



City of Fort Bragg Retail Performance Analysis

March 2007

Report Purpose

This report provides detailed information about current retail trends in the City of Fort Bragg. The information is intended to assist City Council with policy decisions and serve as a resource for businesses as they develop business plans and think about opening or expanding retail operations in the City of Fort Bragg.

The report explores taxable retail sales growth by retail category, provides a retail leakage analysis which compares actual retail sales to potential retail sales given population and income levels within the community. The analysis also compares Fort Bragg's retail sales per resident with that of comparable cities and identifies the impact of tourism expenditures on the seasonality of retail sales.

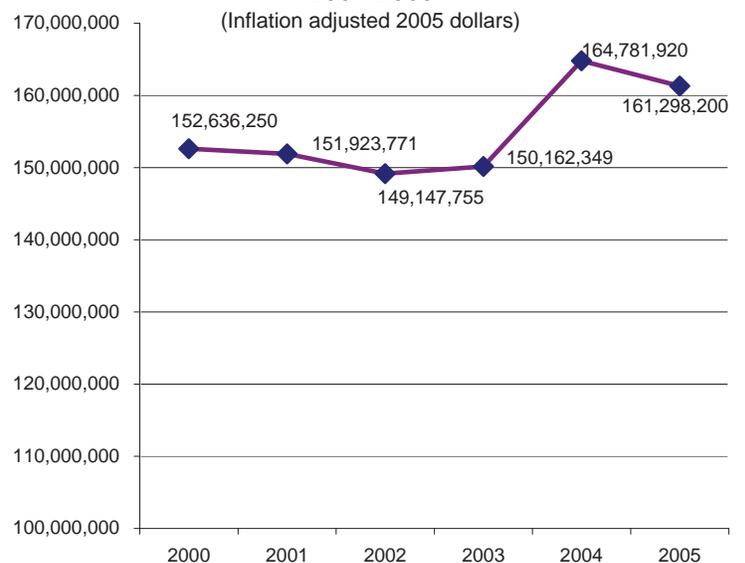
Overview

Overall, the City of Fort Bragg serves as the retail destination for residents and visitors alike on the Mendocino Coast. The retail trade area includes some 16,000 residents from Albion to Westport, who regularly shop within the City of Fort Bragg.

Retail sales within the City of Fort Bragg decreased slightly as a result of the 2001 recession, but regained losses by 2004. Overall, during the past five years inflation adjusted retail sales have increased by a modest 5.7 percent from \$152 million in 2000 to just over \$161 million in 2005. During this same period, inflation adjusted retail sales increased by seven percent in California as a whole.



**City of Fort Bragg
Taxable Retail Sales Transactions,
2001-2005**



Retail Sales Trends by Category

Retail sales grew rapidly between 2000 and 2005 in three sectors, apparel (+89%), auto dealers & suppliers (+34%), and service stations (+31%). Sales have grown more slowly in general merchandise (+11%), food stores (+3.2%), restaurants (+1%), and home furnishings (+13%). Finally retail sales have slid in art, gifts and novelties (-2.5%), books and stationery (-7.2%), building materials (-1.5%), and other retail stores (-6%).



Percent Growth Taxable Retail Sales, Fort Bragg, 2000 to 2005

2005 Dollars

	2000	2005	Total Growth (%)
Apparel	\$ 1,115,773	\$ 2,118,800	89.9%
General Merchandise	\$ 12,202,621	\$ 13,591,400	11.4%
Specialty Retail	\$ 12,760,734	\$ 13,050,300	2.3%
<i>Art Gifts Novelties</i>	\$ 2,175,860	\$ 2,120,600	-2.5%
<i>Stationery/Books</i>	\$ 333,552	\$ 309,600	-7.2%
<i>Sporting Goods/Music</i>	\$ 1,524,520	\$ 2,034,100	33.4%
<i>Other Specialty Retail</i>	\$ 8,726,802	\$ 8,586,000	-1.6%
Food Stores	\$ 17,734,193	\$ 18,307,000	3.2%
Eating & Drinking Places	\$ 17,905,109	\$ 18,067,100	0.9%
<i>Fast Food Restaurant</i>	\$ 7,823,001	\$ 7,200,500	-8.0%
<i>Restaurants W/Beer</i>	\$ 6,905,477	\$ 7,995,000	15.8%
<i>Restaurants W/Onsale</i>	\$ 2,468,810	\$ 2,287,700	-7.3%
<i>Other</i>	\$ 707,821	\$ 583,900	-17.5%
Home Furnishings & Appliances	\$ 4,218,684	\$ 4,780,600	13.3%
Building Materials	\$ 44,375,404	\$ 43,729,200	-1.5%
Auto Dealers and Suppliers	\$ 9,084,966	\$ 12,209,100	34.4%
Service Stations	\$ 11,877,801	\$ 15,608,600	31.4%
Other Retail Stores	\$ 19,307,707	\$ 18,176,900	-5.9%
Total All Retail Stores	\$ 150,582,991	\$ 159,639,000	6.0%
Other Outlets	\$ 2,053,259	\$ 1,659,200	-19.2%
Total All Outlets	\$ 152,636,250	\$ 161,298,200	5.7%

Source: Community Development Department, City of Fort Bragg



Seasonality, Tourism, & Retail Trade

Retail sales in Fort Bragg are highly seasonal, reflecting the important role of tourism to the retail sector. The table below compares taxable retail sales by category for each quarter of 2005, and indicates that retail sales vary by 30 percent (or \$11 million) between a low of \$34 million in the first quarter (winter) and a high of \$45 million in the third quarter (summer). Some retail sectors are very closely tied to seasonal variations and the tourism sector including:



▲ **Apparel.** Fort Bragg apparel stores are higher end and serve our visitor population with apparel sales that are 60 percent higher during the summer/fall.

▲ **Restaurants.** Sit down restaurants double their sales due to tourist expenditures in the summer/fall relative to winter months.

▲ **Service Stations.** Visitors to our coast spend significant dollars on gas in town, total gas sales are 82 percent higher in the summer than the winter.

▲ **Specialty Retail.** Visitors also purchase art, gifts, books, music and other specialty retail items. Total expenditures for these retail categories are about 28 percent higher during the tourism season than during the off season.

Fort Bragg Taxable Retail Sales -- Seasonality by Quarter for 2000 and 2005

	2005				Difference High and Low Quarter	Season Variation	
	Q1	Q2	Q3	Q4		Fort Bragg (%)*	California (%)
Apparel	\$ 374,000	\$ 462,100	\$ 598,800	\$ 683,900	\$ 224,800	60%	14%
General Merchandise	\$ 3,043,700	\$ 3,333,500	\$ 3,362,100	\$ 3,852,100	\$ 318,400	10%	7%
Specialty Retail	\$ 2,575,500	\$ 2,666,100	\$ 3,206,300	\$ 4,602,400	\$ 630,800	24%	10%
<i>Art Gifts Novalties</i>	\$ 441,900	\$ 501,900	\$ 567,400	\$ 609,400	\$ 125,500	28%	9%
<i>Stationery/Books</i>	\$ 58,700	\$ 59,900	\$ 75,800	\$ 115,200	\$ 17,100	29%	9%
<i>Sporting Goods/Music</i>	\$ 478,700	\$ 436,700	\$ 563,200	\$ 555,500	\$ 84,500	18%	16%
<i>Other Specialty Retail</i>	\$ 1,596,200	\$ 1,667,600	\$ 1,999,900	\$ 3,322,300	\$ 403,700	25%	10%
Food Stores	\$ 3,922,400	\$ 4,338,500	\$ 4,945,500	\$ 5,100,600	\$ 1,023,100	26%	11%
Eating & Drinking Places	\$ 3,839,900	\$ 4,435,500	\$ 5,746,100	\$ 4,045,600	\$ 1,906,200	50%	8%
<i>Restaurants, no alcohol</i>	\$ 1,582,600	\$ 1,784,500	\$ 2,221,300	\$ 1,612,100	\$ 638,700	40%	8%
<i>Restaurants W/Beer</i>	\$ 1,578,000	\$ 1,925,200	\$ 2,671,200	\$ 1,820,600	\$ 1,093,200	69%	7%
<i>Restaurants W/Onsale</i>	\$ 542,700	\$ 566,900	\$ 680,600	\$ 497,500	\$ 137,900	25%	10%
<i>Other</i>	\$ 136,600	\$ 158,900	\$ 173,000	\$ 115,400	\$ 36,400	27%	
Home Furnishings & Appliances	\$ 1,108,300	\$ 1,277,900	\$ 1,114,100	\$ 1,280,300	\$ 5,800	1%	9%
Building Materials	\$ 9,570,800	\$ 12,075,100	\$ 12,004,000	\$ 10,079,300	\$ 2,433,200	25%	30%
Auto Dealers and Suppliers	\$ 2,767,100	\$ 2,928,400	\$ 3,379,300	\$ 3,134,300	\$ 612,200	22%	16%
Service Stations	\$ 2,900,400	\$ 3,976,500	\$ 5,277,500	\$ 3,454,200	\$ 2,377,100	82%	36%
Other Retail Stores	\$ 4,121,600	\$ 4,469,600	\$ 4,948,900	\$ 4,636,800	\$ 827,300	20%	25%
Total All Retail Stores	\$ 34,223,700	\$ 39,963,200	\$ 44,582,600	\$ 40,869,500	\$ 10,358,900	30%	16%
Other Outlets	\$ 342,000	\$ 446,000	\$ 409,000	\$ 462,200	\$ 67,000	20%	17%
Total All Outlets	\$ 34,565,700	\$ 40,409,200	\$ 44,991,600	\$ 41,331,700	\$ 10,425,900	30%	16%

Source: Community Development Department, City of Fort Bragg

Retail Sales Leakage

A retail leakage analysis indicates (by retail store category) the amount that trade area residents are spending on retail both within and outside of the trade area. It essentially identifies store categories that business owners might successfully open and that the City might consider attracting.

Leakage is calculated by subtracting seasonal sales due to tourism to identify retail sales to local residents (see column 1 of the table below). The total retail sales to locals is next divided by the number of residents in Fort Bragg and in the trade area to identify retail sales per resident (see columns 2 and 3). The retail sales per resident is compared with benchmark data for the state of California. The difference between the observed sales per resident in the retail trade area with the expected sales per resident (of the California benchmark), results in a net leakage per resident. As the City of Fort Bragg serves as a retail destination for the

entire Mendocino Coast the Fort Bragg trade area is the more meaningful area from which to identify retail leakage.

As shown in the table below, the retail trade area's residents and visitors spend \$34 million less per year in Fort Bragg than expected.

Residents of the retail trade area spend a significant amount of their retail dollars outside of Fort Bragg on apparel (\$7 million), general merchandise (\$13 million) specialty retail (\$13 million), home furnishings (\$3.4 million), and auto dealers (\$22 million). Overall retail leakage amounts to \$34 million or 25 percent of annual sales to residents in 2005.

On the other hand, Fort Bragg captures a significant portion of retail dollars from outside the retail trade area, including \$11 million in taxable food store sales and \$21 million in building materials.

Retail Leakage, Fort Bragg, 2005

2005 Dollars

	Fort Bragg Retail Sales (excluding sales to tourists) #	Fort Bragg Sales/ Fort Bragg Resident	Fort Bragg Sales/ Trade Area Resident	California Sales/ California Resident	Retail Leakage for Fort Bragg Residents	Retail Leakage for the Trade Area
Apparel	\$ 1,496,000	\$ 208	\$ 89	\$ 506	\$ (2,134,933)	\$ (7,024,540)
General Merchandise	\$ 12,174,800	\$ 1,696	\$ 723	\$ 1,535	\$ 1,155,769 ^	\$ (13,683,042)
Specialty Retail	\$ 10,302,000	\$ 1,435	\$ 611	\$ 1,415	\$ 138,733	\$ (13,547,659)
<i>Art Gifts Novelties</i>	\$ 1,767,600	\$ 246	\$ 105	\$ 52	\$ 1,391,704	\$ 885,503
<i>Stationery/Books</i>	\$ 234,800	\$ 33	\$ 14	\$ 110	\$ (554,330)	\$ (1,617,015)
<i>Sporting Goods/Music</i>	\$ 1,914,800	\$ 267	\$ 114	\$ 148	\$ 855,685	\$ (570,575)
<i>Other Specialty Retail</i>	\$ 6,384,800	\$ 889	\$ 379	\$ 1,106	\$ (1,554,325)	\$ (12,245,571)
Food Stores**	\$ 15,689,600	\$ 2,185	\$ 931	\$ 258	\$ 13,836,257	\$ 11,340,447
Eating & Drinking Places	\$ 15,359,600	\$ 2,139	\$ 912	\$ 1,254	\$ 6,353,605	\$ (5,774,344)
<i>Fast Food Restaurant</i>	\$ 6,330,400	\$ 882	\$ 376	\$ 577	\$ 2,189,225	\$ (3,387,501)
<i>Restaurants W/Beer</i>	\$ 6,312,000	\$ 879	\$ 375	\$ 312	\$ 4,073,785	\$ 1,059,687
<i>Restaurants W/On sale</i>	\$ 2,170,800	\$ 302	\$ 129	\$ 366	\$ (455,805)	\$ (3,992,930)
<i>Other</i>	\$ 546,400	\$ 76	\$ 32	NA		
Home Furnishings & Other Appliance	\$ 4,433,200	\$ 617	\$ 263	\$ 470	\$ 1,059,039	\$ (3,484,784)
Building Materials	\$ 38,283,200	\$ 5,332	\$ 2,272	\$ 977	\$ 31,268,197	\$ 21,821,424
Auto Dealers and Suppliers	\$ 11,068,400	\$ 1,541	\$ 657	\$ 1,989	\$ (3,213,280)	\$ (22,445,745)
Service Stations	\$ 11,601,600	\$ 1,616	\$ 689	\$ 1,042	\$ 4,118,074	\$ (5,959,639)
Other Retail Stores	\$ 16,486,400	\$ 2,296	\$ 978	\$ 397	\$ 13,637,489	\$ 9,800,994
Total All Retail Stores	\$ 136,894,800	\$ 19,065	\$ 8,124	\$ 10,156	\$ 63,972,405	\$ (34,228,745)
Total Estimated Residents (2005) *		7,180	16,850			

Source: Community Development Department, City of Fort Bragg

Notes: * Fort Bragg population estimate was calculated by estimating the number of new residents in new housing units added to the City between 2000 and 2005

Seasonal sales due to tourism have been subtracted from total sales so that retail leakage is calculated only on sales to residents of the North Coast

** includes only taxable items sold, total food sales are considerably higher

^ a negative leakage figure indicates that Fort Bragg is not capturing the anticipated sales in this category and that sales are leaking out of the city.

Retail Sales Per Capita

Fort Bragg's serves as the retail hub for the Mendocino Coast, which results in sales/city resident of \$19,808 (as shown below). This figure is typical of comparable cities that serve as retail centers for larger rural populations such as Willits with \$22,194 in retail sales/resident and Ukiah with \$25,716 in retail sales/resident.

Taxable Retail Sales/Resident, Fort Bragg and Comparable Cities, 2005

2005 dollars

City	Population	Retail Sales	Sales/ Resident
Fort Bragg	7,180	\$ 142,219,918	\$ 19,808
Mendocino County	86,011	\$ 1,186,691,000	\$ 13,797
Arcata	16,651	\$ 166,669,000	\$ 10,010
Cloverdale	6,831	\$ 44,130,000	\$ 6,460
Eureka	26,128	\$ 811,478,000	\$ 31,058
Lakeport	4,820	\$ 122,456,000	\$ 25,406
Ukiah	15,497	\$ 398,520,000	\$ 25,716
Willits	5,073	\$ 112,592,000	\$ 22,194
Windsor	22,744	\$ 332,729,000	\$ 14,629
Fortuna	10,497	\$ 121,911,000	\$ 11,614

Source: State Board of Equalization, 2006; City of Fort Bragg, 2006



Top 25 Retail Sales Outlets City of Fort Bragg, 2005

- BAXMAN GRAVEL
- CANCLINI TV & APPLIANCE
- CHEVRON SERVICE STATIONS
- COAST TO COAST HARDWARE
- DENNY'S RESTAURANT
- EXXON SERVICE STATIONS
- FRED HOLMES LUMBER
- HARVEST MARKET
- KEMPPE LIQUID GAS
- LONGS DRUG STORES
- MCDONALD'S RESTAURANTS
- MENDO MILL & LUMBER
- MENDOCINO COAST PETROLEUM
- NORTH COAST BREWING
- RITE AID DRUG STORES
- ROSSI'S BUILDING MATERIALS
- SAFEWAY STORES
- SEARS ROEBUCK & COMPANY
- SHELL SERVICE STATIONS
- SPEDEX SERVICE STATION
- SPORT CHRYSLER JEEP DODGE
- TRADEWINDS LODGE
- TWO SHORT SALES
- WALSH OIL COMPANY

Source: State Board of Equalization, 2006;
City of Fort Bragg, 2007



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