

## **NEIGHBORHOOD SERVING RETAIL**

The purpose of this memorandum is to evaluate the existing supply and condition of Vacaville's neighborhood shopping centers in order to offer recommendations for General Plan policies and programs to continue to promote the health of this sector of the local retail economy. This analysis provides an overview of general market conditions affecting neighborhood shopping centers in Vacaville and focuses specifically on five neighborhood shopping centers that are struggling with below-average occupancy rates.

### *A. Background*

Neighborhood shopping centers serve an integral function in suburban communities, providing a range of essential goods and services in one convenient location. Within well-planned communities, neighborhood shopping centers are dispersed, providing nearby access to a range of daily necessities for residents, regardless of where they live. Typically anchored by a grocery and/or drug store, neighborhood shopping centers also include a number of smaller shop spaces for uses such as casual or take out restaurants, personal services (e.g. dry clearers, hair salons), and professional services (e.g. tax preparation, dentists' offices).

Neighborhood shopping centers typically range in size from 50,000 to 150,000 square feet. Compared to strip commercial development, neighborhood shopping centers rely on the presence of a strong, well-known anchor to drive traffic to the site. Compared to larger community or regional shopping centers, which range in size from 150,000 up to 1.0 million square feet or more in size, neighborhood shopping centers draw primarily from the surrounding neighborhoods (within a 1-mile radius, rather than drawing customers from throughout the city or region).

The health of a given neighborhood shopping center is marked by the health of its anchor tenant(s). Where centers lose anchor tenants or the quality of the anchor tenant declines, centers are likely to decline or die. Because neighborhood shopping centers draw shoppers primarily from the surrounding neighborhood, it is important for a city to balance providing an adequate

number of shopping center sites without promoting an oversupply of space. Too much space leads to high levels of vacancy, discouraging potential tenants and creating disincentives to periodic reinvestment.

*Vacaville has ten shopping centers that meet the traditional definition of a neighborhood shopping center. However, with the evolution of larger and larger supermarkets and new types of retailers selling groceries, the market for neighborhood shopping centers has changed, creating the need to re-position some of the city's existing centers.*

### *B. Neighborhood-Serving Retail Market Overview*

The City of Vacaville has ten centers that meet the traditional definition of a neighborhood shopping center. Each includes space for an anchor tenant(s) (approximately 20,000 to 50,000 square feet in size) in addition to approximately 20,000 to 70,000 square feet of additional retail space for smaller tenants. Additionally, the city has two full-service grocery stores, Winco and Safeway, which are not located in neighborhood shopping centers, but which nonetheless compete in the same retail category.<sup>1</sup> Winco is located at the Davis Street Plaza and is a stand-alone use without adjoining shop space. Safeway is located at Vacaville Commons, a larger 400,000 square foot community shopping center, which includes a Target and several other large retailers.

#### **1. Existing Neighborhood-Serving Retail (Citywide Supply Analysis)**

Shown in Table 1 are Vacaville's neighborhood and/or grocery-anchored shopping centers. These centers span a range from older, less well-performing centers with substantial vacancies to well-performing centers with strong anchor tenants and contemporary configurations.

##### **a. Selected Neighborhood Shopping Centers**

This memorandum focuses primarily on the first five centers listed in Table 1. These selected neighborhood shopping centers were identified as facing long-term challenges related to the following factors:

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<sup>1</sup> For purposes of this analysis, full-service grocery stores are defined as those selling a full range of fresh meat and produce as well as wine, beer, and liquor. Other convenience food stores typically do not sell fresh meat and often offer little or no produce.

TABLE I **VACAVILLE NEIGHBORHOOD AND/OR GROCERY-ANCHORED SHOPPING CENTERS<sup>a</sup>**

<b>Center</b>	<b>Anchor</b>	<b>Other Key Tenants</b>
<b>Selected Neighborhood Shopping Centers<sup>b</sup></b>		
Alamo Plaza	Vacant	Big Lots
Elmira Square	Vacant	Taco Bell
Glenbrook Center	Food Fair	Comcast
Golden Hills Plaza	Vacant	Dollar Tree
Peabody Center	County Square	TFH Church
<b>Other Centers Not Selected for Study<sup>c</sup></b>		
Alamo Peabody Center	Lucky's	Lady Fitness
Other Nearby Retail	Walgreens	Kragen Auto Parts
Browns Valley Market Place	Nugget Market	Bed, Bath & Beyond
Creekside Center	Raley's	Sleep Shop / Curves
Davis Street Plaza	Winco	N/A
Regency Park Plaza	Vacant	CVS
Vacaville Commons <sup>d</sup>	Safeway	Target, Burlington Coat Factory, Pier 1 Imports
Vacaville Town Center	Lucky's	Bank
Other Nearby Retail	Grocery Outlet	Kragen Auto Parts

<sup>a</sup> Neighborhood centers are distinguished from strip retail by the presence of anchor space(s), typically intended for grocery and/or drug stores. Typical sizes for neighborhood centers range from 50,000 to 150,000 square feet. Neighborhood centers tend to draw customers from surrounding neighborhoods (1-mile trade area). By comparison community and regional centers are larger and tend to draw customers from throughout a city and/or region (5- to 10-mile trade area).

<sup>b</sup> These five neighborhood shopping centers are the primary focus of this analysis.

<sup>c</sup> The other centers identified include all grocery-/pharmacy-anchored neighborhood shopping centers in Vacaville.

<sup>d</sup> Vacaville Commons is a larger community center, but has been included in this list as it is home to one of the city's large-format, traditional grocery stores, Safeway.

- ◆ **Tenant Mix.** Healthy neighborhood shopping centers are typically anchored by a strong grocery and/or drug store and contain a mix of national and/or regional chains as well as local stores and service providers. Several of the selected centers have vacant anchor space(s) and/or have many non-retail tenants, which typically do not drive substantial shopper traffic.
- ◆ **Location.** Several of the selected centers face locational challenges. They are situated near the edge of their trade area or are close to newer, larger competing centers<sup>2</sup> (see Figure 1).
- ◆ **Site Conditions.** In general the selected centers are among the older centers in Vacaville, dating from the 1970s and 80s. Many are in need of substantial reinvestment in building facades, signage, and parking lot resurfacing and some may require reconfiguration of space to provide a contemporary environment that meets the needs of today's retailers and shoppers.

For each of these selected neighborhood shopping centers, this background memorandum provides a detailed analysis of tenant mix, locational characteristics, site conditions, adjacent land use patterns, and other factors in order to develop a set of initial recommendations for City actions to assist in revitalization, including the identification of alternative land use concepts for certain sites.

b. Other Centers Not Selected for Study

Neighborhood shopping centers were selected for further analysis based on a scan of relevant conditions. Those centers that represent the focus of this paper were identified based on the criteria described in Section B.1.a, above. The other centers identified in Table 1 are generally well-performing and expected to remain competitive as retail locations in coming years. Most are

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<sup>2</sup> The term trade area refers to the area from which 60 to 80 percent of a store's customers are drawn. Strong centers are typically located in the center of a cluster of neighborhoods and draw customers from all directions.

anchored by strong, full-service grocery stores and include tenant mixes that feature some prominent national retailers. In the case of the Regency Park Plaza, although the anchor space is currently vacant, the owner has a lease with Fresh & Easy to take a portion of the space, and otherwise the center is generally in good condition and contains a newly remodeled CVS drug store.<sup>3</sup> Based on current market conditions and an evaluation of competitive supply, BAE recommends that the City continue to support utilization of these other sites as retail centers.

c. Location of Neighborhood Shopping Centers

Shown in Figure 1 are the approximate locations of each of the neighborhood and/or grocery-anchored shopping centers in Vacaville, as well as the 1-mile radius trade area for each. As shown, most of central Vacaville is well-served by existing grocery store offerings. The key exception is the absence of a grocery store anchor at the corner of Nut Tree and Elmira Road; however, as noted above, the owner of the Regency Park Plaza has a lease with Fresh & Easy to open a store at this location.

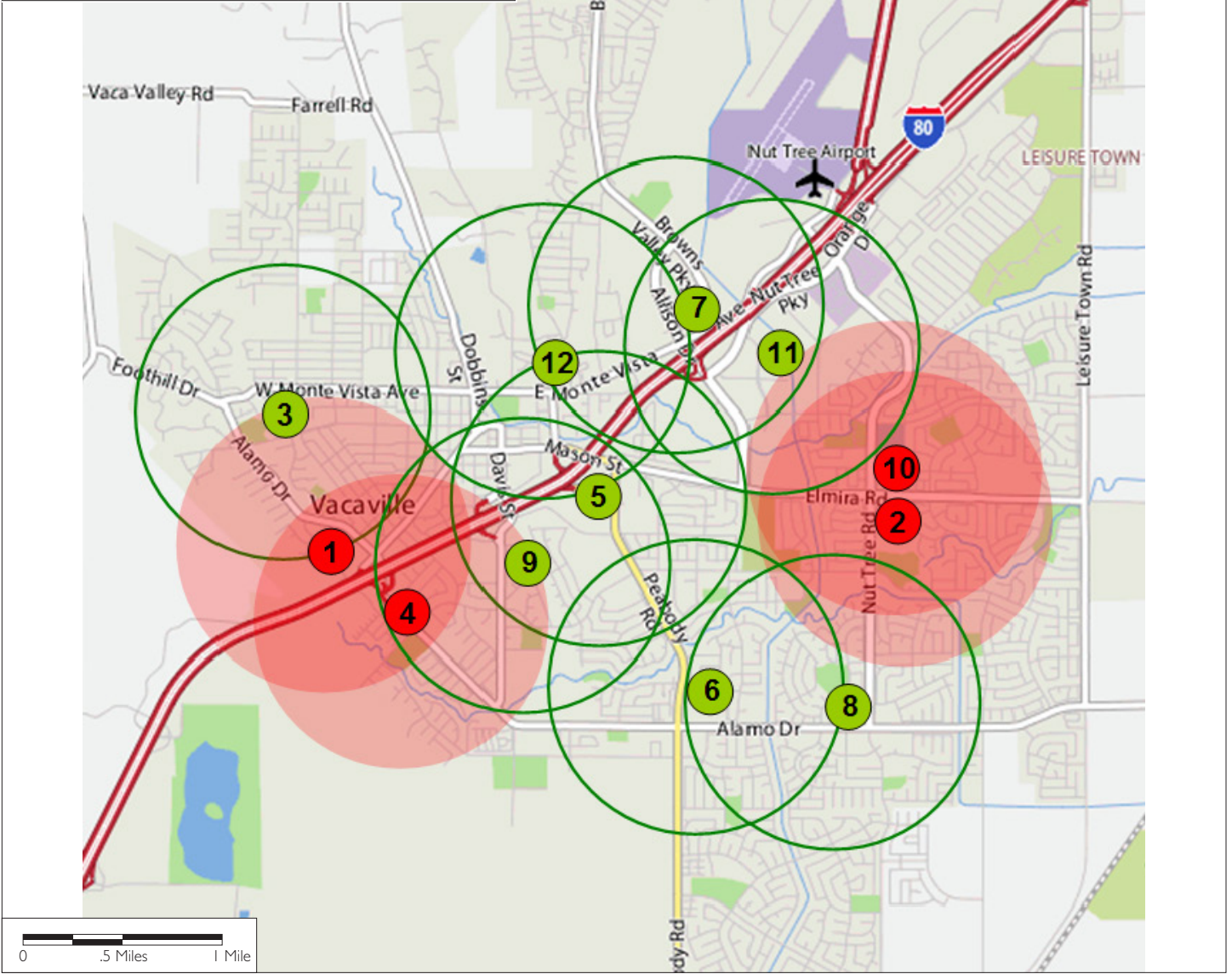
Food Fair is the smallest of the city's conventional grocery stores, at approximately 20,000 square feet in size. Other grocery stores in the city tend to range in size from 40,000 to 65,000 square feet. Hence, in terms of the existing square footage of grocery store per capita, the west Vacaville area is the least well served, suggesting a potential opportunity to add another grocery store in west Vacaville at Alamo Plaza or Golden Hills Plaza. According to the leasing agent for Golden Hills Plaza, the owner has a tentative deal with Fresh & Easy to open at that site. However, the opening of this location has been thrown in to question due to a decision by Fresh & Easy to slow expansion plans.

*Vacaville is a highly competitive grocery store market, with an adequate number of stores to support the existing population, and significant overlap between the primary trade areas served by the different stores. The vast majority of the city's residents live within a convenient distance of one or more grocery stores.*

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<sup>3</sup> Fresh & Easy is a new, small-format grocery store chain who operates stores in the range of 10,000 square feet in size (about one-quarter the size of a typical grocery store) and which offers a variety of prepared and fresh foods, including fresh meat and produce.

Center	Anchor
<b>Selected Centers</b>	
1 - Alamo Plaza	Vacant
2 - Elmira Square	Vacant
3 - Glenbrook Center	Food Fair
4 - Golden Hills Plaza	Vacant
5 - Peabody Center	County Square
<b>Other Centers</b>	
6 - Alamo Peabody Center	Lucky's
7 - Browns Valley Market Place	Nugget Market
8 - Creekside Center	Raley's
9 - Davis Street Plaza	Winco
10 - Regency Park Plaza	Vacant
11 - Vacaville Commons	Safeway
12 - Vacaville Town Center	Lucky's
<b>Vacant Grocery Store = 1-Mile Trade Areas in Red</b>	
<b>Occupied Grocery Store = 1-Mile Trade Area in Green</b>	
Source: BAE, 2010	



Source: Bay Area Economics 2010

FIGURE 1  
 VACAVILLE NEIGHBORHOOD AND/  
 OR GROCERY-ANCHORED SHOPPING CENTERS

Based on the location of the existing neighborhood shopping centers, there is not an immediate need to add an additional center in order to serve an area of town that is currently without a full-service grocery store. Instead, most of Vacaville is characterized by a highly competitive grocery store market with substantial overlap in the trade areas for many of the city's grocery stores. To the extent that opportunities exist to add additional grocery stores, they can be accommodated within existing centers, through utilization of vacant space (e.g. Alamo Plaza and Golden Hills Plaza). It is possible that Vacaville will need another small, convenience-oriented grocery store after the completion of the 2,000 residential units planned for North Village (located north of Vaca Valley Parkway between Interstate 505 and Interstate 80). North Village is not currently within 1 mile of an existing grocery store.

d. Planned and Proposed Development

Within Vacaville, there are two approved developments with significant retail components that may have implications for the existing neighborhood shopping center sites as they are built out in coming years. Notably, in 2005, the City approved the Lagoon Valley Policy Plan, allowing development of 1,025 residential units, 700,000 square feet of business park and office space, and 50,000 square feet of neighborhood-serving retail development. Located in southwest Vacaville, between the urbanized portions of Vacaville and Fairfield, residents of this development would add to the customer base of centers such as Alamo Plaza and Golden Hills Plaza, but with 50,000 square feet of retail space, much of the community's retail needs could be accommodated on site. The other notable existing approval for commercial development in Vacaville is for highway frontage retail located at the Nut Tree site. This 8-acre parcel located between East Monte Vista Avenue and Interstate 80, west of the Nut Tree Road overcrossing, is slated for development with restaurants, offices, and some specialty retail. An available site, with excellent freeway visibility and no existing development, this site provides strong competition for other freeway adjacent sites (e.g. Alamo Plaza, Golden Hills Plaza, and the Peabody Center) seeking to attract prominent retailers that need a highly visible location.

*Based on existing demographics, the City is overbuilt in its supply of neighborhood-serving retail space. Even with projected growth, there does not appear to be a need for significant new grocery-anchored shopping centers.*

*Vacaville should be able to support approximately 5 to 8 grocery-anchored neighborhood shopping centers. Currently the city has approximately ten to twelve neighborhood and/or grocery-anchored centers.*

## 2. Citywide Demand Analysis

A retail trade area is commonly defined as the area from which a given store draws approximately 60 to 80 percent of its customers. For neighborhood shopping centers, primary trade areas are typically 1 to 2 miles and generally encompass approximately 4,000 to 7,000 households, enough to support a full-service grocery store. In more densely populated areas like Vacaville, a grocery store's primary trade area will tend to be closer to 1 mile, whereas in rural areas the trade area may extend well beyond 2 miles. Hence, traditional grocery stores tend to prefer locations with a sufficient number of households in close proximity and limited competitive supply drawing from the same trade area. Small, convenience-oriented grocery stores (e.g. Food Fair, Fresh & Easy) require fewer households to support their operations and tend to draw from a smaller trade area. Specialty and ethnic grocery stores (e.g. Trader Joe's, County Square Market), typically cater to a smaller demographic niche and need to draw customers from farther afield (5 miles or more). Hence, specialty and ethnic retailers tend to prefer locations with excellent transportation accessibility (e.g. near freeway off-ramps), located within a larger trade area that includes as many as 30,000 households.

As indicated previously, the traditional rule of thumb is that 4,000 to 7,000 households are required to support a typical grocery-anchored shopping center. The exact number depends on factors such as household size and income as well as the size of the grocery store anchor. Larger stores require more households. Based on this rule, with approximately 32,000 households, Vacaville should be able to support approximately 5 to 8 grocery-anchored neighborhood shopping centers. Currently the city has approximately ten to twelve neighborhood and/or grocery anchored centers, depending on how one defines the term. These are home to seven large-format grocery stores: Grocery Outlet, two Lucky's, Nugget, Raley's, Safeway, and Winco. In addition, Vacaville has a smaller grocery store (Food Fair) and an ethnic grocery store (County Square Market). Costco and Sam's Club also provide substantial grocery offerings in Vacaville. Meanwhile, the Vacaville Target is remodeling to offer an expanded grocery section in October 2010, and Wal-Mart can be expected to increase grocery offerings in coming years either by adding

additional square footage or by fitting expanded grocery offerings into existing square footage.

Based on existing demographics, the city is somewhat overbuilt in its supply of neighborhood-serving retail space. This phenomenon is not uncommon in other communities, as many were developed with a ratio of neighborhood shopping centers to households that was sustainable when the average grocery store was in the range of 25,000 square feet; however particularly in the 1990s and 2000s, the average size of grocery stores increased dramatically, and newer stores typically are 50,000 square feet or more. This means that fewer supermarkets are now needed to serve a given number of residents. While the city is expected to add approximately 3,600 households over the next 20 years,<sup>4</sup> much of the demand from these households can likely be absorbed by existing retailers and/or as big-box retailers expand grocery offerings. Major opportunities going forward will likely be to attract additional small-format grocery stores (e.g. Fresh & Easy) and ethnic grocery stores, and potentially to attract a specialty grocer (e.g. Trader Joe's, Whole Foods), which would draw from a large trade area.

Even if the City can attract new retailers as listed above, there is still likely to be a need to reposition<sup>5</sup> and/or redevelop at least two neighborhood shopping centers, as there is not expected to be sufficient demand to support the

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<sup>4</sup> Per ABAG, *Projections 2009*.

<sup>5</sup> The term reposition is used in this memorandum to refer to a process of re-orienting a center to serve a different purpose or a different clientele. For instance, a neighborhood shopping center can be repositioned with a greater emphasis on destination rather than neighborhood-serving retail, entertainment, and/or restaurants. Destination retail centers, also referred to as "lifestyle centers," draw from a larger trade area and sell goods such as books, sporting goods, home furnishings, and apparel. Another example of repositioning would be to transition an existing traditional neighborhood shopping center to one that caters to a particular ethnic community. Many declining neighborhood shopping centers have realized a second life anchored by an ethnic grocery store with related retail/service uses targeted to the same ethnic community.

existing supply of space. This topic is discussed further in Section C, Analysis of Selected Neighborhood Shopping Centers.

### **3. Trade Area Demographics**

Provided below is a discussion of key demographic data for the City of Vacaville as well as the 1-mile “trade areas” around each of Vacaville’s neighborhood and/or grocery-anchored shopping centers. Retailers focus on a range of factors as they make location decisions, including the number of households in surrounding neighborhoods, household income, the age distribution of residents, and, in certain instances, race, or ethnicity.

#### **a. Population and Households**

As shown in Table 2, the City of Vacaville has approximately 32,000 households. The number of households located within the shopping center trade areas ranges from a low of approximately 3,600 (Golden Hills Plaza) to a high of 7,900 households (Elmira Square and Regency Park Plaza). Where centers have fewer households within a 1-mile radius, they are generally at a competitive disadvantage to other locations. A lack of nearby residents can sometimes be overcome through a location with excellent transportation accessibility (e.g. a freeway accessible location) or because a given center is the most convenient location for a sizable portion of town even if those households are located some distance away. As an example, centers such as Alamo Plaza and Golden Hills Plaza have relatively low populations residing nearby, but enjoy good freeway accessibility that may allow them to attract customers from farther away. Meanwhile, a center such as Browns Valley Market, which has a relatively low population within its surrounding 1-mile area, is nonetheless the most convenient retail location for a significant number of households living in north Vacaville, off of Browns Valley Road.

CITY OF VACAVILLE  
GENERAL PLAN UPDATE  
NEIGHBORHOOD-SERVING RETAIL

TABLE 2 TRADE AREA DEMOGRAPHICS (2009) AND TRAFFIC COUNT DATA (2008)

	Comparison Geographics		1-Mile Trade Areas Selected Neighborhood Shopping Centers					1-Mile Trade Areas Other Centers						
	City of Vacaville	Bay Area	Alamo Plaza	Elmira Square	Greenbrook Center	Golden Hills Plaza	Peabody Center	Alamo Peabody Center	Brown Valley Market	Creekside Center	Davis Street Plaza	Regency Park Plaza	Vacaville Commons	Vacaville Town Center
Population	96,450	7,375,678	10,828	22,901	11,348	12,102	17,156	23,066	11,538	22,919	16,508	22,901	15,053	14,903
Households	32,129	2,656,487	3,603	7,916	4,423	3,559	6,077	7,177	3,920	7,593	5,724	7,916	5,294	5,201
Family HHs	74%	65%	71%	75%	72%	70%	70%	71%	69%	76%	69%	75%	70%	71%
Non-Family HHs	26%	35%	29%	25%	28%	30%	30%	29%	31%	24%	31%	25%	30%	29%
Avg. HH Size	2.84	2.73	2.57	2.83	2.91	2.88	2.82	2.80	2.81	2.60	2.84	2.83	2.54	2.88
<i>Household Income</i>														
Less than \$75,000	51%	49%	56%	50%	53%	60%	68%	58%	73%	47%	63%	50%	66%	70%
\$75,000 to \$150,000	38%	33%	36%	39%	38%	34%	28%	35%	22%	41%	32%	39%	28%	25%
\$150,000 or More	11%	18%	7%	11%	8%	6%	4%	8%	5%	12%	5%	11%	6%	4%
Median Income	\$73,076	\$76,862	\$67,615	\$74,472	\$70,467	\$63,044	\$54,387	\$65,666	\$49,034	\$79,034	\$59,152	\$74,472	\$55,646	\$51,692
<i>Race/Ethnicity</i>														
White	56%	44%	61%	62%	74%	51%	47%	52%	39%	57%	53%	62%	48%	46%
Hispanic	22%	22%	20%	18%	15%	24%	34%	22%	43%	18%	26%	18%	32%	39%
African American	11%	7%	11%	8%	4%	16%	8%	14%	9%	11%	11%	8%	9%	7%
Asian	5%	22%	3%	5%	2%	4%	4%	5%	4%	7%	4%	5%	5%	3%
Other	6%	5%	5%	7%	5%	5%	6%	7%	5%	7%	6%	7%	6%	5%
<i>Age</i>														
Under 18	24%	23%	21%	27%	22%	19%	28%	24%	30%	29%	24%	27%	27%	29%
18 to 64	66%	65%	66%	65%	62%	70%	64%	69%	63%	65%	65%	65%	63%	62%
65+	10%	12%	13%	8%	16%	11%	8%	8%	7%	7%	10%	8%	10%	9%
PM Peak Traffic Count	NA	NA	5,702	6,409	1,932	5,558	7,702	7,371	3,910	4,835	3,455	6,409	4,096	5,842

City of Vacaville and Bay Area population, household, and average household size data are from the California Department of Finance.

All other demographic data are from Claritas.

Traffic counts are for the PM Peak (4:00 p.m. to 6:00 p.m.) for all traffic movements at the nearest intersection to the center. Traffic counts were conducted in late 2007 and early 2008.

Source: Claritas, 2010; City of Vacaville, 2008; BAE, 2010.

b. Income

As shown in Table 3, median household income in the City of Vacaville is similar to that for the Bay Area - \$73,000 per year compared to \$77,000. While Vacaville has a slightly lower median household income than the Bay Area, it actually has a higher percentage of middle class households earning between \$75,000 and \$150,000 per year (38 percent compared to 33 percent). These factors point to Vacaville as an attractive market for retailers aiming at middle-income households.

Upscale retailers, by comparison (e.g. Whole Foods), are often focused on the number of higher income households - those earning \$150,000 per year or more. Here Vacaville lags the Bay Area, with approximately 11 percent of households earning \$150,000 per year or more compared to 18 percent for the Bay Area. Nonetheless, with nearly 100,000 residents and a steadily growing population, Vacaville continues to mature into an increasingly attractive location for higher end stores. Compared with Fairfield, which is currently home to a Trader Joe's, Vacaville has nearly as many residents (96,000 compared to 106,000), a higher median household income (\$73,000 compared to \$65,500), and a larger number of higher income households earning \$150,000 per year or more (3,500 compared to 3,200).

As shown in Table 2, median household incomes for the shopping center trade areas vary substantially from \$51,700 (Vacaville Town Center) up to \$79,000 (Creekside Center). In general, household incomes tend to be lower for those centers clustered near the freeway and higher for those situated among the city's single-family residential neighborhoods.

c. Race and Ethnicity

One of the fastest growing segments within the grocery store industry is ethnic food stores. These stores are often full-service, offering fresh meat and produce, but cater to a particular ethnic community with specifically-tailored food offerings. As shown in Table 2, the City of Vacaville has a somewhat higher percentage of white residents compared to the Bay Area as a whole (56

percent compared to 44 percent), but has sizable minority communities, including 22 percent of the population who are Hispanic, 11 percent who are African American, and 5 percent who are Asian.

Based on demographic models, the number of white residents is expected to decline in Vacaville in coming years, while the non-white population continues to grow. In particular, the city is expected to add 3,300 Hispanic residents over the next five years, accounting for approximately three quarters of population growth; the Asian community is also expected to grow by approximately 700 residents.<sup>6</sup> Over the longer-term (2010 to 2030) Vacaville is expected to add approximately 9,700 residents and 3,600 households. Approximately two-thirds of new residents will be Hispanic and one-third will be Asian.<sup>7</sup> Overall these demographic trends speak to the potential opportunity to add one or more Hispanic grocery stores as the city continues to build out. Moreover, these data predict favorably for continued revenue growth at the city's existing Asian grocery store, County Square Market.

As noted before, specialty and ethnic grocery stores tend to prefer central locations with good transportation accessibility to allow them to draw from a larger, citywide trade area. Hence, while the racial/ethnic composition of a particular neighborhood can be an important factor in choosing store location for ethnic grocers, it is not necessarily determinative. Centers such as Alamo Plaza and Golden Hills Plaza are situated in neighborhoods that are 20 percent or more Hispanic, while centers such as Peabody Center, Browns Valley Market, and the Vacaville Town Center are situated in neighborhoods that are more than 30 percent Hispanic.

*With Asians and Hispanics accounting for most of the net increase in the city's projected population growth, this will create opportunities for more ethnic-oriented retailing in Vacaville.*

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<sup>6</sup> Demographic estimates per Claritas, Inc., a commercial vendor of location specific demographic projections, covering the period from 2009 to 2014.

<sup>7</sup> See the Population, Housing, and Employment Background Memorandum for additional data regarding population and household growth projections. Population growth trends by race are based on *Population Projections by Race/Ethnicity for California and Its Counties 2000–2050*, published by the California Department of Finance.

d. Household Size, Type, and Age of Residents

Household size, family status, and age of residents can be key factors for certain types of retailers as they make locational decisions. Grocery stores typically do well in neighborhoods with larger average household sizes, a higher composition of family households, and where children are present at home. Pharmacies often prefer locations with a substantial number of older residents.

As shown in Table 2, Vacaville has a relatively high average household size (2.8 persons), high percentage of family households (74 percent) and a somewhat younger population than the Bay Area with a smaller percentage of seniors (10 percent for Vacaville compared to 12 percent for the region).

Average household sizes vary within the shopping center trade areas from a low of 2.5 persons (Alamo Plaza and Vacaville Commons) to a high of 2.9 persons (Glenbrook Center). The Bay Area average is 2.7 persons per household. Throughout Vacaville, the percentage of family households is consistently above the Bay Area average, ranging from 69 to 76 percent compared to 65 percent for the region. The percent of persons under the age of 18 varies somewhat from neighborhood to neighborhood, ranging from 19 percent (near Golden Hills Plaza) to 30 percent (near Browns Valley Market). For the Bay Area, 23 percent of residents are younger than 18. Finally, the percentage of older residents (65 years or older) ranges from a low of 7 percent (near the Browns Valley Market and the Creekside Center) to a high of 16 percent (near Glenbrook Center).

The average trade area demographics and traffic count data for all of the shopping centers are provided in Table 3.

CITY OF VACAVILLE  
**GENERAL PLAN UPDATE**  
 NEIGHBORHOOD-SERVING RETAIL

TABLE 3 **AVERAGE TRADE AREA DEMOGRAPHICS AND TRAFFIC COUNT DATA FOR ALL VACAVILLE NEIGHBORHOOD AND/OR GROCERY-STORE ANCHORED SHOPPING CENTERS**

Population	16,769
Households	5,700
Family HHs	72%
Non-Family HHs	28%
Average HH Size	2.78
<i>Household Income</i>	
Less than \$75,000	60%
\$75,000 to \$150,000	33%
\$150,000 or More	7%
Median Income	\$63,723
<i>Race / Ethnicity</i>	
White	54%
Hispanic	26%
African American	10%
Asian	4%
Other	6%
<i>Age</i>	
Under 18	25%
18 to 64	65%
65+	10%
PM Peak Traffic Count <sup>a</sup>	5,268

Note: Shown above is the average for the 12 neighborhood and/or grocery-anchored shopping centers in Vacaville.

<sup>a</sup> Traffic counts are for the PM Peak (4:00 p.m. to 6:00 p.m.) for all traffic movements at the nearest intersection to the center. Traffic counts were conducted in late 2007 and early 2008.

Source: Claritas, 2010; City of Vacaville, 2008; BAE, 2010.

e. Traffic Counts

Retailers are keenly interested in locations with good visibility, and one commonly used measure of visibility is traffic counts.<sup>8</sup> For transportation planning purposes, the City conducted peak period traffic counts in late 2007 and early 2008 for prominent intersections throughout the city. These data are shown in Table 2 and are useful for comparing the various neighborhood shopping centers against one another. As shown for all neighborhood and/or grocery-anchored shopping centers, the PM peak traffic count (4:00 p.m. to 6:00 p.m.) at the adjacent intersection ranges from a low of 1,900 cars per evening at the Glenbrook Center to a high of 7,700 cars for the Peabody Center, with most centers having PM peak traffic counts that range between 4,000 and 6,500.

In general these data suggest that all of the centers have relatively good visibility as measured by pass-by traffic, with the exception of the Glenbrook Center. As neighborhood shopping centers typically rely on repeat customers who are familiar with a center's location and tenants, a less visible location can be overcome if a given center is located in a strong trade area and/or has a strong, well-established anchor tenant.

*C. Analysis of Selected Neighborhood Shopping Centers*

The following section provides a more in-depth discussion of the five selected neighborhood shopping centers listed in Table 4. As discussed, these centers were identified as facing serious challenges related to tenant mix, location, and/or site conditions. Some of these centers are currently experiencing readily apparent difficulties, including one which has reverted to bank ownership. Others of these centers are currently reasonably healthy, with existing grocery anchors and relatively high occupancy rates. Nonetheless, even for the

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<sup>8</sup> Retailers are typically interested in Average Daily Trips (ADT) on the fronting street. Here, PM peak traffic counts at the nearby intersection are used as a proxy, in the absence of available ADTs for all centers.

healthier of these centers, long-term market pressures are likely to dictate a need for substantial reinvestment and/or repositioning.

Provided below is a detailed analysis of tenant mix, locational characteristics, site conditions, adjacent land use patterns, and other factors for each of the selected neighborhood shopping centers. Also provided are initial recommendations for City actions to assist in revitalization of these sites, including the identification of alternative land use concepts, where appropriate.

TABLE 4 **SELECTED NEIGHBORHOOD SHOPPING CENTERS**

Center Name/Address	Size (SF)	Vacant (SF)	Vacancy (%)	Year Built
<b>Alamo Plaza</b> 868 Alamo Dr.	165,000	92,000	56%	1975
<b>Golden Hills Plaza</b> 960 Alamo Dr.	110,000	70,000	58%	1987
<b>Elmira Square</b> 2050 Nut Tree Dr.	76,500	45,500	59%	1988
<b>Glenbrook Center</b> 120 South Orchard Ave.	40,000	1,000	3%	1970s <sup>a</sup>
<b>Peabody Center</b> 136 Peabody Rd.	85,000	3,000	4%	1979-83

<sup>a</sup> This is an estimate. Assessor parcel records do not indicate the date built and BAE was unable to reach the property owner to determine the year built.

Source: BAE, 2010.

## 1. Alamo Plaza

### a. Location and Adjacent Land Uses

Alamo Plaza is located at the intersection of Alamo Drive and Merchant Street and near the Alamo Drive freeway exit. Adjacent land uses include small retail uses, a motel, small professional office buildings, and single-family and townhouse residential development. Vacaville City Hall is located approximately ¼-mile to the east. Alamo Plaza is adjacent to but outside the boundaries of the Vacaville Community Redevelopment Area.

b. Demographics and Traffic Counts

Situated on the edge of Vacaville, Alamo Plaza's trade area is somewhat limited as there is little development to the west of the site. Consequently, Alamo Plaza has among the lowest number of households within a 1-mile radius of any neighborhood shopping center in Vacaville – 3,600 households compared to an average of 5,700 for all centers.

PM peak traffic counts at the adjacent intersection are 5,700 cars per evening, compared to an average of 5,300 cars per evening for all centers. Hence, while Alamo Plaza has the disadvantage of being located on the edge of its trade area, it has good freeway accessibility and is on par with other centers in the city in terms of the volume of pass-by traffic.

c. Age, Size, and Ownership

Alamo Plaza was built in 1975, is largely held in a single ownership, and has been owned by the same party since 2001. The shopping center consists of 165,000 square feet of built space, situated on a 13-acre site. The gas station use located at the corner of the site is owned by a separate party and is approximately 0.4 acres in size.

d. Trade Area and Competitive Supply

The Alamo Plaza trade area overlaps substantially with other neighborhood shopping center trade areas, including Glenbrook Center to the north and Golden Hills Plaza to the south. Golden Hills Plaza is located less than ¼ mile from Alamo Plaza and is its most direct competitor. As demonstrated by the substantial vacancies at each of these centers, there is not sufficient demand in west Vacaville to support two neighborhood shopping centers, located in such close proximity. The two centers have a total of more than 160,000 square feet of vacant retail space.

e. Tenant Mix and Existing Vacancies

Alamo Plaza has several prominent vacancies, including an approximately 45,000 square foot anchor space and two medium sized spaces in the range of

10,000 to 20,000 square feet. The largest tenant at the center is Big Lots, a general merchandise store, which sets the tone for Alamo Plaza as a value-oriented center. Other tenants include a mix of national chain/franchise restaurants, local restaurants, small specialty retail shops, and personal/professional services (e.g. a daycare center and dentist's office).

f. Site Conditions

Dating from the 1970s, Alamo Plaza is currently in need of substantial reinvestment. The overall condition of building facades and the parking lot are poor, although the exterior facades of the two small outbuildings within the shopping center have recently been upgraded. Discussions with the listing agent for the site indicated plans for more substantial renovations to the center are dependent on attracting an anchor tenant.

g. Summary of Market Strengths

With relatively good visibility and a freeway adjacent location, Alamo Plaza has the potential to draw in customers from beyond its immediate neighborhood. It is a relatively large center, on a sizeable parcel, held in common ownership, factors that could facilitate possible redevelopment and/or reinvestment. In the short-term the center is able to offer space at relatively low rates.

h. Summary of Market Challenges

Located on the edge of its trade area, Alamo Plaza has relatively few households living in the immediate vicinity, a substantial liability for a neighborhood shopping center. This challenge is exacerbated by the proximity of Golden Hills Plaza, a direct competitor. Moreover, given a shift of a substantial amount of retail spending toward power centers and big box development located elsewhere in Vacaville, there is not likely to be sufficient future demand to justify the approximately 285,000 square feet of neighborhood-serving retail located at the Alamo Drive freeway intersection in Alamo Plaza and Golden Hills Plaza. Until one or both of these centers is redeveloped and/or substantially repositioned, competition between these two centers is

likely to result in substantial vacancies, driving away potential smaller tenants and discouraging reinvestment.

i. Preliminary Recommendation

Described below are two potential land use scenarios for the Alamo Plaza site that would take advantage of its location while recognizing the challenges it faces to continuing operation as a neighborhood-serving shopping center. BAE recommends that the City explore these possibilities through the General Plan process, taking into account market factors described in this memorandum as well as non-market factors, including neighborhood compatibility.

- ◆ **Scenario 1 – Lifestyle or Entertainment Center.** As noted, Alamo Plaza is a large site and enjoys good freeway accessibility/visibility, but has relatively few households located in the immediate vicinity. Moreover, the site is located in an area that contains an oversupply of neighborhood-serving retail space. One long-term concept for the site would be to reuse it for a more destination-oriented retail concept intended to draw customers from a large trade area, encompassing Vacaville and northwest Fairfield. Key tenants could include a family restaurant/recreation use such as Dave & Busters or John’s Incredible Pizza Co.; a sports club or recreation-oriented facility such as Sky High Sports (trampoline center), Race Place Motor Sports (indoor kart racing/dining), or indoor surf wave facility (e.g. Flowrider technology); or a sporting goods store or sports-oriented clothing/equipment retailer.

While the Alamo Plaza site has potential for these types of uses, it may be challenging to attract substantial developer interest to this site while other freeway adjacent sites remain available near the Nut Tree development and the Interstate 505/Interstate 80 interchange.

- ◆ **Scenario 2 – Mixed-Use Commercial/Residential.** Situated adjacent to residential development to the north and west and commercial development and the freeway to the south and east, the Alamo Plaza site could be appropriate for a range of land uses. One concept would be to allow for medium-density residential development such as townhouses and/or low-rise apartment development at the northern edge of the property,

along El Camino Avenue. On the southern portion of the property, the site could be zoned flexibly to allow for a range of commercial uses, which could include office, lodging, and/or convenience-oriented retail uses. Such a change in allowable land use on the site would create the opportunity for the market to respond to longer-term opportunities as they arise. Over the near-term, prospects are limited for additional office and/or freeway-adjacent hotel uses.

## **2. Golden Hills Plaza**

### **a. Location and Adjacent Land Uses**

Golden Hills Plaza is located at the intersection of Alamo Drive and Marshall Road in west Vacaville. Adjacent land uses include convenience retail and multi-family and single-family residential development. The site is easily accessed from the Alamo Drive freeway exit and has some visibility from the freeway. Golden Hills Plaza is located in the Vacaville Community Redevelopment Area.

### **b. Demographics and Traffic Counts**

Situated on the edge of Vacaville, Golden Hill Plaza's trade area is limited, with little development to the west of the site. Consequently, with fewer than 3,600 households within a 1-mile radius, Golden Hills Plaza has the lowest number of households within a 1-mile radius of any neighborhood shopping center in Vacaville.

PM peak traffic counts at the adjacent intersection are 5,600 cars per evening, compared to an average of 5,300 cars per evening for all centers. While Golden Hills Plaza has the disadvantage of being located on the edge of its trade area, it does have good freeway accessibility and is on par with other centers in the city in terms of the volume of pass-by traffic.

### **c. Age, Size, and Ownership**

Golden Hills Plaza was built in 1987 and is held in a single ownership. In total, the shopping center contains 110,000 square feet, situated on a 9.5-acre site. According to the listing agent for the site, the property recently reverted

to the bank due to loan default. Accordingly, the bank is interested in short-term lease up and disposition of the property and does not have any long-term plans for the site.

d. Trade Area and Competitive Supply

The Golden Hills Plaza trade area overlaps substantially with other shopping center trade areas, including Alamo Plaza to the north and the Davis Street Plaza (Winco) to the east. As described before, Alamo Plaza is located less than ¼ mile from Golden Hills Plaza and, as demonstrated by the substantial vacancies at each of these centers, there is not sufficient demand in west Vacaville to support both without substantial repositioning of one or both properties.

e. Tenant Mix and Existing Vacancies

Golden Hills Plaza is approximately two-thirds vacant, including a 50,000-square-foot anchor space and approximately 20,000 square feet of in-line shop space. The largest tenant at the center is Dollar Tree. Other tenants include a mix of national chain/franchise restaurants, small specialty retail shops, and personal/professional services (e.g. a barber shop and dentist). The leasing agent reports that the center has a tentative deal with Fresh & Easy to take a portion of the anchor space; however, there is some uncertainty whether Fresh & Easy will move forward at this location as the company has recently decided to slow expansion plans.

f. Site Conditions

Dating from the late 1980s, Golden Hills Plaza has an unusual configuration with the anchor store space separated from the in-line shop space by more than 200 feet. Typically, smaller tenants prefer to be adjacent to the anchor tenant, who drives the bulk of traffic to a center. In general, the condition of building façades and the parking lot is satisfactory.

g. Summary of Market Strengths

With relatively good visibility and a freeway adjacent location, Golden Hills Plaza has the potential to draw in customers from beyond its immediate

*With a location that is accessible to adjacent neighborhoods and that functions as a western gateway to the city from nearby communities located along Interstates 80 and 680, Golden Hills Plaza represents a potential opportunity for the development of a new specialty or ethnic retailer.*

neighborhood. This characteristic makes the site potentially attractive to specialty/ethnic grocers and the listing agent reports some interest in these categories.

h. Summary of Market Challenges

Located on the edge of its trade area, Golden Hills Plaza has relatively few households living in the immediate vicinity, a substantial liability for a neighborhood shopping center. Moreover, the center competes in the same trade area as Winco, a strong, large-format grocery store. Finally, the center is located at a freeway off-ramp with a substantial oversupply of neighborhood-serving retail.

i. Preliminary Recommendation

Based on market considerations, BAE recommends that the City continue to support Golden Hills Plaza as a grocery-anchored neighborhood shopping center. Situated at a busy intersection, with good freeway accessibility, the center continues to attract interest from a variety of grocery store operators. Among the five shopping centers evaluated for this analysis, Golden Hills Plaza presents one of the better opportunities for the City to attract a new specialty or ethnic grocery retailer. In particular, the site is situated at the western gateway to the city and is a reasonably easy stopping point for persons commuting back into Vacaville from Fairfield, Concord, and Walnut Creek. If the City is successful in attracting a new specialty or ethnic grocer as an anchor, this would help to attract additional tenants to vacant inline spaces in the center. While the center currently has a high vacancy rate, its long-term viability would be enhanced if the amount of competing retail space were reduced at Alamo Plaza as recommended elsewhere in this memorandum.

As an alternative to a stand-alone retail use, the site could also accommodate a mixed-use residential/retail concept. Under such a scenario, BAE recommends requiring that any future development include a minimum of approximately 50,000 square feet of retail space to allow for a medium-sized

ethnic or specialty grocer (approximately 25,000 square feet) in addition to other space for restaurants, specialty retail, and services.

Development standards on this site should be evaluated to ensure that future redevelopment complements the surrounding neighborhood while allowing for features that are demanded by retailers at freeway-adjacent sites, including freeway visible signage and drive-through windows for uses such as pharmacies and restaurants.

Golden Hills Plaza is the only one of the five selected shopping centers that is located within a Redevelopment Area. Consequently the City may have additional financial tools at its disposal to assist in repositioning this center.

### **3. Elmira Square**

#### **a. Location and Adjacent Land Uses**

Elmira Square is located at the intersection of Elmira Road and Nut Tree Road in southeast Vacaville. Adjacent land uses include a competing neighborhood shopping center (Regency Park Plaza), Vaca Pena Middle School, and single-family residential development. The site is located at the intersection of two major arterial roads, providing good access to nearby neighborhoods. Located more than 1 mile from the freeway, the site does not have good regional accessibility. Elmira Square is located adjacent to but outside the boundaries of the Interstate 80/Interstate 505 Redevelopment Area.

#### **b. Demographics and Traffic Counts**

Surrounded by residential development, Elmira Square (along with Regency Park Plaza, located at the same intersection) has the highest number of households (7,900) within a 1-mile trade area of any neighborhood shopping center in Vacaville, compared to an average of 5,700 households for all centers.

PM peak traffic counts at the adjacent intersection are 6,400 cars per evening, compared to an average of 5,300 cars per evening for all centers. Hence, El-

Elmira Square has relatively good visibility compared to other centers in the city.

c. Age, Size, and Ownership

Elmira Square was built in 1988 and is owned by three different entities. The Rite Aid corporation owns the anchor tenant space and associated parking (45,500 built square feet and 4.1 acres), while a separate company owns the in-line shop space and the remainder of the parking (approximately 26,500 built square feet and 3.3 acres). Finally, the 0.8-acre gas station site is owned by a separate entity.

d. Trade Area and Competitive Supply

Located at the same intersection, Elmira Square and Regency Park Plaza effectively share the same trade area. As demonstrated by the fact that the anchor space is vacant at each of these centers, there is not sufficient demand in the trade area to support two neighborhood shopping centers, particularly given the strong competition currently presented by large-format retailers elsewhere in Vacaville such as Winco, Costco, and Sam's Club. Between the two centers, there are more than 90,000 square feet of vacant retail space, including 45,500 vacant square feet in Elmira Square out of a total of 76,500 square feet and 50,000 square feet of vacant space out of the total of 110,000 square feet in Regency Park. Therefore, the vacancy rate is significantly higher at Elmira Square than Regency Park. In addition, as indicated in Section B.1.b, the owner of Regency Park Plaza has a lease with Fresh & Easy to take a portion of the space; Fresh & Easy could possibly occupy about 10,000 square feet of vacant space in Regency Park.

e. Tenant Mix and Existing Vacancies

Elmira Square's anchor space has been vacant since Rite Aid closed this location. Meanwhile, a remodeled CVS is located across the street, at Regency Park Plaza. Other tenants at Elmira Square are primarily personal service businesses, including a dry cleaner, hair salon, and travel agency. In total, approximately 60 percent of the center is vacant (45,500 vacant square feet out of 76,500 total square feet), including one-third of the smaller shop space.

f. Site Conditions

Dating from the late 1980s, Elmira Square is currently in poor condition. Since the closure of the Rite Aid store, the center has had problems with graffiti and other vandalism. The Rite Aid portion of the site is currently for sale at a price of approximately \$15 per square foot of land area. The listing agent for the property indicated that there has been substantial developer interest at this price. The agent also indicated an expectation that the new owner will be interested to demolish the existing use and replace it with mixed-use development, if possible.

g. Summary of Market Strengths and Challenges

Elmira Square and Regency Park Plaza share an attractive market area, conveniently accessible to a large number of households residing in southeastern Vacaville. Nonetheless, as retail trends have shifted, there is no longer sufficient demand to support two separate neighborhood shopping centers at this intersection.

h. Preliminary Recommendation

Based on market considerations, BAE recommends that the City explore a mixed-use residential development with a limited amount of commercial square footage on the Elmira Square site. Situated at a busy intersection in an otherwise residential area, the Elmira Square site could be appropriate for medium- to high-density residential development, with 5,000 to 10,000 square feet of on-site space for a cafe, personal services, and/or convenience retail. It is expected that through a reduction in the amount of retail square footage at this intersection, the City would see an improvement in the retail health of the area, improving prospects for Regency Park Plaza to become fully leased up and attract and maintain a strong tenant mix.

*Elmira Square may need to be totally redeveloped in order to revitalize the property. Reuse of the Elmira Square site with only limited retail space could help to consolidate and solidify retail market support for Regency Park Plaza, improving its vitality.*

**4. Glenbrook Center**

a. Location and Adjacent Land Uses

Glenbrook Center is located at the intersection of South Orchard Avenue and West Monte Vista Avenue in northwest Vacaville. Adjacent land uses

include a fire station, other small-scale retail, a gas station, and single-family residential development. The site is located at the intersection of an arterial and a local collector street. Situated approximately 1 mile from the freeway, the site does not have good regional accessibility.

b. Demographics and Traffic Counts

Glenbrook Center is situated in an older part of town that is not particularly densely developed, and is less than a ½-mile from the edge of town. Consequently, Glenbrook Center has only 4,400 households within its 1-mile trade area radius, significantly less than the average of 5,700 households for all centers.

PM peak traffic counts at the adjacent intersection are quite low for the Glenbrook Center, at 1,900 cars per evening, compared to an average of 5,300 cars per evening for all centers. With relatively little nearby residential development, and poor visibility and accessibility in comparison to other sites, the Glenbrook Center would be considered a marginal location by most national retailers.

c. Age, Size, and Ownership

Glenbrook Center is an older center and is owned by a single entity. The center includes approximately 40,000 square feet of built space, situated on a 4.2-acre site.

d. Trade Area and Competitive Supply

Serving a niche market in northwest Vacaville, the Glenbrook Center does not have substantial competition within its primary trade area households living off of Foothill Drive and North Orchard Drive. It would compete with Alamo Plaza to the south, if Alamo Plaza attracted a grocery-store anchor.

e. Tenant Mix and Existing Vacancies

Glenbrook Center is home to Food Fair, the city's smallest conventional grocery store at approximately 20,000 square feet, offering fresh meat, produce,

wine, beer, and liquor, as well as packaged and canned foods. Aside from Food Fair, the center primarily has non-retail tenants, including cable television and telephone company offices. The center has only one small vacancy of approximately 1,000 square feet. The lack of other retail tenants suggests that the center has limited appeal to retailers due to its location and lack of visibility.

f. Site Conditions

A small, older center, Glenbrook does not have a contemporary layout. Many stores face inward and do not have good visibility from the street. In general, the buildings are in satisfactory condition and the parking lot was recently resealed.

g. Summary of Market Strengths and Challenges

As long as Food Fair or another small grocer operator continues to operate at this location, the Glenbrook Center will have a useful life as a retail location, serving an area of town that is otherwise more than 2 miles to the nearest grocery store. Nonetheless, with little pass-by traffic and fewer than 5,000 households in the surrounding neighborhoods, the center remains a marginal location for retail investment.

h. Preliminary Recommendation

Aside from the Glenbrook Center site, there are not other sizable commercial properties in northwest Vacaville. The nearest large commercial properties of 2 acres or larger are Monte Vista Center, located 0.75 miles to the east of Glenbrook Center, and Alamo Plaza, located 0.75 miles to the south. As a result, if this site were allowed to convert entirely to residential use, this portion of town would be under-served with basic retail and service offerings.

Based on market factors, BAE recommends that land use designations and zoning on the Glenbrook Center site be changed to allow for mixed use development, while requiring that any redevelopment include a minimum amount of retail space. Situated adjacent to single-family development, the site could be appropriate for horizontal mixed-use development, including

*Because residents of northwest Vacaville are not particularly well served with retail facilities, the City should consider working to maintain at least a limited amount of convenience retail and services at the Glenbrook Center site, while perhaps expanding the land use options at the site to allow mixed-use development.*

townhouses adjacent to a small retail/professional office center. Requiring a minimum of 15,000 to 20,000 square feet of commercial space on site would help to assure that the surrounding neighborhoods continue to be served by a convenience-oriented grocery store operator, as well as other key services.

## 5. Peabody Center

### a. Location and Adjacent Land Uses

The Peabody Center is located at the intersection of Elmira Road and Peabody Road. The site is adjacent to and visible from the freeway and easily accessed from the Cliffside Drive freeway exit. The center is in a commercial area of town and surrounding land uses include the Vacaville Shopping Center, a gas station, and various stand-alone retail uses. To the south is the former site of the Ford dealership and Costco is located to the southwest. The Peabody Center is located adjacent to but outside the boundaries of the Vacaville Community Redevelopment Area.

### b. Demographics and Traffic Counts

There are approximately 6,100 households located within 1 mile of the center, compared to an average of 5,700 for all centers. Due to its central location, approximately two-thirds of Vacaville's population is located within 2 miles of the center and virtually all of Vacaville's population is located within 3 miles (95 percent).

PM peak traffic counts at the adjacent intersection are 7,700 cars per evening, the highest level for any of the twelve neighborhood and/or grocery anchored shopping centers in Vacaville. Located adjacent to the freeway, with good accessibility from most places in Vacaville and good visibility as measured by pass-by traffic, the Peabody Center is well situated for retailers seeking to draw from a citywide trade area.

### c. Age, Size, and Ownership

Compared to the other centers discussed, the Peabody Center stands out for the extent to which various portions of the property are owned by separate entities. The center consists of approximately 85,000 square feet of develop-

ment, situated on ten parcels (approximately 8.6 acres), owned by eight separate owners. Built in stages between 1979 and 1983, the site functions as an amalgamation of separate developments without centralized management or a coordinated leasing strategy.

d. Trade Area and Competitive Supply

The Peabody Center is located in a highly competitive trade area. Costco is adjacent to the site, while the Davis Street Plaza (Winco) is located less than 1 mile to the west and the Vacaville Town Center (Lucky's) is located less than 1 mile to the north. Other nearby grocery-anchored centers include the Alamo Peabody Center (Lucky's) and the Vacaville Commons (Safeway). Given strong competition from traditional full-service grocery stores, as well as larger discount stores, the Peabody Center has managed to carve out a niche as home to the city's only full-service ethnic grocery store, County Square Market.

e. Tenant Mix and Existing Vacancies

The Peabody Center is nearly fully leased with only one small vacancy. The largest retail tenant is the County Square Market. Adjacent is The Father's House, a church, which owns its building and associated parking. Other tenants include restaurants, a bank, and a fitness center. While most space is occupied, there is not a high degree of synergy between the largest tenants. Retailers typically prefer to be located with other retail tenants who help drive shopping traffic during business hours. Moreover, retailers are often concerned about potential conflicts regarding parking when they are co-located with institutional uses, such as churches.<sup>9</sup>

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<sup>9</sup> While retailers generally prefer to be adjacent to other retailers, they are loathe to be located next to vacant space. Hence, depending on market conditions, the inclusion of institutional uses (e.g. churches, schools) in neighborhood-shopping centers can be a good interim leasing strategy, particularly where a community has an over supply of retail space. Over the long-term it is recommended that the City provide sufficient land zoned for institutional uses so that there is not a need for institutional uses to locate in shopping centers.

f. Site Conditions

In general, buildings at the Peabody Center are in good condition, including the main building, which was remodeled by County Square Market and The Father’s House in recent years. Built out at separate times by different owners, the site has an unusual configuration. Several outbuildings line the edges of the site fronting onto the adjacent roadways, creating poor visibility for anchor tenants. Also, the center lacks shared signage, which might help to overcome poor visibility for anchor and other tenants and provide better freeway visibility.

g. Summary of Market Strengths

The Peabody Center enjoys a location with good freeway accessibility, high volumes of pass-by traffic, and an address that places it within easy driving distance (3 miles) of nearly all areas of Vacaville.

h. Summary of Market Challenges

The greatest challenge for the long-term health of the Peabody Center is the degree to which the site is held in separate ownership. Current ownership patterns would complicate any efforts at reconfiguring the site and may discourage needed reinvestment.

i. Preliminary Recommendation

With a strong location, the Peabody Center continues to have long-term potential as a retail center. Already home to an ethnic grocery store, as space becomes available, the center could also be a strong location for a specialty grocery store, such as Trader Joe’s or Whole Foods, which seeks to draw from a citywide trade area.

Over the long-term, there is likely a need to reconfigure space and modernize the center. The ability to do so would be enhanced if more of the center is brought under a single ownership entity and/or if property owners develop a shared long-term vision for the site. The City may wish to convene a working group with property owners to facilitate dialog. Over the short-term, one objective would be to coordinate and improve signage for the site. Property

*Peabody Center faces special challenges to revitalization due to its fractured ownership. Eight different entities are listed as owners of various parcels comprising the center. This makes coordinated management and marketing difficult, and it would also represent a barrier to a developer interested in acquiring the property for redevelopment. Successful revitalization of this center will hinge on coordination – at the level of the center itself, and also coordination of plans for revitalization of other under-utilized commercial properties in the surrounding area.*

owners might also be encouraged to agree to notify one another and the City whenever portions of the property are put up for sale, which could serve to facilitate potential consolidation of ownership over time.

Looking more broadly at the area of commercial development surrounding the Peabody Center (i.e. along Peabody Road between Aegean Way and Hume Way), the City may wish to undertake a more detailed planning process for the area, such as a Specific Plan. The area includes several underutilized sites, including the former Ford dealership site, as well as several aging retail centers. Coordination of development in this area could help to support the area's long-term economic vitality, enhance property values, and prevent a potential over supply of retail development, which would discourage reinvestment in existing centers.

#### *D. Implications for the General Plan Update*

Based on the analyses of the five neighborhood shopping centers discussed in this memorandum, the General Plan Update process should consider the following:

- ◆ **Alamo Plaza.** Alternative land use scenarios, such as a life-style/entertainment center or mixed-use commercial/residential development, may be more appropriate for this site given the low number of households in its market area and competition with other neighborhood shopping centers.
- ◆ **Golden Hills Plaza.** Because of its visibility and freeway adjacent location, Golden Hills Plaza could attract a new specialty or ethnic grocery retailer, and the neighborhood-serving shopping center use is appropriate. The General Plan Update could also consider mixed-use residential/retail uses for this site, but require a minimum amount of retail space.
- ◆ **Elmira Square.** Mixed-use residential development with a limited amount of commercial square footage may be appropriate for this site. Although the center is located in an attractive market area, competition

with other retail uses limits the amount of viable commercial uses that could succeed on this site.

- ◆ **Glenbrook Center.** Mixed-use development may be more appropriate for this site given the low number of households in the market area and little pass-by traffic. However, a minimum amount of retail space should be maintained due to the lack of other neighborhood-serving retail uses for this area.
- ◆ **Peabody Center.** The City should consider convening a working group with Peabody Center property owners to facilitate a long-term vision for the site. In addition, a detailed planning process, such as a Specific Plan, may be appropriate for the area including and surrounding the Peabody Center, in order to coordinate development.

**CITY OF VACAVILLE**  
**GENERAL PLAN UPDATE**  
NEIGHBORHOOD-SERVING RETAIL