
APPENDIX P

Proposed Islip Pines Mixed-Use Development

Town of Islip
Suffolk County, New York

Prepared for

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1.0

Summary of Key Findings

Serota Islip LLC has retained VHB Engineering and Landscape Architecture P.C. (VHB) to conduct a study of market demand for retail development in connection with the Islip Pines Draft Environmental Impact Statement (DEIS), a mixed-use development project consisting of industrial, retail and other commercial, recreational, and residential uses on an approximately 135-acre property in the hamlet of Holbrook, Town of Islip, County of Suffolk.

The subject property is located at the intersection of the Sunrise Highway North Service Road and Veterans Memorial Highway. It is bounded by Beacon Drive to the east, single-family residences to the north, commercial/industrial and office uses to the east and the North Service Road as well as an adult center/tattoo parlor to the south. The subject site is currently generally undeveloped, with the exception of the LIPA-owned rights-of-way. Specifically, the proposed development would involve construction of the following:

- 408,673± SF of retail space
- 60,000±-SF, 16-screen cinema
- 1,085,400± SF of industrial space
- 100,000-SF hotel
- 130,904-SF office building
- 250 one-bedroom and two-bedroom residential units
- 4,200±-SF recreation building associated with the 4.1±-acre park

This market study details real estate trends in the nearby communities, defined by the proposed developments market/trade area, to evaluate market demand for retail uses. Specifically, this study considers demand for retail by providing data and analysis regarding current market activity including sales and expenditures in the project trade area. Based on this analysis, it can be concluded that the proposed Islip Pines project is well positioned to support the proposed retail development.



Key findings from the analysis of retail/commercial demand and opportunities include the following:

- The retail demand analysis examines retail spending, existing sales, and unmet demand within the trade area. The trade area selected for this retail analysis reflects the distances that most consumers will travel to make specific retail purchases on the subject site.
- Retail spending in the trade area is strong and projected to grow as population and disposable incomes rise and economic activity accelerates.
- It is estimated that approximately 131,612 households would be located in the trade area by 2015.
- The proposed project would add approximately 502 residents and 2,612 permanent employees to the project trade area, thereby, increasing the spending potential of the trade area.
- The daytime worker population, employed at the subject site would add approximately \$7,859,508 to total retail expenditures in the trade area.
- Estimated 2010 average household annual expenditures on goods and services that could be purchased at the project site is \$22,149. Through 2015, this figure is expected to increase in the trade area thereby creating additional retail demand.
- Median household incomes in the trade area continue to rise.
- The location of the subject site on major thoroughfares (Sunrise Highway and Veterans Memorial Highway), increases the potential of the proposed retail development at Islip Pines to capture additional sales.
- Future retail spending could support approximately 1,715,808 square feet of additional retail space in the trade area, in retail store group categories such as proposed at Islip Pines.
- The proposed retail development at Islip Pines (408,673 square feet) represents 5.9 percent of the total existing retail (6.9 million square feet) in the trade area.
- Islip Pines would be designed as a life-style center, whose goods and services are not expected to overlap with local shops and other existing



retail, and would yield 23 percent greater sales per square foot than traditional malls.

- The proposed Islip Pines development would introduce \$9,429,910 in sales tax revenues.
- Additional visitors to the area are likely to increase the sales at existing, non-competing business establishments as a secondary benefit of the project, strengthening the local business climate.
- Existing and comparable shopping centers were identified within the trade area, and an analysis of buying power, potential absorption, the ability to capture sales, and trends in retail sales reveal that the 408,673 square feet of retail space proposed at Islip Pines can be supported at the subject site.
- Finally, future households and employees of Islip Pines would offer potential sources of demand for retail, and would also be an important additional source of sales that would strengthen the viability of the proposed retail component of the development.



2.0

Introduction

The applicant, Serota Islip, LLC, is proposing to construct a mixed-use planned community development to be known as "Islip Pines," on a property located along the north side of the Sunrise Highway North Service Road and Veterans Memorial Highway in the Town of Islip, Suffolk County, New York. The proposed Islip Pines development would include industrial, retail, commercial, recreational, and residential uses. Specifically, the proposed retail use would consist of 408,673 SF in 19 retail spaces of various sizes (also included in the retail area is a \pm 60,000 SF movie theatre).

This retail market analysis identifies that the retail space proposed as part of the Islip Pines development can be supported by the demand in the community for additional retail options to service the local economic strength and purchasing power of the feeder areas for Islip Pines. This analysis is designed to serve as an assessment of retail market dynamics as they affect the economic potential for the proposed retail uses on the project site.

This analysis evaluates recent market trends and demand for retail development in the project area. This study is organized as follows:

- Section 3.0 sets forth the methodology of the study
- Section 4.0 examines socioeconomic trends
- Section 5.0 discusses market supply
- Section 6.0 examines the retail/commercial market statistics and market demand
- Section 7.0 presents the conclusions of the study



3.0

Study Methodology

This analysis was prepared using methods, data and information that are considered to be industry standard in the preparation of a market study. The first step in quantifying the need for additional retail space at the proposed project is to identify a trade area. Data and trends were analyzed in order to depict the characteristics of those residing within the trade area; ultimately these persons would serve as the base of support for the retail space proposed at Islip Pines.

Delineation of the Trade Area

The Urban Land Institute's (ULI) *Dollars and Cents for Shopping Centers/The Score 2008* defines shopping centers by location, size, major tenants and the types of goods and services sold, primarily defined as convenience, neighborhood, community, regional, and super regional shopping centers.¹ As the proposed development includes 408,673 square feet of leasable retail space, it is considered a regional shopping center.

To analyze market demand for the proposed use, *The Shopping Center Development Handbook (Handbook)*, published by the ULI, recommends delineating a trade area. The trade area is the area from which the bulk of the stores' sales are likely to be derived. According to the *Handbook*, shopping centers similar in size to the proposed development have trade areas extending eight miles from the shopping center, and can typically be reached within 20 minutes by its trade area population (see Table 1).

¹ See Section 4.0 for detailed descriptions for convenience, neighborhood, community, regional and super regional shopping centers.



Table 1 – General Guidance for Trade Area

Type of Center	Radius	Driving Time
Super Regional	12 miles	30 minutes
Regional	8 miles	20 minutes
Community	3-5 miles	10 to 20 minutes
Neighborhood	1 ½ miles	5 to 10 minutes

Source: Shopping Center Development Handbook, 1999.

In general, shopping centers draw approximately 70 to 80 percent of their customers from their trade area. It is expected that within the trade area, the proposed project would draw a large portion of its repeat business from residents who live within the smaller, approximately three-to-five mile area as a result of more convenient access, shorter travel time and distance, and residents' propensity to take advantage of a major shopping resource close to home.

Data Sources

Information used in the demographic assessment was gathered from the U.S. Census Bureau's 1990 and 2000 Census.² Additional information on retail composition and average sales per square foot was obtained from the ULI's *Dollars & Cents of Shopping Centers Centers/The Score 2008*, which was also used to project annual sales for the proposed retail uses on the project site.

Retail sales and expenditure data for the trade area were obtained from ESRI, a national provider of geographic planning data. All estimates and projections provided by this source draw upon data from sources including the Current Population Survey, American Community Survey, Census of Retail Trade, which are available through the United States Census Bureau, and the Consumer Expenditure Survey which is available through the United States Bureau of Labor Statistics.

² As retail market analysis was conducted and completed before the 2010 Census data for New York State was made available (June 2010), the demographic analysis of the retail trade area does not include data from the 2010 Census. However, wherever possible, this demographic data has been updated using data from the American Community Survey, which provides data from 2009.



4.0

Socioeconomic Trends

Identifying and understanding the characteristics of potential customers is the fundamental basis for retail market assessment. The following demographic profile is based on information that retailers use to track potential new store sites, including population and projected population growth, household income, household size, and household age characteristics. Demographic data were derived from a variety of sources including the U.S. Census and ESRI.

Demographic Factors Affecting Market Potential in the Trade Area

Demographic factors can affect retail market potential. Changes in the number of people living in a trade area alters the potential customer pool and household income levels affect how much households spend on retail purchases. These demographic characteristics are discussed below for the trade area and are used for the discussion of potential impacts of the proposed development. The demographic analysis is based primarily on data from the 2000 U.S. Census, updated to the most recent data year wherever data were available.

Demographic data has been grouped for the trade area (see Figure 1) by the following census characteristics:

- Total population
- Household and income characteristics, including total households, average household size, median and average household income
- Population Age
- Disposable Income
- Employment Characteristics



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Figure 1 – Trade Area Map



Population

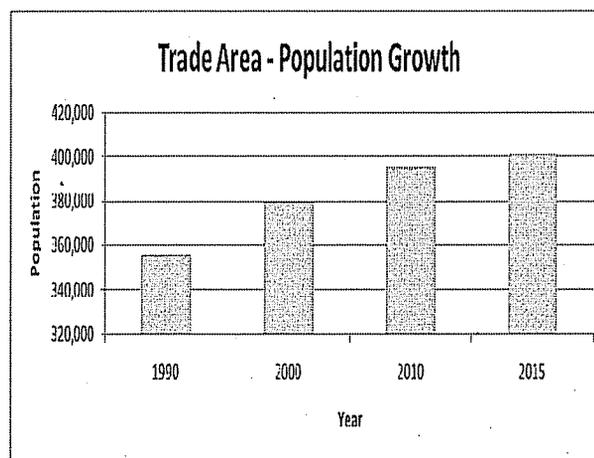
The trade area's population growth is expected to continue. By 2015, the trade area's residential population is projected to total 400,741 residents, a 1.3 percent increase over 2010 estimates. Suffolk County as a whole is expected to increase its residential population by 1.5 percent between 2010 and 2015.

As included in Table 2 and corresponding charts, the population within the trade area has increased substantially since 1990. Between 2000 and 2015, the population within the trade area is expected to increase by 21,117 persons (almost six percent). Although, current estimates and projections suggest continued growth at a slower pace, it is important to note that demographic projections do not necessarily take into account planned developments and economic factors that may influence population trends into the next five years.

Table 2 – Population Trends

	1990	2000	2010	2015	Absolute Change			Percent Change (%)		
					90-00	00-10	10-15	90-00	00-10	10-15
Trade Area	356,189	379,624	395,658	400,741	23,435	16,034	5,083	6.6	4.2	1.3
Suffolk County	1,321,864	1,419,369	1,492,400	1,541,489	97,505	73,031	22,089	7.4	5.2	1.5

Source: ESRI Business Analyst, 2011; U.S. Bureau of the Census: 1990 Summary File 1B and 2000 Summary File 1; Business Analyst 2010.





Households and Income

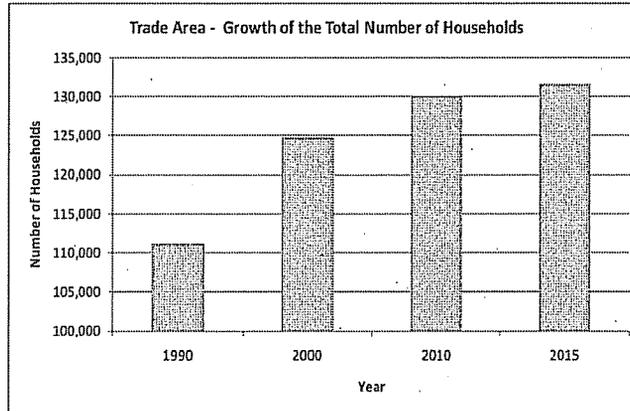
Households and household size are an important retail indicator. Larger household size usually indicates the presence of families with children and, therefore, an increased variety of retail needs and expenditures.

Similar to the population trends, the number of households within the trade area has also increased since 1990. As seen in Table 3, the number of households located within the trade area has increased by 12.2± percent between 1990 and 2000, from 111,227 households in 1990 to 124,809 households in 2000. From 2000 to 2010, the total households in the trade area grew by approximately 4.2± percent, from 124,809 in 2000 to 131,612 in 2010. This rate of increase was similar to the rate of increase in Suffolk County as a whole (4.9± percent).

Table 3 – Total Households

	1990	2000	2010	2015	Absolute Change			Percent Change (%)		
					90-00	00-10	10-15	90-00	00-10	10-15
Trade Area	111,227	124,809	129,990	131,612	13,582	5,181	1,622	12.2	4.2	1.3
Suffolk County	424,719	469,299	492,453	499,691	44,580	23,154	7,238	10.5	4.9	1.5

Source: ESRI Business Analyst, 2011; U.S. Bureau of the Census, 2000 Census: 2000 Summary File 1; Business Analyst 2010.



As seen with population trends, current estimates and projections suggest continued growth among households within the trade area, through 2015 – though at a relatively slower pace. The latest estimates suggest 129,990 households currently exist within the trade area. This is projected to increase by approximately 1,622 households, with nearly 131,612 permanent households projected to exist by 2015. This is 18.3 percent greater than the number of households recorded in 1990, illustrating a relatively high level of growth in the community. The substantial growth within the trade area indicates an increasing base of demand for additional retail options in the trade area. As growth



continues over the coming years, demand will further increase which will be satisfied, in part, by the retail options at Islip Pines.

Given that the projected rate of growth for the trade area's population between 2010 and 2015 (1.3 percent) is similar to the growth in households (1.3 percent), it can be inferred that the average household size will remain constant within the trade area (see Table 4).

Table 4 – Average Household Size

	1990	2000	2010	2015	Absolute Change			Percent Change (%)		
					90-00	00-10	10-15	90-00	00-10	10-15
Trade Area	3.15	3.0	3.0	3.0	0.15	0	0	4.8	0.0	0.0
Suffolk County	N/A	2.96	2.97	2.97	N/A	0	0	N/A	0.3	0.0

Source: ESRI Business Analyst, 2011; U.S. Bureau of the Census: 1990 Summary File 1B and 2000 Summary File 1; Business Analyst 2010.

Household income is indicative of the buying power of a community, as expenditures typically increase with higher income levels. In 2000, households in the trade area had a median household income of \$64,928, and the average household income was \$74,235, in constant 2011 dollars (i.e., adjusted for the effects of inflation). As shown in Table 5, the median household income in the trade area increased between 1990 and 2010 – from a median household income of \$48,186 in 1990 to \$85,422 in 2010, in 2011 constant dollar terms. The average household income in the trade area also increased significantly from 1990 to 2010 – from an average household income of \$52,427 to \$98,581, in 2011 constant dollars (see Table 6).

Table 5 – Median Household Income

	1990 ¹	2000 ¹	2010 ¹	2015 ¹	Absolute Change			Percent Change (%)		
					90-00	00-10	10-15	90-00	00-10	10-15
Trade Area	\$48,186	\$64,928	\$85,422	\$96,216	\$16,742	\$20,494	\$10,794	34.7	31.6	12.6
Suffolk County	\$84,936	\$85,672	\$88,424	\$97,618	\$736	\$2,752	\$9,194	0.9	3.2	10.4

Note: ¹Income represents annual income for the preceding year, expressed in current dollars, including an adjustment for inflation (for 2010 and 2015).

Source: ESRI Business Analyst, 2011; U.S. Bureau of the Census: 1990 Summary File 1B and 2000 Summary File 1; Business Analyst 2010.

As with the population projections, it is important to note that growth in income between 2010 and 2015 represents a five-year period as compared to the change from 1990 to 2000 and 2000 to 2010, which represents a 10-year period..



Table 6 – Average Household Income

	1990	2000 ¹	2010 ¹	2015 ¹	Absolute Change			Percent Change (%)		
					90-00	00-10	10-15	90-00	00-10	10-15
Trade Area	\$52,427	\$74,235	\$98,581	\$108,899	\$21,808	\$24,346	\$10,318	41.6	32.8	10.5
Suffolk County	N/A	\$79,409	\$104,215	\$116,523	\$21,774	\$24,806	\$12,308	N/A	31.2	11.8

Note: ¹Income represents annual income for the preceding year, expressed in current dollars, including an adjustment for inflation (for 2010 and 2015)
 Source: ESRI Business Analyst, 2011; U.S. Bureau of the Census: 1990 Summary File 1B and 2000 Summary File 1; Business Analyst 2010.

Age Distribution and Disposable Income

Knowing the age distribution of people in a trade area allows retailers to target their goods and services to specific niche markets, such as toddlers (e.g., Gymboree), teenagers (e.g., Abercrombie & Fitch), young professionals (e.g., Ann Taylor Loft and Kenneth Cole), middle-aged adults, and senior consumers (e.g., Talbot's and Chico's). As shown in Table 7, approximately 33.4 percent of the population was under 25 years, while 27 percent of the study area's population was between 25 and 44 years old and 12 percent was older than 65 years of age, in 2010. The age distribution reflects a high number of people at an age where their affluence and buying power are steadily increasing. New retail opportunities will emerge as the population settles, raises families, and grows into an older and more stable demographic.



Table 7 – Population by Age for the Trade Area

	1990		2000		2010		2015	
	Number	Percent (%)						
<25	134,554	37.8	129,733	34.1	132,207	33.4	131,386	32.6
25-34	63,189	17.7	55,468	14.6	45,698	11.6	46,512	11.6
35-44	58,147	16.3	67,943	17.9	59,999	15.2	54,692	13.6
45-54	42,599	12.0	53,773	14.2	63,696	16.1	61,412	15.3
55-64	26,278	7.4	35,387	9.3	46,043	11.6	49,366	12.3
65-74	18,350	5.2	20,425	5.4	26,941	6.8	34,408	8.6
75+	13,072	3.6	16,895	4.5	21,076	5.3	22,962	5.7

Source: ESRI Business Analyst, 2011; U.S. Bureau of the Census: 1990 Summary File 1B and 2000 Summary File 1; Business Analyst 2010.

Households in the 35 to 44 and 45 to 54 year age group always do the most spending, while those ages 75 and over the least.³ As seen in Table 8, householders in the trade area between the ages of 35 to 64 years have the highest disposable income.⁴ Approximately, 42,749 households (49.3 percent) in this age group have a disposable income between \$50,000 and \$99,999 in the trade area. Furthermore, 19,519 households (22.5 percent) have a disposable income of \$100,000 or over.

Table 8 – Disposable Income by Age of Householder for the Trade Area (2010)

	< 25 years	25-34 years	35-44 years	45-54 years	55-64 years	65-74 years	75+ years	Total Households
< \$15,000	219	521	637	876	1,138	1,642	2,573	7,606
\$15,000 - \$24,999	151	637	770	1,128	1,045	1,546	1,896	7,173
\$25,000 - \$34,999	203	1,458	1,784	1,684	1,796	1,883	1,000	9,808
\$35,000 - \$49,999	312	3,142	5,193	4,747	3,550	2,607	1,453	21,004
\$50,000 - \$74,999	412	4,539	8,368	7,864	5,227	2,990	1,447	30,847
\$75,000 - \$99,999	268	2,897	7,161	8,333	5,796	1,593	660	26,708
\$100,000 - \$149,999	272	1,633	3,232	6,683	5,010	2,063	1,197	20,090
\$150,000 - \$199,999	43	199	667	1,002	790	381	325	3,407
\$200,000 +	120	276	509	775	851	435	372	3,338
Total Households	2,000	15,302	28,321	33,092	25,203	15,140	10,923	129,981

Source: ESRI Business Analyst, 2011; U.S. Bureau of the Census, 2000 Census: 2000 Summary File 1; Business Analyst 2010.

The proposed project, which includes 250 residential units intended for the young modern workforce, is expected to add 502 residents to the project area. These residents would add to the total population of consumers with disposable income in the trade area, thereby increasing the spending potential of the trade area as a whole and increasing demand for retail options.

³ International Council of Shopping Centers, Research Review, Research Quarterly Volume 10 Number 2 Summer 2003.

⁴ Disposable Income is after-tax household income. Disposable income forecasts are based on the Current Population Survey, U.S. Census Bureau.



Employment

As indicated in the following two tables, the total number of residents over 16 years of age employed in the trade area was 202,634, of which 95,846 (47.3± percent) were employed in the services industry, and 24,924 were employed in retail trade (12.3± percent). Similar to the trade area, approximately 49.8 and 11.8 percent of Suffolk County population was employed in the services industry and retail trade, respectively.

Table 9 – 2010 Employed Population 16+ by Industry

	Trade Area		Suffolk County	
	Employed Population	Percentage (%)	Employed Population	Percentage (%)
Agriculture/Mining	405	0.2	2,189	0.3
Construction	14,590	7.2	51,817	7.1
Manufacturing	13,374	6.6	44,519	6.1
Wholesale Trade	8,713	4.3	29,193	4.0
Retail Trade	24,924	12.3	86,118	11.8
Transportation/Utilities	12,563	6.2	41,600	5.7
Information	6,890	3.4	23,354	3.2
Finance/Insurance/Real Estate	13,374	6.6	52,547	7.2
Services ¹	95,846	47.3	363,449	49.8
Public Administration	11,955	5.9	35,761	4.9
Total	202,634	100	730,547	100

Source: ESRI Business Analyst, 2011; U.S. Bureau of the Census, 2000 Census: 2000 Summary File 1; Business Analyst 2010.

Note: ¹Services include educational, food, accommodation, professional, scientific, technical, administrative, personal, repair and maintenance services etc.

The total number of residents over 16 years of age employed in white collar jobs was approximately 131,511 (65 percent), of which 47,214 (23.3 percent) were employed in professional occupations, and 31,206 (15.4 percent) were in administrative support occupations. 5,040 (33.76± percent) were employed in management, professional, and related positions, and 5,030 were employed in the sales sector (33.69± percent). Approximately 19.2 percent of the employed population was in blue collar jobs in the trade area, as compared to approximately 18.2 percent in Suffolk County as a whole.



Table 10 – 2010 Employed Population 16+ by Occupation

	Trade Area		Suffolk County	
	Employed Population	Percentage (%)	Employed Population	Percentage (%)
"White Collar"	131,511	64.9	475,111	65.1%
Management/Business/Financial	27,964	13.8	102,904	14.1%
Professional	47,214	23.3	181,724	24.9%
Sales	25,127	12.4	90,497	12.4%
Administrative Support	31,206	15.4	99,985	13.7%
"Services"	32,219	15.6	122,609	16.8%
"Blue Collar"	38,906	19.2	132,827	18.2%
Farming/Forestry/Fishing	203	0.1	1,460	0.2%
Construction/Extraction	12,361	6.1	43,059	5.9%
Installation/Maintenance/Repair	8,105	4.0	27,003	3.7%
Production	7,295	3.6	25,544	3.5%
Transportation/Material Moving	10,942	5.4	36,491	5.0%
Total	202,636	100	730,547	100

Source: ESRI Business Analyst, 2011; U.S. Bureau of the Census, 2000 Census: 2000 Summary File 1; Business Analyst 2010.

Areas with large daytime worker populations typically benefit from the added expenditures made by local employees during the workday. Based on an employee spending model developed by the International Council of Shopping Centers (ICSC), the average office worker spends about \$1,673 per year (or about \$6.70 per day, assuming a 250-day work year) on food during the business day and about \$1,336 per year on general merchandise retail goods.⁵ Based on an estimated 2,612 employees that are expected to be employed at the project site, additional \$4,369,876 in food expenditures and \$3,489,632 in general merchandise would be added to the total expenditures in the trade area. Overall, the daytime worker population would add approximately \$7,859,508 to total retail expenditures in the study area per year. These numbers reflect the significant potential of Islip Pines to have a dramatic positive contribution to the economic conditions of the trade area.

Average Retail Expenditures

As the proposed development consists of 408,673 SF in 19 retail spaces (shown in Table 11) of various sizes, the average household annual expenditures in these categories of retail were reviewed. It is important to note that as the requested change of zone has not been approved, no leases have been signed. However, the retailers set forth in Table 11 represent the types of tenants that the applicant is pursuing and would expect at this location.

⁵ International Council of Shopping Centers, Chain Store Sales Trends, May 2011 Issue



Additionally, it should be noted that the proposed retail would be designed as a lifestyle center, which typically embraces a wide variety of retail and entertainment amenities and generally trends toward an upscale retail mix and enhanced architectural design.

Table 11 – Anticipated Types of Retail Stores (or Similar)

Apparel Stores	Home Goods/Electronics	Shoes/Accessories	Other
Abercrombie & Fitch	The Apple Store	Jared's	Book Store
American Eagle	Bed, Bath & Beyond		Dick's
Banana Republic	Crate & Barrel		Kohl's
The Gap	Home Furnishings		Marshall's
H&M Stores	Michaels		Sporting Goods
Men's Warehouse	Sleepys		TJ Maxx
Victoria's Secret	Williams Sonoma		

Source: Serota Islip, LLC.

The average annual expenditure provides insight into the spending patterns of a specific population, which is later used in assessing the buying power of the same. A detailed breakdown of annual household expenditures on retail goods and services in the trade area is outlined in Table 12.

Table 12 – Retail Goods Expenditures in the Trade Area

Retail Goods	Average Amount Spent
<i>Apparel and Services</i>	<i>\$2,380.18</i>
Men's	\$428.35
Women's	\$741.57
Children's	\$407.23
Footwear	\$278.49
Watches & Jewelry	\$296.04
Apparel Products and Services	\$228.49
<i>Computer</i>	<i>\$304.06</i>
Computers and Hardware for Home Use	\$265.13
Software and Accessories for Home Use	\$38.93
<i>Entertainment & Recreation</i>	<i>\$4,640.85</i>
Fees and Admissions	\$997.24
TV/Video/Audio	\$1,664.64
Pets	\$726.33
Toys and Games	\$200.38
Recreational Vehicles and Fees	\$443.29
Sports/Recreation/Exercise Equipment	\$198.99
Photo Equipment and Supplies	\$145.88
Reading	\$230.98
Catered Affairs	\$33.14
<i>Food</i>	<i>\$10,489.25</i>
Food at Home	\$6,049.24
Food away from Home	\$4,440.00
<i>Financial</i>	<i>\$8,770.20</i>
Investments	\$2,744.48



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Vehicle Loans	\$6,027.72
<i>Health</i>	<i>\$841.74</i>
Nonprescription Drugs	\$124.32
Prescription Drugs	\$609.89
Eyeglasses and Contact Lenses	\$107.53
<i>Home</i>	<i>\$25,277.02</i>
Mortgage Payment and Basics	\$15,206.20
Maintenance and Remodeling Services	\$3,343.34
Maintenance and Remodeling Materials	\$566.38
Utilities, Fuel, and Public Services	\$6,161.10
<i>Household Furnishings and Equipment</i>	<i>\$1,827.18</i>
Household Textiles	\$188.59
Furniture	\$885.15
Floor Coverings	\$126.51
Major Appliances	\$426.42
Housewares	\$106.29
Small Appliances	\$44.61
Luggage	\$13.44
Telephones and Accessories	\$36.17
<i>Household Operations</i>	<i>\$2,315.96</i>
Child Care	\$675.96
Lawn and Garden	\$622.67
Moving/Storage/Freight Express	\$82.02
Housekeeping Supplies	\$935.31
<i>Insurance</i>	<i>\$5,450.42</i>
Owners and Renters Insurance	\$637.20
Vehicle Insurance	\$1,613.11
Life/Other Insurance	\$607.65
Health Insurance	\$2,592.46
<i>Personal Care Products</i>	<i>\$531.65</i>
<i>School Books and Supplies</i>	<i>\$130.04</i>
<i>Smoking Products</i>	<i>\$493.68</i>
<i>Transportation</i>	<i>\$10,585.89</i>
Vehicle Purchases (Net Outlay)	\$5,688.82
Vehicle Maintenance and Repairs	\$1,297.73
<i>Travel</i>	<i>\$2,173.16</i>
Airline Fares	\$746.51
Lodging on Trips	\$700.47
Auto/Truck/Van Rental on Trips	\$59.74
Food and Drink on Trips	\$666.44

Source: ESRI Business Analyst Online 2011; ESRI forecasts for 2010 and 2015; Consumer Spending data are derived from the 2006 and 2007 Consumer Expenditure Surveys, Bureau of Labor Statistics.

Table 13 shows a breakdown of expenditures on goods and services that could be purchased at the project site. As per the latest estimates from the United States Bureau of Labor Statistics' Consumer Expenditure Survey, the average household within the trade area spent approximately \$22,149 on goods that could be purchased at the proposed retail on the project site in 2011. Such



expenditures include those for apparel, furniture, computers, sporting goods, health and personal care products etc., which are typically made at such regional centers. The increased demand in the trade area for retail consumption due to the increasing population and anticipated wage growth would require additional retail services. Islip Pines along with the existing retail base in the trade area would provide these additionally needed services, which would be further supplemented with appropriate growth in additional retail services over time. Unsatisfied demand as well as shopping options, which grow stagnant over time, will cause an exodus of purchasing power from the trade area. Without the addition of modern retail venues at which the population in the trade area can spend their disposable income, a population exodus would stunt the growth and the positive development of the trade area.

Table 13 – Retail Expenditures Expected on Project Site

Retail Goods	Average Amount Spent
<i>Apparel and Services</i>	<i>\$2,380.18</i>
<i>Computer</i>	<i>\$304.06</i>
<i>Entertainment & Recreation (related products)</i>	<i>\$2,133.11</i>
<i>Food away from home</i>	<i>\$4,440.00</i>
<i>Home (Includes Household Furnishings, Equipment etc)</i>	<i>\$7,294.88</i>
<i>Personal Care Products (Health related and others)</i>	<i>\$1,867.07</i>
<i>Other products available at Life style Centers</i>	<i>\$3,599.34</i>
Total Retail Expenditure expected at the Project Site	\$22,148.68

Source: ESRI forecasts for 2010 and 2015; Consumer Spending data are derived from the 2006 and 2007 Consumer Expenditure Surveys, Bureau of Labor Statistics.



5.0

Market Supply

To determine the feasibility of additional retail space in the local market, it is necessary to conduct an analysis of existing market supply. This section examines the existing retail establishments in neighborhood shopping centers in the trade area, which are comparable to the development proposed at the project site.

Existing Retail in the Trade Area

As per the ULI's *Dollars & Cents for Shopping Centers/The Score 2008*, shopping centers are classified as neighborhood, community, regional and super regional based on their size (see Table 14). Therefore, based on the information presented herein, the Johnson Avenue node and the Waverly Avenue node consist of regional shopping centers comparable in size to the retail component of the proposed project.

Table 14 – Types of Shopping Centers

Type of Center	Typical Gross Leasable Area (Square Feet)	General Range in Gross Leasable Area (Square Feet)
Neighborhood Center	50,000	30,000 – 100,000
Community Center	150,000	100,000 – 450,000
Regional Center	450,000	300,000 – 900,000
Super Regional Center	900,000	500,00 – 2,000,000

Source: Shopping Center and Development Handbook, 1999

Convenience Centers: A convenience center provides personal services (e.g., laundry, banking, and barbershops) and convenience goods⁶ for the day-to-day

⁶ "Convenience goods" is a retail trade term referring to a variety of goods that generally do not inspire comparison shopping, but rather are more readily purchased in stores convenient to home or work. Food for home consumption and housekeeping supplies make up the largest portion of convenience goods sales. These products are typically found in supermarkets and grocery stores. The category also includes prescription and over-the-counter drugs, personal care items, and health



needs of those in the immediate surrounding neighborhoods. Convenience centers typically contain a minimum of three stores, with a total gross leasable area of up to 30,000 square feet. Instead of being anchored by a supermarket, a convenience center is usually anchored by some other type of personal or convenience service, such as a mini-mart. The trade area, or geographical area from which 70 to 80 percent of a center's sales originate, is approximately one mile. Convenience centers are generally concentrated around dense residential areas. Although, there are several residential developments in the 8-mile trade area, there is a noticeable absence of convenience centers in the trade area.

Neighborhood Centers: Like convenience centers, neighborhood centers provide personal services and convenience goods. However, they are larger in scale and serve a larger trade area. Neighborhood centers are typically built around a supermarket as the principal tenant and generally contain a gross leasable area of about 50,000 square feet, though they may range in size from 30,000 square feet to 150,000 square feet. Larger neighborhood centers with a supermarket anchor serve a two- to three-mile radius and require 10 to 15 acres of land, including parking. There are no neighborhood centers in the project trade area.

Community Centers: In addition to providing the convenience goods and personal services found in neighborhood centers, community centers offer convenience goods and services in a strip-center format and may also feature comparison goods⁷ stores, such as small or discount clothing stores and specialty shops. Many centers are built around a junior department store, variety store, drugstore, or discount department store as the major tenant, in addition to a supermarket. Community centers typically range from 150,000 to 500,000 square feet and occupy 30 or more acres. Centers that fit the general profile of a community center but contain more than 250,000 square feet are classified as super community centers. Trade areas for community centers typically range from three to six miles.

As shown in Table 15, the trade area contains 13 shopping centers totaling 3,220,555 square feet of community retail. Community centers in the trade area tend to be concentrated on Middle Country Road and Veterans Memorial Highway, centrally located and within easy reach of their main customer base (i.e., shoppers from approximately three to six miles driving range) as well as local and regional traffic on Middle Country Road and Veterans Memorial Highway. As trade area sizes increase, it is not as necessary to be located in

and beauty aids commonly found in neighborhood drug stores. Tobacco products, newspapers and magazines, fresh flowers, and pet supplies are also part of the convenience goods category.
⁷"Comparison goods" is a retail trade term referring to a variety of goods for which consumers generally travel farther to compare price, quality, and variety of merchandise. The types of goods typically included in this category are general merchandise, apparel and accessories, home furnishings and equipment, and miscellaneous shopping goods, including sporting goods, stationery, jewelry, bobbies, toys, games, cameras and photography supplies, gifts, novelties, souvenirs, luggage and leather goods, sewing, and optical goods.



dense residential pockets, and the trade areas are large enough to capture several pockets. Rather, centers with larger trade areas are more likely to be located close to major roads, interchanges, or near other large retail centers to achieve a critical mass. Sun-Vet Mall and Gateway Plaza are the closest community shopping centers from the project site, which consist of Pathmark Supermarket, Office Depot, Toys 'R' Us, Home Depot, King Kullen and Best Buy as the major anchor stores.

Table 15 – Super Community/Community Shopping Centers

Name	Address	Number of Stores	Anchor Stores	Distance from project site (mi)	GLA (ft2)
Sun-Vet Mall	Veterans Memorial Hwy. & Sunrise Hwy. Holbrook, NY 11741	42	Pathmark Supermarket, Office Depot, Toys 'R' Us, The Wall	0.74W	240,654
Gateway Plaza	499 Sunrise Hwy. Patchogue, NY 11772	19	Home Depot, King Kullen, Best Buy, Bob's Stores	1.00E	340,000
Expressway Plaza Shopping Center	SWC N. Ocean Ave. & Horseblock Rd. Farmingville, NY 11738	15	Kmart, Stop & Shop	4.08NE	225,000
Sunshine Square	Patchogue Yaphank (Rte. 101) & Station Rds. Medford, NY 11763	31	Stop & Shop, Vacant, Ultimate Fitness	5.61E	223,322
Independence Plaza	NWC Boyle & Middle Country Rd. Selden, NY 11784	32	Home Depot, King Kullen	6.31N	265,000
Islandia Shopping Center	Veteran's Memorial Hwy. & Sycamore Ave. Islandia, NY 11722	40	Walmart, Stop & Shop, Dave & Buster's	6.67W	367,587
DSW Plaza at Lake Grove	SEC Middle Country (Rte. 25) & Moriches Rds. Lake Grove, NY 11755	10	Toys 'R' Us/Babies 'R' Us, DSW Shoe Warehouse, Bally Total Fitness, Staples	7.18NW	251,263
Coram Plaza	Middle Country Rd. at Grand Smith Blvd. Coram, NY 11755	24	Home Depot, Super Stop & Shop	7.27NE	274,301
Currans Plaza	NEC Currans & Middle Country Rds Middle Island, NY 11953	0	None	10.25NE	300,000
Gardiner Manor Mall	Sunrise Hwy. & Manor Ln. Bay Shore, NY 11706	19	Target, King Kullen, Old Navy, Staples	12.00W	346,716
Mayfair Shopping Center	Jericho Turnpike & Beechwood Ln. Commack, NY 11725	40	Waldbaum's Supermarket, MJM Designer Shoes	12.28W	214,625
King Kullen Plaza	Veterans Memorial Hwy. & Sunken Meadow State Commack, NY 11725	13	Target, King Kullen, Sports Authority, Vacant	12.74W	265,409
Commack Shopping Center	Jericho Turnpike & Veterans Hwy. Commack, NY 11725	30	Michaels, Jewelry Exchange, Macy's	13.02W	355,000
				Total GLA	3,220,555

Source: ESRI 2011

Regional Centers: The retail mix in a regional center is dominated by comparison shopping goods stores. Regional centers can be either indoor malls or outdoor shopping centers, and in either case are typically anchored by two or three department stores, and range from 400,000 square feet to 800,000 square feet. The



retail mix includes apparel, jewelry, shoe, and furniture stores and may also include a drug store and a movie theater. Eating establishments are sometimes clustered in one location. The primary trade area for a regional center is typically a minimum of eight to ten miles from the project site. As shown in Table 16, the trade area contains two regional centers, Centereach Mall and Brookhaven Walk that total 1,229,937 square feet. The main anchor store in Centereach mall is Walmart, while the proposed Brookhaven Walk will consist of Target and JC Penny as major anchors.

Table 16 – Regional Center Shopping Centers

Name	Address	Number of Stores	Anchor Stores	Distance (mi)	GLA (ft ²)
Centereach Mall	Middle Country & Mark Tree Roads Centereach, NY 11720	37	Walmart, Big Lots, Modell's Sporting Goods	6.18N	379,937
Brookhaven Walk (Proposed)	NWC LIE & William Floyd Pkwy. Yaphank, NY 11719	140	Target, JCPenny	9.67E	850,000
Total GLA					1,229,937

Source: ESRI 2011

Super-Regional Centers: Super-regional centers are larger versions of regional centers. They are dominated by comparison shopping goods and most typically are indoor climate-controlled malls. In densely populated locations, trade areas can be as small as five miles, but in typical suburban locations they can extend 25 miles or more from a site. Super-regional centers generally have at least three department stores and range in size from 800,000 square feet to 2 million square feet. Freestanding or attached movie theaters, restaurants, discount stores and factory outlets, and banks may locate on the same parcel. Most super-regional centers require more than 100 acres of land.

There are two retail centers (Smith Haven Mall and Westfield Southshore) in the study area that fall within the super-regional category. Together, these shopping centers total 2,470,744 square feet (see Table 17). Although Westfield Southshore center is located outside of the eight-mile trade area, this center is included in the list of super-regional centers. These super-regional centers together consist of approximately 267 stores, including major anchor stores such as Macy's, Sears, JC Penny, Dick's Sporting Goods, and Lord & Taylor.



Table 17 – Super Regional Center Shopping Centers

Name	Address	Number of Stores	Anchor Stores	Distance	GLS (ft2)
Smith Haven Mall	Routes 25 & 347/NE Lake Grove, NY 11755	157	Macy's, Sears, JCPenny, Dick's Sporting Goods	7.35NW	1,312,775
Westfield South Shore	1701 Sunrise Hwy. & Brook Ave. Bayshore, NY 11706	110	Macy's, Sears, JCPenny, Lord & Taylor	10.17W	1,157,969
				Total GLA	2,470,744

Source: ESRI 2011

Retail Inventory Summary

An analysis of these retail uses is crucial as these businesses provide goods and services to the same population as the proposed development. There are 17 retail centers in the study area, totaling over 6.9 million square feet (see Table 18), including 3.2 million square feet of community/super community retail, 1.2 million square feet of regional retail, and 2.5 million square feet of super-regional retail. The proposed Islip Pines development (408,673 square feet) represents 5.9 percent of the total existing retail in the trade area.

While the geographic area that these shopping centers and other markets cover is expansive, the relative health of the overall retail trade area is evidence of the existing demand in the trade area, which will be further enhanced and expanded by virtue of natural population and family growth over time. This growth will require the modern retail options of Islip Pines to satisfy increasing demand.

Table 18 – Summary of Existing Retail in the Study Area

Shopping Center Classification	Area (sf)
Convenience Center	0
Neighborhood Center	0
Super Community/Community	3,220,555
Regional Center	1,229,937
Super Regional Center	2,470,744
Total	6,921,236

Source: ESRI Business Analyst, 2011

Even during this traditionally slow period of the retail cycle, there is minimal vacancy observed in the retail centers mentioned above. As seen in Section 3.9.4 (Existing Retail Development in Project Study Area) of the DEIS, there are approximately 1,174 retail stores at the studied downtowns and nodes in the study area, of which approximately 85 stores (7.2 percent) are vacant. This existing low vacancy rate is evidence of the strength of the retail market in the trade area. It is further anticipated that the regional nature of the proposed development at Islip Pines would not compete with this existing retail as



increasing demand will spread among all retail venues in the trade area, including Islip Pines. It is, therefore, not expected that a large portion of consumer sales would be diverted from existing stores to the proposed retail development at Islip Pines as all well-maintained and well-managed stores in the trade area should receive their proportionate share on interest from the increasing retail demand over time.

The proposed project may present some competition to stores selling shopping goods in the area as the existing retail targets a similar client base for some discretionary purchases, such as clothing, which are typically chosen more carefully than convenience goods based on perceived differences in value. Thus, chain clothing stores may compete for the same discretionary spending dollars. However, the proposed development would be designed as a lifestyle center, which is currently anticipated to have national retail tenants whose goods and services do not overlap with local shops and other existing retail. In addition, as noted above, lifestyle centers typically embraces a wide variety of retail and entertainment amenities and generally trends toward an upscale retail mix and enhanced architectural design. Therefore, they present stores in a different venue than a typical shopping center or mall. Based on data presented in the *International Council for Shopping Centers (ICSC)* shoppers spend less time at lifestyle centers than at malls (57 minutes vs. 78 minutes), they spend 37 percent more per hour at lifestyle centers (\$101 per hour at lifestyle centers, compared with \$74 per hour at malls).⁸ Not only do shoppers spend more per trip, they also visit 2½ times more often. Overall, lifestyle centers are more profitable than traditional malls when comparing sales per square foot – lifestyle centers yield 23 percent greater sales per square foot than traditional malls.⁹

Many existing shopping areas are likely to retain their niche customer base with an expanded potential to also gain new customers based on a new demand generated by the proposed project's retail base that represents shopping opportunities not currently present on the subject site. Rather than directly competing with existing retail in the study area, the proposed project's new shopping goods are expected to serve the new residential population and expand the price-point and product mix of such uses to existing customers already in the project area.

Further, as seen in section 3.9.4 of this DEIS (Existing Retail Development in Project Study Area), and given the current economic situation facing Long Island, New York and the nation as a whole, there were minimal vacancies observed at the retail centers in the nodes and downtown areas. Additionally, it

⁸ Hazel, Debra. "Lifestyle Centers: Do they work?" *Shopping Centers Today*, May 2003. <http://www.icsc.org/srch/sct/sct0503/page26.php> (accessed August 2, 2011).

⁹ Cushman & Wakefield, *Lifestyle Center Overview*, April 2006. <http://valuation.cushwake.com/Documents/19525.pdf> (accessed August 2, 2011)



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is anticipated that the regional nature of the proposed development would not compete with the existing local retail. Therefore, it is not expected that a large portion of consumer sales would be diverted from existing stores to the proposed retail development within Islip Pines.



6.0

Market Demand and Absorption

There are a number of factors that determine the market absorption, and the overall success of a given shopping center. This section seeks to quantify the need for additional retail space at the project site through an analysis of the spending power among households residing within the trade area.

Household Buying Power

As previously indicated in Table 13, an average household located in the trade area is estimated to spend approximately \$22,149 on goods and services that could be purchased at the proposed retail development at Islip Pines. Such expenditures include those for apparel, furniture, computers and related accessories, sporting goods, health and personal care products, which are typically made at regional centers.¹⁰ For the purpose of this analysis, these spending patterns are assumed to remain constant. As such, \$22,149 represents the annual buying power among the average household located within the trade area. As seen in Section 2.0 of this report, approximately 131,612 households are projected to reside in the trade area by 2015. As shown in Table 19, the average household expenditure expected at the project site was applied to the 131,612 households projected to reside within the trade area in 2015. This results in a total buying power of over \$2.92 billion in annual expenditures for goods and services that could be provided at the proposed retail development. It is important to understand that this represents a conservative estimate, as it does not include the buying power stemming from the population residing outside of the trade area that will frequent the proposed retail due to its convenient location at the intersection of Sunrise Highway and Veterans Memorial Highway. Additionally, this does not include the buying power of the additional 250

¹⁰ Based on information included in Table 13 – Average Annual Expenditures.



households that would reside on the project site as a result of the proposed project.

Table 19 – Total Buying Power in Trade Area in 2015

Expenditure per Household	\$22,149±
Total Projected Households in 2015	131,612±
Total Average Household Buying Power by 2015	\$2,915,032,072±

Sources: U.S. Census 2000; ESRI Business Analyst, 2010.

Trade Area Capture Rate

The amount of money that trade area residents spend on retail goods is considered the trade area demand or retail expenditure potential. This expenditure potential can be compared with total retail sales in the trade area to obtain a "capture rate." Capture rates are measures of business activity in a trade area, indicating the percentage of consumer expenditures for retail goods that are being captured by retailers in the trade area. If the total sales in the trade area are much lower than the area's expenditure potential, then residents are spending a large portion of their available dollars outside of the trade area, and the capture rate is low. If sales are closer in value to expenditure potential, then area residents are likely spending a higher proportion of their available resources within the area, and the capture rate is high. In general, trade areas that are satisfying the retail demand generated by trade area households have capture rates of between 70 and 80 percent.¹¹

However, capture rates are also affected by money flowing into an area from people who do not live in that area. Some of the sales in the trade area, for example, may be from people living in other areas of the Town of Islip, Suffolk County and Long Island. It is not possible to know exactly who (residents or nonresidents) is spending money in the area. Furthermore, a high capture rate may be indicative of an area with a high proportion of retail that will attract customers from greater distances. Despite these uncertainties about the origin of sales in any particular trade area, comparing expenditure and sales data provides a good indication of how much of a trade area's household expenditure potential is being captured by trade area retailers.

Nonetheless, it is important to note that retail markets are dynamic and elastic, and a static calculation of a capture rate is not a definitive statement that an area cannot accommodate additional retail development. As the local population

¹¹ *The Shopping Center Development Handbook*, published by the Urban Land Institute, indicates that shopping centers can expect to draw between 70 and 80 percent of their regular customers from their primary trade area.



grows and changes, overall trade area expenditures generally increase. Similarly, new and changing retail formats may alter and expand local spending patterns through new market segments or niches (i.e., by providing for new types of stores and merchandise offerings not currently found in the trade area).

Table 20 – Retail Marketplace Profile

Industry Group	Demand ¹ (Retail Potential)	Supply ¹ (Retail Sales)	Retail Gap ¹	Number of Businesses
Motor Vehicle & Parts Dealers (NAICS 441)	\$906,113,698	\$1,006,021,662	(\$99,907,964)	300
Automobile Dealers (NAICS 4411)	\$756,841,771	\$850,499,193	(\$93,657,422)	126
Other Motor Vehicle Dealers (NAICS 4412)	\$75,258,761	\$88,097,757	(\$12,838,996)	60
Auto Parts, Accessories, and Tire Stores (NAICS 4413)	\$74,013,166	\$67,424,712	\$6,588,454	114
Furniture & Home Furnishings Stores (NAICS 442)	\$154,619,587	\$190,707,643	(\$36,088,056)	165
Furniture Stores (NAICS 4421)	\$78,140,069	\$59,149,308	\$18,990,761	70
Home Furnishings Stores (NAICS 4422)	\$76,479,518	\$131,558,335	(\$55,078,817)	95
Electronics & Appliance Stores (NAICS 443/NAICS 4431)	\$165,502,849	\$196,679,112	(\$31,176,263)	258
Bldg Materials, Garden Equip. & Supply Stores (NAICS 444)	\$195,973,501	\$246,390,053	(\$50,416,552)	264
Building Material and Supplies Dealers (NAICS 4441)	\$168,982,188	\$225,762,842	(\$56,780,654)	203
Lawn and Garden Equipment and Supplies Stores (NAICS 4442)	\$26,991,313	\$20,627,211	\$6,364,102	61
Food & Beverage Stores (NAICS 445)	\$825,064,314	\$889,049,719	(\$63,985,405)	262
Grocery Stores (NAICS 4451)	\$710,634,111	\$796,366,649	(\$85,732,538)	131
Specialty Food Stores (NAICS 4452)	\$55,588,920	\$39,451,590	\$16,137,330	62
Beer, Wine, and Liquor Stores (NAICS 4453)	\$58,841,283	\$53,231,480	\$5,609,803	69
Health & Personal Care Stores (NAICS 446/NAICS 4461)	\$184,393,705	\$171,831,017	\$12,562,688	193
Gasoline Stations (NAICS 447/NAICS 4471)	\$538,391,566	\$319,436,504	\$218,955,062	115
Clothing and Clothing Accessories Stores (NAICS 448)	\$203,769,457	\$124,306,124	\$79,463,333	303
Clothing Stores (NAICS 4481)	\$164,510,255	\$101,552,491	\$62,957,764	190
Shoe Stores (NAICS 4482)	\$21,039,613	\$13,110,023	\$7,929,590	40
Jewelry, Luggage, and Leather Goods Stores (NAICS 4483)	\$18,219,589	\$9,643,610	\$8,575,979	73
Sporting Goods, Hobby, Book, and Music Stores (NAICS 451)	\$52,440,836	\$59,526,389	(\$7,085,553)	181
Sporting Goods/Hobby/Musical Instrument Stores (NAICS 4511)	\$39,772,571	\$41,236,904	(\$1,464,333)	146
Book, Periodical, and Music Stores (NAICS 4512)	\$12,668,265	\$18,289,485	(\$5,621,220)	35
General Merchandise Stores (NAICS 452)	\$400,585,679	\$467,760,871	(\$67,175,192)	87
Department Stores Excluding Leased Depts. (NAICS 4521)	\$113,843,072	\$140,323,671	(\$26,480,599)	34
Other General Merchandise Stores (NAICS 4529)	\$286,742,607	\$327,437,200	(\$40,694,593)	53
Miscellaneous Store Retailers (NAICS 453)	\$98,261,850	\$129,717,431	(\$31,455,581)	384
Florists (NAICS 4531)	\$7,338,862	\$11,456,927	(\$4,118,065)	47
Office Supplies, Stationery, and Gift Stores (NAICS 4532)	\$35,651,764	\$27,210,297	\$8,441,467	148
Used Merchandise Stores (NAICS 4533)	\$7,187,673	\$8,483,045	(\$1,295,372)	50
Other Miscellaneous Store Retailers (NAICS 4539)	\$48,083,551	\$82,567,162	(\$34,483,611)	139
Nonstore Retailers (NAICS 454)	\$176,520,030	\$112,083,108	\$64,436,922	53
Electronic Shopping and Mail-Order Houses (NAICS 4541)	\$76,560,579	\$39,767,436	\$36,793,143	11



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4541)				
Vending Machine Operators (NAICS 4542)	\$18,771,712	\$10,558,979	\$8,212,733	13
Direct Selling Establishments (NAICS 4543)	\$81,187,739	\$61,756,693	\$19,431,046	29
Food Services & Drinking Places (NAICS 722)	\$688,675,546	\$673,126,122	\$15,549,424	953
Full-Service Restaurants (NAICS 7221)	\$276,740,157	\$180,086,871	\$96,653,286	471
Limited-Service Eating Places (NAICS 7222)	\$332,115,994	\$416,054,809	(\$83,938,815)	368
Special Food Services (NAICS 7223)	\$69,422,043	\$66,355,325	\$3,066,718	52
Drinking Places - Alcoholic Beverages (NAICS 7224)	\$10,397,352	\$10,629,117	(\$231,765)	62

Note: Monetary figures are expressed in current dollars.

Source: ESRI Business Analyst, 2011; U.S. Bureau of the Census, 2000 Census: 2000 Summary File 1; Business Analyst 2010.

Pursuant to the recent sales data presented in Table 20, the households residing within the trade area currently represent a combined buying power of approximately \$2.16 billion per year on expenditures apparel, furniture, computers, sporting goods, health and personal care products etc. Likewise, these stores located within the trade area represent roughly \$2.27 billion in annual sales. This indicates that the specified businesses are currently able to capture 104.9 percent of the trade area's household expenditures. A capture rate of over 100 percent further indicates that the existing businesses are not only able to capture a large portion of consumer demand from those residing within the trade area, but they are also able to capture demand from consumers residing outside of the trade area – including those employed within the trade area, in addition to visitors and others passing through the community.

Further, when the capture rate of 104.9 percent is applied to the trade area's total projected buying power of \$292± million, as seen in Table 21, this equates to potential absorption of nearly \$306± million in annual buying power.

The proposed retail development is not predicted to capture all of the retail potential among the residents of the trade area. As seen earlier, the retail concentrations within the trade area contain a wide variety of existing community, regional and super-regional shopping centers. The proposed retail development would provide another option for the trade area.

Based on the projected sales of the proposed development and the existing expenditures on similar goods in the trade area, it is assumed that the proposed retail development would capture approximately 15 percent of the total retail potential in the trade area. As such, this results in an annual absorption of approximately \$459 million in buying power. The remaining 85 percent of the retail potential represents the potential among existing retail establishments and shopping centers throughout the trade area, including comparable retail depicted in Table 16 above.



Table 21 – Supportable Retail Space

Total Average Household Purchasing Power by 2015	\$2,915,032,072±
Capture Rate	104.9 percent
Total Trade Area Purchasing Power	\$3,060,200,669±
Capture Rate of Proposed Development	15 percent ¹²
Total Purchasing Power Absorbed by Proposed Development	\$459,030,100±
Median Sales per Square foot in Regional Shopping Centers	\$267.53±
Retail Space that can be supported in the Trade Area	1,715,808 square feet

Sources: ESRI Business Analyst, 2011; Dollars & Cents for Shopping Centers, The Score 2008.

As per ULI's Dollars & Cents of Shopping Centers/The Score 2008, retailers within regional shopping centers in the United States generate median sales of \$267.53 per square foot of Gross Leasable Area (GLA). Therefore, based on the trade area purchasing power (i.e., retail potential) of \$459± million, approximately 1,715,808¹³ square feet of retail/commercial space could be absorbed within the trade area. As such, the size of the proposed retail component of Islip Pines (at 408,673 square feet) could be absorbed in the local market, with an excess of retail space remaining (1,307,135 square feet) that could be absorbed through other types of retail in the trade area.

Furthermore, as mentioned in Section 3.0 of this report, the proposed project would introduce 502 residents (250 housing units) and 2,612 employees in the trade area, adding to the total purchasing power of the trade area, and thereby increasing the total absorbable retail space in the trade area.

Projected Sales Taxes

The proposed project would also introduce sales tax revenues. Additional visitors to the area are likely to increase the sales at existing, non-competing business establishments as a secondary benefit of the project, strengthening the local business climate.

According to Dollars and Cents of Shopping Centers/The Score 2008, the ULI publication that details the operating characteristics of retail centers of different

¹² The capture rate of the proposed development was calculated by estimating the future sales of the development and dividing that by the total expenditures in the trade area (in goods similar to those that would be available on the project site).

¹³ It should be noted that this is a conservative estimate since the 2010 average annual expenditures on goods and services (\$22,149) that could be purchased at the project site are expected to increase in the trade area.



sizes, sales in regional shopping centers in 2008 averaged \$267.53 per square foot (SF) of gross leasable area (GLA).

Based on the data from the ULI, the total projected sales expected from the retail portion of the proposed development would be approximately \$109.33 million based on 408,673 square feet of total leasable retail space. Applying the 8.625 percent sales tax to the proposed retail uses, future sales tax revenues generated from the proposed development would be approximately \$9.43 million (see Table below). According to the New York State Tax Department and Suffolk County Office of Budget and Management, sales tax revenues derived from the 8.625 percent sales tax collected in the Town of Islip are allocated as follows:

- 4.0 percent to New York State
- 4.25 percent to Suffolk County
- 0.375 percent to Metropolitan Commuter Transportation District (MCTD)

Table 22 - Tax Revenues from Projected Annual Sales

Jurisdiction	Tax Rate	Annual Sales Tax
New York State	4.0	\$4,373,292
Suffolk County	4.25	\$4,646,622
MCTD	0.375	\$409,996
Total		\$9,429,910

Source: Suffolk County Office of Budget and Management

Of the approximately \$9,429,910 in sales tax revenue that could be generated to the aforementioned taxing agencies, at 4.25 percent, Suffolk County would realize approximately \$4,646,622± annually. New York State's share of the sales tax revenues estimated to be generated by the project would total approximately \$4,373,292. A certain amount of these taxes would not be net income to Suffolk County or New York State as some of those sales are already taking place at existing establishments either in the County or in the State. It is not known what the actual net increase may be as the spending patterns of persons in the trade area of the proposed project are undocumented. It is projected, however, that the majority of sales taxes generated by the project would represent a net increase to taxing jurisdictions. The MCTD's 0.375 percent share of the overall sales tax revenues would be expected to total approximately \$409,996 per year.



7.0

Conclusion

Based on the evidence presented herein, the proposed retail development at Islip Pines could be absorbed into the local market due to the existing purchasing power of the trade area population, the anticipated growth in population and incomes in the trade area, the potential young working residents of Islip Pines (502), and the employees filling the jobs anticipated at Islip Pines (2,612). Even during the continuing long recovery from the deep 2008-2009 recession which the region is slowly growing out of, there remains a substantial population in the trade area with a purchasing power that can support additional retail space as proposed at Islip Pines.

Overall, strong opportunities exist for new retail goods and services in the trade area. Trends in the trade area are positive, with household spending projected to continue to increase through 2015 and beyond.

Key findings from the analysis of retail/commercial demand and opportunities include the following:

- Retail spending in the trade area is strong and projected to grow as population and disposable incomes rise and economic activity accelerates.
- It is estimated that approximately 131,612 households would be located in the trade area by 2015.
- The proposed project would add approximately 502 residents and 2,612 permanent employees to the project trade area, thereby, increasing the spending potential of the trade area.
- The daytime worker population, employed at the subject site would add approximately \$7,859,508 to total retail expenditures in the trade area.



- Estimated 2010 average household annual expenditures on goods and services that could be purchased at the project site is \$22,149. Through 2015, this figure is expected to increase in the trade area thereby creating additional retail demand.
- Median household incomes in the trade area continue to rise.
- The location of the subject site on major thoroughfares (Sunrise Highway and Veterans Memorial Highway), increases the trade area's and the proposed retail development at Islip Pine's potential to capture additional sales.
- Future retail spending could support approximately 1,715,808 square feet of additional retail space in the trade area, in retail store group categories such as proposed at Islip Pines.
- The proposed Islip Pines development (408,673 square feet) represents 5.9 percent of the total existing retail (6.9 million square feet) in the trade area.
- Islip Pines would be designed as a lifestyle center, whose goods and services would not overlap with local shops and other existing retail, and would yield 23 percent greater sales per square foot than traditional malls.
- The proposed project Islip Pines development would introduce \$9,429,910 in sales tax revenues.
- Additional visitors to the area are likely to increase the sales at existing, non-competing business establishments as a secondary benefit of the project, strengthening the local business climate.
- Finally, existing and comparable shopping centers were identified within the trade area, and an analysis of buying power, potential absorption, the ability to capture sales, and trends in retail sales reveal that the 408,673 square feet of retail space proposed at Islip Pines can be supported at the subject site.