Community Cornerstones

OTHELLO RETAIL ANALYSIS

February 2014

growseattle office of economic development · COMMUNITY CORNERSTONES · cai community attributes inc

Community Attributes tells data rich stories about communities that are important to decision-makers.

Principal: Chris Mefford

Analysts: Mark Goodman
Erin Gengo
Alexandra Hudson
Bryan Lobel

Community Attributes Inc.
1411 Fourth Ave, Suite 770
Seattle, Washington 98101

www.communityattributes.com

CONTENTS

Blank.

INTRODUCTION

Background and Purpose

The Seattle Office of Economic Development and the Community Cornerstones Program, a federal grant funded program focused on equitable transit oriented development, have teamed to focus on a Commercial Stability Strategy for the Rainier Valley and the Othello Corridor. The Strategy focuses on maintaining existing commercial areas with culturally diverse residents and businesses while simultaneously attracting new ones. In conjunction with this work, Community Attributes (CAI) was hired to conduct a retail analysis of the Othello retail corridor along Martin Luther King Jr. Way South, which includes two retail clusters at the intersection of Othello and Graham Streets. CAI's was tasked with analyzing the Othello corridor's existing retail offerings, assets and demographics. In addition, CAI was asked to work with local retailers to identify common perceptions, challenges and opportunities within the neighborhood. The end result is a targeted strategy for retail growth and investment that serves to identify new and complimentary retail businesses as well support existing ones.

Othello Neighborhood Plan

In 2009, the Othello community came together to create the Othello Neighborhood Plan Update, aimed at identifying strategies and action steps needed to achieve the community's vision and goals. The results of the plan were compiled into a report which enumerates community established goals for the neighborhood and incorporated into the City's Comprehensive Plan.

The update recognized Othello's diverse business district as a distinct asset to be supported and maintained. Three goals outlined by the Neighborhood Plan centered on the retail core of the neighborhood, including:

- ***Goal 1:*** *Ethnic diversity of Othello merchants, a key asset of this neighborhood, is supported and maintained over the years.*
- ***Goal 4:*** *Othello has vibrant commercial areas with diverse economic opportunities for area residents, including family-wage jobs and a variety of employment.*
- ***Goal 8:*** *The Core Town Center, around the light rail station, is economically strong and serves the multicultural community who live, work, and shop here.*

A range of policies and strategies were identified to support these goals, including:

- *Ensuring that commercial space remain affordable for small businesses;*
- *Promoting zoning which allows for home-based businesses to thrive;*
- *Ensuring that retail provides a range of goods for the community;*
- *Encouraging businesses to serve the Rainier Valley and beyond, and;*
- *Supporting the multicultural character of the existing and nascent businesses in the area.*

The goal of the analysis is to support the commercial stability strategy and the ongoing Community Cornerstones Program as well as the goals and strategies of the 2009 Neighborhood Plan.

Methods

The approach to this work leverages Community Attributes' extensive experience in retail analysis including the firm's familiarity with taxable retail sales and parcel level data. Supplementing this analysis is a detailed profile of the neighborhood and primary trade area, accomplished through geospatial and demographic analysis.

To further inform the neighborhood and primary trade area profile, Community Attributes conducted outreach with the local business community, including attendance at two local business tours organized through the Martin Luther King Business Association (MLKBA) as well as a neighborhood business survey conducted through the Seattle Department of Neighborhoods. In addition, Community Attributes attended a number of local commercial stability committee meetings to discuss results of the analysis as well as to gain input on existing businesses, organizations and community assets.

The analysis draws from data compiled specifically for this analysis, including:

- Washington Department of Revenue taxable retail sales data;
- Washington Department of Revenue gross business income data;
- Hoovers Business Data;
- American Community survey and US Census data.

Organization of this Report

- **Neighborhood Analysis.** Detailed analysis of the retail trade area including retail sales, business mix, demographics, and retail gap analysis.
- **Outreach and Neighborhood Feedback.** Summary and analysis of comments, and feedback from local businesses.
- **Retail Strategies.** An assessment of target retail strategies, needs, and recruitment strategies.

Neighborhood Analysis

The following section is a snapshot of where the Othello neighborhood stands in 2013 in terms of planning, demographics, transportation, and retail activity and provides assessment of existing conditions put in terms of demographics, employment, retail sales, and geography.

Retail Trade Areas and Profile

Primary Trade Area

A trade area is the geographic region that generates the majority of customers for a given commercial district retail location. In other words, it is the geographic area from which customers are most likely to come from. The Othello Primary Retail Trade area is represented in **Exhibit 1**. The trade area comprises neighborhoods and residences within a five minute drive time of the Othello retail corridor which includes all retail shops within the Othello Business Improvement Area (includes business along MLK from the intersection of Graham St. to the intersection of Othello St.). Other factors considered when defining the trade area were neighborhood topography, competing retail centers, and the mix and overall draw of retail currently located in Othello. The Primary Trade Area is the basis for the retail gap analysis and serves as the general study geography, in addition to Othello corridor specific analysis.

It is important to consider the retail corridor's ability to draw customers from throughout the region in addition to its customer base within the Primary Trade Area. Store owners indicated that their customer base includes people from as far as Everett and Tacoma. In addition, the presence of the Othello light rail station will continue to provide efficient public transit access to the neighborhood which drives foot traffic and potentially retail sales.

Exhibit 1. Primary Trade Area, Othello, 2013

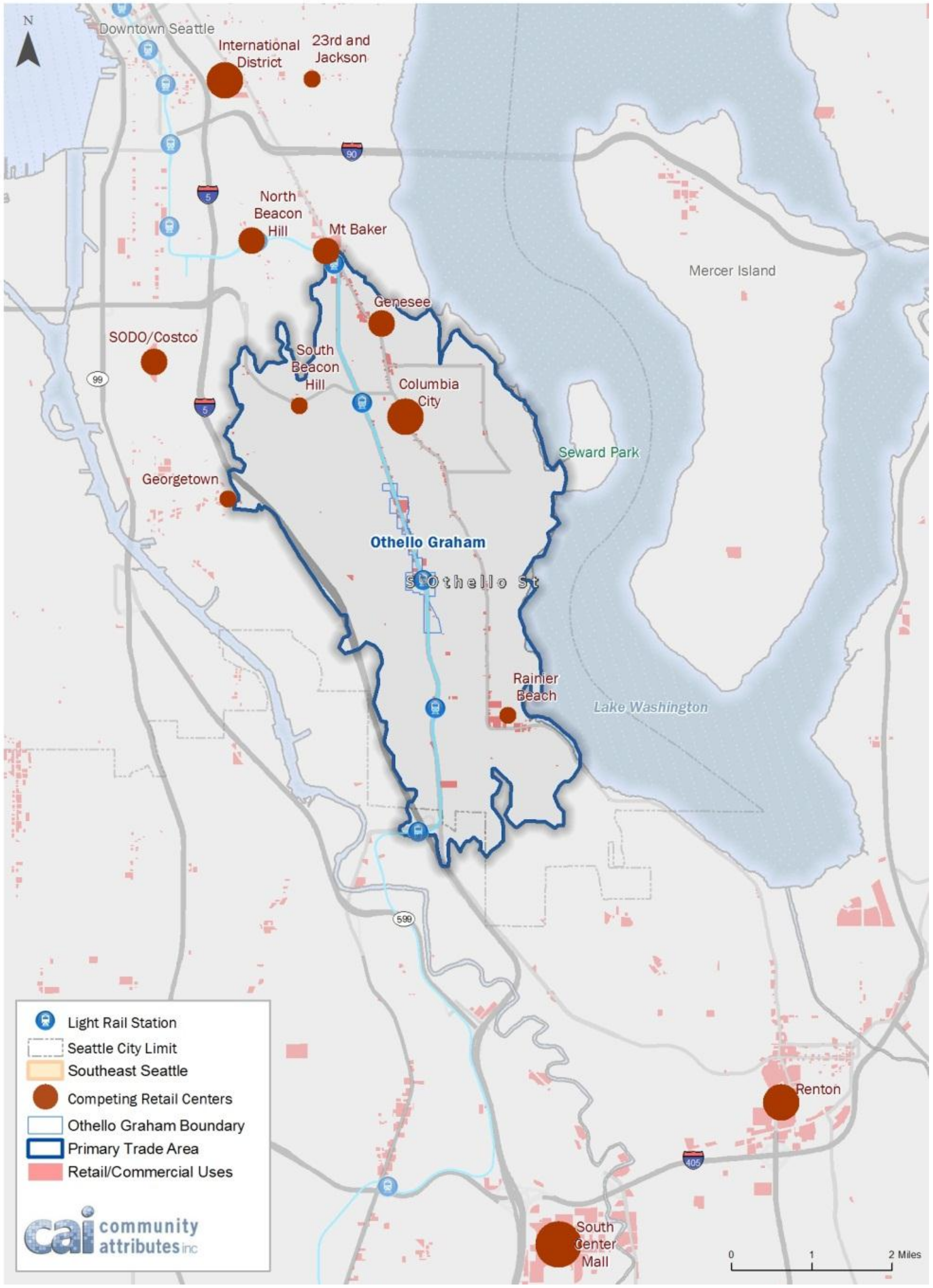
Competing Commercial Centers

Exhibit 2 depicts the location of the Othello corridor within the context of surrounding retail centers. The relative draw of surrounding retail centers is represented by the size of the red circle, based in part on the character of the retail center as well as the concentration of retail uses. No major retail centers exist between Columbia City and Rainier Beach other than Othello. The area hosts a relatively high concentration of households, but lacks a large commercial presence other than what is present in Othello. The largest and most competitive retail centers are those found in Renton as well as at South Center Mall. **Exhibit 3** provides a listing and details the attributes of established or emerging neighborhood retail centers competing for customers include:

Exhibit 3. Neighboring Retail Trade Areas, Othello, 2013

Neighborhood Center	Attributes
International District	International District (High Density Ethnic Shops)
23rd and Jackson	23rd and Jackson (Neighborhood serving retail, grocery anchor)
North Beacon Hill	North Beacon Hill (Neighborhood serving retail, grocery anchor)
Mt. Baker	Mt. Baker (Big box and auto oriented retail, neighborhood and regional draw)
Genesee	Genesee (Neighborhood Serving retail)
South Beacon Hill	South Beacon Hill (Small scale, limited retail)
Columbia City	Columbia City (Boutique retail environment, strong growth)
Georgetown	Georgetown (Boutique retail environment, strong growth)
SODO/Costco	SODO/Costco (Strong regional draw)
Rainier Beach	Rainier Beach (Neighborhood Serving retail)
South Center Mall	South Center Mall (Major regional retail destination/mall)
Renton	Renton (High concentration of big box and auto oriented retail, regional draw)

Exhibit 2. Existing Commercial Centers, Southeast Seattle, 2013



Neighborhood Demographics

Regional and neighborhood demographics are an important consideration when evaluating a retail market, its existing retailers and its potential for growth. Neighborhood demographics often influence the type, size, and scale of retail developments. The following sections attempts to develop a narrative of the Othello Primary Trade Area and describe the people and that live and shop within the area.

Neighborhood Demographics and Profile

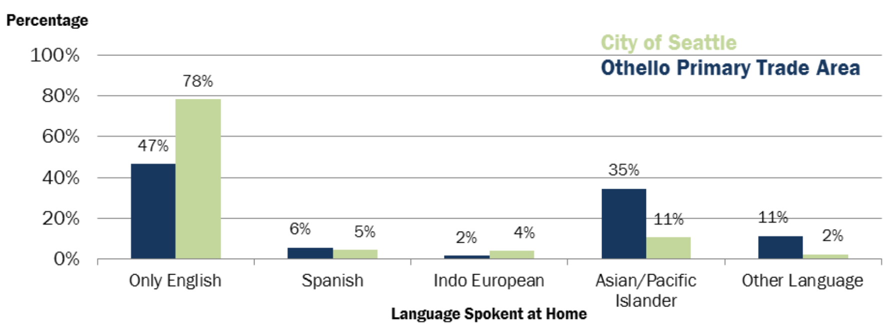
The following are the demographic and socioeconomic areas studied for the analysis of the Othello corridor:

- Language Spoken
- Race and Ethnicity
- Poverty Rate
- Population
- Housing Mix
- Household Income
- Educational Attainment
- Workforce
- Transportation
- Customer Segmentation

Language

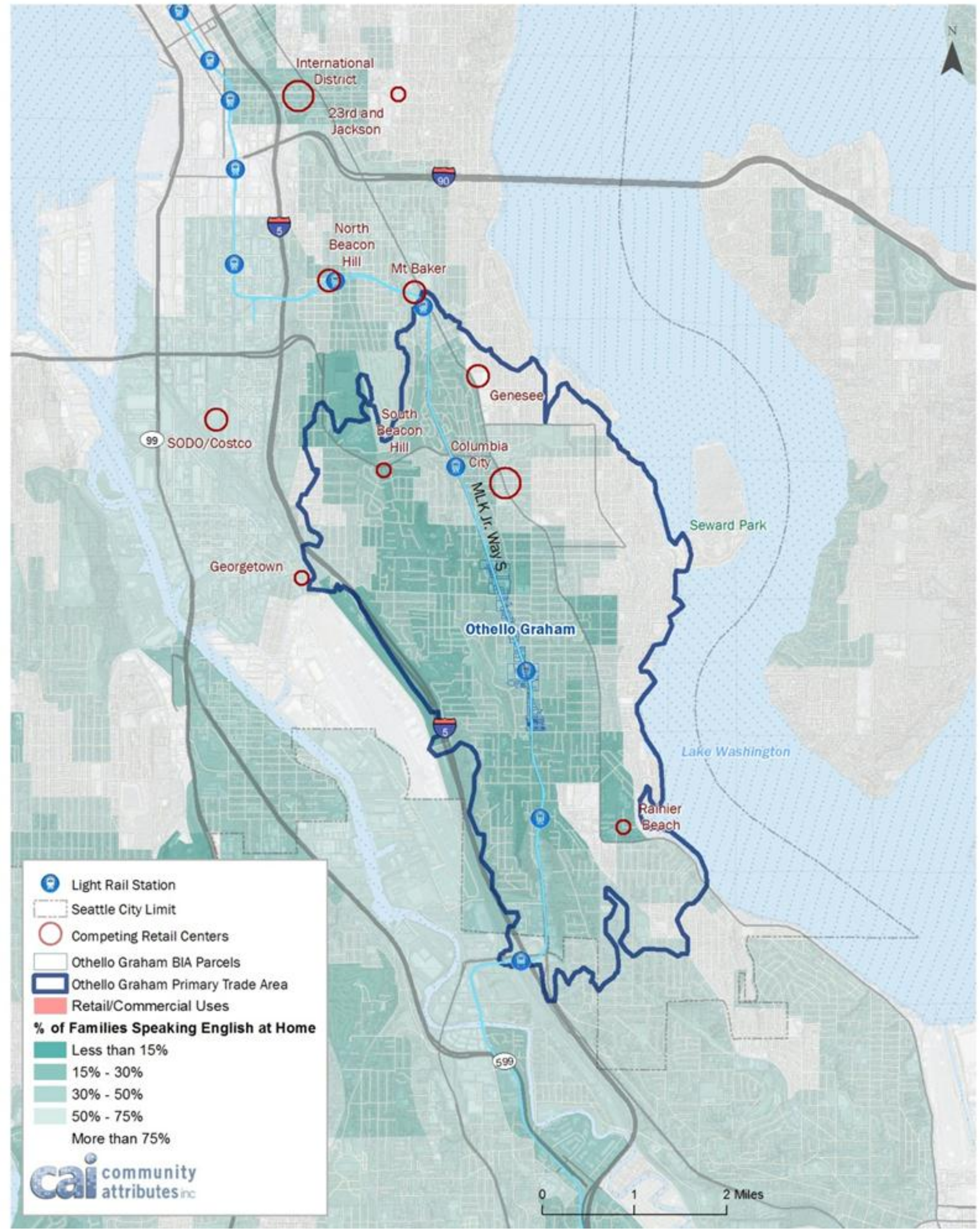
Exhibits 4 and 5 illustrate the diversity of languages spoken within the Othello Primary Trade Area. Over 50% of Othello primary trade area residents speak a language other than English at home. While many of these individuals may also speak English, the data suggests that half of Othello residents grew up speaking another language. The diversity in languages spoken is an indication not only of the diversity of the neighborhood but the implications it has for potential retailers and the services they provide, as well as for the how the City can most effectively serve the community.

Exhibit 4. Language Spoken at Home, Othello Primary Trade Area, 2011



Source: American Community Survey, 2011

Exhibit 5. Percentage of English Speaking Households, Southeast Seattle, 2011

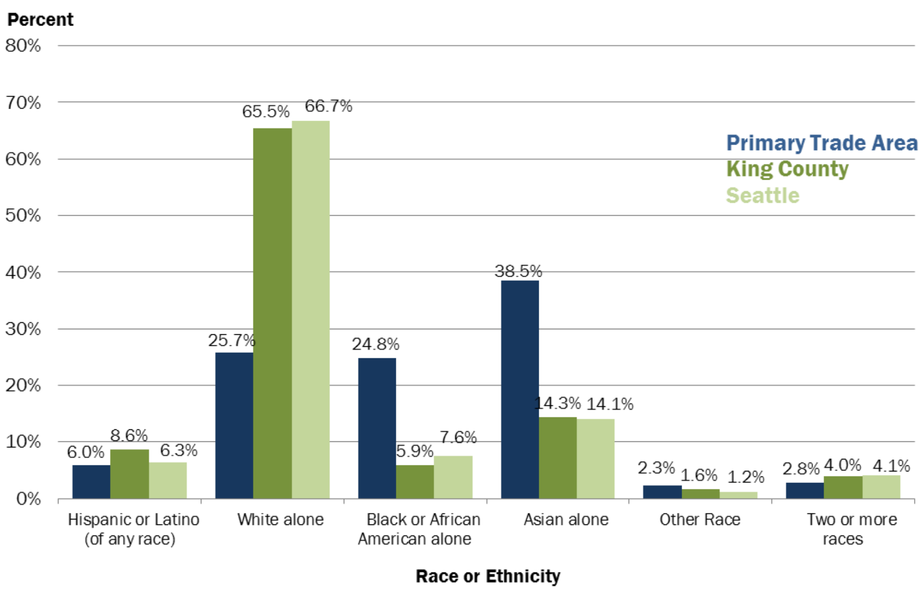


Race and Ethnicity

Southeast Seattle contains some of the most ethnically diverse neighborhoods in Seattle. The Othello Trade Area includes many of these neighborhoods. Within the Trade area 26% of the population identifies itself as 'White alone.' Significant ethnic/racial groups include ' Black or African American alone' (25%) and 'Asian alone' (39%). **Exhibit 6** illustrates the ethnic/racial composition of the Othello Trade Area and compares it that of King County and Seattle.

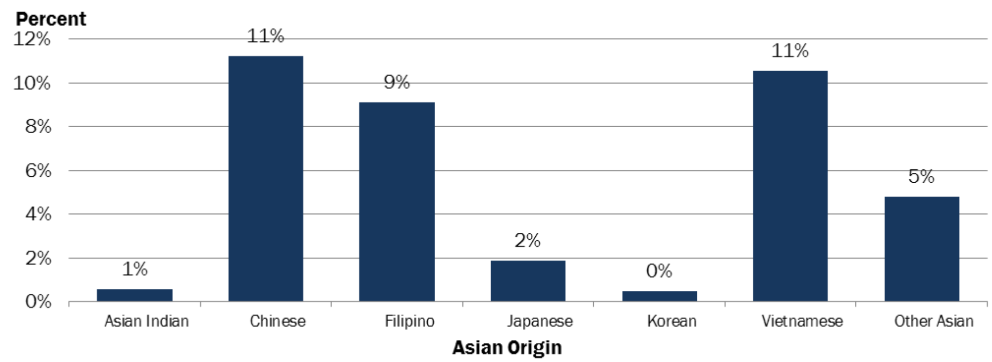
Exhibit 7 provides a detail on the makeup of the Asian population in the Othello Trade Area. As the largest racial group in the trade area, the businesses and retail community is heavily influenced by the diverse number of Asian communities living in the area. The racial origin of Asian residents is distributed among people of Chinese, Filipino, and Vietnamese decent, who represent the majority of Asian residents in the area.

Exhibit 6. Race and Ethnicity, Othello and Vicinity, 2011



Source: American Community Survey, 2011

Exhibit 7. Asian Community Composition, Othello and Vicinity, 2011



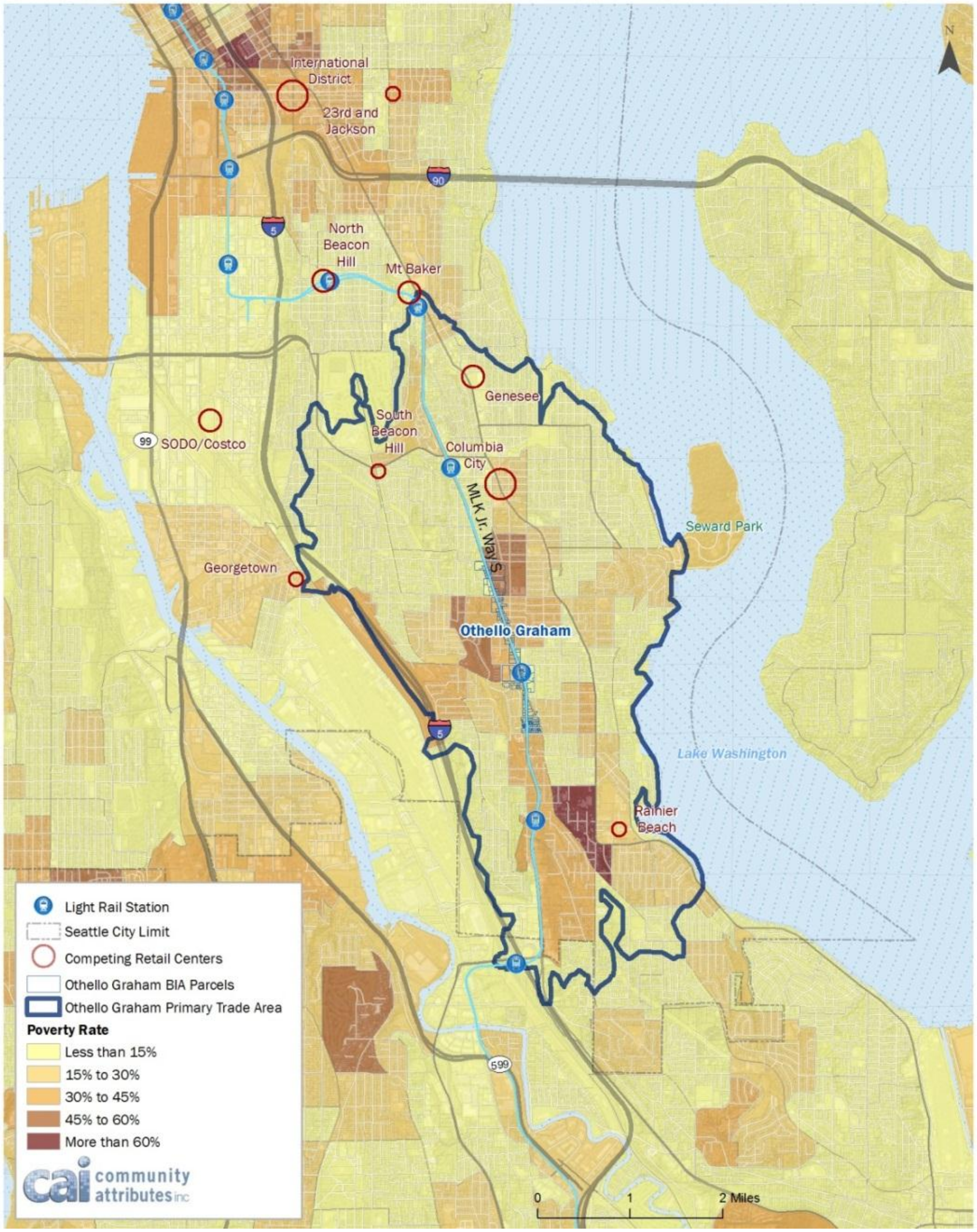
Source: American Community Survey, 2011

Poverty Rate

Southeast Seattle consists of a diverse range of income levels within its neighborhoods. Areas of relative affluence as well as areas with relatively high poverty levels exist in close proximity. **Exhibit 8** illustrates poverty rates within SE Seattle. The poverty rate, defined below, incorporates such factors as income and family size to determine a poverty threshold. Poverty exists at a higher rate within several neighborhoods within or near the Othello neighborhood, with higher rates concentrated along MLK Jr. Way South and Rainer Ave. Such households are important to consider when considering the types of retail that will best serve the neighborhood.

> ***"POVERTY RATE - Represents the percentage of people whose income fell below the poverty threshold. Poverty status is determined by comparing annual income to a set of dollar values called poverty thresholds that vary by family size, number of children, and the age of the householder. If a family's before-tax money income is less than the dollar value of their threshold, then that family and every individual in it are considered to be in poverty. For people not living in families, poverty status is determined by comparing the individual's income to his or her poverty threshold."***
>
> **– US Census**

Exhibit 8. Poverty Rate, Southeast Seattle, 2011

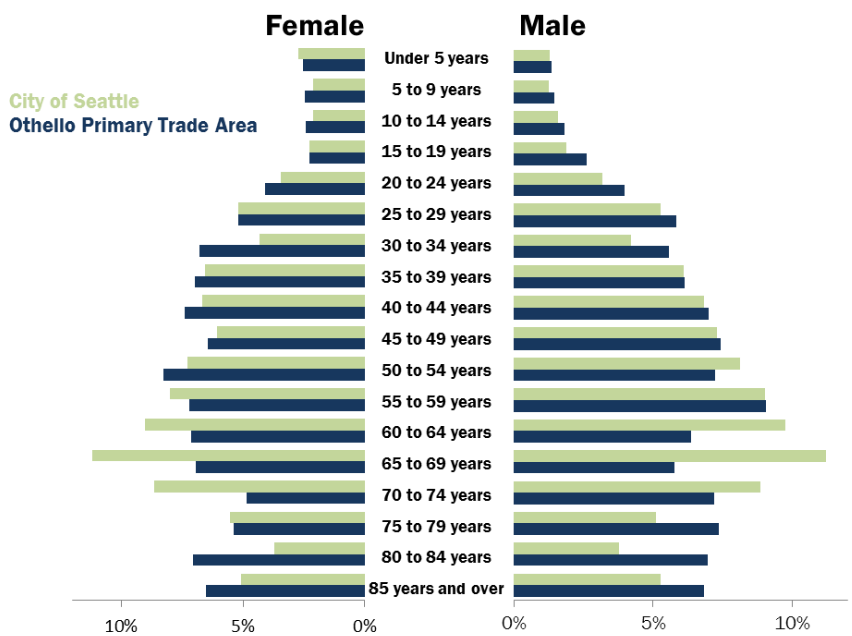


Population

The Othello Primary Trade Area includes a mix of single family and higher density neighborhoods. Historical development patterns, including the influence of development along MLK Way Jr. S (formerly Empire Highway) have dictated much of the retail development with the area. While not as intensely developed as more traditional urban neighborhoods in Seattle, it is still a relatively dense area, especially near the Othello retail corridor as illustrated in **Exhibit 10**.

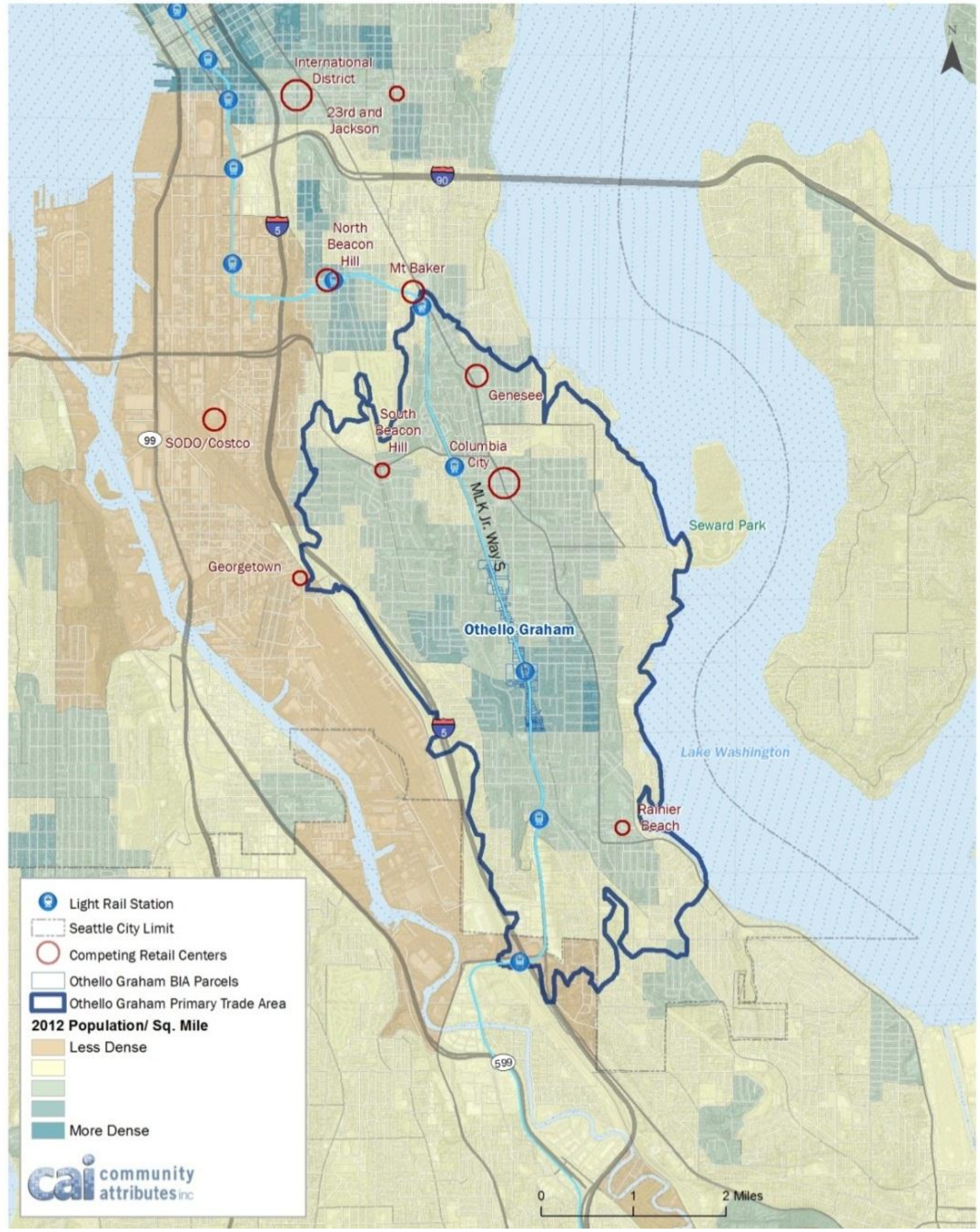
The Othello Primary Trade Area has a higher concentration of people between the ages of 19 and 35, a key demographic among many retailers (**Exhibit 9)**. There is a lower concentration of people between the ages of 60 and 75, and a higher concentration over 75 years old.

Exhibit 9. Age and Sex, Othello Primary Trade Area and Vicinity, 2011



Source: American Community Survey, 2011

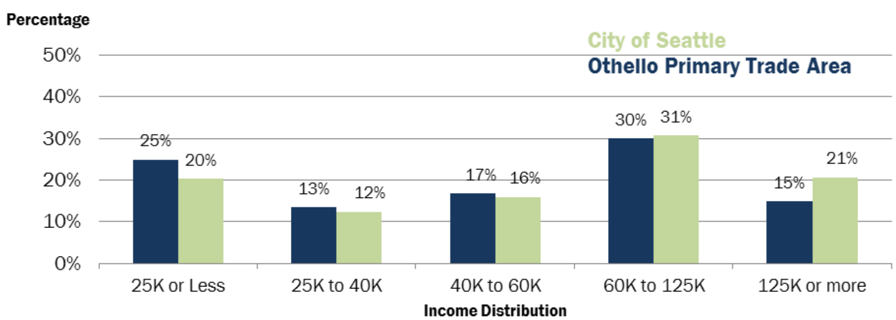
Exhibit 10. Population Density, Southeast Seattle, 2011



Household Median Income

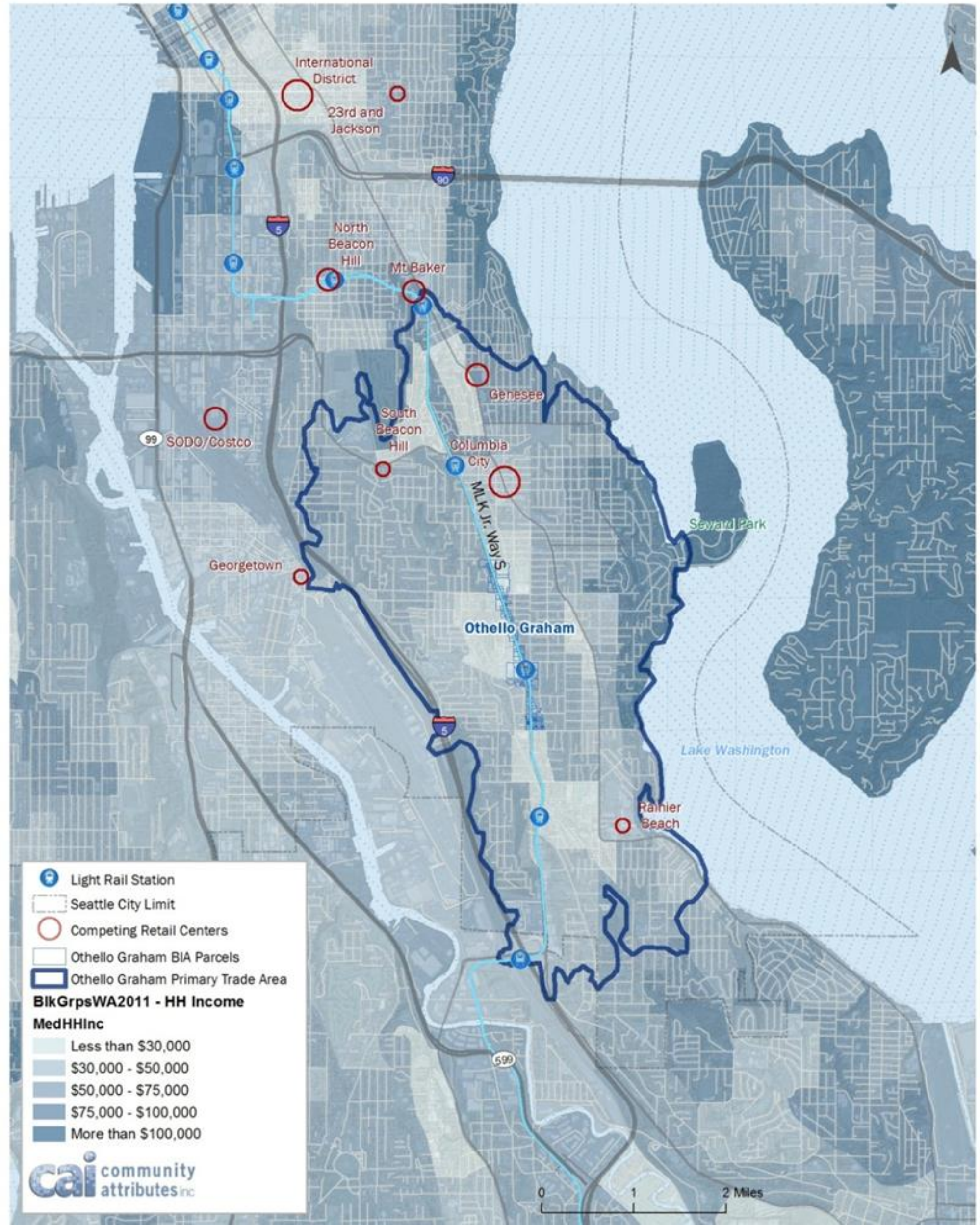
The income distribution within the Othello Primary Trade Area is diverse in its range and geography. **Exhibit 11** illustrates the Othello Primary Trade Area income distribution and compares it to Seattle. The Othello Primary Trade Area has a greater concentration of households making less than $25,000 annually and a lower concentration of households making more than $125,000 annually. **Exhibit 12** illustrates the distribution of household incomes geographically. There are concentrations of relatively wealthy households located within close proximity to the Othello corridor along Lake Washington. Simultaneously, lower income households are concentrated near or adjacent to the corridor, illustrating the disparity in incomes represented in the area. Household incomes and overall spending power is a common metric analyzed by retailers and can influence decisions of site selection and product offerings.

Exhibit 11. Income Distribution, Othello Primary Trade Area and Vicinity, 2011



Source: American Community Survey, 2011

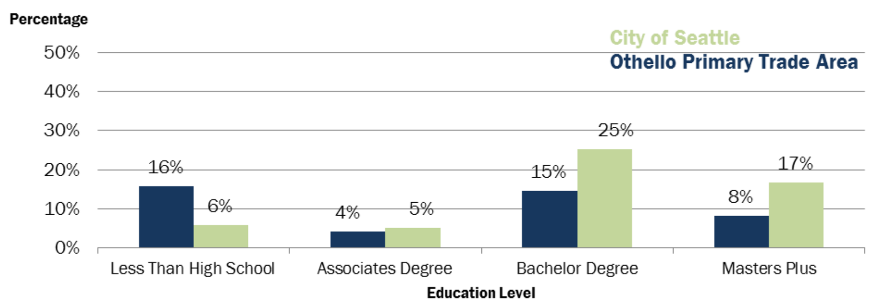
Exhibit 12. Median Household Income, Southeast Seattle, 2011



Educational Attainment

Educational attainment illustrates the education level achieved by area residents and is often used a metric for evaluating an areas potential for certain retail offerings. **Exhibit 13** illustrates the education level achieved by Othello Primary Trade Area residents compared to the levels achieved by all Seattle residents. Generally, people with Bachelor's degrees or higher are less prevalent in the Othello Trade Area than in the rest of Seattle. In addition, those with less than high school diploma are more highly concentrated in the Othello Primary Trade Area than the rest of Seattle.

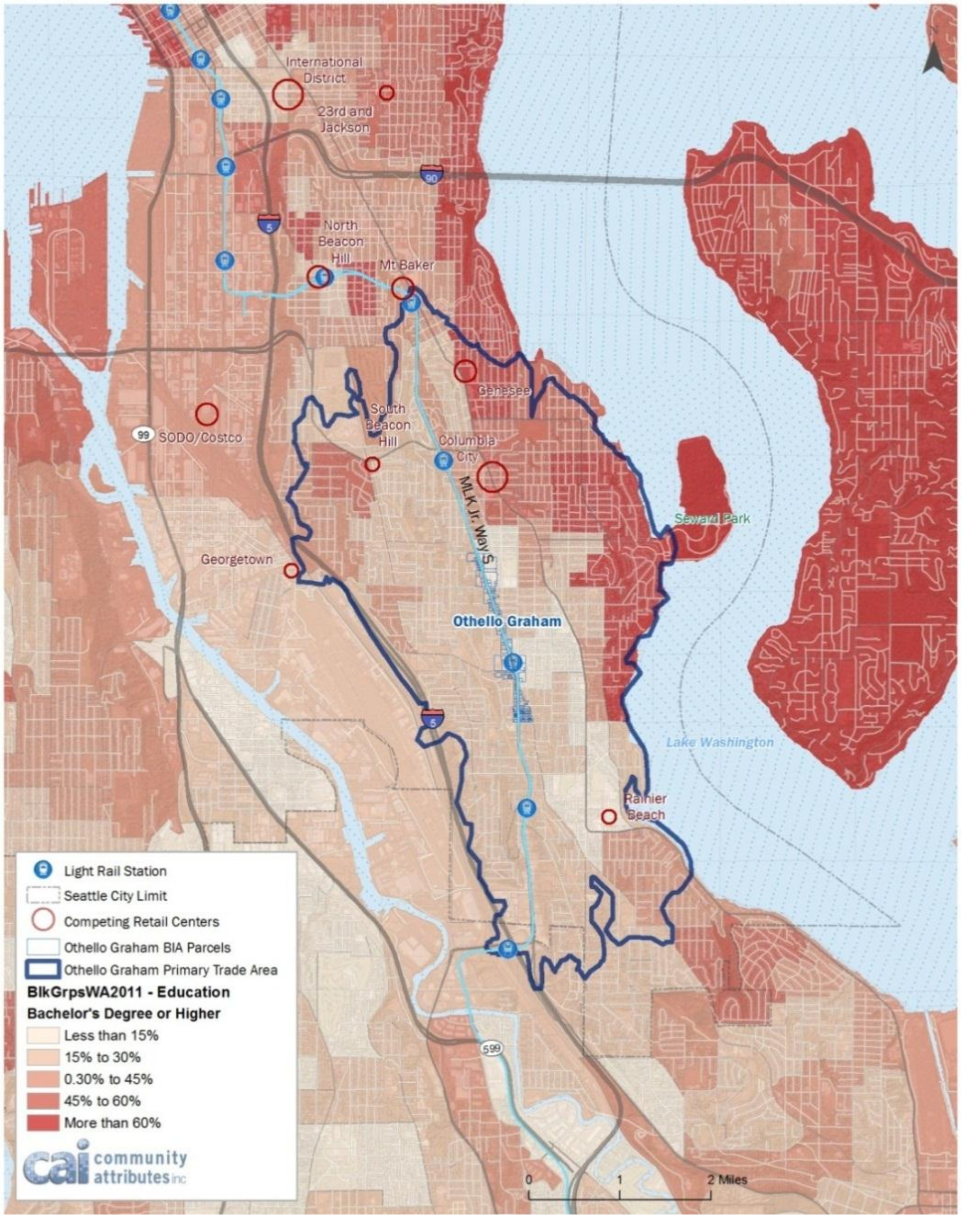
Exhibit 13. Educational Attainment, Othello Primary Trade Area and Vicinity, 2011



Source: American Community Survey, 2011

Exhibit 14 illustrates the geography of educational attainment in the Othello Primary Trade Area. The percentage of those with a Bachelors' degree or more is higher east of Rainer Ave along Lake Washington, and lower near and along Rainer Avenue S.

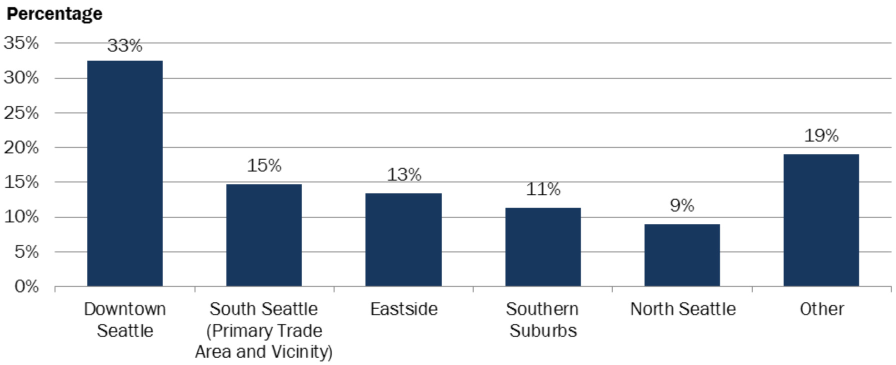
Exhibit 14. Bachelor's Degree or Higher, Southeast Seattle, 2011



Workforce

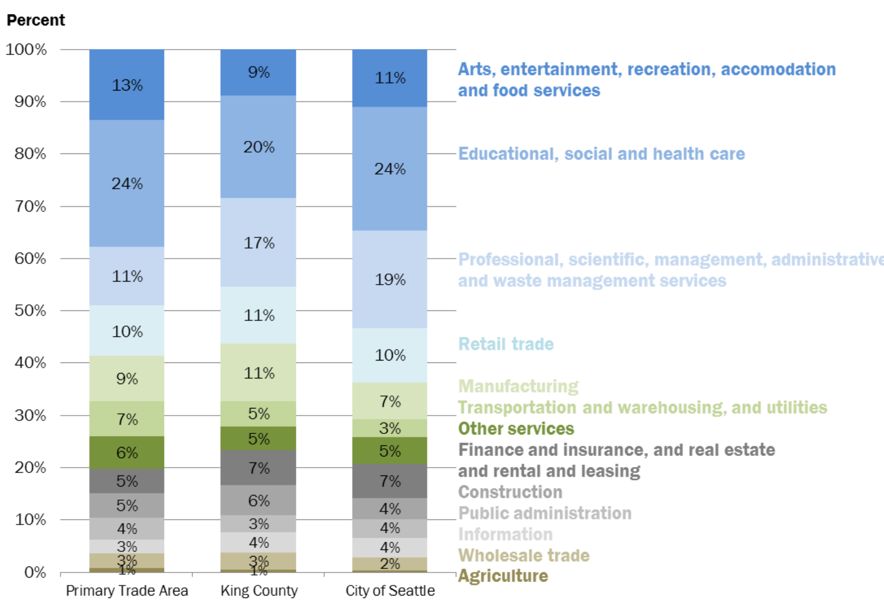
Understanding resident commuting patterns and the types of jobs located in the Othello Primary Trade Area provides context for where and what type of shopping is occurring.

Exhibit 15. Top Worker Destinations, Othello Primary Trade Area, 2012



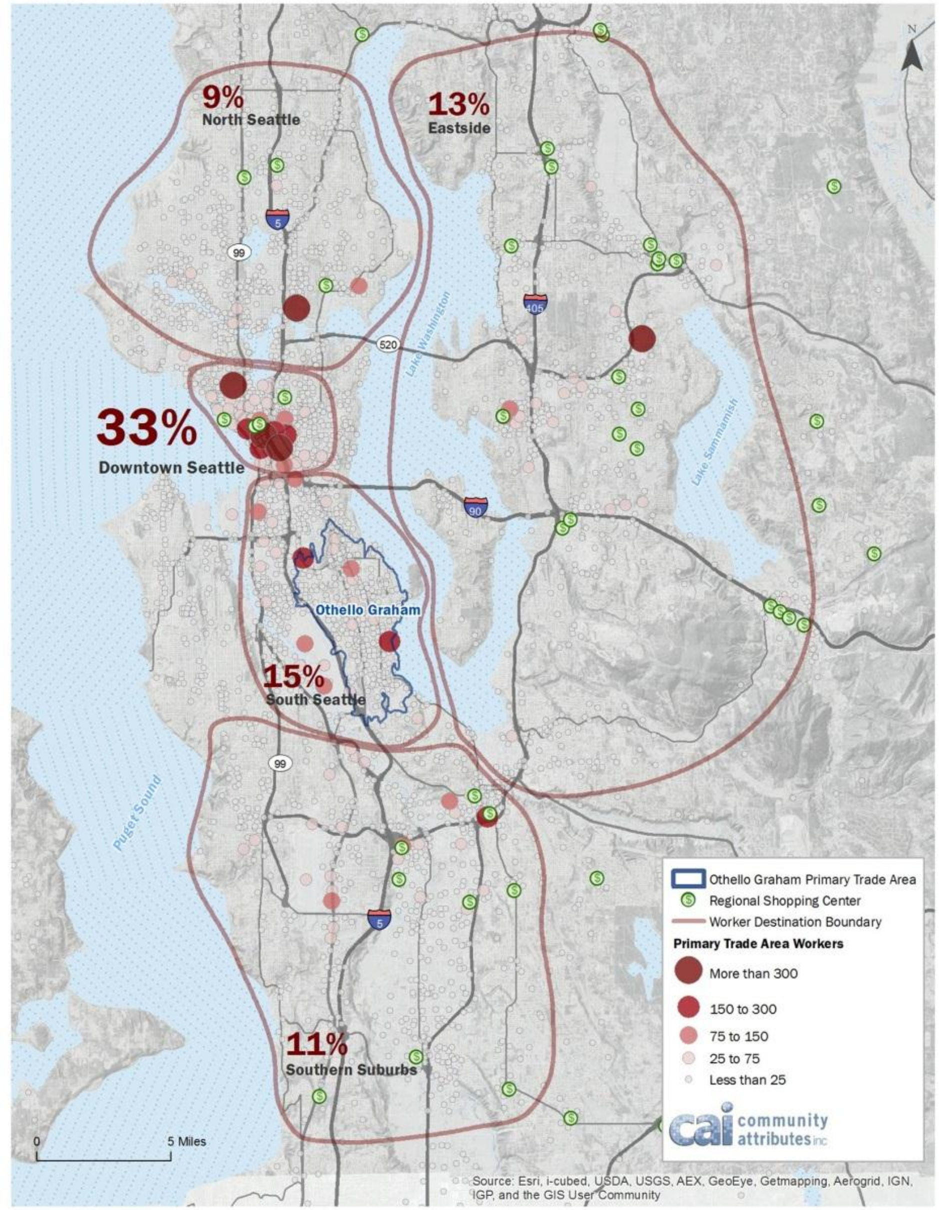
Source: ESRI, 2013. Community Attributes, Inc., 2013

Exhibit 16. Resident Employment, Othello Primary Trade Area and Vicinity, 2012



Source: American Community Survey, 2011

Exhibit 17. Top Worker Destinations, Othello Primary Trade Area, 2012



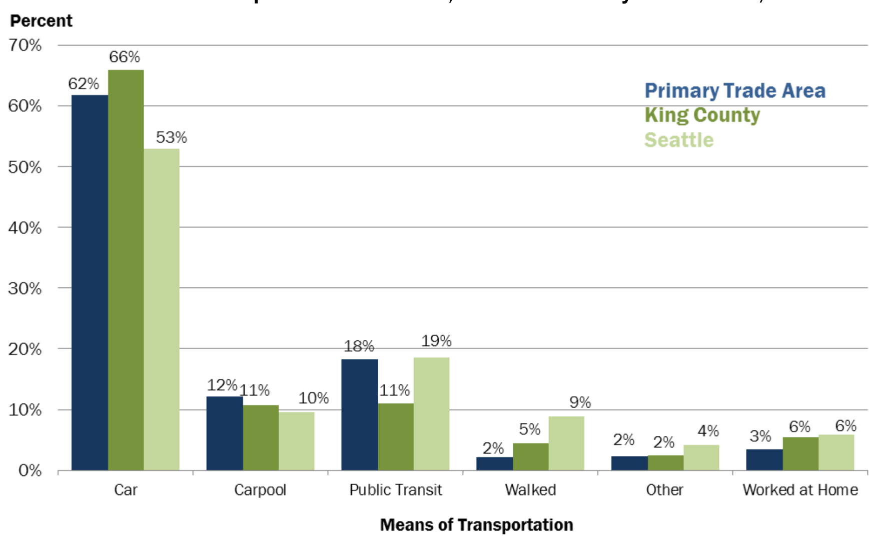
Public Transportation

The Othello Light Rail Station and its impact on the neighborhood must be considered when analyzing retail in Othello. The commuting patterns of Primary Trade Area residents often influence where people choose to do their shopping. Two important considerations for the Othello corridor are:

- Transit ridership
- Othello Light Rail Station impact

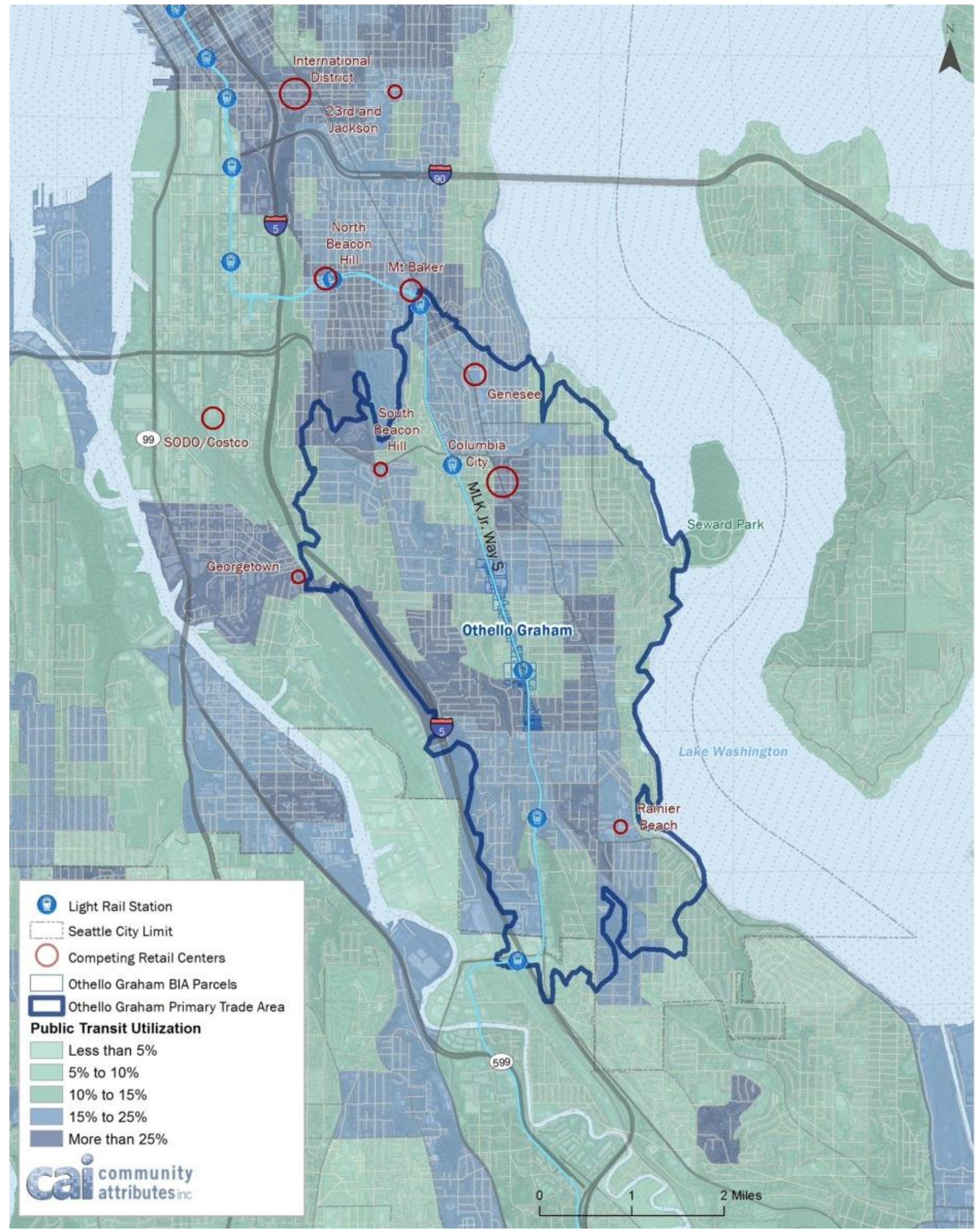
Exhibits 18 and 19 illustrate overall commuting patterns for residents within the Othello Primary Trade Area. Public transit utilization within the area mirrors levels found throughout Seattle, and is relatively high near in the neighborhoods near Othello. The station serves as an additional access point to the neighborhood and has the potential to drive retail traffic and attract new retailers in the long term.

Exhibit 18. Transportation to Work, Othello Primary Trade Area, 2012



Source: American Community Survey, 2011

Exhibit 19. Commuting to Work via Public Transit, Othello Primary Trade Area, 2012

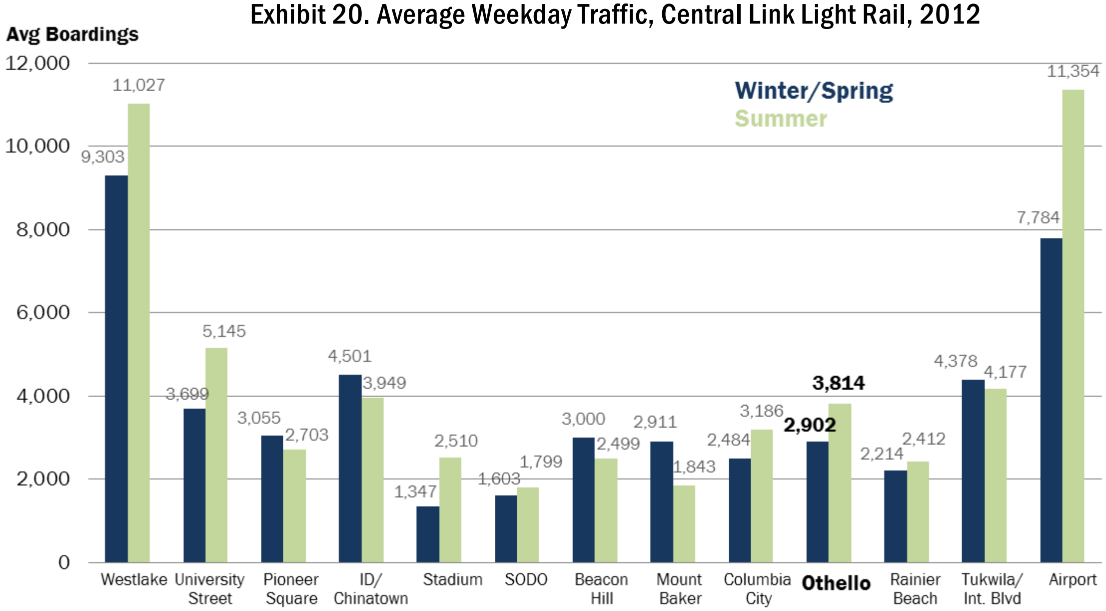


Exhibits 20 and 21 detail ridership at the Othello Light Rail Station. Serving as a key investment within the Othello corridor, increased ridership at the station may serve as a driver of retail activity and has the potential to serve as a catalyst for construction of mixed use buildings with ground floor retail. Recent housing developments such as The Station at Othello Park exemplify this potential.

Exhibit 20 illustrates the average weekday traffic across all Link light rail stops. The Othello station, with more than 3,800 average boardings/alightings per day in the summer months, ranks ahead of other Rainier Valley stations. For context, the Othello Light Rail Station experiences traffic similar to that found at the International District/China Town Station.

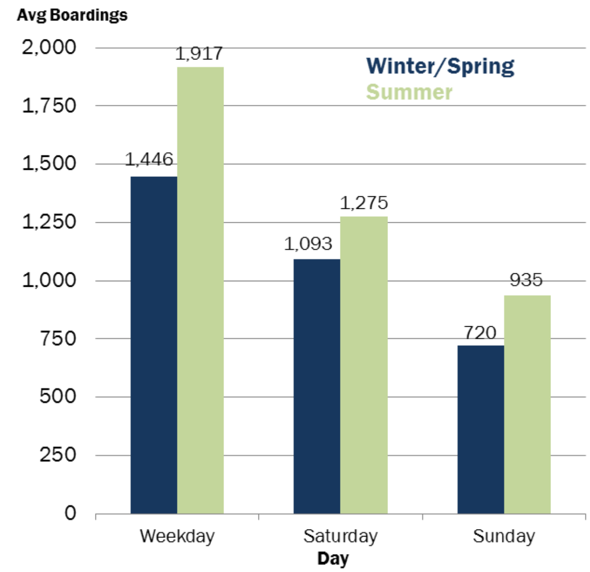
Exhibit 21 details average light rail traffic by season and day of the week. Weekday traffic on average is higher than weekend traffic, reflecting work commuting patterns. Average light rail traffic in Othello is substantially higher in the summer than winter, common among most light rail stations.

Exhibit 20. Average Weekday Traffic, Central Link Light Rail, 2012



Source: Sound Transit, 2013.

Exhibit 21. Average Light Rail Traffic, Othello Station, 2012



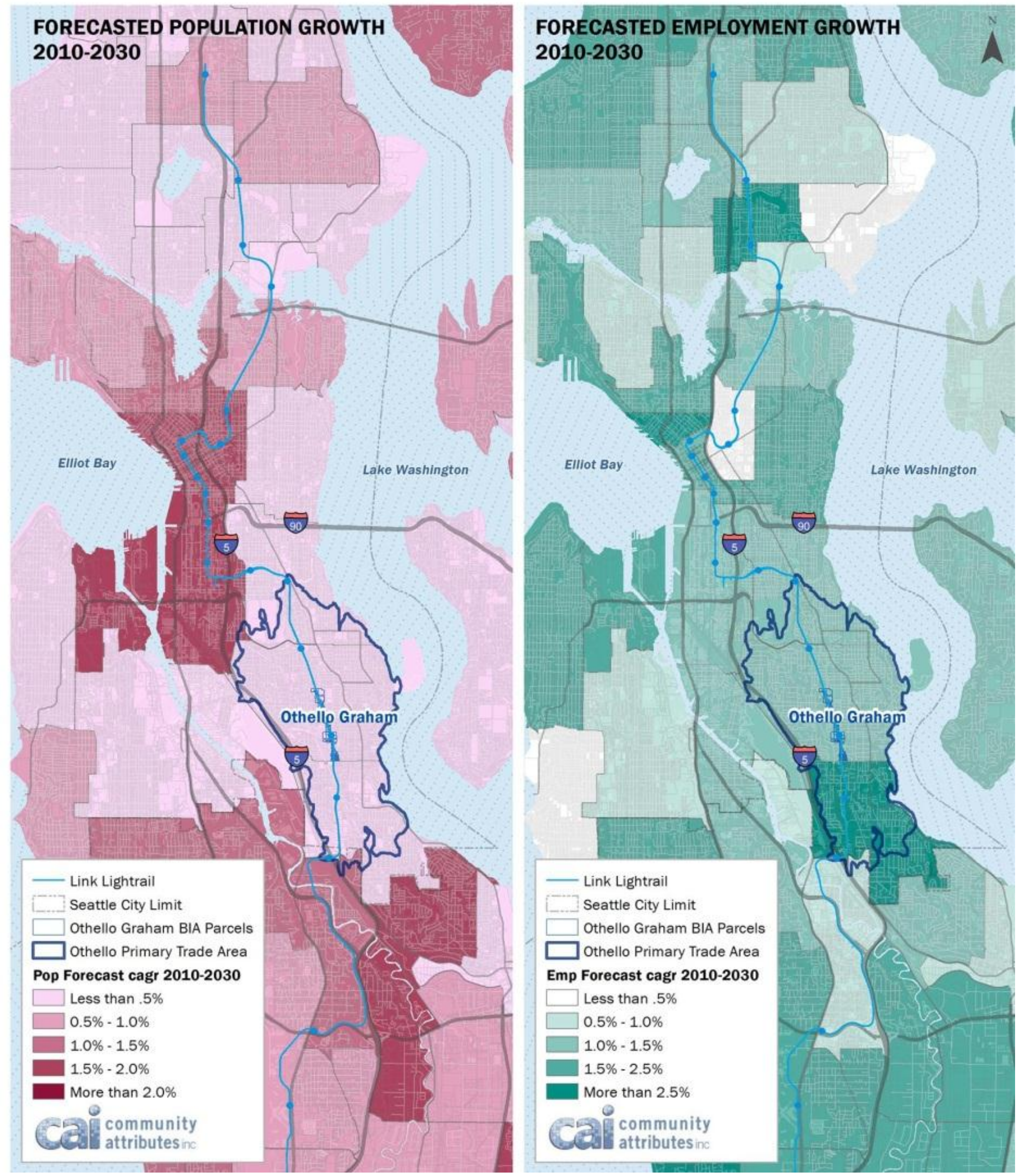
Source: Sound Transit, 2013.

Growth Forecasts

Regional population and employment forecasts produced by the Puget Sound Regional Council (PSRC) provide context for neighborhood development patterns and a basis for analyzing the potential for retail growth. The forecasts suggest that the Othello Primary Trade Area will experience relatively little growth in terms of overall population, but will experience an increase in employment south of the Othello Light Rail Station. **Exhibit 22** illustrates the estimated annual percentage growth rate for both population and employment across Seattle and in the Othello Primary Trade Area.

Population growth in the Trade Area, while not predicted to be as high as other parts of Seattle, will be instrumental in shaping the retail environment in Othello both in the short and long term. Infill developments such as The Station at Othello Park and the proposed Othello North mixed-use project represent such growth and set the stage for the future retail development in the neighborhood.

Exhibit 22. Growth Forecasts, Othello Primary Trade Area, 2012



Customer Segmentation

The types of individuals and households who shop in Othello can be divided into two categories: primary trade area residents (representing most of southeast Seattle) and destination shoppers from outside the area. The majority of retail spending in Othello likely comes from residents within the Primary Trade Area. Understanding the spending patterns and shopping preferences of residents helps inform decision making processes of local business and business associations. **Exhibits 23 and 24** illustrate a method of depicting and analyzing customer segmentation developed by ESRI (See ESRI.com for more information data and methodology). Much of the analysis is based on a combination of US Census data found previously in this report.

Exhibit 23. Top Five Segments, Othello Primary Trade Area, 2012

International Marketplace	Attributes	Younger population, majority family households, second most diverse among segments, lower median income, mostly renters
	Spending	Groceries and related family goods, shop at discount retailers and general merchandise stores (Costco, Right Aid)
Pacific Heights	Attributes	Majority family households, higher percentage of Asian population, higher median incomes, educated, more homeowners
	Spending	Shop at big box retailers (Target, Wal-Mart, etc…), also shop at upscale retailers, look for organic groceries/stores
Urban Villages	Attributes	Multicultural/diverse, higher foreign born population, younger families, large family size, homeowners
	Spending	Shop for family and home items, home repair and remodel, groceries at larger chains (Safeway, Ralph's)
Urban Melting Pot	Attributes	Recent immigrants, diverse, larger % of single person and shared households, lower incomes, more renters, higher density housing
	Spending	Cost conscious, shop for clothes at department stores (Macy's), boutiques as well as warehouse stores (Costco)
Urban Chic	Attributes	Fewer married w/children, many single and shared households, less diverse, older, higher income, well educated, majority homeowners
	Spending	Spend more on lifestyle (going out, travel) than home goods, prefer natural and organic food stores, tech savvy

Exhibit 24. Customer Segmentation, Othello Primary Trade Area, 2012

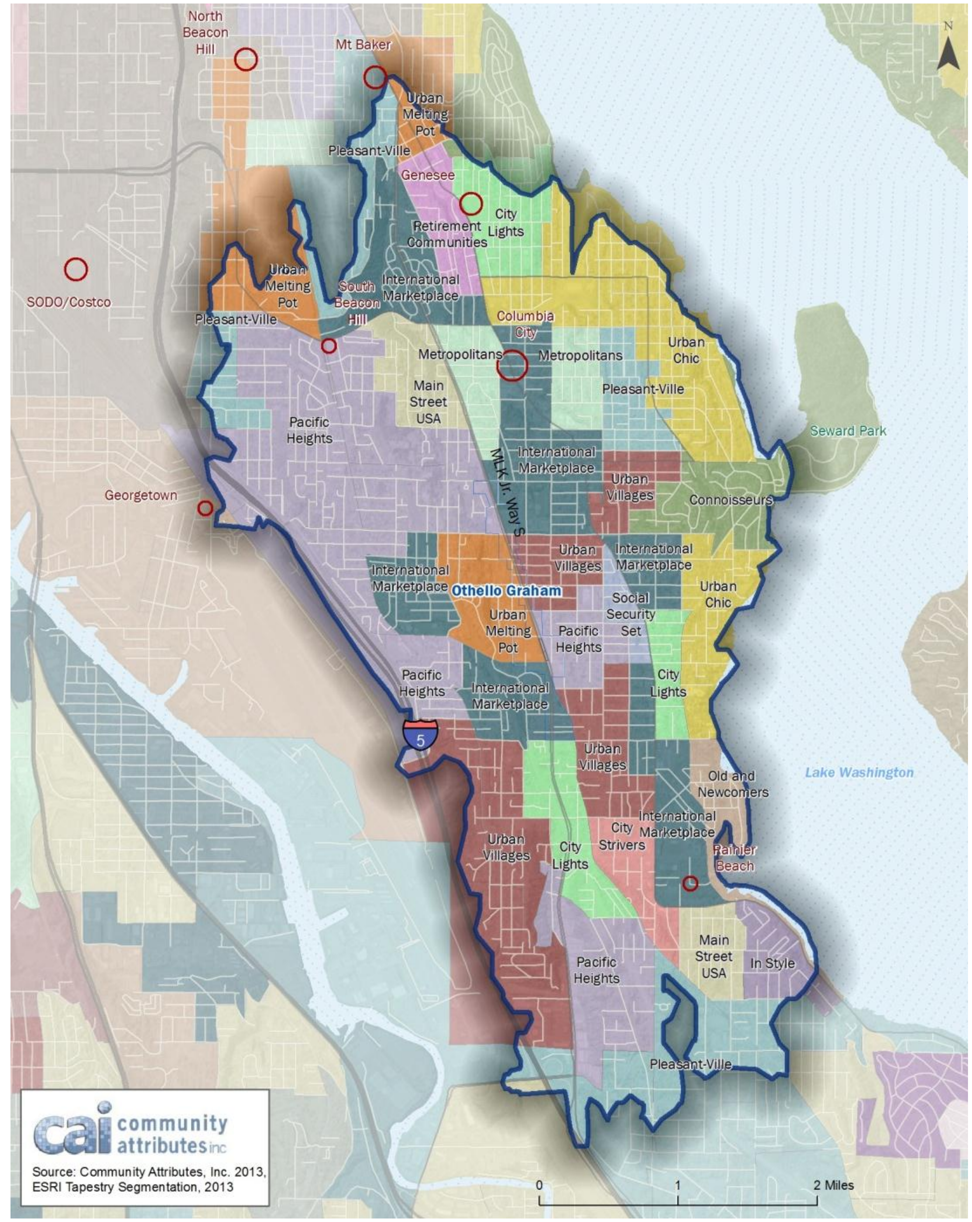
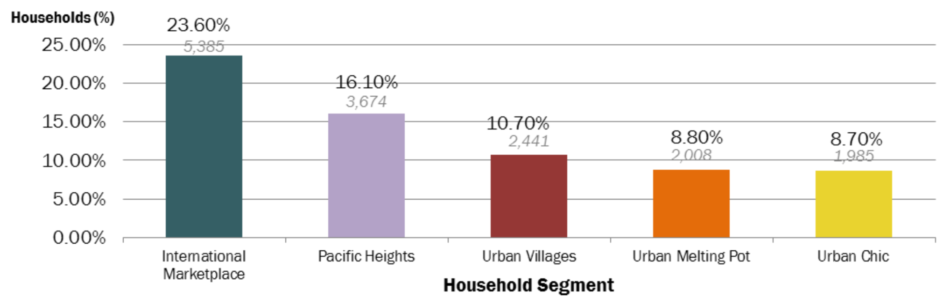


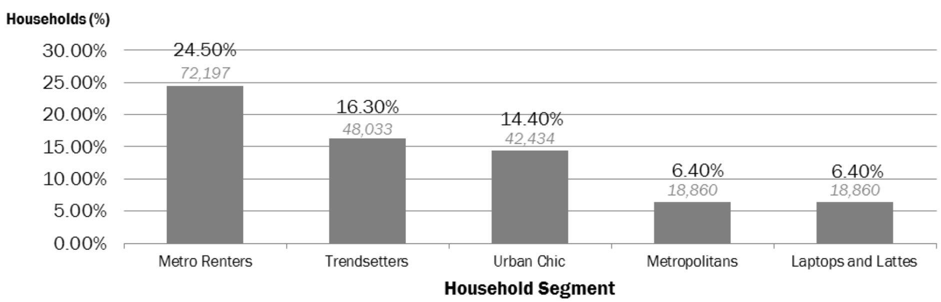
Exhibit 25 summarizes the segments most commonly found in the Othello Primary Trade Area. For comparison **Exhibit 26** highlights the most commonly found segments in the City of Seattle. Detailed definitions of each segment can be found by referencing the Tapestry Segmentation Reference Guide available through ESRI.

Exhibit 25. Top Five Segments, Othello Primary Trade Area, 2012



Source: ESRI, 2013. Community Attributes, Inc., 2013

Exhibit 26. Top Five Segments, City of Seattle, 2012



Source: ESRI, 2013. Community Attributes, Inc., 2013

Retail Gap Analysis

To determine how much neighborhood-serving retail (defined by square footage) makes sense to anticipate and plan for Othello, the following analysis has been completed:

- Definition of the Othello Primary Trade Area (where consumers come from);
- Assessment of local spending power within the Primary Trade Area to determine potential consumer demand for products and services;
- Assessment of total taxable retail sales within the Othello retail corridor and taxable retail sales per capita;
- Identification of various trade capture scenarios (trade capture scenarios show the present amount of retail spending captured by the Othello retail corridor and potential spending that could be captured by new neighborhood-serving retail square footage).

Primary Trade Area and Trade Capture

Othello retail trade capture is based on taxable retail sales data collected for the Othello retail corridor and the spending power of residents living within the Primary Trade Area described in previous sections of this report. The Primary Trade Area represents the area from which it would be reasonable to expect consumers to travel in order to shop in Othello. In other words, the Primary Trade Area represents an estimate of the geographic area from which approximately 2/3 of a retailer's customers would come. **Exhibit 1 (page 3)** illustrates the Othello Primary Trade Area established for this analysis.

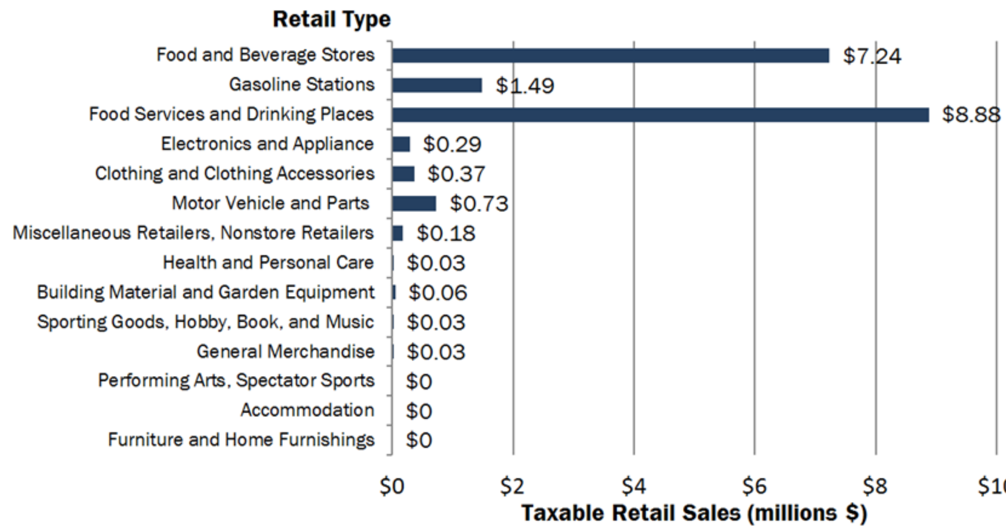
Taxable Retail Sales and Retail Gaps

The trade capture analysis includes a detailed study of retail spending within the Othello Primary Trade Area. The analysis utilizes taxable retail sales data collected by the Washington State Department of Revenue. The data are collected and organized by NAICS categories and location, allowing analysis and comparison of distinct retail types and geographic areas. In addition, population estimates and growth forecasts for Southeast Seattle and the region are utilized to establish per capita retail spending. The data allow for comparisons between different retail categories as well as overall assessment of trade capture within the Primary Trade Area. The analysis also provides the means to assess overall retail square footage growth based on varying trade capture scenarios.

Exhibit 27 details taxable retail sales that took place within the Othello retail corridor in 2012. Food and Beverage stores (representing grocery markets, etc…) and Food Services and Drinking Places (representing bars and restaurants) represented the majority of retail sales in the area.

TRADE CAPTURE EXPLAINED. Trade capture can be interpreted in the following manner: if a neighborhood retail corridor had a trade capture rate of exactly 100%, then sales in that neighborhood would be equivalent to all trade area residents conducting all of their retail spending within their neighborhood retail corridor. A trade capture rate of 50% would be equivalent to all trade area residents conducting half of their retail spending within their neighborhood retail corridor. *In reality, the trade capture rates for the Othello retail corridor represent the percentage of Primary Trade Area retail spending power captured by Othello retail businesses.*

Exhibit 27. Taxable Retail Sales, Othello, 2012



Note: The *Miscellaneous, Non-store Retailers* category includes online retail sales.
Source: Washington Department of Revenue, 2013. Community Attributes, Inc., 2013

Exhibit 28 illustrates trade capture by retail category for the Othello retail corridor. The exhibit illustrates retail categories in which the neighborhood captures relatively well, including:

- Food and Beverage Stores (grocery stores)
- Gasoline Stations
- Miscellaneous Retailers (specialized stores such as florists and pet supplies)

At 25.8%, Food and Beverage Stores (grocery stores) in Othello are capturing the equivalent of a quarter of Primary Trade Area residents spending at grocery stores. Conversely, the graph shows opportunities for growth in a number of retail categories. Retail gaps likely exist in the following categories:

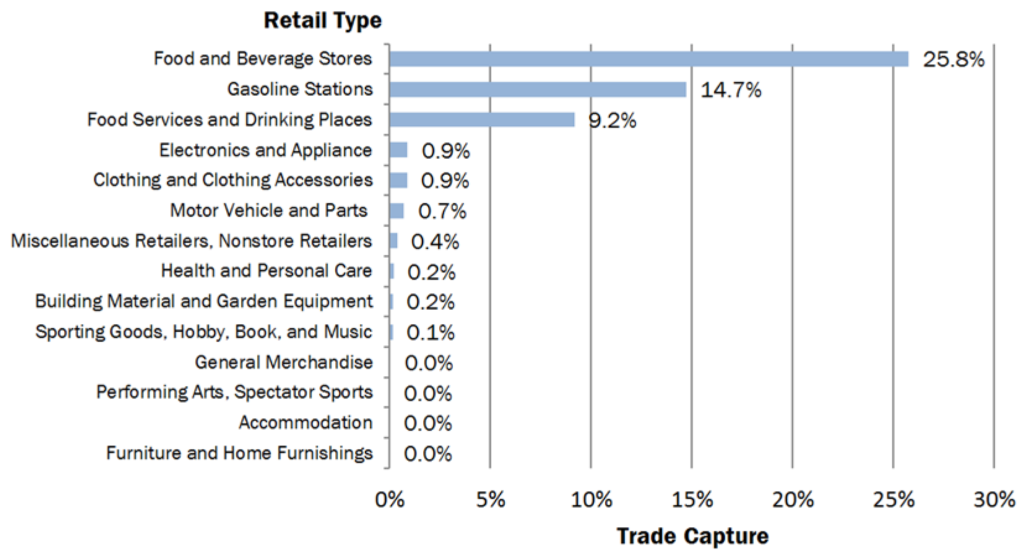
- Electronics and Appliances
- Clothing and Clothing Accessories
- Health and Personal Care
- Sporting Goods, Toys, Book and Music
- General Merchandise (department stores, large format discount stores)
- Furniture and Home Furnishings

The expected trade capture rate depends on the type of retail that exists in the neighborhood and the area from which it draws customers. In the case of Othello, the primary trade area represents a geographic area from which customers are likely to come and is large in terms of population and geographic extent. One would not expect trade capture rates of 100%, which would mean that retail sales would equal 100% of the spending power of Primary Trade Area residents.

In Othello, Grocery stores have the highest trade capture rate (Food and Beverage Stores at 25.8%) and their presence is highly visible. Not all retail categories can realistically achieve the same trade capture rate as grocery stores. In this way, grocery stores likely represent a high trade capture rate for retail in Othello and can be considered a benchmark from which other retail categories can be measured. Trade capture goals should depend on the type of retail, its existing presence and neighborhood suitability.

Identifying the businesses that fall within each category is important in order to assess the specific types of retail where there is potentially room for growth. For example, General Merchandise Stores, with a low trade capture rate, include large scale discount stores such as Target and Fred Meyer, as well as smaller chain stores such as Walgreens and Bartell Drugs. No such retail establishments are located in the Othello Primary Trade Area.

Exhibit 28. Trade Capture, Othello, Primary Trade Area, 2012

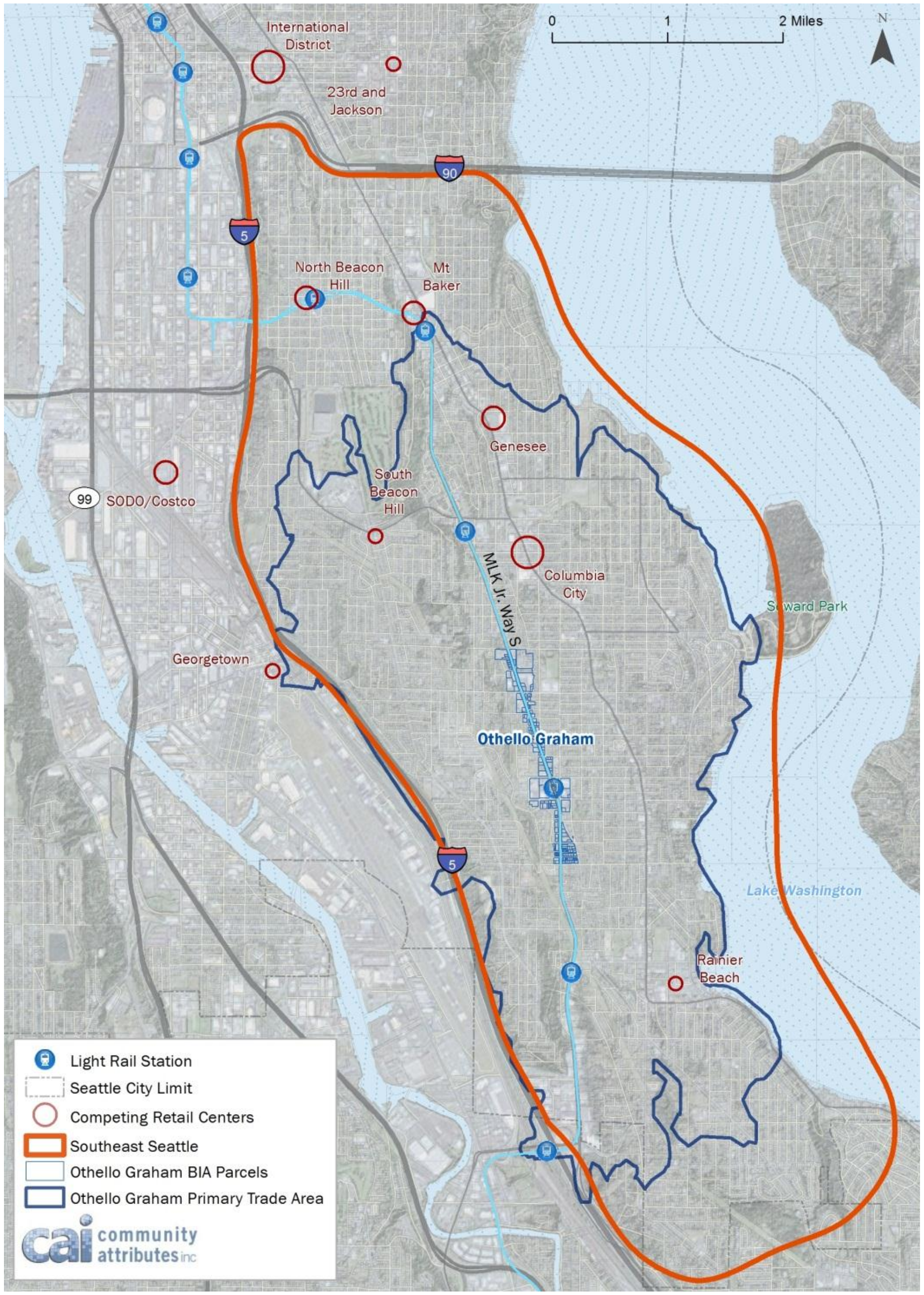


Source: Washington Department of Revenue, 2013. Community Attributes, Inc., 2013

Southeast Seattle Trade Capture

To better understand Othello trade capture rates and opportunities for retail growth taxable retail sales of all businesses in Southeast Seattle were analyzed. **Exhibit 29** illustrates the boundaries of the Southeast Seattle study area. Trade capture rates for Southeast Seattle are estimated to gain a better perspective on competing retail centers and their ability to capture retail spending.

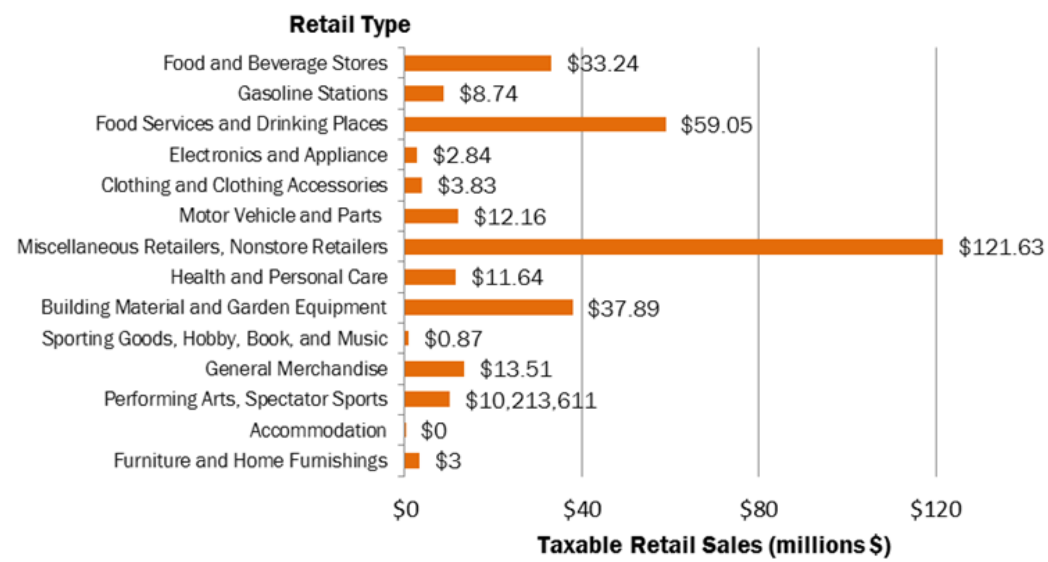
Exhibit 29. Trade Capture Geography, Southeast Seattle, 2013



Exhibits 30 and 31 illustrate taxable retail sales and trade capture rates by retail spending category within Southeast Seattle (see Exhibit 29 for boundaries). The analysis represents spending by residents that live within Southeast Seattle and illustrates retail categories that Southeast Seattle may be underperforming in (in terms of sales). Such categories may represent an opportunity for the Othello neighborhood to fill a gap in retail offerings. For example, sales in Clothing and Clothing Accessories are relatively low in Southeast Seattle, indicating that resident spending power for these goods is going to commercial centers outside the area. Based on the analysis opportunities may exist in the following categories:

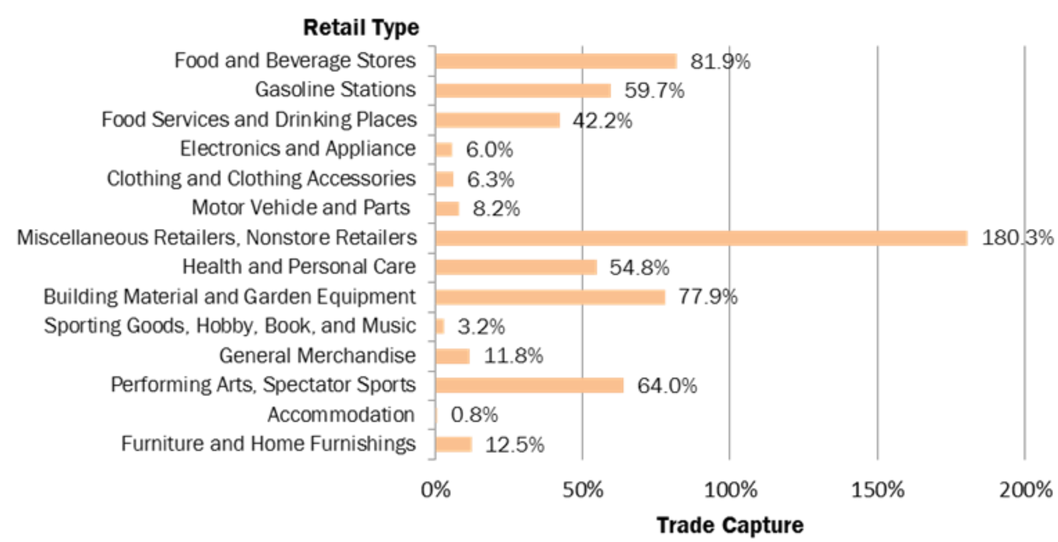
- Electronics and appliance stores
- Clothing boutiques
- Sporting goods
- General Merchandise (drug stores, etc…)
- Furniture

Exhibit 30. Taxable Retail Sales, SE Seattle, 2012



Note: The *Miscellaneous, Non-store Retailers* category includes online retail sales.
Source: Washington Department of Revenue, 2013. Community Attributes, Inc., 2013

Exhibit 31. Trade Capture, SE Seattle, 2012



Source: Washington Department of Revenue, 2013. Community Attributes, Inc., 2013

Retail Growth Scenarios

The following analysis illustrates the potential for retail growth and conceptualizes what retail growth could look like over the next two decades (**Exhibits 32 and 33**). Population growth forecasts for Primary Trade Area call for approximately 2,000 more residents in the area by 2030. New residents drive demand for new retail space. In addition, office and institutional uses drive daytime populations thereby increasing the demand for retail types such as restaurants, cafes and coffee shops.

Even with population growth, each increment of retail square footage shown in **Exhibit 32** will require an incrementatal increase in trade capture. For example, development of 80,000 square feet of net new retail space will require an increase in trade capture of approximately 2%, meaning primary trade capture residents will need to increase their spending in Othello by 2%. This means that a relatively minor change in spending patterns within the primary trade area could result in a substantial increase in the amount of retail offerings in Othello.

Exhibit 33 contextualizes growth scenarios in terms of retail square footages and the size and type of retailers that can be expected. The examples are meant to illustrate how retail may develop over time and also provide context in terms of what the neighborhood can support.

Exhibit 32. Retail Growth Calculations, Othello, 2012

	Additional Retail Sq Ft Desired			
	10,000	**20,000**	**40,000**	**80,000**
Retail Sales Required (per sf per year)	$300			
Total Sales Required (per year)	$3,000,000	$6,000,000	$12,000,000	$24,000,000
% from Primary Trade Area	50%			
Additional Sales Req'd from Primary Trade Area Residents	$1,500,000	$3,000,000	$6,000,000	$12,000,000
Increased Sales from Pop. Growth w/n Primary Trade Area	$608,000	$608,000	$608,000	$608,000
Net New Retail sf from Pop. Growth (all Trade Areas)	4,000	4,000	4,000	4,000
New Trade Capture Required (in Sales)	*$900,000*	*$2,400,000*	*$5,400,000*	*$11,400,000*
Additional Sales per Capita in Trade Area	$10	$40	$80	$170
	Primary Trade Area (10 Minute Drive Area)			
Current Trade Capture	3.4%	3.4%	3.4%	3.4%
Trade Capture Target	3.6%	3.9%	4.4%	5.4%
	Primary Trade Area Population			
Population 2012		64,084		
Population 2030		66,100		
Growth		2,016		
CAGR		0.18%		

Source: Community Attributes, Inc., 2013

Exhibit 33. Retail Growth Scenarios, Othello, 2012

Retail sf Growth	Location Types	Retail Equivalent	Avg Unit Size
10,000		0 boutique grocer	15,000
	Convenience Center	2 family restaurants	3,000
		2 boutique shops	2,000
		0 small general retailer	25,000
20,000		0 boutique grocer	15,000
	Mixed Use Center	4 family restaurants	3,000
		4 boutique shops	2,000
		0 small general retailers	25,000
40,000		1 boutique grocer	15,000
	Neighborhood Center	5 family restaurants	3,000
	Mixed Use Center	5 boutique shops	2,000
		0 small general retailers	25,000
80,000		1 boutique grocer	15,000
	Mixed Use Center	8 family restaurants	3,000
	Mixed Use Center	8 boutique shops	2,000
	Neighborhood Center	1 small general retailers	25,000

*Station at Othello offers 20,000 sf of retail space

Source: Community Attributes, Inc., 2013

Outreach and Neighborhood Feedback

Neighborhood Tours

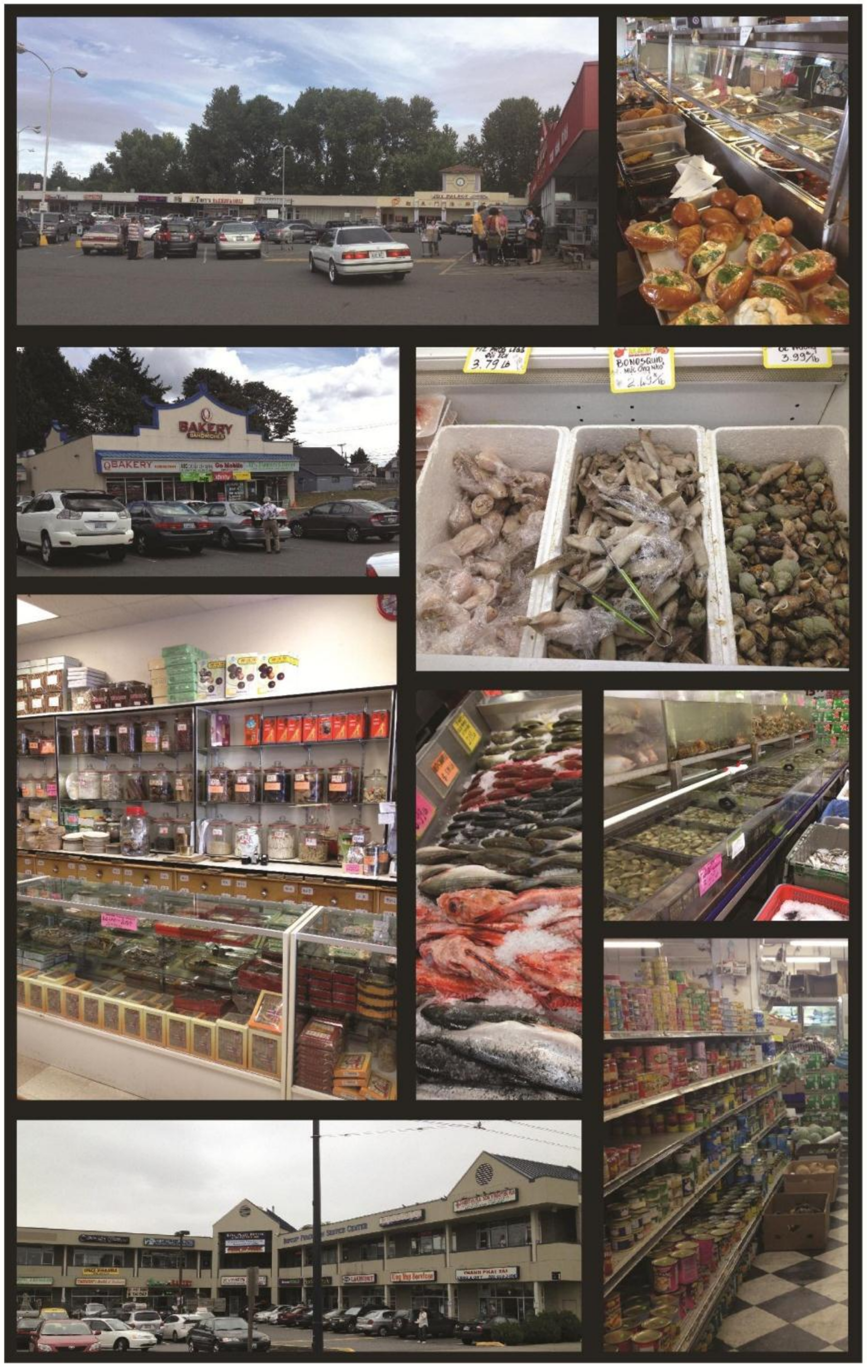
During the summer of 2013 Community Attributes participated in two neighborhood tours. The tours included visits to the Othello and the Graham business districts and provided an opportunity to visit with a variety of local business owners and local residents. The tours were organized by the MLK Business Association (MLKBA) and were part of an on-going effort to promote the neighborhood to local residents. Other on-going efforts include a series of workshops offered to local businesses owners focused on finance, marketing and customer experience.

Graham Businesses Visited

- Rainier Restaurant Barbecue & Deli
- AV's Flowers & Decor
- Hong Sun Herbs & Wholesale
- Tony's Bakery and Deli
- Viet Wah Super Foods & Viet Wah Travel

Othello Businesses Visited

- Venus Restaurant
- Ba Mien Seafood Market
- Khang Hoa Duong Seattle Chinese Herbs
- Tammy's Bakery



Business Feedback

In order to ascertain a better understanding of existing businesses and their vision for the neighborhood, Community Attributes coordinated an informal neighborhood business survey. With the help of the Seattle Department of Neighborhoods and its Public Outreach and Engagement Liaisons (POEL) program, over thirty interviews were conducted with a wide range of business owners. A majority of the interviews were conducted with Vietnamese and Somali business owners, who make up a large percentage of business owners in the area. **Exhibit 33** recognizes the businesses that offered to answer the questionnaire and help inform analysis with their insights on the neighborhood. The following pages provide details on the surveys and the type of feedback that was received.

PUBLIC OUTREACH AND ENGAGEMENT LIASONS EXPLAINED. Public Outreach and Engagement Liaisons (POELs) are expert "bridge-builders" who are part of their respective community's cultures, fluent in their respective languages, and are bi-cultural and bi-lingual. Equitable outreach and engagement is conducted in a culturally-specific manner allowing participants some comfort and familiarity while navigating the city's processes.

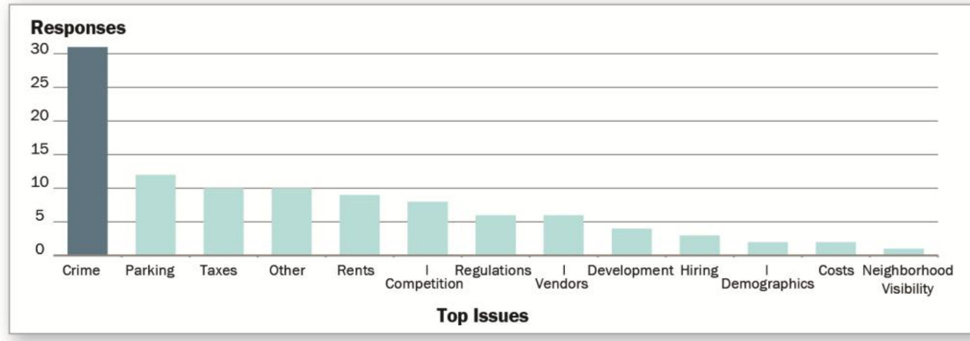
-City of Seattle

Exhibit 33. Participating Businesses, Neighborhood Survey

Participating Businesses	
LTIS Mobile Expert	Beauty School
Janaay	Venus Restaurant
East African Deli	Vina Dental
Assabr Mini Market	Dollars Plus
Barmago Gift Shop	Thanh Thao Restaurant
Shabel Trucking	Seattle Herbs & Grocery
Technology expert Inc	Ba Mien Seafood Market
Barrasho	Joy Palace
Moose Market	Tham My Beauty School
Tax Prep	SBTN TV
The Barber Shop	Nguoi Viet Tay Bac News
Baraka Store	Kim Enterprises Inc.
Accident and Injury Clinic	Viet Tax, Inc.
HMUS LLC	Halal Asian Cuisine
Basey Travel	Thanh Phai Tai
Tammy's Bakery & Deli	le Goi Tien Le
Thuy Dong Video & Music Store	AVS Flowers
Viet-Wah Travel Service	Diep Van Dang
Graham's Jewelers inc.	

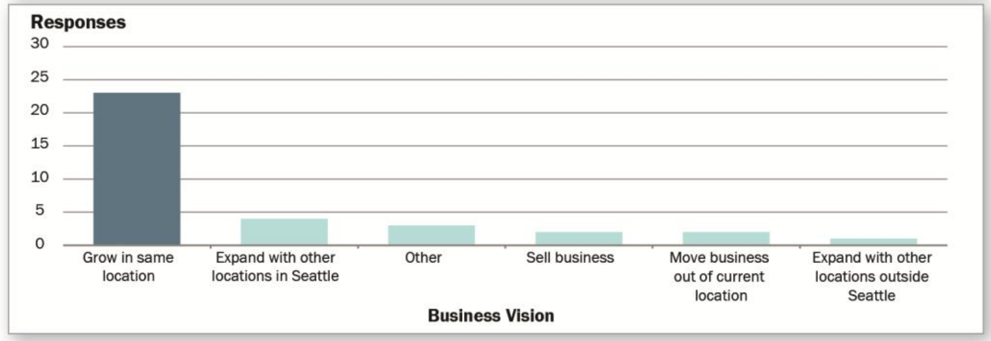
Please rank the top three issues that will affect your business in the next three to five years?

Respondents cited crime as the top ranking issue for their business. Other high ranking issues include parking, taxes, rents and competition.



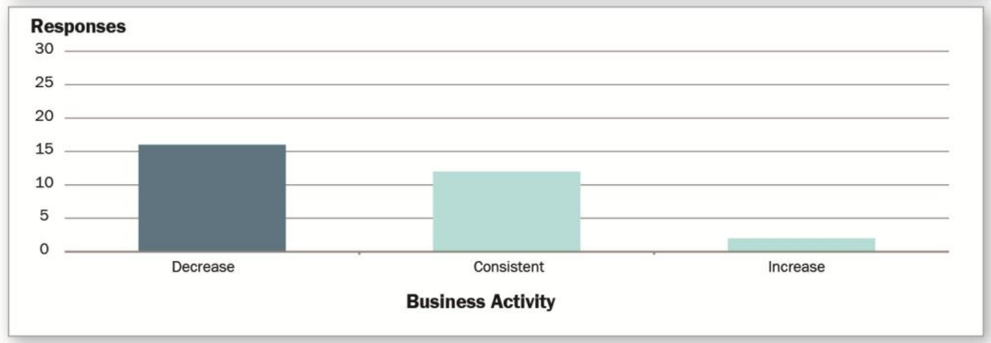
What are your long term visions for your business?

Businesses were asked to consider their long term vision and were prompted with several options. Most businesses indicated that they plan on staying in the same location, with only two indicating they envision leaving.



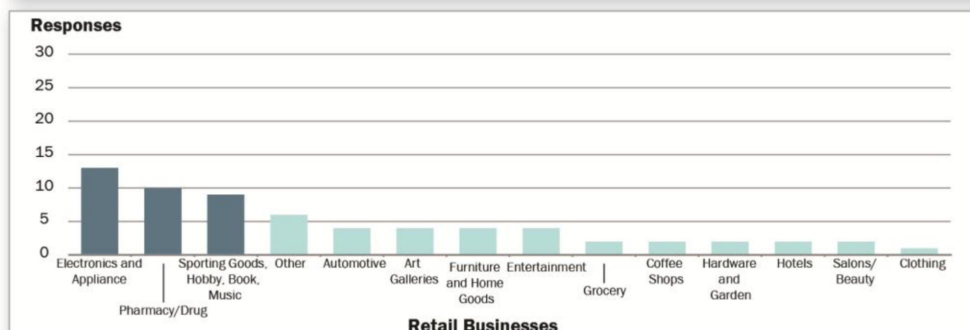
Has your business been increasing, decreasing or remained consistent?

More than 15 of the 39 businesses interviewed stated that their business has been decreasing, while 12 stated that their business has remained consistent. Only 2 stated that their business is increasing.

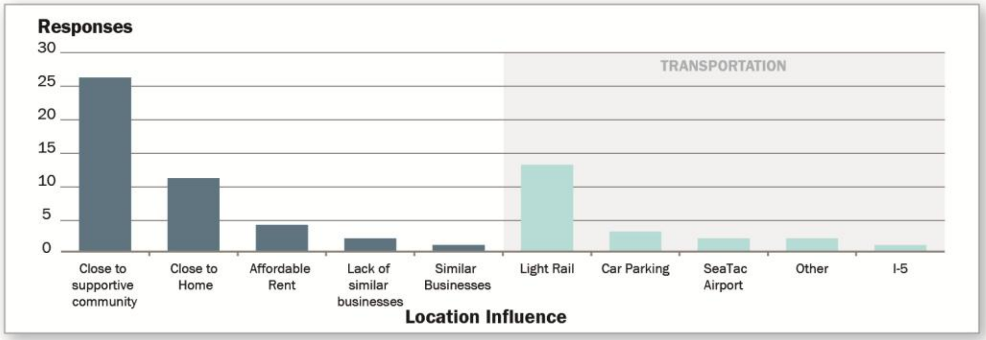


What other types of retail businesses would you like to see in this neighborhood?

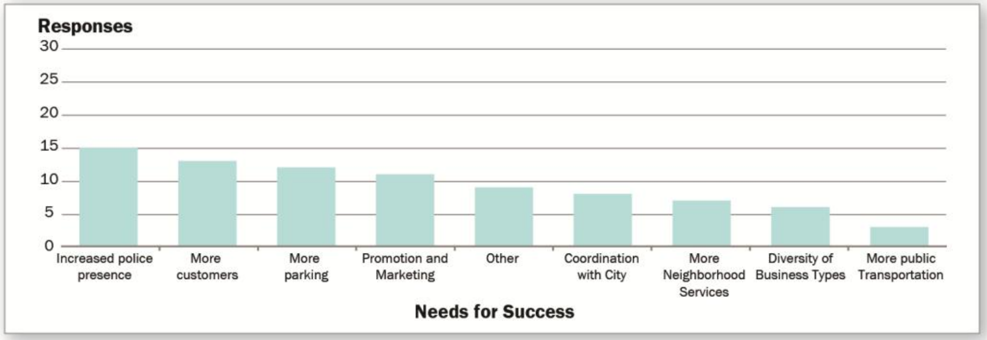
Business owners offered a variety of retailers they would like to see in the Othello corridor. Three business types were more commonly cited than others; Electronics and Appliance Stores, Pharmacy/Drugs Store and Sporting Goods, Hobby, Book, and Music Stores.



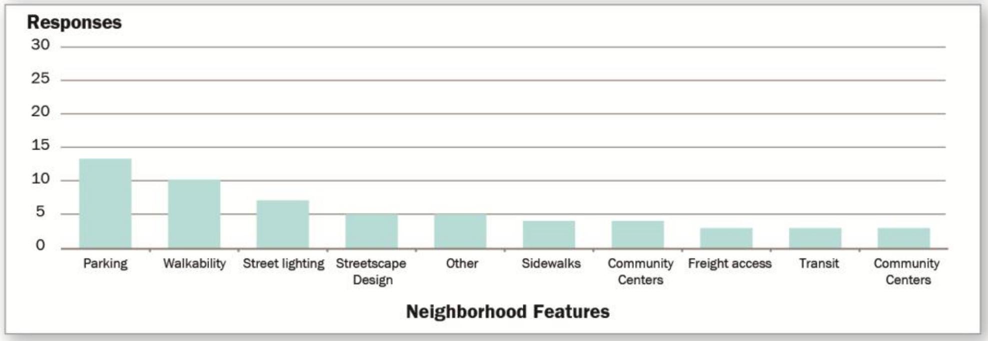
What were the top reasons you chose your current location?
The most often cited reason for locating in the Othello corridor was to be closer to a supportive community followed by being close to home. Many also cited transportation and the access to Light Rail that the neighborhood offers.



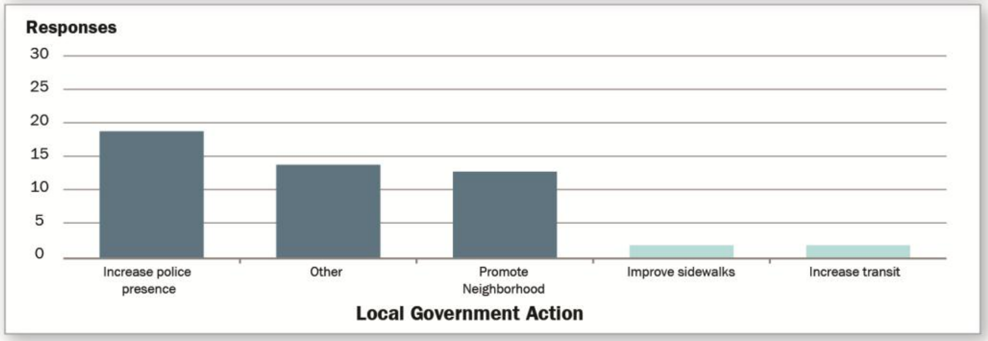
What do you need to make your business more successful in your neighborhood?
When asked about ways to help businesses succeed responses varied greatly. The most common response was an increased police presence while other cited more customers, more parking and promotion of the neighborhood as potential ways to help them succeed.



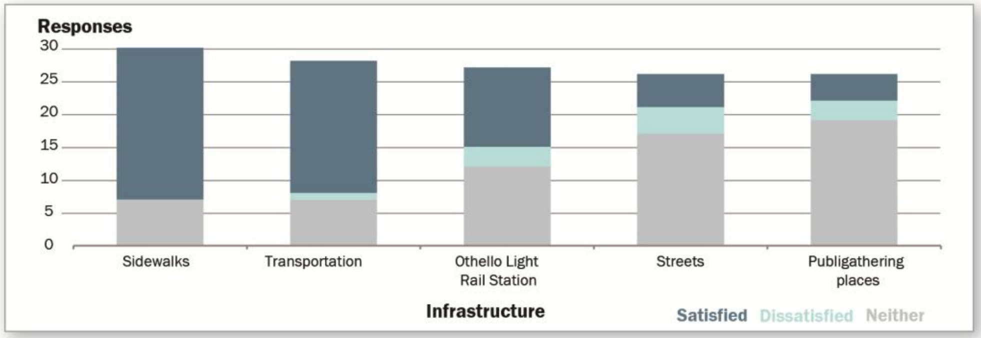
What are the most important neighborhood features related to the success of your business?
Parking, walkability, and street lighting were the common responses among businesses. Parking, with 13 responses, is an often cited issue among those surveyed. Only three businesses cited transit as an important neighborhood feature.



What could local government do to help you be successful in your neighborhood?
Among those businesses interviewed, approximately half responded that local government should increase the police presence in the neighborhood. In addition to promotion of the neighborhood, many businesses responded with other ideas with many mentioning funding and loans as a potential resource.



What is your level of satisfaction with Seattle's infrastructure?
Five infrastructure categories were evaluated by businesses, all centered on the built environment and pedestrian experience. Sidewalk and transportation were viewed favorably while the Othello light rail station, street and public gathering places were viewed less favorably, although few cited a level of dissatisfaction with existing infrastructure.



BUSINESS SURVEY TAKEAWAYS

The following highlights common themes and takeaways from business surveys. It will be important for the City to conduct similar surveys in the future to assess progress towards neighborhood goals and to better understand changes in the neighborhoods business climate.

- **Safety is a primary concern for Primary Trade Area business owners. Survey respondents would like to see increased police presence in the neighborhood, as well as enhanced lighting and other public safety improvements.**
- **Business owners would like more City level marketing and promotion of the unique Othello area retail assets. Ads in Light Rail and buses were mentioned as a potential place for such advertisements.**
- **Small Business Assistance programs would be beneficial, especially in terms of loans to area businesses.**
- **Businesses are confident in the future economic viability of Othello, and many plan to expand their businesses in the neighborhood.**

RETAIL STRATEGIES

Existing Business Inventory

Within the Othello Primary Trade Area there exists approximately 1.8 million square feet of retail space spread across several commercial centers. Approximately 290,000 square feet of that retail space is located in Othello corridor. The majority of retail space within the Othello corridor is made up of restaurants and grocery stores, including several specialty grocery stores catering to the local Vietnamese and East African communities. **Exhibit 34** illustrates the makeup of retail businesses within the Othello corridor. The relative lack of retail diversity is consistent with the taxable retail sales discussed in the retail gap analysis and illustrates the potential opportunity of new retail types in the neighborhood that would complement existing businesses.

Exhibit 35 provides a geographic overview of retail businesses with the neighborhood, grouped by sub-district (Graham and Othello Street intersections). Other land uses are also depicted. Each sub-district within the corridor has a clear retail anchor with King Plaza and Safeway adjacent to the Othello Light Rail Station and the Viet Wah shopping Center near Graham. Many of the retail uses found in the corridor are auto oriented and are located in aging commercial structures.

Potential infill sites are highlighted in the map in blue cross hatch. How these sites are developed, especially in terms of how ground floor retail is incorporated into the developments, will play a role in how the corridor evolves and changes of the next few decades.

Exhibit 34. Retail Mix, Othello, 2012

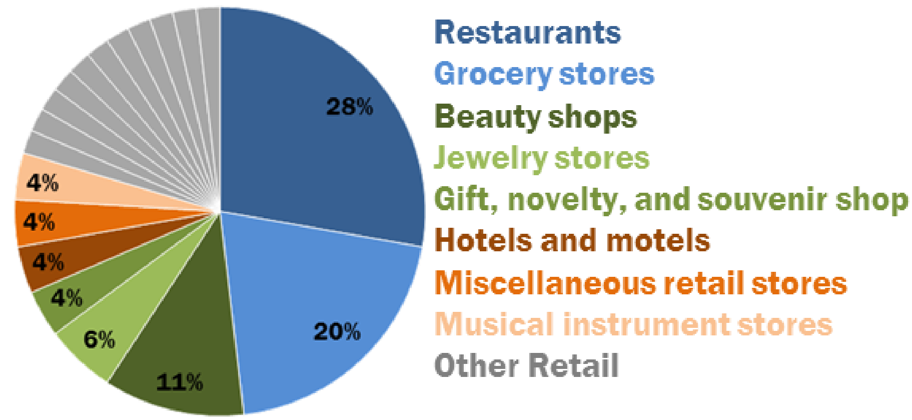
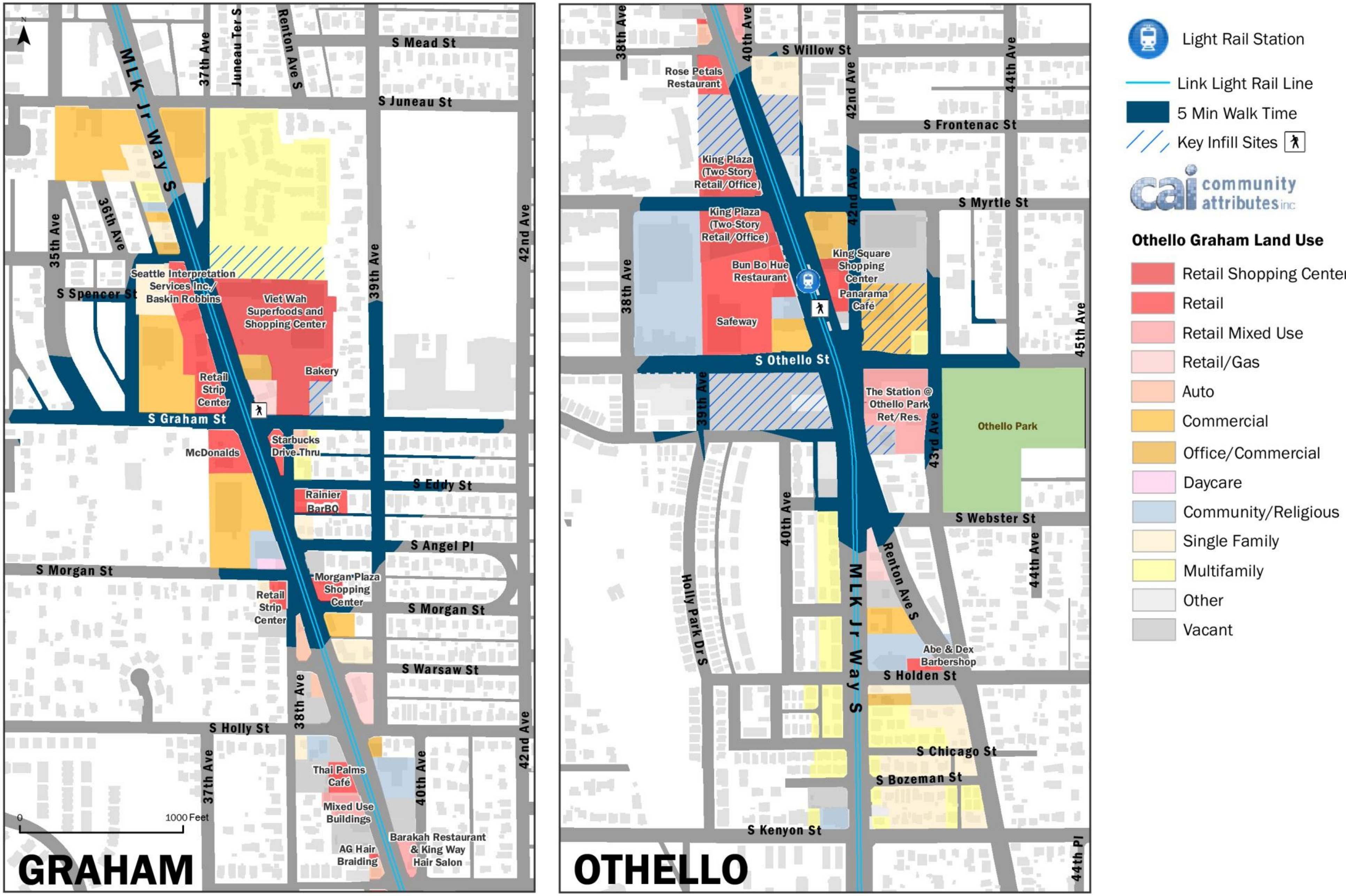


Exhibit 35. Spotlight on Retail, Othello, 2013



Target Retailers

Exhibit 36 summarizes common retail development types found in and around the Othello Primary Trade Area. The purpose of the chart is to contextualize the types of retail development that have been built in the area and what might be developed in the future. After years of auto oriented retail development, the most recent development in the neighborhood has come in the form of mixed used apartment buildings with ground floor commercial space.

Future retail in the neighborhood will continue to fill existing space, but new development will also determine the type and scale of future retail in the neighborhood.

- What kind of retail will fill these types of spaces?
- Are their properties along the Othello corridor that may attract other forms of development?

Exhibit 36. Retail Development Types, Othello Corridor, 2013

Locations	Size (SF GLA)	Retail Types	Description	Notes	Presence in Othello Graham
Pad Sites	2,000 to 75,000 plus	Banks, chain restaurants, fast food	Free standing buildings often adjacent or part of a shopping center, vary greatly in size and use, auto oriented, surface parking	Purchased or ground leased, typically attract national and/or regional chains.	Starbucks, Chase Bank, McDonalds
Convenience Center	Up to 30,000	Personal service, convenience/minimart	Small in scale providing space for personal service establishments, typically auto-oriented, unenclosed, surface parking	Attracts national chains, locally owned restaurants and personal service establishments	Speed-E-Mart Center, Morgan Plaza (Discount Depot)
Neighborhood Center	30,000 to 100,000	Grocery/supermarket anchor, food and drugs, personal services	Typically anchored by single supermarket, auto oriented, unenclosed, surface parking, everyday convenience	Range in size and scale but typically house tenants offering day to day living needs	King Plaza[1], King Square, Empire Way Shopping Center (Viet Wah)
Mixed Use Center/Ground Floor	7,500 to 50,000	Personal service, grocery stores, specialty markets, boutique shops, food and drugs	Applicable examples include ground floor retail with residential or office above, small and mid size retail spaces, pedestrian oriented, structured parking	Often associated with high density apartment/housing developments	Station at Othello Park, King Plaza[1]
Freestanding/ Ground Floor	2,000 or more	Broad range of restaurants, personal services, specialty grocery stores, boutiques, etc…	Often freestanding locations not connected to a shopping center, auto and/or pedestrian oriented, on street or surface parking, often smaller scale	A mix of national chains, local specialty shops and restaurants, includes a mix of older and/or historical structures, exist in older neighborhood centers	Existing retail along the west side of MLK between S Othello St and S Myrtle Street, Rainier Barbecue, Karama Restaurant, etc…

1 King Plaza represents an auto oriented neighborhood center with a mix of retail and office uses

Source: ULI Dollars and Cents of Shopping Centers, Community Attributes, Inc., 2013.

The neighborhood name "Othello" is relatively new and was developed as part of a neighborhood action plan more than a decade ago. With the construction of the Othello Light Rail Station, this name has gained traction and is an important piece of overall neighborhood identity. Other important considerations include the following:

What type of retail is appropriate for the corridor?

- Activity generating retail
- Convenience, interaction, activity
- Bars, restaurants, fitness, convenience retail

What do retailers look for?

- How many people are there?
- How close by are they?
- What is their spending power?
- Educational attainment?
- Family households?

Current Conditions of Othello

- Strong existing presence of specialty grocers and ethnic restaurants
- Two clusters of retail along Martin Luther King Jr. Way at S Graham Street and S Othello St
- Othello has a higher concentration of retail centered within walking distance of the light rail station
- Auto oriented retail makes up much of the retail offerings, especially at the intersection of S Graham St
- Vacant parcels/buildings located in key locations within the Othello cluster
- The quality of retail space is mixed, with some vacant storefronts in need of attention
- Location of the Othello Light Rail Station provides a key asset for the community and city of leverage with regards to retail and development recruitment

Competing Retail

- Smaller neighborhood retail clusters exist within the Othello Primary Trade Area, with the most notable of those being Columbia City
- Although SE Seattle has several retail clusters, including medium and big box retail along Rainier Ave S, there exists a relative lack of retail competitive retail options in Southeast Seattle
- Land use patterns in the area reflect auto oriented retail developments along major thoroughfares (MLK and Rainier) with smaller, and in some cases, burgeoning neighborhood retail clusters
- The largest concentrations of retail exist to the south of Othello in Renton and at South Center Mall

New Boutique Retail Space Dimensions and Attributes to Consider

- Ceiling height preferences: From 12 to 16 ft
- Bay width from 20 to 30 ft
- Depth from 45 to 60 ft
- High visibility from well-traveled pedestrian and/or vehicle routes
- Accessibility to parking to complement mass transit access

Exhibit 37 details the types of retail that may be appropriate to target for the Othello corridor, based in part on retail gaps that exist within the Primary Trade Area as well as the type of future development that will occur, the size and scale of the retail types and overall compatibility with existing retail community. The table represents a basis from which a recruitment strategy can be formulated. It is important to consider retail recruitment as one of many methods to attract complimentary retail to Othello. Any recruitment will need to be rooted in the continued development of a cohesive neighborhood identity. Assets such as the light rail station and the existing cluster of specialty grocers and restaurants help define the neighborhoods current identity and will need to be continually leveraged to effectively foster a vibrant retail environment.

Exhibit 37. Target Retail Categories, Othello Corridor, 2013

Retail Type	Space Required (SF)	Goods Sold	Description	Examples	Opportunities	Challenges
Boutique retailers and shops	1,000 to 3,000	Clothing, home décor, sporting goods, books, hobbies, specialty, electronics	Small scale, locally owned retailers often with only one location unique to the neighborhood	High concentrations of boutique retailers in Pike/Pine Corridor, Ballard, Columbia City, Queen Anne and Fremont neighborhoods	Affordability is a significant driver of locational choice; existing concentration of boutiques to build upon; transit access	Current limited foot traffic; perception of crime; lack of major commercial anchor to draw customers
General Merchandise Store	Up to 30,000	Apparel, electronics, hardware, housewares or home furnishings, pharmacy	These stores often are chains with a regional or national presence, and they sell a broad range of goods from a variety of brands	Examples of such stores include Rite-Aid, Walgreens as well as higher end stores such as Pharmaca	While well represented in Southeast Seattle, no such store exists in the Othello Corridor and may complement existing retailers; their significant size can anchor a development	Would require the construction of new commercial space; similar stores are already located in commercial centers to the north and south
Grocery Store/Food services	8,000 to 60,000	Groceries, prepared foods pharmacy, household supplies	A variety of types and sizes of grocery stores serve Seattle, from national chains to locally-owned cooperatives	Safeway, Albertsons, Kress, Wholefoods, PCC, Grocery Outlet, Trader Joe's	Central location with good access is a prerequisite for site selection, and large grocery stores act as significant anchors for other development	Require high volume sales, parking and auto-oriented circulation; compete with existing presence of grocers and specialty food stores
Boutique Restaurants	1,000 to 5,000	All food and drink products ranging from baked goods and coffee to full meal service	With a strong presence in Othello, the diversity and unique quality of restaurants make the neighborhood a destination for customers throughout	Locally owned, non national based restaurants unique to the Othello corridor (such as Tammy's Bakery & Deli, Venus Restaurant and the East African Deli)	Build upon the strong concentration of restaurants and continue to gain ground as a unique culinary destination in Seattle	Perception of crime; competition from nearby commercial centers and destination restaurants city-wide; require heavy foot traffic
Health and wellness / fitness	4,000 to 40,000	Includes both health and wellness products as well as fitness facilities/gyms	Includes athletic clubs, membership gyms, health and wellness facilities, physical therapy, and cross-fit gyms	National chains such as 24 hour fitness, LA Fitness and Anytime Fitness as well as smaller locally owned gyms and wellness centers	There are few of these facilities in the area and potential demand exists within the Primary Trade Area	There is limited existing space for such facilities; competition from similar facilities in or near places of employment (e.g. Downtown)

Source: Community Attributes, Inc. 2013