



# RETAIL ECONOMIC DEVELOPMENT PLAN



City of McKinney  
McKinney Community Development Corporation

September 11, 2014



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Ms. Cindy Schneible  
Executive Director  
McKinney Community Development Corporation  
5900 Lake Forest Drive  
Suite 110  
McKinney, Texas 75070

Dear Cindy:

Aaron Farmer was able to spend time in McKinney last week and visit each of the eight submarkets. This tour included the "emerging" submarket located at the interchange of Highway 75 and FM 543 that was not included in our original proposal.

Based on a conversation with Aaron, I am confident we can complete the items in the proposal in a superior manner for a fee of \$50,000. Our proposal does not reflect a cut in services - but the fee differential results from our strong familiarity with the area.

Thanks for the opportunity. Please feel free to call me at 662.401.4327 if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads 'C. Kelly Cofer'.

C. Kelly Cofer, CCIM  
President and Chief Executive Officer



# TheRetailCoach®

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# PHASE 1

## MARKET AND LOCATIONAL INTELLIGENCE

### MARKET ANALYSIS | LOCATIONAL INTELLIGENCE

A market analysis will be performed to evaluate the surrounding communities and McKinney. This “macro to micro” approach enables The Retail Coach to analyze economic dynamics that may impact McKinney’s retail expansion and development goals. Market specific information will be gathered to aid in identifying Retail Trade Area boundaries, potential customer bases, retail competition and retail opportunities based on retailers’ specific site selection criteria and spacing requirements.

### METHODOLOGY

#### Area Competition Assessment

- We analyze the area surrounding McKinney and identify economic and market forces that may have a direct and significant impact on McKinney.
- We evaluate retail markets in surrounding communities that compete with McKinney and document their national and regional retailers (e.g., Frisco, North Plano, Fairview, Allen).
- We profile demographics in competing communities and look for trends that may give McKinney an advantage in its efforts to expand the retail base.

#### Community Analysis

- We analyze the retail market by traveling primary and secondary traffic corridors to identify retail submarkets, document current regional and national retailers, identify specific sites that offer development and redevelopment opportunities, identify major property vacancies and record potential retail sector opportunities.
- We analyze ingress and egress to both existing and emerging retail areas from population clusters, residential neighborhoods and surrounding communities.

#### McKinney Submarkets

We will confirm, and modify as needed, the submarkets identified in the April 2011 report:

1. Highway 5 Corridor
2. Highway 121 Corridor
3. Gateway District
4. North Highway 75 Corridor
5. Custer Road District
6. Lake Forest District
7. Downtown District
8. Highway 75/FM 543 “Emerging” District

# PHASE 1 Continued

## Community Meetings

- We meet with public and private stakeholders to discuss the strategy process and timing and to gather input on retail expansion, development needs, community challenges and opportunities. Stakeholders may include city representatives, city staff, community leaders, real estate brokers and developers, property owners and owners/managers of existing retail businesses.

## Retailer Interviews (for each Submarket)

- We interview national, regional and independent retailers in McKinney to determine the locational sources of their customers.
- We plot the “Point-of-Sale” findings to determine a thorough picture of the geographical boundaries of the Retail Trade Areas.

## License Plate Survey (for each Submarket)

The Retail Coach pioneered the License Plate Survey to provide clients the most complete and credible data about consumer demand in their communities.

- We collect and catalog license plate samples from consumers shopping in each of McKinney’s submarkets at selected retailers and conduct a search of their addresses to determine the locational sources of their customers.
- We plot the consumer samples to develop and support a thorough picture of the geographical boundaries of the Retail Trade Area.
- Consumer samples will be collected morning and afternoon and on multiple days.

## Retail Trade Area Determination (for each Submarket)

An accurate Retail Trade Area is the foundational tool for positioning McKinney for successful retail expansion. The Retail Trade Area will be determined by onsite research in each submarket, competition assessment factors, stakeholder interviews, retailer interviews and license plate survey.

- We delineate a custom polygon boundary map of the Retail Trade Area.

# PHASE 2

## DEMAND ASSESSMENT

### COMMUNITY ANALYTICS | CONSUMER ANALYTICS

#### METHODOLOGY

##### Demographic Profile (for each Submarket)

We produce a comprehensive summary demographic profile encompassing the Retail Trade Area of each submarket and the McKinney community. The profiles include the following characteristics:

- Population and Population Growth
- Population Trends
- Average Annual Population Growth
- Ethnicity
- Income
- Age
- Households and Household Growth
- Educational Attainment

##### Socioeconomic Profile

- We produce a comprehensive socioeconomic profile report comparing McKinney to area competing communities (e.g., Frisco, Plano, Allen, Fairview). Our findings are used to identify competition factors that support the strongest positioning for recruitment success against these communities.
- The socioeconomic profile includes the following comparisons:
  - Community Population
  - Average Persons per Household
  - Per Capita and Median Household Income
  - Per Capita Income
  - Educational Attainment

##### Psychographic Profile (for each Submarket)

- We conduct a psychographic analysis of the households in each submarkets' Retail Trade Area using socioeconomic and demographic data to measure consumer attitudes, values, lifestyles and purchasing behaviors to gain an understanding of the types of retailers that may be interested in McKinney.
- We create a bar graph of lifestyle classifications, highlight the dominant lifestyle segments in McKinney and provide comprehensive lifestyle segment definitions.
- We rank lifestyle segments and categorize them by summary group, segment code and segment name.

# PHASE 2 Continued

## Workplace Population

- We provide an employment summary report detailing the total establishments by industry, associated establishment and employee counts within McKinney or a selected labor market geographic area.
- We provide insight into the “work here” population versus the “live here” population.
- We differentiate between the number of permanent residents within the selected geography and those who commute for work purposes.

## Land Use/Development Analysis (for each Submarket)

Highest and Best Use (hereinafter “HBU”) is defined as the use that will produce the highest value for a property. In all cases where the market value of real property is sought, that value must be based on its HBU.

- We analyze 2 sites in each submarket and determine their HBU. All sites will be approved in advance.
- Our HBU recommendations are accomplished in the context of economic conditions, the vision of the community and its stakeholders and the optimal financial impact. Site criterion includes:
  - Market Conditions
  - Retail Trade Area Population
  - Traffic Count Summary
  - Site-line Visibility (primary and secondary arterial roads)
  - Ingress/Egress (primary and secondary arterial roads)
  - Existence of Median Cuts or Possibilities
  - Traffic Signal Existence or Possibilities
  - Site Characteristics and Topography
  - Current Zoning
  - Proximity to “Anchor” Retailers/Retail Clusters
  - Workplace Population
  - Residential Support

# PHASE 2 Continued

## Retail Gap/Opportunity Analysis (for each Submarket)

- We calculate estimated potential retail sales (demand) for each submarkets' Retail Trade Area and compare these figures to estimated actual sales figures (supply) to estimate retail dollars "coming in" or "flowing out" of McKinney.
- We identify retail sales surpluses and/or leakages for different retail sectors. This distinguishes the retail categories that have the highest propensity for success in McKinney and quantifies their retail potential.
- We develop and provide summary tables and graphs of each retail sector illustrating potential sales versus estimated actual sales.



# PHASE 3

## RETAIL STRATEGIES

### RETAILER MATCHING | RETAIL EXPANSION POSITIONING | COMMUNITY MARKETING

With unparalleled access to national and regional retailers, we cross-reference preferred customer and site selection criteria with the findings from each submarkets market analysis and Retail Gap/Opportunity Analysis. Customized community marketing tools and site profiles are developed to attract the retailers who are most likely to be successful in McKinney.

#### METHODOLOGY

##### Retailer Matching (for each Submarket)

We identify regional and national retailers whose essential location factors match the identified sites in each submarket and our findings from the area market analysis, competition assessment, Retail Trade Area determination, demographic and psychographic profiles, and Retail Gap/Opportunity Analysis.

- We review the preliminary target list with staff and work together to prepare a final target list of 10 unique retailers for each submarket. Some targeted retailers may be good fits for multiple submarkets.

##### Retailer Recruitment (for each Submarket)

We use the market insight gathered through our research in McKinney to establish the strongest position for successful retail recruitment. The first and most critical step in reaching out to targeted retailers is providing the information corporate real estate directors and site selectors need to make initial decisions about locating in McKinney.

- We develop a community-specific Retail Market Profile for each submarket uniquely tailored to the needs of targeted retailers. This profile includes:
  - Retail Trade Area Map
  - Location Map
  - Traffic Count Map
  - Demographic Profile Summary
  - Appropriate Logo and Contact Information.

We produce a comprehensive Retail Feasibility Package that is placed on The Retail Coach's online community portal at [www.theretailcoach.net](http://www.theretailcoach.net). McKinney will have a custom landing page and visual, user-friendly presentation of the content.

- The content of the Retail Feasibility Package includes:
  - Community Overview
  - Location Map
  - Retail Trade Area Map
  - Retail Trade Area Demographic Profile Summary
  - Existing Community Retailers
  - Retail Gap/Opportunity Analysis Summary Table
  - Retail Trade Area Psychographic Profile

- Retail Trade Area Demographic Profile
- Community Demographic Profile
- Area Traffic Generators
- Web link to Retail Site Profiles
- Appropriate Logo and Contact Information

The content of the Retail Feasibility Package will be used to develop an engaging email campaign. The customized email will include a link to the community portal at [www.theretailcoach.net](http://www.theretailcoach.net). The link may also be placed on McKinney's city and economic development websites.

- We will send the Retail Feasibility Package email to targeted retailers then follow with a personal telephone call during the recruitment phase and once per quarter for the remainder of the 12 month period to determine the level of interest each retailer has in McKinney.
- We provide a Retailer Recruitment Status Report that includes each retailer's complete contact information and any comments resulting from our outreach activities.

# PHASE 4

## DEVELOPER STRATEGIES

### DEVELOPER IDENTIFICATION & MARKETING

Using our access to regional and national developers, we determine the development opportunities based on McKinney's area and local market analysis and Land Use/Development Analysis. Customized developer marketing materials are created to position McKinney for success in a targeted outreach to the developers.

#### METHODOLOGY

##### Developer Identification

The Retail Coach will identify retail developers active in Texas in order to present McKinney's development opportunities to them for consideration.

- We will create a Developer's Marketing Package on the sites identified in the Land Use/Development Analysis. The package will focus on developer site selection criterion including, but not limited to, the following:
  - Community Dynamics in the Area Surrounding The Properties
  - Retail Trade Area
  - Demographic Trends
  - Aerial Photographs
  - Previous Site-Specific Studies, if Any
  - Traffic Counts
  - Site-Line Visibility From Major and Secondary Traffic Arteries
  - Ingress/Egress for Primary and Secondary Traffic Arteries
  - Median Cuts
  - Traffic Signal Existence or Possibilities
  - Site Characteristics and Topography
  - Appropriate Zoning
  - Area Retail
  - Residential Clustering and Support
  - Proximity To "Anchor" Retailers
  - Workplace Population
  - Potential Retail Tenants

##### Developer Outreach

- The content of the Developer's Marketing Package will be used to create an engaging email campaign. The customized email will include a link to McKinney's landing page on the community portal at [www.theretailcoach.net](http://www.theretailcoach.net).
- We will send the Developer's Marketing Package eblast to 20 targeted developers and follow-up with personal telephone calls during the recruitment phase.
- We provide a Developer Recruitment Status Report that includes each developer's complete contact information and any comments resulting from our outreach activities.

# PHASE 5

## ACTION PLAN

### RECOMMENDATIONS | RETAIL ROAD MAP

The Retail Coach has differentiated itself in the industry by *moving beyond the data* to create recommendations and “next steps” that are unique to each client.

Our Retail Economic Development Plan includes customized recommendations derived from the market intelligence gained through our in-depth research in the community. These findings are combined with more than 27 years of experience in communities throughout America to create a Retail Road Map.

Looking at McKinney through the eyes of a retailer and developer, we will provide a Retail Road Map that ensures McKinney maintains the momentum set in motion during each completed phase of this project.

“Retail expansion is not  
an event, it’s a process.”

# PHASE 6

## RETAIL COACHING

Because retail expansion is a process, not an event, we offer retail coaching.

Retail coaching is a service that is unique to The Retail Coach because we know from experience that success requires tenacity and patience.

We understand that you will have questions, new ideas or just want to brainstorm with somebody who understands McKinney's opportunities and challenges.

In this regard, consider The Retail Coach as both a sounding board and an experienced resource for McKinney.

Our project team will be available via e-mail and telephone at no additional charge in an off-site advisory ("coaching") capacity as time and schedule allow for the 12 month engagement period.

# PROJECT TIMELINE & PRICING

We are available to begin this project immediately and will complete the proposed plan of work within 120 business days following receipt of the fully executed agreement. A project timeline will be submitted to staff at the Kick-Off Meeting, indicating trip details and delivery dates. We will make a minimum of three trips to McKinney during the project.

## Project Fees:

The total fee for completion of this work is **\$50,000** payable in three installments:

1. **\$17,000** upon execution of the agreement
2. **\$16,500** upon completion of the Demand Analysis
3. **\$16,500** upon **delivery** of the final **plan**

Project fees are payable within 30 days after receipt of the invoice.

Should McKinney request a special assignment or additional work not specifically referenced in the contract, we will prepare a written authorization to be signed in advance of commencing any additional work.

## Reimbursable Project Expenses:

It is estimated that reimbursable expenses will be approximately **\$3,000**.

Reimbursable expenses include:

- All travel costs;
- Cost of special renderings and maps, if any;
- Cost of copies for reports and maps/drawings; and
- Cost of shipping expenses, if any.

Project expenses are payable within 30 days after receipt of the expense invoice.

## McKinney Responsibilities:

McKinney will designate a project liaison who will serve as The Retail Coach's primary contact during the project.

McKinney will provide information relevant to the project such as prior retail studies, current traffic count data, surveys, maps, aerials, infrastructure plans and any other plans that may influence the development of the retail strategy.

McKinney will provide city or organization logo and contact information as it should appear on all produced reports and materials to The Retail Coach upon execution of the agreement.

# DELIVERABLES

The Retail Coach will provide all reports and data files on CD-ROM, DVD-ROM or flash drive.

For each identifies submarket, The Retail Coach will provide the following deliverables:

## PHASE 1 | PHASE 2

### MARKET AND LOCATIONAL INTELLIGENCE | DEMAND ANALYSIS

- Stakeholder Interview Summary
- Retailer Interview Summary
- Results from License Plate Survey
- Retail Trade Area Map with Demographic Profile
- Community Demographic Profile
- Socioeconomic Profile (McKinney Community)
- Retail Psychographic Profile, including dominant lifestyle segmentation definitions and characteristics
- Workplace Population Summary (McKinney Community)
- Land Use Analysis/Development Analysis
- Retail Gap/Opportunity Analysis, including a summary table and summary graphs, showing surpluses and/or leakages

## PHASE3

### RETAIL STRATEGIES

- Target list of retailers and restaurants along with contact information
- Retail Market Profile
- Retail Feasibility Packages
- Customized Marketing Email
- Retailer Status Report based on retailer and restaurant outreach

## PHASE4

### DEVELOPER STRATEGIES

- Developer's Marketing Package
- Developer Status Report based on developer outreach

## PHASE 5

### ACTION PLAN

- Community and Economic Development Observations & Recommendations
- Retail Road Map/Action Plan