

MEMORANDUM

To: Brue Baukol Capital Partners, LLC
From: Economic & Planning Systems (EPS)
Subject: Redtail Ridge Retail Demand
Date: February 11, 2020

Economic & Planning Systems estimated the demand for retail space within the Redtail Ridge development as part of a large Market Analysis completed for the project. The purpose of EPS's analysis is to identify supportable retail square feet to guide the development program. EPS estimated demand based on expenditure potential from four groups:

- 1) The estimated growth in households within a 2 mile trade area of Redtail Ridge
- 2) Residents of the proposed residential units within Redtail Ridge
- 3) Residents of the proposed senior living development within Redtail Ridge, and
- 4) Persons employed within the Redtail Ridge development.

EPS estimated the capture of expenditure potential from these groups for store categories that are proposed to be present within the development.

The developer (Erickson) of the proposed Retirement Community commissioned an economic impact study, completed by Richard B. Reading Associates, to estimate economic and fiscal impacts on the City of Louisville of the project. This analysis was completed independently from the retail demand in the Redtail Ridge Market Analysis completed by EPS and uses different methodologies to estimate retail sales. Differences in the approach and scope of the efforts are as follows:

The Economics of Land Use



*Economic & Planning Systems, Inc.
730 17th Street, Suite 630
Denver, CO 80202-3511
303 623 3557 tel
303 623 9049 fax*

*Denver
Los Angeles
Oakland
Sacramento*

www.epsys.com

- The Erickson economic impact study estimates the total annual expenditures for all senior residents to be spent within the City of Louisville, while the EPS retail demand estimates total annual expenditures for only the independent living units to be spent within Redtail Ridge.
- The EPS retail demand model uses the assumption that only seniors living in the independent units will be spending money at off-site locations. There are 1,050 total senior living units currently proposed for Redtail Ridge, of which about 80 percent or 840 units are estimated to be independent living units and 20 percent or 210 units are estimated to be assisted living units. The Erickson retail demand estimates retail sales capture for 1,100 units, which differs from the 1,050 units currently proposed. Both studies use the same estimated annual household income of \$88,000, as provided by Erickson.
- The EPS retail demand model is used to estimate sales captured within Redtail Ridge to identify the amount of supportable retail space within the development. EPS estimates 15 percent of the total retail sales, or \$1.1 million, by independent seniors can be captured within Redtail Ridge, shown below in **Table 1**.
- The Erikson study was completed to estimate sales capture from all residents of the Erickson development within the entire City of Louisville. The economic impact study provides an estimate of \$3.9 million of new sales within the City of Louisville and is used to estimate the amount of city sales tax that will be generated from the senior living facility. The EPS estimated \$1.1 million of retail sales from the senior living development within Redtail Ridge accounts for 29 percent of the \$3.9 million total sales capture within Louisville provided in the Erikson economic impact study.

Based on a comparison of the two studies, the estimated sales within the Erickson Economic Impact Study are generally in alignment with the EPS estimate despite the use of different assumptions and methodologies.

Table 1. Estimated Retail Expenditure Comparison

Description	Erickson ^[1]	EPS ^[2]
	Total	Total
Units	1,100	840
Household Income per Unit	\$88,000	\$88,000
Total Annual Income	\$96,800,000	\$73,920,000
Total Retail Sales	\$78,369,300	\$7,482,505
Sales Capture	\$3,918,500	\$1,122,376
<i>% Total Retail Sales</i>	<i>5.0%</i>	<i>15.0%</i>

^[1]Capture of sales within the City of Louisville

^[2]Capture of sales within Redtail Ridge

Source: Erickson Retirement Communities; Economic & Planning Systems