Market Analysis for Goodwives Shopping Center, FNCE 5534

Example of student project that was graded A+ in 2013. Students following this example should consider professor Clapp’s comments. There are many good aspects of this paper, but every year the projects get better.

Students: this is an end result, not a first draft. The team handed-in most of this material for step 1, then revised and added additional material for their final project.

version January 11, 2014

Group 3: Names of team members

Some of the very impressive aspects of this project:

- Very thorough and careful analysis of each step,
  - Each step has a concluding section summarizing findings
  - The Excel work is excellent,
- Very little use of boilerplate or irrelevant information. Almost all the data and analysis directly supports points being made,
- Exhibits do a great job of supporting the major points being made,
- Some excellent extra credit work
  - Site visits and photographs

Introduction:

Goodwives Shopping Center is a neighborhood shopping center located at 25 Old Kings Highway in Darien, Connecticut in the middle of lower Fairfield County. It rests in an area with many affluent residents and in a town bordered by Stamford, New Canaan and Norwalk and has Westport, Wilton and Greenwich in the area as well. Another big advantage that Goodwives Shopping Center has is that it is easily accessible from I-95 and Route 1 as well as being within a mile from the Metro North train stop in Darien. Looking at the neighboring towns and easy accessibility, it can be seen that Good Wives is in a terrific area and has a huge business opportunity so long as customers are attracted to the shopping center. Please use bullets and eliminate the redundancy in this paragraph and the next. This project is a preliminary working document that should be in executive summary style.

Based on the description outlined in Fanning’s text, Goodwives would fall into the category of a neighborhood shopping center. It is between 30,000 and 150,000 square feet, it has a large supermarket as one of its tenants in Super Stop and Shop and the other tenants vary from a coffee shop to a martial arts studio and local bank. Because Goodwives has a diverse group of tenants, and it caters to a wide variety of customers which makes it an attractive shopping center because a customer can take care of a variety of errands or needs just by visiting this one shopping center. The local competitors are at a disadvantage because other shopping centers in the area do not have the variety of Goodwives and other competitors such as local eateries and small grocers are not located in shopping centers so they do not give customers the ability to take care of multiple tasks in one trip. The advantageous location and ability to meet the needs of a large and diverse customer base gives Goodwives a very strong advantage over other local competition.
Market Defining Story – Goodwives shopping center

Overall, this is a convincing story, well documented later in the report. Excellent job with the details.

The Product

- Goodwives Shopping Center is a neighborhood shopping center located at 25 Old Kings Highway in Darien, Connecticut in the middle of lower Fairfield County.
- The Goodwives Shopping Center is home to a diverse set of shopping outlets, eateries, specialty food shops and a pet store. This open retail space also features a grocery store and community center.
  - Also known as the Darien Shopping Center, this location is a meeting place for Darien residents and hosts town events regularly.
  - The town events are likely to differentiate Goodwives from the competition. See step 4 for details on competitive shopping centers.
- The shopping center is centrally located on Old Kings Highway, one block south of the highly traveled Boston Post Road, a/k/a Route #1, Town of Darien, Fairfield County, Connecticut. Less than 1/4 mile from Exit 12 off I-95 and two blocks from the Metro-North Darien train station.
- Although the name Goodwives sounds somewhat dated and more relevant perhaps in colonial times, some research leads us to believe that the shopping center is named after the Goodwives River that flowed pretty close to the shopping center. The name has some historical connection and perhaps an intangible value to the residents of the community.
- Based on the description outlined in Fanning’s text, Goodwives would fall into the category of a neighborhood shopping center. It is between 30,000 and 150,000 square feet, it has a large supermarket as one of its tenants in Super Stop and Shop and the other tenants vary from a coffee shop to a martial arts studio and local bank.

The Customers

- Darien is an affluent town in southern Connecticut and has one of the highest per capita incomes in the country. (refer to exhibit)
- Darien as a town is residential and is not home to large businesses. When gathering data (Step 1) we discovered that a good portion of residents worked in neighboring Stamford and in New York City.
- Goodwives seems to be a shopping center that will have wealthy customers of various ethnic and cultural backgrounds. We also learned that the residents are well educated.
  - We can conclude that the customers of the goodwives shopping center are highly educated and wealthy families with diverse cultural backgrounds.
  - 
  - The last point is repetitive, and “wealthy” is repeated below. “Wealthy” is the wrong word; “upper income” would be better.

  Also, don’t overlook people working in and around Darien. There are many middle income and lower income.

Where are the customers?

- Goodwives has excellent connection to highways and major roads (Boston Post Road).
• Customers of goodwives are wealthy individuals who live in Darien and in the neighboring towns.
• Also people who travel via these major roadways are potential customers. Trade area has been shown in step 1 of the analysis below.

What do the customers care about?
• Customers of goodwives generally care about a pleasant shopping experience. (this is evident in the parking facility of goodwives as explained in step 1)
• Cost is not a major factor and people are not looking for discounted deals.

What is the competition?
• Goodwives competition can mostly be found on close (something missing here) to major roadways: Route 1/Boston Post Road, Rout 7 or I-95 highway.
• Goodwives has a fairly decent competition within the town and neighboring towns. This point doesn’t add anything.
• Norton shopping center and Tokeneke center are among the closest competitors. Apart from the established competitors, there is an under construction center that is coming up. How far away?

Having had an overview of what the subject site and its environment we can dig into the detailed analysis of the subject site (SS).

Steps 1 and 2 Overall objective:
This section performs the first two steps of market analysis for Goodwives Shopping Center (25 Old Kings Hwy N Darien, CT 06820), a neighborhood shopping center with a national grocery store, a variety of retail stores, restaurants, and food shops. The two steps of real estate market analysis covered in this report are: location analysis and subject site productivity, and determination of the geographic and trade area of the shopping center.

Step 1: Location Analysis Excellent job on this section.
This step is performed without using CoStar Excellent. The source of information is Google Map, physical site visits and other internet sources.

Access to and Visibility from Major and Secondary Roadways
• The SS (Goodwives Shopping Center) is located in close proximity to I-95 (Exhibit 1.1)
  ▪ Drive time from exit 11 (Darien) I-95 is 3 minutes
  ▪ Driving distance from I-95 is .8 miles
  ▪ The SS is bounded by Rt. 136, Rt.1, and I-95
• The SS has one entrance which can be reached (Exhibit 1.2):
  ▪ From Sedgwick Ave.
  ▪ From Old Kings Highway North (heading north) via West Ave.
  ▪ From Old Kings Highway North (heading south)
• Visibility from all direction is minimal though not a problem since it is located close to areas of transportation: I-95 (exit 12), Route 1 and the Metro-North train station.
  ▪ The plaza is set back behind the parking lot (Exhibit 1.3)
  ▪ Entering via Old Kings Highway North via West Ave. visibility is blocked by a separate business and a turn must be made at a roundabout where Old Kings Highway North meets Sedgwick Ave (Exhibit 1.4)
• Entering via Sedgwick Ave. visibility is blocked by roundabout and of trees (Exhibit 1.4)
• Entering via Old Kings Highway North (heading south) offers poor visibility. Driving past the entire plaza, it is blocked by trees and the parking lot (Exhibit 1.5)
• The SS is set back from the Post Road (Rt. 1) and is truly a destination. Patrons of the businesses in Goodwives Shopping Center are not drawn in because they see the plaza, rather because it was their destination.

Type of Shopping Center
• The SS is a Neighborhood Shopping Center (Fanning pg. 192 Exhibit 12.2) by all definitions
  ▪ There is a grocery store, dry cleaner and personal service providers such as a salon and fitness club.
  ▪ There are two open spaces:
    ▪ one vacancy between the Wine Port of Darien and Flair Fitness
    ▪ one pre-leased vacancy (where Global Pet Foods was located) between Flair Fitness and Tengda Restaurant.
  ▪ The total square footage is 95,776 (30,000 – 150,000 by definition)
  ▪ The total land acreage is 9.492 (4 – 10 by definition)
• As a neighborhood shopping center the SS should expect to draw primary customers
  ▪ From less than 5-minute drive time
  ▪ From less than 1.5 mile range
  ▪ Primary customers will make up 60 – 80% of all customers
  ▪ Secondary customers will make up 20 – 40% of all customers and will be derived from 5 – 15 drive times

Local Traffic Drivers
• Within 1 mile of the SS there are countless businesses which could help to drive traffic
  ▪ Banks
    ▪ Chase
    ▪ Wells Fargo
  ▪ Fast Food / Coffee Shops
    ▪ Robeks Juice
    ▪ Subway
    ▪ Starbucks
    ▪ Panera Bread
  ▪ Dozens of restaurants and delis
  ▪ Many clothing and other retail stores

Traffic Conditions
• The Subject site is wedged between I-95 and Boston Post road.
  ▪ Both of I-95 and Boston Post Road are very busy roads, especially in this stretch.
  ▪ The SS is north of Exit 11 off interstate 95. Exit 11 gets leads onto Boston Post road. This intersection can be a heavily populated.
  ▪ Exhibit 1.5.1 shows the traffic congestion at 5:30 PM on a work day (typical time for people to shop on the way from work)
• Crossing Boston Post road is the only way to get to the subject site from the east and north. This can be a bane and a boon.
  ▪ The high traffic may deter customers but the volume in general can boost the number of customers to the subject site
• Weekend traffic at 5pm looks much better on all sides (Exhibit 1.5.2). Boston post road seems to be having slower traffic.
• Exhibit 1.5.3 from CT DOT shows that there is no active construction in and around the subject site.
  o The Metro-North station could create two forms of traffic from commuters: foot and car from commuters that part at the station.
• South and north of the subject site there is active construction on I-95 but since the TA is only 1.5 to 2 miles (calculated using Fanning), it may not have a major impact as of now.

SS Characteristics (Size, Conditions, Visual)

General Information
• Year Built: 2005
• Building Size: 95,776 square feet
• Gross Leasable Area: 95,776 square feet
• Lot Size: 9.429 Acres

Building (Walls, Windows, Roof)
• The SS is one continuous building which curves in the shape of a “C”
• Stop and Shop is located directly in the center of the SS, which makes it stand out as Goodwives’ largest tenant.
• From ground level to the overhang (approx. 12 ft) is comprised of brick and windows which are separated by white painted dividers (Exhibit 1.6)
  o Due to relatively new construction and proper maintenance the exterior of the building is nearly flawless
• The visible section of the roof is in perfect condition and is covered in green shingles.
• Across the span of the building there are 10 architectural windows contained in triangular dormers.

Parking Lot and Lighting
• Parking lot offers 10 sections where cars can be parked on either side (Exhibit 1.3)
• There are a total of 486 customer parking spots
  o This meets Fanning’s (pg. 198) rule of thumb for parking lot efficiency at 5.1 parking spaces per 1,000 square feet of GLA (rule = 5 – 6.5 spots / 1000 sq ft GLA)
  • Restaurants require more parking. See page 8. Here, you should have separated restaurant GLA from other GLA.
• Visual inspection of the parking lot showed:
  o Common sense layout to traffic flow
  o Lines and arrows are clear and appear to be recent, though there are spots that need to be redone in high traffic areas
  o Caution signs are clear and prevalent
  o Curbs are ~6 in. high and ~ 3 ft. apart in the parking lot
  o Curbs are connected at the ends to form slightly elevated planting areas and are filled with mulch
  o The parking lot had a number of cracks of which roughly 25% are filled
  o There are 3 major potholes which need repair. We do not see this as a contradiction to the excellent landscaping and conditions otherwise. The pothole in front of Tengda is of greatest concern because the other two are in areas slightly less traveled. We expect that all three trouble areas would be sealed or repaved soon based on the overall upkeep of the rest of the shopping center.
• #1 is in front of Tengda
• #2 is near the exit
• #3 is in the rear center of the parking lot

• Parking lot lighting is achieved with light poles contained within the dividing planting areas. Each divider has 3-4 lights poles which are spaced 35 paces apart.
  o Each light fixture is secured by a 2 ft concrete cylinder which is painted yellow
  o All poles have one light, though poles closest to the building have 3 lights
  o Lighting under the walkway is abundantly created with hanging fixtures
  o Though the site visit was conducted during the day we are confident the lighting is more than adequate at the SS

• The rear of the building is used for employee parking and as a delivery route
  o The rear delivery road is littered with potholes and needs repair
  o The rear of the building is concrete and painted beige
  o There are delivery doors for most businesses and a tractor trailer port for Stop and Shop
  o This rear area is not visible to customers

**Landscaping and Architecture**

• Landscaping is very well done at the SS
  o There are a number of large trees which surround the perimeter on the Old Kings Highway North entryway. (Exhibit 1.5)
  o Each parking lot divider is used as a planter box and contains 10-20 ft. trees every 10 paces and shrubbery every 2 paces.
  o There is an aqueduct that surrounds the perimeter on the Old Kings Highway North entryway
  o At the entrance there is a bridge with an area dedicated to Hon. Gennaro W. Frate with a large flagpole
  o There is a clock tower at the building corner which is visible upon entry
  o Snow removal appears to be well done. There are a few inaccessible spots, but considering the snowfall we had (~30 inches 2/9/13) a week ago this is expected

**Ingress, Egress, and Signage.**

• There is one entrance and one exit
  o The entry can be accessed from three points (see access and visibility)
  o The exit can be reached only by driving to the north end of the parking lot
    • Could cause issues when commuters are returning home from the Metro-North station.
  o Signage is poor on the entry way and does not offer any of the names of stores
  o Signage at the exit thanks customers for their patronage on the parking lot side and directs customers to the entrance on the road side.

**Tenants**

• Current Occupants:
Characteristics of a Neighborhood SC (based on Fanning’s classification)

- Size: 95,776 sq ft falls within the range of 30-150,000
- SC is anchored by Stop & Shop, and contains personal service and convenience stores:
  - UPS Store (personal service)
  - Imperial Cleaners (personal service)
  - Wine Port (convenience)
  - Darien Cheese Shop
  - Baskin Robbins (convenience)

- Also includes a variety of specialized Fitness businesses Thea Spa should be listed here.
  - Flair Fitness- offers a variety of classes: Zumba, Yoga
  - Joyride Spinning- offers only Spinning classes
  - Koko Fitness- is a health club that offers unique technology linked workouts.

How do you classify the restaurants and take out food? Funcraft store?

Current Available Spaces:

- Unit 18-19 – Combination Unit: 2996 square feet
- Unit 21- Previously Global Pet Foods: 4424 square feet

Linkages to other land use

The second Question of Ling, Archer while defining the story states “Who are the Customers?”

Town of Darien

- Darien was incorporated in May 1820; taken from Stamford
- Bordered By:
  - Stamford to the west
  - Norwalk to the east
  - New Canaan to the north
  - Long Island Sound to the south
• Area: 14.9 square miles
• Population: 20,732 (2010 Census)
• Voting Districts: 6
• Darien is mainly a residential community
• Top 5 Major Employers (Cerc-2006)
  o Town of Darien
  o Darien YMCA
  o Colangelo Synergy Marketing
  o Frontline Marketing
  o Zotos International Inc.
• Darien is an affluent town, number 2 in terms of household income behind only New Canaan in the state and also in Fairfield county (See exhibit 1.3.3)
• Only 2% of Darien residents walk or bike so it’s important that shopping areas have ample parking.
• Darien residents seem to be highly educated
  o 86% of people completed some form of college education
• Home Values in Darien are at least 4 times the state average at approximately 1 million dollars.
• Racial diversity is pretty low in Darien, 90% of the population is white (See exhibit 1.3.2)
• Darien’s cost of living is high, 1.5 times the national average.
• Home sales in Darien have not been overly impacted by the financial crisis.

Future Growth
• There were 20,732 people living in Darien as of 2010, according to data by the U.S. Census Bureau, representing a 5.7 percent increase over ten years earlier.
• The town's population increase compares to a 4.9 percent jump across Connecticut and a 3.9 percent uptick across Fairfield County.
• CERC data showed a declining population growth (-0.3) between 2010-15

Legal and Regulations
• From Connecticut’s Office of Policy and Management website, the mill rate for the town of Darien is $12.68 for every $1000 of assessed value, and this value is based on the 2011 grand list.
• There was no evidence that tax rates were different for residential or commercial property, therefore there is no additional tax impact on the shopping center.
• Having the shopping center in Darien instead of the neighboring towns of Stamford and Norwalk, provides a tax benefit as their average mill rates are higher (Exhibit 1.4.1). Not correct because each town values property (the “revaluation” for property tax purposes) in different years. You can easily get effective tax rates (taxes per $ of market value) from CERC.org; these rates can be compared.
• Stop & Shop (anchor tenant): paid $2.65/sq ft based on 2012 tax
• The Goodwives Shopping Center offers a number of stores (Stop & Shop, various restaurants and retail shops) to the town of Darien and falls under Designed Commercial (DC) Zone regulations, which are described in Article VI- Business Zone Regulations.
• The goal of a property that falls under DC regulations is to provide a community with retail shopping to fulfill their needs, and place value on design, and ensuring that land and development are well-suited for the neighboring residential areas.
• Since this property is a shopping center and thus provides commercial services, it falls under the Regulations’ section 632: Permitted Uses of the Property. Section 634 is also tied to the shopping
center, as it explains that a special permit is required if any restaurant is to be found on the property.

- For the restaurants in Darien, the regulations state “1 space for each 100 sq. ft. of gross floor area”. Good point. It should be linked to the adequacy of parking, above.

**Step 1 Conclusion**

Darien’s income statistics and a comparison of neighboring town’s demographics can be found in exhibits 1.3.1 and 1.3.2. Darien is an affluent town where the average annual income is 2.5 times that of the state as a whole. However, the median income is pretty close to its other affluent adjacent towns in Fairfield County. We can conclude that Darien is an affluent market and also contains families with schoolchildren. Based on this data, we feel that idea businesses for Goodwives Shopping Center are those that will cater to this affluent market and the younger generation. The “younger generation” part of this is not well supported in the discussion above. You could include more summary of Funcraft, ice cream store, and other relevant stores.

These exhibits do a great job of supporting the main points being made, without introducing a lot of irrelevant information. For example, Exhibit 1.2 shows how the subject site is connected to the train station, the interstate and Rte 1; i.e., the map was carefully positioned and presented.

It is really excellent that a student(s) did some bag counts as extra credit.
Exhibit 1.1

Location: Goodwives Shopping Center, Old Kings Highway North, Darien, CT
Source: Google.com/maps
Exhibit 1.2
Location: Goodwives Shopping Center, Old Kings Highway North, Darien, CT
Source: Google.com/maps
Exhibit 1.5.1
Source: Google maps: Weekday Traffic at 5pm
Exhibit 1.5.2
Source: Google maps: Weekend Traffic at 5pm
Exhibit 1.5.3
Active Construction Information (CT DOT)