of *Urban Villages* residents aged 25 years or older have not completed high school; more than one-fourth are high school graduates, and two-fifths have attended college. The labor force participation rate is slightly lower than the U.S. rate; unemployment is a bit higher. Many households have two wage earners, most of whom work in the manufacturing, health care, retail trade, construction, and educational services industry sectors. The median household income is \$62,979; the median net worth is \$118,672.

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 70 percent, and the median home value is \$263,800. Approximately 12 percent live in apartments, and at 3.6 percent, vacancy rates barely support turnover. A typical household owns multiple vehicles; 27 percent own three or more.

Preferences: Family and home items are household budget priorities for *Urban Villages* residents. Because most of their housing is older, residents repaint and remodel bathrooms and replace carpeting and roofing. Many buy groceries and baby products. They shop for groceries at Ralphs and Vons. They vacation in Hawaii and Mexico.

Leisure time is a family affair; residents visit Sea World regularly. They also like to go to the movies, eat fast-food at Carl's Jr. and Del Taco, and visit family restaurants such as Denny's.

Urban Villages residents rent foreign films on DVD and listen to Hispanic, contemporary hit, and variety radio. Although most watch TV, sports programming is not as popular here as in other markets. They have recently bought iPods and giant-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 30.3 years. Approximately 70 percent of the households are families; 44 percent are married couples with children and single parents. The average family size is 3.7. *International Marketplace* is the second most diverse of the Tapestry segments. More than half of the total population is Hispanic; 11 percent is Asian, and 7 percent is of two or more races. A high proportion of immigrants, including recent arrivals, live in these neighborhoods.

Socioeconomic: A fifth of *International Marketplace* households has one or more persons who has difficulty speaking English. Labor force participation is at 63 percent, just below the national average. Residents who work have jobs in the manufacturing, retail trade, health care, and other services industry sectors. Unemployment is high at 14.4 percent. Eighty-two percent of the households earn income from wages; some receive Supplement Security Income or public assistance. The median household income is \$47,549; the median net worth is \$19,774. College and graduate school enrollment is similar to the U.S. average; educational attainment levels are below the U.S. level.

Residential: These densely settled, older urban neighborhoods are found in California and the northeast, around the largest U.S. cities such as New York City and Los Angeles. A typical family rents an apartment in an older, multiunit building; because renters are dominant, homeownership is only 33 percent. The median home value is \$269,684. Most housing was built before 1970.

Preferences: Because family is a top priority, “home and hearth” products aren’t important to these folks. They buy groceries, diapers, and children’s clothes. They keep in touch with overseas relatives by long-distance calls or traveling to visit. They shop at Marshalls and Costco. Their favorite drug store is Rite Aid. They pop in to 7-Eleven or am/pm for quick purchases such as a gallon of milk.

They watch TV and listen to Hispanic, urban, and contemporary radio instead of reading newspapers and magazines. They drink domestic or imported beer. They show no brand preference between foreign or domestic cars.

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 36.7 years matches the U.S. median. These residents are less diverse than the U.S. population.

Socioeconomic: The median household income is \$57,082, derived from wages, interest, dividends, or rental property. Their median net worth is \$86,618. More than one in five residents aged 25 years and older hold a bachelor's or graduate degree; half of the residents have attended college. Occupation and industry distributions are similar to those of the U.S.

Residential: A mix of single-family homes and multiunit buildings, these neighborhoods are located in the suburbs of smaller cities in the Northeast, West, and Midwest. Nearly two-thirds of the housing was built before 1970. The homeownership rate is 63 percent; the median home value is \$181,600.

Preferences: Family-oriented and frugal, these residents may occasionally go to the movies or eat out at a family restaurant, such as Friendly's or Red Robin, but are most likely to stay home and watch a rental movie or play games with their children. They own pet cats. They play baseball and basketball and go swimming. They listen to classic hits and rock radio and watch cartoons and courtroom shows on TV. They go to the beach and theme parks or take domestic vacations to visit with family or see national parks.

They go online periodically to look for jobs, research real estate, and play games and are beginning to shop online. Those who do not have Internet access at home will go online at school or the public library. They use the Yellow Pages to find veterinarians or stores. They will invest in small home improvement and remodeling projects, usually doing the work themselves instead of hiring a contractor. They buy the tools and supplies for these projects from Home Depot or Ace Hardware. They keep up their lawns and gardens by planting bulbs, fertilizing, and applying lawn care products regularly.

Exurbanites, 2.8% of Households

Demographic: *Exurbanites* residents prefer an affluent lifestyle in open spaces beyond the urban fringe. Although 40 percent are empty nesters, another 32 percent are married couples with children still living at home. Half of the householders are aged between 45 and 64 years. They may be part of the "sandwich generation," because their median age of 45.1 years places them directly between paying for children's college expenses and caring for elderly parents. To understand this segment, the lifestage is as important as the lifestyle. There is little ethnic diversity; most residents are white.

Socioeconomic: The 66 percent labor force participation rate is above average. Approximately half work in substantive professional or management positions. These residents are educated; more than 40 percent of the population age 25 years and older hold a bachelor's or graduate degree; approximately three in four have attended college. The median net worth is \$395,293, approximately four times the national figure. The median household income is \$87,339. More than 20 percent earn retirement income; another 57 percent receive additional income from investments.

Residential: Although *Exurbanites* neighborhoods are growing by 2.1 percent annually, they are not the newest areas. Recent construction comprises only 22 percent of the housing. Seventy percent of the housing units were built after 1969. Most are single-family homes. The median home value is \$256,321, more than one-and-one-half times the national median. Because *Exurbanites* cannot take advantage of public transportation, nearly 80 percent of the households own at least two vehicles. Their average commute time to work 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.

To improve their properties, *Exurbanites* residents work on their homes, lawns, and gardens. They buy lawn and garden care products, shrubs, and plants. Although they will also work on home improvements such as interior and exterior painting, they hire contractors for more complicated projects. To help them complete their projects, they own all kinds of home improvement tools such as saws, sanders, and wallpaper strippers.

They are very physically active; they lift weights, practice yoga, and jog to stay fit. They also go boating, hiking, and kayaking; play Frisbee; take photos; and go bird watching. When vacationing in the U.S., they hike, downhill ski, play golf, attend live theater, and see the sights. This is the top market for watching college basketball and professional football games. They listen to public and news/talk radio and contribute to PBS. They participate in civic activities, serve on committees of local organizations, address public meetings, and help with fundraising. Many are members of charitable organizations.