

COMMERCE CITY RETAIL REVIEW



9/1/2020

Commerce City

A summarization of retailing by area within Commerce City.

Commerce City Retail Review

Introduction

The purpose of a **“City Wide Retail Review”** is to provide insight into the individual retail market areas within the City. Armed with the basic retail knowledge provided in the **“Insiders Look at Retail”** – we must now understand specific larger market area characteristics to better identify retailing opportunities and challenges - specific to the market areas within Commerce City.



Much like a funnel we are working our way from the top to the bottom. At the onset of the evaluation, all retail is a potential option. As we understand more and more about the City’s trade areas, we reach the bottom and know what opportunities are there to focus on. This step is vitally important to position the City in being the most effective in retail recruitment.

This following review delves further into the layers of the trade areas to identify both shortcomings and areas of opportunities to grow the City’s retail base...

Commerce City

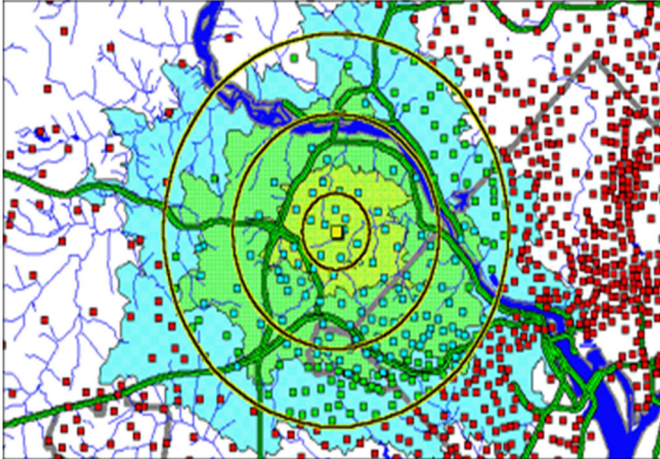
Rocky Mountain Arsenal National Wildlife Refuge plays an interesting role in defining retail market areas for the City. Located mid-point between the boundaries of the City – it plays the role of “divider” separating and establishing two different market areas for the City. This dynamic is further played out by the age and type of development represented in each of the two market areas. With the north representing the highest concentration of new residential growth and the southwestern portion of the City older and more established – the two different market areas are distinct in their boundaries and demographic makeup--Northern Range Commerce City and Core City Commerce City.

The physical and demographic boundaries of the two areas have prohibited consumers from cross-shopping between them. Consequently, each area must stand on its own in terms of retailing depth to support retail. With this dynamic in mind, the **“City Wide Retail Review”** will evaluate the two areas separately.

Retail Trade Areas (And Why They Matter)

By David Whitsett

Choosing a retail site in the absence of sound trade area analysis is a lot like flying an airplane with blinders: It forces a business to commit itself to a course in the absence of vital information such as store patronage, local market opportunities, competing businesses, and barriers that would dissuade consumers from visiting the site.



How far are you willing to drive to visit a retail store? Retailers need to consider this question from consumers when they're selecting a new store site. A retail trade area is the geographic area that a retail store draws from, the longest drive a customer is willing to make. Retailers typically have solid data to map out the trade area because customer transaction records are available from marketing analytics firms and other sources. The data comes from point-of-sale (POS) data and other means like traffic studies (canvassing parking lots to check license plates).

There are different ways retailers delineate trade areas. One way is using three tiers:

1. **Primary** - The primary trade area provides 55 to 70 percent of store's business; this is where the frequent customers are.
2. **Secondary** - This is where the next 15 to 20 percent of the business comes from. The combination of the primary and secondary areas is known as the Main Trade Area (MTA).
3. **Tertiary** - This is also known as the fringe area and is the source of the remaining business. It is usually only seen in larger population centers.

People will travel different distances for different types of products. There are some types of products that consumers will drive farther to get. Here is another way to differentiate trade areas:

- **Local Convenience Trade Areas** - This area is defined by ease of access, travel time, and distance. For example, with few exceptions people will stay within a certain area for things like gas and groceries.
- **Comparison Shopping Trade Areas** - People will venture further out for items with large price tags or when they want to compare price, style, or quality. Items like furniture and appliances fall into this category.

Trade area analysis is the process for trying to visualize and understand where retail customers are coming from; retailers want to know how many potential customers exist, and they want to know something about those customers.

“I know everyone in retail talks about trade areas, but they aren’t really that important, are they?”

That question is constantly asked throughout the public sector. Generally, municipalities don’t want to believe that any trade area in their community is somehow lacking – they want to believe that the criteria is not as important to a retailer as the retailer makes it sound. **Right?**



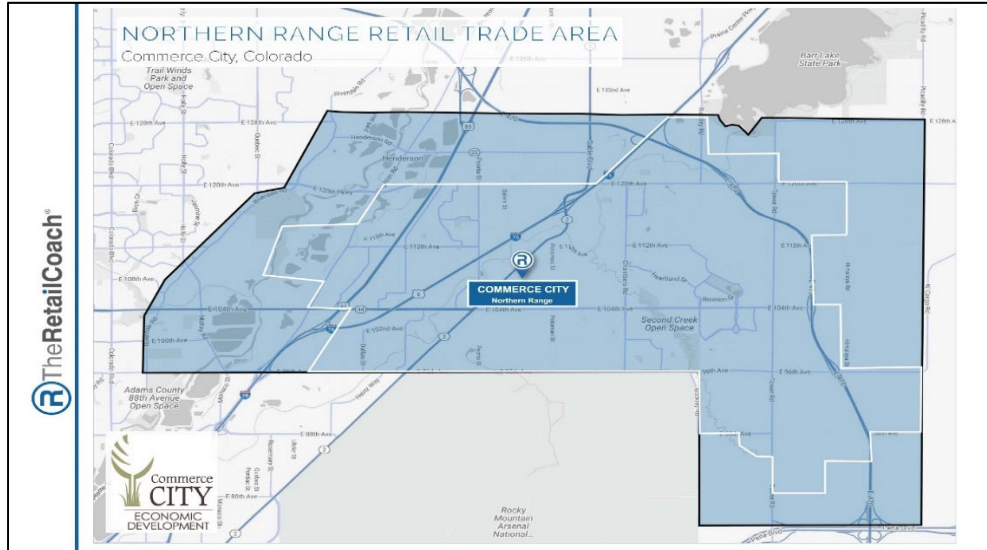
Trade area criteria/characteristics are not only important – they are the most important factor for retailers in site selection. Trying to dismiss insufficiencies within a trade area or trying to justify that the criteria isn’t important is the epitome of the “ostrich effect” talked about in the “Insider Look at Retail”.



A common example of the ostrich effect is that people intentionally avoid information that could help them monitor the progress that they’re making toward their goals. This form of avoidance involves not paying proper attention to information, after it has already become readily available and/or biased interpretation of information where you interpret information in such a way that its unpleasant implications are ignored. The final form of avoidance involves forgetting unpleasant information after it has already been processed. Psychology Today

The following analysis will be based on the trade area characteristics outlined in the **“Insider Look at Retail”**. This review will compare retail options by sector and how the Commerce City trade areas stack up. *Where relevant, trade area maps have been included to show the impacts from existing retail projects.*

Northern Range - Demographics



Northern Range Retail Trade Area – Demographic Profile

SOURCE – The 2018 Retail Coach Northern Trade Area Retail Report; 2010 Commerce City Comprehensive Plan

	Population	Households
2018 Report Estimate	39,698	12,342
2023 Projection	44,275	13,591
Growth Rate (2018-2023)	11.53%	10.12%
Median Household Income	\$97,412	
(Numbers projected are for trade area and not the municipal boundary)		
Northern Range at Full Build Out	138,017	47,592

Considerations:

The western trade area boundaries noted in the Retail Coach’s analysis extend well beyond what may be considered as the Northern Range trade area (almost to Colorado Boulevard). Residential areas west of the Platte River are “up the hill” and will not see the Northern Range of Commerce City as part of their shopping area. Taking that residential population out of the profile will affect the actual depth projected for the trade area.

According to the Commerce City 2010 Comprehensive Plan, the Northern Range could grow its population to 138,017 people at full build-out of which 78,600 people and 27,300 households would live east of E-470. However, getting infrastructure across to the east side of E-470 is very expensive, making new residential growth slow to materialize. Retailers will be drawn to opportunities on the west side of E-470 until such time as 1) significant residential development has occurred on the eastern side of the Parkway and 2) site opportunities on the western side have been absorbed. Expectations that the eastern side will develop before these two factors have come to fruition are unrealistic.

Fast Food / Quick Serve Restaurants – Northern Range

A fast food restaurant, also known as a quick service restaurant within the industry, is a specific type of restaurant that serves fast food cuisine and has minimal table service.



Characteristics normally associated with fast food and quick serve restaurants are:

- 2-3 Mile Trade Area
- Stand-alone retailers requiring 1-2 acres.
- Auto-centric feeding off “pass by” traffic.
- Need direct visibility and accessibility to the main traffic corridors.
- Typical locations are within high traffic corridors allowing the convenience factor to drive market interest.

Existing Conditions

Traditional fast food restaurants along with other convenience retail are the first to show up in a growth area. Once traffic patterns were established along the East 104th Avenue corridor and there was enough residential support, the corridor became mature enough to attract the basic fast food players (McDonald's, KFC, Taco Bell, Wendy's, Del Taco, Popeye's, etc.).

Obstacles

There are no obstacles preventing traditional fast food from entering the corridor. Most if not all fast food restaurants have similar criteria meaning if it works for one, it will work for most – if a specific fast food restaurant chain is missing, it is likely due to lack of an appropriate site.

Opportunity

Maintaining or allocating future development sites to this scale of retail is not necessary. There is ample opportunity for additional fast food retail to come along plus the likelihood that additional development sites will come online that will allow further expansion with this sector of retail. The City may be able to become more specific in which fast food concepts would be a match for the area and target specific sites to those restaurateurs but, in general, these retailers will show up as the market dictates without special emphasis from the City.

Fast Casual Restaurants – Northern Range

An intermediate restaurant concept between fast food and casual dining.



Characteristics normally associated with fast casual restaurants are:

- 2-3 Mile Trade Area
- Stand-alone retailers requiring 1-2 acres.
- Auto-centric feeding off “pass by” traffic.
- Need direct visibility and accessibility to the main traffic corridors.
- Typical locations are within high traffic corridors allowing the convenience factor to drive market interest.

Existing Conditions

Fast casual restaurants have not warmed up to the East 104th Avenue corridor or even the surrounding trade area for Prairie Center. The only exception is Chipotle which just opened in Prairie Center.

Obstacles

The East 104th Avenue corridor still looks and feels immature to these concepts. This concept is more sensitive to trade area depth and more hesitant to entering growth areas.

Opportunity

The lack of fast casual restaurants throughout the northern range market area is noticeable making them a target for recruitment. Maintaining or allocating future development sites to this scale of retail is not necessary as they capitalize on similar sites as fast food restaurants. As noted under the fast food section, there is ample opportunity for both fast food and quick serve restaurants to come along plus the likelihood of additional development sites. More residential development in proximity to East 104th Avenue will be needed to provide that “denser feel” the fast casual operators think is missing. Additionally, non-retail development such as the sports fields will provide a substantial boost to the perception of the East 104th Avenue corridor. Development sites are coming online that may be more attractive than has previously been available (East 104th Avenue and Tower Road). This will also add to the attractiveness of the trade area.

Casual Dining Restaurants – Northern Range



Characteristics normally associated with casual food restaurants are:

- 5 Mile Trade Area (Minimum)
- Stand-alone retailers requiring 2.0-2.5 acres.
- Population requirements are 100,000 – 150,000 within the trade area.
- Median Household Income - \$50,000
- Daytime population / employment within the trade area.
- Need direct visibility and accessibility to the main traffic corridors.
- Typical locations are regional locations with established restaurant reputation.

Existing Conditions

The East 104th Avenue corridor has been attractive to independent restaurants as indicated by the independent restaurants that are existing in the corridor (Dion's, Big Panda, State House 38, Las Margs, Yum Asian). More elusive and difficult to attract due to their more rigid site criteria, no national chain casual dining restaurants exist in the East 104th Avenue corridor.

National chain restaurants have sought out the regional retailing area of Prairie Center with Red Robin, Buffalo Wild Wings, Chili's and Old Chicago.

The "Tower Road Hotel Area" has a mixture of both national chains (Village Inn, Ruby Tuesday) and independents. This area has a decided "travel / hotel" feel which is probably not attractive to locals for dining out. For the Northern Range resident, having to traverse past DIA feels "out of trade" and less desirable. These factors make it debatable that the area will seriously compete with Commerce City in terms of casual dining.



Obstacles

The national chain restaurant cluster within Prairie Center creates a synergistic restaurant appeal for that development. *Why go somewhere different if you can tuck into that project and not be a “pioneer”?* With the current residential population for the Northern Range of Commerce City at approximately 40,000 people, Prairie Center is drawing from the Northern Range creating the necessary trade area depths for those national chains. Lighter than needed population numbers coupled with the existing competitive cluster in Prairie Center presents an obstacle to attracting casual dining restaurants to the East 104th Avenue corridor.

Opportunity

Continued focus should be on the independent restaurateurs. These operators are less confined by trade area characteristics and will understand the opportunities quicker than national chain restaurants. Should national chain restaurants come looking, the sites closest to E470 will be the most attractive as they can draw customers off the Parkway expanding trade area depth. Success from the independent restaurants may open the door for national chains to look more closely at the East 104th Avenue corridor. For the Northern Range to be truly attractive, the area needs more residential development, and the addition of non-retail development such as the sports fields, office, medical and employment. These factors will provide a substantial boost to the perception of the East 104th Avenue corridor as a casual dining opportunity.

Fine Dining Restaurants – Northern Range



Characteristics normally associated with fine dining restaurants are:

- 5 Mile Trade Area (Minimum)
- Stand-alone retailers requiring 2.0-2.5 acres.
- Population requirements are 100,000 – 150,000 within the trade area.
- Median Household Income - \$75,000
- Daytime population / employment within the trade area.
- Need direct visibility and accessibility to the main traffic corridors – 30,000-50,000 ADT.
- Typical locations are regional locations with established restaurant reputation.

Existing Conditions

Fine dining restaurants do not exist in the trade area or the surrounding restaurant clusters. Short of the Gaylord Rockies Resort, diners need to travel outside of the area to find fine dining opportunities.

Obstacles

Lack of a substantial population base in direct proximity of any of the possible locations coupled with no daytime/employment base in the area(s) has prevented this scale of restaurants from seeking opportunities.

Opportunity

This scale of dining is not likely to show up until considerable maturation centered around the E470 and Tower Road interchange has happened. The trifecta of employment, entertainment and denser residential is needed to attract this scale of dining.

Convenience Retail – Northern Range



Characteristics normally associated with convenience retail are:

- Smaller scale with store sizes between 1,000 to 3,000 square feet.
- 1-2 Mile Trade Area
- Stand-alone retailers requiring 1-2 acres.
- Auto-centric feeding off “pass by” traffic.
- Need direct visibility and accessibility to the main traffic corridors.
- Typical locations are within high traffic corridors allowing the convenience factor to drive market interest.

Existing Conditions

Convenience retail is always the first to arrive at the party – being equally reliant on residential and auto traffic allows them to enter trade areas long before more traditional retailing can be supported. There are currently six convenience gas stations serving the trade area with more looking to come in. Other convenience and service related uses are prevalent in the East 104th Avenue corridor.

Obstacles

There are no obstacles for convenience retailing entering the trade area.

Opportunity

Opportunity still exists for more convenience retailing with new free-standing pads coming online within the East 104th Avenue corridor, the East 120th Avenue corridor and Highway 85. This begs the question as to whether or not there is too much convenience retail planned throughout the Northern Range. With the focus to remain primarily along the East 104th Avenue corridor, consideration is needed to evaluate how much is too much convenience retail throughout the Northern Range.

Grocery Retail – Conventional Grocers – Northern Range



Characteristics normally associated with these conventional grocers are:

- Store sizes range from 40,000 SF to 123,000 SF.
- 2 Mile Trade Area
- 15-25 acre project size (includes ancillary retail).
- Prefer to have other convenience retail included in the development area.
- Development “style” defined – little variance in the “prototypical center”.
- This is a destination oriented shopping trip for the customer base.
- Need to be highly accessible to the residential base.

Existing Conditions

King Soopers was incentivized by the City to offset trade area immaturity and enter the corridor early. The store has quickly exceeded expectations and is operating at a high level. No other grocers are providing direct service to this area of the City leaving King Soopers to control all the trade.

Obstacles

The only other traditional grocer operating in Colorado is Safeway. Safeway is not currently exploring new store opportunities in Colorado. Even if there is a traditional concept that is expanding in or into Colorado, continued residential growth is needed to provide competitive room for a second grocer to compete with King Soopers. As-is, the market is on the cusp of supporting more than one grocer. More residential density will fully open up the opportunity – if there is a grocer looking to expand.

Opportunity

The Northern Range is approaching the depth to support a secondary traditional grocer (that capacity disappears if an alternative and/or mass market grocer enters the trade area). With no secondary traditional grocer expanding in Colorado, opportunity is non-existent for a “traditional” competitor to join King Soopers. Movement by either Safeway or a new grocer entering the Colorado market is necessary to create an opportunity for a second traditional grocer. Opportunity sites would be along the East 104th Avenue corridor either to the west or east of King Soopers.

What about ALDI?



ALDI is located in 36 states with over 2,000 stores. Colorado is not one of those 36 states. In fact, west of the Mississippi only California has ALDI stores (78). Considered primarily an east coast chain at this point, there are no rumored plans for ALDI to enter the Colorado marketplace. Should that focus change – ALDI looks for sites that meet the following criteria:

- 2.5 acre pad sites or end cap opportunities.
- 22,000 square foot stores with 95 dedicated parking space.
- 3 mile trade areas with dense population.
- Focus is on community and regional shopping districts (convenient to the population base).
- Daily traffic counts in excess of 20,000 vehicles per day.

What about Amazon Fresh?

So new, there are only rumors (and no photos) of what this new “traditional” style grocery store will be about. The first real proto-type will be opening in September 2020 in Woodland Hills, California. It is expected to be 35,000 to 40,000 square feet in size and look and feel like a high-tech grocery store with traditional focus (deli, meat, produce, etc.).



The Amazon Fresh store, in Woodland Hills, California, is designed to reach a broader segment of shoppers than the pricier Whole Foods Markets chain Amazon acquired in 2017, signaling its intention to become a significant player in the huge grocery business. It also marks a new phase in Amazon's competition with larger grocery chains, such as Kroger and Walmart, that expanded features and services such as online ordering for delivery and in-store pickup to make shopping more convenient — features that have become more popular during the pandemic.

With no real information about Amazon's rollout of this store it is impossible to predict trade area dynamics and possible site matches. Monitoring their plans is the only option at this point in time.

Grocery Retail – Alternative Grocers – Northern Range



Characteristics normally associated with these alternative grocers are:

- Store sizes range from 13,000 SF to 50,000 SF.
- Trade areas are less defined in scale – much broader than the conventional grocer.
- Not considered a “primary” store for consumers.
- 5-10 acre project size (includes ancillary retail).
- Prefer to have other retail included in the development area – some regional in aspect.
- Development “style” undefined – can vary in type of center.

Existing Conditions

Sprouts just announced a new store location at East 56th Avenue and Tower Road that will open in 2021. Not directly serving the Northern Range residents, this periphery location could still have impacts to Northern Range opportunities. No other alternative grocers exist or are currently serving the extended trade area of Commerce City and surrounding area (Brighton).

Obstacles

Lack of population in either Brighton or northern Commerce City has prevented alternative grocers from locating in either. Neither city is deep enough to stand alone and the option of combining the two markets has been hindered by finding a site central enough to pull both markets into one. The northern Commerce City market area will need to significantly increase in size for the area to support either a Sprouts or Whole Foods on its own without support from the Brighton trade area.

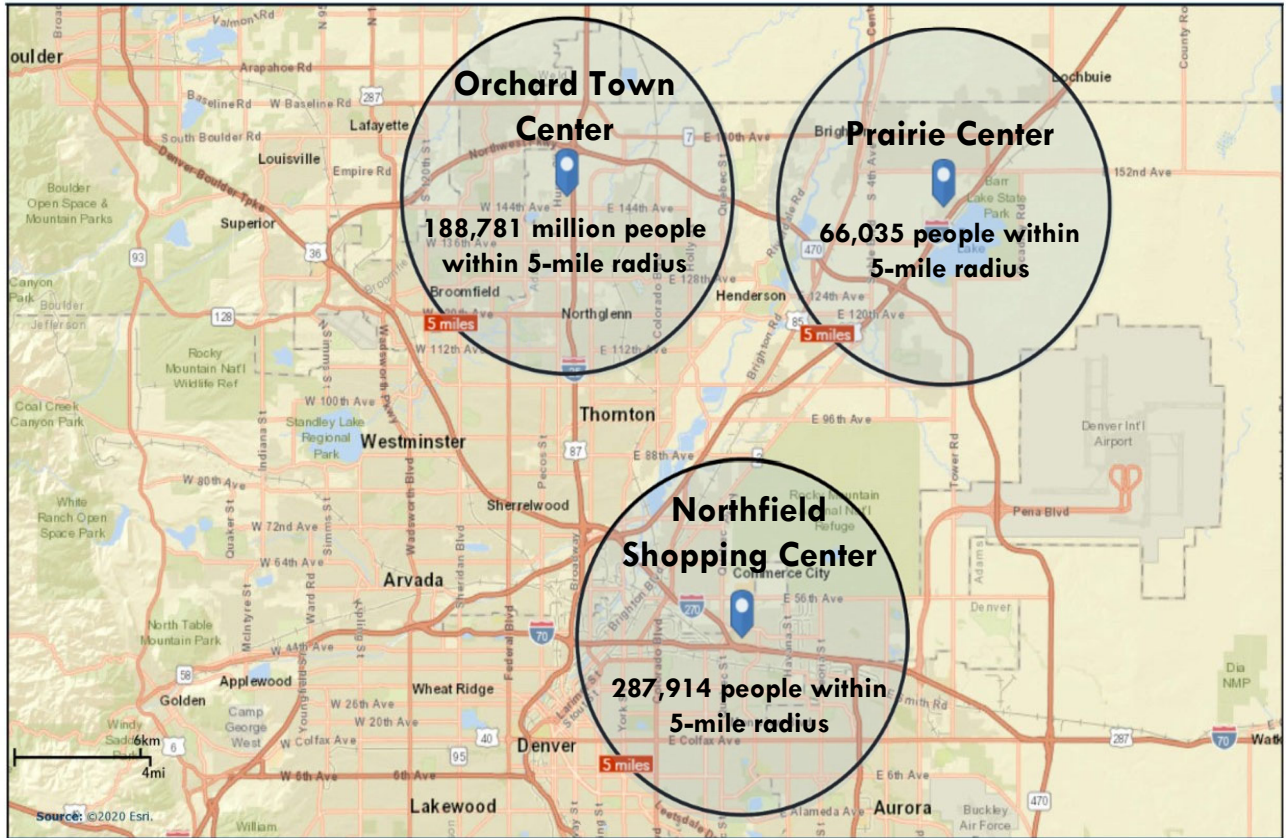
Opportunity

The Northern Range will need to continue to mature residentially for an alternative grocer to see opportunity to locate in Commerce City over Brighton. It is likely that there will be only one store to serve both markets. Opportunity sites for an alternative grocer will be in the proximity of Tower Road and E470.

Regional /Power Center Retail (Big Box) – Northern Range



Orchard Town Center, Northfield Stapleton and Prairie Center



May 29, 2020

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This map represents the competitive regional shopping centers for the Northern Range and their respective trade areas (5 miles). Of note is the influence from Prairie Center which clearly has portions of the Northern Range within its trade area boundaries. If the boundaries were extended to 7 miles (which is within the characteristics for this scale of retailing) that influence would be even greater. Also, at a 7-mile trade area, Northfield would come into play for the Northern Range.



Characteristics normally associated with power center retail are:

- Store sizes vary depending on the genre of the retailer.
- 5-7 mile trade areas.
- 25-40 acre project size.
- Population within the trade area Ranges from 30,000 to 100,000 people.
- High profile locations with Interstate visibility and access.
- Co-tenancy with other junior anchor retailers.
- Co-tenancy with general merchandise retailers.

Existing Conditions

This scale of retailing is established west in The Orchard Town Center, north in Prairie Center and south within Northfield Shopping Center. All of these developments encompass a Target store and assorted junior anchor retailers normally associated with this scale of retailing.

Obstacles

Influence of Prairie Center to the Northern Range is significant as the trade area map shows including strong portions of the Northern Range within the standard trade area boundary for Prairie Center. This gives a strong competitive advantage to Prairie Center causing little to no consideration by this scale of retailing to the Northern Range at this stage of maturity for the Northern Range.

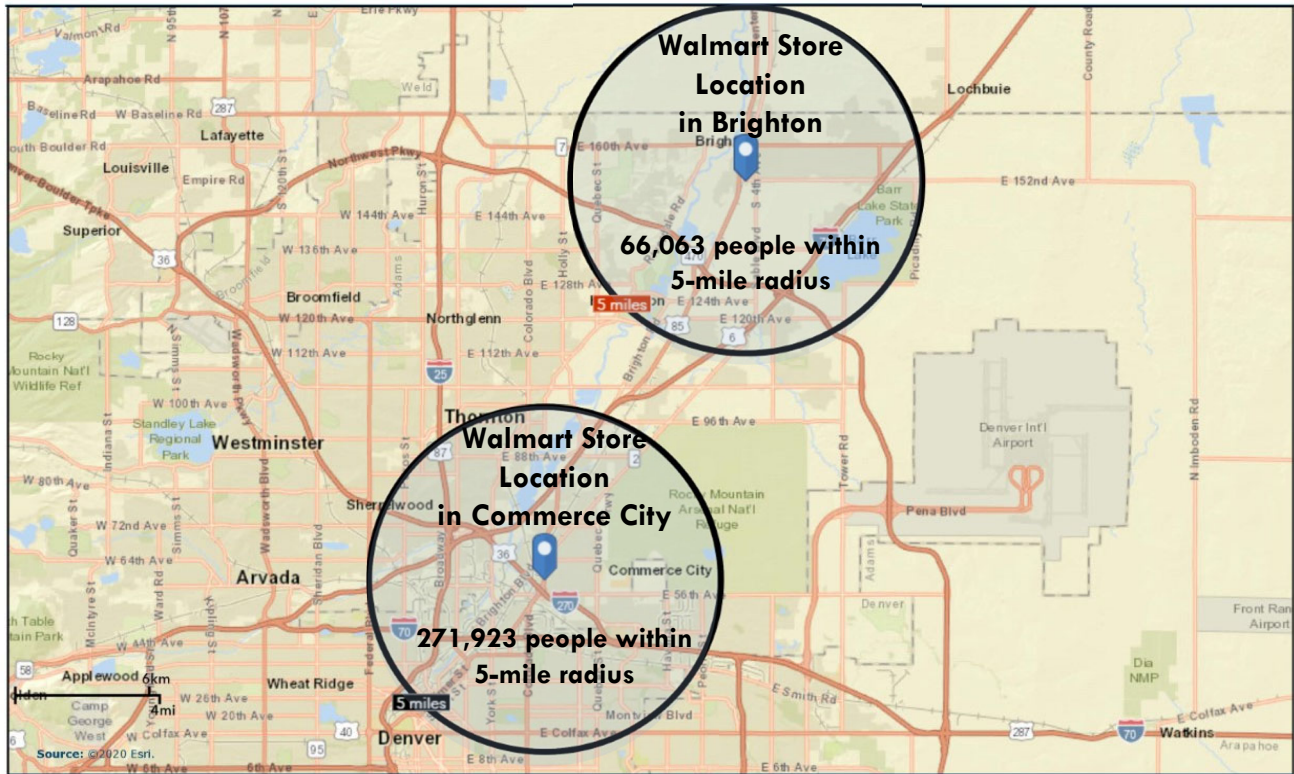
Opportunity

The competitive influences from Prairie Center require the Northern Range trade area to become “population rich” to allow competitive room. Population numbers will need to reach into the upper levels of the requirements (100,000) to establish an additional “stand alone” retailing opportunity for this scale of retail. If that maturation happens, this scale of retail will be firmly located along the E470 corridor at either East 104th Avenue or East 96th Avenue depending on development patterns within each of the two interchanges (whichever one seems more prominent at the time).

What about Super Walmart?



Walmart Commerce City and Walmart Brighton



May 21, 2020

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The area of influence covered by the two existing Super Walmart's' (Commerce City and Brighton) illustrates the issues with the Northern Range trade area to support a third Super Walmart. If you were to add a third trade area ring around their proposed site – cannibalization of the two existing stores would exist. **The only cure for cannibalization is more people in the immediate trade area or closure of one of the stores.** The Northern Range is of interest to Walmart and they continue to hold onto their proposed development site on Tower Road. Two factors are impacting Walmart moving forward, 1) a slowdown in expanding the Supercenter concept throughout the US and 2) more residential support needed within the Northern Range. Additional residential maturation is required to establish a healthy trade area in light of the influences from the existing stores.

Super Regional Retail – Enclosed Mall – Northern Range



Flatirons Mall



May 22, 2020

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The trade area map for Flatiron Crossing Mall shows its outer edges encompassing portions of Commerce City. DIA is a barrier to the Northern Range preventing the trade area reaching eastward to capture population on the other side of DIA. This dynamic is especially impactful to large scale retail that requires large population bases for support. The inability of the Northern Range to provide a complete 360 degree trade area eliminates sites within the Northern Range from supporting a regional retailing opportunity of this scale.



Characteristics normally associated with this scale of retail are –

- Retail focus is primarily non-discount soft goods (clothing).
- Store size of retailer does not dictate super-regional classification.
- 20 Mile Trade Areas
- 50+ acre development size.
- Population numbers around 1 million.
- High-profile locations at Interstate cross sections.
- Co-tenancy with other super-regional retailers.

Existing Conditions

Flatiron Crossing Mall is the primary competition for the northern metropolitan area.

Obstacles

Commerce City lacks the basic site profile to attract this scale of retailing. If the concept of a regional mall is not dead going forward, likely candidate for a mall to serve the eastern portion of the metro Denver area is I-70 and E470. Even with that, Northfields and Southlands will provide competition that could stall any interest.

Opportunity

None.

Super Regional Retail – Lifestyle Center



Characteristics normally associated with this scale of retail are –

- Retail focus is broad with a mix of big box retailers and mall type retailers.
- Store size of retailer does not dictate super-regional classification.
- 20 Mile Trade Areas
- 50+ acre development size.
- Population numbers around 1 million.
- High-profile locations at Interstate cross sections.
- Co-tenancy with other super-regional retailers.

Existing Conditions

Prairie Center would like to make the case that they are a hybrid lifestyle center but in reality, except for JCPenney, their retailer makeup and concept is pure power retailing. Both Northfields and The Orchard Town Center (East 144th Avenue and I-25) are considered hybrid centers with elements associated with both lifestyle and power retailing. Each of these centers has some influence over the northern Commerce City trade area (see map under power retailing).

Obstacles

Conceptually, the lifestyle center as developed has had a number of issues. It is questionable whether the concept has staying power versus moving into a mixed use development perspective. Regardless of concept, market maturity will be a driving factor in executing this type of development.

Opportunity

Much will depend on the future of the concept – will “lifestyle” transform or cease to exist? If it transforms and goes the route of mixed use, the Northern Range could provide a compliment to Prairie Center through creative design and layout that is currently missing from Prairie Center. This type of development will require a high profile location leaving the East 104th Avenue and E470 interchange as its primary opportunity for this scale of retailing.

Super Regional Retail – Outlet



Characteristics normally associated with this scale of retail are –

- Retail focus is primarily discount soft goods (clothing).
- Store size of retailer does not dictate super-regional classification.
- 20 Mile Trade Areas
- 50+ acre development size.
- Population numbers in excess of 1 million.
- High-profile locations at Interstate cross sections.

Existing Conditions

The new Denver Premium Outlets (in Thornton) is the first of the new outlet concepts to come into the metro Denver market. Success has been moderate with several vacant store fronts still existing two years after opening.

Obstacles

This scale of retailing is a 1-2 development concept for all the metropolitan Denver area. The location in Thornton provides that “northern” focus which precludes another outlet mall seeking a location just to the east of it.

Opportunity

None.

Super Regional Retail – Club Membership



Characteristics normally associated with this scale of retail are –

- Retail focus is primarily discount goods.
- Store size of retailer does not dictate super-regional classification.
- Source of goods for small business owners.
- Trade areas of 250,000 people (without cannibalizing from “sister stores”).
- Sam’s Club prefers to co-locate with a Walmart Supercenter.
- High-profile locations at Interstate cross sections.

Existing Conditions

Costco has one store that directly impacts the Northern Range in Thornton located at I-25 and Highway 7. Currently, there is no Costco location that directly serves the Northern Range. Costco is expected to locate a store north of I70 in the Tower Road area to compensate for this gap. Locations in the area of East 36th Avenue and Tower Road provide a better 360 degree trade area by skirting DIA. Sam’s Club has one store that directly impacts the Northern Range in Thornton located at I-25 and Thornton Parkway. Additionally, they have a store in Stapleton that spreads some influence over all of Commerce City. The addition of the Stapleton store may prohibit them from looking northeast for a new location.

Obstacles

DIA is a barrier to the Northern Range preventing the trade area reaching eastward to capture population on the other side of DIA. This dynamic is especially impactful to large scale retail that requires large population bases for support. The inability of the Northern Range to provide a complete 360 degree trade area could eliminate it from this scale of retailing.

Opportunity

Sam’s Club likes to co-locate with a Walmart Supercenter. There may be opportunity to pair them with the Supercenter if that location gets off the ground by Walmart.

Northern Range - Summary

Working



- The beginnings of an established residential base.
- Strong demographics with desirable elements to retailers.
- E470 which provides high visibility to sites along the parkway.
- Opportunity for additional growth to further substantiate the trade area.
- Convenience retailing has established themselves in the trade area.
- Independent restaurateurs have discovered the area.

Not Working



- Residential density is not deep enough yet for many of the national chain retailer/restaurateurs.
- Trade area lacks presence of non-retail commercial development (hospitality, office, entertainment, etc.).
- DIA acts as a barrier keeping the trade area from expanding fully to the east for larger scaled retailing.
- Retail competitive influences exist on the periphery of the Northern Range affecting the trade area dynamics.

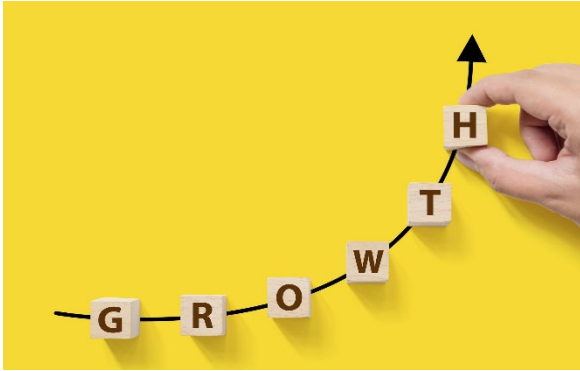
Bottom line...

We are here...



And we need to be here:





The Northern Range trade area has reached enough capacity to support basic convenience and needs based retailing. Additional trade area growth is the number one factor affecting many of the retailing segments and their perception of the trade area. Currently, the retailing community assesses the Northern Range as interesting but not big enough... yet.

Are there other factors?

Does the lack of shovel ready sites or inactive landowners affect retail growth? Whereas one of these factors may impact an individual opportunity, these factors are not relevant at this stage. None of those issues will come to bear until such time as the population base needed for each of the possible retailing sectors is achieved. Population growth at this juncture is the only factor to focus on in understanding retailing opportunity limitations.

What are we supposed to do then – just wait?



As frustrating an answer as that may seem, when it comes to more dining options and larger scaled retailing options the answer is yes, you have to just wait. But while you are waiting there are elements that the City can engage in that will enhance the opportunities within the Northern Range:

- **Planning and Visioning** Planning and visioning ensures that the different sectors of retailing will have sites appropriate to their characteristics when the trade area matures enough for them to enter. If these future opportunity sites are eaten up by smaller convenience retailing in demand today, these sites may end up unusable long term precluding the “later to arrive” retail from entering the Northern Range.
- **Patience** Exercising patience to let some of these sites stay undeveloped until non-convenience retailers become attracted to the Northern Range. Retail growth for growth’s sake is not a sustainable approach to retailing – the City needs to become more selective as the area grows to ensure that a broader mix, scale and type of retail can be represented as the market matures.

What are we being patient for?



If the City develops a sound retailing vision and is willing to be patient as the market matures, what exactly are the opportunities within the Northern Range?

- Opportunity to round out convenience based dining options with fast casual restaurants (Smash Burger, Panera Bread, Mod Pizza).
- Opportunity to complement our independent and convenience restaurateurs with national chain casual dining restaurants (Applebee's, Cheddar's, Denny's, Olive Garden).
- Opportunity to bring an alternative grocer to Commerce City.
- Opportunity to have Walmart move forward with a Walmart Supercenter.
- Opportunity to bring along Sam's Club with the Supercenter.
- Opportunity for a lifestyle / mixed use center that includes entertainment, unique restaurant, and retail opportunities as part of the mix of development.

Is everything going to happen along East 104th Avenue only or are there other opportunity areas?



The East 104th Avenue corridor is the first to develop in the Northern Range. Centrally located within the trade area with extended reach from E470 to I-25 this corridor has everything it needs to attract retail – which is why it was first to develop.

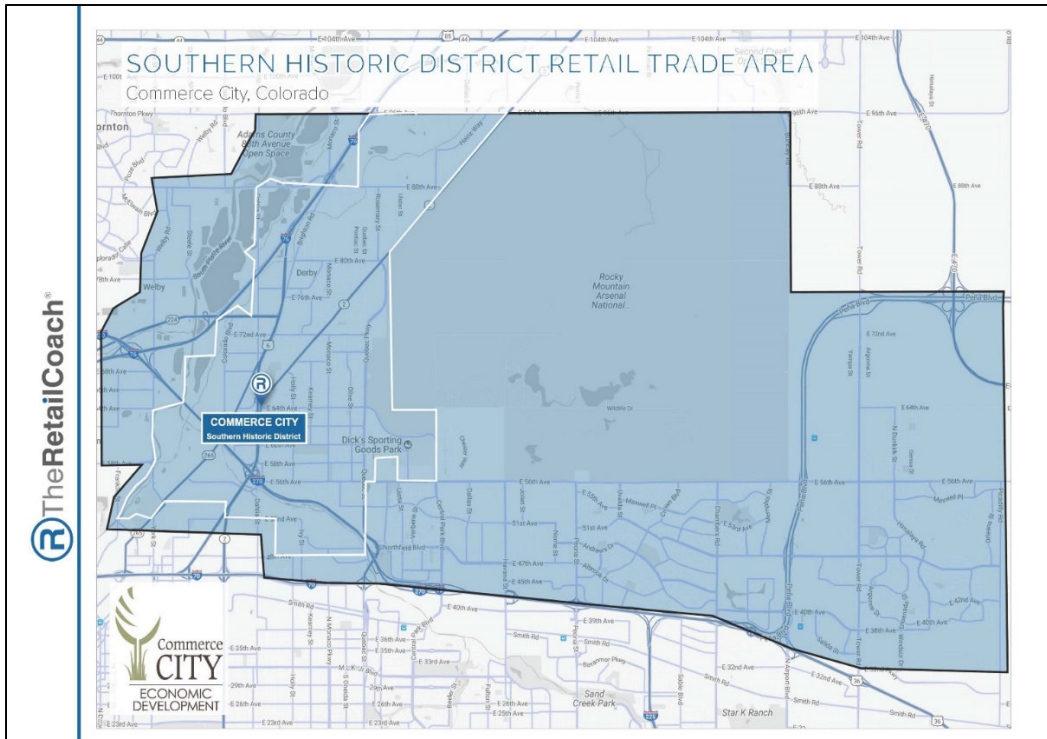
No other corridor (Highway 85, East 120th Avenue, East 96th Avenue) within the Northern Range has all of the attributes of the East 104th Avenue corridor which limits their appeal. In comparison, they just don't measure up which means that retail will continue to focus attention on the East 104th Avenue corridor.

What happens if the City gets impatient?



Immature trade areas attract only basic retailing – much like a weed, if you let that scale of retail run rampant throughout the growth area, you are possibly choking out sites that could play a more meaningful retailing role later on. There is such a thing as “too much of a good thing” – too much convenience based retailing is not a good thing for a growth focused trade area that needs to mature into deeper retailing options.

Core City - Demographics



Core City Retail Trade Area – Demographic Profile

SOURCE – The 2018 Retail Coach Northern Trade Area Retail Report; 2010 Commerce City Comprehensive Plan

	Population	Households
2018 Report Estimate	122,124	36,823
2023 Projection	133,118	39,977
Growth Rate (2018-2023)	9.0%	8.57%
Median Household Income	\$60,947	
(Numbers projected are for trade area and not the municipal boundary)		

Considerations:

The eastern trade area boundaries noted in the Retail Coach's analysis extend well beyond what may be considered as the Core City's trade area (Tower Road). It is unlikely that residential areas west of Quebec will see the Core City as part of their shopping area. Taking that residential population out of the profile will affect the actual depth projected for the trade area.

Fast Food / Quick Serve Restaurants – Core City

A fast food restaurant, also known as a quick service restaurant within the industry, is a specific type of restaurant that serves fast food cuisine and has minimal table service.



Characteristics normally associated with fast food / quick serve restaurants are:

- 2-3 Mile Trade Area
- Stand-alone retailers requiring 1-2 acres.
- Auto-centric feeding off “pass by” traffic.
- Need direct visibility and accessibility to the main traffic corridors.
- Typical locations are within high traffic corridors allowing the convenience factor to drive market interest.

Existing Conditions

Fast food has long been represented in the Core City with little change over the years. The traditional players are represented and are congregated at the Vasquez Boulevard/Highway 2 and East 60th Avenue area.

Obstacles

There are no obstacles preventing traditional fast food from expanding in the area. Most if not all fast food restaurants have similar criteria meaning if it works for one, it will work for most – if a specific fast feeder is missing, it is likely due to lack of an appropriate site.

Opportunity

Maintaining or allocating future development sites to this scale of retail is not necessary. There is ample opportunity for additional fast food retail to enter the trade area. The City may be able to become more specific in which fast food concepts would be a match for the area and target specific sites to those restaurateurs but, in general, these retailers will show up as the market dictates without special emphasis from the City.

Fast Casual Restaurants – Core City

An intermediate concept between fast food and casual dining.



Characteristics normally associated with fast casual restaurants are:

- 2-3 Mile Trade Area
- Stand-alone retailers requiring 1-2 acres.
- Auto-centric feeding off “pass by” traffic.
- Need direct visibility and accessibility to the main traffic corridors.
- Typical locations are within high traffic corridors allowing the convenience factor to drive market interest.

Existing Conditions

Fast casual restaurants are not present in the Core City. The only exception is Chipotle which opened in front of the Walmart Supercenter.

Obstacles

With mature developments south (Stapleton) and east (Northfields) fast casual restaurants have chosen to tuck into those larger established retailing areas. The Core City is lacking the breadth of retail support these two regional retail areas can offer.

Opportunity

Victory Crossing is a candidate for any fast casual restaurant that has not found a location in Northfields or Stapleton. For them to be attracted to Victory Crossing, an appropriate development scheme that caters to them will need to be established.

Casual Dining Restaurants – Core city



Characteristics normally associated with casual food restaurants are:

- 5 Mile Trade Area (Minimum)
- Stand-alone retailers requiring 2.0-2.5 acres.
- Population requirements are 100,000 – 150,000 within the trade area.
- Median Household Income - \$50,000
- Daytime population / employment within the trade area.
- Need direct visibility and accessibility to the main traffic corridors.
- Typical locations are regional locations with established restaurant reputation.

Existing Conditions

The Core City has several independent restaurants ranging in type. More elusive and difficult to attract due to their more rigid site criteria, no national chain casual dining restaurants exist in the Core City. The national chain restaurants have sought out the regional retailing areas of Stapleton and Northfields.

Obstacles

The national chain restaurant clusters within Northfields and Stapleton create a synergistic restaurant appeal for casual dining. *Why go somewhere different if you can tuck into that project and not be a “pioneer”?* These competitive clusters present significant competition for national chain restaurants totally eclipsing the Core City trade area.

Opportunity

Continued focus should be on the independent restaurateurs. These operators are less confined by trade area characteristics and will understand the opportunities quicker than national chain restaurants. Victory Crossing could be a candidate with the right support development happening in that project - expectations that they would stand alone in Victory Crossing without support development is unrealistic.

Fine Dining Restaurants – Core City



Characteristics normally associated with fine dining restaurants are:

- 5 Mile Trade Area (Minimum)
- Stand-alone retailers requiring 2.0-2.5 acres.
- Population requirements are 100,000 – 150,000 within the trade area.
- Median Household Income - \$75,000
- Daytime population / employment within the trade area.
- Need direct visibility and accessibility to the main traffic corridors – 30,000-50,000 ADT.
- Typical locations are regional locations with established restaurant reputation.

Existing Conditions

Fine dining restaurants exist within Stapleton and Northfields. Fine dining restaurants do not exist in Commerce City.

Obstacles

Fine dining clusters within Northfields and Stapleton creates a synergistic restaurant appeal for that scale of dining. Fine dining requires regional locations with established clusters making those two projects the “go to” for this scale of restaurant. Median household incomes in the Core City are do not meet the criteria for this scale of dining.

Opportunity

None.

Convenience Retail – Core City



Characteristics normally associated with convenience retail are:

- Smaller scale with store sizes between 1,000 to 3,000 square feet.
- 1-2 Mile Trade Area
- Stand-alone retailers requiring 1-2 acres.
- Auto-centric feeding off “pass by” traffic.
- Need direct visibility and accessibility to the main traffic corridors.
- Typical locations are within high traffic corridors allowing the convenience factor to drive market interest.

Existing Conditions

Convenience retail is present throughout the Core City.

Obstacles

There are no obstacles for convenience retailing entering the trade area.

Opportunity

Opportunity exists for more convenience retailing within the established retail pockets of the Core City with Victory Crossing an opportunity for new development.

Grocery Retail – Conventional Grocers – Core City



Characteristics normally associated with these conventional grocers are:

- Store sizes range from 40,000 SF to 123,000 SF.
- 2 Mile Trade Area
- 15-25 acre project size (includes ancillary retail).
- Prefer to have other convenience retail included in the development area.
- Development “style” defined – little variance in the “prototypical center”.
- This is a destination oriented shopping trip for the customer base.
- Need to be highly accessible to the residential base.

Existing Conditions

Based on performance, Walmart Supercenter is the primary grocery store for the Core City. King Soopers and Mi Pueblo seem to be playing secondary roles as their volumes are considerably less not only in comparison to Walmart, but by their own (store) comparative performance.

Obstacles

The Core City is a long term stable trade area with slight changes in demographics throughout the years. This dynamic does not allow for dramatic changes to occur in either the capacity of the existing retailing pockets or substantial residential growth. The real obstacle is not growing these grocery trade areas, rather sustaining them. With King Soopers playing a mostly “secondary role” within the trade area, it is possible that they exit the Core City determining that they cannot sustain or grow their business.

Opportunity

Opportunity is based solely on trying to retain King Soopers.

Grocery Retail – Alternative Grocers – Core City



Characteristics normally associated with these alternative grocers are:

- Store sizes range from 13,000 SF to 50,000 SF.
- Trade areas are less defined in scale – much broader than the conventional grocer.
- Not considered a “primary” store for consumers.
- 5-10 acre project size (includes ancillary retail).
- Prefer to have other retail included in the development area – some regional in aspect.
- Development “style” undefined – can vary in type of center.

Existing Conditions

By some standards, Mi Pueblo is considered an “alternative grocery store” for its specific focus (in comparison to a traditional King Soopers or Safeway). *For this analysis, we will assume that an alternative grocer refers to Whole Foods, Natural Grocers and Sprouts.* Sprouts is located south of I-70 on Central Park Boulevard which is in proximity to the Core City. No other alternative grocers exist or are currently serving the extended trade area of the Core City.

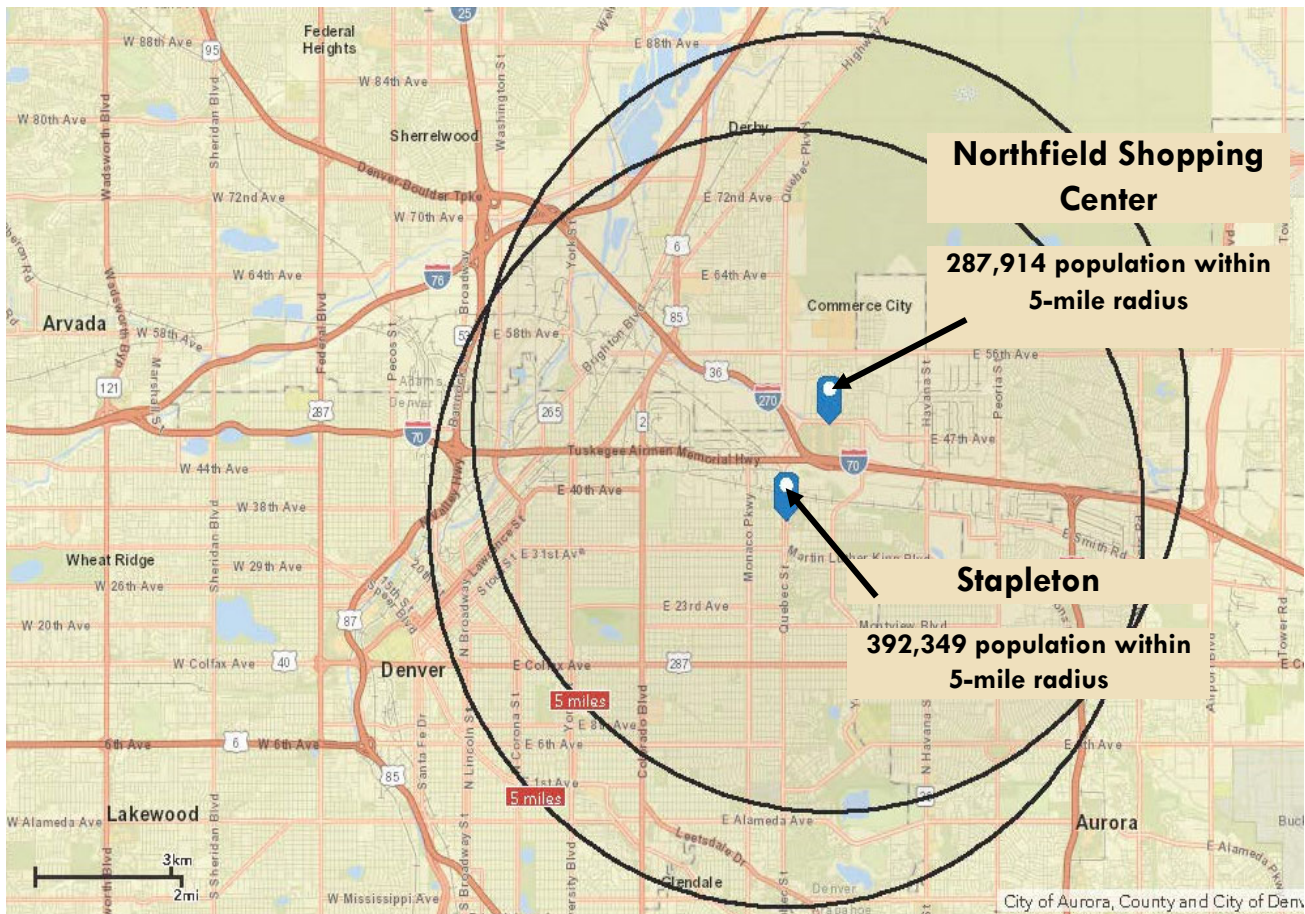
Obstacles

Sprouts has located on the periphery of the Core City eliminating them as a possibility. Whole Foods is “demographically sensitive” (given the pricing profile of their product selection) and therefore will not see the Core City as a match. Natural Grocers will be more attracted to demographics and growth potential of the Northern Range which will preclude the Core City.

Opportunity

None.

Regional /Power Center Retail (Big Box) – Core City





Characteristics normally associated with power center retail are:

- Store sizes vary depending on the genre of the retailer.
- 5-7 mile trade areas.
- 25-40 acre project size.
- Population within the trade area Ranges from 30,000 to 100,000 people.
- High profile locations with Interstate visibility and access.
- Co-tenancy with other junior anchor retailers.
- Co-tenancy with general merchandise retailers.

Existing Conditions

This scale of retailing is already established within both Northfields and the Stapleton retail area.

Obstacles

Influence from both of the existing retail centers is significant as the trade area map shows. On the direct periphery of the Core City, their existence leaves no room for the Core City to be attractive to this scale of retailing – any regional retailer wanting to locate in north Denver has done it or has the ability to within the existing centers.

Opportunity

None.

Super Regional Retail (Mall, Lifestyle, Outlet) – Core City



The Core City has never been an opportunity for any of the Super Regional retailing plays (mall, lifestyle, outlet). The main fundamental factor that prevents this scale of retailing in the Core City is the lack of opportunity sites adjacent and visible to I-270. This scale of retail requires huge trade areas and population bases – without direct accessibility to an interstate system, the ability to coalesce that larger trade area is almost impossible. Taking nearly 20 years to mature into an opportunity, Denver was then able to step over Commerce City by developing Northfields at Stapleton which pretty much obliterated any other competition in this scale of retailing.

Super Regional Retail – Club Membership – Core City



Characteristics normally associated with this scale of retail are –

- Retail focus is primarily discount goods.
- Store size of retailer does not dictate super-regional classification.
- Source of goods for small business owners.
- Trade areas of 250,000 people (without cannibalizing from “sister” stores).
- Sam’s Club prefers to co-locate with a Walmart Supercenter.
- High-profile locations at Interstate cross sections.

Existing Conditions

Currently, Costco does not directly have a store that impacts the Core City. That will change when Costco locates a store north of I-70 in the Tower Road area to compensate for this gap. Sam’s Club has one store that directly impacts the Core City on Quebec Boulevard south of I-70.

Obstacles

The existing Sam’s Club along with the proposed new Costco along Tower Road eliminates the Core City for contention by a club membership store

Opportunity

None.

What's the deal with Victory Crossing?



The private sector does not seem to understand the development focus for this project. Is it a grocery site, is it a town center, hospitality, office, can you do residential, is it flex industrial or is it going to be all of these things? Any vision for the project seems to be cloudy and obscure at best to the private sector.

Without an updated development plan (and some willingness by both the landowner and the City to invest in it), only basic retailing is willing to engage. Focus will be from convenience and fast food developed in a traditional pad format. Of the two areas pegged for retail with Victory Crossing, the East 56th Avenue and Central Park site is more favorable over sites on Quebec Boulevard. That location is more attractive as it can build off of the new residential development moving northward out of Stapleton.

Grocery options for the East 56th Avenue and Central Park site have not materialized with two main negatives – 1) being part of the soccer stadium complex is not congruent with a community/neighborhood site and 2) lack of residential population north of the site due to the Wildlife Refuge (not a full 360 degree trade area). Neither of these factors can be overcome which is why the site has not had interest from the grocery community.



Although “planned to death” over the years by both the City and KSE, the general consensus in the private sector is that neither has had realistic retail development expectations for the project. It is time for a reality check. New “eyes” on the project and healthy dose of realism is what is needed to produce a plan capable of being developed. In the 13 years since the Dick’s Sporting Goods Park opened, no other non-municipal development has been achieved. This has made the project stale and stagnant. If things stay as is – retail development expectations beyond a gas station and fast food restaurants are unrealistic.

Core City – Summary

Working



- Basic retailing services are being provided with some amount of choice.
- Established and stable residential base.
- Established and stable retailing pockets.
- Some opportunity for limited retailing growth in the Victory Crossing development.
- Strong demographics with desirable elements to retailers.
- Long term independent restaurateurs have been in existence throughout the Core City.
- No guessing – you know what you have.

Not Working



- The Core city is bracketed by bigger retailing projects eliminating the Core City from capturing that scale of retailing including within Victory Crossing.
- Demographics may not be of a type to attract some types of retail / restaurant options.
- Heavy industrial presence is significant which can be a hindrance to retail (retail does not see synergy with heavy industrial).
- Trade area lacks presence of other types of non-retail commercial (hospitality, office, entertainment, etc.).



Google Commerce City and the images are either a soccer stadium or heavy industrial. Unfortunately, this is exactly what the retailing community thinks the Core City is – they do not see the Core City as being anything more than these two things. Two things that do not connect to the retailing world...



In reality, the Core City is not just those two things – it has an established residential base with hard working residents. These residents have supported the array of independent retailers that have been doing business in the Core City for years. The independent businesses are the backbone of several retailing nodes sprinkled throughout the Core City.

As is the case with any older established area, municipalities look for and try to implement redevelopment. Redevelopment in the Core City as it relates to retail is an interesting question... what does that look like? Can retail stand alone in redevelopment efforts? Can these long established retail pockets become opportunities for larger transformations?

The meaning of the word **ESTABLISHED** is *“having been in existence for a long time and therefore recognized and generally accepted”*. Although the retailing pockets have seen small changes throughout the years, the Core City has stayed relatively the same. Any retailing that has wanted or needed to transform within those pockets has done so (Ivy Center, Derby, Plazas de las Americas).



The “retail mountain” has not wanted to move – retailing within the Core City is now long established and therefore generally recognized and accepted. Retail’s complacency within the Core City is a strong indicator that retail will not be a catalytic element for redevelopment.

Comprehensive redevelopment efforts are based on “forcing” the market to reconsider the area to be redeveloped. There has not even been an inkling that the retail pockets of the Core City would be capable of carrying that kind of redevelopment weight. Retail will not be at the forefront of redevelopment within the Core City rather, it will follow along grander redevelopment efforts and even with that, retail will only play a part with perhaps only a small part at that.

So, what does the City focus on for retail within the Core City?

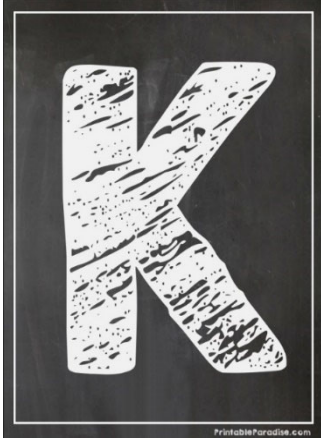
- Working to retain existing retailers, especially ones that play a larger role (King Soopers).
- Making small incremental changes to the existing retail base.
- Coming to grips with the retail development reality associated with Victory Crossing to pursue retailing options that will be accepted by the market.

Final Thought...



Every market area, trade area and City has some sort of retailing limitations. It would be a rare and unique City that can support all their retailing desires. Many municipalities ignore these limitations and spend countless hours and resources chasing opportunities that will never materialize. Accepting the limitations and focusing on where opportunities do lie within the community is the key to successful retail economic development efforts.

There is an equal amount of discussion within this report as to where retailing **limitations** exist for Commerce City and where **opportunity** exists to grow the retailing base. Even though the analysis exposes areas where retailers will say “no” - “no” is not a negative connotation, it just means the opportunity is not a match. Every developer, shopping center owner and broker deals with trade area limitations that bring along the word “no” from retailers. In fact, “no” is just as often to be heard as “yes”. The private sector does not dwell on the retailing they cannot land – they pivot focus to retailers that can be landed – either now or into the future. Municipalities that are successful in retailing recruitment understand this dynamic and embrace the opportunities that are there for them.



Katy Press

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Founder and Principal

Katy Press's 30+ year retail real estate career has placed her on both sides of the retail development table, first as a retailer and then as a retail developer. Katy has operated a successful consulting practice working with many of the top retail developers, landowners, and cities in the region. Prior to consulting, Katy was VP of Development for Catellus Commercial Group initiating a regional retail development arm of the California company. Katy's first retail experience came in 1984 as a Real Estate Representative for 7-Eleven Stores in the Colorado marketplace. After leaving 7-Eleven she joined Safeway Stores and stayed there during the 90's holding the position of Real Estate Manager. During that tenure, Katy helped Safeway pioneer a self-development program that extended through the Colorado region resulting in the personal development of 20+ Safeway anchored shopping centers.

"As a consultant, I have had the privilege of working for both the private sector development community as well as for public sector municipalities. With over 35 years in the retailing industry, my perspective and knowledge has strengthened my perspective and allowed me to be more effective for my clients."