

# MEMORANDUM

Date: January 28, 2022

To: Kyle Smith, Associate Planner  
County of Nevada, Planning Department

From: Steve Gunnells

Subject: **Market Study for the Greater Higgins Area Plan**

## Summary

The memorandum presents the market study for the Greater Higgins Area Plan (Plan). It provides estimates for the number of housing units and the amount of non-residential development that the market will likely support in the Greater Higgins Area Plan's plan area (Plan Area). The report also discusses types of housing, household types and ages of residents, types of non-residential development, and the types of businesses and stores that the Plan should consider.

The analysis projects that the number of households residing in the Plan Area and Areas of Influence could increase by 260 to 480 households from 2022 to 2042, with a commensurate increase in housing units. The analysis recommends that the Plan accommodate the development of 44,000 to 60,000 square feet of retail building space. In addition, the analysis estimates that the market could support 20,900 to 38,300 square feet of commercial, office, and light industrial for other non-retail businesses primarily serving the local community and travelers on Highway 49.

Economic and market conditions are still fluid as society and the economy enter the third year of COVID-19 pandemic. Retail, food service, accommodations, and entertainment/recreation businesses have been particularly hard hit by changes in how people shop, dine, and spend leisure time. It is not yet clear which of these changes will become normal and which will revert to past patterns after the pandemic. Reflecting economic and market uncertainty, this analysis tries to stay somewhat conservative to not overestimate future development potential. In addition, this report presents results in ranges to further reflect uncertainty.

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## Analysis

### 1. GEOGRAPHIC AREAS OF ANALYSIS

The analysis presented in the following sections refer to several different geographic areas. The Plan Area and the Areas of Influence are the same boundaries as used in other components of this planning project. For this report, the term “study area” is used to refer to the Plan Area and the Areas of Influence collectively.

The assessment of regional employment is based on an “economic area,” which is the area in which job growth will have the largest impact on potential population and household growth in and around the study area. This economic area is shown in Figure 1.

The retail analysis defines a “local trade area,” which is the area from which businesses in the Plan Area will likely draw the majority of their customers. The local trade area is shown in Figure 3.

### 2. REGIONAL EMPLOYMENT

#### 2A. Study Area Out-Commuting

Prior to the pandemic, in 2019, a majority of the study area residents who were employed were working at jobs located in: southwestern Nevada County, the Grass Valley Census County Division (CCD), 23.6 percent; and southwestern Placer County, the Auburn CCD, 18.1 percent, Roseville CCD, 6.5 percent, and Rocklin CCD, 6.0 percent. In addition, another 5.5 percent of study area residents who were employed worked at jobs located in the Sacramento CCD, which takes in northern Sacramento County and the City of Sacramento. The strength of the economy and job growth, in particular in these five census-defined areas, will be a key driver of future residential growth in the study area. The map in Figure 1 shows the general location of each of the CCDs relative to the Plan Area and the Areas of Influence.

#### 2B. Employment Growth

The economic area represented by the five CCDs shown in Figure 1 has experienced significant job growth. From 2003 to 2019, total employment in this area increased by 177,000 jobs, growing from 498,000 to 675,000. This is an annualized growth of 1.9 percent per year. If the trend in total employment continues for the next 20 years, the analysis projects that the total number of jobs in this subregion would grow by 154,000, increasing from 691,000 in 2021 to 845,000 in 2042, reflecting an annualized growth rate of 1.0 percent per year. The growth rate is lower than that for the period from 2003 to 2019 in large part because the 2022 base-year employment against which the rate is measured was substantially larger than that in 2003.

### 3. HOUSEHOLD GROWTH

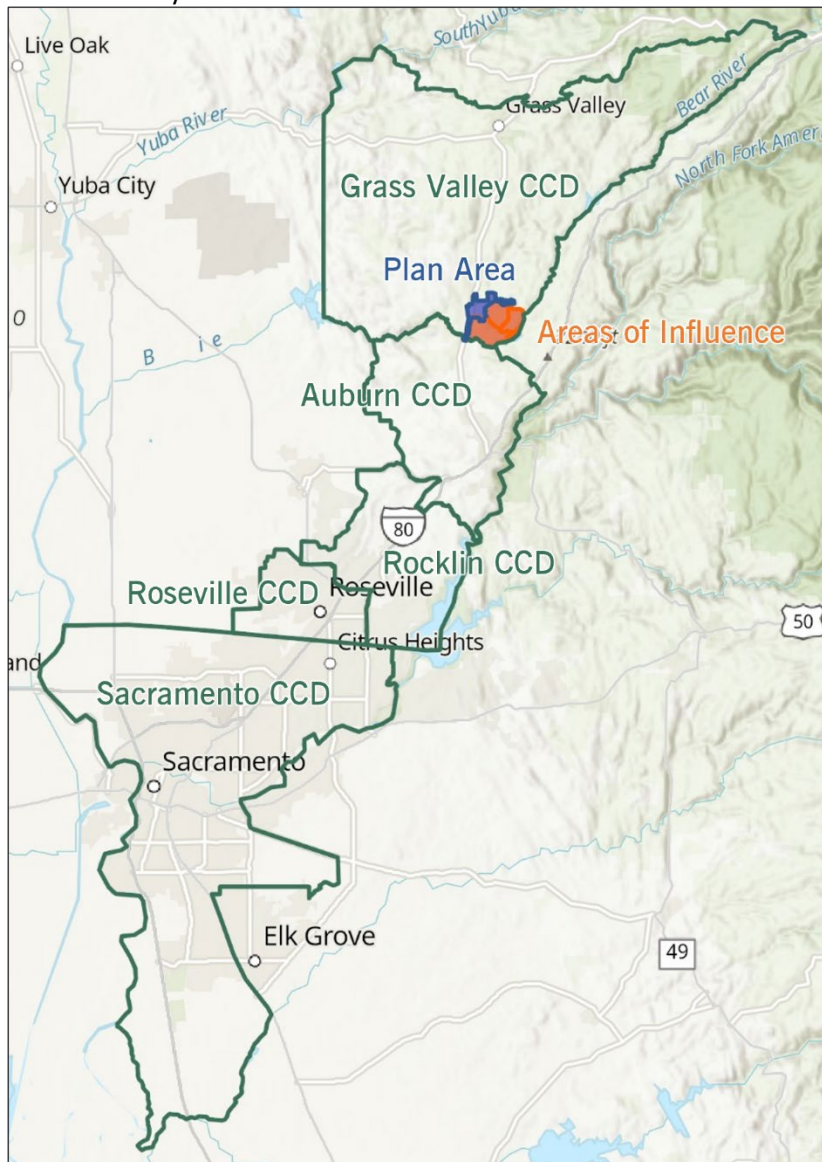
#### 3A. Regional Household Growth

The number of households in the region shown in Figure 1 increased by 26,600 households, from 519,000 in 2011 to 545,000 in 2019. This is an annualized rate of growth of 0.6 percent. The projection for future regional household growth reflects two approaches: employment-driven household growth and trend growth in households for the period from 2011 to 2019.

### 3B. Employment-Driven Regional Household Growth

From 2011 (the earliest year for which estimates of the number of households in the area shown in Figure 1 are available), the average annual increase in the number of jobs was 1.9 percent, and the increase in the number of households was 0.6 percent. However, the growth rate for households was increasing slightly faster than the growth rate for jobs. Based on the rate of growth for the projected number of jobs each year and accounting for the slightly faster household growth rate, the analysis projects that regional household growth would increase from 1.0 percent per year in 2022 to 1.4 percent per year in 2042. With this rate of growth, the analysis projects that the regional number of households would grow by 73,000, at an annualized rate of 0.6 percent per year.

Figure 1: Economic Area Influencing Plan Area Population Growth, by Census County Divisions



Source: PlaceWorks, 2022, using geographic boundaries from the US Census Bureau.

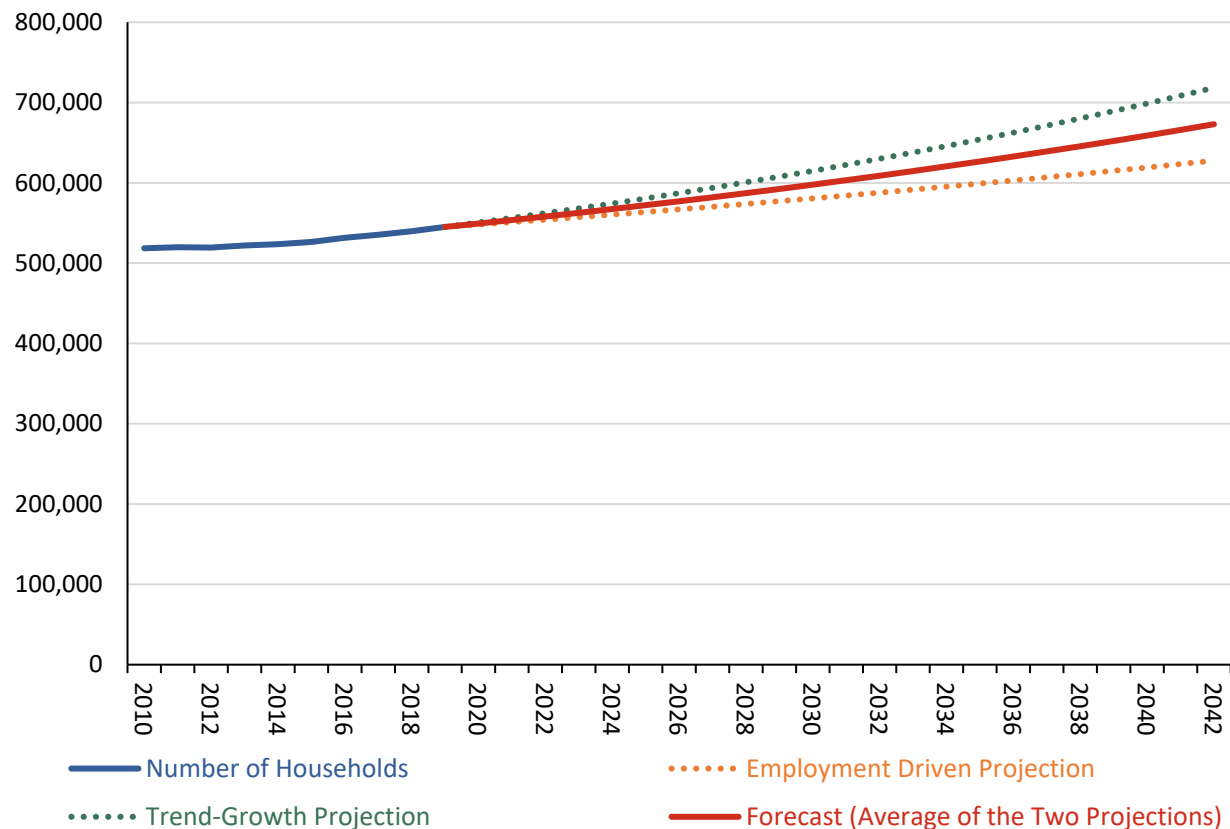
3C. Trend Growth in Households

As noted above, the region’s number of households increased at an annualized rate of 0.6 percent per year, from 2010 to 2019. However, the growth rate was higher in the second half of this period than it was in the first half. The trend growth rate approach accounts for the increase in the growth rate. Under this projection, the number of households would increase by 156,000, for an annualized growth rate of 1.2 percent per year.

3D. Regional Household Growth Projection

The trend growth projection is more than two times larger than the employment-driven projection. How much of the larger region’s growth occurs, broadly speaking, along the I-80 corridor northeast of Sacramento, through the study area, and up into Grass Valley will depend on a multitude of factors, not the least of which is available infrastructure and available land for development. For the purposes of this planning study, the analysis simply averages the two previous projections to forecast the regional household growth. The projections and the forecast for the regional number of households are shown in Figure 2. Under the forecast, the number of households would increase by 115,000, growing at a rate of 0.9 percent per year.

Figure 2: Regional Number of Households, Two Projections, and Forecast; Economic Influence Area for Study Area; Actual 2010 to 2019 and Projection 2020 to 2042



Source: PlaceWorks 2022, using data from the US Census Bureau’s 2010 to 2019 American Community Survey, Five-Year Estimates.

### 3E. Local Household Growth Potential

The area within a 30-minute drive of the Plan Area represents a typical market area for new housing. Generally speaking, a builder or developer in the study area has an opportunity to attract a buyer from those new households looking for a new home within about a 30-minute drive. For this analysis, the 30 minutes is measured from the intersection of Combie Road and Highway 49.

From 2010 to 2021, this area accounted for 12.3 percent of the economic area’s household growth. Based on this percentage, the potential market for residential development in this 30-minute drive area includes up to 14,000 new homes over the next 20 years.

However, new housing in the study area increased only 3.8 percent, growing at about half the rate of new housing development in the 30-minute drive area, 7.0 percent increase, and the region, 7.8 percent increase. If past trends continue, the study area would expect 260 new houses over the next 20 years. However, there is a reasonable potential to add up to 480 new houses if the study area were to grow at the same rates as the 30-minute drive-time area. Table 1 provides the projected market potential for new housing in the study area as low-range and high-range estimates. The low range represents what the market would likely develop in or near the study area over the next 20 years, and planning for less housing could lead to price escalation. The high-range represents the potential market, and should the community decide through the Plan to attract more housing development, the high-range estimate is a reasonable target.

Table 1: Market Potential for New Housing by Number of Units; Study Area; 2022 to 2042

	Low-Range Projection	High-Range Projection
2022–27	50	100
2027–32	60	110
2032–42	145	270
2022–42	260	480

Source: PlaceWorks, 2022.

## 4. HOUSING GROWTH

The demand for new housing is essentially the same as the projected growth in households. The market questions concern of the type and size of housing needed to accommodate new households.

### 4A. Tenure

From 2010 to 2021, the number of households owning their own home in the Plan Area went up while the number of renter households decreased. In contrast, the 30-minute drive-time area had about the same percentage growth among owners and renters. As of 2021, only 16.1 percent of study area households were renters, less than the 26.5 percent share in the 30-minute drive-time area, and substantially less than the 44 percent share statewide. This suggests that there could be additional market demand for housing products for renter households.

4B. Household Size

From 2010 to 2021, the average household size in the study area decreased slightly from 2.57 to 2.56 persons per household. At the same time, the average household size in the 30-minute drive-time area decreased from 2.48 to 2.41 persons per household. Birth and fertility rates have been steadily declining since 2007, and there is a general expectation that household sizes will decrease over time. This suggests that there could be expanded market demand for smaller unit sizes.

4C. Housing Type

In 2021, 91 percent of the housing in the study area was single-family detached housing. This was higher than in the 30-minute drive-time area, in which 77 percent of the housing stock was single-family detached. Indeed, the data indicate that the Plan Area and the Areas of Influence have only 240 units that are attached homes, apartments and condominiums, and mobile homes. While there may still be strong demand for single-family detached housing, the somewhat larger share of other types of housing in the market area suggests that there could be demand for a somewhat larger variety of housing in the Plan Area.

4D. Age of Residents

The median age of residents in the study area is relatively old and getting older relatively fast. Table 2 provides the median age for each of the geographic areas discussed in the projections for the number of households. The data show that the study area has median ages 48 to 54 years old. This is not substantially different from the median ages for the 30-minute drive-time area and the Grass Valley CCD. However, the data show that the median age decreases from the Grass Valley CCD south toward Sacramento, in which the median age is 34.5.

Table 2: Median Age; Study Area, 30-Minute Drive Area, and CCDs; 2010 and 2021

Geographic Area	2010	2021	Change
Plan Area	47.9	52.0	4.1
Areas of Influence			
- Darkhorse	45.0	48.1	3.1
- Lake of the Pines	49.4	54.1	4.7
- South	49.0	52.4	3.4
30-Minute Drive Time Area	46.6	50.0	3.4
Census County Divisions			
- Grass Valley (Nevada)	49.4	53.1	3.7
- Auburn (Placer)	46.8	50.7	3.9
- Rocklin (Placer)	41.1	43.9	2.8
- Roseville (Placer)	37.3	38.8	1.5
- Sacramento (Sacramento)	34.5	36.2	1.7

Source: PlaceWorks, 2022, using data from Esri Business Analyst Online.

Typically, one would expect that an area with a high median age would have fewer children. This is not the case for the study area. Table 3 provides the percent of households with one more or more children under the age of 18 for each of the geographic areas. The data show that the percentages in the study area, from 30

to 35 percent, are in line with or only slightly lower than the percentages in the CCDs in and near Sacramento. The percentages in the study area are somewhat higher than those in the Auburn and Grass Valley CCDs.

Table 3: Share of Households with One or More Children Under the Age of 18

Plan Area	32.5%
Areas of Influence	
- Darkhorse	34.8%
- Lake of the Pines	30.4%
- South	31.1%
30-Minute Drive Time Area	27.4%
Census County Divisions	
- Grass Valley (Nevada)	25.2%
- Auburn (Placer)	26.5%
- Rocklin (Placer)	37.6%
- Roseville (Placer)	36.8%
- Sacramento (Sacramento)	34.8%

Source: PlaceWorks, 2022, using data from Esri Business Analyst Online.

These demographics—a high median age but with a substantial number of households with children—are indicative of an area with fewer young adults and fewer newly formed households. Through the Plan, the community should consider whether housing opportunities for young adults and new households would contribute to the community’s quality of life and would be desirable.

#### 4E. Planning for New Housing

The study area has fewer renters, slightly larger households, and more single-family detached housing than the 30-minute drive-time market area. However, this is not unexpected because smaller, more dense housing and multifamily development most often occur in urbanized areas with more infrastructure than what is available in the Plan Area. Thus, these differences do not suggest that wholesale change is warranted or even feasible in the Plan Area. What these differences do suggest is that planning for a little more variety in housing may better address future market demand. And even then, providing some flexibility in the Plan can be beneficial by allowing developers and builders to better respond to small shifts in market preferences from year to year.

### 5. RETAIL MARKET DEMAND

Retail market demand is driven primarily by the spending of local residents. For Higgins Corner, there is some additional market demand supported by drivers travelling along Highway 49. This section estimates the market potential for retail stores and restaurants. The following section estimates market support for other types of local-serving businesses.



## 5A. Retail Types

The retail market can be categorized into two broad groups: convenience goods and services and comparison goods. Table 4 describes the conventional typology for retail centers, and the subsequent discussion in this section further describes types of retail.

Table 4: General Shopping Center Types

Shopping Center Type	Building Size Range (sq. ft.)	Shopping Center Trade Area (radius in miles)
Convenience	<30,000	½
Neighborhood	30,000 – 100,000	1½
Community	100,000 – 450,000	3-5
Regional	300,000 – 900,000	8
Superregional	500,000 – 2 million	12

Source: Michael D. Beyard et.al., Shopping Center Development Handbook, 3rd. Ed., Washington D.C.: Urban Land Institute, 1999.

### 5A(i) Convenience Goods and Services

Convenience goods and services are those that people need on a regular basis. For these regular purchases, most consumers have built knowledge of where to go to get what they want, and whether their discriminator is price, convenience, or quality. Groceries, medicines, and hair care are typical convenience goods and services. Because convenience goods and services usually have low-cost margins and high sales volumes, convenience retailers are located throughout an area, close to concentrations of households. Convenience goods retailers typically operate in convenience-goods centers (less than 30,000 sq. ft.) and neighborhood-scale centers (less than 100,000 sq. ft.), and they typically draw customers from a ½- to 1½-mile radius. The existing retail in Higgins Corner is convenience goods and services, and as discussed below, it is unlikely to support most comparison goods retailers.

### 5A(ii) Comparison Goods

Comparison goods are retail items that consumers purchase more infrequently or rarely. For these purchases, consumers tend to compare goods across brands and across retailers. This habit of comparing induces retailers to locate near each other. It also promotes larger-scale retailers who can stock many different brands of similar products. Clothing, electronics, and furniture are quintessential comparison goods. Because comparison goods have higher cost margins and lower sales volumes and because consumers purchase these goods infrequently, comparison goods retailers tend to locate close to major transportation corridors that give access to a greater number of consumers. These businesses typically locate in community-scale centers (100,000+ sq. ft.) and regional-scale centers (300,000+ sq. ft.), and they draw customers from a 3- to 5-mile radius up to an 8- to 12- mile radius, depending on the center's size and retailer mix.

### 5A(iii) Eating and Drinking Places

Eating and drinking places are a cross between convenience and comparison. Sometimes consumers are looking for convenience when buying food away from home. Fast food and limited-service restaurants typically

satisfy this convenience demand. Other times, consumers are looking for higher quality and are willing to travel longer distances and pay more for the cuisine they desire.

#### **5A(iv) Experience-Oriented Shopping**

A fourth, hybrid type of retail is experience-oriented shopping. In this type of shopping, the experience of the trip is of equal if not greater importance than the material needs for a good or service. The experience's value may accrue from socialization with friends, activities and entertainment, or the quality of the place. Downtowns, new town centers, lifestyle centers, and even shopping malls all attempt to enhance the shopping experience and provide a mix of businesses and amenities to create an enjoyable shopping experience. Because most consumers infrequently invest their time in experiential shopping, most are willing to travel further and forego quick and easy access for the value of the experience. Experience-oriented shopping is a destination trip and draws from a community, regional, or even super-regional size trade area, even if it does not offer the commensurate amount of retail square footage.

Higgins Corner might seem like an odd place to discuss experience-oriented shopping. However, as society transitions to a new normal as the pandemic wanes, this type of shopping will likely be very competitive when becoming re-acustomed to socializing in public. Furthermore, in small towns and rural areas where many residents know their neighbors, most shopping is experience oriented; one cannot often avoid running into family and friends when out in public.

### **5B. Retail Market Basics**

#### **5B(i) Trade Area**

A trade area is the geographic area from which a retail center will draw the majority of its customers. Sophisticated market-analysis models for individual retailers often define primary, secondary, and even tertiary trade areas. Several factors affect the size and boundaries of the trade area, including the type of shopping center, location of competitive retail facilities, physical barriers, and visibility and access to major roads and highways.

The retail businesses in Higgins Corner are primarily convenience goods and services. In a more suburban setting one would expect this retail district to have a trade area that is about 1½ radius, or about a five-minute drive. This is true for the retail areas in Colfax and Meadow View. In contrast, Grass Valley has, in addition to a wide variety of convenience goods and services, some small- and medium-box comparison goods stores, like JC Penny's, Big 5 Sporting Goods, and Petco. Similarly, North Auburn has Target, Petco, PetSmart, Ross, Home Depot, Big 5 Sporting Goods, and Best Buy. The trade area for these two community-scale shopping districts would extend to at least a 10-minute drive time.

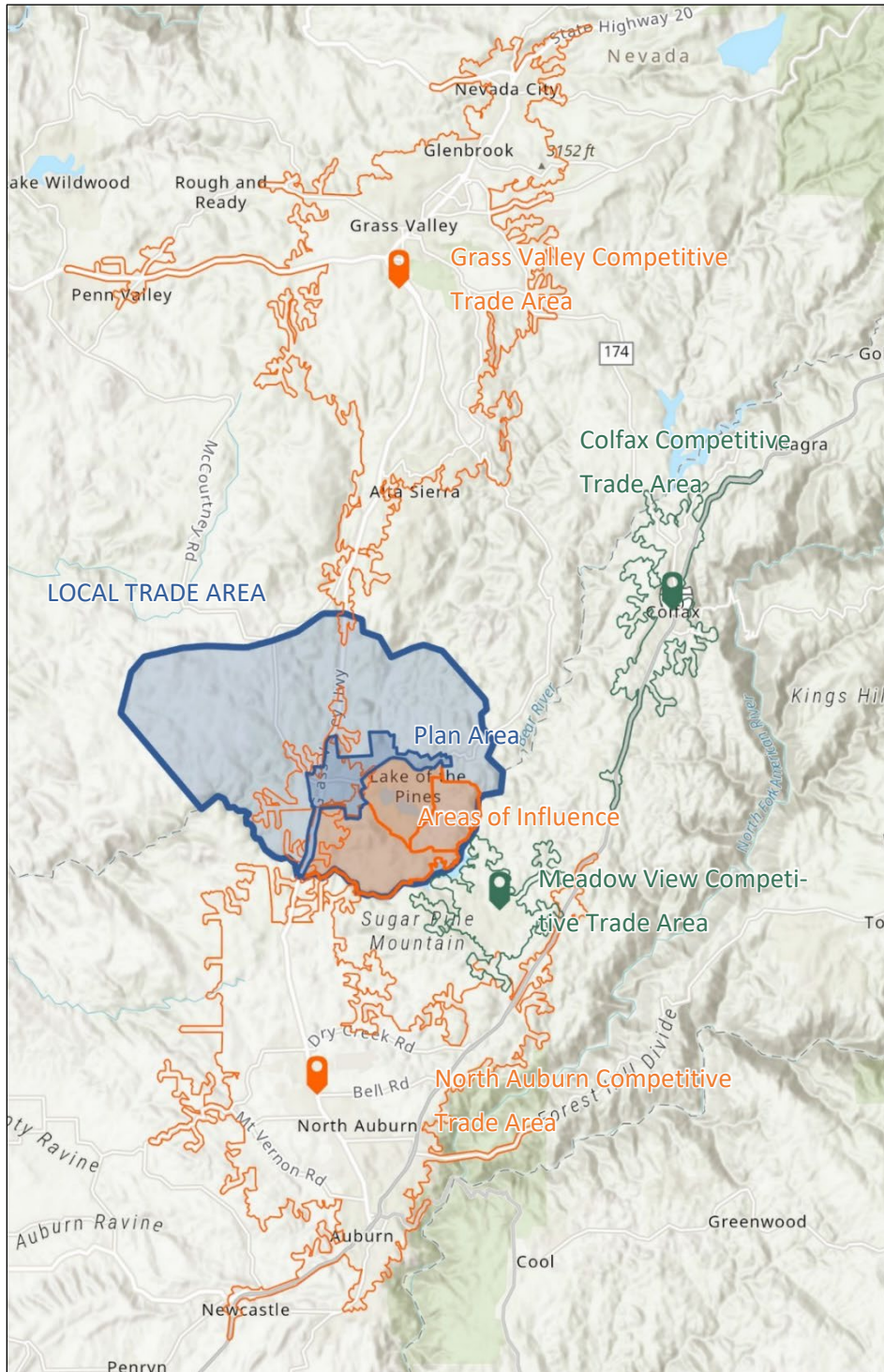
To define the trade area for Higgins Corner, the analysis started with a five-minute drive time, and then expanded outward until this ran into the expanded trade areas for the four nearby retail districts. The resulting trade area for Higgins Corner is shown in Figure 3. The estimated market demand for the Plan Area is based on the consumer spending of residents in this trade area.

#### **5B(ii) Household Spending**

The household is the basic economic unit in retail analysis. The Consumer Expenditure Survey, published annually by the US Bureau of Labor Statistics, details how households spend their annual income stratified by

income, age, geography, household size, and other demographic characteristics. Esri's Business Analyst interprets that data for individual locations based on the demographics and lifestyle characteristics of the households residing in that area. Esri reports the data using standard retail business categories from the North American Industrial Classification System.

Figure 3: Local Trade Area and Nearby Competitive Trade Areas



Source: PlaceWorks, 2022.

### **5B(iii) Estimated Retail Sales**

The Esri spending report also estimates the amount of retail sales at businesses operating in the trade area. The Esri estimates are based on the US Census Bureau's Economic Census and information obtained from proprietary data sources, such as Dunn and Bradstreet and InfoUSA.

### **5B(iv) Sales Efficiency**

Sales efficiency is the average annual sales per square foot of retail businesses. Sales efficiency varies by store type, by individual business, and among different locations of an individual retail chain. This report estimates retail sales efficiency by type of store based on information from Dollars and Cents of Shopping Centers / The SCORE, published by the Urban Land Institute and the International Council of Shopping Centers; annual 10K reports filed by retail corporations with the US Securities and Exchange Commission; and the US Census Bureau's Economic Census.

### **5B(v) Calculating Retail Demand**

Retail market potential is the difference between the amount of trade-area household spending and the amount of trade-area retail business sales. When trade area households spend more at a particular type of retail store than those types of stores in the trade area take in, residents are spending money outside of the trade area. This situation is often referred to as retail spending leakage, or just leakage. In the opposite situation, when a trade area's retail businesses have more retail sales than trade area households spend, the businesses are attracting customers from beyond the trade area. In this situation, the difference between sales and spending is often referred to as the retail spending capture.

Retail leakage and capture matter because it is usually easier to get a trade area's residents to shop closer to home than it is to attract more customers from beyond the trade area. In economic development, most retail business attraction efforts are focused on the retail categories from which a trade area leaks spending.

Dividing a trade area's retail leakage by the average sales efficiency determines the market demand—the amount of retail building space that can be supported by existing trade area spending. Dividing a trade area's retail capture by the average sales efficiency provides an estimate of the amount of retail building space supported by consumer spending from visitors from outside of the trade area.

## **5C. Retail Market Potential**

Table 5 provides the potential market demand for retail building space based on the estimated consumer spending by households residing in the local trade area and on the estimated value of sales at retail stores in the local trade area. The data represent gross floor area, measured in square feet. The data are estimates for 2022 and a projection for 2027 based on five years of the trend growth in housing and households.

### **5C(i) Convenience Goods**

People typically get most convenience goods in proximity to where they live. However, the analysis indicates that the businesses in the trade area capture less than half of the convenience goods spending by trade-area households. Table 5 shows the amount of retail building space (in square feet) that could be supported in the Plan Area if local businesses captured the convenience goods spending that currently leaks to other places.

It is not feasible to actually capture all this leaked spending. First, most people spend some money on convenience goods in proximity to where they work and when they travel. Second, there might not be enough

leaked spending to support a new business. For example, 270 square feet would make for a rather small bar, and one that no one is likely to invest their time and money in. Most importantly, residents in rural and exurban areas are accustomed to traveling to more urban areas, especially for comparison goods but also for a greater variety in convenience goods. Indeed, the lack of strip malls and power centers is often a desirable feature of rural and exurban neighborhoods and one for which residents are willing to sacrifice a little longer travel time to go shopping.

Accordingly, the numbers in Table 5 are best thought of as the potential for new and expanded retail businesses rather than a recommendation of what the Plan Area should accommodate. Some considerations for specific store types are:

#### *Food and Beverage Stores*

Most of the supportable building space for food and beverage stores is for grocery stores. The data predate the opening of the new grocery store Holiday Market. Any difference would likely result in improved sales per square foot or expansion of the current grocery store rather than development of another grocery store. This category also includes support for up to 5,600 square feet for other food and beverage stores. A local entrepreneur interested in this type of business rather than attracting a chain store is more likely to result in this type of business in the Plan Area.

#### *Miscellaneous Store Retailers*

This category covers a broad selection of business types from florists to auto parts to used merchandise, and the estimated market potential is spread across the variety of store types. It is more likely that new miscellaneous store businesses will be local entrepreneurs starting a new business, whether as an independent business or a franchise. The amount of supportable space in any single store type is probably not large enough to attract a national chain.

#### *Restaurants*

The analysis divided the market potential for restaurants into convenience goods demand, for fast food and casual dining, and comparison goods demand for fine dining. The analysis finds that there is market potential for three to six additional restaurants, depending on the type of restaurant and size.

Table 5: Retail Market Potential in Square Feet of Building Space by Type of Convenience Goods Store; Higgins Corner Trade Area; 2022 and 2027

Convenience Goods Store Type	Additional Building Space Support, 2022	Additional Building Space Support, 2027
Food & Beverage Stores	17,500	18,300
Health & Personal Care Stores	13,000	13,400
Gasoline Stations	4,240	4,400
Miscellaneous Store Retailers	33,000	34,250
Drinking Places - Alcoholic Beverages	270	320
Restaurants/Other Eating Places	12,530	12,950
<b>Total</b>	<b>70,300</b>	<b>73,300</b>

Source: PlaceWorks, 2020, using estimated spending and sales data from Esri Business Analyst and sales efficiency data from Dollars and Cents of Shopping Centers / The SCORE, published by the Urban Land Institute and the International Council of Shopping Centers; annual 10K reports filed by retail corporations with the US Securities and Exchange Commission; and the US Census Bureau's Economic Census.

#### 5C(ii) Comparison Goods

The potential for comparison goods businesses in the Plan Area is limited by the relatively close proximity of such businesses in Grass Valley and North Auburn. As shown in Figure 3, a conventional suburban trade area for the comparison goods businesses would encompass parts of the Plan Area and the larger local trade area. Businesses, especially national chains, are unlikely to locate a new store in the Plan Area when the trade area residents can fairly easily get to existing stores in the other two communities.

If new businesses in the Plan Area captured 100 percent of the comparison goods spending of trade area residents, there would not be enough spending to support a conventional-sized chain retail for furniture and home furnishing stores, electronics and appliance stores, building materials, garden equipment, and supply stores, and sporting goods stores. However, there would be sufficient spending to support a small, independent business in each of these categories. As with previous store types, these businesses would most likely be new businesses started by local entrepreneurs.

There would be sufficient spending to support a national chain clothing store and general merchandise store. However, as mentioned above, national chains would most likely not open a new store in the Plan Area with existing stores in Grass Valley and/or North Auburn. For clothing stores, there would be sufficient spending to support several small independent clothing and/or accessories stores. For general merchandise stores, there would be sufficient spending to support a small-format store, such as a dollar store.

Table 6 provides the estimated feasible market potential for comparison goods retailers in the Plan Area.

Table 6: Retail Market Potential in Square Feet of Building Space by Type of Comparison Goods Store; Higgins Corner Trade Area; 2022 and 2027

Comparison Goods Store Type	Additional Building Space Support, 2022	Additional Building Space Support, 2027
Furniture & Home Furnishings Stores	1,280	1,350
Electronics & Appliance Stores	1,820	1,900
Building Materials, Garden Equipment & Supply Stores	2,240	2,310
Clothing & Clothing Accessories Stores	9,600	9,830
Sporting Goods, Hobby, Book & Music Stores	2,070	2,130
General Merchandise Stores	34,040	34,840
Fine Dining Restaurants	2,000	2,070
<b>Subtotal</b>	<b>53,060</b>	<b>54,450</b>

Source: PlaceWorks, 2020, using estimated spending and sales data from Esri Business Analyst and sales efficiency data from Dollars and Cents of Shopping Centers / The SCORE, published by the Urban Land Institute and the International Council of Shopping Centers; annual 10K reports filed by retail corporations with the US Securities and Exchange Commission; and the US Census Bureau's Economic Census.

### 5C(iii) Retail Recommendations

Table 5 and Table 6 provide the estimated market potential for new and expanded retail businesses. If sufficient infrastructure were in place, adequate land were available for development, and Nevada County invested in aggressive business start-up and business attraction efforts, it might be possible to capitalize on the full estimated potential. The reality, however, is that sufficient land and infrastructure may not be available for commercial development. More importantly, most of the new businesses that could be expected would be business start-ups and possibly regional chains. New businesses may not materialize in each of the categories listed in the two tables. Table 7 provides PlaceWorks' recommendations for the amount of new retail development that should be accommodated in the Plan Area based on what is likely and feasible.

The small format box store would most likely be a general merchandise store, such as a dollar store. However, this space could accommodate a building materials or garden equipment and supply stores. The building square footage for gas stations reflects the convenience store square footage, and the size would be reduced for gas stations with convenience stores. The square footage recommended for restaurants does not necessarily distinguish among types of restaurants, but the market analysis indicates that this would be mostly fast food and casual dining, although a fine dining restaurant is not out of the question. Restaurants could be located within a larger commercial building, but would most likely be developed as stand-alone buildings to avoid the added construction costs. Finally, the small inline stores are intended to accommodate new businesses in the other categories of businesses listed in Table 5 and Table 6. These stores would likely be developed in one or a few small shopping centers or commercial buildings.



Table 7: Recommended New Retail Development in Square Feet of Building Space for the Local Trade Area

Store Type/Format	From	To
Small Format Box Store	10,000	20,000
Gas Stations	2,000	4,000
Restaurants	8,000	12,000
Small Inline Stores	20,000	30,000
<b>Total Additional Retail Building Space</b>	<b>40,000</b>	<b>66,000</b>

Source: PlaceWorks, 2022.

## 6. OTHER NON-RESIDENTIAL DEVELOPMENT

The Plan Area is neither intended nor expected to be an urban jobs center. However, there are other types of businesses not included in the retail analysis that also primarily serve local residents. To estimate the amount of building space that could be supported by these other types of businesses, the analysis considers the number of jobs in each economic sector (excluding retail and food service) and the number of households in the Grass Valley and Auburn CCDs less those in the Grass Valley and North Auburn Census Designated Places. Based on these, the analysis determines the number of jobs per 1,000 households. Multiplying these factors by the projected 20-year household growth in the study area determines the number of new jobs in each sector over the next 20 years, and the amount of building space needed per employee.

Table 8 provides the estimated market potential for non-residential uses (excluding retail, which was estimated in more detail in the preceding section). The analysis estimates that projected household growth in the study area could support the development of 4,700 to 8,600 square feet of building space for other commercial uses, which might include arts, entertainment, recreation, accommodation, and personal services. The analysis estimates that projected household growth could support the development of 9,610 to 17,640 square feet of building space for office, which could include professional offices but is mostly medical office. Finally, the analysis estimates that projected household growth could support 6,570 to 12,060 square feet of light industrial building space, which could include auto repair and service, construction businesses, and other light industrial types of businesses.

Table 8: Market Potential for Non-Residential Use (excluding Retail) in Square Feet of Building Area; 2022–2042

	Low-Range Projection	High-Range Projection
Other Commercial	4,700	8,630
Office	9,610	17,640
Light Industrial	6,570	12,060
<b>Total</b>	<b>20,900</b>	<b>38,300</b>

Source: PlaceWorks, 2022, using employment data from the US Census Bureau's Longitudinal Employer-Household Dynamics program and data for the number of households from the US Census Bureau's 2017 to 2019 *American Community Survey, Five-Year Estimates*.

As with the projected market potential for retail uses, the market potential for other non-residential uses is the amount of new development that could be feasible with projected household growth if appropriate infrastructure is in place and land is available for development. The other commercial uses in Table 8 would likely be developed as part of new retail development. The office uses could also be developed as part of retail development or could be developed as stand-alone office buildings. Finally, it is worth noting that the Plan Area need not accommodate the demand for office and light industrial uses as these businesses could easily serve study area households even if developed in more urban areas, such as Grass Valley or North Auburn.