

**Central Peoria Revitalization Plan:
Economic Base Analysis
Executive Summary**



PREPARED BY:
ESI CORPORATION

300 West Clarendon Avenue
Suite 470
Phoenix, Arizona 85013
(602) 265-6120
www.esicorp.net

October 2008

Table of Contents

I. EXECUTIVE SUMMARY2

- CPRP Background..... 2
- Demographic & Socio-Economic Analysis 2
- Study Area Employment 3
- Market Potential..... 3
 - retail 3
 - Office 4
 - residential..... 4

I. EXECUTIVE SUMMARY

CPRP BACKGROUND

The predominant use within the CPRP area is single family residential, which makes up about 42 percent of the total land area, followed by vacant at 17 percent, unclassified at 6 percent, and agriculture at 6 percent. Mobile home, commercial, and retail make up the next 10 percent. The uses mentioned above combine for a total of approximately 80 percent of the total land uses in the CPRP area.

The CPRP area contains 297 active businesses and 20 in-active business locations, according to the City of Peoria, which equals a seven percent vacancy rate. In addition, 161 vacant housing units currently exist according to City records.

DEMOGRAPHIC & SOCIO-ECONOMIC ANALYSIS

In analyzing the market, three areas were delineated to better understand the potential for any new business or real estate opportunities. The following demographic profile examines three geographies over a five year period:

- Study Area - Central Peoria Revitalization Plan Area (CPRP)
- 5 minute drive-time – Trade Area
- 33 minute drive-time - Commute Shed

The CPRP is projected to grow by 10 percent over the span of five years, from 2007 to 2012, which is similar to the Trade Area, and 2 percent less than the Commute Shed at 12 percent. Household growth roughly matches these rates, and housing units are also projected to grow along these same lines.

The median household income for the CPRP is \$55,099, which is lower than the Trade Area and higher than the overall Commute Shed. By 2012 median income is projected to be \$61,488, \$65,468, and 57,398 for the CPRP, Trade Area and Commute Shed, respectively.

The median age for people residing in the CPRP is younger than the other two geographies at 31.5 years of age compared to 34.2 for the Trade Area and 35.4 for the Commute Shed. The median age for all three areas is projected to increase 2 percent over the 5 years examined, with the 60 to 69 cohort exhibiting a remarkable growth rate above 26 percent for all three geographies.

The largest projected growth increase in a certain race or ethnicity category is the Hispanic population, which is projected to grow by approximately 20 percent in all three areas. The Asian population is also expected to grow considerably, displaying rates in excess of roughly 20 percent for all three geographies, although unlike the

Hispanic population, Asians make up fewer than two percent of the total population in each area.

By 2012, educational attainment levels in all three areas are projected to increase considerably. The growth rates of those holding an Associates degree or higher will outpace general population growth in these areas by roughly 2 times.

STUDY AREA EMPLOYMENT

The number of people employed within the Study Area is another important measure that will contribute to selecting the right mix of retail and office development that may be supported within the Central Peoria Revitalization Plan area.

The workers in the study area were predominantly employed (64%) within four industries:

- Educational, health, and social services (20.8%)
- Retail Trade (19.4%)
- Construction (13.8%)
- Entertainment, accommodations, food services (10.0%)

MARKET POTENTIAL

RETAIL

By 2010, Peoria will have a 2.2 million square foot retail surplus, which will reach Northwest Valley levels by 2020. By 2020 the deficit of Strip/Specialty and Regional retail will almost completely offset the significant Community retail surplus. The Northwest Valley by this time will have a deficit of all four types of retail, most notably, 1.9 million square feet of the Regional serving type. However, the planned regional retail development of Prasada in Surprise will most likely absorb the demand for this type. The combined deficit of 2.7 million square feet of Community and Neighborhood retail in the Northwest Valley by 2020 reveals demand for these types. The City of Peoria, due to its location along the Loop 101 and future Loop 303, is in position to capture much of this demand.

The CPRP's strategic location along the Loop 101 and Grand Avenue make it able to support a surplus of retail that supports parts of Sun City West, Surprise, Sun City, Youngtown, and El Mirage. The CPRP will continue to be able to capture the community and neighborhood retail market as the population increases through 2020.

There is a major opportunity to create pedestrian-oriented and Transit-oriented retail that serves both the immediate CPRP area, the City of Peoria, and the adjacent communities to the west. There is a strong desire for that type of retail

experience, as pedestrian-oriented development exists in only one small pocket, Catlin Court in Downtown Glendale, within the entire Northwest Valley.

OFFICE

The City of Peoria and Northwest Valley are currently underserved in office space. All of the existing office space is in low-rise buildings (mostly one story); there are no mid-rise (5 to 12 floors) or high-rise (13 or more floors) office buildings west of I-17. In fact, buildings greater than 3 stories are generally discouraged by zoning code regulation within the City of Peoria.

The market for office space is completely dependent on the increase of population in the area and the strategic positioning of a unique product such as a mixed use transit-oriented development. This is due to the historic vacancy rate, which has been approximately double in the Northwest Valley compared to the Phoenix Metro area as a whole. This is a prime indicator of a soft market for office over the last five years.

RESIDENTIAL

Based on population projections, by 2020 the CPRP area is estimated to need another 1,939 dwelling units, of which 76 percent are projected to be owner-occupied. Currently the CPRP area has predominantly single family residential, with a few multi-family complexes along Peoria and Olive Avenues. The addition of higher density housing oriented with any new retail and office development would be mutually supportive.

Townhouses and condominiums could support the pedestrian-oriented development in the area. High density residential development can be critical to supporting retail – it provides demand during evening and weekend hours to complement the daytime demand from office workers. This can make the difference between success and failure for a business district.