



Diane Lupke & Associates, Inc.  
*Consultants in Economic Development and Emerging Markets*

## **Seattle Delridge Neighborhood Full Service Grocery**

### **Summary Analysis**

Diane Lupke & Associates, Inc. was engaged to review the collected data and provide a brief summary analysis of the potential for a full-service grocery in the Delridge neighborhood of Seattle. Following that review, DLA participated in a teleconference with neighborhood representatives and government officials to discuss the results of that analysis. This document is a supporting brief to the teleconference.

### **Issues**

- ✚ Access to affordable healthy food
- ✚ Desire of the neighborhood for access to a full-service grocery

### **Findings**

Current incomes, population density, traffic counts, and proximity to alternatives do not support location of a standard supermarket within the Delridge area

### **Opportunities / Examples**

#### Subsidized Supermarket

- ✚ Pennsylvania , New York, Louisiana, Illinois – The Food Trust

#### Small Independent Grocer

- ✚ Milwaukee – Lena’s Food Market
- ✚ Throughout Rural America - IGA

#### Coop Grocer

- ✚ Indianapolis – Pogue’s Run Grocer
- ✚ Seattle – Madison Market

#### Mobile Market

- ✚ Chicago – Fresh Moves
- ✚ Seattle – Stockbox Grocers

#### Enhanced Produce Offerings at Convenience Stores

- ✚ Current Delridge Pilot Project



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## Summary of Key Data Points

### Delridge Demographics

Population and Income – Income data needs to be refined to a customized primary and secondary trade area definition. Such a refinement will provide a better understanding of the actual potential for a grocery store serving a niche market.

Area – The trade area needs to be refined by topography. Since Delridge runs in a valley with minimal cross traffic access to hilltops, topography limits trade area definition. Trade area must be further defined by nature of the peninsula and estuary.

Proximity to Full-service Grocers – There are several full-service grocers within 2.5 miles (Safeway, Thriftway, Target)

Availability of Suitable Sites – Quick review of sites within the Delridge neighborhood tends to indicate that the built out nature of Delridge limits available sites. Minimum of two acres needed.

### What are Grocers Looking for in a Grocery Site?

Demographics – Investors are looking for enough consumer income within a trade area to support grocery. Trade area has to factor in competitive and established store locations.

Suitable Site – Site control, easily acquired, or leased with proper zoning and adequate infrastructure.

Acreage – Depending on store size (parking crucial) approximately 1 to 3 acres. If a developer is sought, then additional acreage for other shops would be needed.

Access/Visibility – Good car counts with easy access from all directions. Good street visibility.

Potential Sales - \$599 to \$600 per square foot per year (smaller stores need higher due to low margins i.e. 1%); \$26.78 sales per transaction; \$166.55 sales per labor hour; 1.7 sales per customer per week

### What should you be looking for in Grocery Operator?

Understanding of Market and Responsive Locally – A successful operator will likely have niche experience and/or be able and willing to respond to community issues, concerns, and desires. Expect an operator who wants to become part of the neighborhood.

Professional Operations – Delridge is not a site for a start-up operator without adequate experience or cash reserves.



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Physical Asset – Delridge needs a well designed, well kept, safe, and attractive facility enhancing the neighborhood both in services and appearance, not a fortress.

Job Opportunities – A savvy operator will plan to hire from the neighborhood. An operator with previous experience in using OJT programs, employment tax credit programs, target hiring from within the neighborhood may be a plus.

## **Additional Observations**

### **Data**

1. The use of conventional radius data works unless there are unusual terrain and/or infrastructure issues that impact the ability to conveniently get to a site. The area around 5455 Delridge Way SW is so impacted.
2. Since the site is in a valley, with few cross streets linking it to the more affluent “hilltop” areas which seem to have higher consumer spending potential, then these areas are not high market potential “draw” areas for the Delridge site.
3. The fact that the Delridge valley is on a peninsula cuts off trade areas that are contained in the three mile trade area data. Note the limited number of bridges across the estuary to the area.
4. The golf course, Puget Park and Camp Long keep lateral traffic from accessing the area.
5. Drive time analysis is probably a better way to proceed with the chosen area. Drive time is how consumers tend to view shopping options rather than simple geographic proximity. ERSI can develop data based on custom area maps and/or drive time.

### **Existing Competition**

1. There is a Safeway supermarket within 1.1 miles of the site.
2. Thriftway is within 1.2 miles
3. There is another Safeway 2.2 miles south of the site.
4. Note that Costco is 1.8 miles away -- across the estuary -- for bulk shopping.
5. The good news is that Wal-Mart is 15 miles and 20 minutes away.
6. The bad news is that there is a Super Target (with groceries) only 2.5 miles or 6 minutes away at 2800 SW Barton Street. Target is in a major expansion in groceries and is becoming more aggressive.

### **Site Issues**

1. Terrain issues may impact (escalate) development costs.
2. Site control is vital. If a site is not under control, then acquisition could be a lengthy and expensive process.
3. Minimum site needs have to factor in on-site (not street) parking.



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4. Additional site area is needed for delivery and servicing a site.
5. New grocery store sizes have trended upward to around 45,000 square feet for new locations. This does not include the 70,000 sf of products like Kroger's Marketplace type stores.
6. Some Trader Joe's stores are in the 15,000 sf range, but require specialized consumer markets.
7. A rough analysis of site needs follows. This approach uses conventional "rules of thumb" and is not based on detailed analysis of the Delridge zoning codes, or other local factors.

<b>Store Size</b>	<b>Parking Ratio</b>	<b>Parking Area</b>	<b>Landscaping, setbacks, etc. (20%)</b>	<b>Total Area</b>	<b>Acres</b>
15,000	6 / 1,000 sf	18,000	6,600	39,600	0.91
30,000	6 / 1,000 sf	36,000	13,200	79,200	1.82
45,000	6 / 1,000 sf	54,000	19,800	118,800	2.73



**DIANE LUPKE**

Ms. Diane Lupke, CEcD, FM has more than thirty years of experience, twenty years as President of Diane Lupke & Associates, Inc., an economic development consulting firm, and previous experience in banking, government, and academia. Her work focuses on the identification of unique assets and opportunities on which a community can build, grow, and sustain itself over time and the financial and organizational structures to support them. She has provided technical assistance to more than one hundred cities, states, and non-profit organizations.

BA Economics Public / Private  
Management  
Earlham College  
  
MPA Planning  
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Ms. Lupke has special expertise in working with distressed communities and emerging markets, in particular, sub-economic regions and micro clusters. Ms. Lupke wrote tax and financial incentive legislation creating or modifying enterprise zones in seven States and provided technical assistance to eleven Federal Empowerment Zones. Ms. Lupke has also written legislation to create seed and venture capital funds and support angel investments.

The wide range of her practice includes work focused on:

- Seed Capital and Financing
- Legislative Initiatives
- Value Added Agriculture and Urban Food
- Workforce Development
- Strategic Planning and Organizational Capacity
- Neighborhood Market Analysis

Prior to founding Diane Lupke & Associates in 1990, Ms. Lupke held management positions with Trustcorp Bank and the State of Indiana. Earlier, she was a Research Associate at Indiana University where she served more recently as an Adjunct Professor.

Ms Lupke has been an active member of the International Economic Development Council for many years and received the honorary Fellow Member of the Council in 2005. She currently serves on its Board of Directors. She is on the Editorial Board of the Journal of Multistate Taxation and Incentives, the Board of Advisors for the Local Policy Journal based in the United Kingdom, and co-author of the OECD publication *Entrepreneurship: A Catalyst for Urban Regeneration*.

Creativity  
Strategic Thinking  
Economic Restructuring  
Entrepreneurship



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### QUENTIN DAVIS

Mr. Quentin E. Davis is a Senior Consultant for Diane Lupke & Associates, Inc. and has worked in economic development writing, teaching, and consulting for 40 years. He has held key economic development positions in numerous cities in the United States and consulted throughout the world. He has particular expertise in the analysis of complex and divergent economic environments.

#### Major Economic Development Practice Areas

- Market Analysis, Penetration, and Forecasting
- Economic Impact Analysis
- Real Estate Market Assessments
- Transportation and Parking Demand Studies

Prior to his full-time work as a consultant he held progressively more responsible positions managing economic development and redevelopment departments in the cities of Evansville, Indiana, Peoria, Illinois, and Cincinnati, Ohio. His work has included downtown revitalization planning and specific project design; industrial (brown field) redevelopment; project financing and refinancing (bonds, general appropriations, state and federal appropriations, grants, special assessment districts, tax increment/allocation districts, tax abatement, enterprise zones; liaison and lobbying with county, state and federal legislatures and agencies as well as financial institutions, chambers of commerce; developer selection and contract negotiations; waterfront strategic planning and project implementation. His projects have included strategic plans; retail, office, hotel, entertainment, and housing complexes; parking decks, boat docks, industrial structures, infrastructure improvements, transportation elements, and historic preservation and adaptive reuse structures.

Mr. Davis has led projects in over twenty states and twelve countries, reflecting his remarkable ability to adapt to varied legal systems, diverse cultures, and social mores with respect to development. He is a frequent speaker on economic development topics and has testified before the General Assembly Committees in Indiana, Illinois and Ohio related to economic development, finance and planning. He has also provided testimony to the US House of Representative Ways and Means Committee regarding historic preservation issues.