

2012

CITY OF ALTUS, OKLAHOMA

MARKET ASSESSMENT

Prepared and presented to
City of Altus
David Webb, Mayor
509 Main Street
Altus, OK 73521
Tel: (580) 481-2202
Fax: (580) 481-2203



RETAIL ATTRACTIONS, LLC
Economic Development Consulting

Prepared and presented by
Retail Attractions, LLC
12150 East 96th St North, Suite 202
Owasso, Oklahoma 74055
Tel: (918) 376-6707
Fax: (918) 272-5376
www.retailattractions.com

POPULATION

| | |
|-------------------------------------------|---------|
| 2011 (Estimate) - PRIMARY TRADE | 81,183 |
| 2011 (Estimate) - CITY LIMITS | 18,851 |
| Growth 2000-11 - PRIMARY TRADE | -8.38% |
| Growth 2000-11 - CITY LIMITS | -12.10% |
| Growth 2011-16 (Estimate) - PRIMARY TRADE | -4.03% |
| Growth 2011-16 (Estimate) - CITY LIMITS | -6.03% |

EDUCATIONAL ATTAINMENT

| | |
|-------------------------------|--------|
| Earned a College Degree | 22.65% |
| Some Post-Secondary Education | 43.57% |

COMPOSITION

| | |
|-------------------|--------|
| Family Households | 69.06% |
|-------------------|--------|

AVERAGE INCOME (2011 Estimate)

| | |
|------------------|----------|
| Household Income | \$46,928 |
|------------------|----------|

OCCUPATION

| | |
|----------------------|--------|
| White Collar Workers | 50.91% |
| Blue Collar Workers | 25.57% |
| Service/Farm Workers | 23.51% |

HOUSING

| | |
|-------------------------------|----------|
| Owner Occupied Housing | 67.54% |
| Median Housing Value | \$59,375 |
| Houses less than 10 years old | 4.76% |

OPPORTUNITY GAP HIGHLIGHTS

TOTAL RETAIL LEAKAGE **\$302,487,444**

| | |
|----------------------------------------|--------------|
| Supermarkets | \$61,336,003 |
| Home Centers | \$27,973,400 |
| Clothing and Clothing Accessories | \$22,586,293 |
| Limited Service Restaurants | \$19,159,703 |
| Full Service Restaurants | \$16,791,655 |
| Electronics and Appliances | \$13,296,896 |
| Sporting Goods, Hobby, Books and Music | \$12,789,938 |
| Furniture and Home Furnishings | \$9,593,827 |
| Health and Personal Care | \$7,507,832 |
| Office Supplies, Stationery, Gift | \$7,253,482 |
| Nursery and Garden Center | \$6,649,052 |
| Beer, Wine and Liquor Stores | \$3,304,678 |

The Opportunity Gap represents the difference between retail sales in specific categories of goods and services where reported demand (purchases by consumers living in an area) exceeds reported sales by merchants (supply) within the same defined trade area. Data is derived from the Consumer Expenditure Survey as administered by the U.S. Bureau of Labor Statistics and from the Census of Retail Trade, made available through the U.S. Census.

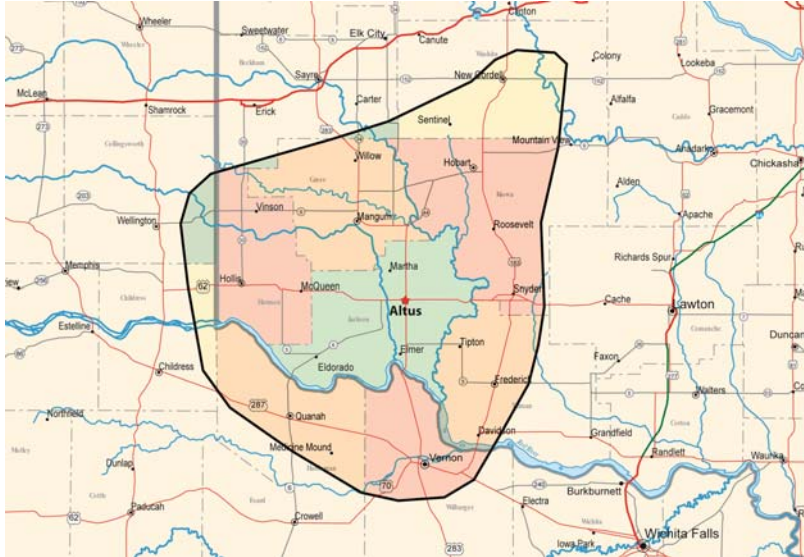
About the City of Altus

Altus is located in Jackson County in southwestern Oklahoma. Conveniently located on the national highway system, Altus is accessed by three vital interstate highways, I-40, I-35 and I-44 allowing distribution to approximately 50% of the total U.S. population by same day or overnight services. Located 55 miles west of Lawton and 140 miles southwest of Oklahoma City, Altus provides small town living with city amenities within reach. The location and transportation infrastructure make Altus a regional retail hub for southwest Oklahoma and north central Texas.

As we have stated, a major component of the Altus community is the Altus Air Force Base which has long been known as the base with the "Best Base/Community Relationship in the Air Force." Altus Air Force Base supports about 2,000 permanent military personnel and 2,500 civilian personnel. Approximately 3,000 military personnel and their families live on base and a large number of military personnel and their families live off base. The trade area of Altus has a population of over 70,000, an average household income of nearly \$47,000, and substantial retail leakage in several categories.

For more information about the City of Altus contact Retail Attractions at (918) 376-6707 or info@retailattractions.com
Visit www.retailattractions.com to download this and other information about the City of Altus and other client cities

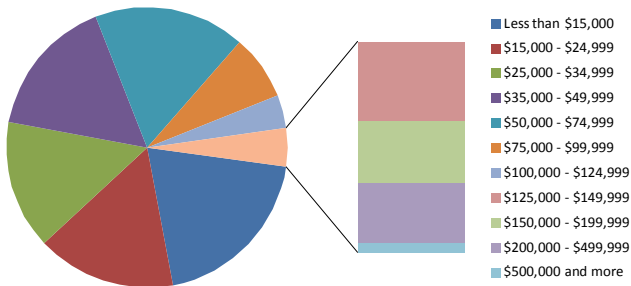
City of Altus Oklahoma



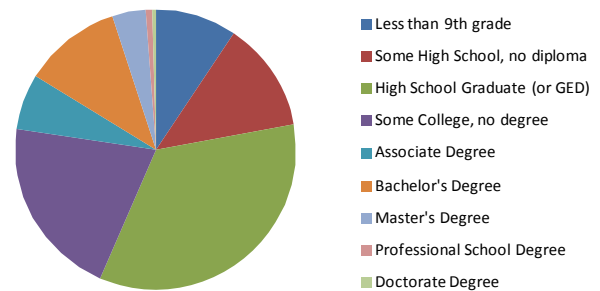
This trade area should be used for the vast majority of retailers including shopping and dining establishments.

Altus serves as the retail source for Altus Air Force Base as well as for the nearby towns of Hobart, Granite, Mangum, Frederick, Gould, and Hollis, Oklahoma. Altus also pulls consumers from the communities of Wellington, Childress, and Quanah, Texas. Altus is home to Western Oklahoma State College and The Southwest Technology Center and benefits from its location at the intersection US Highway 283 and SH 62. With average daily traffic counts of more than 14,000 vehicles per day travelling to and through Altus, the Altus area is a regional collection point for retail shopping opportunities.

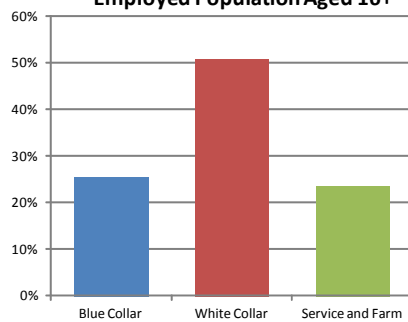
Household Income 2011



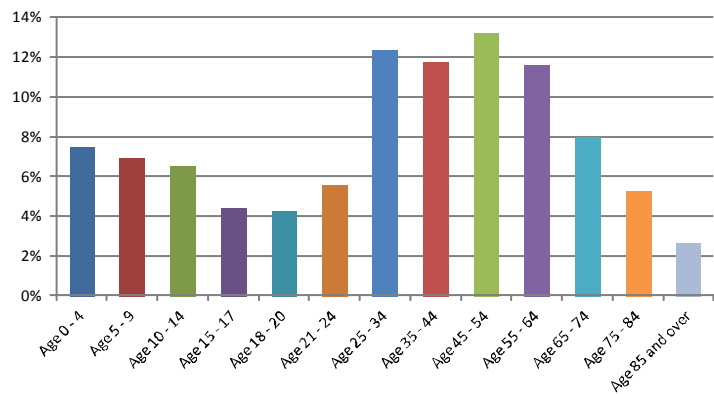
Educational Attainment



Occupational Classification, Employed Population Aged 16+



Age Classification



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LOCATION AND ACCESSIBILITY

Altus is located in Jackson County in southwestern Oklahoma. Conveniently located on the national highway system, Altus is accessed by three vital interstate highways, I-40, I-35 and I-44 allowing distribution to approximately 50% of the total U.S. population by same day or overnight services. Located 55 miles west of Lawton and 140 miles southwest of Oklahoma City, Altus provides small town living with city amenities within reach. The location and transportation infrastructure make Altus a regional retail hub for southwest Oklahoma and north central Texas.

DEVELOPMENT ASSETS AND CONCERNS

Altus serves as the retail source for Altus Air Force Base as well as for the nearby towns of Hobart, Granite, Mangum, Frederick, Gould, and Hollis, Oklahoma. Altus also pulls consumers from the communities of Wellington, Childress, and Quanah, Texas. Altus benefits from its location at the intersection US Highway 283 and SH 62. With average daily traffic counts of more than 14,000 vehicles per day travelling to and through Altus, the Altus area is a regional collection point for retail shopping opportunities. Altus Air Force Base and several world class companies including Bar-S Foods Company and Altus Athletic Manufacturing call Altus home. Altus is also home to Western Oklahoma State College and The Southwest Technology Center. Altus offers a reasonable cost of living, a sound education system and safe and secure living environment. Altus offers several incentives for businesses looking to re-locate or establish a new business in the community. An example of such incentives includes job training and development assistance and a five-year ad valorem exemption. Like many rural communities, Altus suffers from a declining population base as employment opportunities drive job seekers into more heavily populated areas. Despite the declining population, Altus has issued 207 residential construction permits in the past five years.

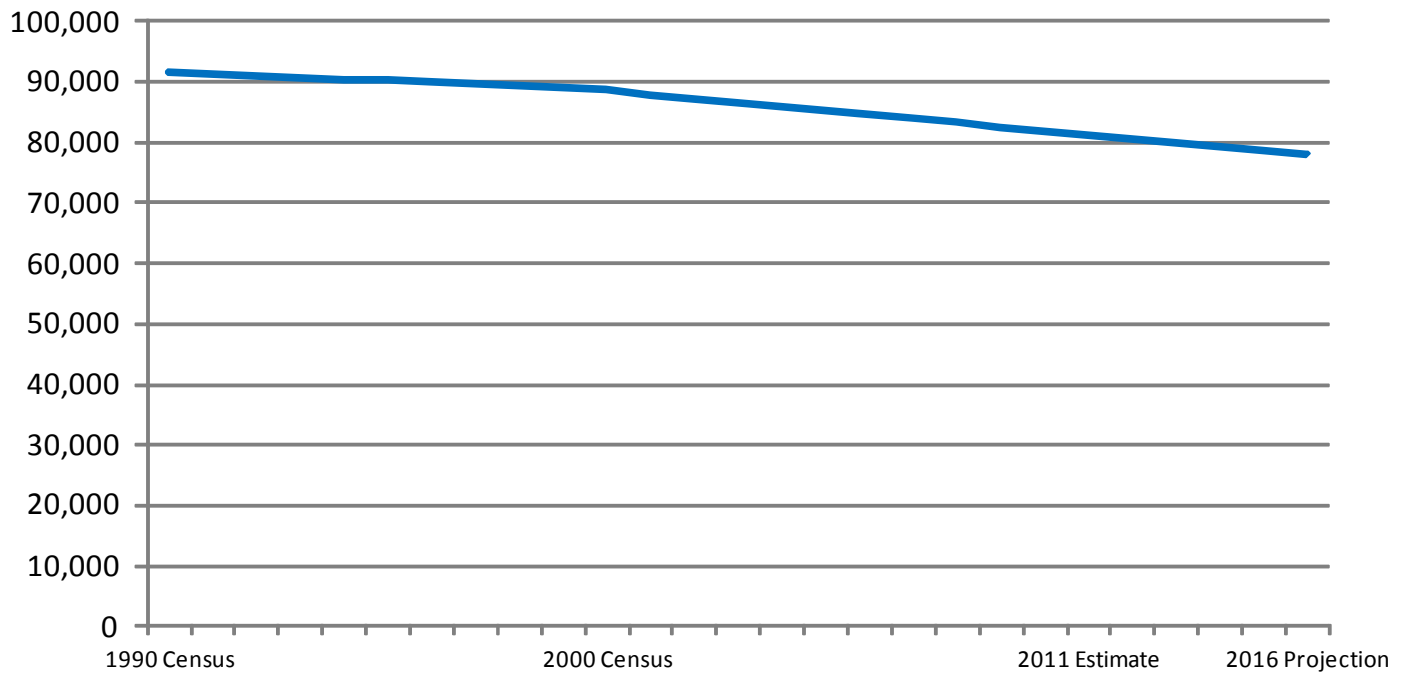
BUSINESS ENVIRONMENT

As we have stated, a major component of the Altus community is the Altus Air Force Base which has long been known as the base with the “Best Base/Community Relationship in the Air Force.” Altus Air Force Base supports about 2,000 permanent military personnel and 2,500 civilian personnel. Approximately 3,000 military personnel and their families live on base and a large number of military personnel and their families live off base. The trade area of Altus has a population of over 70,000, an average household income of nearly \$47,000, and substantial retail leakage in several categories.

POPULATION GROWTH

Population Growth / 2011 / Altus Primary Trade

Population Growth



As mentioned previously, growth in the trade area for Altus is declining, with a -8.38% decrease in population over the past decade to a 81,183 residents, with an additional -4.03% decrease to 77,914 projected by 2016. The Altus city limits population has declined -12.10% over the past decade and is projected to decrease another -6.03% by 2016.

| | Estimated 2011 Population | Growth 2000-11 | Estimated Growth 2011-16 |
|---------------|------------------------------|----------------|-----------------------------|
| CITY LIMITS | 18,851 | -12.10% | -6.03% |
| PRIMARY TRADE | 81,183 | -8.38% | -4.03% |

RETAIL ENVIRONMENT

The City of Altus has tremendous retail and restaurant opportunity because they, like many other communities across the nation, are fortunate to have a military base that empowers the local economy. Altus Air Force Base, according to an economic impact report, was estimated to have contributed \$519.7 million to the local and state economies in fiscal year 2010. This number is estimated to be around \$971.1 million in 2015 due to the expansion of projects at the base. Retail Attractions has the privilege of working in three communities where military bases are located. In all three, the presence of the base supercharges the local economy. We have found that premium retail and restaurant sales volumes occur in these markets. Because these markets are located in more rural areas, they may be overlooked when new markets and new sites are sought by national retailers. In addition to the economic impact of the base, the base population adds diversity to the local population. Diversity itself is a generator of retail opportunity as it broadens the base of desired goods and services in a location.

| RETAIL CATEGORY | ANNUAL LEAKAGE |
|----------------------------------------|----------------------|
| Supermarkets | \$61,336,003 |
| Home Centers | \$27,973,400 |
| Clothing and Clothing Accessories | \$22,586,293 |
| Limited Service Restaurants | \$19,159,703 |
| Full Service Restaurants | \$16,791,655 |
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| Office Supplies, Stationery, Gift | \$7,253,482 |
| Nursery and Garden Center | \$6,649,052 |
| Beer, Wine and Liquor Stores | \$3,304,678 |
| TOTAL RETAIL LEAKAGE | \$302,487,444 |

ACTION ITEMS

For Altus to maximize its retail potential moving forward there are several suggestions Retail Attractions would make. These suggestions include:

Engage the entire community to establish ownership, support, and participation from a broad cross-section of the stakeholders.

Develop a cooperative effort from local governing bodies including city, county, state, military, school and other community organizations.

Develop and enhance the depth and consistency of the pool of individuals for local leadership and develop a shared vision for leadership of the community.

Improve the image of the community in terms of aesthetics. Cleanup, beautify, and do whatever is feasible to present the best "look" for the city.

Develop short and long-range plans to deal with new growth and the maintenance of infrastructure systems including transportation, water, sanitary sewer, and storm sewer. This will allow the community to be able to accommodate potential development investments in an efficient and timely manner.

Develop and modernize IT infrastructure including an up to date city and ED website, staying active in social media, and providing adequate internet speeds to businesses and residents.

Develop modern, up-to-date, accurate and informative marketing material.

Develop a strategy for incentives and public-private partnerships that are effective and make sense for the community. Evaluate opportunities to pursue Tax Increment Financing (TIF) Districts and Tax Increment Reinvestment Zones.

Identify and pursue grant funding opportunities when available.

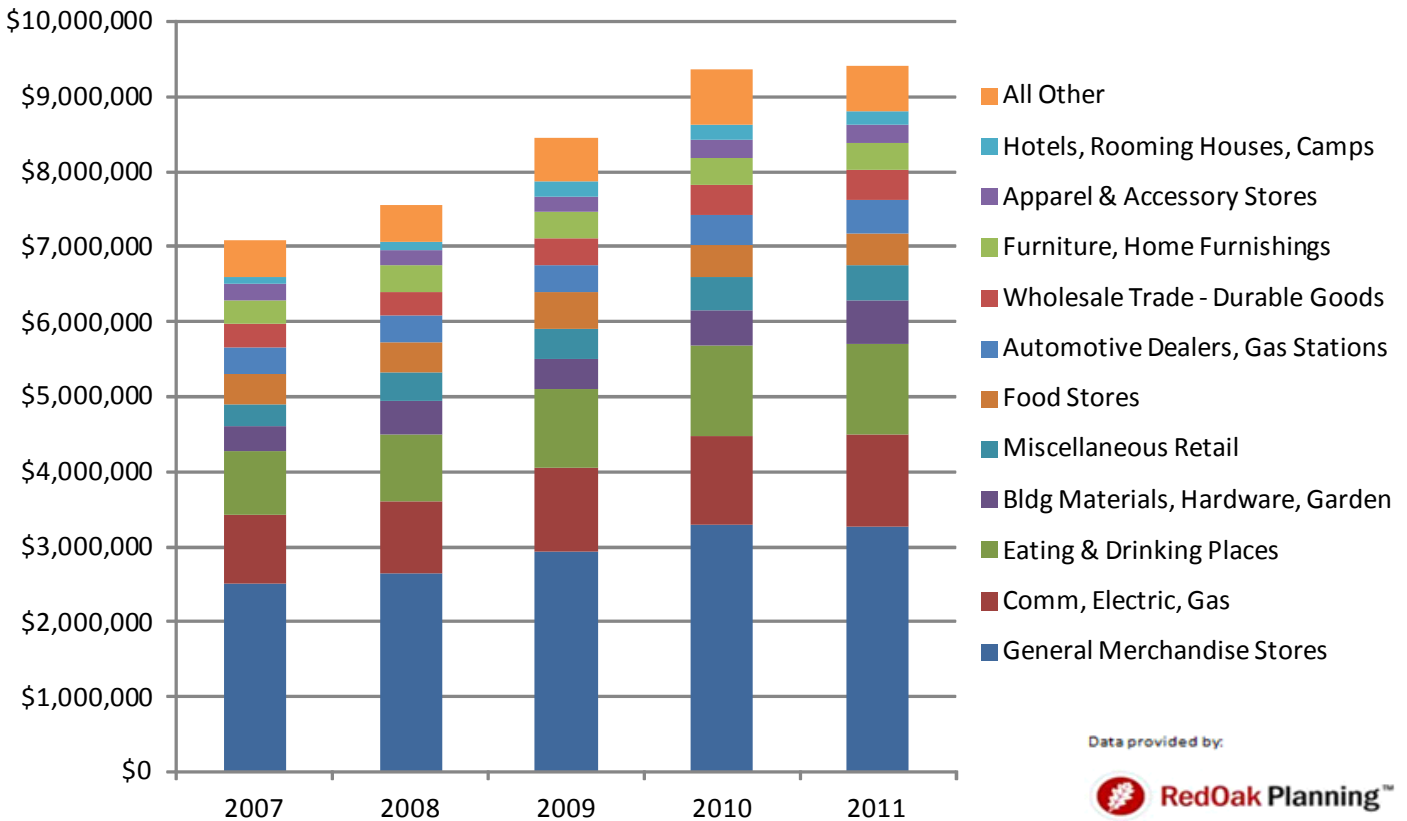
Assess city's development protocol with the goal of making the process as efficient as possible. Identify and train key personnel so that when opportunity knocks, the community responds immediately.

Hire a professional to market your community to national retailers.

SALES TAX INFORMATION

Sales Tax Collection / 2007-11 / Altus

Altus Sales Tax Collection by Category: 2007-11

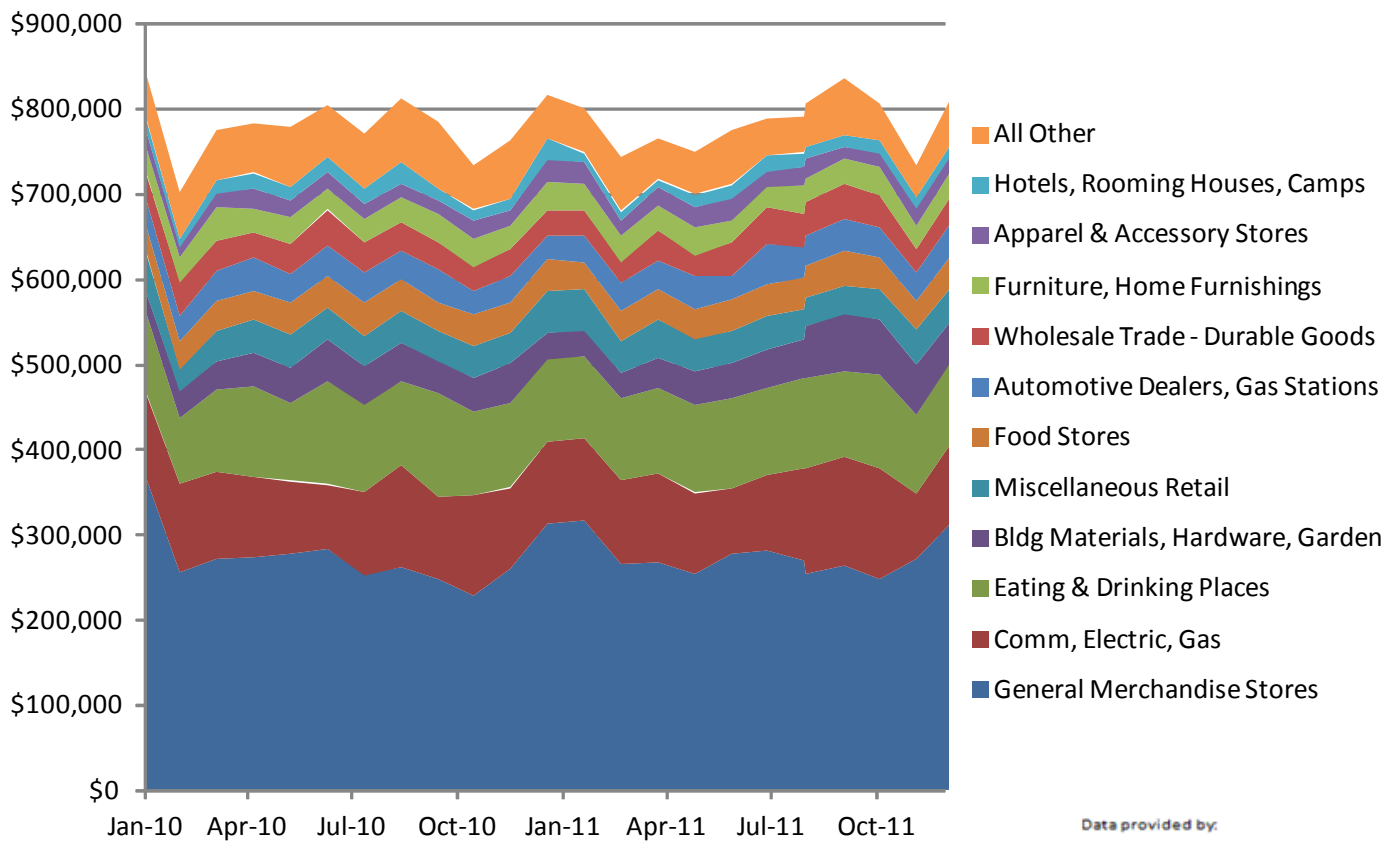


Sales tax revenue is an indicator of the health of the existing retailers and in turn the city government. As shown in the above chart, the sales tax revenue has shown a steady increase in retail sales in the community over the last six years indicating fiscal health.

SALES TAX INFORMATION

Monthly Sales Tax Collection by Category / 2010-11 / Altus

Altus Sales Tax Collection by Category: 2010-11



Data provided by:

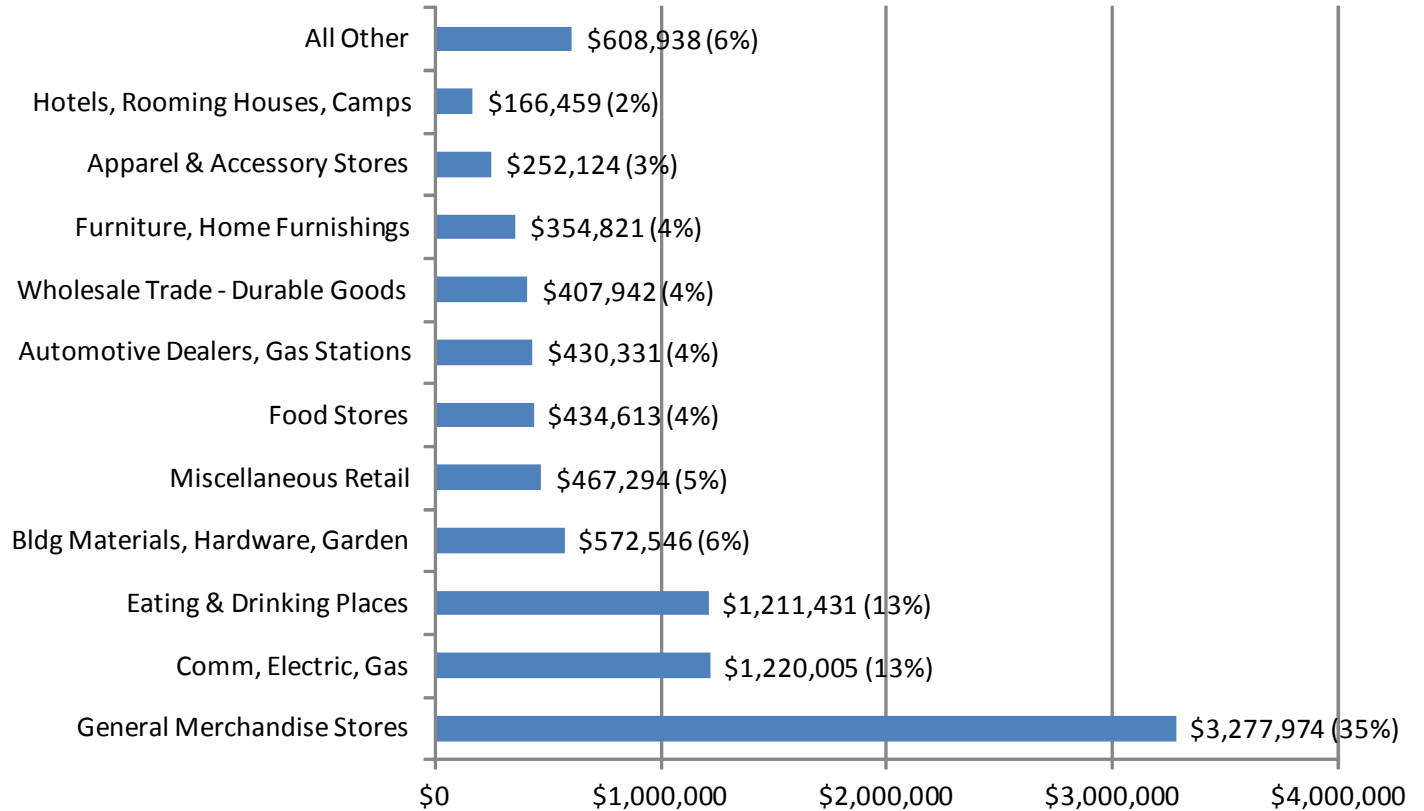


This graph show the monthly distribution of the total sales tax collected by retail category. This graph depicts the seasonal fluctuation of sales by category.

SALES TAX INFORMATION

Sales Tax Collection by Category / 2011 / Altus

Altus 2011 Sales Tax Collections: \$9.4mm



Data provided by:

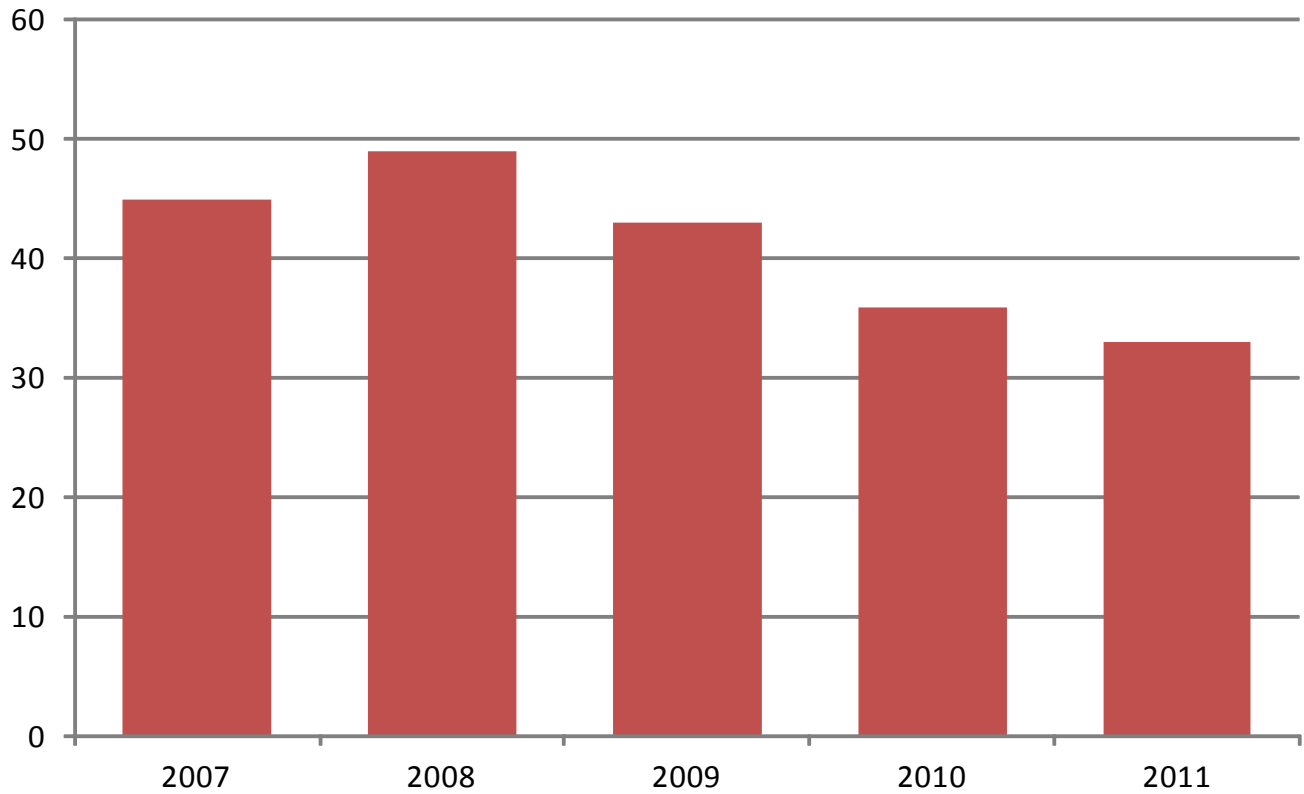


This graph shows the total 2011 sales tax collected by category. General merchandise stores account for the largest portion of sales with roughly 35% of the total.

BUILDING PERMIT INFORMATION

Building Permits / 2011 / Altus

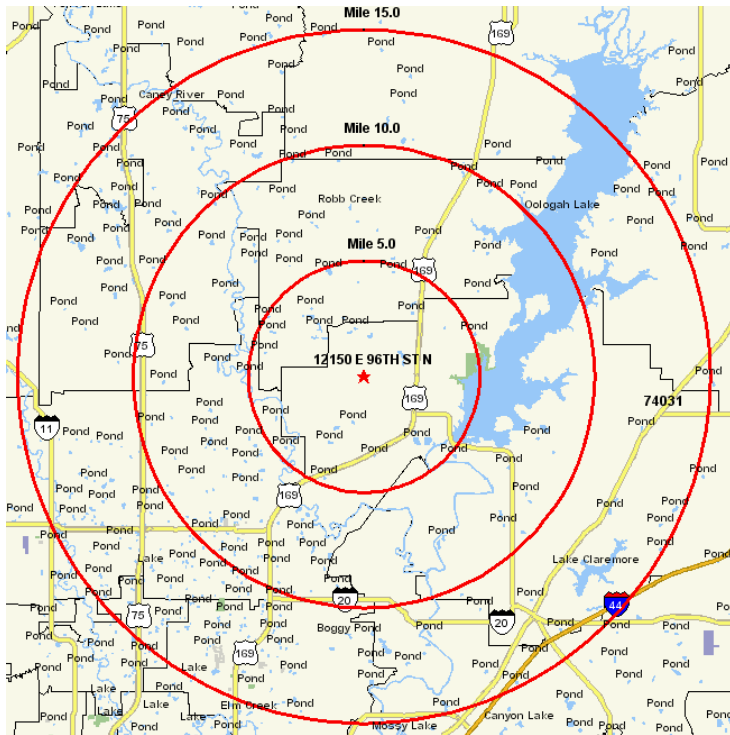
Residential Building Permits



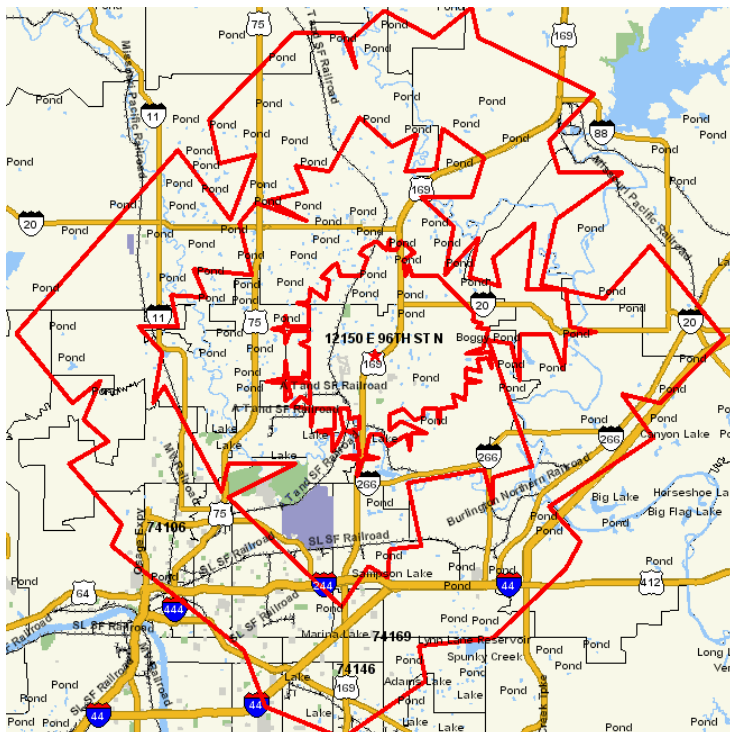
Building permits reflect the residential and commercial growth of a community. The data indicates strong residential growth which increases the customer base and the amount of disposable income available to new and existing retailers. To increase residential investment, the City may investigate ways to incentivise residential investment and market the community with an emphasis on growing home sales and new residential offerings.

WHY WE USE THE CUSTOM POLYGON METHOD

Of critical importance to any community market research project is accurately defining the trade area, the geographic area from which the majority of consumers are to be drawn. Estimating trade areas requires skilled judgment and experience. Simply using concentric rings or drive times is not an accurate method of determining trade area.



This map shows 5-, 10- and 15-mile concentric rings around the Retail Attractions office in Owasso, Oklahoma. A 15-mile ring is a conservative trade area, but because Owasso is located 10 miles from the Tulsa metro, this is not an accurate depiction of the trade area. Owasso cannot include the Tulsa metro as part of their trade area, but they can include the area 15-miles to their north. Concentric rings do not give an accurate depiction of trade area.



This map shows 5-, 10- and 15-minute drive times from the Retail Attractions office in Owasso, Oklahoma. Consumers will travel 15-minutes to shop or dine especially if they are used to commuting, but as with the radius map shown above a portion the Tulsa metro is included in the trade area. However, there is little retail to the north and west of Owasso, and a 25-minute drive time could be justified for these directions. Drive times do not give an accurate depiction of trade area.

WHY WE USE THE CUSTOM POLYGON METHOD (cont)

There are many factors that affect the trade area. Retail Attractions uses real world experience and research to analyze the factors affecting trade area and define an accurate primary trade area. The most accurate estimated trade areas take into account factors such as population densities, competitive locations, natural barriers, traffic flow, accessibility and convenience. Other less accurate methods are radii, drive-time, or county based trade area definitions.

The effect of competition is best defined by Reilly's Law of Retail Gravitation which is based on the premise that people want to shop in larger towns, but their desire declines in direct relation to the distance and time they must travel to reach those places. At Retail Attractions, our preliminary trade area is defined using Reilly's Law. We assess the population and offerings of the surrounding communities to get a starting point for the trade area. Reilly's Law defines the maximum distance consumers will travel to a market as:

$$\text{Distance consumers will travel to } Y = \frac{\text{Distance between } X \text{ and } Y}{1 + \sqrt{\frac{\text{Population of Larger Town } X}{\text{Population of Smaller Town } Y}}}$$

From there, the area is adjusted to account for natural barriers. For example, the nearest major shopping district could be 2 miles from a potential site, but if a river or body of water forces a consumer to drive 15 miles out of the way to access the nearest bridge, the trade area for that potential site has just grown exponentially. There is no way to account for natural barriers when using a trade area defined by a radius.

Traffic flow also plays a role in the trade area definition. For example, a community located to the east of a metropolitan area where there are affluent residential developments to the east, north or south will be able to head off consumers before they reach the metropolitan area. Likewise, sites located where people live or work will benefit from the consumer's natural traffic patterns.

Accessibility is another key to defining trade area. Communities situated along highways and interstates have a natural advantage of accessibility. Intersections of major thoroughfares are even more appealing to retailers. It is much easier to justify a 10 mile drive if they are highway miles with limited delays. Along with traffic flow and accessibility is convenience. Convenient retail is successful retail.

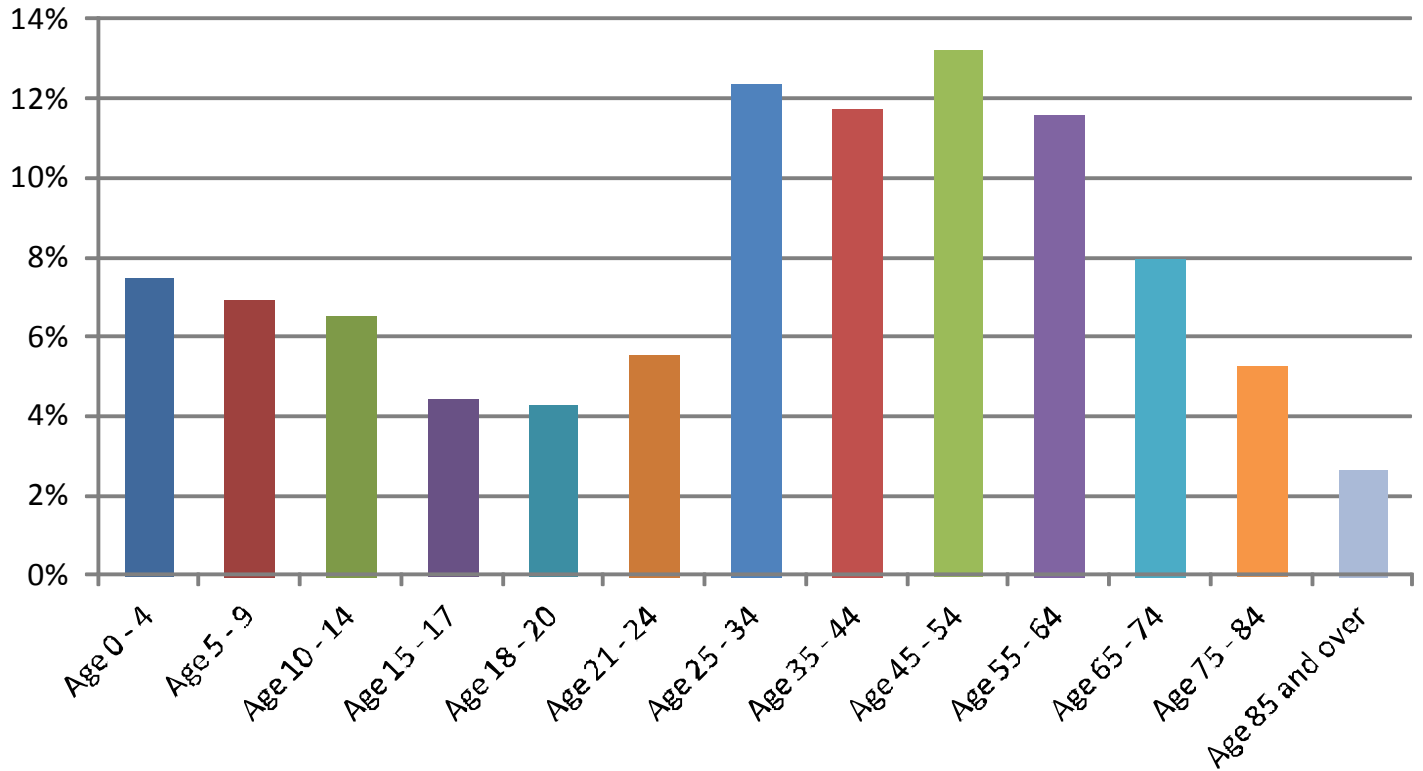
Once we have analyzed all of these factors, we adjust our preliminary trade area to account for our findings. The result is a custom polygon that represents a true consumer base. This methodology has been perfected through years of experience and diligent research. This approach provides a result far superior to concentric rings or drive times which are obsolete when considering natural barriers, competition and traffic flow. The results of our method are justifiable and proven to be effective marketing information.

Please keep in mind the trade area will vary for different types of retail; convenience locations will have a smaller trade area than destination locations. For example, the trade area for a grocery store will be tighter than the primary trade area, and the trade area for electronics or other specialty items will be wider than the primary area. If a specific retailer has shown interest in a location and the trade area is different due to the type of retail, custom demographics reports can be prepared to provide the pertinent information.

POPULATION BY AGE

Population by Race / 2011 / Altus Primary Trade

Age Classification

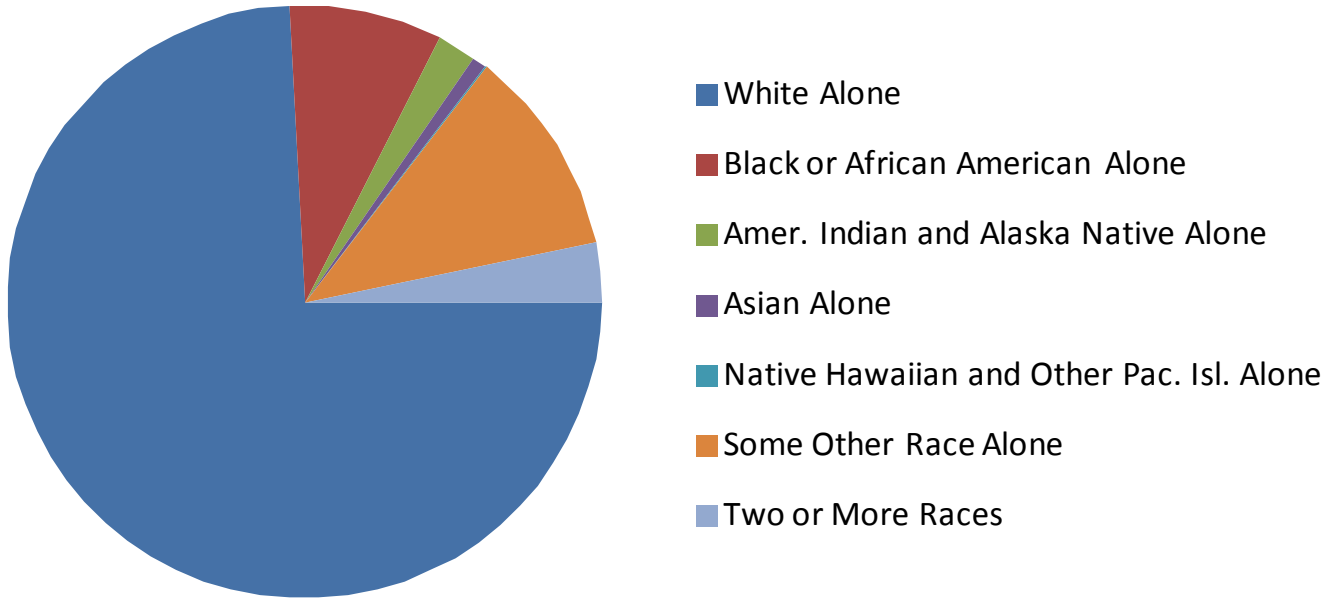


The average age in the primary trade is 38.40 years old. With heavy concentrations in the desirable age ranges of 25-34 and 35-44, Altus represents a marketplace with demographic data supporting most national retailer's target data.

POPULATION BY RACE

Population by Race / 2011 / Altus Primary Trade

Single Race Classification

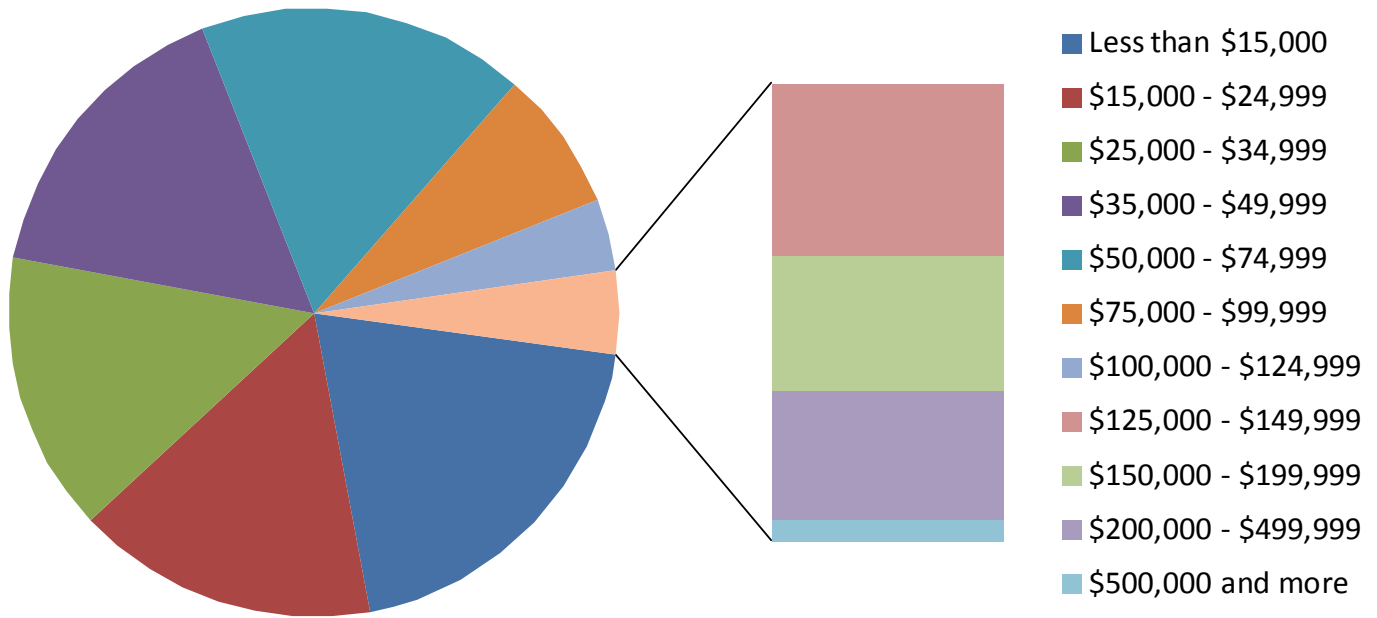


The population of the primary trade area of Altus has 74.17% White residents, 8.34% Black or African American residents, and 2.11% American Indian or Alaska Native residents, and 20.08% of the population is Hispanic or Latino by origin.

POPULATION BY INCOME

Population by Income / 2011 / Altus Primary Trade

Household Income 2011



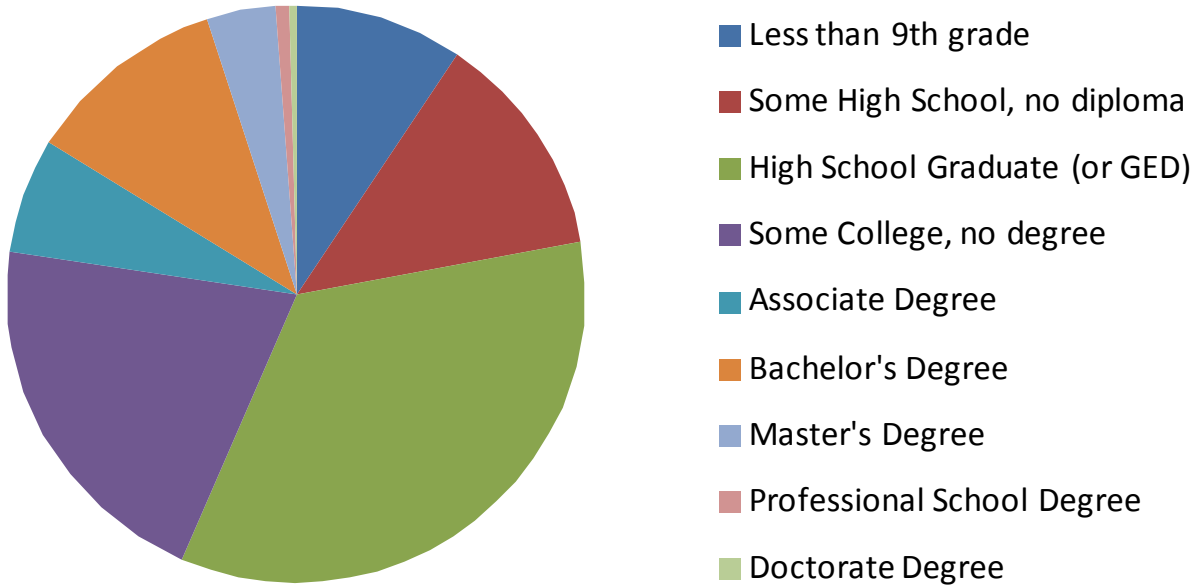
The average household income in the Altus primary trade is \$46,928.34. Of the households in the Altus primary trade, 33.11% have an average annual income at or above \$50,000, and 69.06% are family households.

| 2011 Household Income (Estimated) | |
|-----------------------------------|----------|
| PRIMARY TRADE | \$46,928 |
| CITY LIMITS | \$49,204 |

POPULATION BY EDUCATION

Population by Education / 2011 / Altus Primary Trade

Educational Attainment

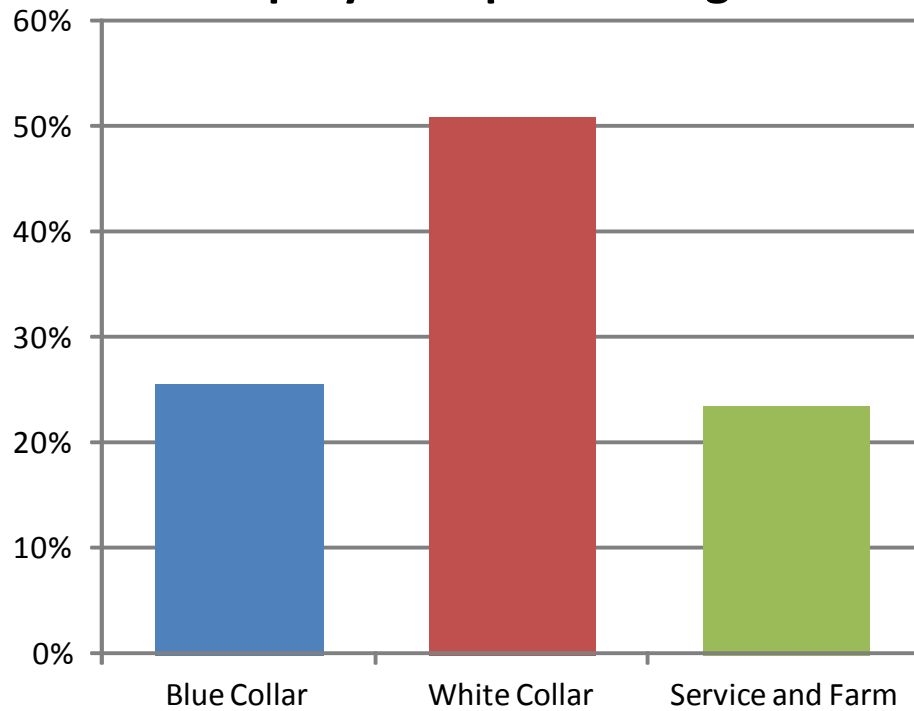


Of the population age 16 and over in the primary trade, 43.57% have some post-secondary education, and 22.65% have a college degree.

POPULATION BY OCCUPATION

Population by Occupation / 2011 / Altus Primary Trade

**Occupational Classification,
Employed Population Aged 16+**

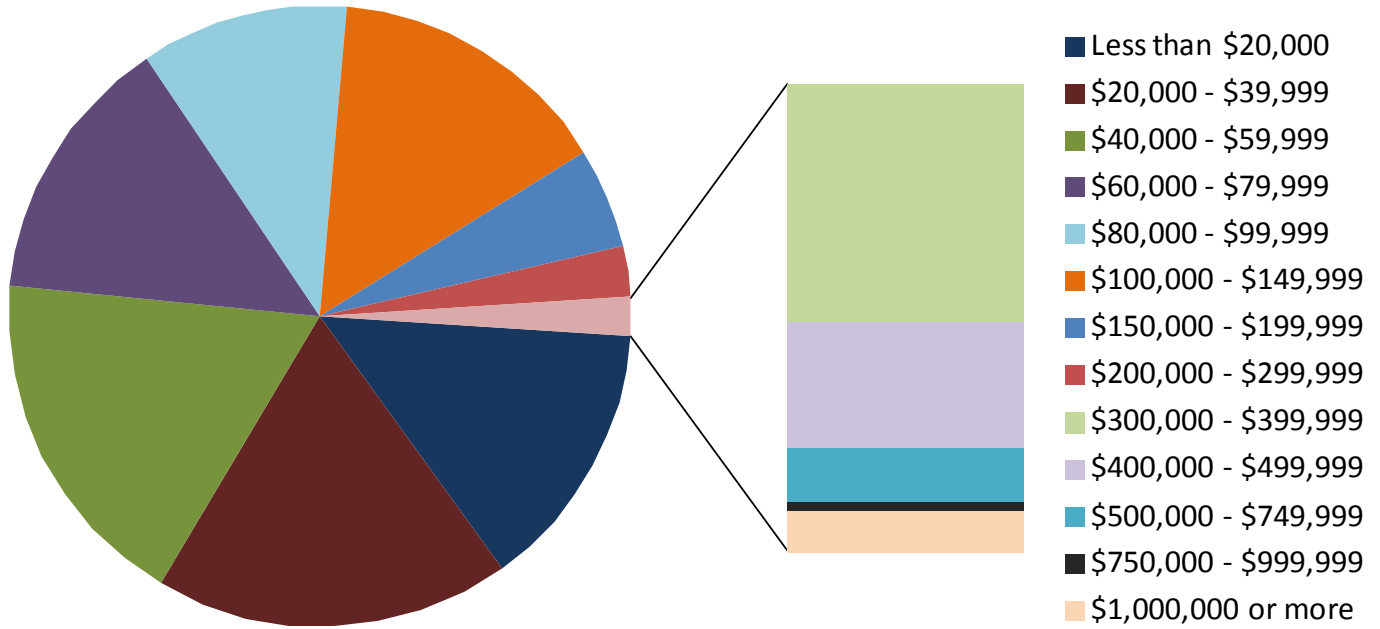


The majority of the population in the Altus primary trade, 50.91%, is engaged in white collar occupations, with 29.17% in management, business, financial or other professional positions and another 21.74% in sales or office positions. Of the the population in the Altus primary trade, 25.57% is engaged in blue collar occupations, and 23.51% is engaged in service and farm occupations.

HOUSING VALUE DISTRIBUTION

Housing Value Distribution / 2011 / Altus Primary Trade

Housing Value Distribution 2011

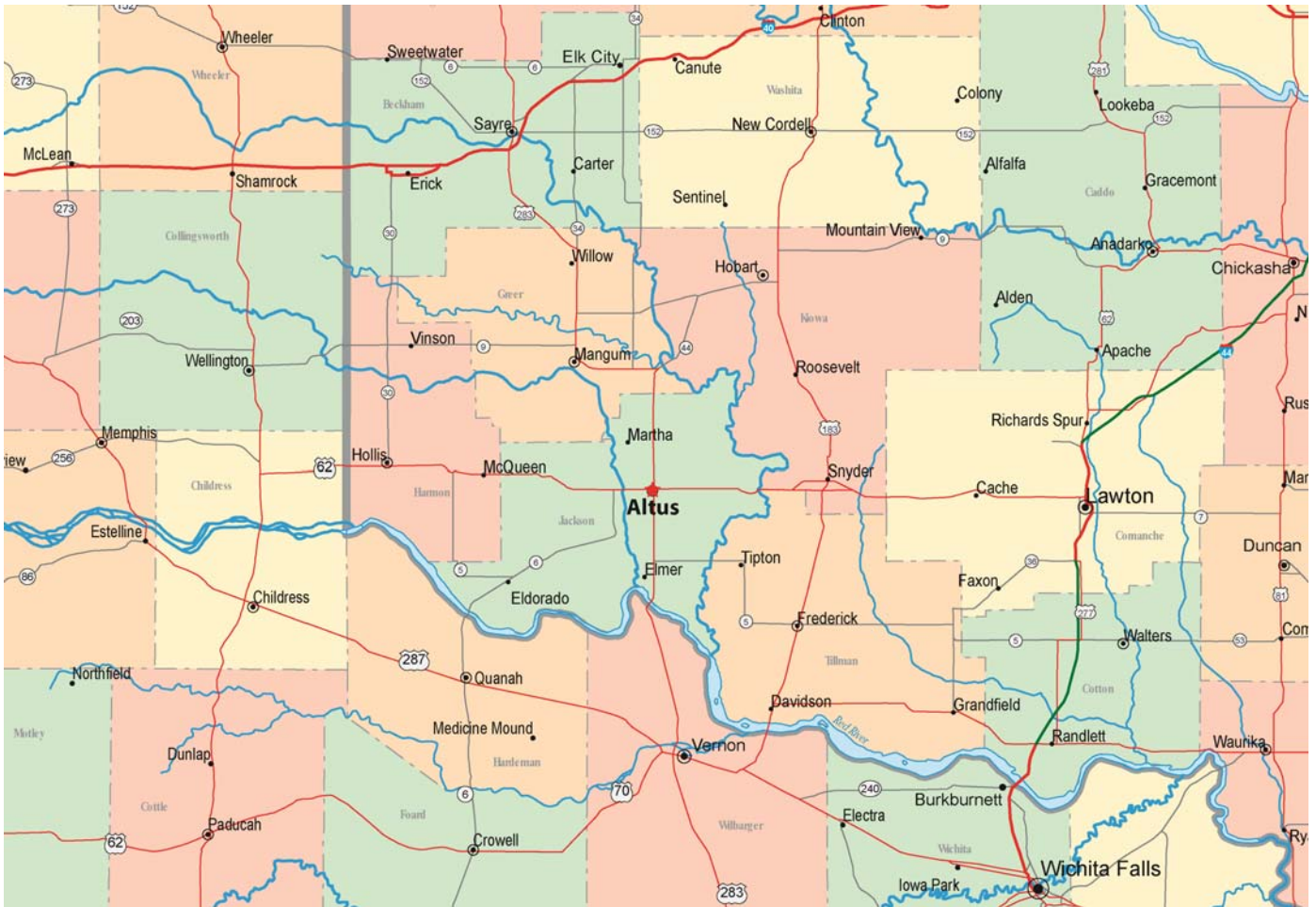


The median value of a home within the primary trade is \$59,375.00. Of these homes, 67.54% are owner occupied and 4.76% are less than 10 years old.

DEMOGRAPHIC PROFILE - CITY LIMITS

AREA MAP

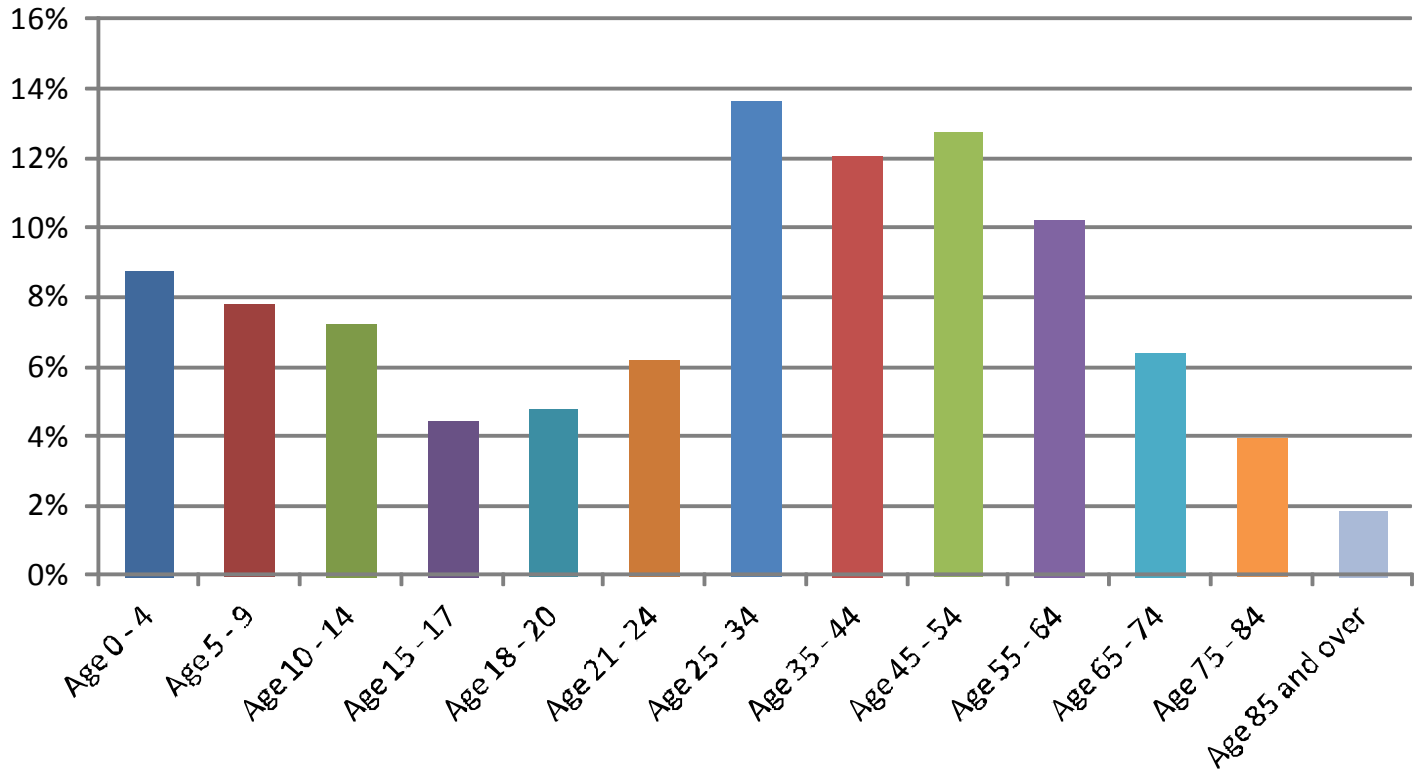
This map shows the highways that service the area and the surrounding communities. The city limits data gives a good representation of the centrally concentrated population in an area.



POPULATION BY AGE

Population by Race / 2011 / Altus City Limits

Age Classification

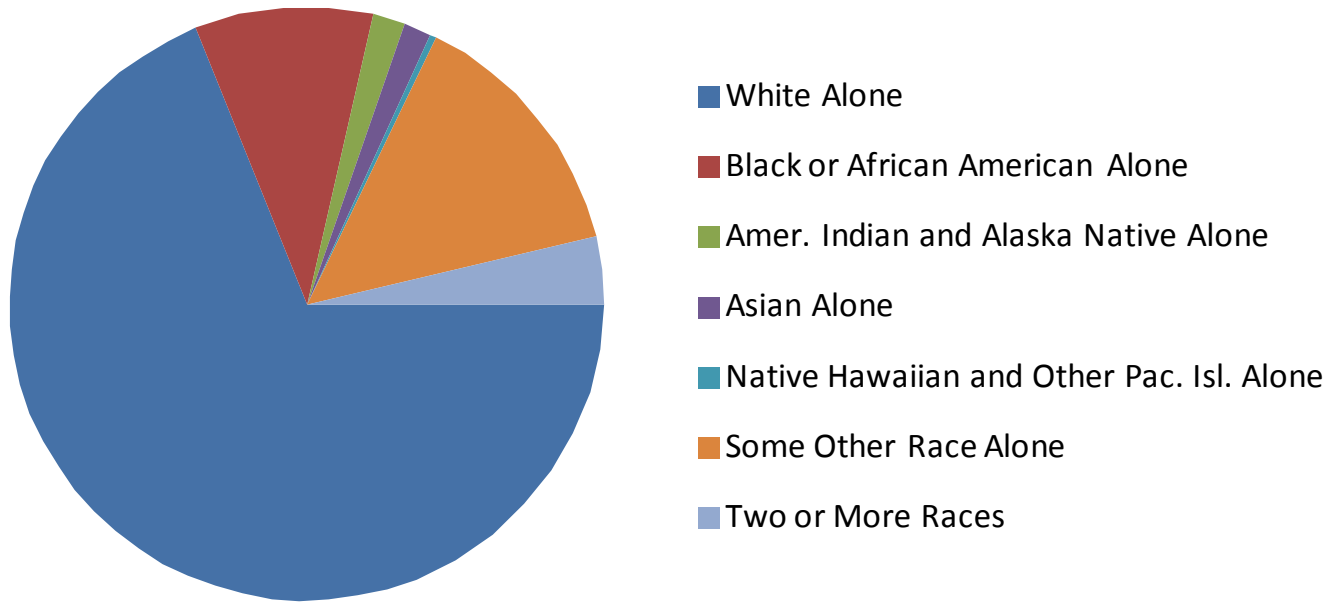


The average age in the city limits is 35.40 years old. With heavy concentrations in the desirable age ranges of 25-34 and 35-44, Altus represents a marketplace with demographic data supporting most national retailer's target data.

POPULATION BY RACE

Population by Race / 2011 / Altus City Limits

Single Race Classification

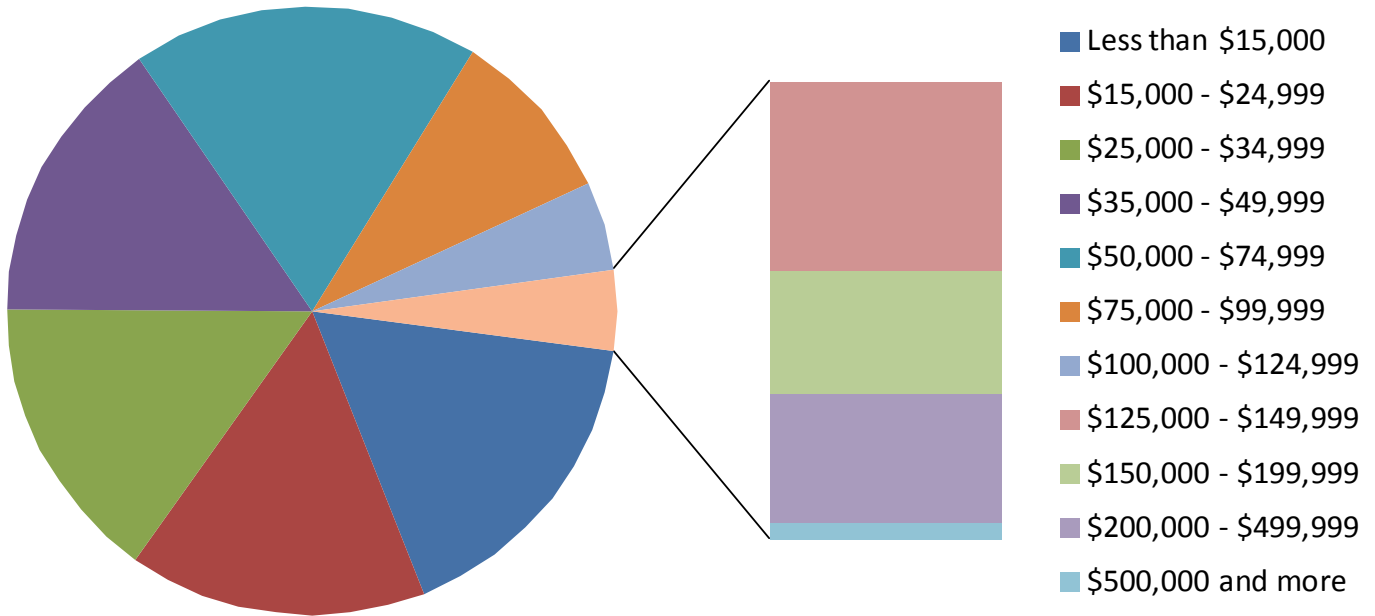


The population of the city limits area of Altus has 68.98% White residents, 9.62% Black or African American residents, and 1.84% American Indian or Alaska Native residents, and 24.19% of the population is Hispanic or Latino by origin.

POPULATION BY INCOME

Population by Income / 2011 / Altus City Limits

Household Income 2011



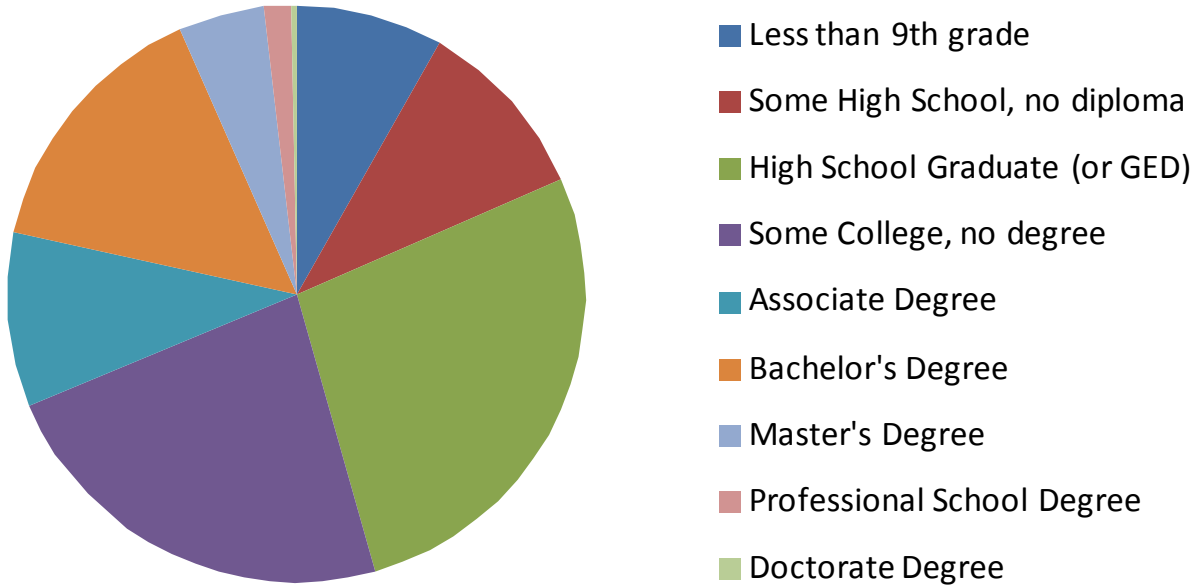
The average household income in the Altus city limits is \$49,204.08. Of the households in the Altus city limits, 36.68% have an average annual income at or above \$50,000, and 71.19% are family households.

| 2011 Household Income (Estimated) | |
|------------------------------------------|----------|
| PRIMARY TRADE | \$46,928 |
| CITY LIMITS | \$49,204 |

POPULATION BY EDUCATION

Population by Education / 2011 / Altus City Limits

Educational Attainment

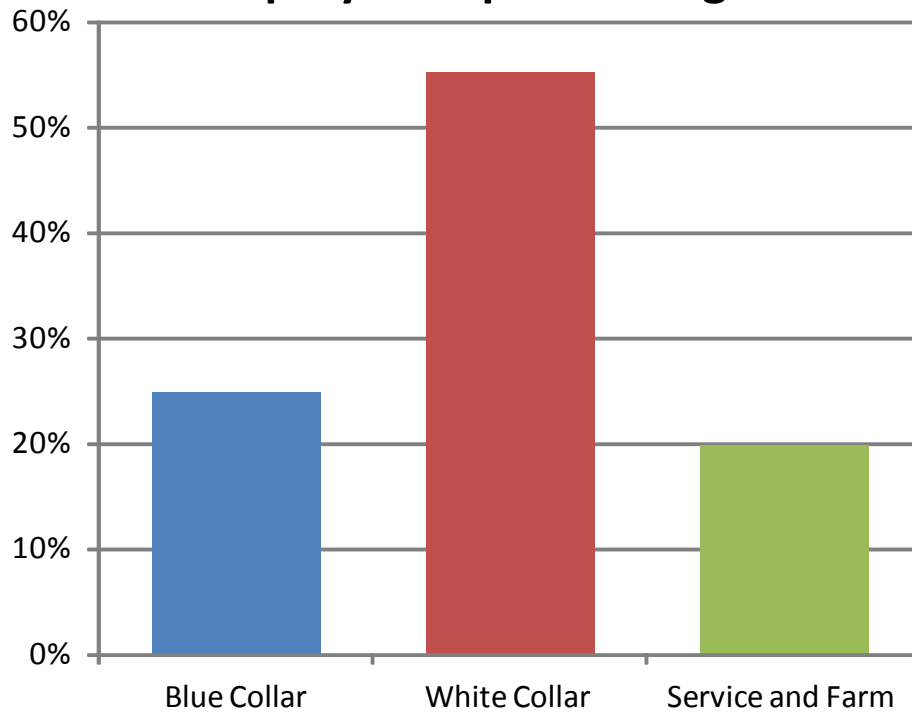


Of the population age 16 and over in the city limits, 54.39% have some post-secondary education, and 31.38% have a college degree.

POPULATION BY OCCUPATION

Population by Occupation / 2011 / Altus City Limits

**Occupational Classification,
Employed Population Aged 16+**

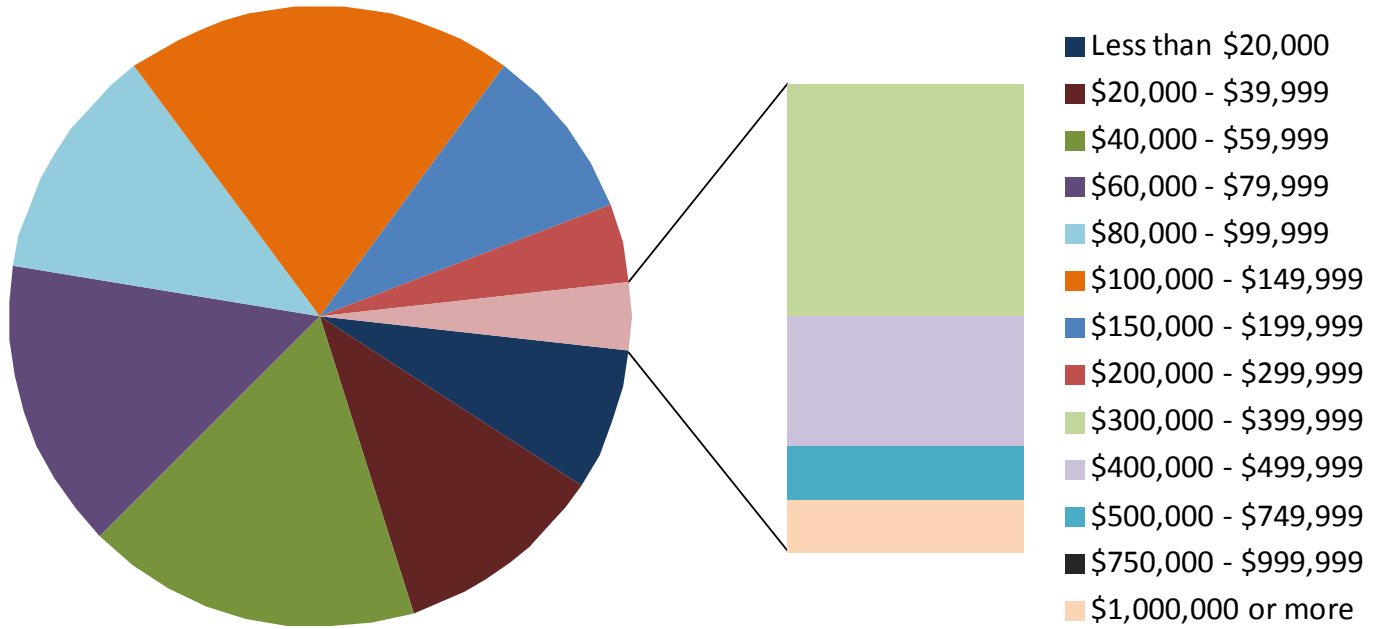


The majority of the population in the Altus city limits, 55.22%, is engaged in white collar occupations, with 30.37% in management, business, financial or other professional positions and another 24.85% in sales or office positions. Of the the population in the Altus city limits, 24.96% is engaged in blue collar occupations, and 19.82% is engaged in service and farm occupations.

HOUSING VALUE DISTRIBUTION

Housing Value Distribution / 2011 / Altus City Limits

Housing Value Distribution 2011



The median value of a home within the city limits is \$78,872.00. Of these homes, 54.75% are owner occupied and 6.36% are less than 10 years old.

NIELSEN CLARITAS RETAIL MARKET POWER

The Nielsen Claritas Retail Market Power™ (RMP) database provides an actionable portrait of sales opportunity for optimal site and market analysis, allowing you to maximize your growth strategies by accurately targeting the sales gaps that exist in the marketplace. By using sales potential to depict supply and geography-based estimates of potential annual consumer expenditures to depict demand within a specific market, RMP enables an opportunity gap analysis of the retail environment. The database was developed using the Consumer Expenditure (CEX) surveys conducted by the Bureau of Labor Statistics and the Census of Retail Trade conducted by the US Census. Current-year (CY) supply and demand estimates and five-year (5Y) demand projections are available for all standard census, postal, and marketing geographies.

Data Sources for Potential Sales:

- Census of Retail Trade (CRT) Annual Survey of Retail Trade
- Claritas Business-Facts
- Census of Employment Wages
- State Sales Tax reports
- Trade Associations
- Demand Side Estimates

Data Sources for Potential Expenditures:

- Consumer Expenditure Survey (CEX) Global Insights
- Claritas Current Year demographics
- Trade Associations

The Nielsen Claritas Retail Market Power™ (RMP) allows you to compare supply and demand to determine potential sources of revenue growth at any standard or user defined geographic level. Such comparison can be achieved at the retail outlet level or the merchandise line level. An opportunity gap appears when household expenditure levels for a specific geography are higher than the corresponding retail sales estimates. This difference signifies that resident households are meeting the available supply and supplementing their additional demand potential by going outside of their own geography. The opposite is true in the event of an opportunity surplus which occurs when the levels of household expenditures are lower than the retail sales estimates. In this case, local retailers are attracting residents from other areas to their stores.

RETAIL CATEGORIES

Vehicle and Parts Dealers

New and used automobile dealers, motorcycle dealers, recreational vehicle dealers, all terrain vehicle dealers, boat dealers, auto parts stores, auto accessories stores and tire dealers

Furniture and Home Furnishings Stores

Furniture stores, home furnishing stores, home decorating stores and floor covering stores

Electronics and Appliance Stores

Household appliance stores, electronics stores, computer and software stores and camera and photographic equipment stores

Building Materials and Garden Supply Stores

Building material and supply dealers, home improvement centers, paint and wallpaper stores, hardware stores, lumberyards, lawn and garden stores, outdoor power equipment stores, nursery and garden centers

Food and Beverage Stores

Grocery stores, supermarkets, convenience stores, specialty food stores and beer, wine and liquor stores

Health and Personal Care Stores

Pharmacies, drug stores, cosmetic dealers, beauty supply stores, perfume stores, optical goods stores, health care stores and personal care stores

Gasoline Stations

Gasoline stations and gasoline stations with convenience stores

Clothing and Clothing Accessories Stores

Men's clothing stores, women's clothing stores, children's and infant's clothing stores, family clothing stores, clothing accessories stores, shoe stores, jewelry stores, luggage stores, leather goods stores

Sporting Goods and Hobby Stores

Sporting goods stores, hobby stores, toy stores, sewing and needlework stores, musical instrument and supplies stores, book stores, newsstands, music stores

General Merchandise Stores

Department stores and other general merchandise stores

Miscellaneous Store Retailers

Florists, office supply stores, stationery stores, gift and souvenir stores, used merchandise stores and other miscellaneous retailers

Foodservice and Drinking Places

Full-service restaurants, limited-service eating places, special foodservices, taverns and bars

OPPORTUNITY GAP - PRIMARY TRADE

| RETAIL CATEGORY | POTENTIAL SALES | ACTUAL SALES | SURPLUS/LEAKAGE |
|------------------------------------|-----------------|---------------|-----------------|
| Motor Vehicle and Parts Dealers | \$166,266,363 | \$213,553,457 | (\$47,287,094) |
| Automotive Dealers | \$142,434,929 | \$196,503,792 | (\$54,068,863) |
| Other Motor Vehicle Dealers | \$11,309,239 | \$2,770,219 | \$8,539,020 |
| Automotive Parts and Accessories | \$12,522,195 | \$14,279,446 | (\$1,757,251) |
| Furniture and Home Furnishings | \$18,465,071 | \$8,871,244 | \$9,593,827 |
| Furniture | \$9,773,940 | \$6,119,275 | \$3,654,665 |
| Home Furnishings | \$8,691,132 | \$2,751,969 | \$5,939,163 |
| Electronics and Appliances | \$20,281,525 | \$6,984,629 | \$13,296,896 |
| Appliances, TVs, Electronics | \$15,054,935 | \$6,874,360 | \$8,180,575 |
| Household Appliances | \$3,604,729 | \$3,271,060 | \$333,669 |
| Radio, Television, Electronics | \$11,450,206 | \$3,603,301 | \$7,846,905 |
| Computer and Software | \$4,349,337 | \$110,269 | \$4,239,068 |
| Photographic Equipment | \$877,253 | \$0 | \$877,253 |
| Building Materials and Garden Eqpt | \$88,725,147 | \$63,900,838 | \$24,824,309 |
| Building Materials | \$79,994,599 | \$61,134,114 | \$18,860,485 |
| Home Centers | \$32,068,660 | \$4,095,260 | \$27,973,400 |
| Paint and Wallpaper | \$1,946,175 | \$2,072,542 | (\$126,367) |
| Hardware | \$8,138,937 | \$23,100,142 | (\$14,961,205) |
| Other Build Materials | \$37,840,826 | \$31,866,171 | \$5,974,655 |
| Lumberyards | \$15,053,966 | \$12,459,661 | \$2,594,305 |
| Lawn and Garden Supplies | \$8,730,548 | \$2,766,723 | \$5,963,825 |
| Outdoor Power Equipment | \$1,351,127 | \$2,036,355 | (\$685,228) |
| Nursery and Garden Centers | \$7,379,421 | \$730,369 | \$6,649,052 |
| Food and Beverage Stores | \$147,727,651 | \$95,798,908 | \$51,928,743 |
| Grocery Stores | \$134,421,165 | \$89,560,160 | \$44,861,005 |
| Supermarkets | \$127,497,964 | \$66,161,961 | \$61,336,003 |
| Convenience Stores | \$6,923,201 | \$23,398,199 | (\$16,474,998) |
| Specialty Food Stores | \$4,163,003 | \$399,941 | \$3,763,062 |
| Beer, Wine and Liquor Stores | \$9,143,484 | \$5,838,806 | \$3,304,678 |
| Health and Personal Care | \$69,784,735 | \$62,276,903 | \$7,507,832 |
| Pharmacies and Drug Stores | \$60,827,548 | \$59,605,430 | \$1,222,118 |
| Cosmetics and Beauty Supplies | \$2,557,533 | \$862,509 | \$1,695,024 |
| Optical Goods | \$1,877,507 | \$472,912 | \$1,404,595 |
| Other Health and Personal Care | \$4,522,146 | \$1,336,052 | \$3,186,094 |
| Gasoline Stations | \$110,103,488 | \$131,579,253 | (\$21,475,765) |
| Gasoline with Convenience Store | \$82,784,242 | \$106,041,076 | (\$23,256,834) |
| Other Gasoline Stations | \$27,319,245 | \$25,538,176 | \$1,781,069 |

OPPORTUNITY GAP - PRIMARY TRADE

| RETAIL CATEGORY (cont) | POTENTIAL SALES | ACTUAL SALES | SURPLUS/LEAKAGE |
|------------------------------------|-----------------|---------------|-----------------|
| Clothing and Clothing Accessories | \$44,007,082 | \$21,420,789 | \$22,586,293 |
| Clothing | \$31,632,533 | \$11,981,878 | \$19,650,655 |
| Men's Clothing | \$1,933,062 | \$197,352 | \$1,735,710 |
| Women's Clothing | \$7,731,320 | \$3,110,086 | \$4,621,234 |
| Children's Clothing | \$2,122,021 | \$327,411 | \$1,794,610 |
| Family Clothing | \$17,013,589 | \$7,189,459 | \$9,824,130 |
| Clothing Accessories | \$719,185 | \$0 | \$719,185 |
| Other Clothing | \$2,113,357 | \$1,157,570 | \$955,787 |
| Shoes | \$6,767,580 | \$5,483,313 | \$1,284,267 |
| Jewelry | \$5,100,226 | \$3,955,598 | \$1,144,628 |
| Luggage and Leather Goods | \$506,744 | \$0 | \$506,744 |
| | | | |
| Sporting Goods, Hobby, Book Music | \$17,988,307 | \$5,198,369 | \$12,789,938 |
| Sporting Goods | \$6,321,906 | \$2,962,764 | \$3,359,142 |
| Hobby, Toys, Games | \$4,415,890 | \$690,700 | \$3,725,190 |
| Sew, Needlework, Piece Goods | \$971,944 | \$0 | \$971,944 |
| Musical Instruments | \$1,151,425 | \$0 | \$1,151,425 |
| Book Stores | \$3,177,436 | \$1,001,419 | \$2,176,017 |
| News Dealers and Newsstand | \$228,085 | \$0 | \$228,085 |
| Prerecorded Tapes, CDs, Record | \$1,721,621 | \$543,486 | \$1,178,135 |
| | | | |
| General Merchandise | \$138,955,466 | \$170,221,746 | (\$31,266,280) |
| | | | |
| Miscellaneous Retailers | \$27,662,199 | \$11,796,141 | \$15,866,058 |
| Florists | \$1,866,519 | \$2,179,004 | (\$312,485) |
| Office Supplies, Stationery, Gifts | \$10,055,014 | \$2,801,532 | \$7,253,482 |
| Used Merchandise | \$2,027,987 | \$1,297,819 | \$730,168 |
| Other Miscellaneous | \$13,712,679 | \$5,517,786 | \$8,194,893 |
| | | | |
| Non-Store Retailers | \$77,898,176 | \$6,478,169 | \$71,420,007 |
| | | | |
| Food and Drink | \$105,938,800 | \$57,889,564 | \$48,049,236 |
| Full Service Restaurants | \$47,495,279 | \$30,703,624 | \$16,791,655 |
| Limited Service Restaurants | \$44,580,794 | \$25,421,091 | \$19,159,703 |
| Special Food | \$8,748,805 | \$337,027 | \$8,411,778 |
| Drinking Places | \$5,113,922 | \$1,427,822 | \$3,686,100 |
| | | | |
| TOTAL LEAKAGE | | | \$302,487,444 |
| TOTAL SURPLUS | | | (\$124,653,444) |
| | | | |
| BALANCE | | | \$177,834,000 |

OPPORTUNITY GAP - CITY LIMITS

| RETAIL CATEGORY | POTENTIAL SALES | ACTUAL SALES | SURPLUS/LEAKAGE |
|------------------------------------|-----------------|---------------|-----------------|
| Motor Vehicle and Parts Dealers | \$39,344,676 | \$130,739,036 | (\$91,394,360) |
| Automotive Dealers | \$33,630,987 | \$121,223,603 | (\$87,592,616) |
| Other Motor Vehicle Dealers | \$2,891,937 | \$1,993,787 | \$898,150 |
| Automotive Parts and Accessories | \$2,821,752 | \$7,521,646 | (\$4,699,894) |
| Furniture and Home Furnishings | \$4,247,856 | \$4,549,230 | (\$301,374) |
| Furniture | \$2,261,053 | \$3,230,314 | (\$969,261) |
| Home Furnishings | \$1,986,803 | \$1,318,916 | \$667,887 |
| Electronics and Appliances | \$4,872,765 | \$2,585,587 | \$2,287,178 |
| Appliances, TVs, Electronics | \$3,612,919 | \$2,585,587 | \$1,027,332 |
| Household Appliances | \$824,691 | \$1,168,504 | (\$343,813) |
| Radio, Television, Electronics | \$2,788,228 | \$1,417,083 | \$1,371,145 |
| Computer and Software | \$1,043,806 | \$0 | \$1,043,806 |
| Photographic Equipment | \$216,040 | \$0 | \$216,040 |
| Building Materials and Garden Eqpt | \$19,639,357 | \$17,317,800 | \$2,321,557 |
| Building Materials | \$17,690,120 | \$17,257,614 | \$432,506 |
| Home Centers | \$7,152,320 | \$1,693,244 | \$5,459,076 |
| Paint and Wallpaper | \$425,682 | \$626,419 | (\$200,737) |
| Hardware | \$1,852,375 | \$5,140,181 | (\$3,287,806) |
| Other Build Materials | \$8,259,743 | \$9,797,770 | (\$1,538,027) |
| Lumberyards | \$3,359,458 | \$3,830,925 | (\$471,467) |
| Lawn and Garden Supplies | \$1,949,237 | \$60,186 | \$1,889,051 |
| Outdoor Power Equipment | \$337,218 | \$60,186 | \$277,032 |
| Nursery and Garden Centers | \$1,612,019 | \$0 | \$1,612,019 |
| Food and Beverage Stores | \$33,863,092 | \$11,614,749 | \$22,248,343 |
| Grocery Stores | \$30,701,365 | \$10,779,173 | \$19,922,192 |
| Supermarkets | \$29,128,232 | \$7,339,681 | \$21,788,551 |
| Convenience Stores | \$1,573,133 | \$3,439,492 | (\$1,866,359) |
| Specialty Food Stores | \$955,903 | \$0 | \$955,903 |
| Beer, Wine and Liquor Stores | \$2,205,824 | \$835,576 | \$1,370,248 |
| Health and Personal Care | \$15,145,049 | \$19,445,917 | (\$4,300,868) |
| Pharmacies and Drug Stores | \$13,166,492 | \$17,311,151 | (\$4,144,659) |
| Cosmetics and Beauty Supplies | \$549,733 | \$469,382 | \$80,351 |
| Optical Goods | \$449,050 | \$329,332 | \$119,718 |
| Other Health and Personal Care | \$979,774 | \$1,336,052 | (\$356,278) |
| Gasoline Stations | \$24,514,516 | \$49,701,897 | (\$25,187,381) |
| Gasoline with Convenience Store | \$18,448,584 | \$44,829,482 | (\$26,380,898) |
| Other Gasoline Stations | \$6,065,932 | \$4,872,415 | \$1,193,517 |

OPPORTUNITY GAP - CITY LIMITS

| RETAIL CATEGORY (cont) | POTENTIAL SALES | ACTUAL SALES | SURPLUS/LEAKAGE |
|------------------------------------|-----------------|---------------|-----------------|
| Clothing and Clothing Accessories | \$11,027,276 | \$15,013,231 | (\$3,985,955) |
| Clothing | \$7,996,556 | \$10,040,994 | (\$2,044,438) |
| Men's Clothing | \$473,980 | \$137,021 | \$336,959 |
| Women's Clothing | \$1,982,233 | \$2,553,013 | (\$570,780) |
| Children's Clothing | \$540,875 | \$322,873 | \$218,002 |
| Family Clothing | \$4,286,555 | \$6,879,638 | (\$2,593,083) |
| Clothing Accessories | \$182,362 | \$0 | \$182,362 |
| Other Clothing | \$530,551 | \$148,449 | \$382,102 |
| Shoes | \$1,708,188 | \$2,212,081 | (\$503,893) |
| Jewelry | \$1,201,833 | \$2,760,156 | (\$1,558,323) |
| Luggage and Leather Goods | \$120,699 | \$0 | \$120,699 |
| Sporting Goods, Hobby, Book Music | \$4,509,959 | \$3,484,087 | \$1,025,872 |
| Sporting Goods | \$1,622,732 | \$1,610,501 | \$12,231 |
| Hobby, Toys, Games | \$1,084,458 | \$331,817 | \$752,641 |
| Sew, Needlework, Piece Goods | \$203,437 | \$0 | \$203,437 |
| Musical Instruments | \$291,440 | \$0 | \$291,440 |
| Book Stores | \$822,009 | \$998,283 | (\$176,274) |
| News Dealers and Newsstand | \$52,679 | \$0 | \$52,679 |
| Prerecorded Tapes, CDs, Record | \$433,204 | \$543,486 | (\$110,282) |
| General Merchandise | \$32,674,955 | \$105,092,133 | (\$72,417,178) |
| Miscellaneous Retailers | \$6,174,383 | \$5,450,436 | \$723,947 |
| Florists | \$413,647 | \$486,600 | (\$72,953) |
| Office Supplies, Stationery, Gifts | \$2,330,843 | \$2,172,806 | \$158,037 |
| Used Merchandise | \$504,289 | \$254,238 | \$250,051 |
| Other Miscellaneous | \$2,925,604 | \$2,536,792 | \$388,812 |
| Non-Store Retailers | \$18,013,803 | \$830,224 | \$17,183,579 |
| Food and Drink | \$24,315,471 | \$26,450,670 | (\$2,135,199) |
| Full Service Restaurants | \$10,919,266 | \$13,108,513 | (\$2,189,247) |
| Limited Service Restaurants | \$10,200,083 | \$12,838,265 | (\$2,638,182) |
| Special Food | \$2,002,821 | \$108,301 | \$1,894,520 |
| Drinking Places | \$1,193,301 | \$395,591 | \$797,710 |
| TOTAL LEAKAGE | | | \$55,926,025 |
| TOTAL SURPLUS | | | (\$209,857,864) |
| BALANCE | | | (\$153,931,839) |

ABOUT US

Retail Attractions is an economic development consulting firm specializing in market research, incentive packages and retail recruiting. Our firm believes healthy economic development is a process. Retail Attractions partners with our clients in a coordinated and strategic course of action resulting in extraordinary results. Retail Attractions believes smart, successful retail development is a vital part of a community's economic development program. We leverage our national network of relationships and our proven expertise to bring retailers, developers, landowners and communities together to grow new retail business... one relationship at a time. We partner with our client cities to achieve their community goals through retail development. Far beyond concentric rings, drive times or just another bound report, we develop actionable information and make sure the right people have access to it. In short, we make a difference for your community.

The truth is that anyone or any competent firm can pull demographics for a location based on a radius or a drive time. What make us different is our custom approach to developing a community's trade area. We evaluate the existing retail options nearby, physical barriers to traffic, natural existing shopping patterns, and the potential draw of new shopping opportunities to develop a custom trade area for each community we serve. Your trade area is prepared by seasoned retail recruitment professionals based on criteria we know is important to the audience who will be receiving the finished marketing materials. We integrate demographic data with data we develop from other sources to create a complete picture of a community... one that will resonate with developers, brokers and retailers. We work with a community to prepare materials and get them in the hands of interested parties rather than merely deliver data that then the community has to send out on its own. We also recognize that "one size DOESN'T fit all" when it comes to trade areas. Some sites may be perfect for a grocery store, with a more localized trade area, while others may support a more regional draw. If your community has unique opportunities that require more than one trade area, we deliver what you need rather than forcing your community into our "standard offering."

Retail Attractions sends our custom marketing material, developed for each city based on the unique characteristics and demographic indicators for that city, to our network of developers, brokers and retailers. In addition, we contact retailers through our accurate, proprietary database to make sure they are aware of opportunities in your city that match their specs.

We have an extensive knowledge of various types of incentives, and their practical application, and the experience to work with city staff to develop a framework for evaluating opportunities and providing incentives. Beyond merely a list of incentive possibilities, Retail Attractions serves as an ongoing advisor to city staff, helping to craft incentives that make sense for the city, meet developer's needs and truly encourage new business development.

Retail Attractions understands municipal government and the interplay of political, financial, and regulatory environments. We also understand how development works and what site selectors, developers and retail tenants need to see, hear, and feel from a potential location to move forward. Retail Attractions features a team of research and marketing professionals who assist retail recruiters in developing the necessary data and marketing materials to prove the case for investment in your community. Since beginning Retail Attractions, we have helped our client cities launch nearly two million square feet of additional retail and reap the associated benefits of additional city revenues, plus new goods and services for citizens, and increasing the quality of life in the community.

OUR STAFF

RICKEY HAYES, PRINCIPAL

During his six years as Economic Development Director for the City of Owasso, Rickey Hayes facilitated new commercial construction totaling more than 4.2 million square feet with more than a quarter of a billion dollars in total value, resulting in a city sales tax base more than double what it had been. Since beginning Retail Attractions, Rickey has helped cities launch nearly two million square feet of additional retail space and reap the associated benefits in additional revenues, goods and services for their citizens. Rickey has developed an extensive personal network of relationships in the areas of government, retail, land development, real estate and site selection, leasing and tenancing, engineering, creative financing for development projects, and architecture and planning. Rickey holds a Bachelors Degree in Criminal Justice and a Masters Degree in Counseling from Great Plains Baptist College. Rickey is a member of International Council of Shopping Centers (ICSC). Rickey and his wife, Wendy, have four children, and one grandchild.

KATE THORP, REGIONAL DIRECTOR

Kate brings with her almost a decade of real estate expertise to the Retail Attractions family. She has handled numerous, multi-million dollar industrial, retail, and development transactions, representing both Buyers/Tenants and Sellers/Landlords. Her strong negotiation skills, dedication to providing excellent customer service, and determination to seek the best economic outcome for her clients has resulted in strong relationships with both local and national retailers and developers. Kate and Mr. Hayes work together with our city, retail, and development clients in research, and retail recruitment. Kate attended the University of Arkansas, is a trustee on the board of the Carver Foundation, and is a member of the International Council of Shopping Centers (ICSC). Kate lives in Owasso, Oklahoma with her two daughters.

BETH NICHOLS, PROJECT MANAGEMENT

Beth has a Bachelor of Science in Electrical Engineering from Purdue University. She has been with Retail Attractions since inception and manages marketing and recruitment projects at Retail Attractions. Beth is a member of the International Council of Shopping Centers(ICSC). Beth lives with her husband and two children in Skiatook, Oklahoma.

ROBERT NICHOLS, INFORMATION TECHNOLOGY

Rob has a Bachelor of Science in Electrical Engineering from Oklahoma State University. He has been with Retail Attractions since inception and manages the website, data storage and access for Retail Attractions. Rob lives with his wife and two children in Skiatook, Oklahoma.

OUR METHODOLOGY

Our Approach

Just as every city has distinctive characteristics, every consulting project is unique. Retail Attractions employs proven strategies to achieve economic development and growth in your community. We offer three tiers of contract service in addition to project-based and short-term engagements, allowing us to tailor our services to each client community's individual needs. Unlike "cookie-cutter" approaches to retail development that return little more than a bound document, partnering with Retail Attractions means you gain an experienced, dedicated staff who will work diligently on your behalf to grow your city. In addition to our tiered services under contract, additional services such as municipal web site development (for the city overall or specifically for economic development), experienced city and economic development PR efforts, and public meetings/input process management are available as well. These types of services may either be included in the contract for an additional cost or may be utilized on a project / as-needed basis by a client city for an additional estimated cost.

Market Assessment

Retail Attractions uses data from a variety of sources to accurately portray the trade area, retail potential and opportunities within a market. Sources used in this report include Nielsen-Claritas, the City, US Census Bureau, US Economic Survey and US Bureau of Labor information. Retail Attractions combines physical observation, data-driven research and information, retail site selection methodologies and competitive analysis with personal experience and a reputation for finding the right sites for the right retail to create our market assessment reports.

Retail Recruitment

Our relationships with our clients do not end when we deliver our market assessment report. We promote and actively recruit for our clients throughout the term of their contracts through mail, email, web, phone and personal contacts in our comprehensive nationwide contact database. Our diligent pursuit of development for your community assures your community will be on the radar of appropriate national retailers.

The Benefits

Employing Retail Attractions to fulfill the city's need for an economic development professional allows the city to conserve resources that would otherwise be spent for no direct gain including insurance, employment taxes and other benefits. The city can reap the benefit of utilizing an experienced, successful economic development professional without incurring the expense of a full-time exempt employee. Retail Attractions is intimately familiar with development dynamics and can bring our experience, network and concentrated approach to bear immediately on behalf of the city. No valuable time is lost through a "learning the process" or "learning the area" acclimation period. Commercial development often feels painfully slow when observing the process from the outside. From initial interest in a site to doors open for business is often an 18- to 24-month process. Retail Attractions will be with you every step of the way to help your community reach its maximum retail potential.

OUR DATA

The Claritas Demographic Estimation Program traces its history to the industry's earliest years, and is completing its third decade in the hands of the industry's most experienced demographers. The demographers now with the Claritas team did the industry's groundbreaking work in small area estimation, and continue to make contributions to the profession of applied demography.

Pop-Facts is a shorthand term for the massive set of demographic estimates and projections produced each year by Claritas. Estimates are data prepared for current year, and projections (sometimes called forecasts) are prepared for dates five years in the future.

Pop-Facts is produced each year for many geographic levels including national, state, county, place (city/town), MCD, census tract, and block group. Data are also available for commonly used areas such as metropolitan areas, ZIP Codes, and media areas such as DMAs. Because they are produced for small areas, Pop-Facts can be easily aggregated to custom geographic areas specified by the user.

Pop-Facts starts with the estimation and projection of "base counts," such as total population, household population, group quarters population, households, family households, and housing units. Characteristics related to these base counts are then estimated. Population characteristics include age, sex, race, and Hispanic ethnicity; households are estimated by age of householder and income; family households are estimated by income; and owner-occupied housing units are estimated by value.

Pop-Facts are prepared first for large geographic areas, then for progressively smaller areas, with adjustments ensuring consistency from one level to the next. In order to take full advantage of methodological refinements and new data resources, each set of updates begins not with the previous year's estimates, but with data from the most recent decennial census. For this reason, the difference between estimates for consecutive years is not an estimate of change from one year to the next. Change is estimated with reference to the previous census numbers. The target estimation and projection date is January 1 of the relevant year.

ACKNOWLEDGEMENTS AND DISCLAIMER

ACKNOWLEDGEMENTS

Nielsen is the premier provider of customer targeting and small business marketing analysis resources, offering the most complete source of marketing information in the nation. SiteReports is a powerful market research tool providing comprehensive reports and maps that include population statistics, demographic estimates and consumer profiles. This reliable breadth of business data makes SiteReports the perfect solution for your site location, market research and strategic planning challenges.

Nielsen is the preferred choice of Fortune 500 companies who wish to optimize their customer targeting, media strategies and site analysis decisions. Combining the most passionate team of industry experts with world-class data, software and services, we deliver solutions that help you identify both 'who' and 'where' your best customers and prospects are—with precision.

DISCLAIMER

All information is believed to be accurate and is presented in good faith by Retail Attractions, LLC under the terms and protections of the contact between the Client and Retail Attractions, LLC.

While we do expect to successfully complete the objective of increasing commercial investment in your community, it is impossible to guarantee a level of investment or even any investment since market conditions, retailer's business plans, city policies and other market drivers are subject to change at any time and are beyond the control of Retail Attractions, LLC. You understand and agree that any advice provided under this proposal is true and correct to the best knowledge and ability of Retail Attractions, LLC and will be provided in good faith. The city accepts full responsibility for its decisions to act or not act according to said advice and agrees to indemnify and hold harmless Retail Attractions, LLC; its principals, employees, sub-contractors and associates pertaining to outcomes or situations that arise from the advice, materials or other items provided under this proposal agreement.