arnett muldrow

PLAN. PRESERVE. PROMOTE.

Brevard, North Carolina

RETAIL MARKET ANALYSIS (PHASE I OF II)

NOVEMBER 2013

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1.0 Introduction

1.1 Purpose

The City of Brevard, North Carolina hired Arnett Muldrow & Associates of Greenville, North Carolina to conduct a retail market analysis and strategy. The goals of this project were as follows: to listen closely to community stakeholders and conduct relevant market-based research; to provide useful economic data to the City as well as local businesses and potential investors; and to outline retail development strategies and specific recommendations to facilitate retail growth and development of Brevard in the coming years.

1.2 Planning Process

The Consultants conducted this project using the following process:

- *Community Engagement:* The Consultants conducted a series of one-on-one interviews and roundtable meetings to gather stakeholder input from September 23-25, 2013.
- *Retail Market Analysis:* The Consultants conducted market research based on data derived from Nielsen Claritas as well as real customer visits recorded by local merchants.
- *Public Presentation:* The Consultants conducted a public presentation on October 30, 2013 to detail market analysis findings.
- *Retail Market Strategy:* The Consultants are currently developing a series of strategies and recommendations based on stakeholder input, market analysis, and community branding processes. This will be presented and produced as a companion document to this report.

1.3 Acknowledgments

This project would not have been possible without the cooperation and enthusiasm of the Brevard retail community. A special "thank you" goes out to Aaron Bland and Sarah Lutz with the City of Brevard for their ongoing assistance with this project.

2.0 Retail Market Analysis

This chapter presents the findings of the retail market research for Brevard and sets the stage for further analysis that can be used to recruit businesses, help existing businesses target customers, and implement the goals and recommendations of the retail development strategy to follow this report. The goal of this retail market analysis is to show community stakeholders and potential investors how to capitalize on potential retail trade and to leverage investments that will sustain Brevard's retail community and provide opportunities for future growth.

The chapter is divided into four sections:

- Section 2.1 describes the market definition based on zip code survey work completed by businesses in the community. It also provides insight into Brevard's trade area demographics and presents market data related to Brevard's primary and secondary trade areas.
- Section 2.2 provides demographic profiles of Brevard's primary and secondary trade areas. This section also presents a more detailed market segmentation using PRIZM® Lifestage characteristics. (PRIZM® is a product of Nielsen Claritas.)
- Section 2.3 presents the retail market analysis that shows the amount of retail sales "leaking" from Brevard's primary and secondary trade areas. This information is based on the most recent data available and is a reliable source for understanding overall market patterns. This section concludes with some key opportunities for retail that could be used to both enhance existing businesses and recruit additional businesses to downtown.
- Section 2.4 summarizes Brevard's current retail environment, and describes market characteristics and trends that form the basis of the recommendations presented in Chapter Three of this report.

2.1 Market Definition

Unlike radial and drive time studies that use arbitrarily chosen boundaries for customer trade zones, the market definition exercise for Brevard is based on zip code survey work completed by cooperative merchants. Zip code surveys have their own limitations, as zip code geographies can be fairly large and stretch beyond typical market boundaries. However, it is the only technique that correlates clearly with customer traffic collected by merchants. Recorded zip codes are used to define primary and secondary trade areas, which are then analyzed in terms of demographics and economic activity.

Forty-three Brevard retail and restaurant businesses graciously participated in the zip code survey of their customers the week of August 22-29, 2013. Merchants were provided with a form to record customer zip codes and asked to keep the log for all customers during a seven-day period. Sales were recorded in downtown Brevard, along the US 64/Rosman Highway corridor, and in the Railroad Avenue district, all of which comprise the "Brevard" geography referenced in this study.

2.1.1 Zip Code Results

The results of the zip code survey are presented in Figures 1 and 2 and summarized as follows:

- The Brevard zip code 28712 had the most visits of any zip codes with forty-eight percent of customers coming from this area. Twenty-seven percent of recorded visits came from people who live in the City of Brevard, and another twenty percent came from people who live outside the City limits but within the 28712 zip code. An additional one percent of recorded visits came from 28712 residents who did not specify whether they lived in or out of the City.

- The Pisgah Forest 28768 zip code (part of which is within the City of Brevard) was the second most often recorded zip code and recorded eleven percent of the overall visits.
- Nearby Lake Toxaway 28747 and Rosman 28772 represented four and three percent of visits respectively.
- The Cedar Mountain 28718 and Penrose 28766 zip codes both registered two percent of the overall zip codes recorded.
- Residents of other nearby zip codes (Hendersonville 28739, Balsam Grove 28708, and Etowah 28729) represented one percent each of recorded visits during the survey period.
- Customers from the rest of North Carolina accounted for ten percent of the overall visits recorded.
- Visitors from South Carolina came in at five percent of recorded customers. Visitors from other southern states accounted for an additional seven percent of the total count.
- Transylvania County residents accounted for seventy-two percent of visits, while Henderson County residents represented five percent.

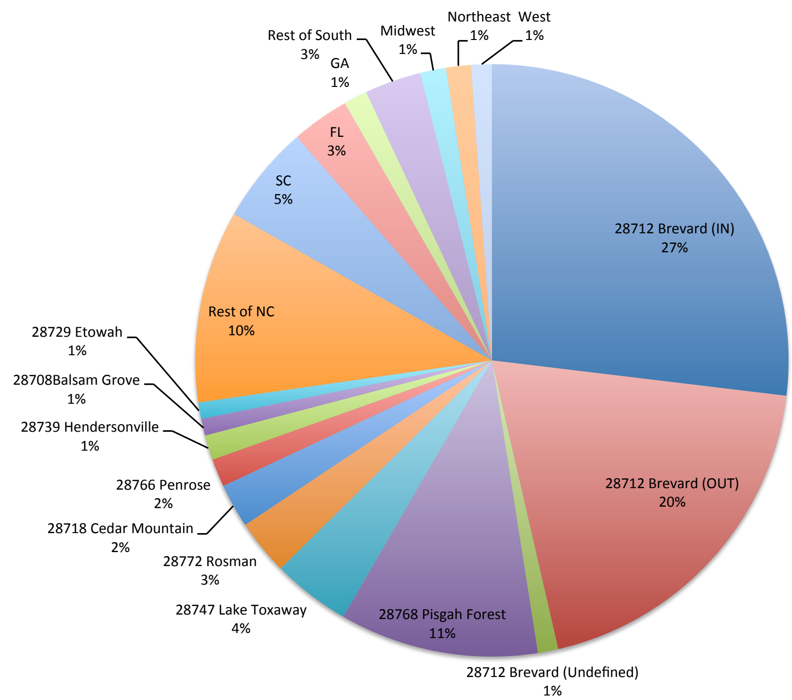

Figure 1: Customer Visits by Zip Code.

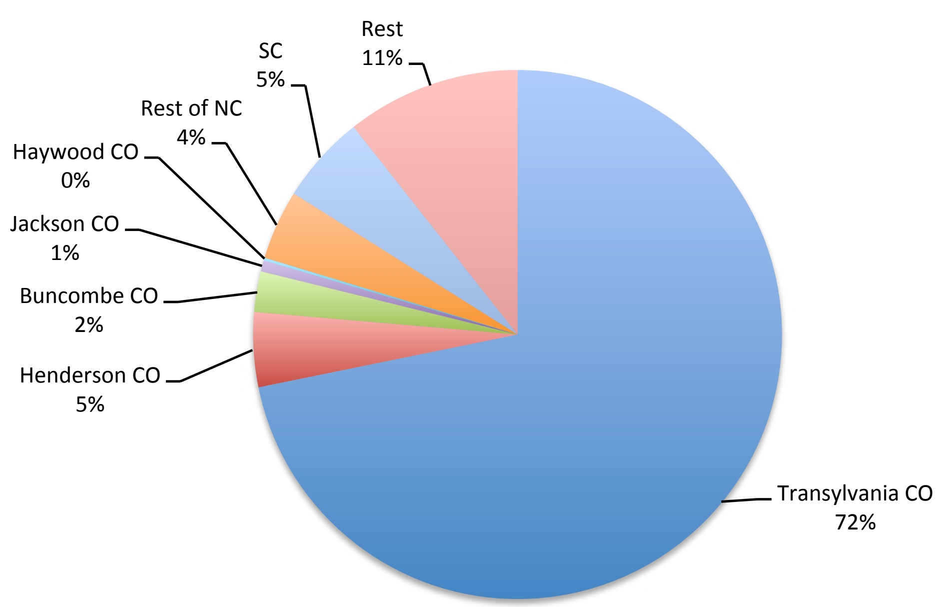

Figure 2: Customer Visits by County.

- Residents of other nearby counties (Buncombe, Jackson, Haywood) registered just over three percent of total visits.
- Customers from other North Carolina counties represented four percent of total recorded visits.
- Out-of-state residents accounted for sixteen percent of visits.

2.1.2 Trade Area Definition

Although the number of visits provides an overall view of customer origin, a more accurate way to evaluate customer loyalty is to frame customer visits in the context of the population of each zip code. This method corrects for zip codes that have exceedingly large or small populations that might skew the market penetration data. The primary trade area is the geography where the most loyal and frequent customers to Brevard reside. The secondary trade area represents an area where Brevard businesses can rely on customers, but to a lesser degree.

Zip Code	Area	Population	Visits	Visits/1000 Pop
28718	Cedar Mountain	313	126	402.56
28712 IN	Brevard City	7,479	1,410	188.53
28712 ALL	Brevard	18,959	2,490	131.34
28772	Rosman	1,487	158	106.25
28747	Lake Toxaway	2,105	223	105.94
28712 OUT	Brevard	11,480	1,022	89.02
28768	Pisgah Forest	7,379	568	76.98
28766	Penrose	1,064	80	75.19
28708	Balsam Grove	663	48	72.40
28774	Sapphire	1,115	37	33.18
28717	Cashiers	1,425	25	17.54
28729	Etowah	2,826	47	16.63
29635	Cleveland	1,234	10	8.10
28759	Mills River	7,239	35	4.83
28791	Hendersonville	14,692	23	1.57
28704	Arden	19,125	20	1.05
28803	Asheville	30,087	22	0.73
28806	Asheville	39,718	21	0.53

Primary Trade Area
Secondary Trade Area

Table 1: Recorded Customer Visits by Area Population.

Table 1 shows customer visits per thousand residents; showing an index allows for an equal comparison of market penetration per zip code. It shows customer visits per thousand people for each of the highest representative visits to Brevard.

Determining the primary and secondary trade areas can sometimes be more "art" than science. At times, significant breaks in customer visits are not obvious. In Brevard, this requires some close interpretation.

The primary trade area for Brevard is composed of two zip codes, Brevard 28712 and Cedar Mountain 28718. Cedar Mountain 28718 was the most loyal zip code for Brevard, with over four hundred two visits per thousand coming from residents of this extremely small population. (The population data in Table 1, which are based on year-round residents and not visitors, have likely skewed this figure higher than it would have otherwise registered. However, visitors from this geography should be considered a robust market for Brevard.) The Brevard 28712 zip code is an interesting case, too, as the survey recorded nearly one hundred eighty-nine visits per thousand coming from City residents with a drop-off to just over eighty-nine visits per thousand from those living outside the City limits. Although a decline in consumer loyalty from city to county is typical for most retail markets, the differential recorded in Brevard is larger than expected. (This represents an opportunity that will be explored in the retail strategy portion of this project.) However, the overall strength of the combined Brevard 28712 market, at one hundred thirty-one visits for thousand, means that this zip code is the heart of Brevard's primary trade area.

Five zip codes comprise the secondary trade area for Brevard. At the top, Rosman 28772 and Lake Toxaway 28727 each recorded approximately one hundred six visits per thousand. (Note that these market strength figures are higher than that of the non-City Brevard 28712 zip code.) Three other zip codes, Pisgah Forest 28768, Penrose 28766, and Balsam Grove 28708, each recorded visits per thousand in the seventies, placing them heads above the next closest geographies.

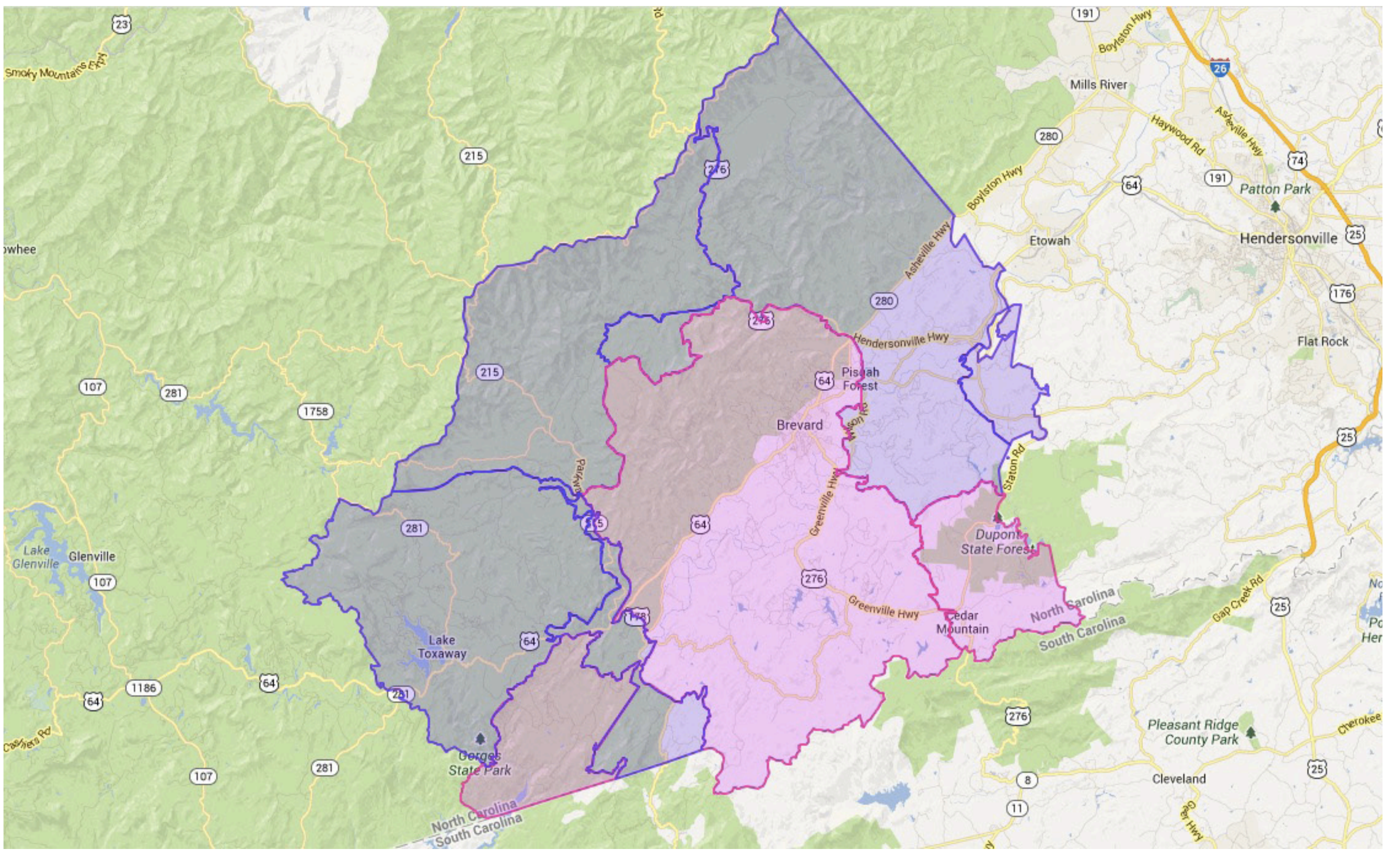

Figure 3: Brevard's Primary (Red) and Secondary (Blue) Trade Areas.

Figure 3 displays the extent of the primary and secondary trade areas for Brevard as two adjacent geographies. This visualization of the combined trade area indicates natural borders, such as the forest, largely define the retail trade area. As expected, the bulk of the customer base for Brevard businesses is in the immediate vicinity, reiterating the significance of the local population in Brevard's retail sales.

2.2 Trade Area Demographics

In 2012, the population in Brevard's primary trade area was 19,272. This population is expected to decrease slightly by 172 people to 19,100 by 2018. On the other hand, Brevard's secondary trade area had a population of 12,698 and is expected to decrease more substantially by 2018 to 12,423, a difference of 275 people. As identified in Tables 2 and 3, these decreases represent low -0.89 percent and -2.16 percent declines in primary and secondary trade area populations, respectively, but the state of North Carolina's population is predicted to grow by 4.64 percent by 2018. While these trends are not likely to attract to a large range of national retailers, Brevard is able to maintain a vibrant local retailer market supported by these numbers.

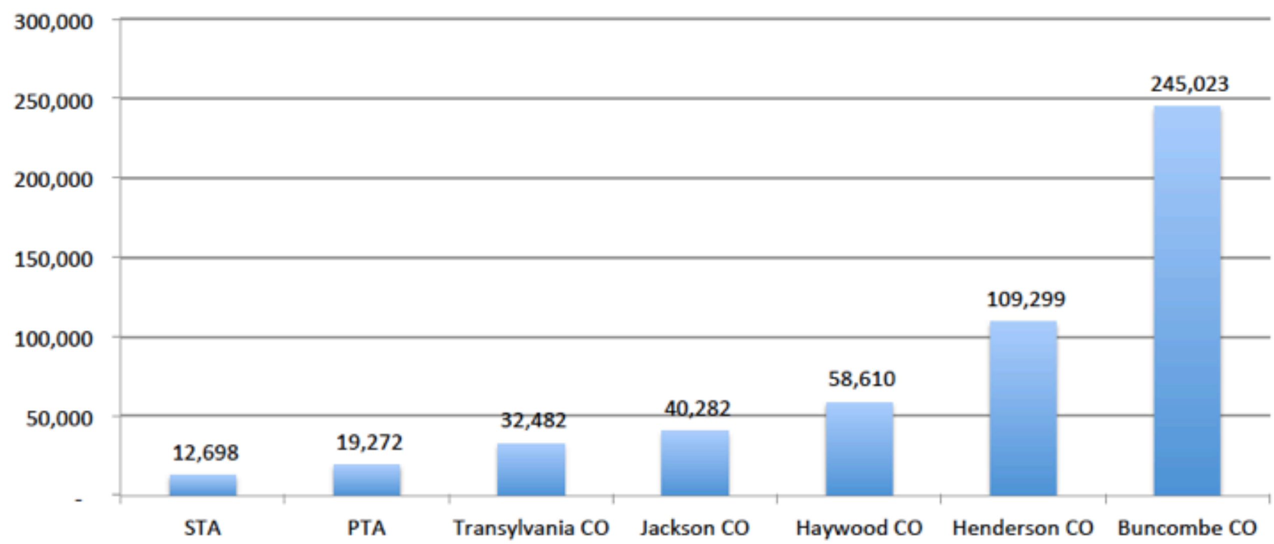

Table 2: 2012 Trade Area Population.

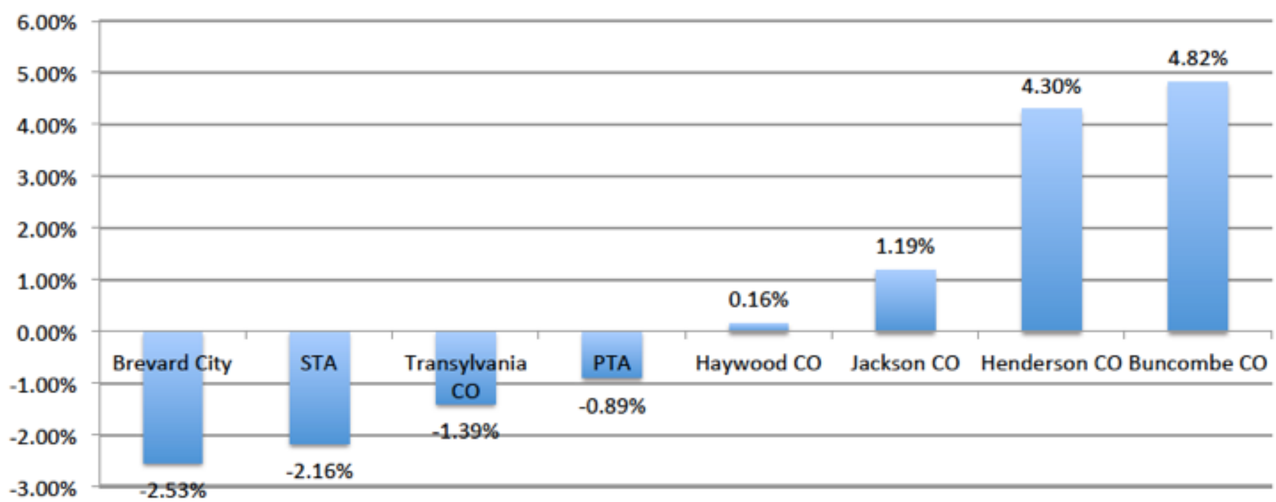

Table 3: 2013-2018 Projected Trade Area Population Change.

While the expected fluctuation in population change is not alarming on its own, the median ages identified in Table 4 warrant attention. The City of Brevard has a median age of 45.6, but the primary and secondary trade area median ages are even higher at 50.0 and 48.2, respectively. Also alarming is Transylvania County's median age of 49.1 relative to neighboring counties coming in at a considerably lower range of 36.5 to 46.4.

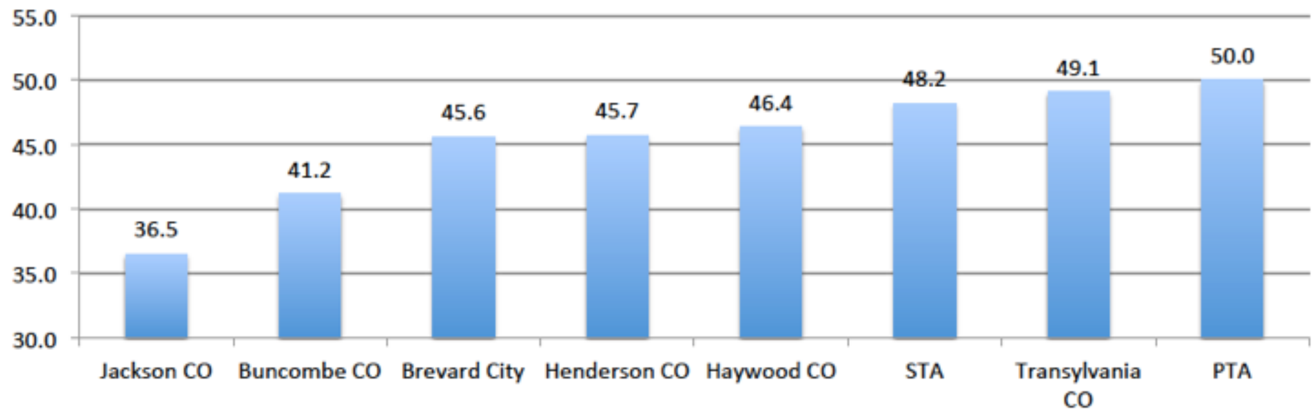

Table 4: 2012 Trade Area Median Age.

In 2012, the median household income in Brevard's primary trade area was $38,739. This figure is slightly higher than the median incomes in the City of Brevard, the secondary trade area, and Transylvania County, which were $36,360, $34,402, and $37,365 respectively. All of the aforementioned median incomes associated with Transylvania County are lower than those in the surrounding Buncombe, Haywood, and Henderson Counties. These median incomes were $39,203, $40,460, and $42,664 respectively.

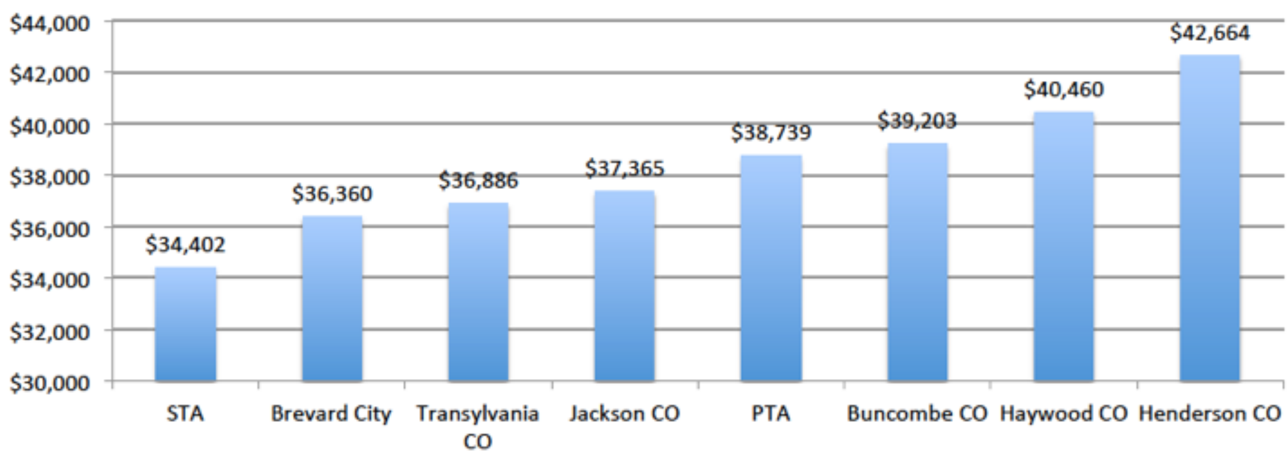

Table 5: 2012 Trade Area Median Household Income.

2.3 Market Segmentation

Market segmentation summarizes demographic information into easy-to-understand categories. The market segmentation illustrated for Brevard's trade areas uses Claritas PRIZM® data. PRIZM defines every U.S. household in terms of sixty-six demographic and behavioral types to help determine lifestyles, purchasing behaviors, and preferences of the customer base. These data are arranged into "Social," "Lifestage," and "Household" groups. Each of these groups is detailed in Table 6.

PRIMARY TRADE AREA			PRIZM NE - Primary Trade Area									
Social Group	Lifestage	Code	Name	Households	Pct.	Pred. Inc.	Age	Pred HH Comp.	Pred. Tenure/Type	Pred. Education	Pred. Employment	Pred. Race
Landed Gentry	Accumulated Wealth	5	Country Squires	9	0.06%	Wealthy	Age 35-64	Families w/Kids	Owner / SFDU	College Grad.+	Exec, Prof, WC	White
Landed Gentry	Affluent Empty Nests	9	Big Fish, Small Pond	568	4.06%	Upscale	Age 45+	Married Couples	Owner / SFDU	College Grad.+	Exec, Prof, WC	White
Landed Gentry	Midlife Success	11	God's Country	5	0.04%	Upscale	Age 35-64	Married Couples	Owner / SFDU	College Grad.+	Exec, Prof, WC	White
Landed Gentry	Young Accumulators	20	Fast-Track Families	58	0.41%	Upscale	Age 25-54	Families w/Kids	Owner / SFDU	College	WC	White
Country Comfort	Young Achievers	23	Greenbelt Sports	92	0.66%	Midscale	Age 25-54	Married Couples	Owner / SFDU	College	Prof, WC	White
Landed Gentry	Midlife Success	25	Country Casuals	92	0.66%	UpperMid	Age 35-64	Married Couples	Owner / SFDU	Some College	WC, BC	White
Country Comfort	Conservative Classics	28	Traditional Times	1381	9.88%	Midscale	Age 55+	Married Couples	Owner / SFDU	Some College	WC, BC, Farm	White
Country Comfort	Mainstream Families	32	New Homesteaders	124	0.89%	Midscale	Age 25-44	Families w/Kids	Owner / SFDU, Mobile	Some College	WC, BC	White
Country Comfort	Mainstream Families	33	Big Sky Families	126	0.90%	Midscale	Age 25-54	Families w/Kids	Owner / SFDU, Mobile	Some College	WC, BC, Farm	White
Country Comfort	Midlife Success	37	Mayberry-ville	267	1.91%	Midscale	Age 35-64	Married Couples	Owner / SFDU, Mobile	H.S. Graduate	WC, BC, Farm	White
Middle America	Cautious Couples	38	Simple Pleasures	2164	15.48%	LowerMid	Age 65+	Singles/Couples	Owner / SFDU, Mobile	H.S. Graduate	WC, Service, BC, Farm	White
Middle America	Striving Singles	42	Red, White and Blues	372	2.66%	LowerMid	Age 25-44	Married Couples	Owner / SFDU, Mobile	H.S. Graduate	WC, Service, BC	White
Middle America	Cautious Couples	43	Heartlanders	736	5.27%	LowerMid	Age 45+	Married Couples	Owner / SFDU, Mobile	H.S. Graduate	WC, BC, Farm	White
Middle America	Striving Singles	45	Blue Highways	717	5.13%	Downscale	Age 65+	Mostly Singles	Renter / SFDU, Hi-Rise Multi	H.S. Graduate	WC, Service, BC	White, Black
Rustic Living	Striving Singles	48	Young and Rustic	355	2.54%	LowerMid	Age 65+	Singles/Couples	Owner / SFDU, Mobile	H.S. Graduate	WC, Service, BC	White, Black, Hispanic
Middle America	Mainstream Families	50	Kid Country, USA	113	0.81%	LowerMid	Age <45	Families w/Kids	Mix / SFDU, Mobile	Some College	WC, Service, BC, Farm	White, Hispanic
Middle America	Mainstream Families	51	Shotguns and Pickups	231	1.65%	LowerMid	Age 25-44	Families w/Kids	Owner / SFDU, Mobile	H.S. Graduate	WC, BC, Farm	White
Rustic Living	Sustaining Seniors	55	Golden Ponds	2319	16.59%	Downscale	Age 65+	Singles/Couples	Owner / SFDU, Mobile	H.S. Graduate	WC, Service, BC, Farm	White
Rustic Living	Striving Singles	56	Crossroads Villagers	1325	9.48%	Downscale	Age <45	Married Couples	Owner / SFDU, Mobile	Elem. School, H.S.	WC, Service, BC, Farm	White
Rustic Living	Sustaining Seniors	57	Old Milltowns	1166	8.34%	Downscale	Age 65+	Singles/Couples	Mix / SFDU, Mobile	Elem. School, H.S.	WC, Service, BC	White, Black
Rustic Living	Sustaining Seniors	58	Back Country Folks	1492	10.68%	Downscale	Age 55+	Married Couples	Owner / SFDU, Mobile	Elem. School, H.S.	Service, BC, Farm	White, Black
Rustic Living	Sustaining Families	64	Bedrock America	264	1.89%	Downscale	Age <35	Families w/Kids	Mix / SFDU, Mobile	Elem. School, H.S.	Service, BC, Farm	White, Black, Hispanic

Table 6: PRIZM Household Segmentation.

2.3.1 PRIZM Social Group Segmentation

Claritas PRIZM provides insight into some of the shared social characteristics with its Social Group Segmentation categories shown in Figure 4. Major characteristics of the four PRIZM Social Groups represented in Brevard's combined primary and secondary trade area are described below. (Descriptions are provided by Nielsen Claritas.)

Rustic Living: 50% of Combined Trade Area

Rustic Americans have relatively modest incomes, low educational levels, aging homes and blue-collar occupations. Many of the residents, a mix of young singles and seniors, are unmarried, and they've watched scores of their neighbors migrate to the city. In their remote communities, these consumers spend their leisure time in such traditional small-town activities as fishing and hunting, attending social activities at the local church and veterans club, enjoying country music and car racing.

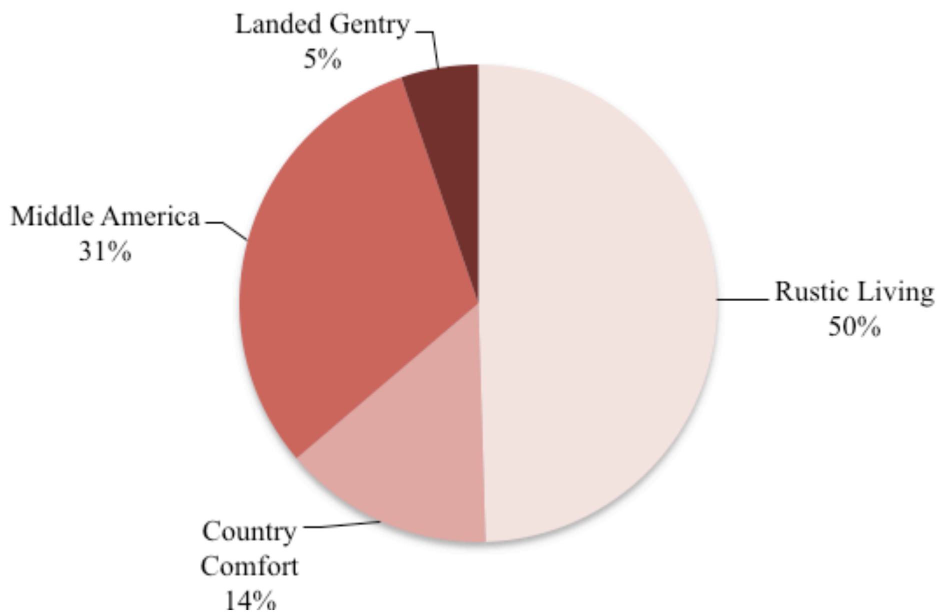

Figure 4: Combined Trade Area Social Group Segmentation.

Middle America: 31% of Combined Trade Area

Middle American households are filled with middle-class homeowners living in small towns and remote exurbs. Middle Americans tend to be white, high school educated, living as couples or larger families, and ranging in age from under 25 to over 65. Like many residents of remote communities, these conservative consumers tend to prefer traditional rural pursuits: fishing, hunting, making crafts, antique collecting, watching television and meeting at civic and veterans clubs for recreation and companionship. Friday nights are for celebrating high school sports.

Country Comfort: 14% of Combined Trade Area

Country Comfort households are composed of predominantly white, middle-class homeowners. In their placid towns and scenic bedroom communities, these Americans tend to be married, between the ages of 25 and 54, with or without children. They enjoy comfortable upscale lifestyles, exhibiting high indices for barbecuing and playing golf as well as home-based activities such as gardening, woodworking and crafts. Reflecting their rural, family environment, they prefer trucks, SUVs and minivans to cars.

Landed Gentry: 5% of Primary Trade Area

The Landed Gentry social group consists of wealthy Americans who migrated to the smaller boomtowns beyond the nation's beltways. Many of these households contain Boomer families and couples with college degrees, professional jobs-they're twice as likely as average Americans to telecommute-and expansive homes. With their upscale incomes, they can afford to spend heavily on consumer electronics, wireless and computer technology, luxury cars, powerboats, books and magazines, children's toys, and exercise equipment.

2.3.2 PRIZM Lifestage Segmentation

In Brevard, the combined trade area's share of the PRIZM Lifestage categories is sharply skewed to an older population. In Figure 5, the "Mature Years" category accounts for a whopping seventy percent of combined trade area households and the "Younger Life" category represents twenty-three percent of combined trade area households. This leaves the "Family Life" category with just seven percent of combined trade area households.

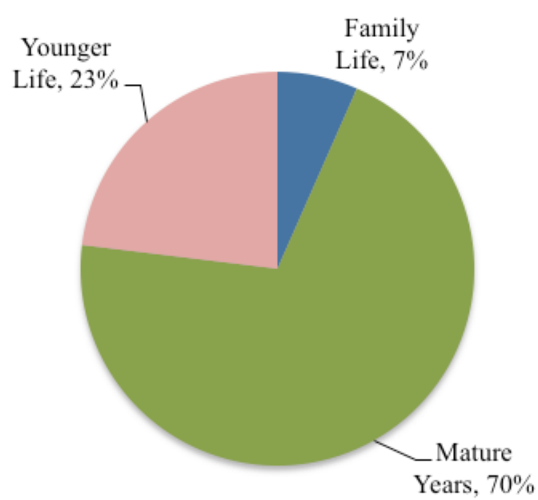

Figure 5: Combined Trade Area Lifestage Segmentation.

2.3.3 PRIZM Household Segmentation

Table 6 and Figure 6 detail all of the PRIZM segments included in the combined retail trade area. There are certain categories that only exist in urban markets and suburban markets that are not shown in this table.

Descriptions and predicted characteristics of the most common segments in Brevard are included in Table 6. Columns include Social Group, Lifestage, and Household categories, as well as a count of households in the primary trade area that fall into each category. In each row are predicted household characteristics, which include income, age, composition, housing tenure and type, educational attainment, employment, and race.

Each of the detailed descriptions below is provided by and paraphrased from Nielsen Claritas descriptions of their PRIZM Lifestyle Segmentation data.

Golden Ponds: 16.6% of Combined Trade Area

Golden Ponds is mostly a retirement lifestyle, dominated by downscale singles and couples over 65 years old. Found in small bucolic towns around the country, these high school-educated seniors live in small apartments on less than $32,000 a year; one in five resides in a nursing home. For these elderly residents, daily life is often a succession of sedentary activities such as reading, watching TV, playing bingo, and doing craft projects.

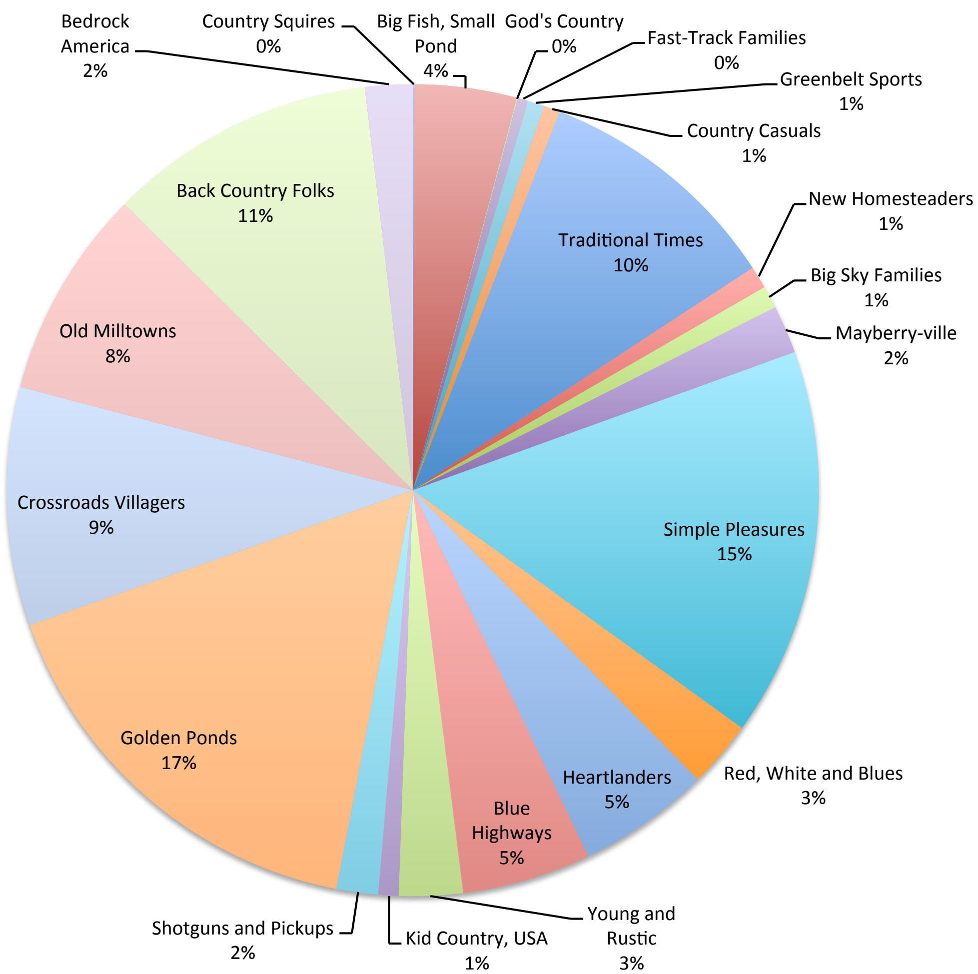

Figure 6: Combined Trade Area Household Segmentation.

Simple Pleasures: 15.5% of Combined Trade Area
With more than two-thirds of its residents over 65 years old, Simple Pleasures is mostly a retirement lifestyle: a neighborhood of lower-middle-class singles and couples living in modestly priced homes. Many are high school-educated seniors who held blue-collar jobs before their retirement. And a disproportionate number served in the military, so no segment has more residents who are members of veterans clubs.

Back Country Folks: 10.7% of Combined Trade Area
Strewn among remote farm communities across the nation, Back Country Folks are a long way away from economic paradise. The residents tend to be poor, over 55 years old, and living in older, modest-sized homes and manufactured housing. Typically, life in this segment is a throwback to an earlier era when farming dominated the American landscape.

Traditional Times: 9.9% of Combined Trade Area
Traditional Times is and older demographic without kids that have the kind of lifestyle where small-town couples nearing retirement are beginning to enjoy their first empty-nest years. Typically in their fifties and sixties, these upper-middle-class Americans pursue a kind of granola-and-grits lifestyle. On their coffee tables are magazines with titles ranging from Country Living and Country Home to Gourmet and Forbes. But they're big travelers, especially in recreational vehicles and campers.

Crossroads Villagers: 9.5% of Combined Trade Area
With a population of middle-aged, white-collar couples and families, Crossroads Villagers is a classic rural lifestyle.

Residents are high school-educated, with downscale incomes and modest housing; one-quarter live in mobile homes. And there's an air of self-reliance in these households as Crossroads Villagers help put food on the table through fishing, gardening, and hunting.

Old Milltowns: 8.3% of Combined Trade Area
America's once-thriving manufacturing towns have aged--as have the residents in Old Milltowns communities. Today, the majority of residents are retired singles and couples, living on downscale incomes in pre-1960 homes and apartments. For leisure, they enjoy gardening, sewing, socializing at veterans clubs, or eating out at casual restaurants.

Heartlanders: 5.3% of Combined Trade Area
This widespread segment consists of older couples with lower to middle incomes is typically without children. They have white-collar jobs and live in sturdy, unpretentious homes. In these communities of small families and empty-nesting couples, Heartlanders residents pursue a rustic lifestyle where hunting and fishing remain prime leisure activities along with cooking, sewing, camping, and boating.

Blue Highways: 5.1% of Combined Trade Area
On maps, blue highways are often two-lane roads that wind through remote stretches of the American landscape. Among lifestyles, Blue Highways is the standout for lower-middle-class residents who live in isolated towns and farmsteads. Here, Boomer men like to hunt and fish; the women enjoy sewing and crafts, and everyone looks forward to going out to a country music concert.

2.4 Retail Market Analysis

In this section, the Brevard retail market will be examined to identify potential opportunities for new or expanded stores by examining "retail leakage." This will allow the community to assess what kind of additional stores might be attracted to Brevard and will help individual existing businesses understand how they might diversify product lines.

2.4.1 Retail Leakage in the Trade Areas

Retail leakage refers to the difference between the retail expenditures by residents living in a particular area and the retail sales produced by the stores located in the same area. If desired products are not available within that area, consumers will travel to other places or use different methods to obtain those products. Consequently, the dollars spent outside of the area are said to be "leaking." If a community is a major retail center with a variety of stores it will be "attracting" rather than "leaking" retail sales. Even large communities may see leakage in certain retail categories while some small communities may be attractors in categories.

Such an analysis is not an exact science. In some cases large outflow may indicate that money is being spent elsewhere (drug store purchases at a Walmart or apparel purchases through the internet). It is important to note that this analysis accounts best for retail categories where households (rather than businesses) are essentially the only consumer groups. For example, lumberyards may have business sales that are not accounted for in consumer expenditures. Stores such as jewelry shops and clothing stores are more accurately analyzed using this technique.

The leakage study for Brevard is a "snapshot" in time. Consequently, there are factors that point to this being a more conservative or more aggressive look at retail potential depending on what factors are examined. For example, new residential development would mean that there would be more customers in the future resulting in greater demand for certain retail categories.

However, this leakage study only examines the primary and secondary trade areas identified for Brevard. A successful store model might capture from well beyond this geography and could foster a strong visitor market as well.
In Brevard's primary trade area (the 28712 and 28718 zip codes), selected store sales equaled $299 million in 2012. Consumers in the same area spent $291 million. Therefore, the primary trade area experienced an $8 million inflow in annual sales.

Brevard's secondary trade area (the 28772, 28747, 28768, 28766, and 28708 zip codes) generated store sales volume of $116 million and consumer expenditures of $189 million in 2012. Overall, the secondary trade area experienced leakage of $73 million that year.

The combined trade area for Brevard is a $480 million consumer market leaking sales to the tune of $65 million per year.

2.4.2 Detailed Retail Market Opportunity Tables

Table 7 details the individual retail categories where Brevard is leaking and gaining sales in both the primary and secondary trade areas. This data should be used as an overall guide to retail market potential and should not substitute for detailed market research on the part of any business wishing to open in the area.

The left-hand column indicates retail store types along with North American Industrial Classification System (NAICS) codes for these stores. Please note that some categories are subsets of larger categories. The other columns represent the consumer demand in Brevard's trade areas. Red numbers indicate an inflow of dollars and black numbers indicate market leakage.

2.4.3 Per Capita Retail Activity

To understand the relative strength of Brevard's retail market, it is helpful to compare retail sales and expenditures to those of other western North Carolina communities. As the trade areas for these nearby communities are undetermined, a county-to-county comparison provides the best "apples-to-apples" look at consumer spending data. The per capita retail data displayed in Table 8 are summarized as follows:

- Per capita consumer demand for Brevard's trade areas and Transylvania County are comparable with nearby North

Opportunity Gap - Retail Stores	PTA-2012 (Consumer Expenditures)	PTA-2012 (Retail Sales)	PTA-2012 Leakage (Inflow)	STA-2012 (Consumer Expenditures)	STA-2012 (Retail Sales)	STA-2012 Leakage (Inflow)	COMBINED-2012 (Consumer Expenditures)	COMBINED-2012 (Retail Sales)	COMBINED-2012 Leakage (Inflow)
Total Retail Sales Incl Eating and Drinking Places	**291,632,793**	**299,229,490**	**-7,596,697**	**189,343,016**	**116,217,665**	**73,125,351**	**480,975,809**	**415,447,155**	**65,528,654**
Motor Vehicle and Parts Dealers-441	**47,968,860**	**31,803,541**	**16,165,319**	**30,565,499**	**3,928,924**	**26,636,575**	**78,534,359**	**35,732,465**	**42,801,894**
Automotive Dealers-4411	39,956,029	28,340,801	11,615,228	25,347,077	1,794,740	23,552,337	65,303,106	30,135,541	35,167,565
Other Motor Vehicle Dealers-4412	4,168,417	122,813	4,045,604	2,757,189	2,067,368	689,821	6,925,606	2,190,181	4,735,425
Automotive Parts/Accsrs, Tire Stores-4413	3,844,414	3,339,927	504,487	2,461,233	66,816	2,394,417	6,305,647	3,406,743	2,898,904
Furniture and Home Furnishings Stores-442	**5,458,332**	**3,141,034**	**2,317,298**	**3,548,756**	**1,399,490**	**2,149,266**	**9,007,088**	**4,540,524**	**4,466,564**
Furniture Stores-4421	2,855,494	1,311,269	1,544,225	1,877,855	215,532	1,662,323	4,733,349	1,526,801	3,206,548
Home Furnishing Stores-4422	2,602,838	1,829,765	773,073	1,670,901	1,183,958	486,943	4,273,739	3,013,723	1,260,016
Electronics and Appliance Stores-443	**5,926,123**	**2,393,815**	**3,532,308**	**3,767,578**	**174,266**	**3,593,312**	**9,693,701**	**2,568,081**	**7,125,620**
Appliances, TVs, Electronics Stores-44311	4,385,573	1,962,987	2,422,586	2,800,196	6,917	2,793,279	7,185,769	1,969,904	5,215,865
Household Appliances Stores-443111	1,079,307	232,196	847,111	693,114	6,917	686,197	1,772,421	239,113	1,533,308
Radio, Television, Electronics Stores-443112	3,306,266	1,730,791	1,575,475	2,107,082	0	2,107,082	5,413,348	1,730,791	3,682,557
Computer and Software Stores-44312	1,284,011	430,828	853,183	799,644	167,349	632,295	2,083,655	598,177	1,485,478
Camera and Photographic Equipment Stores-44313	256,539	0	256,539	167,738	0	167,738	424,277	0	424,277
Building Material, Garden Equip Stores -444	**27,186,907**	**14,341,529**	**12,845,378**	**17,550,092**	**14,623,641**	**2,926,451**	**44,736,999**	**28,965,170**	**15,771,829**
Building Material and Supply Dealers-4441	24,530,054	13,541,328	10,988,726	15,783,669	9,250,020	6,533,649	40,313,723	22,791,348	17,522,375
Home Centers-44411	9,708,527	7,179,743	2,528,784	6,286,349	337,514	5,948,835	15,994,876	7,517,257	8,477,619
Paint and Wallpaper Stores-44412	612,017	28,900	583,117	387,927	254,986	132,941	999,944	283,886	716,058
Hardware Stores-44413	2,398,198	1,409,301	988,897	1,570,476	310,239	1,260,237	3,968,674	1,719,540	2,249,134
Other Building Materials Dealers-44419	11,811,312	4,923,384	6,887,928	7,538,917	8,347,281	-808,364	19,350,229	13,270,665	6,079,564
Building Materials, Lumberyards-444191	4,688,355	1,925,036	2,763,319	3,002,829	3,263,786	-260,957	7,691,184	5,188,822	2,502,362
Lawn, Garden Equipment, Supplies Stores-4442	2,656,853	800,201	1,856,652	1,766,423	5,373,621	-3,607,198	4,423,276	6,173,822	(1,750,546)
Outdoor Power Equipment Stores-44421	494,125	0	494,125	326,418	1,620,552	-1,294,134	820,543	1,620,552	(800,009)
Nursery and Garden Centers-44422	2,162,728	800,201	1,362,527	1,440,005	3,753,069	-2,313,064	3,602,733	4,553,270	(950,537)
Food and Beverage Stores-445	**39,109,551**	**88,486,498**	**-49,376,947**	**25,773,246**	**6,109,515**	**19,663,731**	**64,882,797**	**94,596,013**	**(29,713,216)**
Grocery Stores-4451	35,764,601	80,262,595	-44,497,994	23,654,937	2,825,329	20,829,608	59,419,538	83,087,924	(23,668,386)
Supermarkets, Grocery (Ex Conv) Stores-44511	33,957,701	77,161,608	-43,203,907	22,444,193	2,458,901	19,985,292	56,401,894	79,620,509	(23,218,615)
Convenience Stores-44512	1,806,900	3,100,987	-1,294,087	1,210,744	366,428	844,316	3,017,644	3,467,415	(449,771)
Specialty Food Stores-4452	1,082,099	2,155,100	-1,073,001	721,822	538,778	183,044	1,803,921	2,693,878	(889,957)
Beer, Wine and Liquor Stores-4453	2,262,851	6,068,803	-3,805,952	1,396,487	2,745,408	-1,348,921	3,659,338	8,814,211	(5,154,873)
Health and Personal Care Stores-446	**22,589,043**	**18,213,834**	**4,375,209**	**14,068,711**	**27,121,379**	**-13,052,668**	**36,657,754**	**45,335,213**	**(8,677,459)**
Pharmancies and Drug Stores-44611	19,757,592	16,725,860	3,031,732	12,269,701	27,089,377	-14,819,676	32,027,293	43,815,237	(11,787,944)
Cosmetics, Beauty Supplies, Perfume Stores	846,100	135,012	711,088	522,575	0	522,575	1,368,675	135,012	1,233,663
Optical Goods Stores-44613	525,112	0	525,112	368,239	0	368,239	893,351	0	893,351
Other Health and Personal Care Stores-44619	1,460,239	1,352,962	107,277	908,196	32,002	876,194	2,368,435	1,384,964	983,471
Gasoline Stations-447	**29,552,599**	**31,139,955**	**-1,587,356**	**19,717,548**	**17,473,874**	**2,243,674**	**49,270,147**	**48,613,829**	**656,318**
Gasoline Stations With Conv Stores-44711	22,134,926	26,646,263	-4,511,337	14,802,215	17,420,916	-2,618,701	36,937,141	44,067,179	(7,130,038)
Other Gasoline Stations-44719	7,417,673	4,493,692	2,923,981	4,915,333	52,958	4,862,375	12,333,006	4,546,650	7,786,356
Clothing and Clothing Accessories Stores-448	**11,188,075**	**6,799,334**	**4,388,741**	**7,687,270**	**972,898**	**6,714,372**	**18,875,345**	**7,772,232**	**11,103,113**
Clothing Stores-4481	7,906,893	1,735,139	6,171,754	5,498,210	604,863	4,893,347	13,405,103	2,340,002	11,065,101
Men's Clothing Stores-44811	487,147	0	487,147	342,280	0	342,280	829,427	0	829,427
Women's Clothing Stores-44812	1,987,705	247,136	1,740,569	1,390,677	0	1,390,677	3,378,382	247,136	3,131,246
Childrens, Infants Clothing Stores-44813	461,646	0	461,646	313,903	0	313,903	775,549	0	775,549
Family Clothing Stores-44814	4,226,826	1,428,662	2,798,164	2,937,948	557,389	2,380,559	7,164,774	1,986,051	5,178,723
Clothing Accessories Stores-44815	188,506	0	188,506	130,271	0	130,271	318,777	0	318,777
Other Clothing Stores-44819	555,063	59,341	495,722	383,131	47,474	335,657	938,194	106,815	831,379
Shoe Stores-4482	1,588,251	0	1,588,251	1,121,605	0	1,121,605	2,709,856	0	2,709,856
Jewelry, Luggage, Leather Goods Stores-4483	1,692,931	5,064,195	-3,371,264	1,067,455	368,035	699,420	2,760,386	5,432,230	(2,671,844)
Jewelry Stores-44831	1,550,402	5,064,195	-3,513,793	972,791	368,035	604,756	2,523,193	5,432,230	(2,909,037)
Luggage and Leather Goods Stores-44832	142,529	0	142,529	94,664	0	94,664	237,193	0	237,193
Sporting Goods, Hobby, Book, Music Stores-451	**5,399,347**	**4,319,884**	**1,079,463**	**3,387,701**	**914,151**	**2,473,550**	**8,787,048**	**5,234,035**	**3,553,013**
Sportng Goods, Hobby, Musical Inst Stores-4511	3,729,441	3,935,397	-205,956	2,433,523	799,464	1,634,059	6,162,964	4,734,861	1,428,103
Sporting Goods Stores-45111	1,763,498	2,942,699	-1,179,201	1,167,705	799,464	368,241	2,931,203	3,742,163	(810,960)
Hobby, Toys and Games Stores-45112	1,279,612	700,345	579,267	827,945	0	827,945	2,107,557	700,345	1,407,212
Sew/Needlework/Piece Goods Stores-45113	363,125	0	363,125	231,543	0	231,543	594,668	0	594,668
Musical Instrument and Supplies Stores-45114	323,206	292,353	30,853	206,330	0	206,330	529,536	292,353	237,183
Book, Periodical and Music Stores-4512	1,669,906	384,487	1,285,419	954,178	114,687	839,491	2,624,084	499,174	2,124,910
Book Stores and News Dealers-45121	1,174,513	229,977	944,536	641,717	114,687	527,030	1,816,230	344,664	1,471,566
Book Stores-451211	1,108,520	229,977	878,543	599,304	114,687	484,617	1,707,824	344,664	1,363,160
News Dealers and Newsstands-451212	65,993	0	65,993	42,413	0	42,413	108,406	0	108,406
Prerecorded Tapes, CDs, Record Stores-45122	495,393	154,510	340,883	312,461	0	312,461	807,854	154,510	653,344
General Merchandise Stores-452	**38,051,784**	**66,873,231**	**-28,821,447**	**25,158,072**	**34,248,978**	**-9,090,906**	**63,209,856**	**101,122,209**	**(37,912,353)**
Department Stores Excl Leased Depts-4521	17,812,026	17,108,018	704,008	11,833,160	30,320,146	-18,486,986	29,645,186	47,428,164	(17,782,978)
Other General Merchandise Stores-4529	20,239,758	49,765,213	-29,525,455	13,324,912	3,928,832	9,396,080	33,564,670	53,694,045	(20,129,375)
Miscellaneous Store Retailers-453	**8,047,454**	**6,937,960**	**1,109,494**	**5,363,061**	**1,093,010**	**4,270,051**	**13,410,515**	**8,030,970**	**5,379,545**
Florists-4531	568,563	251,466	317,097	365,999	377,200	-11,201	934,562	628,666	305,896
Office Supplies, Stationery, Gift Stores-4532	3,001,859	3,162,931	-161,072	1,916,331	249,522	1,666,809	4,918,190	3,412,453	1,505,737
Office Supplies and Stationery Stores-45321	1,719,402	1,607,412	111,990	1,089,885	82,431	1,007,454	2,809,287	1,689,843	1,119,444
Gift, Novelty and Souvenir Stores-45322	1,282,457	1,555,519	-273,062	826,446	167,091	659,355	2,108,903	1,722,610	386,293
Used Merchandise Stores-4533	566,015	516,022	49,993	365,031	100,198	264,833	931,046	616,220	314,826
Other Miscellaneous Store Retailers-4539	3,911,017	3,007,541	903,476	2,715,700	366,090	2,349,610	6,626,717	3,373,631	3,253,086
Non-Store Retailers-454	**23,247,089**	**5,111,108**	**18,135,981**	**14,752,873**	**0**	**14,752,873**	**37,999,962**	**5,111,108**	**32,888,854**
Foodservice and Drinking Places-722	**27,907,629**	**19,667,767**	**8,239,862**	**18,002,609**	**8,157,539**	**9,845,070**	**45,910,238**	**27,825,306**	**18,084,932**
Full-Service Restaurants-7221	12,491,173	4,528,501	7,962,672	8,016,083	1,207,496	6,808,587	20,507,256	5,735,997	14,771,259
Limited-Service Eating Places-7222	11,777,299	13,808,833	-2,031,534	7,654,612	6,889,570	765,042	19,431,911	20,698,403	(1,266,492)
Special Foodservices-7223	2,326,500	1,330,433	996,067	1,508,232	60,473	1,447,759	3,834,732	1,390,906	2,443,826
Drinking Places -Alcoholic Beverages-7224	1,312,657	0	1,312,657	823,682	0	823,682	2,136,339	0	2,136,339
GAFO *	**69,025,520**	**86,690,229**	**-17,664,709**	**45,465,708**	**37,959,305**	**7,506,403**	**114,491,228**	**124,649,534**	**(10,158,306)**
General Merchandise Stores-452	38,051,784	66,873,231	-28,821,447	25,158,072	34,248,978	-9,090,906	63,209,856	101,122,209	(37,912,353)
Clothing and Clothing Accessories Stores-448	11,188,075	6,799,334	4,388,741	7,687,270	972,898	6,714,372	18,875,345	7,772,232	11,103,113
Furniture and Home Furnishings Stores-442	5,458,332	3,141,034	2,317,298	3,548,756	1,399,490	2,149,266	9,007,088	4,540,524	4,466,564
Electronics and Appliance Stores-443	5,926,123	2,393,815	3,532,308	3,767,578	174,266	3,593,312	9,693,701	2,568,081	7,125,620
Sporting Goods, Hobby, Book, Music Stores-451	5,399,347	4,319,884	1,079,463	3,387,701	914,151	2,473,550	8,787,048	5,234,035	3,553,013
Office Supplies, Stationery, Gift Stores-4532	3,001,859	3,162,931	-161,072	1,916,331	249,522	1,666,809	4,918,190	3,412,453	1,505,737

Table 7: Detailed Opportunity Table.

Carolina counties. Jackson County, with $17,472 in 2012 per capita demand, is the outlier of the group, as the other selected geographies cluster in the low $15,000s.

- At the same time, per capita retail sales figures for Brevard's trade areas and Transylvania County lag behind nearby North Carolina counties. For example, per capita sales for Transylvania County represent just fifty-six percent of the per capita sales for Buncombe County. Although the per capita sales figure for Brevard's primary trade area is significantly higher than its secondary trade area, it is still less than the figures for Buncombe, Haywood, and Henderson Counties.
- A larger population size for nearby counties does convey a retail siting advantage in some retail categories. (For example, based on the demographics of Brevard's trade areas, a Target is unlikely to locate in Transylvania County.) However, the larger populations of nearby counties do not "explain away" all of Brevard and Transylvania County's comparatively lower per capita sales figures.
- Overall, current per capita demand and sales data point to untapped retail potential for Brevard. It is not reasonable for Brevard's per capita sales to reach that of Buncombe County, the hub of the western North Carolina economy and heart of the region's visitor market. However, it is reasonable to expect Transylvania County to be more competitive than its current state.

Geography	2012 Population	2012 Retail Sales	2012 Per Capita Sales	2012 Demand	2012 Per Capita Demand
Buncombe CO	245,023	$5,021,750,965	$20,495	$3,818,248,920	$15,583
Haywood CO	58,610	$1,112,253,126	$18,977	$894,001,664	$15,253
Henderson CO	109,299	$1,866,530,137	$17,077	$1,648,948,877	$15,087
PTA	19,272	$299,229,490	$15,527	$291,632,793	$15,132
Jackson CO	40,282	$590,945,293	$14,670	$703,810,156	$17,472
Transylvania CO	32,482	$374,837,837	$11,540	$491,538,932	$15,133
STA	12,698	$116,217,665	$9,152	$189,343,016	$14,911

Table 8: 2012 Per Capita Retail Sales and Demand Comparison by County.

2.4.4 Key Market Opportunities

The retail market potential for Brevard combines many different facets of the data gathered above. Not simply a collection of numbers, retail markets depend on both quantitative and qualitative information. Moreover, just because there is retail market potential for a potential retail store type in no way ensures the success of that store type in the community. There are many reasons why a business might succeed or fail and the retail market is but one of those factors. However, this does provide a synopsis guide for the "best potential" retail opportunities in Brevard.

These market opportunities are as follows:

- ***Full-Service Restaurants:*** *$7.9 million leakage in primary trade area; $6.8 million leakage in secondary trade area*—These leakage figures represent untapped demand equal to several independent restaurants or one-to-two chain offerings. As with some other categories, full-service restaurants work well as a cluster that can even outstrip local demand.
- ***Furniture and Home Furnishings:*** *$2.3 million leakage in primary trade area; $2.1 million leakage in secondary trade area*—As with restaurants, this category presents a clustering opportunity. Furniture and Home Furnishings also complement offerings in the Used Merchandise category.

- ***Women's Clothing:*** *$1.7 million leakage in primary trade area; $1.4 million leakage in secondary trade area*—Brevard currently enjoys several high-quality women's clothing retailers. These leakage figures may represent an opportunity to expand current offerings, or for a small specialty retailer to fill a gap in product lines.
- ***Family Clothing:*** *$2.8 million leakage in primary trade area; $2.4 million leakage in secondary trade area*—This broad retail category includes new clothing for men, women, and children alike. This level of leakage is unlikely to attract a new national retailer such as TJ Maxx or Ross Dress for Less, but it presents an opportunity for expanded offerings by existing retailers or for a smaller independent retailer.

2.4.5 Overall Observations and Conclusions

Based on the above findings, Brevard has the opportunity to expand its retail offerings in several NAICS categories. Needless to say, any retail expansion in Brevard is likely to involve the concerted effort of the public and private sectors. The following conclusions will form the basis of the recommendations to follow in Chapter Three of this report:

- Overall, Brevard has a relatively healthy retail market. For all of its shortcomings, the local market is providing reasonable access to retail and restaurant offerings for residents and visitors alike.
- A key challenge for Brevard is demographic: its local population is small, old, and shrinking. Although older customers typically have more disposable income than younger ones, retail growth and expansion will depend (to some degree) on a growing population with demographic traits favorable to larger retailers.
- Brevard must increase its local market share to maintain the size of its existing retail market. Ceteris Paribas, Brevard's shrinking local population means local retailers will need to capture a greater share of local dollars to maintain current sales figures.
- Marketing and recruitment efforts should focus on both local and visitor markets, noting that different messages and tools will be required to do this well. For example, eighty-one percent of the combined trade area is made up of Rustic Living and Middle America cohorts, who prefer a more modest lifestyle and spend more conservatively. This is a population that should be actively pursued through marketing efforts that are likely to be different than those designed to retain out-of-area visitors.
- Although Brevard's retail is largely supported by the local market, ample opportunity exists to capture a larger share of a thriving regional visitor market. Currently, visitors often come to Brevard for day trips and leave without spending any money in the local economy, so an approach to capture sales from this market should be highly visible and focused on introducing the Brevard shopping and dining "experience" to potential repeat visitors. Current projects underway such as the wayfinding system will better connect visitors to retail nodes throughout Brevard, but other marketing opportunities should be considered to further promote local businesses.
- Retail development is closely tied to economic development and job growth. This targeted retail market analysis balances Jeannette Goldsmith's industrial report and other notable efforts from countywide economic development divisions. Because the retail market correlates with a healthy economy, vibrant economic corridors, and quality of life, Brevard should continue to consider the types of retail that will support their current economic development initiatives.
- Right now, opportunities exist for new and expanded offerings in several retail categories, including full-service restaurants, furniture and home furnishings, women's clothing, and family clothing.

- Retail strategies should include the following: retention and recruitment; organization and partnerships; marketing and branding; and “connecting the dots.”

The above strategies will be explored in detail in Part 2 of this project.