



Economic Development in Azusa: A Retail Study of the Azusa Pacific University and Citrus College Communities

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Executive Summary

The city of Azusa, California is currently experiencing major new construction and redevelopment projects related to retail and residential properties. It is hoped that this redevelopment will strengthen the local economy, especially by recapturing the retail dollars spent outside the city by those who live, work or study in Azusa. It is thought that the current mix of retailers do not match the consumer preferences of the city's 44,712 permanent residents and the additional 22,282 people who live, study or work at one of two local colleges. This report describes the demographic, economic, and retail situation in Azusa today, then describes eight large redevelopment projects that are defining the Azusa of tomorrow. The third part of this report describes the results of a large study of the retail purchasing power of Azusa Pacific University and Citrus College. The study concludes with specific recommendations of which retail firms to recruit to the city.

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Introduction

City leaders employ numerous policies in an effort to develop their local economy. These policies have an array of targeted benefits including attracting and retaining employers; increasing job numbers; raising incomes for residents; and, of course expanding tax revenues. Economic development policies also have a number of costs including direct financial costs, forgone tax revenues, and the opportunity costs associated with directing resources to non-productive uses. Empirical research indicates that the costs of economic development policy outweigh the benefits in many cases (cf. Feiock, 1991; Dewar, 1998; and Strother, 2007).

Commercial and industrial firms are considered “basic,” or foundational parts of a local economy and are therefore the original beneficiaries of economic development policy (cf. Feiock, 1991; Dewar, 1998; and Strother, 2007). Retail firms receive less attention from local officials because the jobs created by retail firms pay lower wages, and retail firms make location decisions primarily based on the existence of a profitable market. Despite the standard microeconomic assumption of “perfect information” in markets described by Luce and Raiffa (1957) retailers are often unaware of market demand. This report describes the current retail expenditures of the Azusa Pacific University and Citrus College communities and the expected expenditures if retailers were located near the institutions. Developers can use the results of this study to convince retailers that a market exists for their product. Providing evidence of a market is a much more compelling economic development technique than more traditional methods such as fiscal incentives.

Assessing a city’s retail market for proper fit to the local demand is an important step in pursuing economic growth. When the retail supply does not match the retail demands of local consumers, residents take their shopping dollars to other cities whose retail offerings are more closely aligned to their preferences and needs as explained by Tiebout’s public choice model (1956). When such a spatial mismatch occurs the first city loses economic benefits including sales tax revenue, the multiplier effect of local retail purchases, and jobs.

Quality of life also plays an important role in economic growth. Since many cities offer corporate welfare creating a level playing field for attracting new firms, cities may gain advantage through attracting individuals with a higher quality of life rather than solely focusing on attracting firms with incentives. Following the logic of Florida’s (2002) argument that members of the creative class drive economic growth, many cities are attempting to attract educated, creative individuals by ensuring that their city has pleasant public spaces, entertainment venues, and quality retailers. Focusing solely on developing more urban amenities does not guarantee economic growth, but as Doctoroff (2006) points out, a higher quality of life can certainly be the tiebreaker between cities competing for “New Economy” workers and firms.

This paper describes a study in which the current consumer expenditures of the Azusa Pacific University and Citrus College communities were compared to their expected consumer expenditures if the establishments were located near the two institutions. This study quantifies the retail preferences of the two communities, thus the results of this study have important practical value for stimulating economic growth. City leaders and real estate developers can more effectively recruit appropriate retailers that will lessen leakage of retail dollars by meeting consumer preferences. This study will also serve as market research for retail firms who are interested in finding profitable locations.

Azusa Today: Demographic and Economic Profile

Azusa, California is one of 122 cities that together comprise the Los Angeles-Long Beach Metropolitan Statistical Area (LA MSA). Table 1 compares Azusa to LA and the rest of the US. Demographically, Azusa is characterized by a young population, large households, and a high percentage of Hispanics.

Azusa's economic base is strong with 17.1% of its firms in manufacturing. Though typically a comparatively disadvantaged city, Azusa's economy is also strengthened by the presence of Azusa Pacific University (APU) with its population of about 10,203 students, faculty and staff. Next door to APU is Citrus College (CC), a two-year junior college with over 11,000 students, faculty and staff. Adding these two school communities to the 44,712 permanent Azusa residents, the number of consumers spending their time in and around Azusa increases by nearly 50%.

After four decades with no new commercial construction, the city is currently undergoing a major transformation. Four tired shopping centers are being redeveloped, including two that match Katz's (1993) "New Urbanism," mixed-use projects that combine residential and retail uses in the same property. The Rosedale project is the largest residential construction project in LA and will add 1,250 homes to the city, a 10% increase in the city's housing stock. Two new light rail stations will connect Azusa to LA's fledgling rail network, and APU is expanding its property by about a third. These projects present opportunities to bring in additional retailers who will adequately fit the consumer preferences of the local market.

Table 1. Demographic and Economic Comparison

	Azusa	LA MSA	US
Total population	44,712	9,948,081	299,389,484
Median age	30.1	31.6	37.9
Percent of residents under 18	30.8%	26.9%	24.6%
Percent of residents 18 up to 65	63%	62.9%	62%
Percent of residents 65 and over	7%	10.2%	12.4%
Percent of residents, White race	33%	74.2%	80.1%
Percent of residents, Black race	4%	9.6%	12.8%
Percent of residents, Asian race	3%	13.1%	4.4%
Percent of residents, Hispanic or Latino race	60%	47.3%	14.8%
Total households	12,549	3,133,774	105,480,101
Average household size	3.41	2.98	2.59
Median household income	\$39,191	\$43,518	\$44,334
Unemployment	5.3%	5.0%	4.5%
Percent firms in manufacturing	17.1%	11.6%	4.7%
Retail sales/capita	\$7,325	\$9,433	\$10,615

source: U.S. Census Bureau, State and County QuickFacts, 2008

Consumer Expenditures

The US Department of Labor annually surveys 14,000 people to collect information on the buying habits of consumers, presenting the results in its report “Consumer Expenditures.” This report gives average expenditures by categories based on income brackets and can be used to estimate local retail demand. Using this method provides an estimate of the expected total retail expenditures of the city, additionally providing details on precise categories of retail spending which can be beneficial in recruiting specific types of retailers.

The process of this retail estimation method starts with the median household income of the city. Knowing the median household income in Azusa is \$39,191, we utilized the report’s average household expenditures of the \$30,000-\$39,999 income bracket to find the estimated expected household expenditures in Azusa. The average annual expenditures were then multiplied by the total number of households in Azusa, which is 12,549. Table 3 shows these figures and the aggregate retail expenditure potential, which in Azusa is \$262 million.

Table 2. Potential Retail Expenditures for Residents of Azusa

Expenditure Category	Household Income %	Household Expenditure	Citywide Aggregate Expenditure Potential
Food at home	8.8%	\$3,449	\$42,914,823
Food away from home	5.6%	\$2,195	\$27,384,951
Alcoholic beverages	0.9%	\$353	\$4,350,617
Housekeeping supplies	1.4%	\$549	\$6,955,355
Furnishings	3.3%	\$1,293	\$16,078,979
Apparel and services	4.4%	\$1,724	\$21,161,739
Vehicle purchases	9.5%	\$7,917	\$98,177,514
Gas and oil	3.8%	\$1,488	\$18,430,283
Other vehicle expenses	6.2%	\$2,438	\$30,200,885
Entertainment	5.1%	\$1,999	\$24,526,779
Personal care	1.3%	\$509	\$6,364,009
Reading	0.3%	\$118	\$1,478,365
Tobacco	0.9%	\$353	\$4,547,732
Miscellaneous	1.6%	\$627	\$7,673,418
Non-retail expenditures	46.2%	\$18,106	\$225,585,669
Total Expenditure Potential	100%	\$39,191	\$487,199,950
Total Retail Expenditure Potential	53.8%	\$21,085	\$261,614,281

source: U.S. Department of Labor, Consumer Expenditures, 2008

Retail Composition

Table 3 shows retail sales figures reported in the U.S. Census Bureau's most recent Economic Census. Every five years, the Bureau sends surveys to American businesses in order to compile the Economic Census report on annual sales data. For those businesses who do not respond to the survey, a combination of other government sources is used to complete the information. Consulting the 2002 Economic Census reveals that Azusa establishments reached \$337 million in annual retail sales (see Table 3). The Economic Census additionally gives detail on sales amounts for several specific categories. Together these figures present an estimation of retail demand based on the reported historic sales figures of the city's retail businesses.

Table 3. Azusa Retail Trade, 2002 Economic Census

NAICS Code	Description	# of Establishments	Sales (x 1,000)
44-45	Retail trade	87	\$337,056
441	Motor vehicle dealers	3	\$21,263
4413	Automotive parts & tire stores	16	\$33,269
442	Furniture & home furnishings stores	3	\$1,282
443	Electronics & appliance stores	6	D
444	Building material & garden equipment	3	D
445	Food & beverage stores	24	\$50,000
446	Health & personal care stores	4	\$13,707
447	Gasoline stations	10	\$24,628
448	Clothing & clothing accessories stores	6	\$9,120
451	Sporting goods, hobby, book, & music stores	3	D
452	General merchandise stores	4	D
453	Miscellaneous store retailers	4	D
454	Nonstore retailers	1	D

D = Withheld to avoid disclosing data of individual companies; data are included in higher level total.

Source: U.S. Census Bureau, Economic Census, 2008.

Market Serving Index

A Market Serving Index (MSI) is a way of comparing the composition of firms in a defined geographic area with an overall market area (Giles and Blakely, 2001). The MSI technique usually compares a small economic area, such as the City of Azusa, to a larger overall market area, such as the Los Angeles metropolitan area. If the study area has a lower proportion of a certain type of retailer, retail leakage may exist as residents do their shopping in other parts of the overall market area. The objective of city planners and developers is to recapture this retail leakage.

The first step in creating an MSI is to determine the number of retail firms in each retail category in the study area (Azusa) and in the overall market area (Los Angeles). The annual County Business Patterns (CBP) data lists the number of firms in each North American Industry Classification System (NAICS) category by county and zip code. In the case of Azusa, the entire city consists of one zip code, but in other cases, such as neighborhoods or cities with multiple zip codes, the data may not match. The 3rd and 4th columns in Table 5 show these firm counts. The 5th column is the actual Market Serving Index number, which is calculated with this formula:

$$MSI = 100 * (c/C) / (r/R)$$

where c = number of retail firms in a category in the city, C = total number of firms in the city, r = number of retail firms in a category in the region, and R = total number of firms in the region.

The MSI allows us to look at a certain firm type (i.e., shoe stores) and see how well-represented they are in Azusa based on how well-represented they are in the surrounding area. Scores of zero indicate the firm does not exist in the city, or at least did not exist when the data were collected. Scores below 100 represent a potentially underserved retail category; scores above 100 represent a potentially over-served retail category. Scores equaling 100 would mean that the two areas compared are perfectly proportional.

As Table 5 displays with an MSI of 0, there are seven types of firms that are completely absent from Azusa: nurseries, men's clothing stores, hobby/toy/game stores, book stores, office supply/stationery/gift stores, department stores, and pet/pet supply stores. Whenever a resident has a need for an item found at one of these stores, he or she will have to go elsewhere.

The most underserved retail categories are women's clothing stores (with an index number of 24.6), jewelry stores (33.0), other building material dealers (39.5), and other home furnishings stores (57.6). These Index scores imply that retail demand in these categories is unmet. Shoppers are going elsewhere. These figures also reveal which type of new businesses might expect success if they locate in the neighborhood, which is very relevant for attracting new businesses to Azusa.

The final step of the MSI analysis is to predict the amount of retail expenditure within the study area. Since the MSI number reflects the proportion of firms, we can multiply this number times the estimated overall expenditures by category to determine the retained and lost proportions of retail expenditure.

Table 5. Market Serving Index for Businesses in Azusa

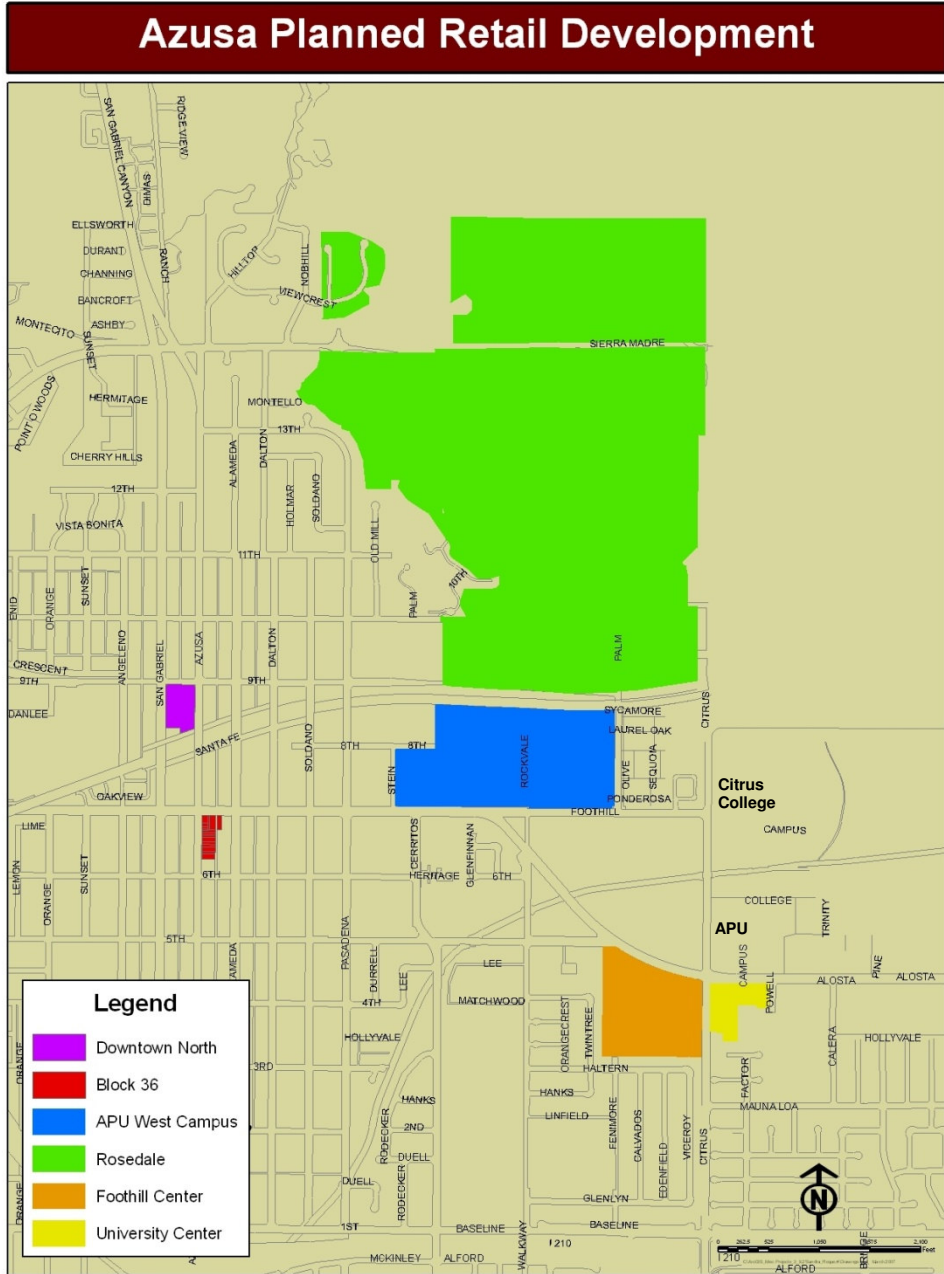
NAIC	Category†	Number of Firms		Market Serving Index
		Azusa	LA MSA	
722410	Drinking Places-Alcoholic Beverages	3	959	72.7
722110	Full-Service Restaurants	21	6,151	79.3
722213	Snacks & Non-Alcoholic Beverage Bars	6	1,502	92.8
722211	Limited-Service Restaurants	35	6,223	130.7
Total Restaurants		68	15,801	
441110	New car dealers	0	514	0.0
44422	Nursery & garden centers	0	192	0.0
44811	Men's Clothing stores	0	372	0.0
45112	Hobby, toy & game stores	0	307	0.0
4512	Book, periodical & music stores	0	688	0.0
4532	Office supplies, stationery & gift stores	0	1,223	0.0
45391	Pet and pet supplies stores	0	253	0.0
441110	Women's clothing stores	1	1,301	24.6
448310	Jewelry stores	1	969	33.0
448210	Shoe stores	2	950	67.3
442110	Furniture stores	2	904	70.7
443120	Computer & software stores	1	426	75.1
446110	Pharmacies & drug stores	3	1,236	77.6
448140	Family clothing stores	2	734	87.1
451220	Prerecorded tape, cds, & record stores	1	306	104.5
445120	Convenience stores	2	598	106.9
445120	Supermarkets & other grocery	8	2,011	127.2
451110	Sporting goods stores	2	493	129.7
45311	Florists	2	464	137.8
443112	Radio, TV, & other electronics store	4	873	146.5
441120	Used car dealers	2	401	159.5
443111	Household appliance stores	1	188	170.1
447190	Other gasoline stations	6	972	197.4
445310	Beer, wine, & liquor stores	7	1,123	199.3
447110	Gas stations with convenience stores	6	846	226.7
444130	Hardware stores	2	242	264.2
453991	Tobacco stores	1	114	280.5
441310	Automotive parts & accessories stores	10	1,099	290.9
441320	Tire dealers	5	489	326.9
441221	Motorcycle dealers	1	87	367.5
445210	Meat markets	3	260	368.9
452910	Warehouse clubs & supercenters	1	40	799.3
444210	Outdoor power equipment stores	1	36	888.1
Total Retail		91	29,094	

† Some smaller categories omitted.

Source: U.S. Census Bureau, County Business Patterns, 2008.

Azusa Tomorrow: Major Development Projects

The following seven development sites are an exciting part of Azusa's future. Within the next few years, Azusa is undergoing a transformation into a destination of choice for dining, shopping and leisure activities for people for all ages. In the next few pages we describe eight development sites which are an exciting part of the Azusa of tomorrow: Downtown North, Block 36, Azusa Pacific University West Campus, Rosedale, Gold Line light rail, Citrus Crossing, University Center, and Block 37.



Downtown North

Watt Genton Associates have created a plan to develop a more thriving downtown area which will offer retail, entertainment, dining, and housing. In addition, there will be a Metro Gold Line station which is projected to be completed in 2013. The developers plan to integrate approximately 500 residential units into the area as well as to recruit national level tenants to fill a proposed 230,000 square feet of retail space. Downtown North will be the site of a Target retail store.

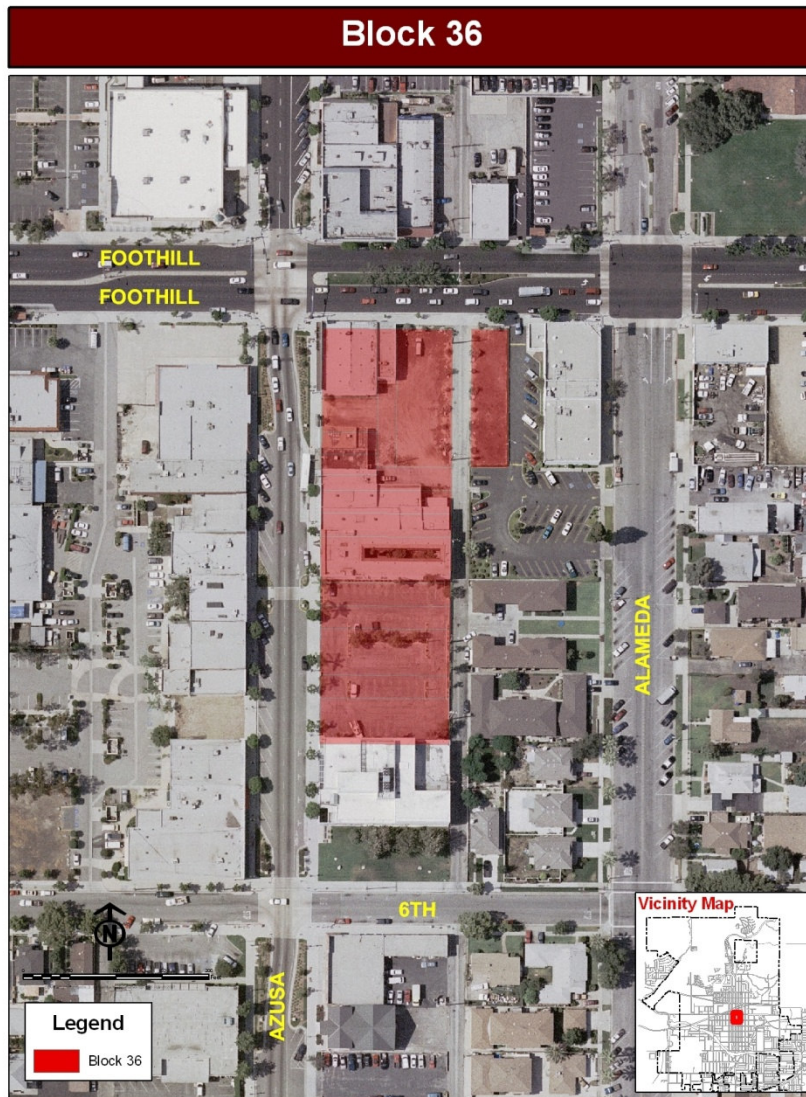
The addition of a nearby Target store will also draw in significant amounts of spending from both the APU and Citrus Communities. This will also change the perception held by many students that there is little or not shopping nearby. The great atmosphere of the redeveloped downtown will be very attractive to the APU and Citrus communities.



Block 36

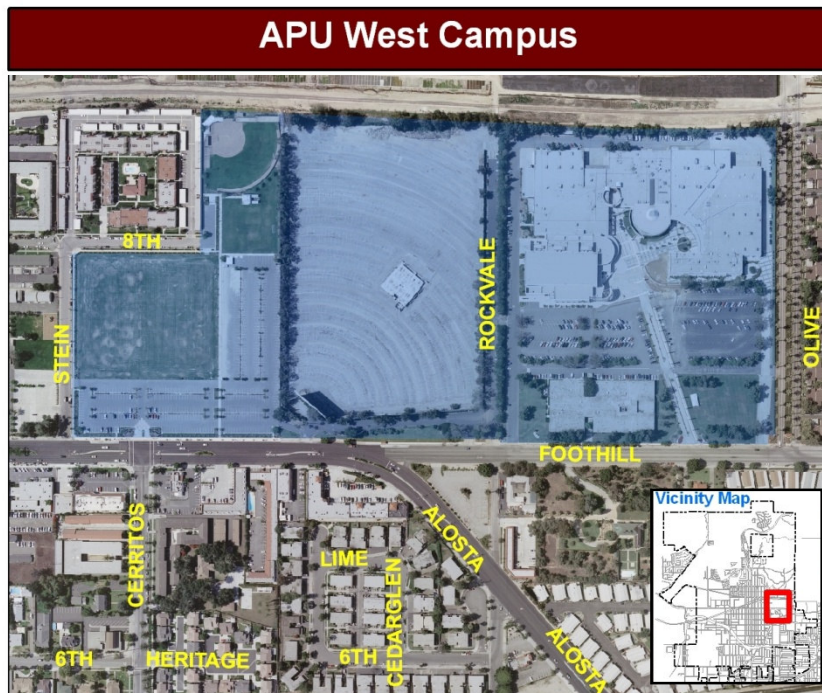
The Block 36 project will be developed on the southeast corner of Azusa Avenue, just north of Foothill Boulevard and south of Sixth Street. Table 7, displays Lowe’s plans to build a subterranean, 330-space parking structure on the site. This example of New Urbanism is designed to be a “walkable” area with retailers and housing located in this mixed-use, community oriented site. Previous structures at this site have been demolished and the site has been prepared for new construction including the installation of all utilities.

APU has recently acquired Crestview Apartments, moving many APU students a bit closer to Block 36. Also, with students who choose to live off-campus and faculty and staff who live locally, there are many people at APU who may be interested in the new town houses and other real estate opening in the area. A small grocer such as Bristol Farms or Henry’s would be very successful here because there are no other food stores nearby. Adding new dining options such as Chipotle, Chili’s and Natural Café would complement the existing growing cluster of restaurants on this street making it the most desirable evening hang out in Azusa.



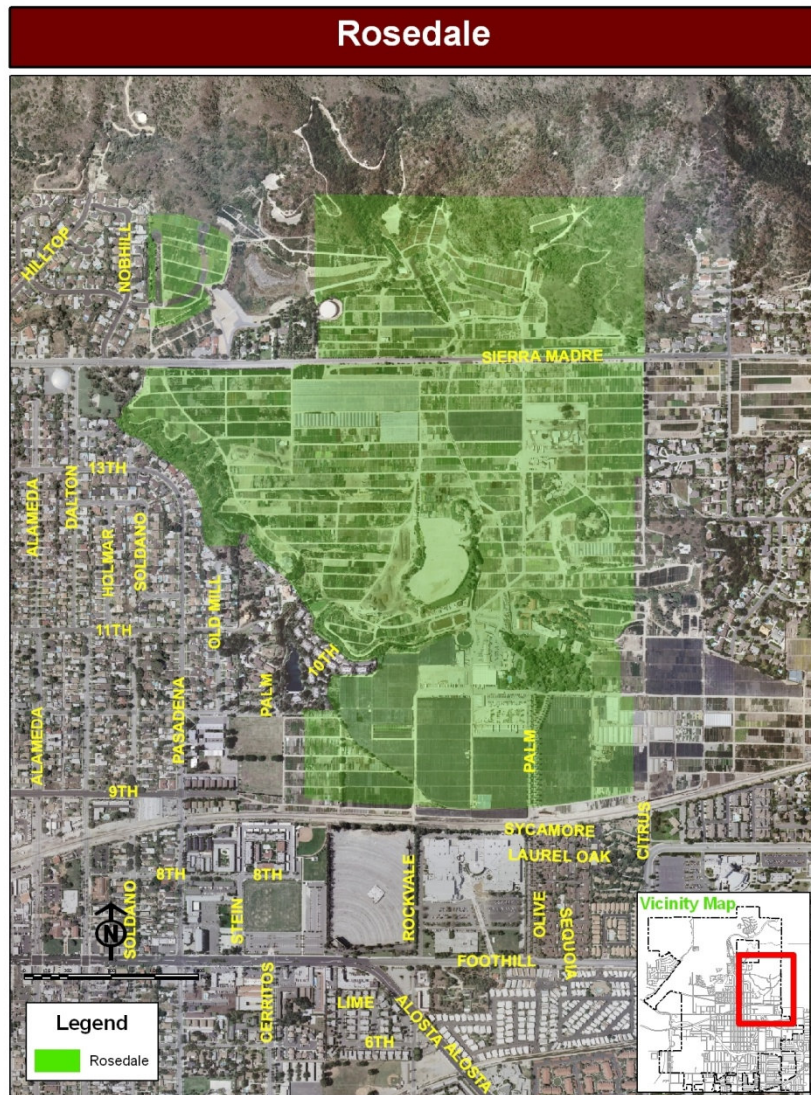
APU West Campus

Over the next 20 years, the Azusa Pacific University campus will undergo some exciting development. According to the university's Master Plan, the West Campus, which is located on Foothill Boulevard, is being expanded to include housing, parking, multi-use buildings, an aquatic center, tennis courts, a baseball stadium, and a brand new \$54 million state-of-the-art science building. This development site will house more students, therefore facilitating increased enrollment at APU. The addition of dorms to West Campus facilities will greatly shift interest and activity to this campus and potentially to Block 36 and Downtown North.



Rosedale

Rosedale is building 927 homes and 323 townhomes, with four varying architectural styles, and prices starting around \$450,000. Rosedale includes 10 different neighborhoods, 9 neighborhood parks, and one 5½ acre community park with basketball and tennis courts, as well as a lighted sports field. A private recreation center with a gym and pools will be centrally located within the community. A kindergarten through 8th grade school will also be built. The Rosedale community will be accessible to surrounding cities due to the Metro Gold Line Station that will be located at the southern base of the development. The construction of Rosedale's 1,250 new homes and townhomes will increase Azusa's housing stock by about 10%. Today about 120 homes have been completed. The Rosedale development provides opportunities for additional housing for APU and Citrus students, faculty, and staff.



Metro Gold Line Stations

The Gold Line currently runs from LA's Union Station to the Sierra Madre Villa Station in East Pasadena. The new 24-mile extension will continue eastward through Arcadia, Monrovia, Duarte, Azusa, Glendora, San Dimas, La Verne, Pomona, Claremont, and into Montclair as shown below.

Two stations are planned for Azusa. The Alameda Avenue Station will be in downtown Azusa near the new Target store and the Citrus Station will be at the south end of the Rosedale development making it very accessible to Azusa Pacific University and Citrus College. The Gold Line will also be a magnet for commuters who will drive to these new stations to catch the train into LA. These commuters will certainly boost the retail expenditures in the city.

Researchers have identified a "ten-minute" rule, which states that people are willing to walk up to ten minutes, otherwise they will drive. The locations of the two new light rail stations will put all of the major development sites in this study within walking distance of the Gold Line. This is especially good news for those who do not drive, such as teens and the elderly, but is also good news for the environment because light rail is much cleaner than the automobile.

Planned Gold Line Extension



Citrus Crossing Shopping Center

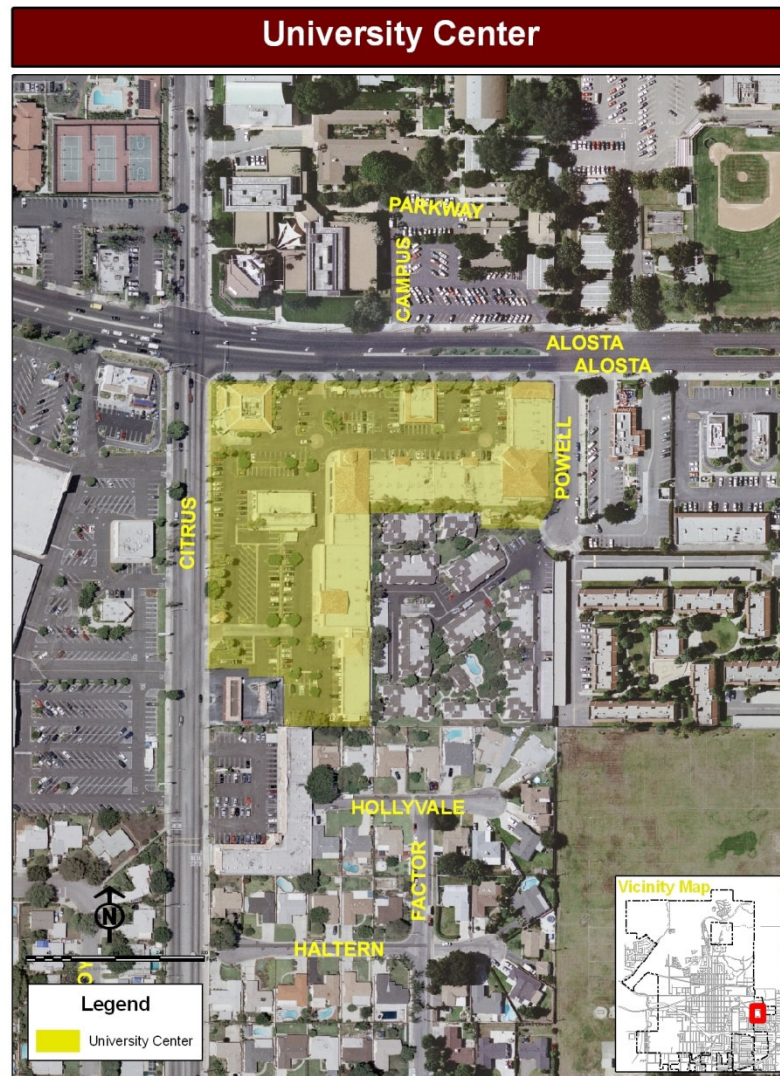
Located directly southwest of APU, the Citrus Crossing Center is within walking distance of both the APU and Citrus College campuses. Since 2008, redevelopment has dramatically changed the look and feel of Citrus Crossing. The site was developed by Trachman and Indevco, LLC and now includes Jamba Juice, Panda Express, Greek Café, Kelly's Coffee and Fudge, Pinkberry and Fresh and Easy, as well as the previously existing Ross, Kragen Auto, CVS Pharmacy, and the now remodeled Foothill Regency Movie Theatre. There are also plans to build up to 120 condominiums southwest of the center which are ideal for students, faculty and staff of the colleges. The mixed-use style of the shopping center and redesign is appealing to college students, faculty, and staff.

Due to its ideal location and recent redevelopment, this space has great potential to capture APU and Citrus dollars and become a local hotspot for members of the APU, Citrus and Azusa community. About half of all freshmen at Azusa Pacific do not own cars and, according to our survey, 13.8% of the overall APU community do not have cars so this center is quite convenient for them. This means that a significant portion of the freshman class spends much of their money at businesses within walking distance of APU.



University Center

The University Center is located directly across the street from Azusa Pacific University's east campus. APU recently purchased this 6 acre lot of land that is currently being used for retail, restaurants and offices. This site is an ideal location for youth-focused retailers because of its proximity to a young adult demographic. A bookstore would likely be successful here. Although the site is owned by APU, it is committed to retail uses for the next 25 years.



Block 37

Block 37, led by Tierra West Advisors, is located between Azusa Avenue and San Gabriel Avenue. This site currently consists of a video rental business, a florist, a clothing store and a furniture store, but the site is underutilized. The City of Azusa Redevelopment Agency is in the process of acquiring the necessary parcels before adopting a finalized site plan. Afterward the site may be redeveloped as a multi-use commercial project that may include a grocery store or a national chain hotel such as a Marriot Courtyard or a Hilton Garden.

APU has students from all 50 US states and 82 foreign countries. This site would be the first choice for parents visiting their students. Visitors to the colleges would use the hotel during graduations, sporting events, conferences, and concerts. Also the nearby 1-18 Cavalry unit of the US Army National Guard would be a major supporter of a hotel at this site. Each month they host over 1,500 visitors who they house in hotels outside of Azusa.



Retail Market Estimation of the College Communities

The retail estimations described earlier in this report considered the spending habits of permanent Azusa residents. The students and staff at APU and Citrus, who spend a considerable amount of time in or near Azusa, were not included in the estimations above because they are not permanent residents, and were not included in the government surveys. Other cities have similar uncounted consumer groups including students, military personnel, and tourists. These groups may have significant impacts on retail sales in the city. Though not included in the Census data, we can still estimate the retail demand of these groups using survey research.

In Azusa, city leaders and real estate developers have long claimed that the college communities have a high retail demand. Without hard evidence of the true retail demand, however, potential new retailers may be hesitant to open a new site based only on speculation. In the case of Azusa, we conducted surveys of both colleges to provide hard evidence of the retail demand, which may be useful to recruit new firms to the city.

Studies show that the purchasing power of colleges and universities has been vastly underestimated. An economic impact study of Mesa State College indicated that in the 2005/2006 fiscal year, Mesa State contributed approximately \$106 million directly into the local economy (Futhey, 2007). In 2002, Shopping Center World estimated that the 15.6 million college students in America spend \$200 billion annually (Sokol, 2002).; in 2008 a study conducted by Futhey estimated the spending power of college students to be \$237 billion. A study of the economic impact of spending by Arizona State University students, faculty, and staff approached an estimated \$633 million (Hogan, 1992). Similarly the University of Arkansas estimated that its students and employees accounted for nearly \$200 million in the local economy (Shurlds, 1993). The 13.6 million college students age 18-30 across the nation can be described as an, “empowered group of consumers” (Futhey, 2008 p. 399), and their spending habits are certainly worth researching.

While prior studies have addressed factors such as the amount that is spent in local communities by the population of institutions, or their spending trends, this study goes one step further in specifically determining estimated future expenditures and purchasing power based on retail preferences. This, in turn, allows developers to attract the appropriate retailers to the area.

Azusa Pacific University

APU is a comprehensive liberal arts university founded in 1899. APU is the second-largest private Christian university in the country. In recent years the academic programs have earned APU national recognition including a place in *U.S. News & World Report's* America's Best Colleges ranking. Student enrollment is 8,548 students (4,858 undergraduate, 3,690 graduate). There are 1,036 faculty (376 full-time) and 796 staff (696 full-time). Most of the students live on, or near, the campus. A large number of the faculty and staff live near campus. Our survey indicates that the APU community has \$2,924,605 in monthly discretionary income. Much of this can be retained in the local economy if the composition of retail stores matches the consumer preferences of this group. APU also regularly hosts athletic events, academic conferences, training, and church-related conferences.

Citrus College

Located next-door to APU is Citrus College, which was founded in 1915, making it the oldest community college in Los Angeles. The student body consists of 11,937 students (7,376 full-time) and 142 full-time equivalent faculty and staff members. The majority of students are from California, with only 10% coming from out of state. The campus is undergoing a major facilities expansion. Most of the students live within a 10-minute drive of campus and are expected to spend much of their discretionary income at local retailers.

Study Methodology

The process of developing the survey began by obtaining a list of the potential retailers from the Azusa Chamber of Commerce with input from economic development officials and real estate developers. The final list included the following firms in these categories: grocery stores, casual and formal restaurants, bar and grill establishments, ice cream and juice stores, coffee shops, sporting goods and shoes, clothing stores, and various retail stores. The survey was built and implemented with surveymonkey.com and a link to the survey was sent out in an e-mail to students, faculty and staff. There were 1,352 survey responses at Azusa Pacific and 1,112 at Citrus College.

Survey respondents were asked to first indicate how much they had spent at listed retailers in the past 30 days, then asked how much they would spend in a typical 30-day period if the retailers were near campus. Table 6 shows the survey results for one retail category, grocery stores. To determine the retail demand for one of the schools we multiplied the number of responses in each category by the category midpoint as shown in the equation below. Summing these values gave us a specific dollar amount that respondents reported spending at each retailer. This sample number was multiplied to account for the population. These results are illustrated graphically in Figure 1. Retail demand for one school was calculated thus:

$$E = [(1.5a + 7.5b + 18c + 38d + 75e) * (N/n)]$$

where a = number of survey respondents selecting \$0-5, b = number of survey respondents selecting \$6-10, c = number of survey respondents selecting \$11-25, d = number of survey respondents selecting \$26-50, e = number of survey respondents selecting \$51+, N = number in population, n = number in sample.

The data in Table 6 and Figure 1 reveal the current grocery retail expenditures of the 22,282 people at the two schools. We followed the same type of analysis with the results of the question, “How much would you spend at...if nearby?” and a similar table and figure were created. The differences were also reported. For example, \$242,415 is currently spent each month at Whole Foods, but \$328,061 would be spent if Whole Foods were near the colleges. The difference of \$85,646 represents additional revenue this firm could earn by locating in Azusa. This same analysis was completed for all retailers on the list. The results are shown below.

Table 6. Retail expenditures at grocery stores, past 30 days

		Number of Survey Responses					Estimated Expenses		Total (APU + Citrus)
		\$0-5	\$6-10	\$11-25	\$26-50	\$51+	Sample	Population	
Albertsons	APU	656	136	185	131	230	\$27,630	\$207,225	\$434,948
	Citrus	522	139	136	98	171	\$20,892	\$227,723	
Ralph's	APU	733	121	163	108	181	\$22,681	\$170,104	\$315,510
	Citrus	672	102	90	67	98	\$13,340	\$145,406	
Stater Brother's	APU	509	187	221	174	236	\$30,550	\$229,121	\$452,915
	Citrus	551	115	137	88	173	\$20,532	\$223,793	
Trader Joes	APU	299	92	276	282	440	\$49,869	\$374,014	\$579,261
	Citrus	614	99	105	79	163	\$18,830	\$205,247	
Vons	APU	584	111	183	159	293	\$33,075	\$248,063	\$475,219
	Citrus	554	116	118	89	181	\$20,840	\$227,156	
Whole Foods	APU	774	79	172	124	177	\$22,876	\$171,570	\$242,415
	Citrus	877	46	42	20	44	\$6,500	\$70,845	

Azusa Pacific University ($N = 10,203$, $n = 1,352$), and Citrus College ($N = 12,079$, $n = 1,112$)

Figures 1 & 2

Figure 1 shows a significant increase in the amount of money students would be willing to spend at Trader Joes if it were located near Citrus and APU. Whole Foods also shows a strong increase in what students would spend if it were located near the colleges. Both of these stores are known for health foods and would likely be popular among the college students. Figure 2 indicates large increases in student expenditures if Bristol Farms, Henry’s, or Porto Bakery if near.

Figure 1. Actual and Predicted Expenditures at Large Supermarket Chains

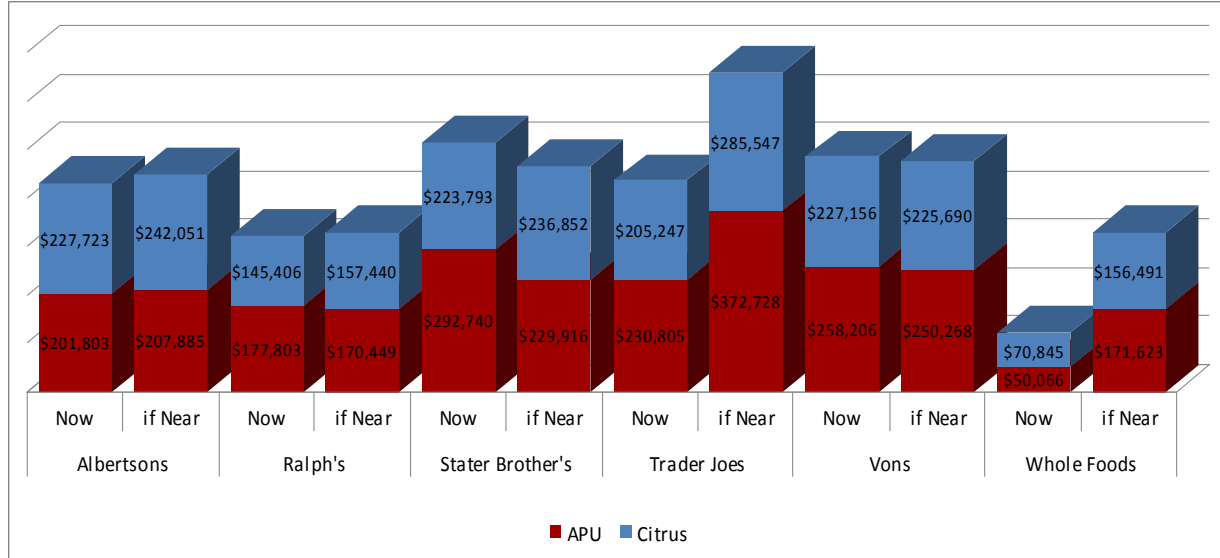
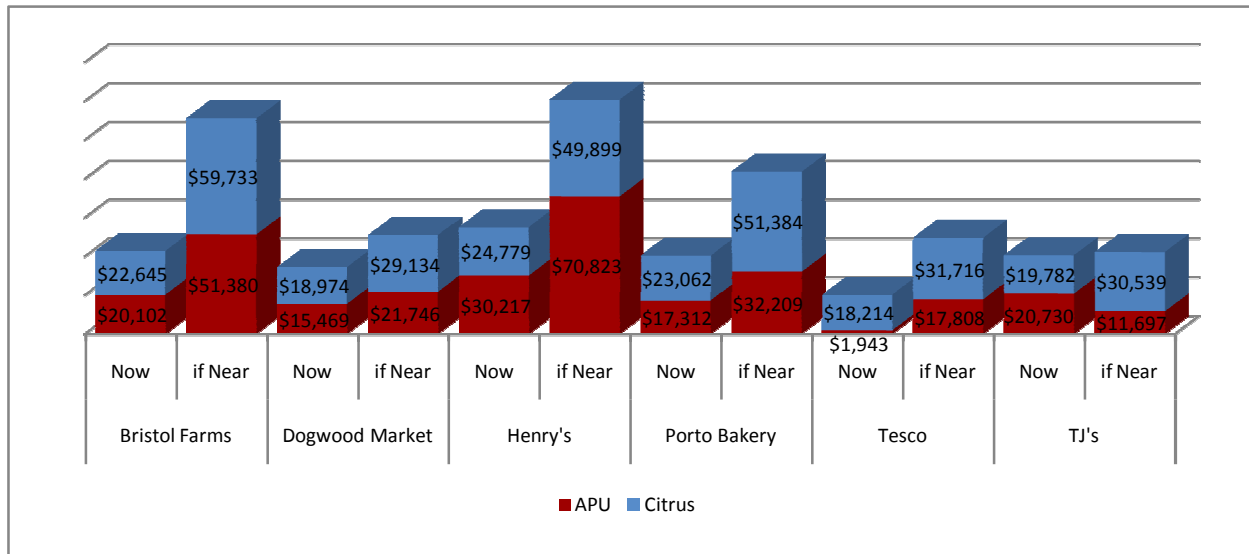


Figure 2. Actual and Predicted Expenditures at Fresh Food Markets



Figures 3 & 4

Figure 3 demonstrates that Chili's, TGI Fridays, and Applebee's would all attract a significant number of students if they were located nearby. There are currently no restaurants of this type close to the college campuses. Figure 4 shows that students currently spend a large amount of money at Chipotle, and that number would increase drastically if there were a location established closer to school. Corner Bakery and The Counter also show that there would be large increases if there were closer locations.

Figure 3. Actual and Predicted Expenditures at Formal Restaurants

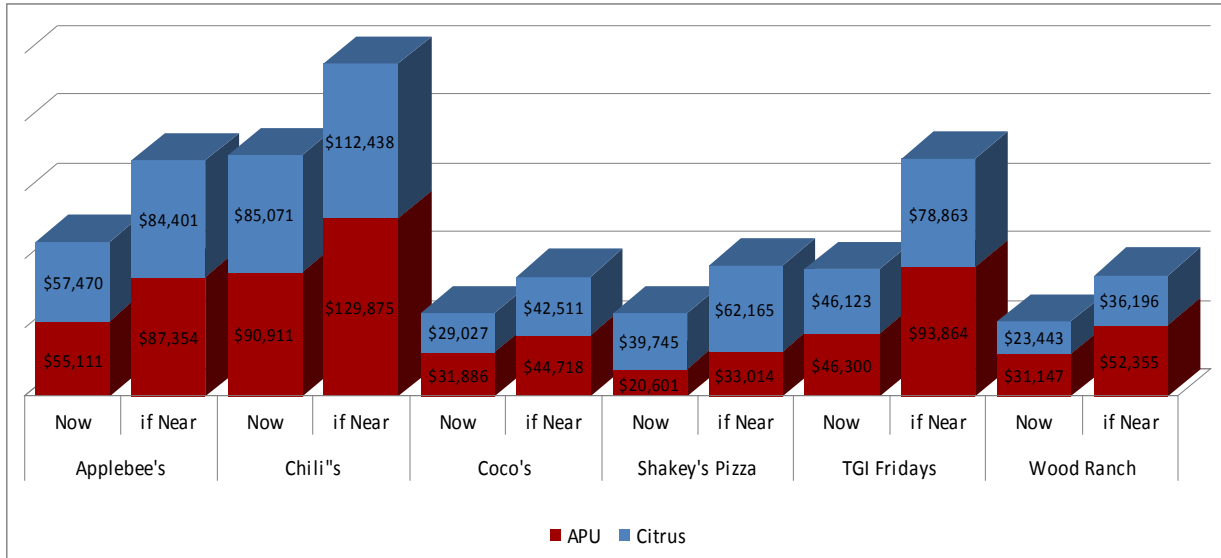
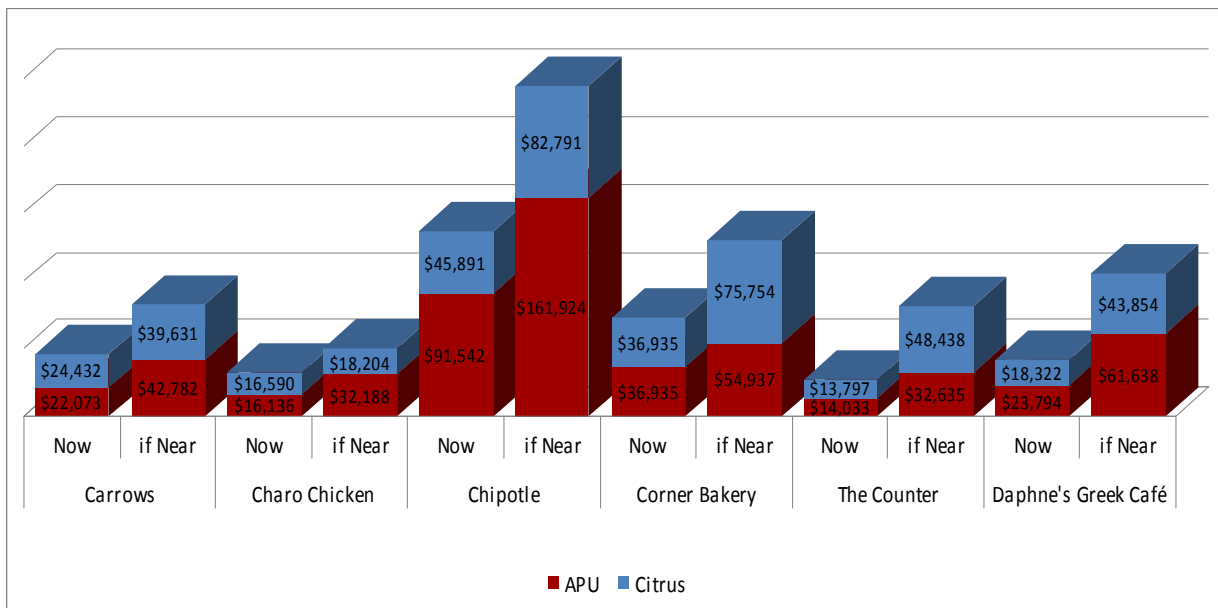


Figure 4. Actual and Predicted Expenditures at Casual Diners



Figures 5 & 6

In Figure 5 Ruby Tuesday and Ruby’s Diner showed substantial increases if they were located near the colleges. This is most likely because there are not restaurants like this in the area. San Sai Japanese Grill and Sbarro Pizza also showed strong increases in the amount of money students would likely spend at these locations if they were near. Figure 6 shows that Fat Burger, Islands, Panda Express, and especially Natural Café would increase student expenditures if located nearby.

Figure 5. Actual and Predicted Expenditures at Casual Takeout

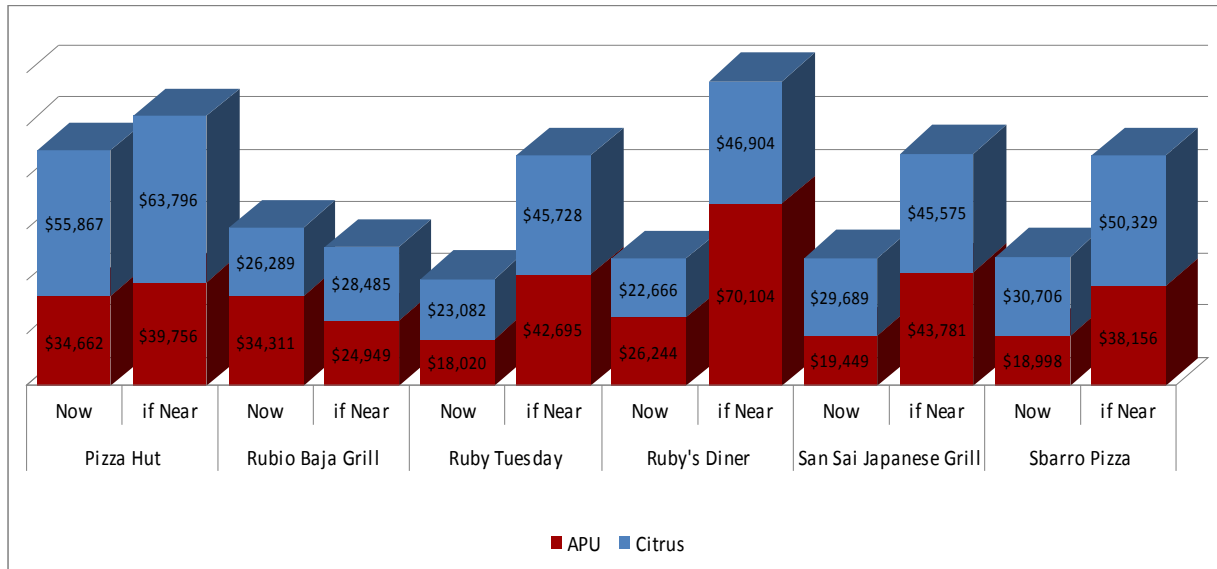
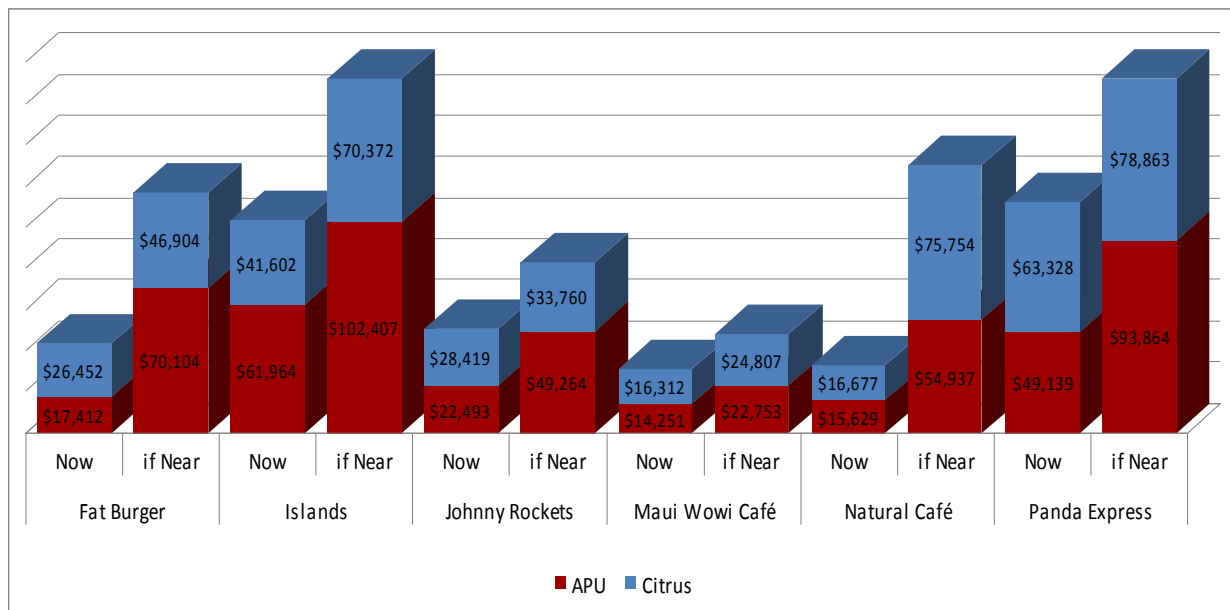


Figure 6. Actual and Predicted Expenditures at Casual Restaurants



Figures 7 & 8

All of the establishments in Figure 7 have relatively strong increases, which is likely because there are not many bars of this caliber in the area surrounding the colleges. Figure 8 indicates that Wingstop and Yard House would be quite successful if they were located near the college campuses. The large increases shown for Wingstop and Yard House again shows the lack of similar establishments in the area.

Figure 7. Actual and Predicted Expenditures at Bar and Grill Establishments

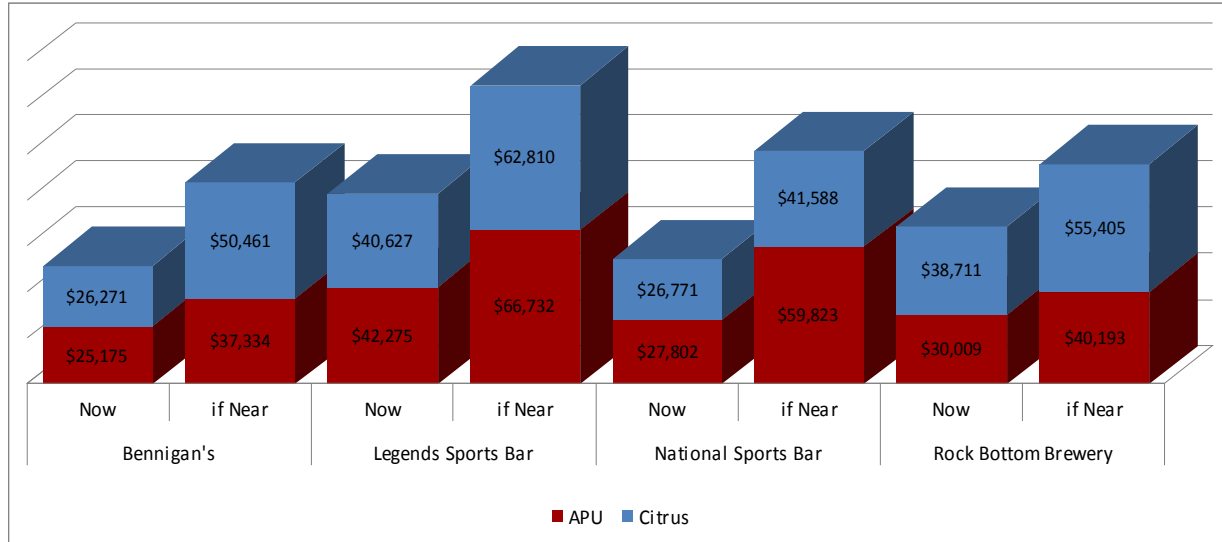
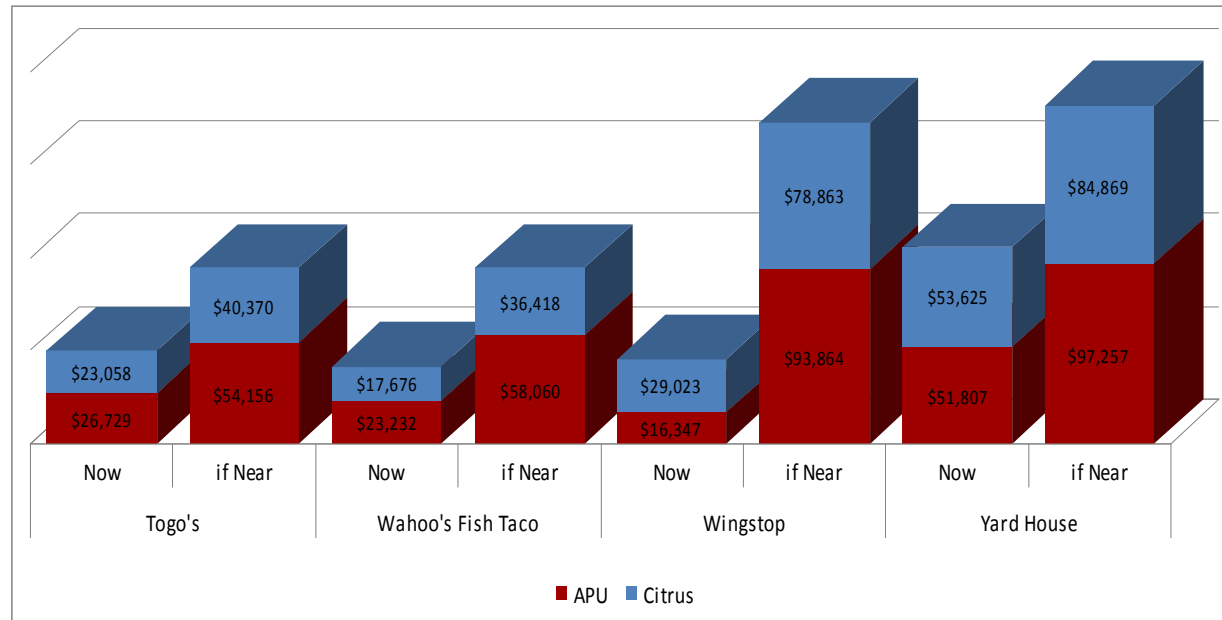


Figure 8. Actual and Predicted Expenditures at Casual Restaurant and Grill



Figures 9 & 10

Figure 9 indicates that student expenditures at NY Bagel would increase significantly if it were located nearby. There are no other bagel shops in the area so the demand for this type of establishment is not surprising. Figure 10 shows large increases by Ben & Jerry’s, Cold Stone Creamery, and Golden Spoon if they were located nearby. There is already a Baskin Robbins in the area, which explains its less significant results.

Figure 9. Actual and Predicted Expenditures at Juice Shops

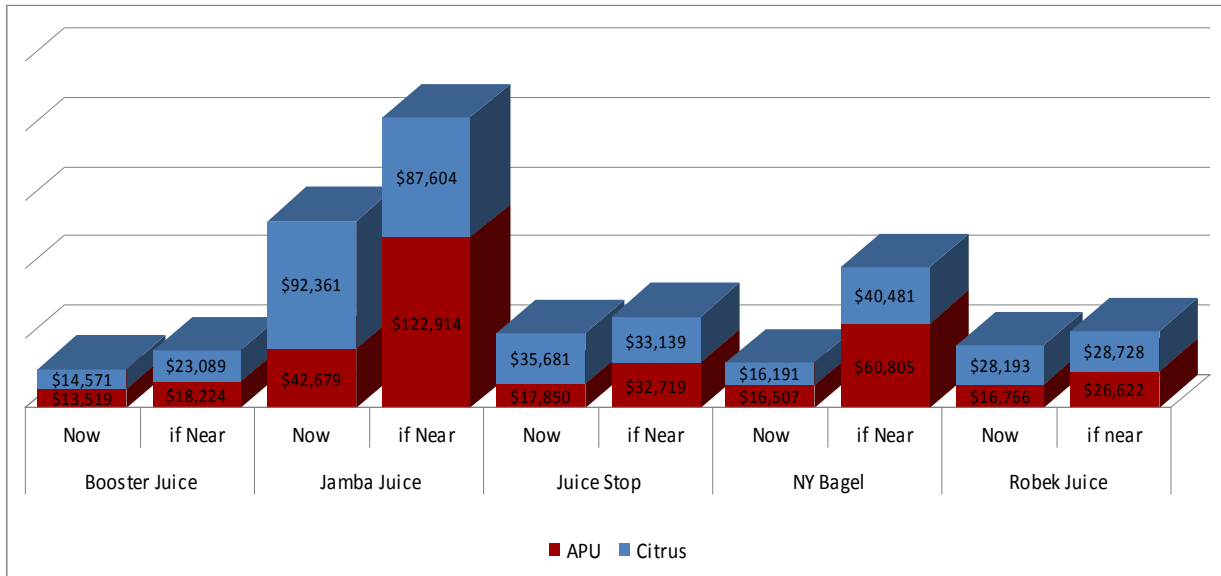
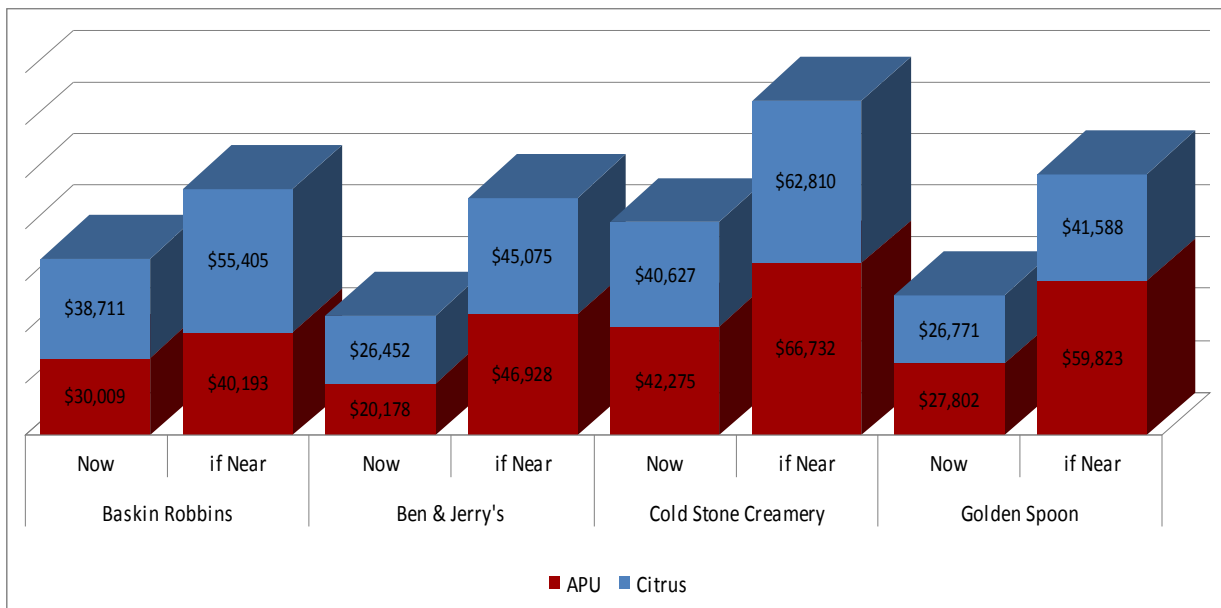


Figure 10. Actual and Predicted Expenditures at Ice Cream Shops



Figures 11 & 12

Figure 11 did not have significantly strong increases by any of the establishments. Starbucks showed a decrease in student expenditures if it were located nearby, but that may be because there is already a location within walking distance of both schools. Figure 12 shows the strong increases from Borders Bookstore and Barnes & Noble if located nearby. Currently there are no off campus bookstores in the area, so either of these establishments would likely do well next to two college campuses.

Figure 11. Actual and Predicted Expenditures at Coffee Shops

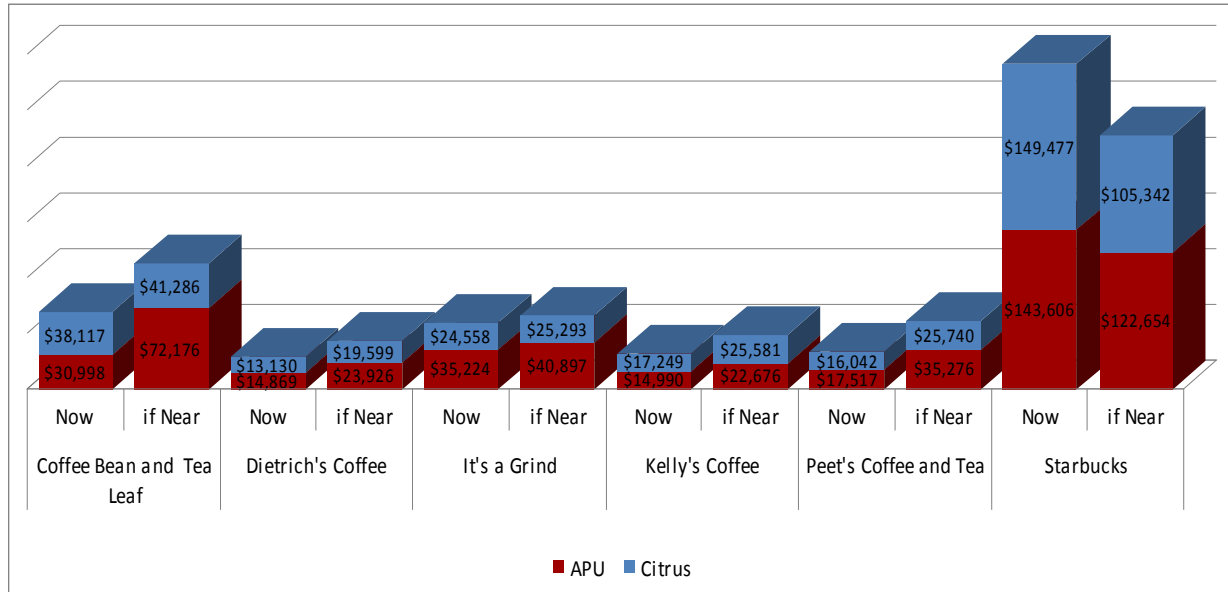
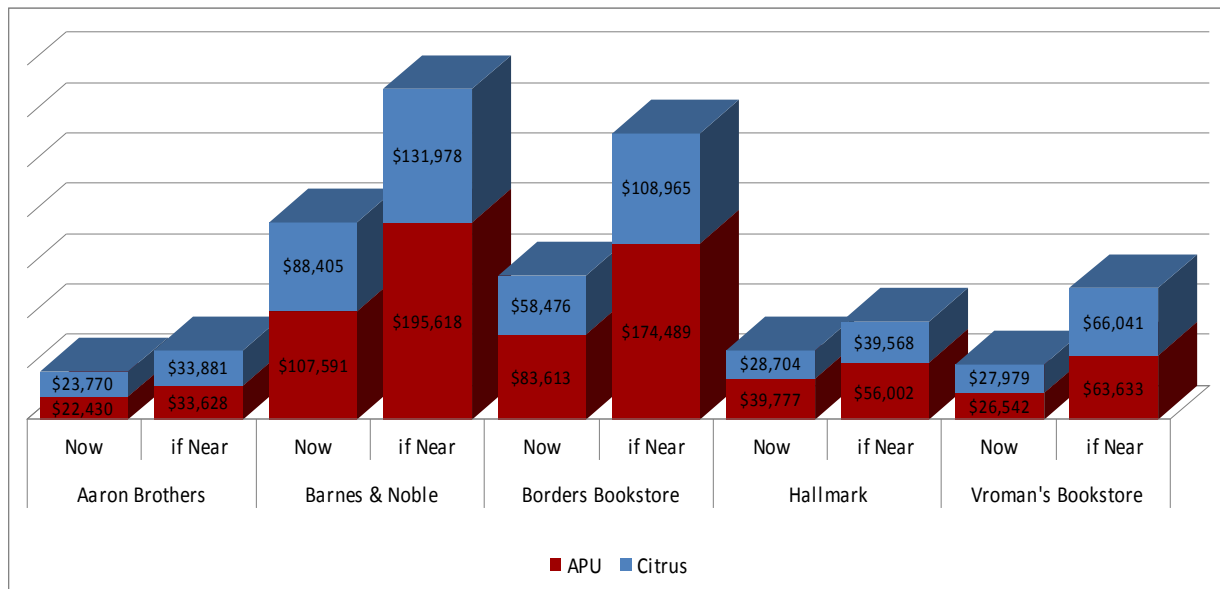


Figure 12. Actual and Predicted Expenditures at Book and Stationary Stores



Figures 13 & 14

Figure 13 indicates a very strong increase in revenue by REI if it were located near both APU and Citrus. Big 5 also showed a significant increase if opened a closer location. Figure 14 shows relatively strong increases from all of the shoe stores if they had locations in the area.

Figure 13. Actual and Predicted Expenditures at Sporting Good Stores

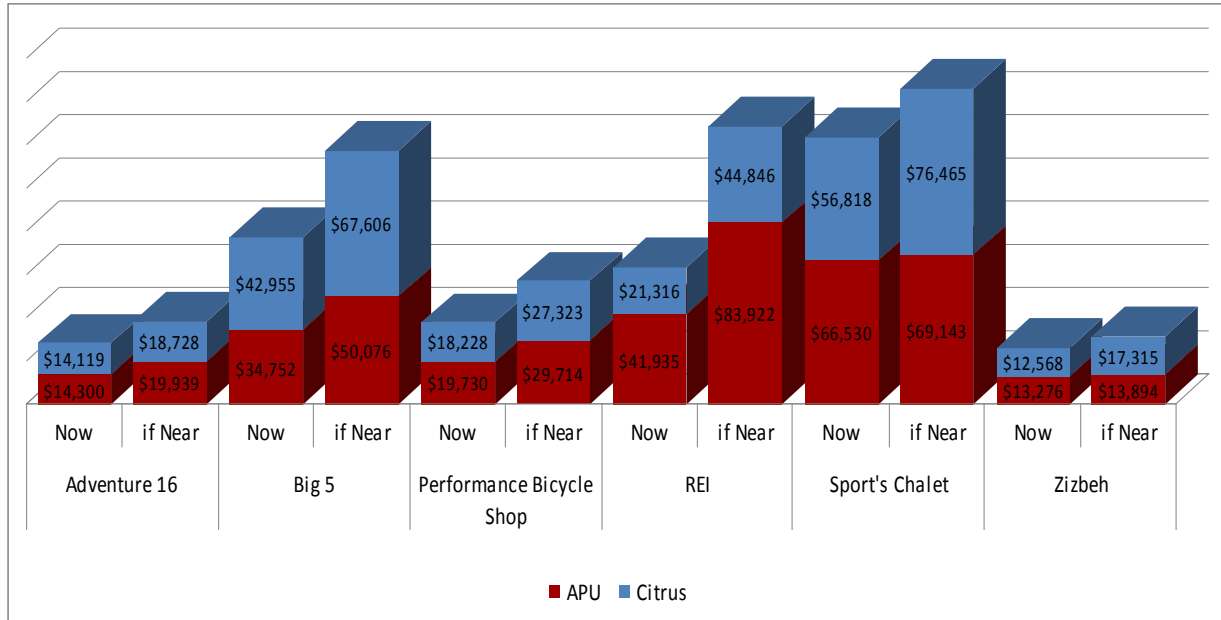
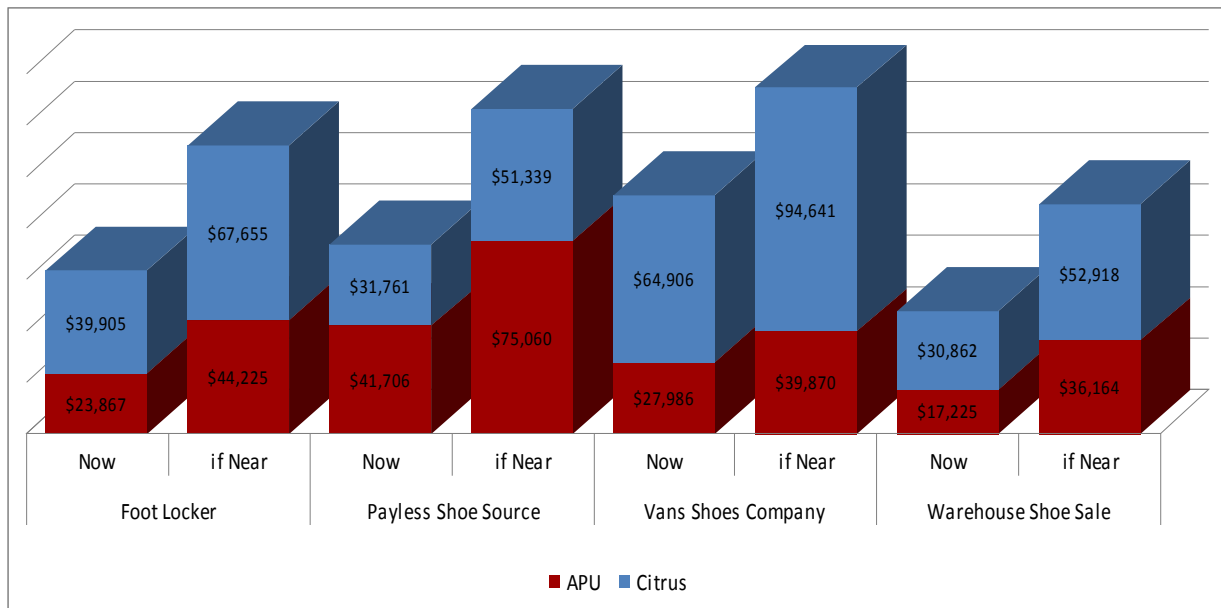


Figure 14. Actual and Predicted Expenditures at Shoe Retailers



Figures 15 & 16

Currently we lack popular men and women’s clothing stores near Azusa Pacific and Citrus College. That is displayed by the large increases that many of these stores show. As indicated in Figure 15, the strongest increases came from Forever 21, H & M, and Urban Outfitters. Each of these stores would attract many college students if they were nearby. Figure 16 again shows more increases in student purchases if these clothing stores were nearby.

Figure 15. Actual and Predicted Expenditures at Adult Clothing Stores

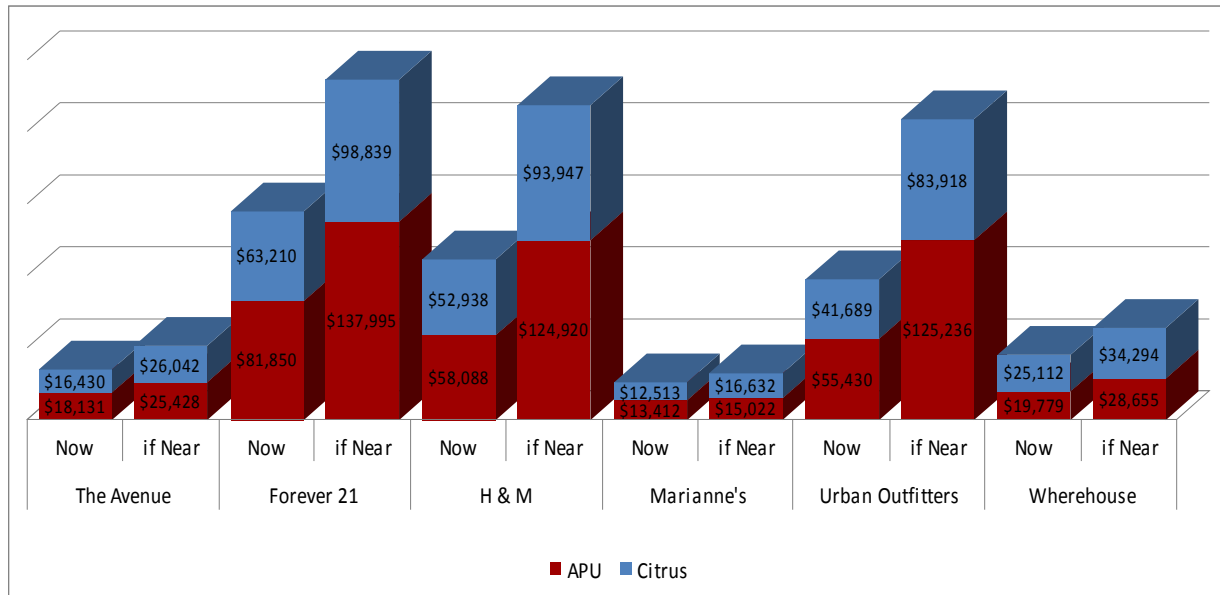
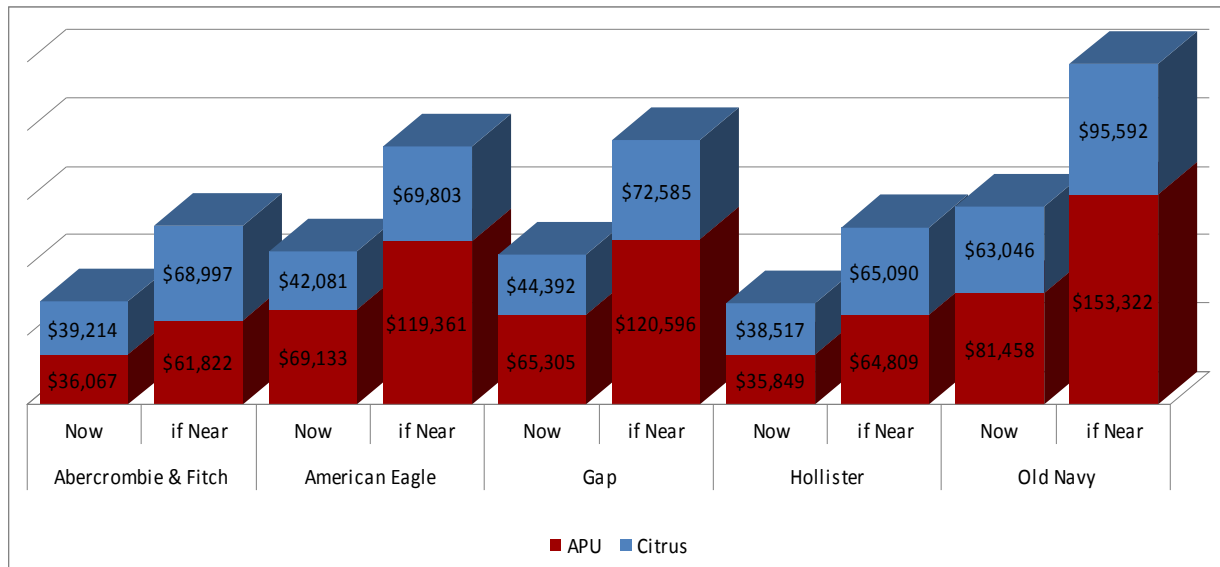


Figure 16. Actual and Predicted Expenditures at Youth Clothing Stores



Figures 17, 18, & 19

Figure 17 shows that Office Depot and Staples would have significant increases in revenue from APU and Citrus students if these stores were closer to the colleges. Office supplies are essential for college students, and currently neither of these stores are near APU and Citrus College. Figure 18 indicates a large increase in student purchases from JoAnn Fabrics if it were located nearby. The other businesses in Figure 18 showed only moderate increases. Figure 19 shows notable spending increases at both Lens Crafters and Sally Beauty Supply.

Figure 17. Actual and Predicted Expenditures at Electronic Goods and Supply Stores

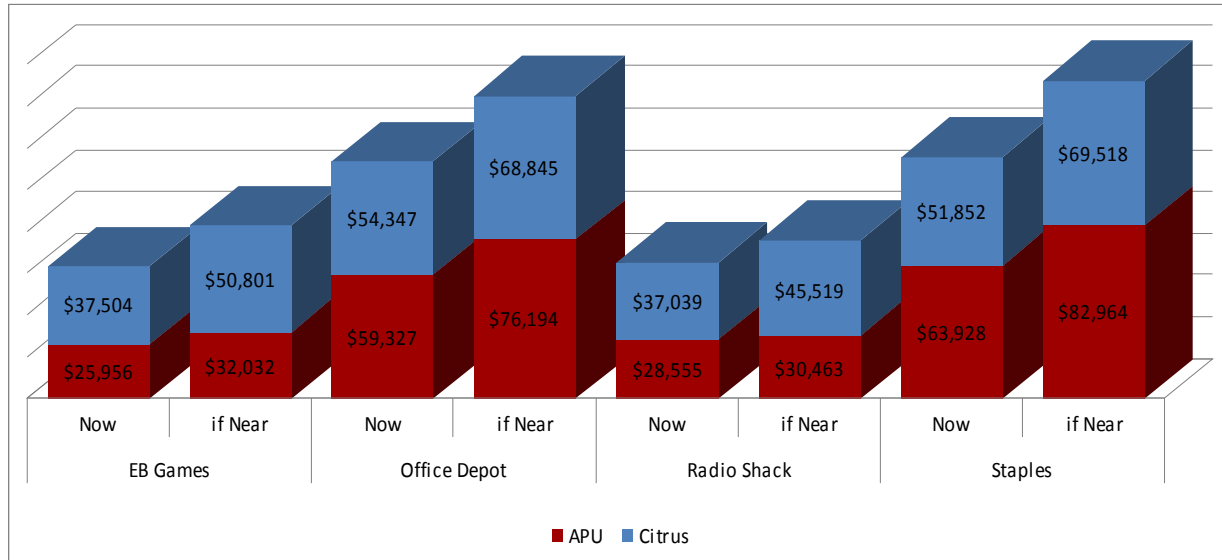


Figure 18. Actual and Predicted Expenditures at Plant, Herbal, and Craft Shops

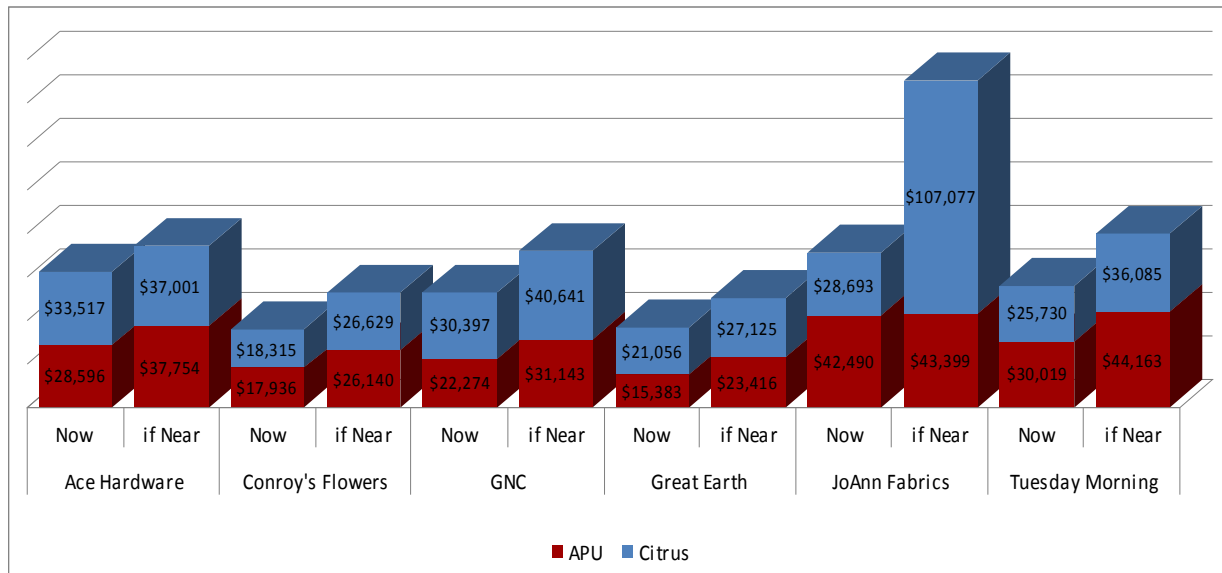
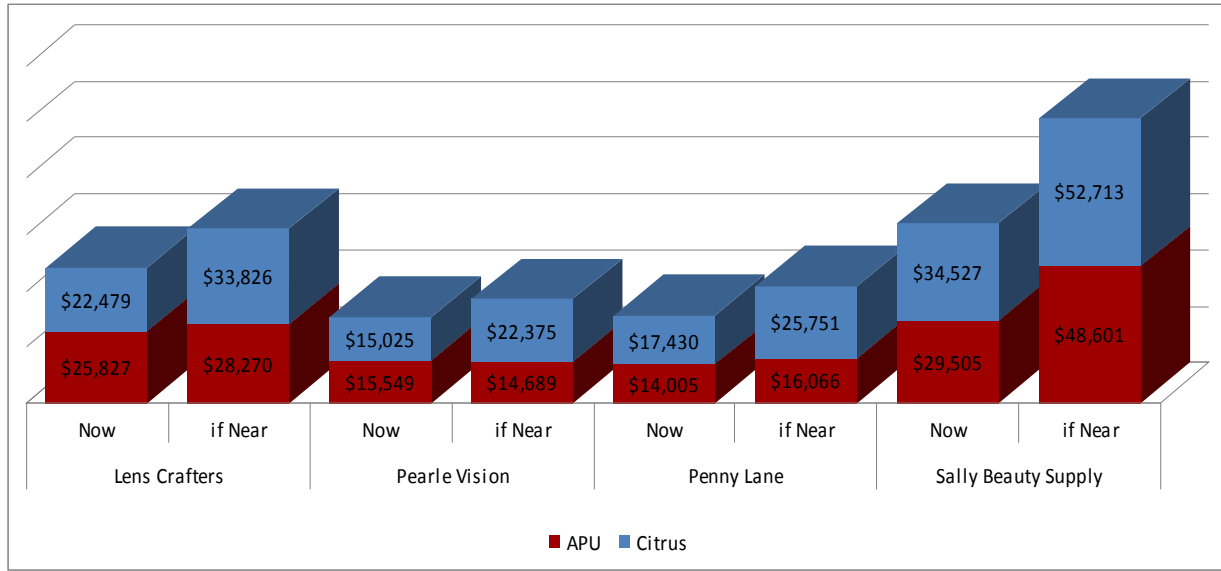


Figure 19. Actual and Predicted Expenditures at Vision and Cosmetic Supply



Conclusion

City leaders have traditionally pursued economic development by focusing on attracting new firms to the locality through the use of fiscal incentives. These efforts have had mixed results. In an era of resource scarcity for city governments, strategic low-cost economic development techniques become more and more valuable. A strong retail base strengthens a local economy and can improve the quality of life for residents, so city leaders should attempt to influence retailers to locate in their city. Since retail firms make location decisions based on market demand, fiscal incentives are thought to be ineffective in attracting new retailers (although the retailers certainly won't turn down such incentives). To recruit new retailers therefore, city leaders must be able to report significant demand. The survey technique shown in this article can be part of an effective retail attraction strategy.

Recommendations for Development

The APU and Citrus communities have a significant ability to positively impact the local economy in the City of Azusa. In compiling this study we define the significance of the spending power and consumer preferences of APU and Citrus. Until now, this data has been unknown. Azusa is classified as a mid-sized city in the L.A. metro area, located at the base of the foothills, made up of mostly Hispanic residents, with young families and having a large proportion of manufacturing businesses. Our retail study shows that as Azusa's retail offerings continue to line up closer and closer to APU and Citrus spending preferences, the city and retailers will greatly increase revenues. The information found in this study is valuable to developers because this specific data is absent from their common methods of analyzing the purchasing power and preferences of a city. Since it was collected using an on-campus survey, this data describes the large amounts of discretionary income and specific purchasing preferences of the APU and Citrus communities. This will enable developers to more effectively attract retailers to their development sites. Based on the results of the survey, we have compiled the group of the APU and Citrus most desired retailers. We recommend that developers try to attract the following retailers to Azusa: NY Bagel, Chipotle, Trader Joes, Yard House, Applebee's, Payless Shoe Source, H&M, Office Depot and Borders Bookstores.

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