Downtown Grocery Market Study for the City of Roseburg

February 2011

Contents

Introduction

The City of Roseburg contracted with Marketek in September 2010 to prepare a grocery market study for downtown Roseburg. The purpose of the analysis is to identify market opportunities for a downtown grocer and provide conclusions and next steps for business attraction activities related to filling this niche.

This multifaceted study includes:

- Clarification of the grocery store concept desired for downtown Roseburg;

- Identification of critical factors/location requirements for grocer success and local market trends;

- Characterization of Roseburg's grocery market potential within the marketplace, including existing supply, consumer preferences, needs and buyer patterns and opportunities and challenges for growth and development;

- Analysis of potential grocery sites considering visibility, access, topography, parking, surrounding land uses and other site-related attributes; and

- Next steps for business recruitment, including recommended potential grocery targets and a marketing strategy designed to attract a downtown grocer.

Methodology

The market analysis considers a ten-year time period from 2010 to 2020, a realistic projection period for development. Marketek conducted two site visits in fall 2010, which included driving and walking tours in Roseburg, Sutherlin and Winston, visits to over 15 existing grocery/convenience stores, interviews, visits to potential grocery store sites and meetings with the local project team.

Other primary and secondary research included:

- Statistical estimates of potential supportable grocery space;
- Interviews with local business and community leaders;
- Grocery store inventories and mapping of key convenience shopping centers;
- Land and improvement values for potential grocery sites; and
- Demographic analysis of downtown Roseburg and its convenience market area.

Supply

Marketek prepared an inventory of existing grocery shopping in and around Roseburg, including full-service grocers, convenience stores, wholesale/outlet stores and specialty grocers. The figures and map on the following pages summarize the local supply, which includes a total of 436,369 square feet in Roseburg and 64,558 in Sutherlin and Winston. The majority of grocery space is in traditional, full-service stores. These seven stores offer 321,837 square feet of space, or 64.2 percent of grocery store space. Most are high quality with a wide selection. Amenities include gas, bakery, deli, natural food selection and extended hours. Weekly grocery sales at these stores are estimated to range from $165,000 at Ray's Food Place to $700,000 at Sherm's Thunderbird.

Three specialty grocers – fish markets, bakeries and green grocers – constitute only 2.4 percent of space. New Day offers health foods, but has limited selection giving the size of the Roseburg market. Kruse Farms sells local produce, meats and baked goods. Estimated sales are $6,000 per week at New Day and $18,000 at Kruse Farms.

Overall, there is a void in specialty, natural food stores in the Roseburg market area. Additionally, there are no grocery stores serving the eastside/downtown market, which includes existing residents and employees and new residents likely to move in to the area as housing development continues.

Fred Meyer

Costco

Kruse Market

Sherm's Thunderbird

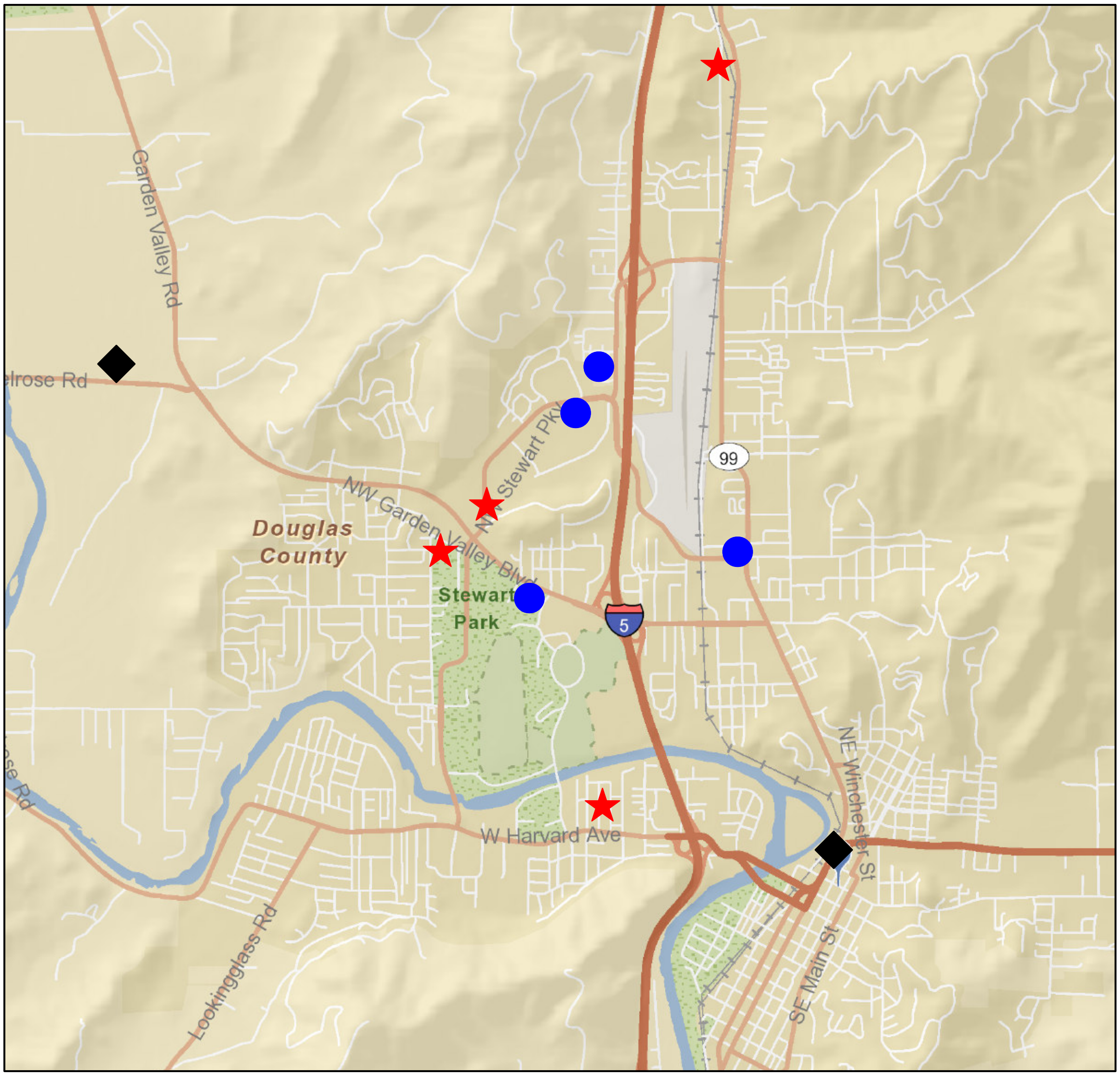
Figure 1. Roseburg Grocery Supply, December 2010

Store Type	Estimated Grocery Store Space	Comments
Convenience Stores		
J&J Market	1,223 SF	
Southgate Market*	2,500 SF	
R-Mart	2,400 SF	
Anderson's Market	3,103 SF	
Winchester Market	2,496 SF	
Fast Stop Market	5,130 SF	
Ridgeway Market	1,976 SF	
Texaco Food Mart	1,662 SF	
Log Cabin Grocery	4,800 SF	
Melrose Country Store	4,699 SF	
Chevron Food Mart	384 SF	
Dixonville Store	2,940 SF	
Subtotal	**33,313 SF**	
Full-service Grocery		
Albertsons	57,685 SF	Good quality; Well stocked; Gas; Estimated weekly sales of $300K
Safeway*	55,836 SF	Caters to higher incomes; Starbucks; Bakery; Deli; Gas; Estimated weekly sales of $350K
Fred Meyer*	70,000 SF	Recently remodeled; Natural foods selection; Moderately busy; Estimated weekly sales of $470K
Sherm's Thunderbird	68,135 SF	Regional hub; Open 24 hrs; Excellent selection; Very busy; Estimated weekly sales of $700K
Ray's Food Place	20,280 SF	Could be upgraded; Estimated weekly sales of $165K
Subtotal	**271,936 SF**	
Wholesale/Outlet Store		
Wal Mart*	48,000 SF	Estimated weekly sales of $385K
Bi-Mart*	8,000 SF	Estimated weekly sales of $90K
Grocery Outlet	19,406 SF	Most discount business already taken; Estimated weekly sales of $120K
Costco*	46,000 SF	Light traffic; Estimated weekly sales of $250K
Subtotal	**121,406 SF**	
Specialty Grocery**		
New Day	3,200 SF	Health food; limited selection for market; Estimated weekly sales of $6K
Kruse Farms	6,514 SF	Local produce & meat; Scratch Bakery; Farmers market feel; Estimated weekly sales of $18K
Subtotal	**9,714 SF**	
TOTAL	**436,369 SF**	

*Estimates of grocery utilizing space only.
**Specialty includes fish market, bakeries and green grocers.

Source: Marketek, Inc; City of Roseburg; Reference USA

Map 1. Roseburg Grocery Supply, December 2010*



● Full-Service Grocery ★ Wholesale/Outlet Store ◆ Specialty Grocery

*Does not include convenience stores. Ray's Food Place not shown.

Figure 2. Sutherland and Winston Grocery Supply, December 2010

Store Type	Estimated Grocery Store Space	Comments
Convenience Stores		
Driftwood Market, Sutherlin	2,640 SF	
Smitty's Food Mart & Deli, Sutherlin	3,238 SF	Full sit-down deli and convenience grocery
AM Market, Winston	2,600 SF	
Winston Food Market & Deli	3,544 SF	
Subtotal	**12,022 SF**	
Full-service Grocery		
Price Less Foods (Rays), Sutherlin	25,417 SF	Conventional community grocery
Price Less Foods (Rays), Winston	24,484 SF	Conventional community grocery
Subtotal	**49,901 SF**	
Specialty Grocery*		
Harvest Store, Winston	2,635 SF	
Subtotal	**2,635 SF**	
TOTAL	**64,558 SF**	

*Specialty includes fish market, bakeries and green grocers.

Source: Marketek, Inc; Reference USA

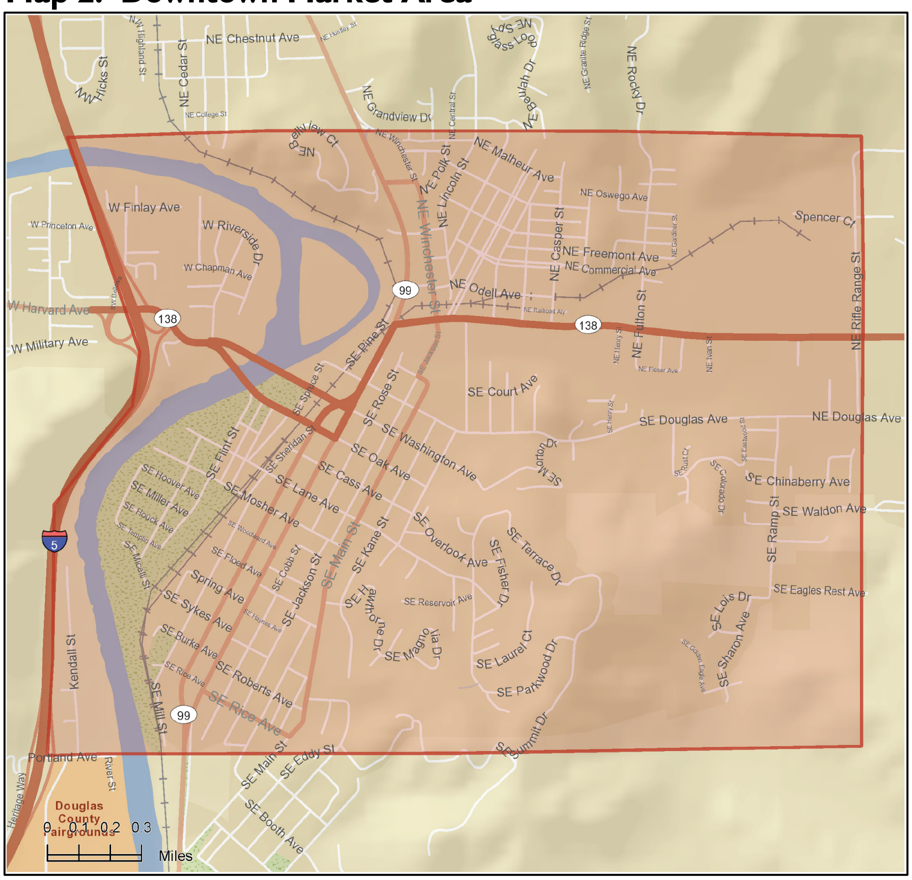
Demand

The demand analysis estimates the amount of potential new grocery space that can be supported in downtown Roseburg over the next ten years. Target markets include downtown residents, downtown employees and convenience market area residents. This section provides an overview of these markets and a statistical demand analysis for grocery store space.

Target Markets

Marketek delineated two market areas for this analysis. The first, the Downtown Market, includes residents living in and employees working in downtown who will be captive customers for new grocery store space (Map 2). The larger Convenience Market consists of residents living within a ten-mile radius; while they may not come to downtown on a daily basis, they will be potential shoppers of a future grocery store there (Map 3).

Map 2. Downtown Market Area



Map 3. Convenience Market Area: 10-Mile Radius

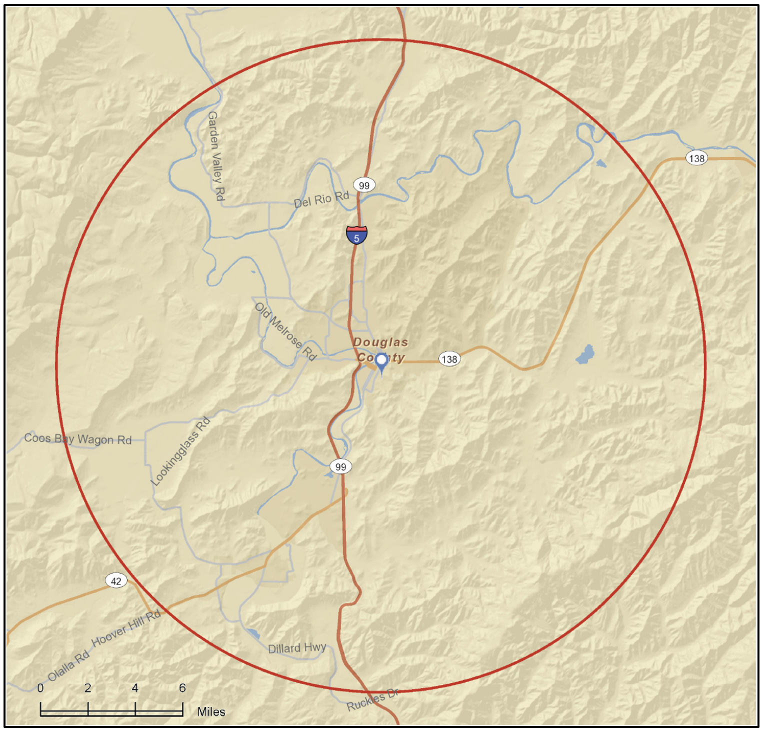


Figure 3 on the following page summarizes demographic trends for Downtown and Convenience Market Area residents, with comparisons to Douglas County and Oregon. The Downtown Market Area includes an estimated 6,048 residents in 2,476 households as of 2010. The larger Convenience Market Area consists of 53,924 residents and 21,423 households.

Average annual growth in both areas was below that of the state for the last decade. Downtown's population grew by 0.3 percent per year, the Convenience Market Area by 0.7 percent and the State by 1.3 percent. Growth in all geographies is expected to slow its pace over the next five years. Downtown is projected to add 45 people and the Convenience Market is expected to add 974.

Downtown and Convenience Market Area residents have lower incomes and are less ethnically diverse than the State. Median household income is $38,806 for downtown residents, $44,566 for Convenience Market residents and $53,104 for Oregon. The large majority of residents in both market areas are white – 91 percent in downtown and 93 percent in a ten-mile radius. Hispanic persons constitute 6 percent of downtown population and 5 percent of the Convenience Market population.

Please refer to Appendix A for additional demographic data.

Figure 3. Demographic Snapshot, 2010

Demographic Indicator	Downtown Market Area	Convenience Market Area	Douglas County	State of Oregon
Population				
2010 (estimate)	6,048	53,924	106,128	3,865,839
2015 (forecast)	6,093	54,898	107,777	4,069,317
Avg. Ann. % Change ('00 to '10)	0.30%	0.66%	0.57%	1.30%
Avg. Ann. % Change ('10 to '15)	0.15%	0.36%	0.31%	1.05%
Households				
2010 (estimate)	2,476	21,423	42,331	1,508,399
2015 (forecast)	2,495	21,833	43,052	1,589,342
Avg. Ann. % Change ('00 to '10)	0.33%	0.70%	0.63%	1.31%
Avg. Ann. % Change ('10 to '15)	0.15%	0.38%	0.34%	1.07%
Average Household Size	2.31	2.46	2.47	2.51
Median Household Income	$38,806	$44,566	$41,287	$53,104
Median Age (Years)	39.4	43.2	44.4	38.2
Race				
Percent White Alone	91.0%	92.6%	92.3%	82.8%
Percent Other Race/2+ Races	9.0%	7.4%	7.7%	17.2%
Percent Hispanic	6.0%	4.7%	4.5%	11.9%
Homeownership	52.5%	70.7%	71.9%	64.3%
Educational Attainment				
Associate Degree	10.7%	9.6%	9.0%	8.4%
Four Year Degree or More	19.6%	18.1%	15.8%	28.7%

Source: ESRI BIS

Figure 4 shows estimated number of employees working in downtown Roseburg by industry. Of the 5,309 workers in downtown, the largest share work in the services industry (36 percent), followed by government (24 percent). These employees are a crucial, captive market for a potential downtown grocer. Research conducted by the Building Owners and Managers Association of America estimates that office workers spend between 10 and 15 percent of their expendable income near their places of work. For these employees, food/restaurants are a top spending category.

Figure 4. Downtown Employees, 2010

Industry	Downtown Market	
	#	%
Agriculture & Mining	15	0.3%
Construction	170	3.2%
Manufacturing	258	4.9%
Transportation	185	3.5%
Communication	33	0.6%
Electric/Gas/Water/Sanitary Services	16	0.3%
Wholesale Trade	329	6.2%
Retail Trade	774	14.6%
Finance/Insurance/Real Estate	351	6.6%
Services	1,902	35.8%
Government	1,264	23.8%
Other	12	0.2%
Total Employment	5,309	100.0%

Source: ESRI BIS

Statistical Analysis

Marketek estimated potential demand for grocery store space in downtown Roseburg based on household spending patterns for Downtown and Convenience Market residents. Spending potential is converted to square feet of store space based on sales per square foot standards derived from the Urban Land Institute's *Dollars and Cents of Shopping Centers*.

Existing Demand

Demand is derived from two sources. The first, "existing demand," is grocery demand generated by existing market area households that currently is not being met within the market area. Existing demand is found by comparing retail supply (i.e., actual retail sales) with retail demand (i.e., the expected amount spent by market area residents based on consumer expenditure patterns). When demand outweighs supply, a leakage occurs, indicating that residents are spending outside of the market area. While consumers will always do some amount of shopping away from home, this comparison provides a reasonable indication of the availability of groceries within the local market.

Figure 5 shows the existing grocery supply and demand balance for the Downtown and Convenience Market Areas. In Downtown, there is estimated leakage of $6.3 million in grocery sales, which translates to 16,109 square feet of store space. In the larger Convenience Market, grocery supply and demand are roughly in balance – the sales surplus of $311,000 translates to only 800 square feet of store space.

Along with Downtown Market Area residents, employees in the downtown are a second source of existing grocery demand. We assume that half of downtown residents are the primary grocery shopper for their household and they do an average of fifteen percent of their grocery shopping downtown. Based on grocery spending trends and standard grocery sales per square foot, this estimated demand from downtown employees translates to potential support for 4,771 square feet of grocery store space.

Figure 5. Existing Grocery Balance, 2010

Market Area	Spending Potential	Supply/ Retail Sales	Leakage (or Surplus)	Sales ($/SF)*	Space (SF)
Downtown Market	$8,146,710	$1,864,027	$6,282,683	$390	16,109
Convenience Market	$82,300,954	$82,611,949	($310,995)	---	---

* Target sales are based on the Urban Land Institute, "Dollars and Cents of Shopping Centers."

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

Future Demand

The second source of demand, "future demand," is demand from anticipated market area household growth over the next ten years. Demand estimates are based on current spending patterns and projected growth rates through 2020. Figure 6 shows average household spending for several grocery categories and potential future demand for new grocery store space generated by household growth within a ten-mile radius. As shown, there is potential for an additional 9,919 square feet of grocery store space through 2020.

Figure 6. Future Grocery Demand, 2010 to 2020

Merchandise Type	Per Household Expenditure	Target Sales ($/SF)*	2010 Potential Sales (in mil $)	2010 Potential Space (SF)	2015 Potential Sales (in mil $)	2015 Potential Space (SF)	2020 Potential Sales (in mil $)	2020 Potential Space (SF)
Bakery, Cereals	$478							
Meat, Poultry, Fish, Eggs	$816							
Dairy	$400							
Produce	$610							
Beverages	$562							
Other**	$1,806							
Total Grocery Spending	**$4,673**	**$390**	**$100.1**	**256,683**	**$102.0**	**261,596**	**$104.0**	**266,602**
Five Year Net Gain					$1.9	4,912	$2.0	5,006

* Target sales are based on the Urban Land Institute, "Dollars and Cents of Shopping Centers."
**Includes other food, snacks, smoking products and household products.

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

Demand Summary

Figure 7 summarizes potential demand for new grocery store space in downtown Roseburg, which totals 29,209 square feet over the next ten years. The degree to which downtown Roseburg can ultimately capitalize on this potential will depend on numerous factors, including the availability of quality, ready-to-go sites; business development efforts and the overall pace and success of other downtown commercial and residential development. A passive or segmented approach would likely result in downtown falling short of its estimated potential.

Figure 7. Summary of Potential Supportable Grocery Store Space, 2010 to 2020

	Existing Unmet Demand: Downtown Residents	Existing Unmet Demand: Downtown Employees*	Future Demand: Convenience Market Residents	Total Potential New Grocery Store Space
	2010	2010	2010-2020	
Potential Grocey Demand	16,109 SF	4,771 SF	9,919 SF	30,799 SF

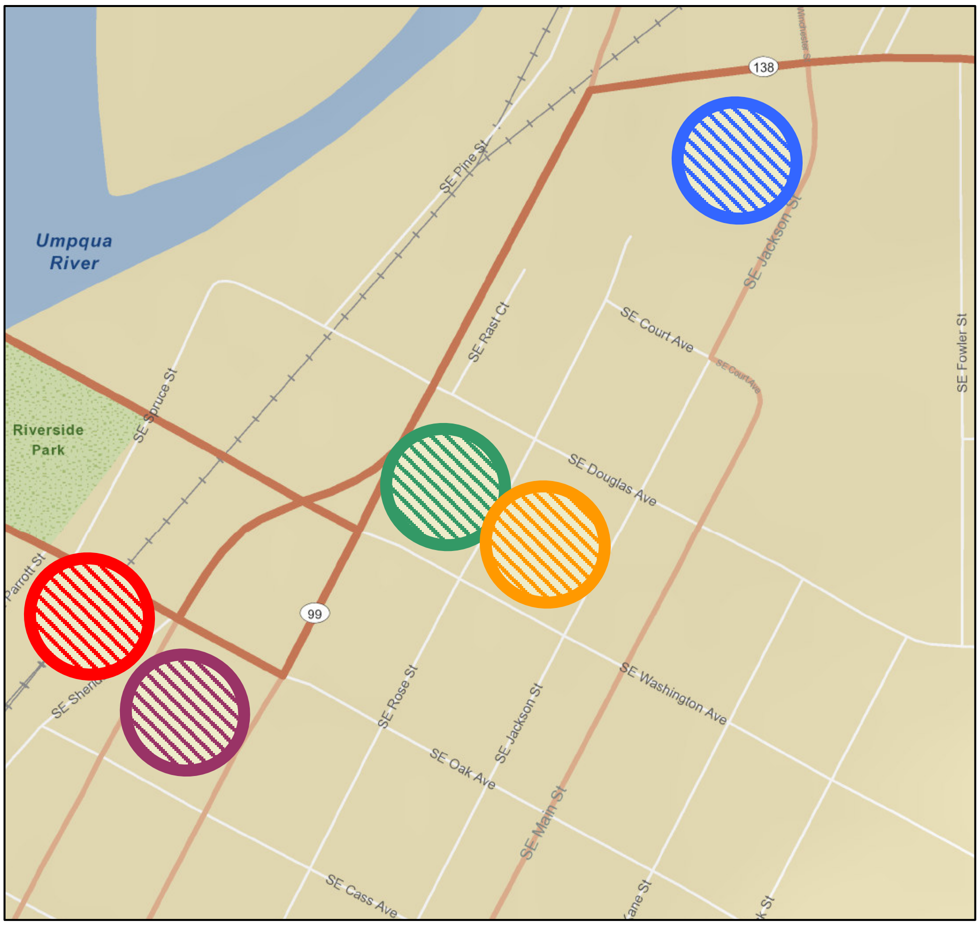
*Assumes that half of downtown employees are the primary grocery shopper and that they will do an average of fifteen percent of their houshold grocery shopping downtown.

Source: ESRI; Urban Land Institute; Marketek, Inc.

Site Analysis

A review of commercially zoned land in the downtown core resulted in the identification of several redevelopable sites. Five sites (shown below) were evaluated based on their central location, vacancy (site and/or building), and general scale. With low improvement:land ratios and deteriorated structures, it is assumed that all on-site properties would be demolished to accommodate new development, with the exception of the Village Station development.

Map 4. Downtown Roseburg Possible Grocery Sites



= Hansens (former auto dealership)
= Safeway (former)
= Rite Aid (former)
= Village Station
= New Day (former)

Hansens (former auto dealership)

Description & Size	1.57 acres; Oak Ave. (north), Stephens (east), Cass (south), Pine (west); Includes sales lots, showroom and office
Zoning	C3 – CBD Zone
Ownership & Availability	Robert and Janice Hansen, Roseburg, Oregon
Building	Vacant; Some auto parking
Surrounding Land Use	Somewhat isolated; nearby business/structures are very limited
Improvement:Land Ratio	1.55
Comments	Large, nearly full city block site. On downtown couplet, Oak and Stephens, with high traffic; auto-oriented. High visibility from Oak Avenue (east bound, one-way). Very good auto access. Less walkable for downtown employees than other sites.

Former Hansens Auto Dealership

Safeway (former)

Description & Size	3.24 acre block bordered by Hwy 138/Stephens St. (west), Douglas Ave. (north), Washington Ave. (south), Rose St. (east)
Zoning	C3
Ownership & Availability	Derose Family, San Jose, CA Deed restricts until November 2013
Building	Vacant
Surrounding Land Use	Adjacent to government cluster and downtown employment anchors
Improvement:Land Ratio	0.01
Comments	Large footprint with potential for small grocery-anchored strip center, especially in combination with Rite Aid site. Ample parking potential. Pivotal, central downtown site.

Former Safeway

Rite Aid (former)

Description & Size	2.26 acre site; Partial block bordered by Rose (west), Douglas Ave. and adjacent properties (north), Washington Ave. (south) and Jackson (east)
Zoning	C3
Ownership & Availability	Derose Family, San Jose, CA Deed restricts until November 2013
Building	Vacant
Improvement:Land Ratio	1.44
Comments	Challenged by slope and two-level existing space; excellent location in heart of downtown w/ easy walking from all employment anchors; limited on-site parking; potential redevelopment with Safeway site to create large impact project

Former Rite Aid

Village Station

Description & Size	0.64 acres (not including depot and parking strip adjacent to railroad tracks); Two-story 37,000 SF business complex with significant ground floor vacancy; Located at high traffic intersection of Hwy 99 and 138 couplets; Bordered by SE Oak Ave. (north), SE Pine St. (east), railroad tracks (west) and Sheridan St. (south)
Zoning	C3
Ownership & Availability	South Umpqua Bank
Building	Vacant
Surrounding Land Use	Across from historic railroad depot, which houses McMenamin brewpub; Rescue Mission
Improvement:Land Ratio	8.19
Comments	Limited retail frontage, low visibility for ground floor space and limited physical appeal; Best suited for office/service tenants not relying on foot traffic; Interior courtyard limits retail; Circulation is challenged with street frontage limited to two sites (Oak and Pine)

Village Station

New Day (former)

Description & Size	0.51 acres site, exclusive of adjacent parking lot. Located on west side of SE Jackson Street with addresses of 210, 212A & B and 214 SE Jackson Street
Zoning	C3
Ownership & Availability	City of Roseburg
Building	Vacant; To be demolished
Surrounding Land Use	Civic
Improvement:Land Ratio	0.62
Comments	City will level the existing building. City ownership is asset. Opportunity for signature building and development at key Downtown gateway. On Deer Creek, potential asset for views, dining. Easy proximity to downtown employees. Good visibility from Stephens St, a downtown thoroughfare.

Former New Day

Conclusions

Grocery Supply & Demand

The conventional grocery market is very well served in Roseburg, with a selection of healthy stores including Safeway, Albertsons, Fred Meyer and Sherm's. These grocers have made large investments to hold on to their locations by remodeling, purchasing property and adding new amenities. While Sherm's has not done as much upkeep as other stores, it fills an important role as a value/discount grocery. Overall, these stores are committed to the long term and it is in Roseburg's best interest to keep them healthy.

In terms of the existing supply or competitive marketplace, Roseburg lacks a healthy, natural foods, specialty grocery. There is modest but growing demand for a downtown grocer supported by the local population and the downtown employment base. While this demand is not sufficient for a large store, it indicates potential for a unique specialty grocer of up to 20,000 square feet that will fill the niche for fresh, local and organic foods. Other merchandise/service complements will need to include prepared foods, ready-to-eat gourmet type means, vitamins and some ethnic foods. Ultimately to succeed, the store must be a *destination* for a larger consumer base than the immediate downtown area. To accomplish that it must provide unique, quality products and a one-of-a-kind experience in the Roseburg area.

On a practical level, a 20,000 square foot store using grocery industry standard sales/sq. ft. will need to gross $8 million annually in sales or >$150,000 sales per week. Using an industry average of $22 per customer transaction that equates to 7,000 transactions needed per week to achieve this sales level.

Based on the local supply and demand, Market of Choice would be a very good fit for Roseburg. It offers a mix of health food, vegetarian/vegan options, fresh deli, meats and fish and conventional items and is competitively priced. While a Roseburg location should be scaled down from Market of Choice's largest stores, their specialty offerings, such as a full kitchen and wine shop, should remain. Evenso, downtown Roseburg does not have the population density that this operator is most comfortable with. Among its four Eugene locations, Market of Choice averages 46,000 in a 2-mile radius compared with 15,000 in a 2-mile radius in downtown Roseburg.

Other potential options to serve Roseburg's needs include:

- Trader Joe's-type store, although TJ is not a realistic candidate for Roseburg due to demographics and density limitations.
- Creation of a cooperative, similar to People's Co-op and Alberta Co-op in Portland; and
- Recruitment of a smaller independent entrepreneur, such as Fresh Harvest Groceries in downtown McMinnville or Lillian's Natural Marketplace in downtown Gresham.

Site/Location Opportunities

A downtown Roseburg grocer would require approximately 15,000 to 20,000 square feet of store space and one acre of land. The store would likely be one level, with surface parking for 100 to 120 cars. Good visibility and good traffic counts are key location factors.

To accommodate a 20,000 square foot store, the Safeway site is most suitable. The New Day site is also a possibility, as the city owns it and it is in close proximity to downtown employment. However, it is not in as high-traffic a location as the former Safeway. Roseburg is preparing to issue an RFP to developers for the New Day site; if a grocery store were proposed, it would be ideal to also include housing among the uses there.

Other potential locations are not as well-suited for a downtown grocer. The former Hansen's auto dealership site is too large for a stand alone grocery though a store might exist anchoring a larger development. Village Station is problematic due to the railroad. Access to Village Station is also challenging and neither it nor Hansen's is within walking distance of the majority of downtown's employee population.

Grocery Targets

The chart that follows shares market and site preferences for downtown Roseburg's top grocery targets (Market of Choice and Trader Joe's) and other comparable specialty grocers with stores in Oregon.

Figure 8. Grocery Location Preferences, 2011

	Market of Choice	Trader Joe's	Whole Foods	New Seaons
Company Name	Wright's Foodliner, Inc.	Trader Joe's Company, Inc.	Whole Foods Market, Inc.	New Seasons Market, Inc.
Operating Name(s)	Market of Choice	Trader Joe's	Harry's Whole Foods Ideal Market Whole Foods Market Wild Oats Natural Market	New Seasons
Real Estate Manager	Rick Wright 282 Willimatte St. Suite B Eugene, OR 97405 541.345.0566	Brandt Sharrock 800 S. Shamrock Ave. Monrovia, CA 91016 626.599.3700	James Sud 550 Bowie St. Austin, TX 78703 512.477.4455	Claudia Knotek 2004 N. Vancouver Ave., Portland, OR 97227 503.292.1987
Stores Operated	8	353	300	10
Sales (2010)	$65 million	$8.2 million	$8.4 million	$90 million
Preferred GLA (SF)	30,000	8,000 - 15,000	18,500 - 80,000	20,000
Site Requirements	NA	80 foot frontage 65 shared parking spaces	NA	NA
Lease Requirements	5 year w/ two 5-year options	10 year w/ three 5-year options	10 year w/ five 5-year options	NA
Market Requirements	Core customer is mid-income, advanced degree, 45,000 pop in 2 mile radius*	Population of 90,000 in 5 mile radius; Core customer is high-income and college-educated	Population of 130,000 in 3 mile radius; Core customer is mid- to high-income with advanced college degree	Middle income with college degree
Locations Considered	Community strip center Freestanding	Power center Community strip center Neighborhood strip center Pad site/outparcel Freestanding College campus	Community strip center Neighborhood strip center Mixed-use center Downtown/central business district Freestanding	Freestanding
Preferred Co-Tenants	Discount	All considered	Upscale	NA

*The population living within a two-mile radius of Market of Choice are: Delta Oaks location - 33,995; Franklin location - 50,256; Willamette location - 56,822; and Willakenzie location - 41,982. Within a two-mile radius of downtown Roseburg, there is a population of 14,537.

NA: Not Available

Source: Plain Vanilla Shell, Marketek, Inc.

Marketing Strategy

Timing, preparation and readiness are key elements of successful business development. The current economic downturn provides Roseburg an opportunity to organize for marketing to grocers, to polish its downtown image/identity, to package incentives, prepare available property and promote the natural foods grocery market opportunity to target prospects. Recommended next steps follow.

Strategy 1: Public-Private Marketing Team

Action Items:

1	Identify a core team of key downtown Roseburg stakeholders who can sell downtown's success and the grocery market opportunity. Potential team members include the City, Main Street, Partnership, banks, Realtor(s) and other private anchors.
2	Meet to share the findings of the downtown grocery market study and discuss roles and responsibilities of the marketing team. Review marketing recommendations and generate additional ideas for next steps.
3	Determine who will lead the marketing effort. Schedule a regular meeting time to keep momentum going for grocery prospecting.

Strategy 2: Downtown Image & Promotion

Action Items:

1	Identify key messages and top 10 reasons for a business to locate in downtown Roseburg.
2	Ensure the downtown Roseburg website is ready to share with business prospects interested in grocery and/or other business locations.
3	Develop a schedule of electronic info blasts and press releases about positive developments and ventures underway in downtown Roseburg and Roseburg in general. Keep Roseburg 'top of mind' in awareness among target prospects and developers.
4	Tie the grocery marketing to downtown business development marketing by developing a database of key contacts – local and out of area – for promotion of downtown business and property opportunities.
5	Gather testimonials from downtown businesses and customers about downtown as a great location. Put on website, in marketing package and e-blasts to prospects.
6	Organize a marketing campaign to demonstrate consumer commitment and support from residents and employees for a downtown grocery.

Strategy 3: Incentives

Action Items:

1	Research the range of incentives for business and property development offered by leading urban renewal agencies in Oregon.
2	Brainstorm all the current and additional potential incentives that the City may be willing to entertain for business and property development. Among the considerations should be: land assembly; master planning; property purchases and/or buy-downs/give-aways; tax abatements; SDC and fee waivers/reductions;; facilitating low-interest loans through the State and other sources; and provision of infrastructure to the development sites.
3	Determine what incentives are viable from the City, property owners, utilities and others eager to attract a grocery anchor to downtown.
4	Package the agreed upon incentives for presentation to prospects.

Strategy 4: Property Readiness

Action Items:

1	Meet individually with property owners of top 3 sites for downtown grocery to determine their interests, their flexibility, willingness to negotiate and ability to get sites ready to accommodate a grocer.
2	Determine the viability of each site based on sale/lease costs, needed site improvements, potential financing and related factors. Select the top location and prepare a property development game plan.

Strategy 5: Recruitment

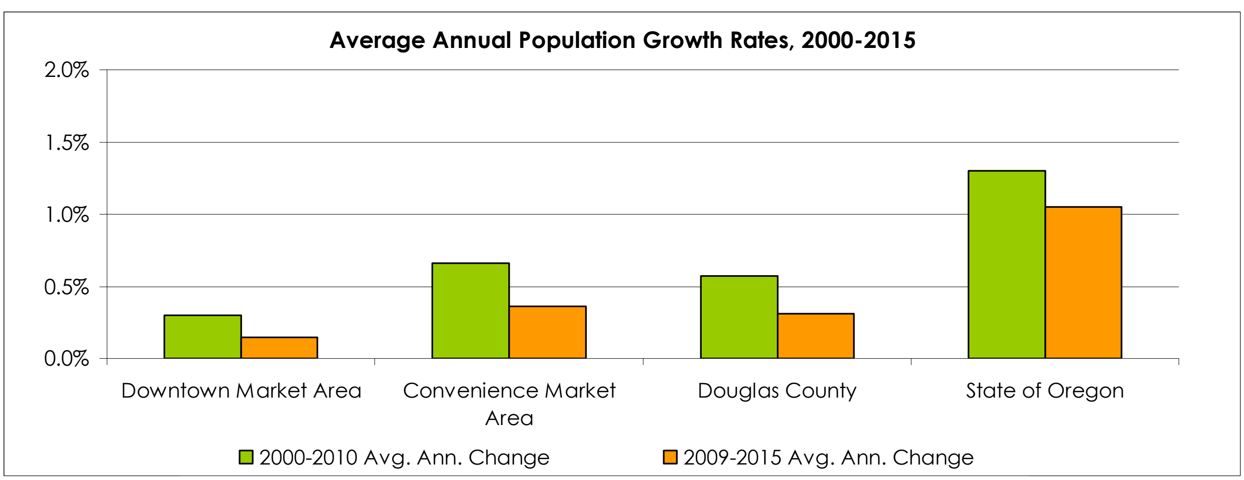
Action Items:

1	Using the grocery market opportunity factsheet (in Appendix B) as a start, prepare a simple recruitment folder or package to present to grocers with the key attributes and selling points of a downtown location.
2	With the public-private 'sales team' (from Strategy 1), develop a sales presentation.
3	Invite top grocery prospect(s) to Roseburg for a tour and presentation. Anticipate and prepare to respond to barriers. Determine level of interest, timing, key requirements and related information.
4	Debrief and evaluate next steps, including store type most likely to succeed.
5	Network with other Oregon downtown organizations and local/regional small business development groups to identify grocer entrepreneurs or start-ups that may also be a good fit for downtown Roseburg. Compile a list, share sales and marketing information, and make follow-up contact to gage interest and commitment.

Appendix A.
Market Area Demographic Data

POPULATION & HOUSEHOLD GROWTH
Downtown and Convenience Markets, Douglas County and State of Oregon
2000-2015

Geographic Area		Avg. Ann. Change 2000-2010			Avg. Ann. Change 2010-2015		
	2000	2010 (Estimate)	Number	Percent	2015 (Forecast)	Number	Percent
Downtown Market Area							
Population	5,873	6,048	18	0.30%	6,093	9	0.15%
Households	2,397	2,476	8	0.33%	2,495	4	0.15%
Avg. Household Size	2.31	2.31	0.000		2.31	0.000	
Convenience Market Area							
Population	50,586	53,924	334	0.66%	54,898	195	0.36%
Households	20,015	21,423	141	0.70%	21,833	82	0.38%
Avg. Household Size	2.47	2.46	-0.001		2.46	0.000	
Douglas County							
Population	100,399	106,128	573	0.57%	107,777	330	0.31%
Households	39,821	42,331	251	0.63%	43,052	144	0.34%
Avg. Household Size	2.48	2.47	-0.001		2.47	0.000	
State of Oregon							
Population	3,421,399	3,865,839	44,444	1.30%	4,069,317	40,696	1.05%
Households	1,333,723	1,508,399	17,468	1.31%	1,589,342	16,189	1.07%
Avg. Household Size	2.51	2.51	0.000		2.51	0.000	

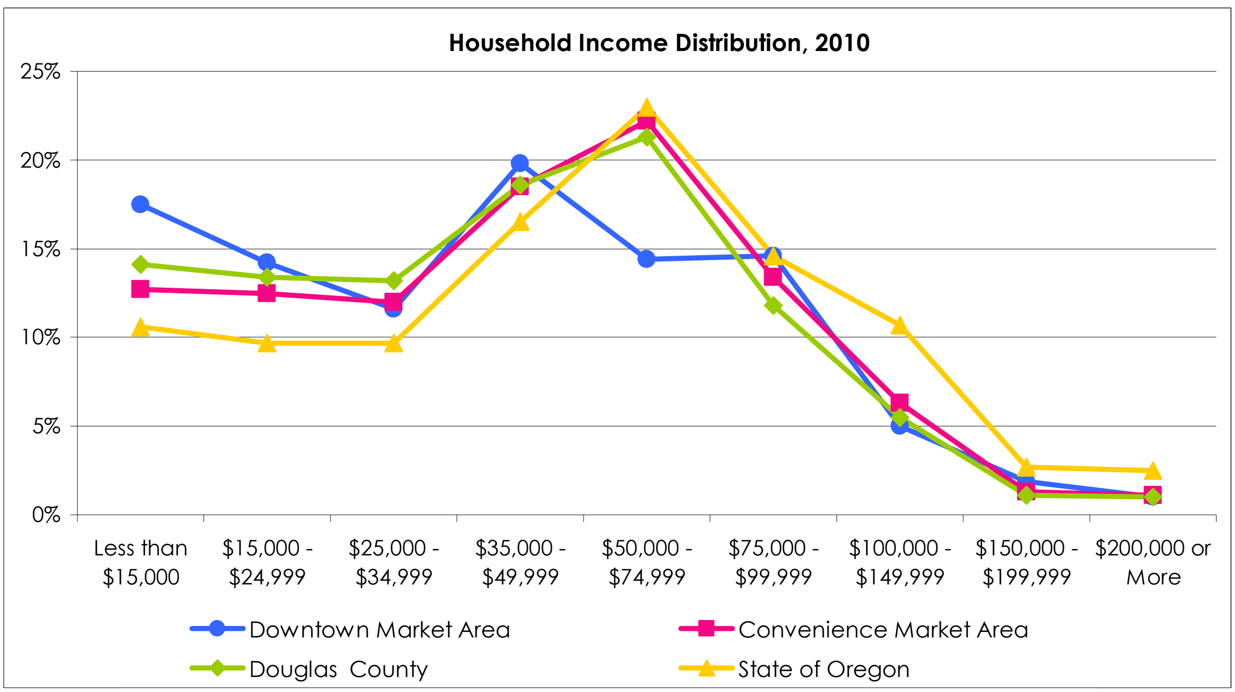


Source: ESRI BIS

HOUSEHOLD INCOME
Downtown and Convenience Markets, Douglas County and State of Oregon
2010

Income	Downtown Market Area	Convenience Market Area	Douglas County	State of Oregon
Less than $15,000	17.5%	12.7%	14.1%	10.6%
$15,000 - $24,999	14.2%	12.5%	13.4%	9.7%
$25,000 - $34,999	11.6%	12.0%	13.2%	9.7%
$35,000 - $49,999	19.8%	18.5%	18.6%	16.5%
$50,000 - $74,999	14.4%	22.2%	21.3%	23.0%
$75,000 - $99,999	14.6%	13.4%	11.8%	14.6%
$100,000 - $149,999	5.0%	6.3%	5.5%	10.7%
$150,000 - $199,999	1.9%	1.3%	1.1%	2.7%
$200,000 or More	1.0%	1.1%	1.0%	2.5%
Total	2,476	21,423	42,331	1,508,399

Median Household Income	$38,806	$44,566	$41,287	$53,104



Source: ESRI BIS

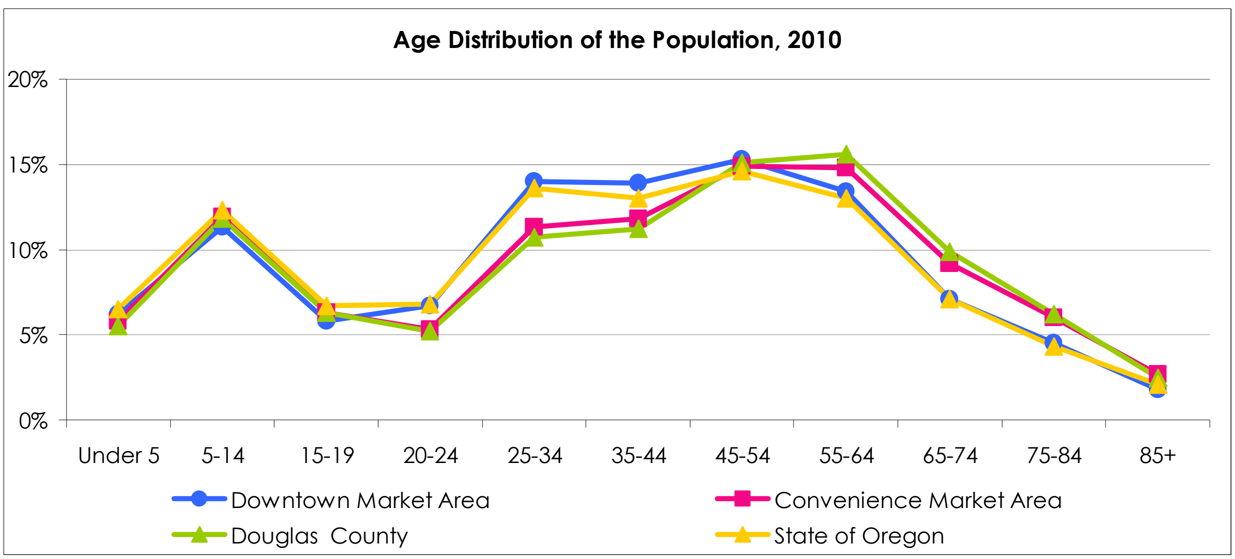
POPULATION BY AGE

Downtown and Convenience Markets, Douglas County and State of Oregon

2010

Age Category	Downtown Market Area	Convenience Market Area	Douglas County	State of Oregon
Under 5	6.2%	5.8%	5.5%	6.5%
5-14	11.3%	11.9%	11.8%	12.3%
15-19	5.8%	6.3%	6.3%	6.7%
20-24	6.7%	5.3%	5.2%	6.8%
25-34	14.0%	11.3%	10.7%	13.6%
35-44	13.9%	11.8%	11.2%	13.0%
45-54	15.3%	14.9%	15.1%	14.6%
55-64	13.4%	14.8%	15.6%	13.0%
65-74	7.1%	9.2%	9.9%	7.1%
75-84	4.5%	6.0%	6.2%	4.3%
85+	1.8%	2.7%	2.5%	2.1%
Total	6,048	53,924	106,128	3,865,839

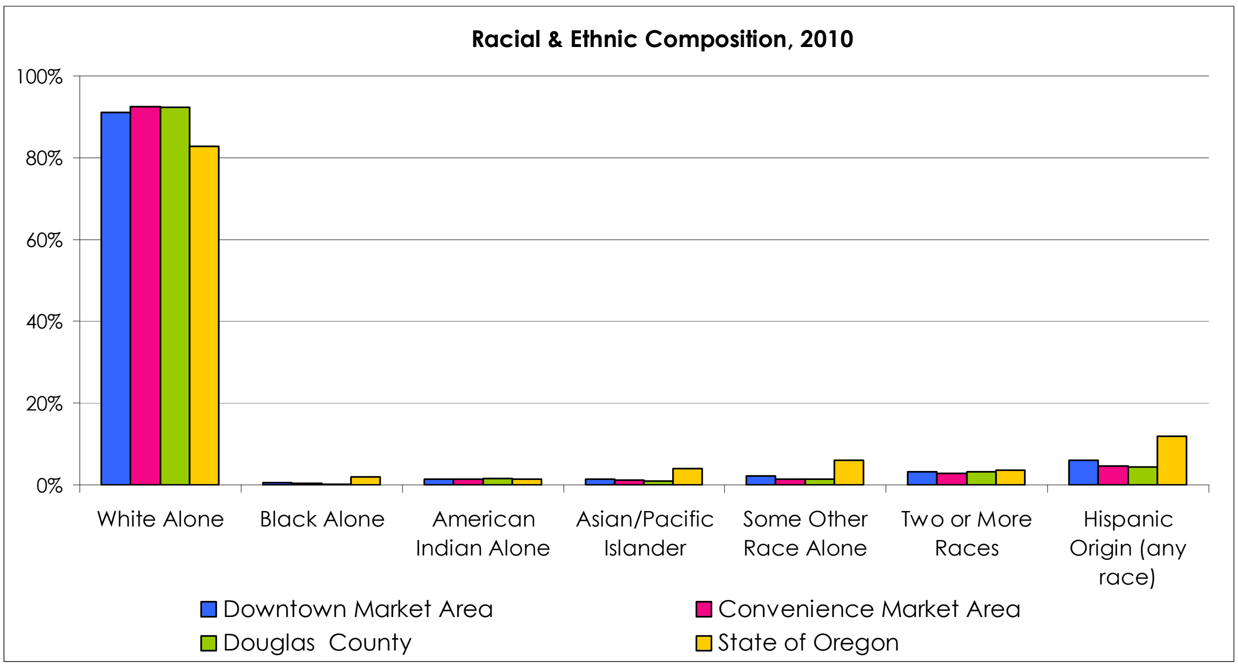
Median Age	39.4	43.2	44.4	38.2



Source: ESRI BIS

RACIAL & ETHNIC COMPOSITION
Downtown and Convenience Markets, Douglas County and State of Oregon
2010

Race/Ethnicity	Downtown Market Area	Convenience Market Area	Douglas County	State of Oregon
White Alone	91.0%	92.6%	92.3%	82.8%
Black Alone	0.7%	0.4%	0.3%	2.0%
American Indian Alone	1.5%	1.4%	1.7%	1.4%
Asian/Pacific Islander	1.4%	1.2%	1.0%	4.0%
Some Other Race Alone	2.2%	1.5%	1.4%	6.1%
Two or More Races	3.2%	2.9%	3.3%	3.7%
Hispanic Origin (any race)	6.0%	4.7%	4.5%	11.9%
Total	6,048	53,924	106,128	3,865,839



Source: ESRI BIS

Appendix B.
Sample Marketing Sheet

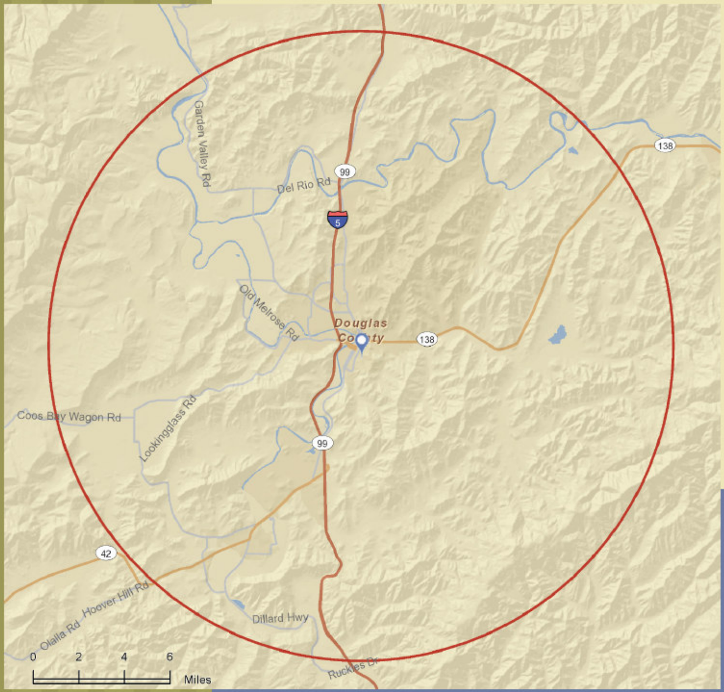
DOWNTOWN SPECIALTY GROCERY SITE OPPORTUNITY

DEVELOPMENT OPPORTUNITY

ROSEBURG, OR

- Specialty grocery store in vibrant downtown Roseburg
- Easy access for pedestrians and cars
- Markets include downtown employees and residents of 10-mile market area

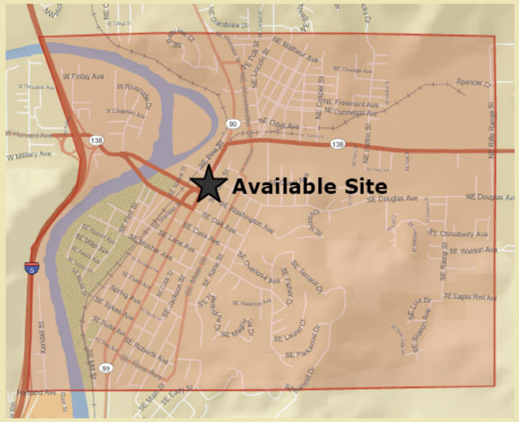
10-Mile Market Area



DOWNTOWN SPECIALTY GROCERY SITE OPPORTUNITY

GROCERY DEMAND

- Existing unmet demand for 20,000 square feet of grocery store space
- Potential future demand for an additional 10,000 square feet of grocery store space by 2020



Downtown Market

Available Site (Former Safeway)

SITE FEATURES

- 3.24 acres with commercial zoning
- Adjacent to government and other downtown employment anchors
- Large footprint with ample parking
- Pivotal, central downtown location

TARGET MARKETS

- 10-mile market area population of 54,000 people in 21,500 households
- Over 5,300 employees in downtown market
- 10-mile market area median income of $45,000
- Approximately 30% of downtown and 10-mile market area 25+ population holds a 2- or 4-year degree

FOR MORE INFORMATION CONTACT

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900 SE Douglas Ave, Roseburg, OR 97470

Economic Development ■ Market Analysis ■ Urban Planning
Portland, Oregon ■ Atlanta, Georgia

March 13, 2018

To: Mr. Stuart Cowie, Community Development Director
Ms. Teresa Clemons, Associate Planner
City of Roseburg

From: Ms. Mary Bosch

Cc: Mr. Tanney Staffenson

RE: Grocery Marketing Implementation Assistance

What follows is a summary of telephone outreach to target grocers by Tanney Staffenson, Marketek Associate and independent grocery consultant. Calls were completed the last two weeks of February and in early March. We are happy to discuss these findings with you in a telephone conference call.

Roseburg Grocer Prospecting Calls

Grocer	Outreach and Observations
Market of Choice	• Oregon-based supermarket chain that is focused on natural and organic foods but also carries conventional groceries. 12 stores in Oregon including Eugene, Corvallis, Portland, Ashland and Bend • Interviewed: Rick Wright, CEO • Roseburg demographic does not align with Market of Choice's target market. Their preferred target market is the college crowd—young and highly educated.
Trader Joe's	• Multiple calls. No response
C&K Markets	• Part of family of markets-Ray's, Shop Smart, C&K. C&K focuses on fresh, local foods. One exists in Yachats, Oregon. • Interviewed: Rocky Carroll, Vice President • Very familiar with the Roseburg market and the Southern Oregon market • Local store is Ray's Food Place at 4601 Carnes Rd, Roseburg, OR 97471. Store was *significantly upgraded.* • *"This store is doing well, not great."* He would not invest in another store in Roseburg at this time. (North and South Roseburg)

Natural Grocers	• Owned by Vitamin Cottage based in Lakewood, CO—very rapid growth curve • 147 stores nationwide with 12 in Oregon including the small towns of Medford, Coos Bay and soon, Warrenton. Store model serves the middle-income, somewhat blue-collar marketplace. • Interviewed: Corporate real estate transaction manager is James Craddock of Craddock Commercial Real Estate, Denver, CO. James@cradcorp.com; 303 379 9739 • Multiple phone conversations with Jim. Under Tanney's advisement, he would come out to look at Roseburg sites. Two properties that Jim identified and expressed some interest in are: the former Goodwill location-Diamond Lake Blvd and the former Kmart site (2757 NW Stewart Pkwy) • Jim is asking for Tanney's assessment of these Roseburg sites. Offered to fly out to Oregon on Tanney's advisement.
Summary & Next Steps	• Overall feedback on the Safeway site was lukewarm. It is likely too large for the needs of a smaller footprint natural food store. More information is needed on the cost, layout of the infrastructure, etc. to have a productive conversation. • Natural Grocers is a solid lead and ongoing discussions with Tanney Staffenson are highly encouraged. • Recommendations: Designate Tanney Staffenson as the liaison between Natural Grocers (Craddock Real Estate) and City of Roseburg. Enable Tanney to make a day trip to Roseburg to look at key sites and continue promoting the Roseburg opportunity to Jim Craddock. If conversations lead to a site visit by Craddock, authorize Tanney to lead the sales presentation and work to close the deal.