

Section I. Northeast Ohio Retail Analysis 2007

NORTHEAST OHIO TRADE AREA ANALYSIS, 2007

I. Retail Growth in Cuyahoga County by Region

In Cuyahoga County, retail space for convenience goods and services grew by 5% between 2000 and 2007 (*Table 1.1*). Retail space for shopping goods and services grew at a faster pace (29%) (*Table 1.2*). This is an overall retail square foot growth of 20% (*Table 1.3*).

Table 1.1. Change in Retail Square Foot Totals and Rate of Retail Growth for **Convenience Goods and Services** in Cuyahoga County, 2000-07

Cuyahoga County	Convenience Retail (Square Feet)			Proportion of Stores over 5,000 SF (2000)	Retail Growth (5,000 SF+)
	NORRA (2000)	2000 (5,000 SF+)	2007 (5,000 SF+)		
Chagrin Southeast	2,781,790	1,160,991	1,376,726	42%	16%
Hillcrest	2,521,083	1,062,900	991,281	42%	-7%
Heights	1,795,993	1,021,491	949,121	57%	-8%
Cuyahoga	653,422	293,823	619,247	45%	53%
South-central	2,657,534	1,344,291	1,234,463	51%	-9%
Southwest	2,066,308	1,137,362	1,346,775	55%	16%
Westshore	3,699,883	1,553,644	1,737,547	42%	11%
Cleveland	5,718,892	2,716,293	2,552,827	47%	-6%
Total	21,894,905	10,290,795	10,807,987	47%	5%

Table 1.2. Change in Retail Square Foot Totals and Rate of Retail Growth for **Shopping Goods and Services** in Cuyahoga County, 2000-07

Cuyahoga County	Shopping Retail (Square Feet)			Proportion of Stores over 5,000 SF (2000)	Retail Growth (5,000 SF+)
	NORRA (2000)	2000 (5,000 SF+)	2007 (5,000 SF+)		
Chagrin Southeast	4,170,248	914,104	1,914,758	22%	52%
Hillcrest	3,902,402	3,073,698	5,602,351	79%	45%
Heights	980,718	885,342	883,547	90%	0%
Cuyahoga	325,500	142,332	142,332	44%	0%
South-central	3,208,425	2,724,050	2,786,854	85%	2%
Southwest	3,501,810	3,065,739	3,438,292	88%	11%
Westshore	4,029,421	2,337,520	3,735,421	58%	37%
Cleveland	2,912,668	1,421,852	1,871,403	49%	24%
Total	23,031,192	14,564,637	20,374,958	63%	29%

Table 1.3. Change in Retail Square Foot Totals and Rate of Retail Growth for **Convenience and Shopping Goods and Services Combined** in Cuyahoga County, 2000-07

Cuyahoga County	Retail Totals (Square Feet)			Proportion of Stores over 5,000 SF (2000)	Retail Growth (5,000 SF+)
	NORRA (2000)	2000 (5,000 SF+)	2007 (5,000 SF+)		
Chagrin Southeast	6,952,038	2,075,095	3,291,484	30%	37%
Hillcrest	6,423,485	4,136,598	6,593,632	64%	37%
Heights	2,776,711	1,906,833	1,832,668	69%	-4%
Cuyahoga	978,922	436,155	761,579	45%	43%
South-central	5,865,959	4,068,341	4,021,317	69%	-1%
Southwest	5,568,118	4,203,101	4,785,067	75%	12%
Westshore	7,729,304	3,891,164	5,472,968	50%	29%
Cleveland	8,631,560	4,138,145	4,424,230	48%	6%
Total	44,926,097	24,855,432	31,182,945	55%	20%

Figure 1.1. Change in Square Footage of Retail for Convenience Goods & Services in Cuyahoga County, 2000-07

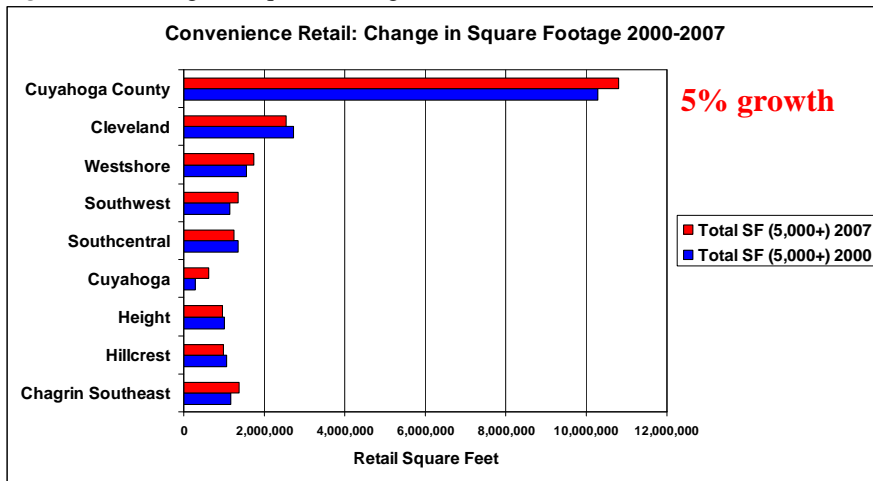
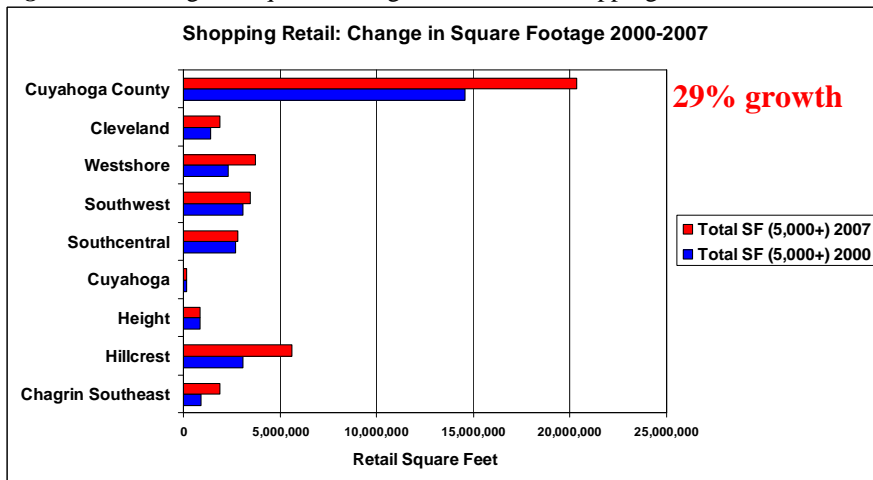


Figure 1.2. Change in Square Footage of Retail for Shopping Goods & Services in Cuyahoga County, 2000-07



II. Retail Growth in Northeast Ohio

Table 2.1 shows that retail space for convenience goods and services grew by 11% in the region between 2000 and 2007. Retail space for convenience goods grew faster in the region than it did in Cuyahoga County alone. During the same time period, retail space for shopping goods and services grew by 30% (*Table 2.2*). The growth rate for the region as a whole for shopping compares to the growth rate for Cuyahoga County (30% vs. 29%): (1) Geauga, Medina, and N. Summit counties have grown by more than 50%; (2) Lake and Portage counties did not experience comparable growth; (3) Cuyahoga and Lorain have grown at the same rate.

Table 2.1. Change in Retail Square Foot Totals and Rate of Retail Growth for **Convenience Goods and Services** in Northeast Ohio, 2000-07

Region	Convenience Retail (Square Feet)			Proportion of Stores over 5,000 SF (2000)	Retail Growth (5,000 SF+)
	NORRA (2000)	2000 (5,000 SF+)	2007 (5,000 SF+)		
Cuyahoga County	21,894,905	10,290,795	10,807,987	47%	5%
Gauga County	1,801,390	848,072	1,169,147	47%	27%
Lake County	5,104,494	2,958,492	3,558,545	58%	17%
Lorain County	5,415,200	5,415,200	5,997,487	100%	10%
Medina County	2,880,111	1,677,334	1,970,755	58%	15%
Portage County	2,055,884	989,078	1,079,682	48%	8%
Summit County	2,154,112	1,248,462	1,682,251	58%	26%
Total	41,306,096	23,427,433	26,265,854	57%	11%

Table 2.2. Change in Retail Square Foot Totals and Rate of Retail Growth for **Shopping Goods and Services** in Northeast Ohio, 2000-07

Region	Shopping Retail (Square Feet)			Proportion of Stores over 5,000 SF (2000)	Retail Growth (5,000 SF+)
	NORRA (2000)	2000 (5,000 SF+)	2007 (5,000 SF+)		
Cuyahoga County	23,031,192	14,564,637	20,374,958	63%	29%
Gauga County	532,596	241,668	587,996	45%	59%
Lake County	4,518,983	3,767,344	4,010,276	83%	6%
Lorain County	3,845,344	3,845,344	5,650,324	100%	32%
Medina County	1,589,570	1,030,527	2,098,176	65%	51%
Portage County	1,334,699	971,781	1,011,281	73%	4%
Summit County	3,043,988	2,148,060	4,298,635	71%	50%
Total	37,896,372	26,569,361	38,031,646	70%	30%

Figures 2.1 & 2.2 further compare retail square foot totals for the region:

Figure 2.1. Change in Square Footage of Retail for Convenience Goods & Services in Northeast Ohio, 2000-07

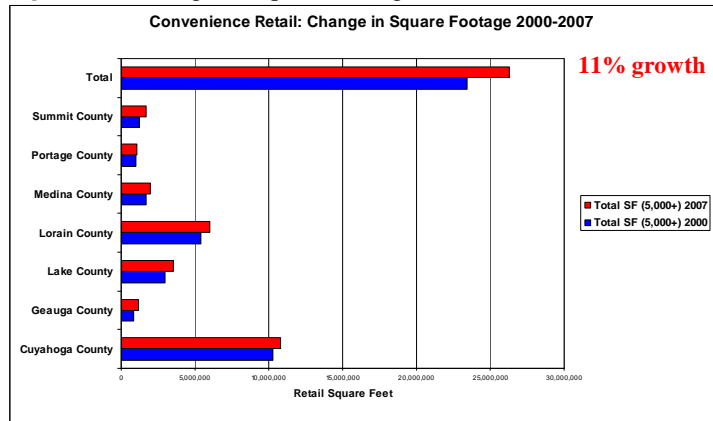
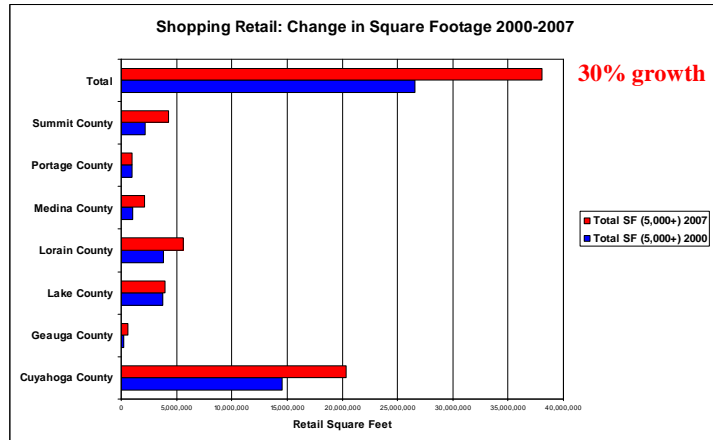


Figure 2.2. Change in Square Footage of Retail for Shopping Goods & Services in Northeast Ohio, 2000-07



Overall, retail space in Northeast Ohio grew by 22% between 2000 and 2007 (Table 2.3).

Table 2.3. Change in Retail Square Foot Totals and Rate of Retail Growth for Convenience and Shopping Goods and Services Combined in Northeast Ohio, 2000-07

Region	Retail Totals (Square Feet)			Proportion of Stores over 5,000 SF (2000)	Retail Growth (5,000 SF+)
	NORRA (2000)	2000 (5,000 SF+)	2007 (5,000 SF+)		
Cuyahoga County	44,926,097	24,855,432	31,182,945	55%	20%
Geauga County	2,333,986	1,089,740	1,757,143	47%	38%
Lake County	9,623,477	6,725,836	7,568,821	70%	11%
Lorain County	9,260,544	9,260,544	11,647,811	100%	20%
Medina County	4,469,681	2,707,861	4,068,931	61%	33%
Portage County	3,390,583	1,960,859	2,090,963	58%	6%
Summit County	5,198,100	3,396,522	5,980,886	65%	43%
Total	79,202,468	49,996,794	64,297,500	63%	22%

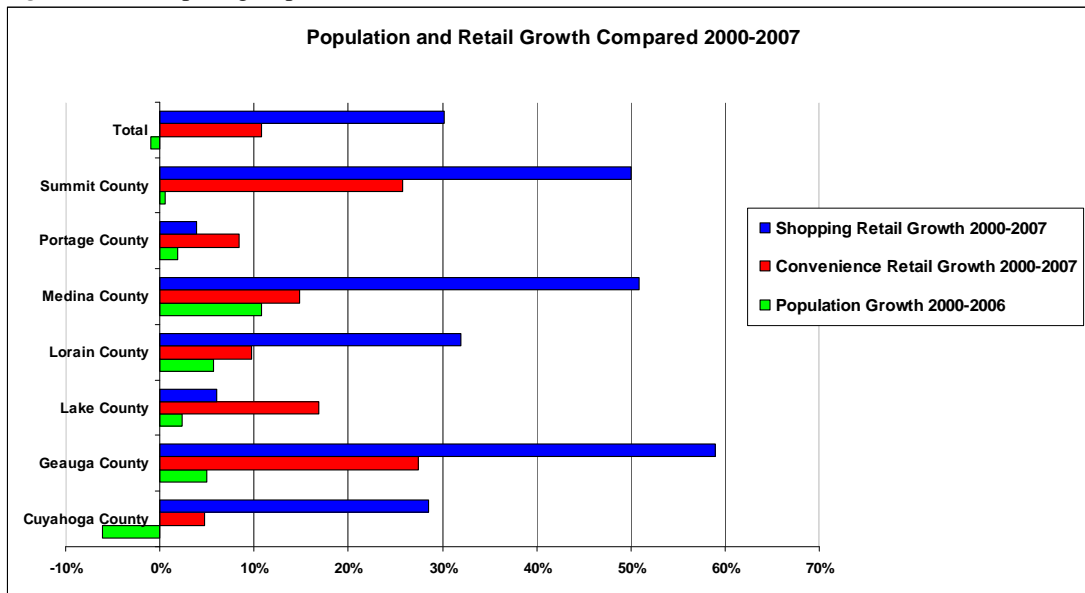
By comparison, the population in the region declined by 1%, with Medina County growing the fastest at 10.8% and Cuyahoga County declining by 6.1% (*Table 2.4*). Population stagnation in the region did not keep retailers for convenience and particularly shopping goods and services from building new retail establishments. Of all counties, Geauga County experienced the highest increase in retail space for shopping goods and services (59%). This tremendous growth is somewhat tempered by the fact that Geauga still has small retail square foot totals compared to all other counties. Nonetheless, for all six and a half counties, there is a strong disproportion between population growth and retail growth (*Figure 2.3*).

Table 2.4. Population Growth in Northeast Ohio, 2000-06

Region	Population		Population Change 2000-06
	2000	2006	
Cuyahoga County	1,393,978	1,314,241	-6.1%
Geauga County	90,895	95,676	5%
Lake County	227,511	232,892	2.3%
Lorain County	284,664	301,993	5.7%
Medina County	151,095	169,353	10.8%
Portage County	152,061	155,012	1.9%
Summit County	542,899	545,931	0.6%
Total	2,843,103	2,815,098	-1%

Source: US Bureau of Census, American Fact Finder, 2006

Figure 2.3. Comparing Population and Retail Growth in Northeast Ohio, 2000-07

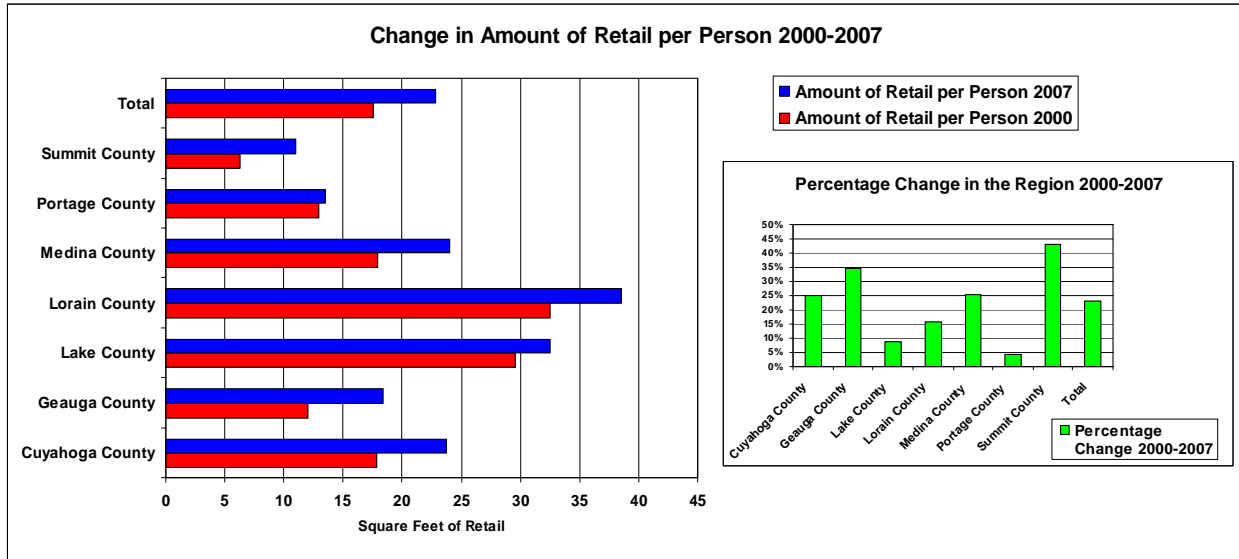


The amount of retail space per person increased as well (*Figure 2.4*). This is a direct result of the disproportion *Figure 2.3* reports between population growth and retail growth.

“Between 1990 and 2005 the amount of retail space per space per person in the United States doubled.... Because most of this development was auto-oriented

in nature, for every square foot of new store space, another three or four square feet was paved for cars.”¹

Figure 2.4. Change in Amount of Retail Space per Person in Square Feet, 2000-07



III. Retail Supply in Northeast Ohio: Surplus or Deficit?

A. A Look back at the Northeast Ohio Regional Retail Analysis, 2000

Table 3.1. Floor Space Surplus or Deficit for Convenience and Shopping Combined,

Region Totals	Convenience/Shopping	Total
West Shore	673,369	1,058,987
Cuyahoga	-409,318	-888,811
Heights	-300,194	-1,076,627
Hillcrest	-147,974	1,282,801
Southwest	322,174	1,789,994
Southcentral	204,639	800,981
Chagrin Southeast	574,612	2,003,968
Cleveland	-611,265	-2,692,242
Total	306,043	2,279,051

County Totals	Convenience/Shopping	Total
Cuyahoga	306,044	2,279,051
Geauga	87,742	-1,425,458
Lake	1,511,512	992,577
Lorain	1,691,955	316,430
Medina	731,380	-519,346
Portage	97,544	-623,833
Summit	105,122	702,764
Total	4,531,299	1,722,185

Table 6.2. Retail Surplus/Deficit Totals

SOURCE: Northeast Ohio Regional Retail Analysis

2000

¹ Stacy Mitchell. *Big-Box Swindle* (Boston, MA: Beacon Press 2006).

To assess the amount of retail supply, the 2000 study conducted a series of trade area analyses. First, a *trade area analysis* compares the amount of potential sales to the amount of total sales per household. The amount of potential sales is a function of household spending on retail whereas the amount of total sales is a function of actual retail square footage. The difference between the two is known as sales capture or leakage: if the amount of potential sales is greater than the amount of total sales, then there is leakage in that particular region. In other words, households spend their money outside of the region in which they live. If the amount of potential sales is less than the amount of total sales, then there is capture since that particular region captures sales from the outside.

Finally, the leakage or capture is transcribed in square foot deficit or surplus. Simply put, if there is leakage, there is a retail deficit. The region could support more retail to capture the sales made outside. This is the very argument First Interstate used to justify Steelyard Commons when First Interstate assessed the viability of a one-million square foot shopping center in Cleveland. This is also the argument the company used to attract tenants to the project. If there is capture, there is a retail surplus. Retailers must reach out to meet sales expectations. Note that the analysis is based on average figures.

This is not a science and the fact that the region as a whole shows a surplus does not necessarily indicate that stores are irremediably struggling. What the trade area analysis indicates, however, is that competition for retail sales in Northeast Ohio is fierce. In other words, this is a tight market. The region showed a surplus of over 6 million square feet of retail space in 2000. The following section compares retail surplus or deficit in 2000 with retail surplus or deficit in 2007.

B. Current Retail Supply for Retail Space over 5,000 Square Feet

As the original study did, we conducted a trade area analysis for each region within Cuyahoga County and for each county within the region (***Table 3.2 & 3.3***). ***Table 3.4*** summarizes the findings. ***Table 3.4*** is directly modeled after ***Table 3.1***. It shows that the floor space surplus increased by 16 million square feet between 2000 and 2007. This is a tremendous increase. The fact that the 2007 survey does not include retail stores under 5,000 square feet may influence the result. There are grounds to believe that bigger retailers tend to either swallow or choke smaller ones. If there are more big retailers and more shopping centers, smaller retailers, especially in the shopping category, may have been struggling and the vacancy rate for stores less than 5,000 square feet could have increased.

Table 3.2. Trade Area Analysis for Cuyahoga County, 2007

Cuyahoga County	Retail Category	1 2007 Floor Space*	2 Total Households	3 Sales/ Household/ Year	4 Total Sales Potential	5 National Median Sales/Sq Ft	6 Total Sales	7 Sales Capture/ (Leakage)	8 Surplus/ (Deficit) (Sq Ft)
Chagrin Southeast									
	Convenience	1,376,726	46,612	\$ 6,679	\$ 311,321,548	\$ 269	\$ 369,742,713	\$ 58,421,165	217,529
	Shopping	1,914,752	46,612	\$ 3,555	\$ 165,705,660	\$ 213	\$ 407,933,127	\$ 242,227,467	1,136,965
	TOTAL	3,291,478	46,612	\$ 10,234	\$ 477,027,208		\$ 777,675,839	\$ 300,648,631	1,354,494
Hillcrest									
	Convenience	991,281	67,039	\$ 6,679	\$ 447,753,481	\$ 269	\$ 266,225,034	\$ (181,528,447)	(675,916)
	Shopping	5,602,351	67,039	\$ 3,555	\$ 238,323,645	\$ 213	\$ 1,193,566,875	\$ 955,243,230	4,483,710
	TOTAL	6,593,632	67,039	\$ 10,234	\$ 686,077,126		\$ 1,459,791,909	\$ 773,714,783	3,807,794
Heights									
	Convenience	949,121	48,217	\$ 8,258	\$ 398,179,097	\$ 269	\$ 254,902,263	\$ (143,276,834)	(533,487)
	Shopping	883,547	48,217	\$ 4,415	\$ 212,876,500	\$ 213	\$ 188,237,479	\$ (24,639,020)	(115,650)
	TOTAL	1,832,668	48,217	\$ 12,673	\$ 611,055,596		\$ 443,139,743	\$ (167,915,854)	(649,137)
Cuyahoga									
	Convenience	619,247	19,697	\$ 8,258	\$ 162,657,826	\$ 269	\$ 166,309,103	\$ 3,651,277	13,595
	Shopping	142,332	19,697	\$ 4,415	\$ 86,962,255	\$ 213	\$ 30,323,477	\$ (56,638,778)	(265,850)
	TOTAL	761,579	19,697	\$ 12,673	\$ 249,620,081		\$ 196,632,579	\$ (52,987,502)	(252,255)
South-central									
	Convenience	1,234,463	62,185	\$ 8,258	\$ 513,523,730	\$ 269	\$ 331,535,613	\$ (181,988,117)	(677,627)
	Shopping	2,786,854	62,185	\$ 4,415	\$ 274,546,775	\$ 213	\$ 593,732,278	\$ 319,185,503	1,498,189
	TOTAL	4,021,317	62,185	\$ 12,673	\$ 788,070,505		\$ 925,267,891	\$ 137,197,386	820,562
Southwest									
	Convenience	1,346,775	43,623	\$ 8,258	\$ 360,241,548	\$ 269	\$ 361,698,873	\$ 1,457,324	5,426
	Shopping	3,438,292	43,623	\$ 4,415	\$ 192,594,138	\$ 213	\$ 732,519,515	\$ 539,925,377	2,534,296
	TOTAL	4,785,067	43,623	\$ 12,673	\$ 552,835,686		\$ 1,094,218,387	\$ 541,382,701	2,539,722
Westshore									
	Convenience	1,737,547	76,885	\$ 8,258	\$ 634,916,330	\$ 269	\$ 466,647,206	\$ (168,269,124)	(626,545)
	Shopping	3,735,421	76,885	\$ 4,415	\$ 339,447,275	\$ 213	\$ 795,822,105	\$ 456,374,830	2,142,127
	TOTAL	5,472,968	76,885	\$ 51,854	\$ 3,986,794,790		\$ 1,262,469,311	\$ (2,724,325,479)	1,515,582
Cleveland City									
	Convenience	2,552,827	190,638	\$ 5,073	\$ 967,014,330	\$ 269	\$ 685,604,238	\$ (281,410,092)	(1,047,822)
	Shopping	1,871,403	190,638	\$ 2,095	\$ 399,478,854	\$ 213	\$ 398,697,731	\$ (781,124)	(3,666)
	TOTAL	4,424,230	190,638	\$ 7,168	\$ 1,366,493,184		\$ 1,084,301,969	\$ (282,191,215)	(1,051,489)

Note: **Table 3.3** shows the overall retail surplus for Cuyahoga County (sum of all the above regions) **(in blue)**.

Table 3.3. Trade Area Analysis for Northeast Ohio, 2007

County	Retail Category	1 2007 Floor Space*	2 Total Households	3 Sales/ Household/ Year	4 Total Sales Potential	5 National Median Sales/Sq Ft	6 Total Sales	7 Sales Capture/ (Leakage)	8 Surplus/ (Deficit) (Sq Ft)
Cuyahoga County									
	Convenience	10,807,987	N/A	N/A	\$ 3,795,607,890	\$ 269	\$ 2,902,665,042	\$ (892,942,848)	(3,324,846)
	Shopping	20,374,952	N/A	N/A	\$ 1,909,935,102	\$ 213	\$ 4,340,832,586	\$ 2,430,897,485	11,410,120
	TOTAL	31,182,939	N/A	N/A	\$ 5,705,542,992		\$ 7,243,497,628	\$ 1,537,954,637	8,085,274
Geauga County									
	Convenience	1,169,147	24,088	\$ 8,258	\$ 198,920,258	\$ 269	\$ 313,993,913	\$ 115,073,655	428,473
	Shopping	587,996	24,088	\$ 4,415	\$ 106,347,743	\$ 213	\$ 125,271,078	\$ 18,923,335	88,822
	TOTAL	1,757,143	24,088	\$ 12,673	\$ 305,268,001		\$ 439,264,990	\$ 133,996,989	517,295
Lake County									
	Convenience	3,558,545	72,478	\$ 8,258	\$ 598,528,000	\$ 269	\$ 955,706,569	\$ 357,178,569	1,329,944
	Shopping	4,010,276	72,478	\$ 4,415	\$ 319,988,032	\$ 213	\$ 854,379,276	\$ 534,391,244	2,508,320
	TOTAL	7,568,821	72,478	\$ 12,673	\$ 918,516,032		\$ 1,810,085,845	\$ 891,569,813	3,838,263
Lorain County									
	Convenience	5,997,487	105875	\$ 8,258	\$ 874,322,581	\$ 269	\$ 1,610,725,130	\$ 736,402,549	2,741,973
	Shopping	5,650,324	105875	\$ 4,415	\$ 467,434,710	\$ 213	\$ 1,203,787,402	\$ 736,352,693	3,456,284
	TOTAL	11,647,811	105875	\$ 12,673	\$ 1,341,757,290		\$ 2,814,512,532	\$ 1,472,755,242	6,198,257
Medina County									
	Convenience	1,970,755	54,538	\$ 8,258	\$ 450,378,323	\$ 269	\$ 529,279,101	\$ 78,900,779	293,785
	Shopping	2,098,176	54,538	\$ 4,415	\$ 240,783,511	\$ 213	\$ 447,011,151	\$ 206,227,641	967,989
	TOTAL	4,068,931	54,538	\$ 12,673	\$ 691,161,833		\$ 976,290,253	\$ 285,128,419	1,261,774
Portage County									
	Convenience	1,079,682	56,415	\$ 6,679	\$ 376,795,785	\$ 269	\$ 289,966,596	\$ (86,829,189)	(323,306)
	Shopping	1,011,281	56,415	\$ 3,555	\$ 200,555,325	\$ 213	\$ 215,450,889	\$ 14,895,564	69,917
	TOTAL	2,090,963	56,415	\$ 10,234	\$ 577,351,110		\$ 505,417,485	\$ (71,933,625)	(253,389)
Summit County									
	Convenience	1,682,251	39,483	\$ 11,619	\$ 458,752,977	\$ 269	\$ 451,796,544	\$ (6,956,433)	(25,902)
	Shopping	4,298,635	39,483	\$ 7,805	\$ 308,164,815	\$ 213	\$ 915,813,440	\$ 607,648,625	2,852,174
	TOTAL	5,980,886	39,483	\$ 19,424	\$ 766,917,792		\$ 1,367,609,984	\$ 600,692,192	2,826,272
REGION TOTALS									
	Convenience	26,265,854	N/A	N/A	\$ 6,753,305,813	\$ 269	\$ 7,054,132,894	\$ 300,827,080	1,120,121
	Shopping	38,031,640	N/A	N/A	\$ 3,553,209,237	\$ 213	\$ 8,102,545,823	\$ 4,549,336,586	21,353,626
	TOTAL	64,297,494	N/A	N/A	\$ 10,306,515,050		\$ 15,156,678,716	\$ 4,850,163,666	22,473,746

The methodology we followed for the analysis is as follows:

This is the calculation for each numbered column:

- 1 Based on retail square foot total for shopping and convenience only
- 2 U.S. Census Bureau, 2000
- 3 U.S. Department of Labor, Bureau of Labor Statistics, Consumer Expenditure Survey, 2005 (adjusted to 2006 dollars using CPI)
- 4 Column 2 * Column 3
- 5 Dollars & Cents of U.S. Shopping Centers, ULI-Washington, 2006
- 6 Column 1 * Column 5
- 7 Column 6 - Column 4 (determining whether or not the retail supply serves the needs of residents)
- 8 Column 7 / Column 5 (sales capture/leakage translated into floor space)

Table 3.3 shows that Cuyahoga County has a total floor space surplus of over 8 million square feet. Only retail for shopping goods and services, however, shows a surplus. Retail for convenience goods shows a deficit of more than 3 million square feet. The 2000 study shows a surplus for convenience goods and services of 306,000 square feet. This huge drop is explained, at least in part, by the fact that a good portion of convenience retail encompasses stores that are less than 5,000 square feet. Additionally, the closing of Tops Markets in the region certainly had an impact on the results, given that all of the Tops Markets were bigger than 5,000 square feet. Looking at **Table 3.2** for a detailed analysis of floor space surpluses and deficits in Cuyahoga County, five regions out of eight show a deficit, two a slight surplus, and only one a substantial surplus. Except for Cleveland or the Heights region, this is somewhat surprising. As for shopping, the analysis is almost exactly reversed, with only three regions out of eight showing a deficit: Cleveland shows a slight deficit while the Heights and Cuyahoga regions show a more substantial deficit. The deficit in the Heights region is compensated in large part by the surplus in the Hillcrest regions while the deficit in the Cuyahoga region is explained in part by the fact that the Cuyahoga region is mainly residential with other regions providing residents in the Cuyahoga region with their shopping needs.

The region as a whole shows an overall surplus of nearly 22.5 million square feet of retail (**Table 3.3**). This is a very significant increase. Compared to 2000, the region now has an additional 16 million square foot surplus, with retail for shopping goods and services leading the trend toward greater market saturation (**Tables 3.1 & 3.3**). The surplus for shopping goods and services alone stands at 21 million square feet. As a whole, the region meets the needs of its population for convenience goods and services. One may argue that with a surplus of over one million square feet for stores over 5,000 square feet, the actual surplus is much higher. Back in 2000, the surplus for convenience goods and services was more than 4 million square feet (**Table 3.1**). The region's population and vacancy did not grow in such a way as to reduce this surplus by 3 million square feet. Once again, the explanation may lay in the fact that many convenience retail establishments are less than 5,000 square feet. In other words, many convenience retail stores were not included in the present study. This is certainly true of small convenience stores and this is true of many restaurants as well. Looking at **Table 3.3** more closely, not one county in the region shows a floor space deficit for shopping goods and services. This is a clear indication of the fact that the region has a growing oversupply of retail for shopping goods and services. As stores relocate from one shopping center to a newer one, more stores open. Even with convenience retail, only three counties show a floor space deficit: Cuyahoga with a 3

million square foot deficit, Portage with a deficit of a little over 300,000 square feet, and Northern Summit with a slight deficit of 25,000 square feet (*Table 3.3*).

Overall, the increase in retail space between 2000 and 2007 mainly results in an increase in floor space surplus, especially with respect to shopping goods and services. *Table 3.4* accounts for a total retail space of over 38 million square feet for shopping goods and services. In 2000, retail space for the same goods and services was over 37 million square feet. While the increase seems very moderate at first glance, the 2007 study does not include stores under 5,000 square feet.

Table 3.4. Retail Square Foot Totals and Floor Space Surplus/Deficit in Northeast Ohio, 2007

Cuyahoga Totals	Convenience	Shopping	Total
Chagrin Southeast	1,376,726	1,914,758	3,291,484
Hillcrest	991,281	5,602,351	6,593,632
Heights	949,121	883,547	1,832,668
Cuyahoga	619,247	142,332	761,579
South-central	1,234,463	2,786,854	4,021,317
Southwest	1,346,775	3,438,292	4,785,067
Westshore	1,737,547	3,735,421	5,472,968
Cleveland	2,552,827	1,871,403	4,424,230
Total	10,807,987	20,374,958	31,182,945

Cuyahoga Totals	Convenience	Shopping	Total
Chagrin Southeast	217,529	1,136,965	1,354,494
Hillcrest	(675,916)	4,483,710	3,807,794
Heights	(533,487)	(115,650)	(649,137)
Cuyahoga	13,595	(265,850)	(252,255)
South-central	(677,627)	1,498,189	820,562
Southwest	5,426	2,534,296	2,539,722
Westshore	(626,545)	2,142,127	1,515,582
Cleveland	(1,047,822)	(3,666)	(1,051,488)
Total	(3,324,847)	11,410,121	8,085,274

County Totals	Convenience	Shopping	Total
Cuyahoga	10,807,987	20,374,958	31,182,945
Geauga	1,169,147	587,996	1,757,143
Lake	3,558,545	4,010,276	7,568,821
Lorain	5,997,487	5,650,324	11,647,811
Medina	1,970,755	2,098,176	4,068,931
Portage	1,079,682	1,011,281	2,090,963
Northern Summit	1,682,251	4,298,635	5,980,886
Total	26,265,854	38,031,646	64,297,500

County Totals	Convenience	Shopping	Total
Cuyahoga	(3,324,847)	11,410,121	8,085,274
Geauga	428,473	88,822	517,295
Lake	1,329,944	2,508,320	3,838,264
Lorain	2,741,973	3,456,284	6,198,257
Medina	293,785	967,989	1,261,774
Portage	(323,306)	69,917	(253,389)
Northern Summit	(25,902)	2,852,174	2,826,272
Total	1,120,120	21,353,627	22,473,747

Table 3.4(A) Retail Square Foot Totals by Region

Table 3.4(B) Retail Surplus/(Deficit) by Region

Region Totals	Convenience/Shopping	Total	
West Shore	3,699,883	4,029,421	7,729,304
Cuyahoga	653,422	325,500	978,922
Heights	1,795,993	980,718	2,776,711
Hillcrest	2,521,083	3,902,402	6,423,485
Southwest	2,066,308	3,501,810	5,568,118
Southcentral	2,657,534	3,208,425	5,865,959
Chagrin Southeast	2,781,790	4,170,248	6,952,038
Cleveland	5,718,892	2,912,668	8,631,560
Total	21,894,905	23,031,192	44,926,097

Region Totals	Convenience/Shopping	Total	
West Shore	673,369	1,058,987	1,732,356
Cuyahoga	-409,318	-888,811	-1,298,129
Heights	-300,194	-1,076,627	-1,376,821
Hillcrest	-147,974	1,282,801	1,134,827
Southwest	322,174	1,789,994	2,112,168
Southcentral	204,639	800,981	1,005,620
Chagrin Southeast	574,612	2,003,968	2,578,580
Cleveland	-611,265	-2,692,247	-3,303,512
Total	306,043	2,279,011	2,585,054

County Totals	Convenience/Shopping	Total	
Cuyahoga	21,894,905	23,031,192	44,926,097
Geauga	1,801,390	532,596	2,333,986
Lake	5,104,494	4,518,983	9,623,477
Lorain	5,415,200	3,845,344	9,260,544
Medina	2,880,111	1,589,570	4,469,681
Portage	2,055,884	1,334,699	3,390,583
Summit	2,154,112	3,043,988	5,198,100
Total	41,306,096	37,896,372	79,202,468

County Totals	Convenience/Shopping	Total	
Cuyahoga	306,044	2,279,051	2,585,095
Geauga	87,742	-1,425,458	-1,337,716
Lake	1,511,512	992,577	2,504,089
Lorain	1,691,955	316,430	2,008,385
Medina	731,380	-519,348	212,034
Portage	97,544	-623,833	-526,289
Summit	105,122	702,764	807,886
Total	4,531,299	1,722,115	6,253,484

Table 6.1. Retail Square Foot Totals by Region

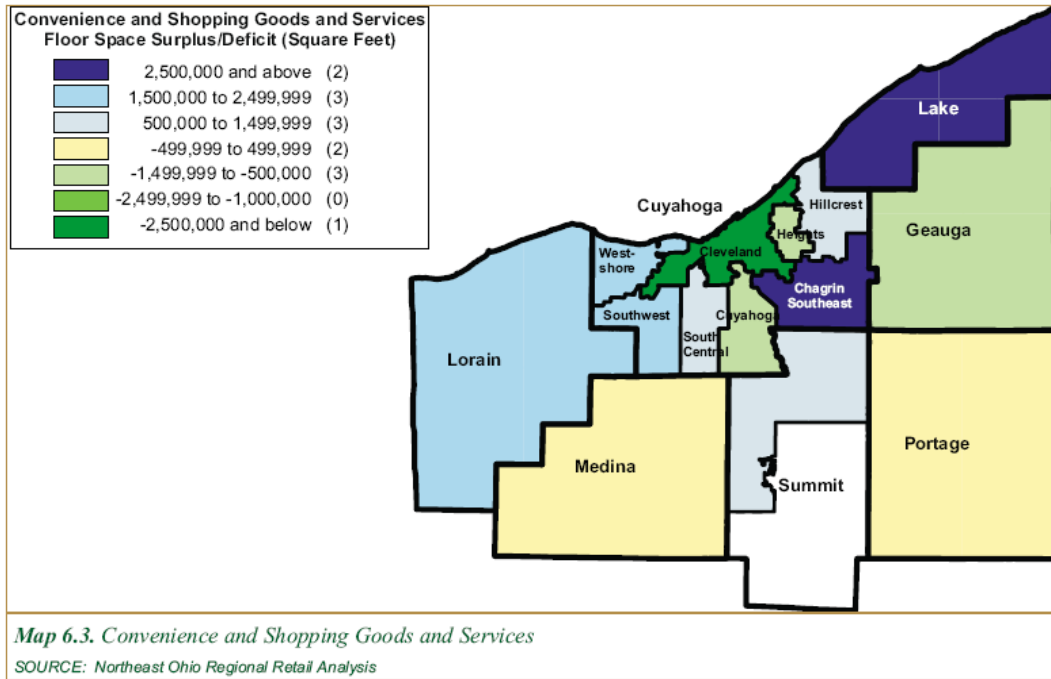
SOURCE: Northeast Ohio Regional Retail Analysis

Table 6.2. Retail Surplus/Deficit Totals

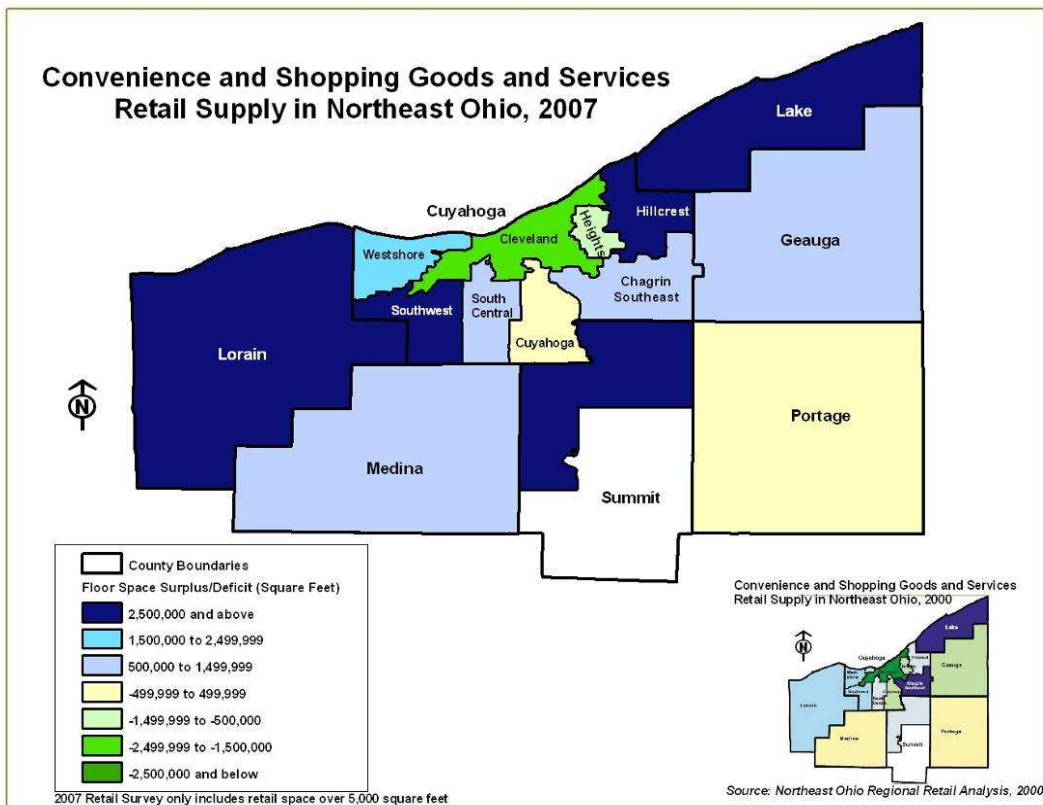
SOURCE: Northeast Ohio Regional Retail Analysis

Map 3.1 and Map 3.2 show floor space surpluses/deficits in the region in 2000 and 2007.

Map 3.1. Floor Space Surplus and Deficit for Convenience and Shopping, 2000

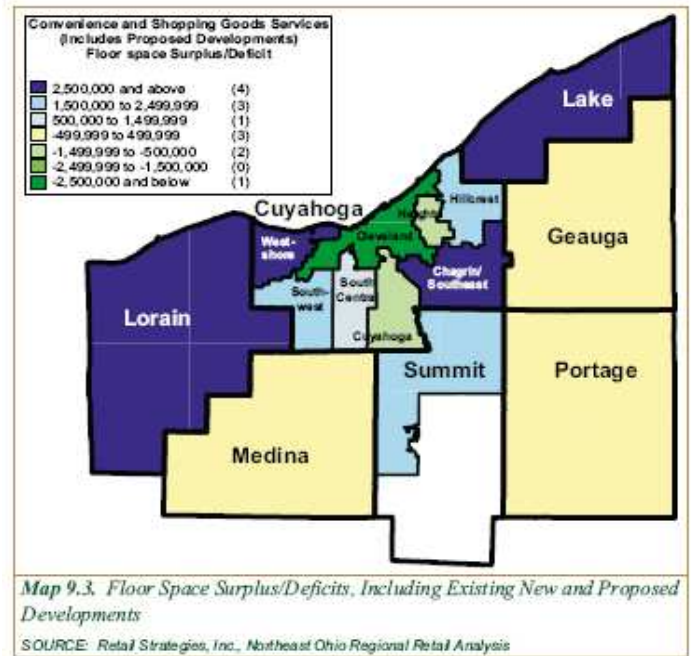
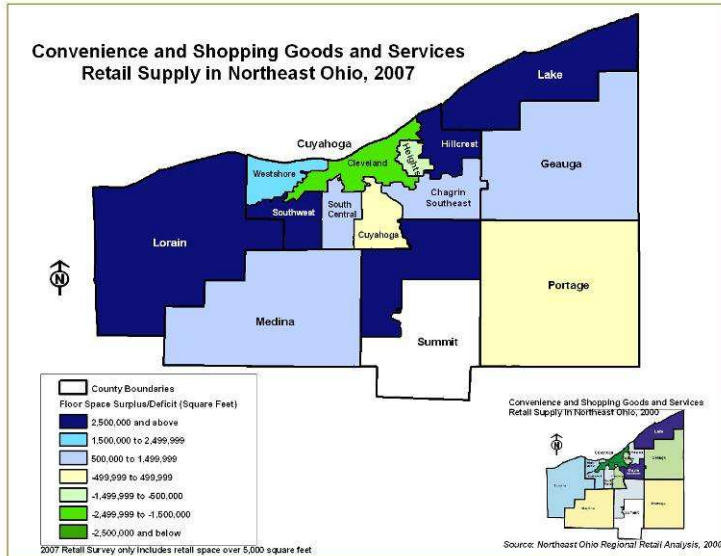


Map 3.2. Floor Space Surplus and Deficit for Convenience and Shopping, 2007



Map 3.2 is now compared to the map the 2000 study created based on proposed retail development at the time (*Map 3.3*):

Map 3.3. Estimated Future Floor Space Surplus and Deficit for Convenience and Shopping, 2000



A comparison of *Map 3.1* and *Map 3.2* shows that all the regions within Cuyahoga County have seen an increase in floor space surplus or, as is the case with Cleveland, a smaller overall deficit. The only two exceptions are Chagrin Southeast and the Heights region.

Likewise, all the counties in the region have seen an increase in floor space surplus; they all fall in a category with a higher range of overall floor space surplus, with the exception of Lake County. This is because Lake County already had a surplus that fell in the highest category in 2000.

A comparison of *Map 3.2* and *Map 3.3* shows that the anticipated growth in floor space surplus back in 2000 was confirmed. In fact, several regions within Cuyahoga County and several counties within the region outpaced the anticipated increase in floor space surplus: (1) the Southwest and Hillcrest regions in Cuyahoga County; and (2) Geauga, Medina, and Northern Summit counties at the regional level. A few regions within Cuyahoga County did not meet what the 2000 study anticipated. This is true of Cuyahoga, Chagrin Southeast, and Westshore. At the regional level, all the counties met or exceeded what the 2000 study anticipated.

IV. Vacancy and Proposed Retail in the Region

Table 4.1 shows the level of vacancy in the region. One immediate observation, even based on partial data, is that the vacancy rate, in Northeast Ohio, remained relatively steady between 2000 and 2007, decreasing by less than 1.5 percent-point. While retail space between

2000 and 2007 grew by 22%, the increase in the number of vacant stores did not follow the same trend. Here again, since the 2007 study only includes stores over 5,000 square feet, it would be interesting to see if more of the smaller stores have closed between 2000 and 2007. This is a likely result given the fact that smaller stores often suffer from the increase in the number of bigger retailers. Cuyahoga County is the county with the highest vacancy rate while Northern Summit County has the lowest.

Table 4.1. Total Vacancy and Vacancy Rate in Northeast Ohio, 2000-2007

County	Vacancy 2000 (Square Feet)	Vacancy 2007 (Square Feet)	Vacancy as Proportion of Retail Space 2000	Vacancy as Proportion of Retail Space 2007
Cuyahoga	4,305,779	5,426,235	17.3%	17.4%
Geauga	190,535	N/A	17.5%	N/A
Lake	483,230	N/A	7.2%	N/A
Lorain	N/A	N/A	N/A	N/A
Medina	116,883	132,000	4.3%	3.2%
Portage	34,100	69,000	1.7%	3.3%
Summit (Part)	68,109	36,466	2.0%	0.6%
Total Region	5,198,636	5,663,701	10.4%	8.8%

Table 4.2 gives a partial indication of the fact that there is more proposed retail in the region. In Cuyahoga County, Cleveland, North Royalton, and Strongsville are the three cities leading the pack. Because the analysis is only partial, other cities may be included in this list. At the regional level, anticipated retail growth is to be expected in Lorain County, Medina County, Portage County, and Northern Summit County.

Table 4.2. Proposed Retail Development in the Region, 2007

County	Proposed Square Footage
Cuyahoga	3,215,000*
Geauga	N/A
Lake	N/A
Lorain	650,000
Medina	N/A
Portage	1,545,000
Summit (Part)	
Total Region	5,410,000

* This figure is only partial; data for some of the regions in Cuyahoga County is missing.

The following section offers synopses of each team’s findings as teams of two students surveyed each region within Cuyahoga County and each county within the region.

V. Analysis of Retail Growth in Northeast Ohio

C. Cleveland City

Retail is the second-largest industry in the U.S. by number of businesses and number of employees. Consumer attitudes, perceptions and behavior continually evolve and form new trends and countertrends.

1. Neighborhoods

There has not been a large change in convenience and shopping space since last survey (in terms of square footage). There is some loss, but it seems to be mostly due to changed uses and progressive demolition over the last two years. The fact that there is no significant change in vacancy may be due to demolition as well as small start-up businesses.

Because only locations over 5,000 sq ft were considered, there are a lot of national chains - mostly grocery store anchored retail centers, national chain drug stores, and small convenience shopping goods aimed at lower-income households that appear in the study.

New and repositioned centers that are anchored by large chain and/or drug chain stores create an environment for convenience and innovative niche products and locations. New strategies are critical for both new and old centers; integrating discount stores to compete on price, and provide a variety of shopping experiences

Many gas stations are becoming gas station/ and convenience store in one. Auto oriented shopping centers like Glenville Town Center continue to see strong occupancy numbers, while other more traditional models like Shaker Square and E. 185th have been able to keep up by active interventions and marketing.

2. Downtown

A number of trends continue to evolve in the downtown area with many innovative restaurants and entertainment and mixed use live, work and retail venues sharing locations.

Many downtown locations have been designed and zoned for mixed use. New strategies are critical to compete on lifestyle, mixing uses to create a new urban environment and to draw the target market to the downtown area.

The enclosed centers, such as Tower City and the Galleria have seen some vacancy but the type of tenant they have focused on has changed to a lower grade and sometimes altogether different class. To name a few examples dollar stores have sprung up in Tower City and art galleries and office space are common in the Galleria. These tenants have replaced national retailers like Banana Republic and the Limited over the past several years.

D. Heights

The Heights region (East Cleveland, University Heights, Shaker Heights, and Cleveland Heights) is unique in comparison to other areas in large part because of its age. These four communities have experienced relatively low amounts of new development. Likewise much of the change since the 2000 retail study has involved the repurposing of existing space or simply a change in businesses or ownership. The retail establishments in the heights region are of the typical early 20th century style-- human scaled and with residences above. All four communities are entirely built out, so the amount of proposed retail is limited as new development would require site preparation, zoning variations, and political issues which are absent in many areas further away from the center city. As the automobile has come to transport most shoppers, the linear style of development found in these areas has become less functional. The physical space itself is also a problem as many businesses find the layouts to be less than ideal. To quote a planner from Shaker Heights “the spaces are too narrow and too deep.”

Another unique feature separating the Heights region from the rest of northeast Ohio is its overall retail deficit. All of the communities, with the exception of University Heights were, according to potential spending power, under retailled. This stands in glaring contrast to the overall trend of northeast Ohio as documented in the 2000 retail analysis and supported by the 2007 update in which the region as a whole has a net surplus of retail.

There were some other interesting observations about the individual communities. East Cleveland, in many ways the most struggling community in the Heights region, has seen many of their vacant buildings repurposed for use by RTA. University Heights which as mentioned is the only community in the Heights with a surplus of retail, ironically, has the most additional retail planned. Cleveland Heights has only one project currently underway that would add retail space to the total. Cleveland Heights developed a new zoning classification, known internally as “C-2 on steroids” (C-2 is the general retail/commercial zoning category. This change effectively increases the height limits allowed, but only if the development meets certain criteria and more importantly if it is in one of the established nodes, where increased density is encouraged (Cedar Lee, Cedar Fairmount, and Coventry). Given that Shaker Heights is nearly built out there are no plans to increase the total amount of retail. There is, however, a preliminary proposal to build a lifestyle center that would build three to four hundred thousand square feet of retail, a development of this sort would require nearly the same amount of existing retail to be “scraped” first and would therefore not be a net gain of square footage. Another trend that will be obviated throughout the region is the volatility in ownership of pharmacies and grocery stores which have seen major chains both enter and depart from the market.

E. Hillcrest

This region has seen a large increase in retail. Total retail square footage has increased almost 50% since 2000 or 7.2% per year over a seven year period. There is an 82% increase in shopping retail square footage from 2000-2007. This large increase comes from new construction of “Lifestyle” Centers and medium to large box construction. New projects include: Legacy Village, redevelopment of Eton Collection, Harvard Park, redevelopment of Eastgate Shopping Center, new Super Wal-Mart and Costco in Mayfield. There is a 7% decrease in

convenience retail square footage from 2000-2007. This change is primarily due to consolidation of small shop retail to larger format, “Category Killer” stores. Trends indicate movement toward national and regionally-based tenants such as Cheesecake Factory, Michael’s, Wal-Mart, Costco, Brio/Bravo and Mitchell’s brands versus local, individually-owned establishments.

The greatest quantity of vacancies is located in Euclid and South Euclid, respectively. New retail development has bypassed the inner ring suburbs as a result of out-migration, change in per capita income, size and quality of existing retail in these cities. New retail growth has located closer to higher income communities such as Beachwood, Pepper Pike, and Mayfield/Gates Mills and in conjunction with existing, strong retail hubs. Legacy Village’s close proximity to Beachwood Place and La Place is an example that illustrates this.

There is heavy retail agglomeration and polarization between big box retailers and smaller, individually-owned establishments—Big is getting bigger. Conversely, strong, local retail tenants have diminished and now focus on smaller niche markets. The end result is an erosion of necessary retail in older neighborhoods, necessitating greater travel distances for consumers. The newer communities (Beachwood, Pepper Pike) are perceived as getting “better”, whereas older communities (Euclid and South Euclid) are perceived as getting “worse.”

F. Chagrin Southeast

The Chagrin/Southeast region contains various municipalities with differing retail situations. While the Solon and Garfield Heights have seen a large increase in retail, Bedford, Oakwood and Maple Heights are seen increasing vacancies and an influx of lower-tier retail tenants. Chagrin Falls, on the other hand, has not seen much change in its retail climate. That is due, however, to the small independent retail nature of its downtown. To an extent, there seems to be a shuffling of big box tenants—as one city opens a new big box center, other cities see big boxes close due to the increased competition.

G. South Central

There are several instances where retail stores have moved out and retail space is left vacant. There are also several instances where retail space has been replaced by other retail types that are within category A or B. Giant Eagle and Marc's have moved into the larger retail spaces while Rite Aid has moved into the smaller retail space.

H. Cuyahoga

This region has added nearly a quarter-million square feet since the last study. This trend looks to continue as there are two lifestyle centers planned.

I. Southwest

In Berea, Brook Park, Olmsted Township, Olmsted Falls and Middleburgh Heights, there has been little retail movement. The larger vacancies are due to Tops pullout. There is some

evidence of the downgrading of retail locations from drugstores to dollar stores, particularly in areas where shopping seems to be struggling: Southgate Shopping Center in Middleburg Heights or Brookgate Plaza in Brook Park, for instance.

Generally speaking, retail vacancies appear to have increased slightly and rezoning has removed some retail space from the market as those uses are changed to industrial. In contrast, Strongsville has seen a large increase in new retail. With even more planned Strongsville meets and exceeds the retail needs of all these communities.

J. West Shore

There have been several major developments in the West Shore study area since 1999. The Westgate Mall in Fairview Park and Rocky River has been demolished and is currently being redeveloped as a power center, with Target and Kohl's as the anchors. The new center will have about 100,000 total square feet fewer than the old mall. The redevelopment will leave the existing Target in Rocky River, on Center Ridge Road, vacant.

In North Olmsted, Great Northern Mall added about 200,000 square feet in an expansion of Dillards in 2003. Little else has changed there. Bay Village has remained practically unchanged since the last study, with no new square footage added to its scant supply of retail and no new vacancies.

In Westlake, Crocker Park has changed the retail landscape of the west side of Cleveland. Opened in 2004, the development added nearly a million square feet of retail. Rocky River is also opening the Beachcliff Market Square development that features several hundred square feet of new retail.

Overall, there is an increase in new retail and a slight decline in vacancies. There are many new national chain drug stores that have located in the study area. In some cases, the older retail spaces are either vacant or are being filled with dollar store-like tenants. Additionally, we found a huge deficit in convenience shopping and a large surplus of shopping goods. Correspondingly, there was a large sales leakage in convenience shopping (\$168 million) and a net leakage of \$2.7 billion.

Fairview Park is the only city in our study area that provides tax incentives. It provides a seven-year 100% tax abatement on commercial developments.

K. Lake County and Geauga County

In Lake and Geauga counties, the majority of the development is occurring in Mentor, Mentor and Madison. All of the other cities reported that there are no significant retail developments.

L. Portage County and Northern Summit County

1. Portage County

Portage County hasn't experienced much retail growth; there are few new big-box developments such as a Target in Streetsboro, and only a handful of reported discount drug stores like CVS, Walgreens, and Discount Drug. Downtown Kent and Streetsboro have the most of this new retail development. A few strip malls have been added, but again, most of Portage County still remains rural. Besides the larger concentrations (but existing ten years prior) in Aurora at the State Rt. 43 and State Rt. 82 intersection and the Aurora Premium Outlets, not much retail development has been built within the last 10 years, and according to our sources in local governments, there are no proposed large retail centers. On the whole, like many counties, Portage County has also seen an increase in shopping retail surplus from -163,000 square feet to about 70,000 square feet.

2. Northern Summit County

Northern Summit County has exploded with new retail developments of the past ten years. The present total of new and proposed retail square footage in the northern half of the county totaled more than 4.3 million square feet. We found that projects that had were in the development and approval states ten years ago have been finished as expected. From what we unearthed, Summit County still has a deficit of approximately 11,000 square feet of convenience retail and has in excess of 4.4 million square feet of shopping retailers. Overall there has been a negative impact on convenience shopping down from about 105,000 square feet; while experiencing an increase of approximately 2.7 million square feet of shopping retail. This excess is largely due to new big box centers like Wal-Mart, Home Depot or other do-it-yourself mega-stores and projects like First and Main located in Hudson, Ohio. Nodes of new large-scale retail developments can be seen at the Cascades at Brimfield, Montrose/Fairlawn and Macedonia, Ohio.

3. Disclaimer

In Portage County we ran in to trouble contacting the county planning offices. We cannot predict how much this has impacted our retail analysis. Additionally, our trade area analysis data is missing some household figures in Summit County, which could explain some of the drastic new surplus figures. However, this does not mean that we have over compensated in the retail data we gathered. The addition of this information would only affect the potential sales and total sales, in dollars, figures and the household figures. The data team never got us the figures for the bisected municipalities located in Summit County.

M. Medina

Medina County has experienced significant growth in retail development since the initial study. Through our research we successfully documented growth of those establishments over 5,000 square feet in the City of Medina and Medina Township for the entire period, the City of Wadsworth and all other townships and villages from 2001 through 2006. The County Building Department agreed to share data dating back to 2001, suggesting that the compiling of additional permit data was too time consuming. Further, we were unable to collect data on the City of Brunswick as city officials were not forthcoming in sharing data.

Although the data was incomplete, growth trends in the County are evident. In the subdivisions listed above, the county gained over 1.3 million square feet in new retail over 5,000 square feet. Growth occurred throughout the county and has provided residents with numerous retail alternatives. New retail in the form of big box occurred in Wadsworth with the additions of: Wal-Mart, Home Depot, Lowe's, Target, and Kohl's. Further the City of Wadsworth gained those retail establishments that typically follow power center developments: Bed, Bath, and Beyond, Marshall's, and Office Max. Finally, the City also gained smaller strip retail. Throughout the rest of the county, growth in retail occurred mainly as small to medium sized strip centers were constructed. Establishments ranging from Old Navy to neighborhood retail were constructed since 2001.

Despite incomplete data, our retail trade area analysis demonstrated a surplus in both the convenience and shopping retail categories. In the category of convenience retail, the county demonstrated a surplus of over 290,000 square feet of retail space. In the category of shopping retail, the county demonstrated a surplus of over 960,000 square feet of retail. Given the prevalence of big box retail that occurred over the past seven years, the surplus in shopping retail is predictable. Again, it is important to note that these surplus figures were generated using incomplete data, suggesting that we underestimated the true impact of new retail development in the county.

N. Lorain

The trends in Lorain County mirror much of what is going on throughout the rest of Northeast Ohio with regards to retail. More and more retail is being added to an already over-saturated market. Power strip retail is dominating as older retail centers such as the historic downtowns of cities in Lorain County continue to suffer.

The southwest region of Lorain County continues to be mostly rural with little retail activity. Most retail activity is clustered along the eastern border of the county in the fast growing exurban communities of Avon and North Ridgeville that are very near built out high income Cuyahoga County municipalities. The historic downtowns of Lorain and Elyria continue to suffer with vacancies and low end retail. The Midway Mall located in Elyria is struggling and has lost Dillard's, a major anchor, which in the past has signaled the beginning of the end for other malls. Elyria continues to have strong retail around the mall area due to the construction of big box. The city of Lorain, although struggling, has added big box retail in the wealthier area of the city that straddles the border of the higher income community of Amherst.