

Retail Leakage and Surplus Analysis

The Retail Leakage and Surplus Analysis examines the quantitative aspect of the community's retail opportunities. It is a guide to understanding retail opportunities but it is not an analysis that indicates unconditional opportunities. The analysis is sometimes called "a gap analysis" or "a supply and demand analysis" and can aid in the following:

- * Indicating how well the retail needs of local residents are being met
- * Uncovering unmet demand and possible opportunities
- * Understanding the strengths and weaknesses of the local retail sector
- * Measuring the difference between actual and potential retail sales

Understanding Retail Leakage

Retail leakage means that residents are spending more for products than local businesses capture. Retail sales leakage suggests that there is unmet demand in the trade area and that the community can support additional store space for that type of business.

However, retail leakage does not necessarily translate into opportunity. For example, there could be a strong competitor in a neighboring community that dominates the market for that type of product or store.

Understanding Retail Surplus

A retail surplus means that the community's trade area is capturing the local market plus attracting non-local shoppers. A retail surplus does not necessarily mean that the community cannot support additional business. Many communities have developed strong clusters of stores that have broad geographic appeal. Examples of these types of retailers include: sporting goods stores, home furnishing stores, restaurants, and other specialty operations that become destination retailers and draw customers from outside the trade area.

Examining the quantitative aspects (Leakage/Surplus) is only part of the evaluation of community's retail opportunities. Before any conclusions can be drawn about potential business expansion or recruitment opportunities, qualitative considerations such as trade area psychographics and buying habits must be analyzed in context of other market factors.

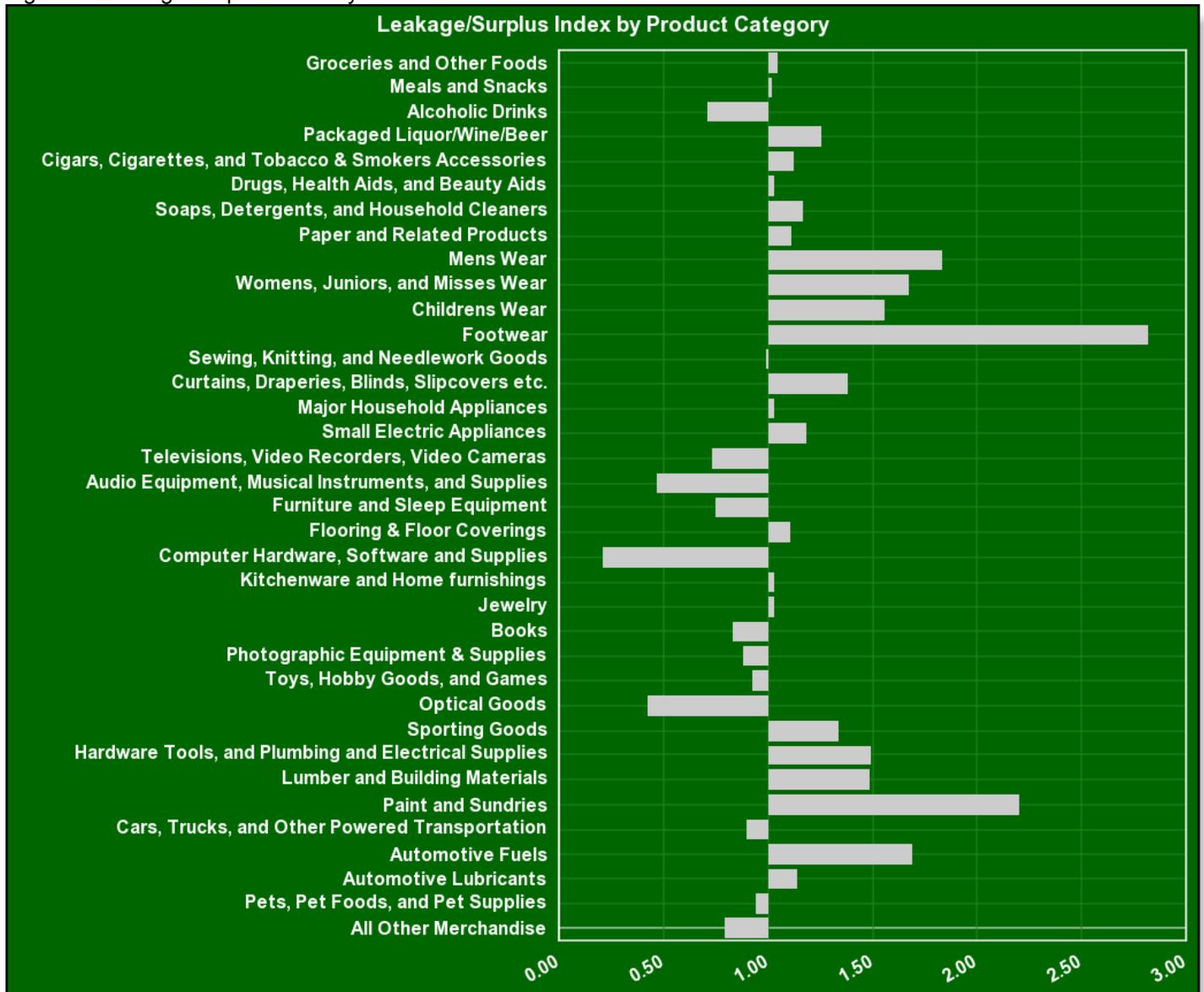
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Site 3	I-65 & Jonathan Moore Pike Columbus, IN 47201	15 Minute Trade Area

Leakage/Surplus Index by Product

The Leakage/Surplus Index provides a relative comparison of the supply and demand across retail product categories. It is calculated by dividing actual sales by potential sales. An index greater than 1.0 means that the community is attracting retail sales (surplus) from outside the trade area. If the index is less than 1.0 it means that out-shopping is taking place and the community is not successfully drawing its own residents.

Leakage/Surplus Index (Figure 1) shows the strengths and weaknesses of a community's retail market by product.

Figure 1. Leakage/Surplus Index by Product



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The sales potential and the actual sales potential by product category and the resulting index are shown in Figure 2.

Figure 2. Sales Potential and Actual Sales by Product

Product Type	Potential	Actual Sales	Leakage/Surplus Index
Groceries and Other Foods	147,216,925	153,703,750	1.0
Meals and Snacks	96,173,280	97,722,641	1.0
Alcoholic Drinks	11,963,012	8,519,284	0.7
Packaged Liquor/Wine/Beer	19,148,649	24,049,106	1.3
Cigars, Cigarettes, and Tobacco & Smokers Accessories	25,439,789	28,498,263	1.1
Drugs, Health Aids, and Beauty Aids	76,874,923	79,276,956	1.0
Soaps, Detergents, and Household Cleaners	6,935,728	8,133,420	1.2
Paper and Related Products	6,871,385	7,633,760	1.1
Mens Wear	20,061,791	36,795,152	1.8
Womens, Juniors, and Misses Wear	34,855,659	58,477,104	1.7
Childrens Wear	10,474,595	16,332,737	1.6
Footwear	14,471,759	40,831,196	2.8
Sewing, Knitting, and Needlework Goods	1,689,995	1,678,767	1.0
Curtains, Draperies, Blinds, Slipcovers etc.	6,825,368	9,441,813	1.4
Major Household Appliances	8,430,526	8,677,730	1.0
Small Electric Appliances	3,091,233	3,674,283	1.2
Televisions, Video Recorders, Video Cameras	7,539,210	5,531,272	0.7
Audio Equipment, Musical Instruments, and Supplies	11,384,978	5,326,084	0.5
Furniture and Sleep Equipment	17,753,537	13,372,375	0.8
Flooring & Floor Coverings	8,118,019	8,962,375	1.1
Computer Hardware, Software and Supplies	23,597,729	4,950,896	0.2
Kitchenware and Home furnishings	14,154,812	14,574,107	1.0
Jewelry	11,158,172	11,506,626	1.0
Books	5,967,379	4,984,901	0.8
Photographic Equipment & Supplies	2,653,386	2,342,210	0.9
Toys, Hobby Goods, and Games	9,139,374	8,458,325	0.9
Optical Goods	2,770,257	1,177,825	0.4
Sporting Goods	15,201,610	20,380,432	1.3
Hardware Tools, and Plumbing and Electrical Supplies	70,249,365	104,803,069	1.5
Lumber and Building Materials	54,664,428	81,197,675	1.5
Paint and Sundries	8,194,185	18,072,614	2.2
Cars, Trucks, and Other Powered Transportation	175,833,538	158,178,628	0.9
Automotive Fuels	89,318,457	151,336,850	1.7
Automotive Lubricants	39,660,634	45,050,082	1.1
Pets, Pet Foods, and Pet Supplies	5,341,372	5,017,787	0.9
All Other Merchandise	36,766,098	29,177,968	0.8

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Leakage/Surplus Index by Major Store Type

The quantitative comparison of retail leakage and surplus in the twelve major store types shown in the chart and table below provides an initial measure of market opportunities. Combining this analysis with the knowledge of the local retail situation will take the process of identifying retail possibilities one step further.

Figure 3 provides the leakage/surplus indices and following is the sales potential and actual sales for major store types.

Figure 3. Leakage/Surplus Index and Actual and Potential Sales by Major Store Types



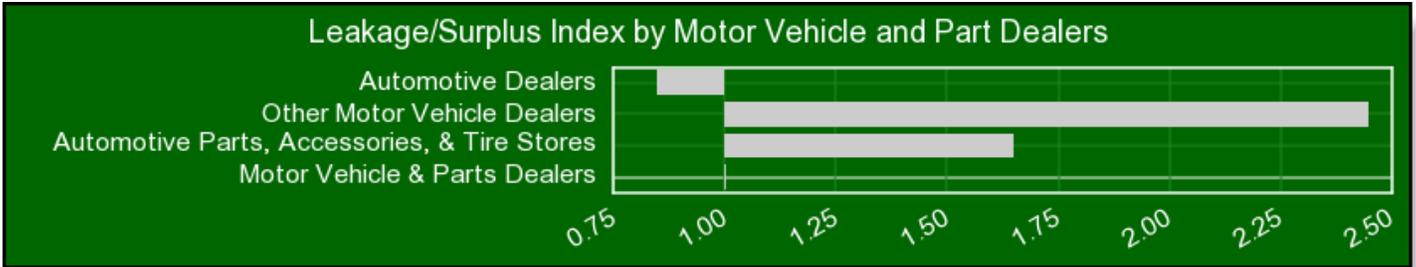
Store Type	Potential	Actual Sales	Leakage/Surplus Index
Motor Vehicle & Parts Dealers	218,562,239	219,516,015	1.00
Furniture & Home Furnishings Stores	26,894,216	19,743,265	0.73
Electronics & Appliances Stores	24,656,095	10,698,043	0.43
Building Material & Garden Equipment & Supply Dealers	123,231,161	200,134,101	1.62
Food & Beverage Stores	131,483,591	109,316,798	0.83
Health & Personal Care Stores	57,136,755	63,972,588	1.12
Clothing & Clothing Accessories Stores	46,980,906	111,140,571	2.37
Sporting Goods, Hobby, Book, & Music Stores	19,696,458	10,533,891	0.53
General Merchandise Stores	129,776,143	185,682,325	1.43
Miscellaneous Store Retailers	28,413,795	25,917,041	0.91
Foodservice & Drinking Places	100,519,979	96,239,254	0.96
GAFO	259,224,020	349,642,114	1.35
Total Retail Sales (Including Food Service & Drinking Places)	1,166,575,358	1,402,536,006	1.20

* GAFO refers to discount retailers that typically include the following departments: general merchandise; clothing and clothing accessories; furniture and home furnishings; electronics and appliances; sporting goods, hobby, books and music; and office supplies.

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Leakage/Surplus Analysis by Sub-Categories of Major Retail Types

Additional leakage/surplus details are provided on subcategories of stores in each of the twelve major store types. These details can help further identify possible business expansion opportunities.



Motor Vehicle and Parts Dealers	Potential	Actual Sales	Leakage/Surplus Index
Automotive Dealers	188,803,195	159,955,079	0.85
Other Motor Vehicle Dealers	13,098,012	32,078,644	2.45
Automotive Parts, Accessories, & Tire Stores	16,661,031	27,482,290	1.65
Motor Vehicle & Parts Dealers	218,562,239	219,516,015	1.00

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Electronics and Appliance Stores	Potential	Actual Sales	Leakage/Surplus Index
Household Appliances Stores	4,188,698	3,505,040	0.84
Radio Television and Other Electronics Stores	14,577,816	5,283,605	0.36
Appliance, Television, and Other Electronics Stores	18,766,515	8,788,645	0.47
Computer and Software Stores	4,905,366	1,877,647	0.38
Camera & Photographic Equipment Stores	984,213	31,750	0.03
Electronics & Appliances Stores	24,656,095	10,698,043	0.43

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Furniture and Home Furnishings Stores	Potential	Actual Sales	Leakage/Surplus Index
Furniture Stores	14,450,732	8,768,377	0.61
Home Furnishing Stores	12,443,483	10,974,887	0.88
Furniture & Home Furnishings Stores	26,894,216	19,743,265	0.73

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Building Material, Garden Equipment and Supply Dealers	Potential	Actual Sales	Leakage/Surplus Index
Home Centers	45,092,766	149,021,169	3.30
Paint and Wallpaper Stores	2,472,067	3,208,001	1.30
Hardware Stores	9,292,232	5,664,291	0.61
Building Materials, Lumberyards	19,199,942	13,277,005	0.69
Other Building Materials Dealers	56,413,211	38,934,225	0.69
Building Material & Supply Dealers	113,270,278	196,827,687	1.74
Outdoor Power Equipment Stores	1,506,010	151,000	0.10
Nursery and Garden Centers	8,454,872	3,155,413	0.37
Lawn and Garden Equipment and Supplies Stores	9,960,883	3,306,413	0.33
Building Material & Garden Equipment & Supply Dealers	123,231,161	200,134,101	1.62

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Food and Beverage Stores	Potential	Actual Sales	Leakage/Surplus Index
Supermarkets and Other Grocery (except Convenience) Stores	112,923,003	92,152,746	0.82
Convenience Stores	6,378,284	3,737,874	0.59
Grocery Stores	119,301,288	95,890,620	0.80
Specialty Food Stores	3,606,293	2,823,407	0.78
Beer, Wine, & Liquor Stores	8,576,010	10,602,770	1.24
Food & Beverage Stores	131,483,591	109,316,798	0.83

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Health and Personal Care Stores	Potential	Actual Sales	Leakage/Surplus Index
Pharmacies and Drug Stores	49,405,048	58,792,458	1.19
Cosmetics, Beauty Supplies and Perfume Stores	1,952,143	2,794,202	1.43
Optical Goods Stores	2,308,907	859,641	0.37
Other Health and Personal Care Stores	3,470,656	1,526,286	0.44
Health & Personal Care Stores	57,136,755	63,972,588	1.12

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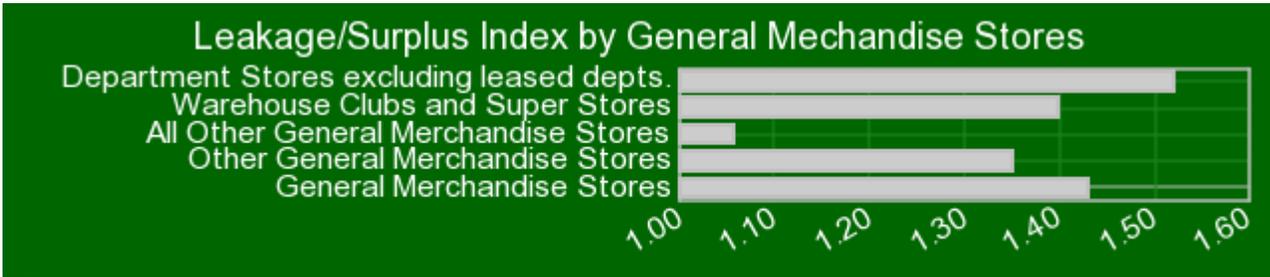
Clothing and Clothing Accessories Stores	Potential	Actual Sales	Leakage/Surplus Index
Mens Clothing Stores	2,256,429	730,634	0.32
Womens Clothing Stores	8,333,569	10,467,955	1.26
Childrens and Infants Clothing Stores	2,055,363	1,761,289	0.86
Family Clothing Stores	18,475,979	63,435,491	3.43
Clothing Accessories Stores	755,661	575,043	0.76
Other Clothing Stores	2,157,367	216,686	0.10
Clothing Stores	34,034,371	77,187,100	2.27
Shoe Stores	6,253,185	28,695,776	4.59
Jewelry Stores	6,163,290	5,257,694	0.85
Luggage, & Leather Goods Stores	530,059	0	0.00
Jewelry, Luggage, & Leather Goods Stores	6,693,349	5,257,694	0.79
Clothing & Clothing Accessories Stores	46,980,906	111,140,571	2.37

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Sporting Goods, Hobby, Book and Music Stores	Potential	Actual Sales	Leakage/Surplus Index
Sporting Goods Stores	7,041,693	3,426,666	0.49
Hobby, Toys and Games Stores	4,412,923	2,068,013	0.47
Sew/Needlework/Piece Goods Stores	1,038,080	977,001	0.94
Musical Instrument and Supplies Stores	1,272,876	540,998	0.43
Sporting Goods, Hobby, & Musical Instrument Stores	13,765,574	7,012,679	0.51
Book Stores	3,727,158	3,035,168	0.81
News Dealers and Newsstands	242,539	0	0.00
Book Stores and News Dealers	3,969,697	3,035,168	0.76
Prerecorded Tape, Compact Disc, and Record Stores	1,961,186	486,043	0.25
Book, Periodical, & Music Stores	5,930,884	3,521,211	0.59
Sporting Goods, Hobby, Book, & Music Stores	19,696,458	10,533,891	0.53

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General Merchandise Stores	Potential	Actual Sales	Leakage/Surplus Index
Department Stores excluding leased depts.	60,998,536	92,848,031	1.52
Warehouse Clubs and Super Stores	59,081,512	82,597,967	1.40
All Other General Merchandise Stores	9,696,094	10,236,326	1.06
Other General Merchandise Stores	68,777,607	92,834,293	1.35
General Merchandise Stores	129,776,143	185,682,325	1.43

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Miscellaneous Store Retailers	Potential	Actual Sales	Leakage/Surplus Index
Florists	2,002,075	1,593,857	0.80
Office Supplies and Stationery Stores	6,336,212	6,178,211	0.98
Gift, Novelty, and Souvenir Stores	4,883,989	5,665,805	1.16
Office Supplies, Stationery, & Gift Stores	11,220,201	11,844,017	1.06
Used Merchandise Stores	2,300,383	2,337,288	1.02
Other Miscellaneous Store Retailers	12,891,134	10,141,878	0.79
Miscellaneous Store Retailers	28,413,795	25,917,041	0.91

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Foodservice and Drinking Places	Potential	Actual Sales	Leakage/Surplus Index
Full-service Restaurants	46,322,475	39,302,236	0.85
Limited-service Eating Places	40,743,850	48,593,114	1.19
Special Foodservices	8,399,882	5,754,527	0.69
Drinking Places -Alcoholic Beverages	5,053,771	2,589,376	0.51
Foodservice & Drinking Places	100,519,979	96,239,254	0.96

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Sources and Methodology

Household demand estimates are derived by combining data from the Consumer Expenditures Survey by the Bureau of Labor Statistics with current household demographic estimates from Claritas. The demand estimates only account for household expenditures. Demand is defined as the estimated dollar amount spent by a household that resides in the area of analysis for a specified retail store type or merchandise line item.

Supply estimates are generated from the Census of Retail Trade, a component of the Economic Census. County-level sales tax data is allocated to low levels of geography using business sales estimates, business locations, and employee counts provided by Claritas' Business Facts® database. Supply includes all products sold at retail outlets in a specified area for a one-year period. Supply is defined as the estimated total retail sales for a retail store type or merchandise line item.

Source: Retail Market Power™ (Claritas).