

ULI Development Handbook Series

RECREATIONAL
EQUIPMENT, INC.

NORDSTROM

PENDLETON

Christophe

Retail Development

FOURTH EDITION



Urban Land
Institute

Plaza Mexico, located in the predominantly Latino community of Lynwood, California, is designed to be both a cultural landmark and a shopping center. Ultimately including more than 450,000 square feet (41,800 square meters) of retail space, the concept is centered on authentic Mexican design, plazas, and primarily local tenants.



DAVID HILDALGO ARCHITECTS, INC.



DAVID HILDALGO ARCHITECTS, INC.

The increasing complexity of shopping centers combined with a multiplicity of overlapping trade areas requires that the analyst use multiple methods to estimate potential sales. Thus, the analyst can project the range of anticipated sales at the proposed center, and the developer can plan for different scenarios using expected, lower-than-expected, and higher-than-expected sales. Several ways of estimating sales are presented in the following paragraphs.

A spreadsheet-based economic model is used to help forecast sales volume for individual retail stores. These analyses often rely on an analog model in which market

share for a new addition is compared with existing stores having roughly similar site and trade area characteristics. Using regression analysis to project new-store sales, existing-store sales can be adjusted by factors expected to influence sales at a specific new location.

Other, simpler methods such as bracketing estimated potential sales volume can also be used. First, a retailer may compare sales per square foot of other stores in its chain and assume a similar productivity per square foot for a new store, adjusted for variations in characteristics of the trade area. Second, a retailer may estimate the volume achieved by its competitors in the