



## Retail & Office Market Analysis *and* Business Development Plan *for* Downtown Ventura



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# Preface

This downtown market study and business development plan was commissioned by the City of Ventura's Economic Development & Revitalization Division, Community Development Department. It was initiated at a time when the City and its private sector partners in the downtown business community are rethinking the kind of business development that should happen downtown and how it should be managed. During this study, the City, working with local leaders, was also drafting Ventura's new "Downtown Specific Plan." Some elements of that plan are mentioned in this report.

This report summarizes work completed during fall 2005 through spring 2006. Some of the information it contains was distributed earlier in the form of progress memos.

# Introduction

The City of Ventura’s decision to embark on a downtown market study and business development plan could not be more aptly timed: Downtown Ventura has come to a pivotal moment in its economic development, with the types and clusters of businesses – and vacancies – changing even during the course of this study.<sup>1</sup>

Ventura’s qualities are unique in many respects, but most unusual is its being relatively self-contained as a function of its geography and topography. Throughout much of Southern California, one suburb merges with the next, one county with another. But Ventura, while adjacent to Oxnard and a short drive to other towns in Ventura County, and to the Los Angeles area, remains identifiably separate. This characteristic is credited in large part to the city’s progressive urban planning, an area in which the Ventura has been a national leader.

Its population contains paradoxes, as well: primarily working class, but also a city to which many Angelinos have moved in an effort to escape the rat race and traffic. Ventura is also a beach town, a boating town, a regional and national vacation destination, and, still, a shopping destination for antiques and collectibles.

Downtown Ventura, at the very western end of the city, was once the place of grocers, butchers, and cobblers – and, still, a place of banks, restaurants, barbers and the like. [Figure 1]

But a lot has changed since the early 20<sup>th</sup> century as the city has grown up, primarily east of downtown, and as shopping alternatives have

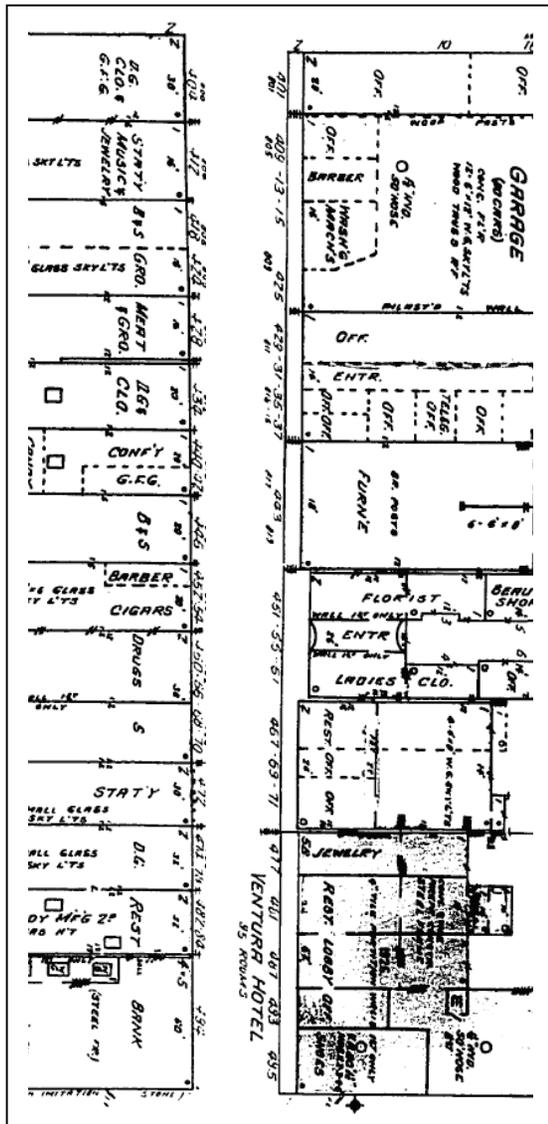


Figure 1: Main Street, Ventura: California Oak Sts (Source: Sanborn Map Company, Oct. 1928)

<sup>1</sup> We’ve consistently used “Ventura” or “Ventura City” throughout this report, rather than the city’s formal appellation, “San Buenaventura.” When we refer to Ventura County, “county” is always specified.

expanded and consumer mobility increased.

Ventura is hardly alone in this situation. In fact, a similar scenario has played out in thousands of communities throughout the United States over the past several decades as the number and variety of shopping options available have multiplied. With the advent of the Interstate Highway System, people have been able to travel farther to shop, and suppliers have been able to more easily reach and restock businesses, fueling the growth of auto-oriented shopping centers, malls, and discount superstores. But consumer buying power – the amount of money people have available to spend on retail goods and services – has not kept pace with the dramatic growth in the amount of retail space in the nation. In most places, this has meant that communities' existing downtown businesses have lost sales to new (usually national) retailers, which, in turn, has led to the districts' physical and economic decay.

Like many other downtown commercial districts, Downtown Ventura exhibits signs of these profound national (even global) changes in the retail and commercial property development arenas. For example, while the district's vacancy rate is low, many of its retail businesses are underperforming, particularly in the case of thrift stores which, as nonprofits, are operating outside typical commerce constraints. Even antiques stores, long recognized as downtown Ventura's strength, are struggling or shuttering as property values (and rents) rise. Additionally, as the number of restaurants and entertainment uses has grown downtown, the number of businesses providing basic consumer goods and services has declined. And while the volume of retail sales in downtown Ventura has grown in recent years, it has not kept pace with retail growth in the city as a whole.

Revitalizing an older or historic downtown is, in essence, a real estate challenge: The businesses and other uses that occupy downtown buildings must generate revenue levels sufficient to support the amount of rent

needed for building owners to maintain and rehabilitate the buildings and for developers feasibly to build new buildings. But there are *many* combinations of businesses that could, theoretically, achieve this goal. For example, a historic downtown could increase the number of customers and boost sales by assembling a strong cluster of businesses with regional appeal and by marketing the district to visitors. Or, it could increase the number of district workers and residents to a level sufficient to support a strong core of community-serving businesses, making the downtown essentially a self-supporting economic ecosystem. There is no “one” combination of businesses, building uses, and district activities that might work best for a given commercial district; all districts have multiple choices. The best choices are those for which there is both strong market demand *and* strong consumer desire.

But, how much market demand is there in the Ventura area for various products and services, and how much consumer desire is there for those things? How much retail activity can downtown Ventura realistically absorb? How can downtown Ventura distinguish itself from other shopping areas within the region? What combination of businesses and building uses might fit the community’s personality *and* be economically viable? What sort of marketing programs might be most effective in helping downtown Ventura’s businesses increase sales and help the business district meet its goals? How might a comprehensive retail development strategy and marketing program be implemented and managed?

In fall 2005, the City of Ventura’s Economic Development & Revitalization Division asked the Community Land Use and Economics (CLUE) Group to help it answer these questions by conducting an independent analysis of the district’s retail and office conditions and of its major opportunities. This report outlines our findings, conclusions, and recommendations and is intended to help the City of Ventura, the Downtown Ventura Organization, and other public- and private-sector partners, make decisions about the district’s development, marketing, and management.

# Market analysis

## Retail market analysis

For centuries, downtowns functioned as the commercial, civic, and social hubs of their communities – the places where people came together to conduct business, administer government, relax, and celebrate. But America's communities have gone through a series of profound transformations over the past several decades that have changed the economies of the nation's downtowns. Many of these transformations are a consequence of the expanding highway system, which has stimulated suburban development and made it possible for people to move farther away from town centers. As people have moved outward, the retail industry – always a market follower, rather than a market leader – has moved outward, also. With the advent of regional shopping malls and discount superstores, downtown retailing – the bedrock of a traditional main street district's economic foundation – has slowly eroded.

These changes have affected downtown, even though demand for retail goods and services in Ventura has grown in a modest, linear fashion: The staples of everyday living (like food markets and hardware stores) have moved to larger-format stores outside downtown, while downtown's uses have evolved to a predominance of restaurants and a smaller number of retailers selling specialty products. Retail businesses generally fall into one of three broad categories:

- Convenience: Retail goods and services for which shoppers tend to patronize the closest business, like gas stations, dry cleaners, and grocery stores. "Impulse" retail – like card shops, florists, and gourmet cookies – also fall into this category.
- Comparison: Retail goods and services for which shoppers like to compare styles, brands and prices before making a purchase, like apparel, shoes and (sometimes) furniture and restaurants. For this

reason, comparison retail businesses tend to cluster together (e.g., clothing stores in traditional shopping malls), and a comparison business is likely to be more successful if located in a cluster than if it is freestanding, without related businesses nearby.

- Destination: Retail goods and services for which shoppers will travel significant distances. These might include specialty businesses (like musical instruments), large clusters of related businesses (like antiques or restaurants), or businesses that offer exceptional service and that have developed a very loyal clientele.

In the mid-twentieth century, many downtowns offered a blend of businesses in all three categories. Shopping malls, though, specialize in comparison retail businesses (particularly apparel and apparel accessories, like shoes and jewelry) and typically offer enough of a concentration of these businesses to dominate the local market and make it very difficult for downtowns to compete successfully in this category. Discount superstores and 'category killers', which began appearing in the 1970s and 1980s, respectively, have created additional challenges for traditional main street districts by saturating additional retail niches. Discount superstores offer such a broad range of merchandise that they put a broad range of existing businesses in the community at risk. By siphoning away even relatively small percentages of sales from existing businesses, discount superstores often make it difficult or impossible for those businesses to achieve the gross sales levels needed to remain in business.

The shift America's communities have undergone since the mid-20<sup>th</sup> century - from concentrating retail activity in a central business district to diffusing retail activity throughout a number of commercial centers and along highway strips - makes it unlikely that America's downtowns will be able to support the number and mix of retail businesses they once supported. This means that communities must find new combinations of uses (retail, housing, small industry, entertainment, wholesale, etc.) to

occupy the district's buildings as fully as possible, must find new ways for their locally owned retail businesses to reach customers, and must be very strategic in planning retail development.

Two of the keys to rebuilding a downtown's economic viability are therefore (a) ensuring that the community is directing new development into the downtown area, and (b) restructuring the economy of the district, focusing intently on two or three specific, tightly-coordinated economic development goals, rather than continuing to have the district try to provide the broad range of goods and services it was once able to do.

Fortunately, there are many opportunities available for older and traditional downtowns. Among the many paths districts have successfully pursued:

- A district might develop one or more retail niches unique within a 30- or 50-mile radius. Many districts have developed specialized antiques niches (although, as Ventura is currently witnessing, these may sometimes represent a transition point in a district's economic recovery and therefore be short-lived); some focus on gourmet food items, books, home furnishings, or any number of other niches with little regional competition.
- Like Ventura, a district might create or expand an arts and entertainment cluster, often anchored by one or two theatres and a group of restaurants and cafés.
- A district might create enough residential units and small industries or professional offices within the district to provide enough "captive" customers (residents and workers) to support convenience-oriented businesses in many or most of the district's retail storefront spaces. An added benefit: because this path does not depend on attracting many

customers from outside the district, it does not increase demand on parking and traffic infrastructure.

- A district might create a cluster of businesses that provide support to one or more key local industries or institutions – suppliers, consultants, or distributors, for example – or, in some instances, that provide support to a major tourism destination or create retail storefront opportunities.
- A district might intensively target a particular demographic segment whose needs are not being well met within the community or region – Generation Xers, for example, or empty nesters – and might provide an array of housing, shopping, work, and entertainment options for them.
- A district might develop a highly specialized cluster of businesses and small industries whose customers are not likely to come from the community or region but, instead, are generated almost exclusively from the internet or catalogs. The increased base of workers in the district then provides customers for the district's convenience-oriented businesses (like restaurants, office supplies, and personal services).

Each of these is an example of a market-based strategy – a strategy that is based on the district's specific economic opportunities and that has a specific economic goal. Many districts can (and should) successfully pursue more than one market-based strategy simultaneously – but it is unlikely that a district can successfully implement more than three (or, in very rare situations, four) market-based strategies without losing focus and diluting the impact of the revitalization program's work.

Successfully implementing market-based strategies involves:

- thinking and acting locally, regionally, and, in some instances, globally;

- marketing the district and its businesses creatively and collaboratively;
- creating and implementing a long-term, district-wide business development plan;
- building strong, collaborative partnerships between the many organizations, agencies and constituents with vested interests in the district; and
- crafting a carefully synchronized work plan that reinforces the district's market-based strategies, has the strong support and involvement of all the district's partners, and helps ensure that all the downtown-related tasks undertaken by the district's partners focus tightly on these strategies.

The process of creating market-based strategies begins with a solid understanding of the district's current economic condition and viable options and, thus, with a retail market analysis.

Retail market analysis is an essential downtown revitalization tool, providing crucial information about the district's economic condition. A retail market analysis assesses the district's current economic performance, estimates the types and amounts of retail development the community can realistically support, and tests the viability of possible retail development options. The retail market analysis then serves as the springboard for crafting business development plans and marketing strategies for the district. While retail market analysis does not provide a detailed blueprint for action, it is an indispensable tool for making well-informed decisions about how best to guide a district's economic future.

Retail market analyses typically have several components:

- A sales void analysis estimates the amount of money people in the community are likely to spend on various retail goods and services.

$$\text{Typical purchases/household}^2 \times \text{Number of hshlds}^3 = \text{Potential sales}$$

It then measures the difference (or “void”) between the total amount of money people spend on retail goods and services and the amount of money that is captured by the community’s businesses. If community residents are spending more money than local businesses capture, it means that they are probably shopping outside the community, and the community has a sales “leakage.” If, on the other hand, local businesses are selling more than community residents are spending, the community has a sales “surplus.”

$$\text{Potential sales} - \text{Actual sales}^4 = \text{Sales void}$$

Finally, it estimates how many square feet of new retail businesses, by type, the community can probably support.

$$\text{Sales void} \div \text{Typical sales/sq. foot}^5 = \text{New square feet supportable}$$

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<sup>2</sup> This information is usually obtained from the “Consumer Expenditure Survey,” conducted by the US Department of Commerce’s Bureau of Labor Statistics.

<sup>3</sup> This information is usually obtained from the “Census of Population.”

<sup>4</sup> This information is usually obtained from state departments of taxation, local commissioners of revenue, and/or the “Census of Retail Trade”, “Census of Accommodation and Food Services” and related economic census reports.

<sup>5</sup> There is no published data on typical sale per square foot in downtown businesses. Some retail market analysts use data from the Urban Land Institute’s “Dollars and Cents of Shopping Centers;” others rely on estimates based on state or other area averages or from proprietary studies.

- Consumer intercept surveys involve literally intercepting people on the street in the district you're examining and asking them questions about why they visit the district, how often they visit, their impressions of the place, their demographic characteristics, and where they shop for various goods and services. Intercept surveys thus provide a very good portrait of the people who currently visit a district.
- Resident surveys, often conducted online, by mail, or by telephone, provide insights similar to intercept surveys. However, residents may or may not ever shop downtown. A resident survey increases our understanding of the local market and provides insights into what might motivate them to shop downtown.
- Retail sales trend analysis provides information on how retail sales have changed in the region over a period of time. This sometimes – but not always – suggests how sales may change in the future.
- Population trend analysis provides information on how the population is changing – whether it is growing or shrinking, becoming younger or older, more or less affluent, more or less ethnically diverse, etc. Demographic changes like these sometimes suggest changes in retail opportunities.

There are many other tools that might be used in a retail market analysis, as well, depending on a district's particular needs, on the types of data available, and on the relative benefits of the particular resource.

### **Office market analysis**

Downtown office space has grown in popularity in recent years in communities throughout the United States. An increasing number of people now resist office parks and the quality of the environment they offer, which typically lacks convenient access to restaurants and services. More people enjoy being able to work near where they live. And, as

people tire of the sterile environments of homogeneous office cubicles, more people seek out the unique design characteristics that historic and traditional downtown buildings offer. These changes of attitude have benefited historic and traditional downtowns by spurring the development of new downtown office space and the adaptive use of older buildings – including buildings that never housed offices before – for new offices. In turn, a healthy and robust office market downtown provides a reliable base of customers for the district’s restaurants and retail businesses and stimulates and supports downtown housing development.

Analysis of downtown demand for office space has two primary goals: to make better use of existing commercial buildings (especially vacant or underused upper-floor spaces) and to determine the potential for attracting more workers downtown.

A number of factors influence the market potential for downtown office development. For example:

- How much local and regional market demand exists for various types of professional businesses, and how will changes in local and regional employment patterns affect it?
- Is there a need for office space for business-to-business companies that serve local industries, manufactures or institutions?
- What kind of office space is generally available in the community, and how does the space available (and potentially available) downtown differ from it?
- What are the prevailing office rental rates in the community for different classes of office space, and can the downtown offer comparable office space for similar rental rates?

## **Our work in Ventura**

Our work with downtown Ventura involved several components:

- An examination of demographic and economic characteristics of Ventura and nearby communities
- A retail sales void analysis, where we compare the amount of money that Ventura and regional residents spend on a range of retail goods and services with the sales the area's businesses are actually achieving
- An intercept survey in downtown Ventura
- An online survey of Ventura residents
- Personal interviews with about a dozen people representing organizations, agencies, businesses and specific constituencies with interests in downtown Ventura
- An assessment of current downtown office space and an estimate of the feasibility for adding office space and workers downtown
- Definition of market strategies for downtown Ventura
- Business strengthening initiatives
- Business recruitment initiatives

## **Study questions**

In conducting our retail and office analysis, we looked for answers to three primary questions:

1. How is downtown Ventura currently performing as a commercial center?

2. In what categories is downtown Ventura, and the city as a whole, experiencing sales leakages and sales surpluses, and what business opportunities, if any, does this suggest?
3. How can the development and marketing strategies that evolve from this information best be implemented?

### **Limitations**

As is true of all demographic, economic and market studies, the reliability of our analysis is limited to the reliability and quality of the data available. Our research assumes that all data made available by federal, state, county, and city sources is accurate and reliable. For Ventura, there are several specific limitations worth mentioning:

First, because our analysis has been conducted in the middle of the decade, between the 2000 and 2010 US Censuses, population data is not quite as current as it would be if this analysis were conducted early in the decade, when population data is new. We have relied on mid-Census projections by the Ventura Council of Governments, the California Department of Finance, ESRI, and our own estimates of population and retail sales changes in the areas included in this analysis.

Second, the retail market catchment areas of shopping districts (such as downtown Ventura) are not confined to the boundaries of political jurisdictions (such as the City of Ventura or Ventura County). We have therefore had to make estimates based on reasonable assumptions about downtown Ventura's catchment. Our estimates relied, in part, on the distribution of respondents to the intercept survey. In general, our estimates tend to be somewhat conservative.

Third, it appears that big-box superstores in many parts of California do not always report their taxable sales wholly under the “general merchandise stores” category (NAICS<sup>6</sup> 452) but, instead, sometimes obtain separate business licenses for some of the departments within the store, reporting sales in these NAICS categories. This complicates the process of estimating total taxable sales in these stores. Again, we have made estimates based on reasonable assumptions, drawing on our observations of the sale performance of comparable stores in similar markets outside California.

Given these limitations, our report reflects what we believe are reasonable estimates of historic trends, current conditions, and future possibilities.

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<sup>6</sup> North American Industry Classification System

## Demographic and retail characteristics

Demographic characteristics strongly influence the decisions people make about where to shop, work, and live. Convenience is often a strong motivating factor for double-income households when choosing where to shop, for example, but for retired households price or intellectual stimulation might be more important. Smaller households may look for restaurants that provide opportunities to interact with friends; larger households may look for restaurants that accommodate children. People who walk or use public transportation to get to work are more likely to make transit-related retail impulse purchases – flowers, greeting cards, magazines – than people who drive to work, and both are likely to buy different things in the morning (coffee, newspapers) than in the evening (carry-out dinners, video rentals).

A district's retail characteristics also strongly influence residents' and visitors' decisions about whether, and for what things, to patronize it. Retail sales momentum within the district and the community, the availability of retail shopping opportunities within the region, and public perceptions of the commercial district are all important predictors of how a commercial district, or the commercial sector of a mixed-use district, is likely to perform and how likely it is to be able to adapt to take advantage of new market opportunities.

We therefore began our investigation by looking at downtown Ventura's demographic and retail context to understand how they may influence the downtown's opportunities.

## DEMOGRAPHIC CHARACTERISTICS

**Population:** Ventura’s rapid growth of the 1980s has been carefully managed and slowed considerably. The annual growth rate of approximately 1% is expected to remain steady through 2020.

Year					
1980	1990	2000	2006	2010	2020
74,393	92,575	100,916	107,744	113,397	123,397

**Table 1:** Actual and projected population of Ventura City, 1980-2020 (*Sources: 2000 Census of Population; ESRI; Ventura Council of Governments*)

Since 1979, and more actively in the 2006 General Plan Plan, the city has moved progressively to limit sprawl development and target new construction to underdeveloped parcels within the city’s existing neighborhoods and districts. Ventura’s growth was limited in part by caps on new housing development and by the availability of buildable land in the city. The city’s growth rate is expected to mirror that of the County and California as a whole, but with new development directed toward infill opportunities.

Place	2000	2010	% ch	2020	% ch
United States	281,421,906	308,935,581	10%	335,804,546	9%
California	33,871,648	38,067,134	12%	42,206,743	11%
Ventura County	753,197	836,186	11%	915,005	9%
Ventura City	100,916	113,397	12%	123,397	9%
Camarillo	57,077	72,220	27%	79,186	10%
Ojai	7,862	8,490	8%	9,006	6%
Oxnard	170,358	168,025	-1%	186,901	11%
Port Hueneme	21,845	23,176	6%	23,176	0%
Thousand Oaks	117,005	129,000	10%	131,500	2%

**Table 2:** Projected population of Ventura, nearby communities, and reference areas, 2000-2020 (*Sources: 2000 Census of Population; Ventura Council of Governments; ESRI*)

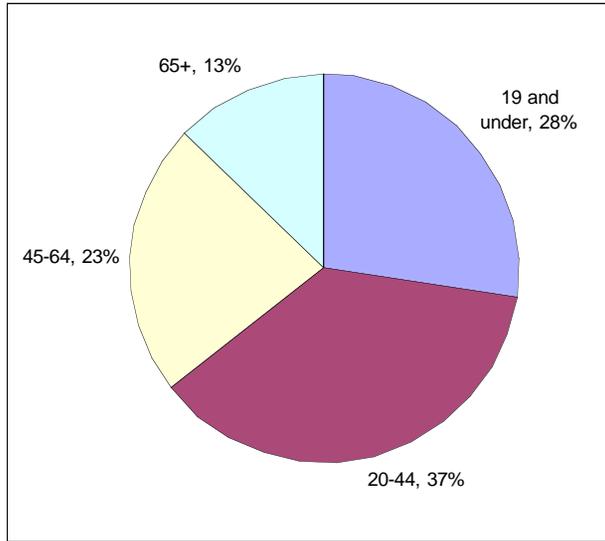


Figure 1: Population by age, Ventura City

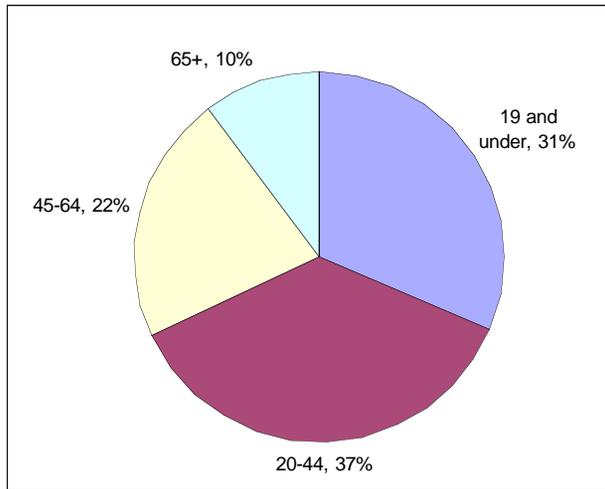


Figure 1: Population by age, Ventura County

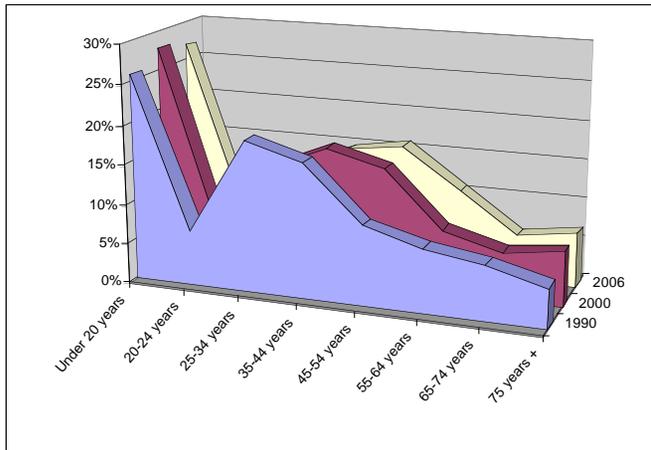
The infill approach is not only a good use of land, it also directs the population growth in Ventura to occur within the built city itself. This helps retail sustainability downtown by increasing the number of potential shoppers nearby.

With modest growth expected in the county and its nearby cities, no new large population influx is anticipated in Ventura or surrounding communities.

**Age:** Ventura City residents, when sorted by age, reflect a composition almost identical to Ventura County. Compared to the US average of 19%, the prime consumer brackets of 20 – 44 year-olds represent 37% of the population in Ventura City and County.

Age	% of residents	
	Ventura City	Ventura County
Under 20	28%	31%
20-24	5%	6%
25-34	14%	14%
35-44	17%	17%
45-54	15%	14%
55-64	8%	8%
65-74	6%	5%
75+	7%	5%

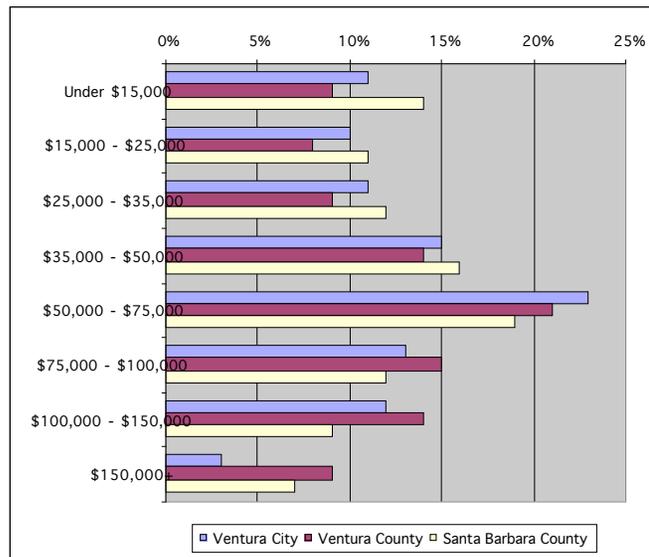
Table 3 Percentages of Ventura City and County residents, by age (Sources: 2000 Census of Population; ESRI)



**Figure 1:** Ventura City population by age, 1990 – 2006. (Sources: 1990 and 2000 Census; ESRI)

In the decade between the 1990 and 2000 decennial censuses, Ventura's population became slightly older, with the percentage of residents under 35 years of age dropping slightly (from 52% to 47%) and the percentage of residents over 35 increasing slightly (from 48% to 53%). The projections for Ventura's current population continue that trend, with an estimated 55% over 35 years old.

Age of individuals	% of Ventura (City) individuals		
	1990	2000	2006
Under 20 years	26%	28%	27%
20-24 years	7%	5%	6%
25-34 years	19%	14%	12%
35-44 years	17%	17%	15%
45-54 years	10%	15%	16%
55-64 years	8%	8%	11%
65-74 years	7%	6%	6%
75 years +	5%	7%	7%



**Figure 1:** Comparison of household income in Ventura City, Ventura County, and Santa Barbara County. (Source: 2000 Census of Population)

**Table 4** Changes between 1990-2000 in the percentages of Ventura residents of different age levels (Sources: 1990 and 2000 Census of Population; ESRI)

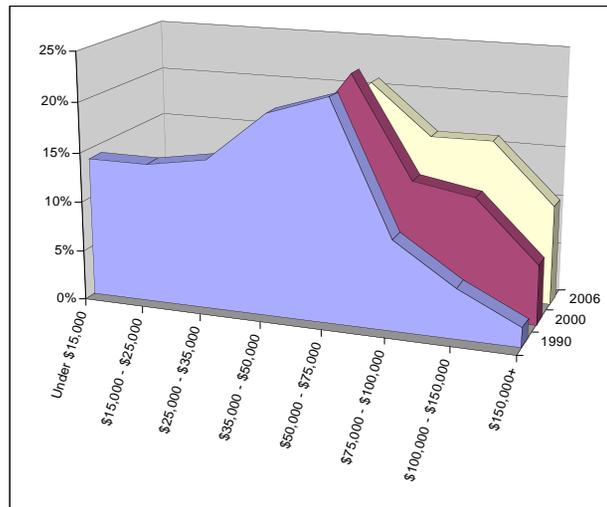
**Household and per capita income:** Ventura's households are less affluent than those of the County, with 28 percent earning more than \$75,000 per year, versus 38 percent in the County. Ventura City's composition of fewer affluent households is surprisingly similar to neighboring Santa Barbara, where 29 and 28% of Santa Barbara City and County households, respectively, earn more than \$75,000 per year.<sup>7</sup>

<sup>7</sup> Santa Barbara City figures not shown in Table 5.

Household income	% of households		
	Ventura City	Ventura County	Santa Barbara Co.
Under \$15,000	11%	9%	14%
\$15,000 - \$25,000	10%	8%	11%
\$25,000 - \$35,000	11%	9%	12%
\$35,000 - \$50,000	15%	14%	16%
\$50,000 - \$75,000	23%	21%	19%
\$75,000 - \$100,000	13%	15%	12%
\$100,000 - \$150,000	12%	14%	9%
\$150,000+	3%	9%	7%

**Table 5:** Percentages of Ventura City and Ventura County residents in 2000, by household income (*Source: ESRI*)

While it would appear Ventura's wealth grew between 1990 and 2000, adjusting for inflation, the city's affluence remained almost constant. In 2000 dollars, a household only needed to earn the equivalent of \$56,000 in 1990 to have the same buying power as \$75,000 in 2000. All told, the percentage of households with buying power greater than \$75,000 held steady during the decade, between 31 and 33%.



**Figure 1:** Changes between 1990-2006 percentages of Ventura City households of different income levels

Household income	% of Ventura City households		
	1990	2000	2006
Under \$15,000	14%	11%	8%
\$15,000 - \$25,000	14%	10%	8%
\$25,000 - \$35,000	15%	11%	8%
\$35,000 - \$50,000	20%	15%	14%
\$50,000 - \$75,000	22%	23%	21%
\$75,000 - \$100,000	9%	13%	16%
\$100,000 - \$150,000	5%	12%	16%
\$150,000+	2%	6%	10%

**Table 6:** Changes between 1990-2000 in the percentages of Ventura City households of different income levels (*Source: ESRI*)

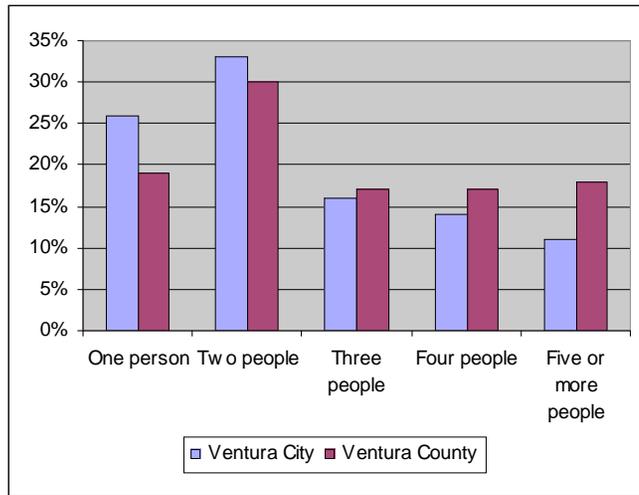
The lower household income levels in Ventura City compared to the County adversely affect local buying power. For most categories of retail purchases, higher-income households spend more.

**Household size:** The size of a household unit also affects its spending patterns, particularly for product categories with a direct correlation to the number of individuals involved. Larger households buy more groceries than smaller households, regardless of income – while expenditures on dining out remain almost flat from small to large households. In some categories, larger households spend *less* than smaller households: two-person households spend 60% more on alcoholic beverages than households with five or more people.

For many categories, household spending patterns are remarkably similar regardless of whether the household consists of two people or six. For example, there is no significant difference in the amount of money a typical two-person household is likely to spend this year on major appliances (\$245) than a typical four-person household is likely to spend (\$244), or on how much small and large households are likely to spend on reading (\$97 for an average one-person household, versus \$118 for an average household of five or more people).

Household size	% of households	
	Ventura City	Ventura County
One person	26%	19%
Two people	33%	30%
Three people	16%	17%
Four people	14%	17%
Five or more people	11%	18%

**Table 7:** Percentages of Ventura City and Ventura County residents, by household size  
(Source: 2000 Census of Population)



**Figure 1:** Percentages of Ventura City and County residents, by household size. (Source: 2000 Census of Population)

The average household size in Ventura City is 2.56, and remains unchanged from the 1990 Census. Households in the County are slightly larger, at an average of 3.04 persons.

The most significant differences in spending, according to household size, are those between one-person and two-person households (and, to an extent, between two-person and three-person households). One-quarter of Ventura City’s households are one-person households (compared to 19 percent for the county), and almost 33 percent of the city’s households consist of two people. The relatively larger number of smaller households suggests there may be stronger consumer demand in Ventura for home furnishings, personal services, restaurants, and entertainment – stronger than if there were fewer, larger households. [Table 7; Figure 6]

**Race/ethnicity:** Ventura’s residents are less ethnically diverse than those of Ventura County, with a lower percentage of Hispanic and Asian/Pacific Islander residents and a higher percentage of White residents. Race and ethnicity influence consumer purchasing decisions in numerous ways, from grocery and restaurant dining preferences to movie or live entertainment choices.

Neighboring Oxnard is significantly more diverse than Ventura. The implication for consumer purchases is there may be little overlap between the two cities. [Table 8]

Ethnicity	% of population		
	Ventura City	Ventura Co.	Oxnard
White	79%	70%	42%
Hispanic (any race)	24%	33%	62%
Black	1%	2%	4%
American Indian	1%	1%	1%
Asian + Pacific Islander	3%	6%	8%

**Table 8:** Percentages of Ventura City and Ventura County residents in 2000, by race/ethnicity (Source: ESRI)

Race/ethnicity	% of Ventura City residents		
	1990	2000	2006
White	83%	79%	74%
Hispanic (any race)	18%	24%	31%
Black	2%	1%	2%
American Indian	1%	1%	1%
Asian + Pacific Islander	3%	3%	4%

**Table 9:** Changes between 1990-2000, and projected changes for 2006, in the percentages of Ventura residents of different races/ethnicities. (Source: ESRI)

Ventura's population is gradually becoming more diverse, with the Hispanic population increasing 6 – 7% each decade. This change may affect local consumer preferences somewhat, but Oxnard remains the dominant community for the Hispanic market. [Table 9]

**Workplace:** A full half of Ventura's employed residents remain in the city for their work. This is dramatically higher than residents for the county as a whole (where two-thirds of residents leave the county for work) and higher than many neighboring communities. For all neighboring communities, the majority of employed residents leave their home city for work. [Table 10]

Local spending benefits by having more residents remain in town for their work: commuting out of town tends to also export a number of convenience-type purchases, such as groceries, dry cleaning, or restaurant meals. In Ventura, there is a greater opportunity to capture those purchases in town – if not necessarily *downtown*. Staying in town for work may also mean shoppers are able to get to local businesses before closing time. (With a few notable exceptions, most independent businesses in Ventura have a poor record for staying open late.)

Later in this report, we suggest ways to direct spending to the downtown area. And we estimate the economic impact of workers commuting *into* Ventura.

Place		Worked in place of residence		Worked outside place of residence	
Ventura County	116,109	34%	201,356	66%	
Ventura City	24,290	50%	24,583	50%	
Camarillo	8,910	34%	17,543	66%	
Ojai	1,550	48%	1,706	52%	
Oxnard	26,145	38%	43,266	62%	
Port Hueneme	2,491	25%	7,380	75%	
Thousand Oaks	24,607	42%	33,677	58%	

**Table 10:** Percentages of Ventura area residents who work in or outside their “places” (i.e., their city or county) of residence (*Source: 2000 Census of Population*)

Working from home is most common in Ojai and Thousand Oaks. Nevertheless, Ventura City’s 2,026 home offices may represent an opportunity for downtown businesses to offer products or services geared toward their needs, such as pick-up and delivery of copy services or restaurant home delivery. [Table 11]

Place	Worked at home	Work at home %
Ventura County	14,532	4%
Ventura City	2,026	4%
Camarillo	1,204	5%
Ojai	290	9%
Oxnard	1,311	2%
Port Hueneme	268	3%
Thousand Oaks	3,444	6%

**Table 11:** Numbers and percentages of Ventura area residents who work at home (*Source: 2000 Census of Population*)

**Self-employment:** In addition to the 2,026 Ventura residents who work at home, 6,324 earn some type of self-employment income. While the rate of self-employment is similar to the county as a whole, the figure still reflects a sizable number of self-employed people. [TABLE 12]

Both of these market segments – Ventura workers who work at home, and Ventura workers with some self-employment income – could represent untapped business-to-business sales opportunities – or, more significantly, there might be opportunities to help growing home-based businesses expand into storefront or office space in downtown Ventura.

Place	Self-employment	Self-employment %
Ventura County	40,483	17%
Ventura City	6,324	16%
Camarillo	3,219	15%
Ojai	588	19%
Oxnard	5,198	12%
Port Hueneme	693	10%
Thousand Oaks	8,255	20%

**Table 12:** Numbers and percentages of Ventura area residents with self-employment income  
(Source: 2000 Census of Population)

**Housing tenure:** Homeownership rates in Ventura City are lower than the county average. The County’s rate of 68 percent is close to the national homeownership rate of 69% (a historical record for the U.S.). [Table 13]

We noted under “household size” that a larger number of smaller households can indicate greater demand for home furnishings. At the same time, the relative weakness of homeownership in Ventura City may adversely affect consumer demand for home improvement items – and it may indicate a strength in the demand for rental housing, should such units be developed in downtown.

Place	Owner-occupied	Renter-occupied
Ventura County	68%	32%
Ventura City	59%	41%
Carmarillo	74%	26%
Ojai	58%	42%
Oxnard	57%	43%
Port Hueneme	49%	51%
Thousand Oaks	75%	25%

**Table 13:** Percentages of residents of Ventura and vicinity who live in owner-occupied and renter-occupied housing (*Source: 2000 Census of Population*)

**Psychographics:** To better understand how Ventura area residents spend their leisure time and how they shop, we also obtained psychographic data from ESRI about Ventura area residents – Ventura County, Ventura City, and the 93001 zip code area.

ESRI – a company that provides demographic, GIS and economic data to businesses and governments – uses a proprietary program called “Community Tapestry” to identify neighborhoods whose residents have similar demographic and lifestyle characteristics. ESRI examines more than 60 factors, including income, home value, occupation, household composition, education, magazine subscriptions, hobbies, and spending patterns. ESRI then assigns residential neighborhoods to one of 65 segments – with names like “Laptops and Lattes” and “The Elders” – based on each neighborhood’s predominant demographic, lifestyle, and shopping preferences. This information provides a rich profile of the lifestyle characteristics of people who live in a community – characteristics that influence how people shop and spend their leisure time. These preferences help explain, for example, why two people with nearly identical demographic characteristics may prefer different retail products and services. One might like domestic beer, for example, while the other prefers imported beer. One might attend NASCAR events while the other

attends live theater. One might buy designer suits while the other buys alpine climbing gear.

ESRI groups households in several psychographic configurations, the largest slices being what ESRI calls “LifeModes.” These groupings are painted with very broad brushstrokes but share some overarching demographic and consumer patterns. We compared Ventura County, Ventura City, and zip code 93001 (immediately surrounding downtown) to see how households in a larger, more suburban geography differed from those in a smaller, more urban geography.

The LifeMode profile for the county is distributed over a broader range of groups than the city as a whole, and the area around downtown reflects a more urban, singles lifestyle. [Table 14]

LifeMode	% of Area Households		
	Ventura Co.	Ventura City	Zip 93001
L1: High Society	31%	17%	0%
L2: Upscale Avenues	21%	27%	19%
L4: Solo Acts	5%	21%	35%
L8: Global Roots	12%	8%	16%
L9: Family Portrait	14%	7%	16%

**Table 14:** Top LifeMode groups for Ventura County, Ventura City, and Ventura City zip 93001 (Source: ESRI)

- “High Society” households are affluent, well-educated, married-couple homeowners, in single-family housing, with incomes ranging from high to upper-middle.
- “Upscale Avenues” households are prosperous married-couple homeowners, in mixed types of housing, with upper-middle incomes.

- “Solo Acts” represent “urban young singles on the move” who live primarily in multi-unit rentals.
- “Global Roots” are ethnic and culturally diverse families with middle to lower-middle incomes. They live in a variety of housing types, which they may rent or own.
- “Family Portrait” are households oriented around family life and children. Affluence in this group ranges very broadly from upper-middle to low-income, and housing types vary widely as well.

In ESRI’s system, each LifeMode group contains between two and nine subgroups, called Community Tapestry segments. Households in the same LifeMode share broad similarities; households in the same segment share very specific lifestyle features and interests.

Community Tapestry Segment	LifeMode	% of Area Households		
		Ventura Co.	Ventura City	Zip 93001
02: Suburban Splendor	High Society	9%	2%	0%
05: Wealthy Seaboard Suburbs	High Society	7%	6%	0%
09: Urban Chic	Upscale Avenues	10%	12%	19%
10: Pleasant-Ville	Upscale Avenues	7%	7%	0%
13: In-Style	Upscale Avenues	4%	8%	0%
23: Trendsetters	Solo Acts	3%	16%	35%
47: Las Casas	Global Roots	6%	2%	6%
58: NeWest Residents	Global Roots	1%	2%	7%
21: Urban Villages	Family Portrait	14%	7%	16%

**Table 15:** Tapestry segmentation profile for Ventura County, Ventura City, and Ventura City zip 93001 (*Source: ESRI*). This table includes the three top Tapestry segments for each geographic area, as well as percentages for lesser segments if those segments are dominant for either of the other two geographies.

Two Tapestry segments dominate for Ventura City as a whole, but the profile becomes more pronounced in the 93001 zip code, where households coalesce distinctly into three Tapestry groups. It's notable that ESRI assigns *no* households in the 93001 zip code to the most exclusive Tapestry segments (i.e., those in "High Society" LifeMode), even though the "Suburban Splendor" and "Wealthy Seaboard Suburbs" segments together comprise 16% of the county's households. [Table 15] The three dominant Tapestry segments for 93001 are described by ESRI as follows:

- **Urban Chic.** "Urban Chic residents are well-educated professionals living an urban, exclusive lifestyle. Most own expensive single-family homes with a median value of \$633,000. Married couple families and singles comprise most of these households. The median age is 41.4 years. Urban Chic residents travel extensively, visit museums, attend dance performances, play golf, and go hiking. They use the Internet frequently to trade or track investments or to buy concert and sports tickets, clothes, flowers, and books. They appreciate a good cup of coffee while reading a book or newspaper and prefer to listen to classical music, all-talk, or public radio programs. Civic minded, many residents would probably volunteer in their communities."
- **Trendsetters.** "These neighborhoods are located primarily on the West Coast. On the cutting edge of urban style, Trendsetters residents are young, diverse, mobile, educated professionals with substantive jobs. The median age is 35.0 years. More than half of the households are single-person or shared. Most still rent, preferring upscale, multiunit dwellings in older city districts. The median household income is \$56,700. Residents are spenders; they shop in stores, online, and via the phone. They own the latest laptop computers, cell phones, and MP3 players, and use the Internet daily. Exercise includes playing tennis, volleyball, baseball, and golf as well as ice skating, snorkeling, and yoga. Leisure activities include traveling, attending rock concerts, and

reading biographies. Residents also enjoy syndicated TV shows such as Access Hollywood and Seinfeld.”

- **Urban Villages.** “Urban Villages neighborhoods are multicultural enclaves of young families, unique to U.S. gateway cities located primarily in California. The median age is 30.7 years. All family types dominate this market. The average family size of 4.12 is the second highest of all the Community Tapestry segments. Many households have two wage earners, chiefly employed in the manufacturing, health care, retail trade, construction, and educational services industries. The median household income is \$56,200. Most residents own older, single-family homes with a median value of \$355,600, and multiple vehicles. Family and home dictate purchases. To maintain their older homes, time and money are spent on home remodeling and repairs. Leisure activities include playing soccer and tennis, renting foreign films, listening to Hispanic and variety radio, and visiting Disneyland, SeaWorld, or Six Flags theme parks.”<sup>8</sup>

The highest-income Tapestry segments are not the only households that spend money: “Trendsetters,” while not part of the most elite Tapestry groups, are prime consumers of gadgets, sports equipment, and entertainment. Comprising more than a third of households in and around downtown Ventura, their preferences should strongly influence business development strategies for the downtown district. It’s also notable that the majority of these households rent their homes, albeit higher-end apartments, lofts, and studios.

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<sup>8</sup> Descriptions from *Community Tapestry: The Fabric of America's Neighborhoods, an ESRI White Paper*, March 2006.

## RETAIL SALES AND BUYING POWER

Demographics influence retail spending characteristics, as do regional economic differences and the quality and mix of local businesses. With so many variables, estimating retail sales and buying power is an inexact science. Research typically draws on several data sources, each gathered by a different entity for a different purpose: The federal government monitors consumer spending with particular interest in agricultural products and resource consumption; the International Council of Shopping Centers monitors sales at shopping malls and shopping centers; state governments monitor sales tax collections. By consulting a variety of information sources, we can make educated estimates of a community's retail profile. In Ventura, we have relied primarily on four sources of retail sales data:

- The Economic Census, conducted every five years (in years that end in -2 and -7) by the US Bureau of the Census, reports on most aspects of commerce in the United States. Information from the Economic Census is published in a series of more than a dozen reports, several of which we have used in our analysis – the *Census of Retail Trade*; *Census of Accommodation and Food Services*; *Census of Information*; *Census of Arts, Entertainment, and Recreation*; and *Census of Other Services*, in particular. The Economic Census reports total sales estimates based on North American Industry Classification System (NAICS) categories.
- ESRI, an international provider of economic data and GIS information, provides estimates of actual retail sales based on several data sources, including information from the Economic Census, utility accounts, magazine subscriptions, proprietary surveys, and other sources. Like the Economic Census, it reports total sales estimates based on NAICS categories.

- The California Department of Finance tracks taxable retail sales in municipalities, based on information provided to it by municipal departments of revenue, and reports sales in categories slightly different from the NAICS categories used by the Economic Census and ESRI. Taxable retail sales are generally lower than *total* retail sales, as retail sales tax is not charged on items such as food and pharmaceuticals in California.
- The City of Ventura Business Tax Office collects gross revenue data as part of its issuance of business licenses. The City's Economic Development and Revitalization Division has categorized gross sales for business types according to their primary NAICS codes. We relied on 2004 data.

Estimates of actual retail sales (\$000)			
Area	Economic Census (2002)	CA Dept of Finance (2002)	ESRI (2005)
Ventura City	\$1,729,914	\$1,310,091	\$878,635
Downtown zip 93001	N/A	N/A	\$255,583

**Table 16:** Comparison of retail sales estimates for Ventura (*Sources: Census of Retail Trade 2002; ESRI; California Department of Finance*)

We have used data from all four sources in our analysis, relying primarily on data from the Economic Census and the Department of Finance for analyzing multi-year trends and on data from all four sources (including the City of Ventura) for the estimates of existing sales in our sales void analysis.

**Citywide changes in retail sales:** We calculated total retail sales in Ventura to see how they changed between the last two Censuses of Retail Trade (1997 and 2002). We converted all dollars to present-day.

Overall, retail sales in Ventura increased 19% in the five-year period, with much larger gains in motor vehicle sales (+28%), health and personal care stores (+34%), general merchandise stores (+47%), and non-store retailers (+48%). Clothing and accessories stores in Ventura nearly doubled their sales (+98%).

A few categories lost sales in the city, notably electronics and appliance stores (-23%), and sporting goods/hobby/books/music (-20%). We assume the majority of these sales were lost to the Esplanade Shopping Center in Oxnard. [Table 17]

Category	2002 (\$1,000s)	1997 (\$1,000s)	% change
Motor vehicles and parts dealers	\$734,847	\$572,588	28%
Furniture/home furnishings stores	48,583	42,899	13%
Electronics and appliances stores	53,418	69,387	-23%
Building materials, garden equip.	136,840	123,990	10%
Food + beverage stores	243,964	269,345	-9%
Health + personal care stores	103,018	76,737	34%
Gasoline stations	85,459	78,788	8%
Clothing + accessory stores	101,438	51,300	98%
Sporting goods, hobby, books, music	43,392	54,133	-20%
General merchandise	239,985	163,157	47%
Misc. store retailers	57,200	50,568	13%
Nonstore retailers	32,281	21,838	48%
Restaurants	184,990	162,800	14%
<i>Total</i>	<i>2,065,416</i>	<i>1,737,530</i>	<i>19%</i>

**Table 17:** Total retail sales in various types of stores in Ventura, as reported in the *Economic Census, 1997-2002*, converted to present-day dollars (Sources: 1997 and 2002 *Census of Retail Trade*; 1997 and 2002 *Census of Accommodation and Food Services*; *Federal Reserve Consumer Price Index*; *CLUE Group*)

Category	Average sales per business	
	City of Ventura	Ventura County
Total retail trade	\$ 3,331,000	\$3,715,000
Motor vehicles + parts dealers	9,792,000	10,677,000
Furniture + home furnishings stores	1,172,000	1,565,000
Electronics + appliance stores	1,766,000	3,015,000
Building material + garden equipment stores	3,215,000	5,177,000
Food + beverage stores	5,887,000	4,573,000
Health + personal care stores	2,628,000	2,423,000
Gasoline stations	2,384,000	2,726,000
Clothing + clothing accessories stores	984,000	1,220,000
Sporting goods, hobby, book, music stores	1,174,000	1,282,000
General merchandise stores	19,479,000	18,935,000
Miscellaneous store retailers	740,000	815,000
Nonstore retailers (e.g., vending machines)	1,108,000	3,031,000
Food services + drinking places	679,000	683,000

**Table 18:** Average sales per business in Ventura and Ventura County for various categories of retail goods and services (Sources: 2002 Census of Retail Trade; 2002 Census of Accommodation and Food Services; CLUE Group)

By store category, Ventura's businesses *under-perform* businesses in the County as a whole in most cases. [Table 18]

Significant differences are:

- Furniture and home furnishings: city stores under-perform at 75%
- Electronics + appliance: city stores under-perform at 59%
- Building material + garden equip: city stores under-perform at 62%
- Food + beverage: city stores *outperform* at 129%
- Clothing and clothing accessories: city stores under-perform at 81%
- Non-store retailers: city vendors under-perform at 37%

Next, we looked at retail activity within the downtown Ventura target area.

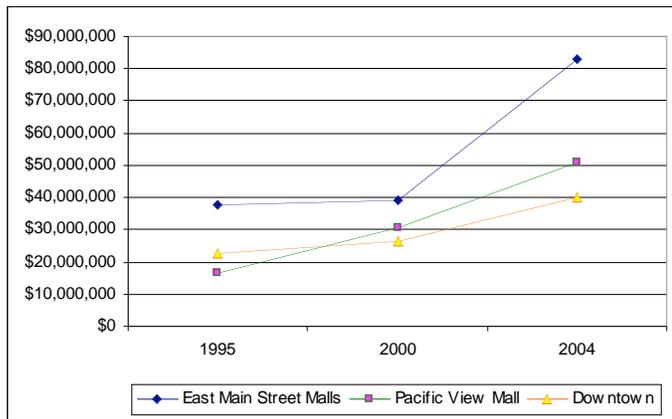
**Business inventory:** The downtown study area contains approximately 289 retail and food-service businesses, of which 58 are eating and drinking establishments. However, these numbers reflect the number of business licenses issued, rather than individual storefront businesses: we estimate approximately 120 of the 159 “miscellaneous store retailers” fall within a dozen larger business establishments (e.g., antiques marts).

**Vacancies:** The vacancy rate downtown has increased in recent years, accelerating in the last six months. Antiques stores have been particularly affected by rising rents: several have closed or moved to other locations even during the course of this study. The vacancy rate has been a moving target, but we estimate it to be approximately 20% in the downtown core bounded by Poli, Fir, Santa Clara, and Figueroa Streets.

**Sales in the downtown study area:** We estimated current sales in the downtown for retail businesses, eating and drinking places, personal care services, and establishments related to arts and entertainment.

NAICS	Product/service	Est. actual sales
441	Motor vehicles + parts dealers	\$1,232,000
442	Furniture + home furnishings stores	2,857,000
443	Electronics + appliance stores	1,076,000
444	Bldg material + garden equip. + supplies dealers	618,000
445	Food + beverage stores	3,904,000
446	Health + personal care stores	965,000
447	Gasoline stations	7,565,000
448	Clothing + clothing accessories stores	6,845,000
451	Sporting goods, hobby, book, and music stores	4,850,000
452	General merchandise stores	0
453	Miscellaneous store retailers	7,946,000

454	Nonstore retailers	19,000
44-45	Retail trade	37,876,000
722	Food services and drinking places	30,131,000
	<i>Total retail + food services</i>	<i>68,007,000</i>
51213	Motion picture + video exhibition	5,984,000
71	Performing arts and entertainment venues	4,041,000
8121	Personal care services	13,831,000
8129	Other personal services (pet care, photofinishing)	895,000



**Figure 1:** Changes in retail sales for key areas of city, 1995-2004 (Source: City of Ventura; CLUE Group)

**Table 19:** Estimated actual sales of retail goods and services, eating and drinking places, personal care services, and establishments related to arts and entertainment. (Sources: business inventory provided by City; business license gross-sales data collected by City; 2002 Census of Retail Trade; ESRI; CLUE Group)

**Downtown as a percentage of citywide retail sales:** According to 2004 data from the City, downtown accounts for 9% of all sales tax revenue collected in Ventura. This compares to 11% for Pacific View Mall and 18% for the East Main Street malls.

Downtown’s share of citywide taxable retail sales, however, is losing ground when compared to sales growth for other retail areas in Ventura. Between 1995 and 2004, downtown sales grew 77%, while Pacific View Mall’s sales grew 213% and the East Main Street malls grew 119% during the same period. [Table 20]

Area	1995 taxable sales	2000 taxable sales	Chg	2004 taxable sales	Chg
Citywide	\$230,772,687	\$275,982,632	20%	\$448,380,534	62%
East Main Street Malls	\$37,761,959	\$39,149,291	4%	\$82,724,017	111%
Pacific View Mall	\$16,312,105	\$30,410,097	86%	\$51,007,363	68%
Downtown	\$22,570,762	\$26,529,265	18%	\$40,014,084	51%

**Table 20:** Total taxable retail sales for three retail districts, compared to total taxable sales citywide, and changes in taxable sales from 1995 to 2004. All figures in constant 2006 dollars. (Sources: City of Ventura; CLUE Group)

**Buying power:** We estimated buying power for the zip code immediately surrounding downtown, the city as a whole, and Ventura + Oxnard combined. While survey data (discussed later in this report) shows the current trade area to be very local, expanding the trade area by drawing even small numbers of additional customers from other parts of the city, and neighboring Oxnard, could increase available buying power dramatically.

	93001	Ventura	Ventura + Oxnard
<b>Food + beverages</b>			
Groceries	\$46,013,000	\$154,249,000	\$330,455,000
Dining out	36,229,000	124,736,000	264,395,000
Alcoholic beverages (consumed at home)	4,132,000	13,982,000	29,710,000
Alcoholic beverages (consumed in restaurants)	2,818,000	9,757,000	20,606,000
<b>Housekeeping supplies</b>			
Laundry and cleaning supplies	186,000	640,000	1,365,000
Other household products	4,349,000	14,644,000	31,020,000
Stationery, gift wrap	1,092,000	3,762,000	8,041,000
Postage	1,049,000	3,550,000	7,619,000
Delivery services	110,000	387,000	812,000
<b>Furniture and furnishings</b>			
Household textiles	2,373,000	8,314,000	17,560,000
Furniture	6,960,000	24,032,000	50,797,000
Floor coverings	911,000	3,128,000	6,469,000
Major appliances	3,103,000	10,543,000	22,540,000
Small appliances, misc. housewares	1,738,000	6,005,000	12,744,000
Window coverings	402,000	1,445,000	2,980,000
Infants' equipment	97,000	365,000	751,000
Laundry + cleaning equipment	218,000	739,000	1,586,000
Outdoor equipment	616,000	2,029,000	4,499,000
Clocks	136,000	477,000	960,000
Lamps + lighting fixtures	257,000	976,000	2,011,000

Household decorative items	2,663,000	9,194,000	18,996,000
Telephones + accessories	432,000	1,544,000	3,176,000
Lawn + garden equipment	735,000	2,579,000	5,578,000
Hand and power tools	567,000	1,921,000	4,144,000
Hardware	1,153,000	4,060,000	8,726,000
Office furniture for home use	231,000	793,000	1,606,000
Indoor plants + fresh flowers	666,000	2,336,000	4,928,000
Closet and storage items	334,000	1,153,000	2,326,000
Furniture rental	25,000	79,000	163,000
Luggage	112,000	389,000	810,000
Computers/hardware (non-business use)	2,076,000	7,254,000	15,351,000
Computer software/accessories (non-business use)	295,000	1,039,000	2,212,000
Telephone answering devices	13,000	41,000	87,000
Business equipment for home use	37,000	123,000	260,000
<b>Apparel and footwear</b>			
Men's clothes	4,993,000	17,354,000	36,458,000
Boys' clothes	1,274,000	4,375,000	9,312,000
Women's clothes	9,409,000	32,836,000	69,267,000
Girls' clothes	1,600,000	5,541,000	11,802,000
Clothes for children under 2	1,097,000	3,775,000	8,002,000
Footwear	4,668,000	15,777,000	33,570,000
Watches, jewelry + repair	2,391,000	8,394,000	17,379,000
Shoe repair	19,000	68,000	140,000
Tailoring, alterations, repair	81,000	288,000	603,000
Laundry + dry cleaning	1,439,000	4,886,000	10,228,000
Other apparel items + services	357,000	1,194,000	2,538,000
<b>Automotive</b>			
Vehicle purchase	51,407,000	177,242,000	377,707,000
Gasoline and motor oil	22,472,000	76,238,000	163,817,000
Vehicle maintenance and repairs	9,483,000	32,534,000	69,433,000
<b>Medical</b>			
Nonprescription drugs	1,104,000	3,637,000	7,840,000
Nonprescription vitamins	731,000	2,418,000	5,158,000
Prescription drugs	4,544,000	14,513,000	31,422,000
Eyeglasses and contact lenses	720,000	2,490,000	5,289,000

Hearing aids	197,000	657,000	1,403,000
Medical supplies	439,000	1,483,000	3,189,000
Medical equipment (rental + sales)	273,000	915,000	1,946,000
<b>Entertainment</b>			
Movie, theatre, opera, ballet tickets	1,444,000	5,023,000	10,616,000
All other fees and admissions	7,400,000	25,996,000	54,470,000
Musical instruments	329,000	1,147,000	2,408,000
TVs, stereos, radios, recorded movies + music	10,981,000	37,077,000	79,315,000
Pets, pet supplies, pet care	4,044,000	13,818,000	29,614,000
Toys, games, arts, crafts, tricycles	1,478,000	5,012,000	10,739,000
Stamp and coin collecting	148,000	487,000	936,000
Playground equipment	47,000	194,000	404,000
Athletic gear, game tables, exercise equipment	839,000	2,964,000	6,356,000
Bicycles	182,000	642,000	1,355,000
Camping gear	177,000	638,000	1,367,000
Hunting + fishing equipment	408,000	1,476,000	3,180,000
Winter sports equipment	68,000	247,000	520,000
Water sports equipment	79,000	291,000	596,000
Other sports, recreation and exercise equipment	233,000	837,000	1,769,000
Photographic equipment, supplies, services	1,296,000	4,568,000	9,651,000
<b>Personal care</b>			
Hair care products	918,000	3,104,000	6,588,000
Wigs + hairpieces	1,002,000	3,402,000	7,211,000
Shaving needs	276,000	956,000	2,019,000
Cosmetics, perfume, bath preparations	2,126,000	7,327,000	15,587,000
Other personal care products	1,299,000	4,336,000	9,262,000
Personal care services	3,983,000	13,665,000	29,061,000
<b>Reading</b>			
Newspapers	744,000	2,505,000	5,357,000
Magazines + newsletters	380,000	1,283,000	2,724,000
Books	871,000	3,052,000	6,450,000
Reading	1,996,000	6,840,000	14,531,000
Tobacco products/smoking supplies	3,631,000	11,703,000	25,443,000

**Table 21:** Estimated buying power for Ventura zip code 93001, Ventura (city), and Ventura + Oxnard Cities (Sources: based on ESRI 2006 household population estimates, by income; Consumer Expenditure Survey; CLUE Group)

**Anticipated population growth.** Ventura is expected to grow at a healthy pace of 12% in the current decade (approx. 3.3% in the next four years) and 9% in the next decade. In present dollars, Ventura can expect to gain additional spending potential, as follows:

	Current buying power 2006	Projected buying power 2010	Projected buying power 2020
<b>Food + beverages</b>			
Groceries	\$154,249,000	\$159,339,000	\$173,680,000
Dining out	124,736,000	128,853,000	140,449,000
Alcoholic beverages (consumed at home)	13,982,000	14,444,000	15,744,000
Alcoholic beverages (consumed in restaurants)	9,757,000	10,079,000	10,986,000
<b>Housekeeping supplies</b>			
Laundry and cleaning supplies	640,000	661,000	721,000
Other household products	14,644,000	15,128,000	16,489,000
Stationery, gift wrap	3,762,000	3,886,000	4,236,000
Postage	3,550,000	3,667,000	3,997,000
Delivery services	387,000	400,000	436,000
<b>Furniture and furnishings</b>			
Household textiles	8,314,000	8,588,000	9,361,000
Furniture	24,032,000	24,826,000	27,060,000
Floor coverings	3,128,000	3,232,000	3,522,000
Major appliances	10,543,000	10,891,000	11,872,000
Small appliances, misc. housewares	6,005,000	6,203,000	6,761,000
Window coverings	1,445,000	1,492,000	1,627,000
Infants' equipment	365,000	377,000	411,000
Laundry + cleaning equipment	739,000	763,000	832,000
Outdoor equipment	2,029,000	2,096,000	2,285,000
Clocks	477,000	492,000	537,000
Lamps + lighting fixtures	976,000	1,008,000	1,099,000
Household decorative items	9,194,000	9,497,000	10,352,000
Telephones + accessories	1,544,000	1,595,000	1,738,000

Lawn + garden equipment	2,579,000	2,664,000	2,904,000
Hand and power tools	1,921,000	1,984,000	2,162,000
Hardware	4,060,000	4,194,000	4,571,000
Office furniture for home use	793,000	819,000	893,000
Indoor plants + fresh flowers	2,336,000	2,413,000	2,631,000
Closet and storage items	1,153,000	1,191,000	1,298,000
Furniture rental	79,000	81,000	88,000
Luggage	389,000	402,000	438,000
Computers/hardware (non-business use)	7,254,000	7,494,000	8,168,000
Computer software/accessories (non-business use)	1,039,000	1,073,000	1,170,000
Telephone answering devices	41,000	43,000	47,000
Business equipment for home use	123,000	127,000	139,000
<b>Apparel and footwear</b>			
Men's clothes	17,354,000	17,926,000	19,540,000
Boys' clothes	4,375,000	4,519,000	4,926,000
Women's clothes	32,836,000	33,920,000	36,972,000
Girls' clothes	5,541,000	5,724,000	6,239,000
Clothes for children under 2	3,775,000	3,899,000	4,250,000
Footwear	15,777,000	16,298,000	17,765,000
Watches, jewelry + repair	8,394,000	8,671,000	9,451,000
Shoe repair	68,000	70,000	76,000
Tailoring, alterations, repair	288,000	297,000	324,000
Laundry + dry cleaning	4,886,000	5,048,000	5,502,000
Other apparel items + services	1,194,000	1,233,000	1,344,000
<b>Automotive</b>			
Vehicle purchase	177,242,000	183,091,000	199,569,000
Gasoline and motor oil	76,238,000	78,754,000	85,842,000
Vehicle maintenance and repairs	32,534,000	33,608,000	36,632,000
<b>Medical</b>			
Nonprescription drugs	3,637,000	3,757,000	4,095,000
Nonprescription vitamins	2,418,000	2,498,000	2,723,000
Prescription drugs	14,513,000	14,992,000	16,342,000
Eyeglasses and contact lenses	2,490,000	2,573,000	2,804,000
Hearing aids	657,000	679,000	740,000
Medical supplies	1,483,000	1,532,000	1,670,000

Medical equipment (rental + sales)	915,000	945,000	1,030,000
<b>Entertainment</b>			
Movie, theatre, opera, ballet tickets	5,023,000	5,189,000	5,656,000
All other fees and admissions	25,996,000	26,854,000	29,271,000
Musical instruments	1,147,000	1,185,000	1,292,000
TVs, stereos, radios, recorded movies + music	37,077,000	38,301,000	41,748,000
Pets, pet supplies, pet care	13,818,000	14,274,000	15,558,000
Toys, games, arts, crafts, tricycles	5,012,000	5,177,000	5,643,000
Stamp and coin collecting	487,000	503,000	548,000
Playground equipment	194,000	200,000	218,000
Athletic gear, game tables, exercise equipment	2,964,000	3,062,000	3,337,000
Bicycles	642,000	664,000	723,000
Camping gear	638,000	659,000	719,000
Hunting + fishing equipment	1,476,000	1,524,000	1,661,000
Winter sports equipment	247,000	256,000	279,000
Water sports equipment	291,000	301,000	328,000
Other sports, recreation and exercise equipment	837,000	864,000	942,000
Photographic equipment, supplies, services	4,568,000	4,718,000	5,143,000
<b>Personal care</b>			
Hair care products	3,104,000	3,207,000	3,495,000
Wigs + hairpieces	3,402,000	3,514,000	3,830,000
Shaving needs	956,000	988,000	1,076,000
Cosmetics, perfume, bath preparations	7,327,000	7,569,000	8,250,000
Other personal care products	4,336,000	4,480,000	4,883,000
Personal care services	13,665,000	14,116,000	15,386,000
<b>Reading</b>			
Newspapers	2,505,000	2,588,000	2,821,000
Magazines + newsletters	1,283,000	1,325,000	1,445,000
Books	3,052,000	3,153,000	3,437,000
Reading	6,840,000	7,066,000	7,702,000
Tobacco products/smoking supplies	11,703,000	12,089,000	13,177,000

**Table 22:** Estimated buying power for Ventura (City), at present and in the future (Sources: based on ESRI 2006 household population estimates, by income; Ventura Council of Governments population projections; Consumer Expenditure Survey; CLUE Group)

Anticipated population growth alone in Ventura represents an *additional* combined total of \$32.4 million in new buying power by 2010, or an additional \$124 million by 2020 (for the above-named categories of goods and services, in present-day dollars).

Ventura's General Plan and Downtown Specific Plan advocate new residential development be built in existing neighborhoods of the city. To the extent such infill development can be directed to the downtown core and its immediate surrounding neighborhoods, the greater the additional economic impact these new residents will have on downtown's economy.

**Tourists:** It's not known how many visitors come to Ventura each year, partly because many come for the day and many are visiting friends and family (and therefore do not show up in the tracking of hotel occupancies). The downtown Visitor Center serves between 18,000 and 20,000 visitors per year. We conservatively estimate that represents less than 20% of annual visitors to downtown, a number that could easily exceed 100,000. Based on regional spending guidelines, visitors typically spend about \$44 per day on meals and incidental expenses.<sup>9</sup> Conservatively estimating that each visitor only comes downtown once, this group represents \$44,000,000 in buying power. If downtown were able to capture one-third of that spending, tourists represent \$14,500,000 for things like restaurant dining, live performances, antiques, and gift items.

**Retail + restaurant workers:** We estimated 1,148 downtown workers (full-time equivalents) in retail, service, and restaurant businesses within the study area. We estimated that 40% of these workers represent "unique households" – not otherwise counted in our study area demographics and buying-power calculations. We estimate the total buying power of these households at \$6,524,000. If the downtown district were able to capture even 30% of this additional buying power, it

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<sup>9</sup> Source: GSA Per Diem Rates; CLUE Group.

represents a total of \$2 million of additional spending for downtown, across the following categories. [Table 23]

	Estimated buying power	40% of households
Food + beverages	\$7,609,000	\$3,044,000
<i>Groceries (subcategory)</i>	4,024,000	1,610,000
<i>Dining out (subcategory)</i>	3,019,000	1,207,000
Furniture and furnishings	2,061,000	824,000
Apparel and footwear	2,239,000	896,000
Medical	708,000	283,000
Entertainment	2,382,000	953,000
Movie, theatre, opera, ballet tickets (subcategory)	116,000	46,000
All other fees and admissions (subcategory)	554,000	222,000
Personal care	804,000	322,000
Reading	164,000	65,000
Tobacco products/smoking supplies	342,000	137,000

**Table 23:** Estimated buying power of downtown retail + service workers, and estimated buying power if 40 percent of workers represent unique households (*Sources: estimates of workers from Census of Retail Trade; buying power from Consumer Expenditure Survey; CLUE Group*)

## SALES VOID ANALYSIS AND RETAIL MARKET DEMAND

Sales void examines the relationship between total sales in the downtown study area compared to the market potential for the reference or trade area.

The current trade area for downtown Ventura is small: 34% of downtown shoppers live in the 93001 (downtown) zip code, according to our intercept survey. We therefore wanted to see, within that zip code, how well does downtown perform in relation to available local buying power?

In several important categories, downtown captures a healthy share of the local market demand. For restaurant dining, current downtown sales represent 72% of local market demand; 105% for alcoholic beverages (a surplus); 77% for housekeeping supplies; 48% of entertainment; 47% of reading materials; and 37% for household furnishings.

For some categories, the sales void is very large: we estimate downtown captures less than 7% of 93001 grocery spending; 8% of prescription drugs; 5% of personal care products and services. While there is a large Von's grocery store just outside the downtown core, its sales were not counted as downtown sales.<sup>10</sup>

Of course, 93001 residents do not account for *all* of these sales. But this information, combined with survey results, indicates that downtown area residents are loyal shoppers.

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<sup>10</sup> Actual sales are based on estimates for businesses in the district bounded by Poli to the north, Fir to the east, Santa Clara to the south, and Figueroa to the west.

Category	Est. actual downtown sales <sup>11</sup>	Market demand 93001 only	Void
Groceries	\$3,106,000	\$46,013,191	\$(42,907,000)
Dining out	26,247,000	36,228,708	(9,982,000)
Alcoholic beverages	4,348,000	4,132,256	216,000
Housekeeping supplies	5,204,000	6,784,846	(1,581,000)
Household furnishings and equipment	9,820,000	26,148,130	(16,328,000)
Apparel and apparel-related services	7,256,000	27,329,319	(20,073,000)
Vehicle purchases	946,000	51,406,846	(50,461,000)
Gasoline and motor oil	5,514,000	22,471,946	(16,958,000)
Vehicle maintenance and repairs	218,000	9,482,617	(9,265,000)
Drugs	456,000	5,648,206	(5,192,000)
Medical supplies	70,000	438,782	(369,000)
Entertainment	14,065,000	29,153,914	(15,089,000)
Personal care products and services	510,000	9,603,219	(9,093,000)
Reading materials	951,000	1,995,819	(699,000)
Tobacco products, smoking material	1,318,000	3,630,595	(2,313,000)
<i>Total</i>	<i>\$80,375,000</i>	<i>\$280,468,395</i>	<i>\$(200,093,000)</i>

**Table 24:** Potential zip 93001 sales vs. actual downtown sales (Sources: 2002 Census of Retail Trade; 2002 Census of Accommodation and Food Services; 2002 Census of Information; 2002 Census of Arts, Entertainment, and Recreation; 2002 Census of Other Services; 2002 Census of Health Care and Social Assistance; ESRI; Ventura Economic Development & Revitalization Division; 2004 Consumer Expenditure Survey; CLUE Group)

<sup>11</sup> *A note on methodology:* Sources of actual retail sales data report store sales information, rather than information on sales of specific product lines consumers purchase in these stores. There are many items, however, that a consumer might purchase from any of a number of different types of stores – for example, he or she might buy toothpaste at a pharmacy, grocery store, fast food market, dentist’s office, airport sundries shop, or any of a number of other places. Only 56 percent of the sales that take place in the nation’s grocery stores, for example, are sales of groceries. We have therefore used detailed information on product line purchases at different types of stores from the 2002 *Economic Census*, adjusted for 2005 sales levels using trends from the Ventura Economic & Revitalization Divisions’s business license gross sales reports, and have then correlated these product line purchases with the product lines contained in the *Consumer Expenditure Survey*.

Downtown draws on a much wider audience than just the residents of 93001. Retaining local sales in Ventura is helped by its geographic (and topographic) isolation from other communities. Surveys indicate downtown draws 57% of its shoppers from city residents. When we factor these additional markets into our calculations, the sales void for downtown grows enormously. [Table 25]

Category	Est. actual downtown sales	Market demand Ventura City	Void
Groceries	\$3,099,000	\$154,249,038	\$(151,150,000)
Dining out	26,241,000	124,736,398	(98,495,000)
Alcoholic beverages	4,348,000	13,982,200	(9,634,000)
Housekeeping supplies	5,037,000	22,983,185	(17,946,000)
Household furnishings and equipment	9,543,000	90,558,640	(81,016,000)
Apparel and apparel-related services	7,025,000	94,487,512	(87,463,000)
Vehicle purchases	946,000	177,241,722	(176,296,000)
Gasoline and motor oil	5,514,000	76,237,835	(70,724,000)
Vehicle maintenance and repairs	218,000	32,534,094	(32,316,000)
Drugs	456,000	20,568,684	(20,113,000)
Medical supplies	68,000	1,482,752	(1,415,000)
Entertainment	14,065,000	100,417,126	(86,352,000)
Personal care products and services	510,000	32,790,122	(32,280,000)
Reading materials	951,000	6,840,029	(5,889,000)
Tobacco products, smoking material	1,316,000	11,702,725	(10,387,000)
<b>Total</b>	<b>\$79,337,000</b>	<b>\$960,812,062</b>	<b>\$(881,475,000)</b>

**Table 25:** Potential citywide sales vs. actual downtown sales (Sources: 2002 Census of Retail Trade; 2002 Census of Accommodation and Food Services; 2002 Census of Information; 2002 Census of Arts, Entertainment, and Recreation; 2002 Census of Other Services; 2002 Census of Health Care and Social Assistance; ESRI; Ventura Economic Development & Revitalization Division; 2004 Consumer Expenditure Survey; CLUE Group)

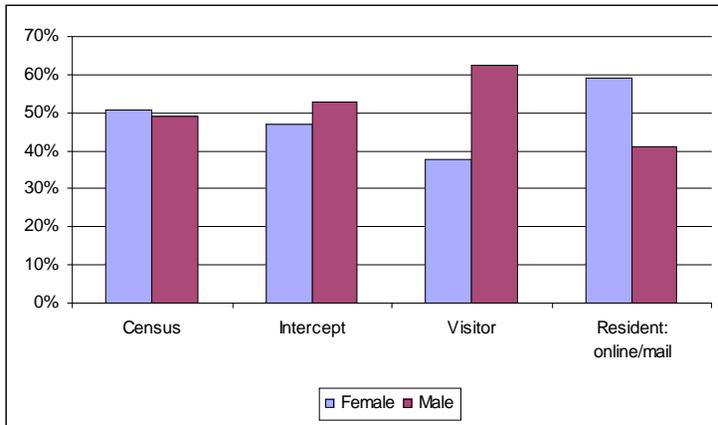
## Consumer surveys

Consumer surveys provide primary data about where people shop, why they shop in certain commercial districts, what they do when they visit the downtown, their impressions of the district, their demographic characteristics, and much more. Unlike published sources (such as the *Consumer Expenditure Survey*), surveys represent primary, on-the-ground research. Surveys sometimes confirm our assumptions; sometimes, they contradict them. (We were surprised to learn, for example, that downtown's current trade area is very local.) As far as we know, these are the first customer surveys in Ventura designed around understanding downtown's economy.

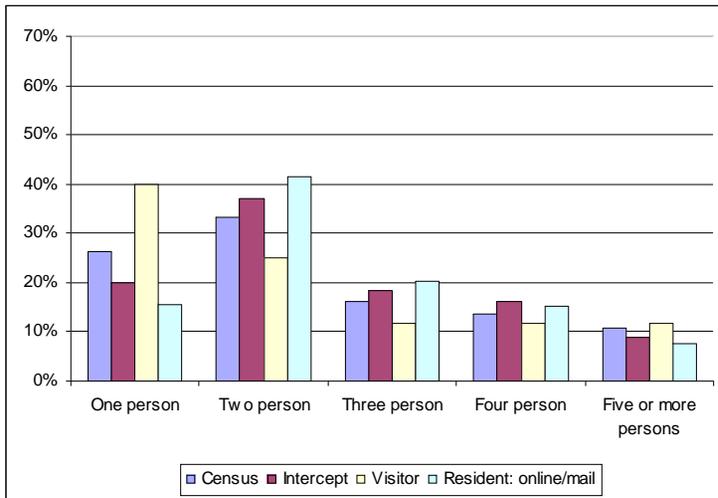
We conducted two consumer surveys during the course of our market analysis:

- an intercept survey of people in downtown Ventura,
- a community-wide web-based survey of Ventura residents.

*Intercept survey:* We conducted an intercept survey in February 2006, literally 'intercepting' people on downtown sidewalks and asking them to complete the survey questionnaire. The surveys were conducted using random-sample selection, meaning that everyone who visits downtown Ventura (workers, residents, shoppers, tourists, etc.) had an equal chance of being selected to participate in the survey, thus making it possible to apply the results of the survey (minus a small margin) to the entire population of downtown visitors. Surveys were conducted at various times of day, at varying locations in the downtown district, over a seven-day period. If a potential respondent identified him/herself as living more than 50 miles from Ventura, s/he was given a shorter survey, designed for visitors. (Many of the questions on the two survey forms were identical; questions not relevant to visitors were omitted.) We collected 405 surveys, with a 95 percent confidence level and a plus/minus five percent margin of error. (The total includes 61 surveys completed by "visitors.")



**Figure 1:** Comparison of survey respondents by gender (Source: CLUE Group)



**Figure 1:** Comparison of survey respondents by household size (Source: CLUE Group)

*Communitywide survey:* We conducted the web-based communitywide survey in April 2006. An request to take the online survey was mailed by post card to a randomly selected, ten percent sample of all Ventura households. (I.e., post cards were mailed to 4,000 households out of the city's 40,000.) The post card offered recipients without internet access to request a paper survey by calling a dedicated voicemail number. And a reminder post card was sent to the same households two weeks after the initial mailing. We received 549 responses, including 73 paper surveys.

The intercept survey, in capturing those who come downtown already, reflects the habits and attitudes of downtown's most loyal patrons. In growing the downtown economy, these current users will also be downtown's best prospects – by getting them to come more frequently for more kinds of purchases.

The communitywide survey captures those who live in the area, whether or not they currently come downtown. It helps us understand why some people rarely or never come downtown. At the same time, infrequent users present a big challenge in trying to overcome their resistance to shopping downtown.

**Survey demographics.** We compared the demographic indicators from all surveys to see how closely they mirrored (or differed from) Census profiles for the city.

- The intercept survey closely tracked the gender composition of the city, while visitors (tourists) were more likely to be male and online respondents were more likely to be female. As women make the majority of household spending decisions, it didn't surprise us that women were more likely to take the online version of the survey. For intercepts, all people present in downtown had an equally likely chance of being surveyed. [Figure 0]

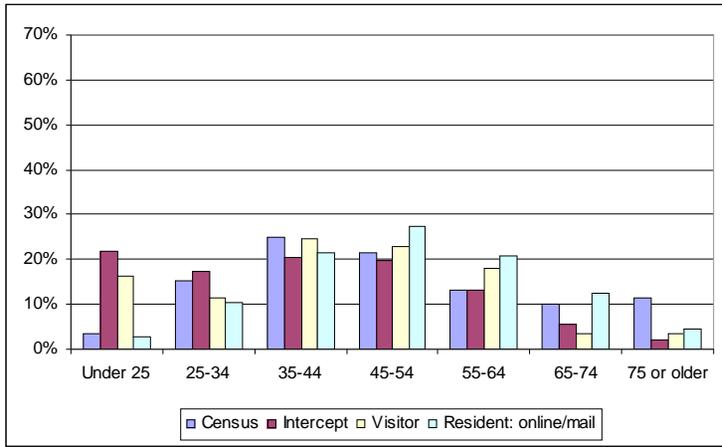


Figure 1: Comparison of survey respondents by age (Source: CLUE Group)

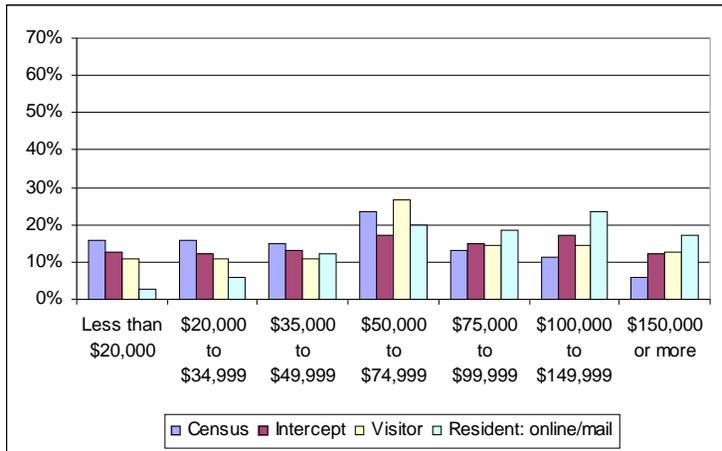
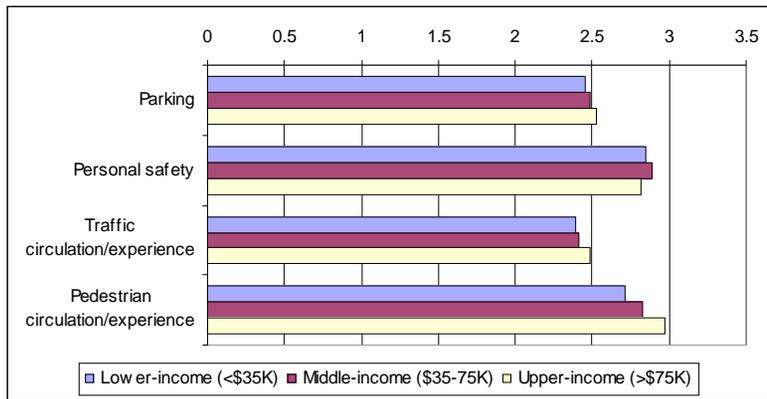
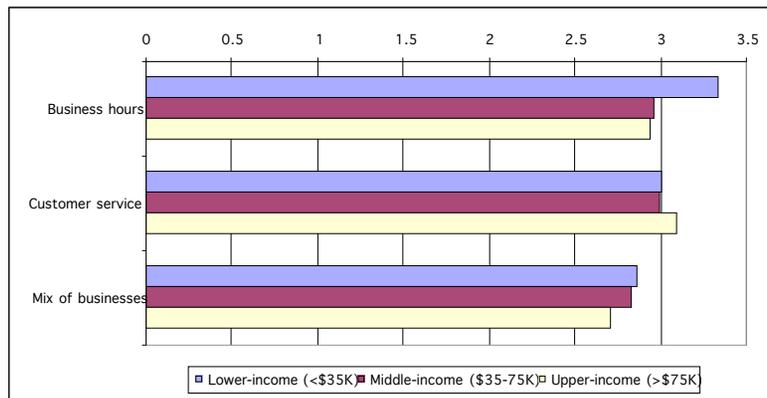


Figure 1: Comparison of survey respondents by income (Source: CLUE Group)

- Household size tracked the Census closely, with two exceptions: tourists are most likely to represent one-person households, and one-person households were less likely to respond to the online survey. [Figure 10]
- Young people were more likely to be downtown and respond to the intercept survey. [Figure 11]
- Older people were less likely to be downtown (and therefore less likely to be intercepted for the on-street survey, but they were more likely to respond to the communitywide survey, either online or by mail. [Figure 11]
- People in downtown represent slightly higher-income households than the city's general composition. Lower-income households were less likely to respond to the communitywide survey. [Figure 12]



**Figure 1:** Perceptions of downtown, by household income (Communitywide online/mail survey; CLUE Group)



**Figure 1:** Perceptions of downtown, by household income (Communitywide online/mail survey; CLUE Group)

**Perceptions of downtown.** Perceptions of downtown were relatively positive overall and not greatly influenced by age, gender, or income. Because perceptions differences were so small from one downtown characteristic to another, we have been conservative in our interpretations of these results. We found, however, that subtle differences in the quantitative perceptions data were also reflected in the qualitative data from open-ended questions (discussed later).

Significant findings include the following:

- Parking and traffic circulation rated notably lower than other downtown characteristics, and this trend remained consistent across demographic characteristics such as age and income.
- Personal safety scored high across income, age, and gender brackets.
- Upper-income households had slightly better impressions of pedestrian circulation than lower-income households. [Figure 13]
- Lower-income households have the best perceptions of business hours.
- Upper-income households have the lowest perceptions of business hours and mix of businesses. [Figure 14]



**Figure 2:** Where downtown shoppers come from: 85% from three-county region; 68% from within 12 miles; 34% from zip 93001. (Source: downtown intercept survey; CLUE Group)

**Trade area.** The intercept survey provides an image of downtown Ventura’s current trade area, by mapping respondents’ places of residence. The results were surprising to us: Downtown Ventura’s current customer base is very local. The local character of the customer base could be predicted to some degree by Ventura’s geography, wedged as it is between the mountains and the ocean. Further, downtown Ventura, rather than being in the geographic center of the city, is at the far western end of the city. Most of Ventura’s residents (particularly its more affluent residents) live closer to other shopping districts in the city.

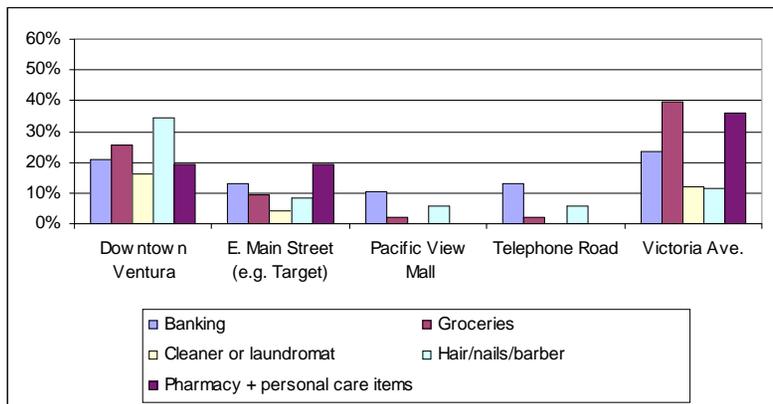
- About 85 percent of downtown shoppers live in the Ventura region (Ventura, Santa Barbara, and Los Angeles Counties); 15% are tourists or visitors.
- Of intercepted shoppers, 68 percent live within 12 miles of downtown, primarily to the east and south.
- Fifty-seven percent of intercepted downtown shoppers live in Ventura; 7% in Oxnard, and the rest from a scattering of other places.
- Thirty-four percent of all intercepted downtown shoppers – and 61 percent of all downtown shoppers who are also Ventura residents – live in the downtown zip code 93001.

Downtown caters to two distinctly different bases: locals (who comprise the majority of current shoppers) and visitors. Nearby communities, including Camarillo, Ojai, Port Hueneme, and Santa Barbara account for only 1% - 3% each.

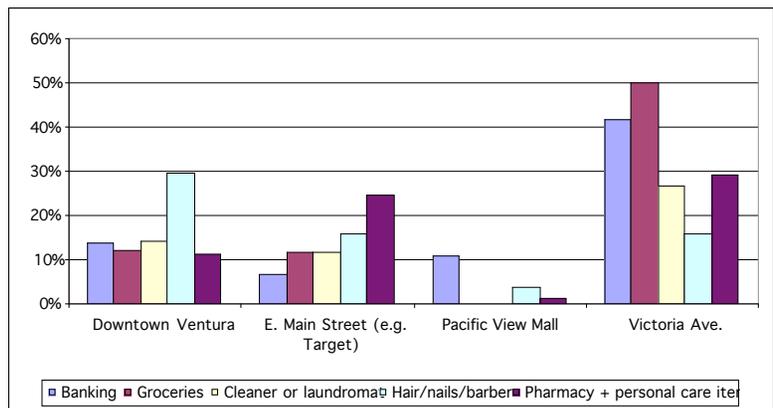
**Where people shop.** Overall, the city performs well in the context of its nearby competitors. The only product category in which the city underperforms overall is in the furniture, losing sales to Oxnard. We recognize this dominance is likely to change, with new shopping centers planned in both Oxnard and Camarillo. *Within* the city, the downtown business district performs reasonably well, with particular strengths in dining and entertainment. [Table 26]

	Downtown Ventura	E. Main Street	Pacific View Mall	Telephone Road	Victoria Ave.	Camarillo	Oxnard	Santa Barbara	Thousand Oaks	Los Angeles	Other place/not listed	Internet/ catalog	I never buy
Groceries	13%	10%	0%	2%	<b>51%</b>	1%	4%	0%	0%	0%	18%	0%	0%
Banking	15%	8%	12%	5%	<b>40%</b>	2%	2%	1%	1%	0%	11%	3%	1%
Cafe	<b>33%</b>	8%	6%	13%	17%	1%	3%	3%	0%	0%	10%	0%	4%
Cleaner or laundromat	14%	13%	0%	2%	<b>22%</b>	1%	0%	1%	1%	0%	21%	0%	25%
Clothing/shoes (men's)	5%	11%	<b>29%</b>	19%	2%	5%	5%	5%	2%	1%	3%	3%	10%
Clothing/shoes (women's)	6%	12%	<b>32%</b>	18%	1%	6%	3%	4%	3%	2%	2%	5%	6%
Clothing/shoes (children's)	5%	14%	<b>22%</b>	14%	1%	4%	4%	1%	1%	1%	1%	1%	32%
Furniture	15%	13%	5%	9%	2%	3%	<b>21%</b>	2%	3%	3%	7%	3%	13%
Greeting cards	11%	19%	7%	8%	<b>30%</b>	1%	2%	1%	1%	0%	11%	1%	7%
Hair/nails/barber	<b>29%</b>	14%	5%	3%	15%	5%	3%	2%	3%	0%	15%	0%	6%
Home furnishings: kitchen & bath	4%	<b>39%</b>	8%	24%	3%	2%	7%	1%	2%	1%	4%	1%	4%
Movie theater	<b>44%</b>	6%	0%	8%	5%	4%	1%	2%	0%	0%	19%	0%	10%
Pharmacy + personal care items	13%	23%	1%	2%	<b>32%</b>	1%	4%	0%	1%	1%	20%	2%	1%
Restaurant: everyday dining	<b>29%</b>	12%	6%	10%	16%	2%	4%	2%	2%	1%	13%	0%	2%
Restaurant: fine dining	<b>47%</b>	4%	1%	5%	2%	3%	2%	7%	3%	3%	14%	0%	9%
Take-out food	18%	18%	3%	7%	<b>28%</b>	1%	1%	0%	0%	1%	16%	1%	6%
Toys & games	3%	<b>34%</b>	11%	7%	4%	1%	4%	2%	0%	1%	11%	5%	19%

**Table 26:** Where Ventura residents last purchased these goods or services (Source: Communitywide/online survey; CLUE Group)



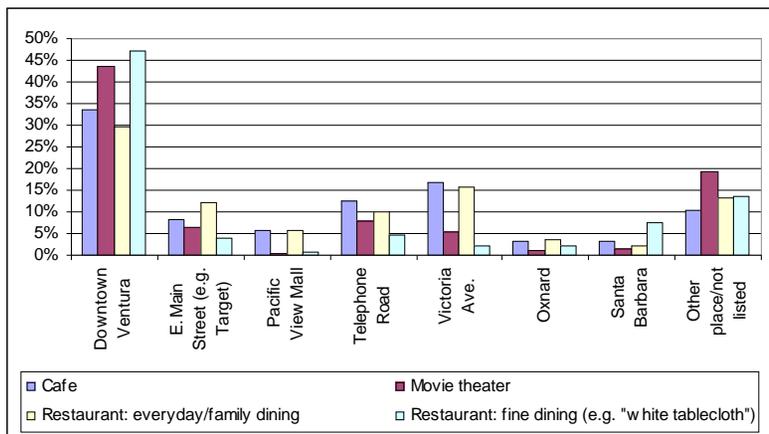
**Figure 2:** Where lower-income households (under \$35,000) purchase convenience goods and services (*Communitywide online/mail survey; CLUE Group*)



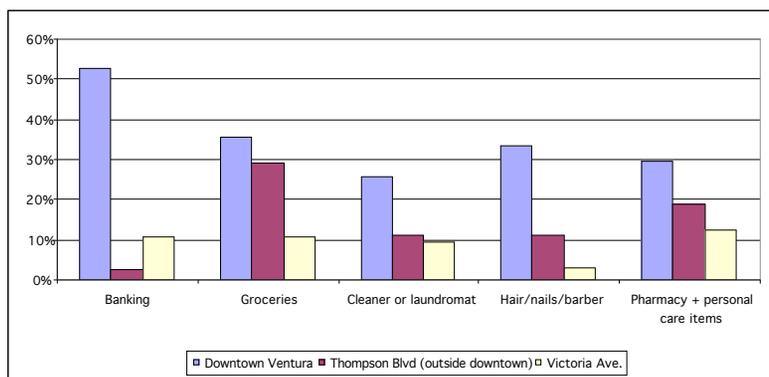
**Figure 2:** Where upper-income households (over \$75,000) purchase convenience goods and services (*Communitywide online/mail survey; CLUE Group*)

The intercept and communitywide surveys revealed a number of factors that influence where people shop. Across ages and incomes, downtown does a better job capturing convenience-type purchases (banking, cleaner) and dining/entertainment than other kinds of comparison-type purchases (apparel, furniture).

- With 20-25% of lower-income households banking or buying groceries downtown, they are about twice as likely to make convenience purchases downtown compared to upper-income households. [Figures 15, 16]
- East Main Street and Victoria Avenue present substantial competition for these purchases, especially for upper-income households.
- When the convenience data are sorted by age, younger people (under 35) are more likely to shop downtown than older people. Hair care is the exception to this trend, with middle-aged customers (35 to 54 years old) favoring downtown over other places.



**Figure 2:** Where Ventura residents go for dining and entertainment (Communitywide online/mail survey; CLUE Group)



**Figure 2:** Where downtown workers make convenience-type purchases (Intercept survey; CLUE Group)

**Where people go for dining and entertainment.** Downtown does an excellent job of capturing local customers for dining and entertainment. This is true across income brackets. Ventura residents are twice as likely to go to a downtown café as they are to go to the next most-likely place (Victoria Avenue). They are almost ten times more likely to go downtown for fine dining, or to see a movie, as they are likely to go to any other single place. Clearly, Ventura residents see downtown as their destination for leisure activities like eating out and going to movies and performances. [Figure 17]

**Downtown workers.** Downtown workers represent downtown Ventura's greatest strength. From the Census, we learned that half of Ventura residents remain in the city for their work – a figure significantly higher than neighboring communities. From the intercept survey, we learned that 40 percent of people who work downtown live outside Ventura, commuting to Ventura from other communities. These inbound commuters add to downtown Ventura's spending potential, as people typically make a number of types of purchases in or near the place where they work. The survey results bear this out: downtown workers are downtown businesses' most loyal customers. Their likelihood of shopping downtown for convenience purchases is strong; their likelihood of patronizing downtown restaurants or entertainment venues is exceptional. Downtown workers are:

- almost twenty times more likely to bank in downtown Ventura than any other place.
- more than twice as likely to use a downtown cleaner, hair salon, or barber as any other place.
- almost twice as likely to use a downtown pharmacy over any other place. [Figure 18]

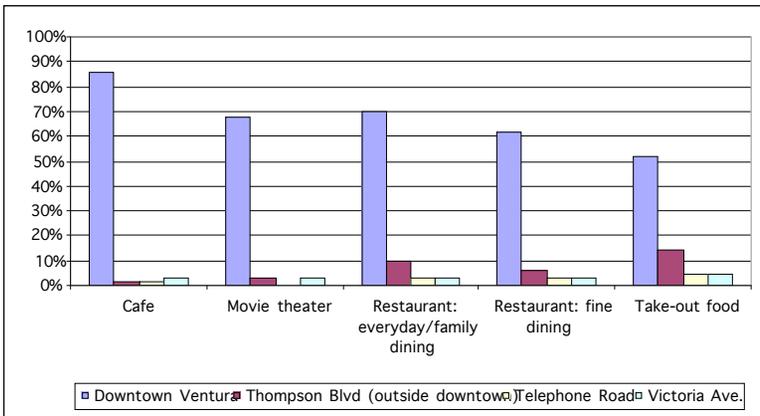


Figure 2: Where downtown workers go for cafés, restaurant dining, and movies (Intercept survey; CLUE Group)



Figure 2: Tourists' perceptions of downtown, compared to Ventura residents (Source: intercept survey; CLUE Group)

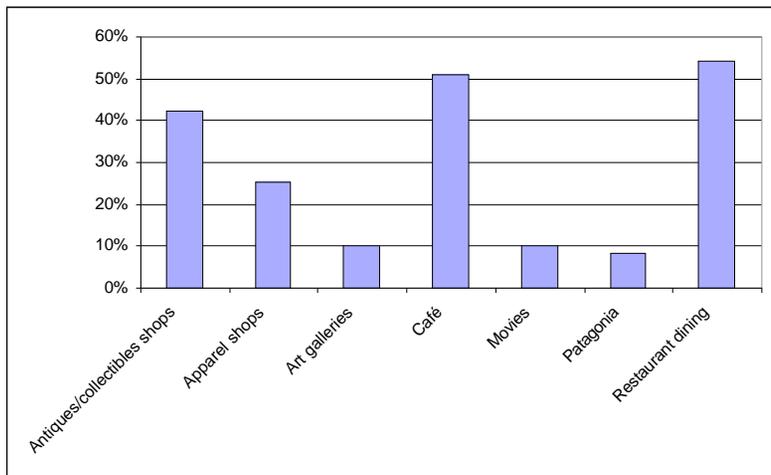
For dining and entertainment, among downtown workers, downtown has no competition. [Figure 19] Downtown workers are:

- About 80 times more likely to go to a downtown café than a café in any other location.
- Almost 25 times more likely to go to a movie downtown than at any other location.
- At least twelve times more likely to dine downtown than at any other location – for both everyday dining and fine dining.

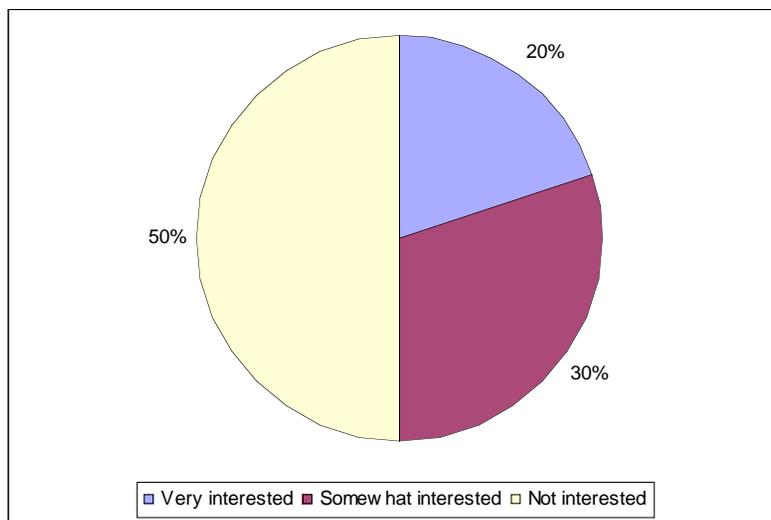
**Tourists and visitors.** At the time of the intercept survey, “visitors” (defined as people who live at least 50 miles away) represented about 15 percent of people on the street in downtown. Based on two years of records at the visitors center, February typically draws 70 percent of a typical month’s visitorship in Ventura. If the survey had been conducted during an “average” month (e.g., October, March, April, May), we expect tourists would have comprised about 22 percent of people on downtown sidewalks. During the busiest tourism months (e.g., July, August, September), out-of-towners might make up between 25 – 30 percent of people downtown.

Visitors’ perceptions of downtown align very closely with Ventura residents’ perceptions. [Figure 20] Both have:

- Relatively positive perceptions of cleanliness of stores, customer service, and personal safety.
- Relatively negative perceptions of mix of businesses and parking.



**Figure 2:** Activities and shopping that tourists do downtown (Source: Intercept survey; CLUE Group)



**Figure 2:** Would Ventura residents be interested in living in downtown Ventura? (Source: CLUE Group)

The kinds of things tourists do downtown differs from Ventura residents or downtown workers. [Figure 21] Similar to residents and workers, tourists are:

- Very likely to patronize a café or downtown restaurant;
- Very likely to patronize antiques and collectibles shops.

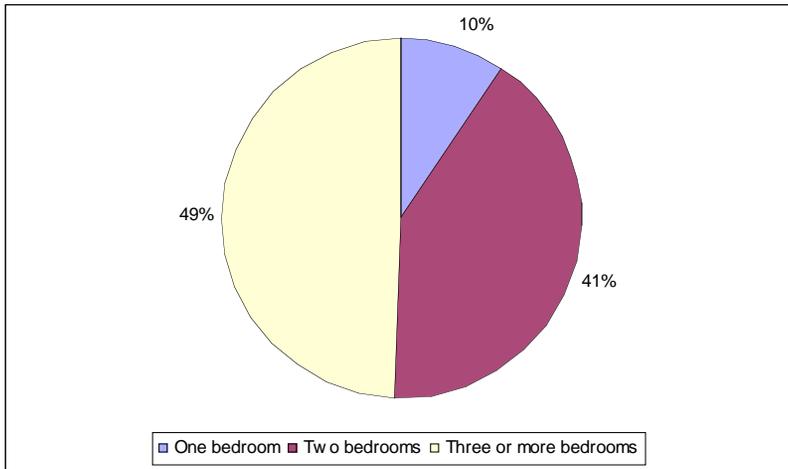
Unlike residents or downtown workers, tourists are:

- Likely to shop for apparel downtown;
- Unlikely to go to a movie downtown.

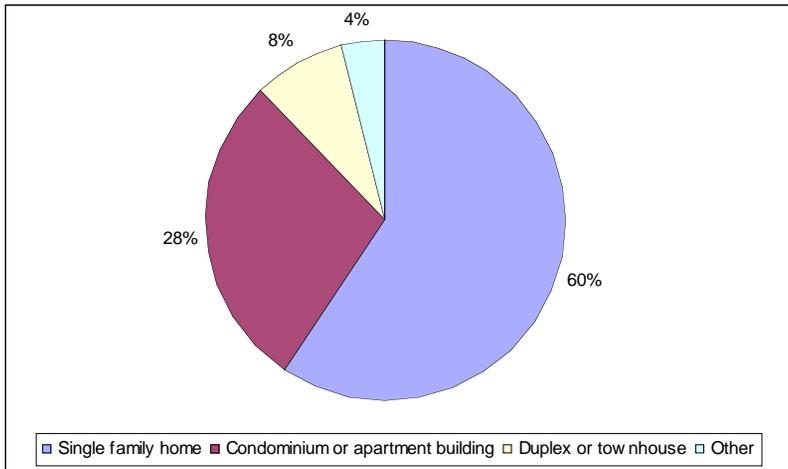
**Housing.** Both the intercept and communitywide surveys asked about housing. In both surveys, we considered the responses of Ventura residents as being most significant – and, when tabulated for residents, the results were very similar across the two types of surveys.

Interpretation of responses to this question require a caveat: Unlike other questions in our surveys, which asked about behavior in the recent past, this question is phrased prospectively – “Would you be interested in living downtown?” The problem is, people are known to be unreliable predictors of their future behavior. We therefore followed this question with more specific inquiries about current housing circumstances – e.g., whether the respondent currently owns or rents, and what size living space s/he requires.

While only 20 percent said they would be “very interested in living downtown, a full 50 percent are *at least* “somewhat interested.” From our experience asking this question in other communities, the positive response in Ventura is quite strong. [Figure 22]



**Figure 2:** Of the 20 percent who said they were “very interested” in living downtown, how much space would they require? (Source: CLUE Group)



**Figure 2:** Of the 20 percent who said they were “very interested” in living downtown, in what type of dwelling do they currently reside? (Source: CLUE Group)

Of the 20 percent who said they were “very interested” in living downtown:

- 36 percent rent their current residence and 64 percent own;
- 90 percent say they require two bedrooms or more – 49 percent require three bedrooms or more. [Figure 23]
- 60 percent currently live in single-family, detached homes. [Figure 24]
- The age profile skews slightly younger than Ventura’s overall age spectrum, with greatest interest in the 25 to 44 age brackets.

In our estimation, Ventura should assume residents’ interest in living downtown is as strong as survey responses indicate. Most interested people currently live in single-family homes which they own. Some of these people may, in fact, be considering downsizing to an apartment, condominium, or townhouse – all of which are likely developments downtown. However, new, infill downtown housing is not planned to replicate the single-family model to which most survey respondents are accustomed.

**Comments.** All surveys concluded with two open-ended questions:

- What do you like best about downtown Ventura?
- What do you think most needs improvement in downtown Ventura?

We made lists of frequently-mentioned words, qualities, or topics. However, comments tend to resist quantification because people use different words and nuanced language to get at a similar idea (e.g., “quaint,” “charming,” “small-town-feel”; or, “homelessness,” “pan-handling,” “mentally ill,” and “bums”).

Several qualities and characteristics permeated all three surveys, but there were some significant differences between tourist responses and intercept/resident responses.

Not surprisingly, some people who responded to the surveys expressed conflicting feelings about downtown Ventura. This was particularly common in comments about antiques and thrift shops: some people love them; some want to see them go; some just want them to improve their storefronts and window displays. We also read conflicting comments about national chains: a few people want more; many people said it’s the independent businesses that define downtown Ventura.

Uniformly, residents and visitors love downtown’s setting, charm, friendly people, and walkability. (A few people even praised downtown’s free parking.) The following qualities were commonly mentioned, but at different frequencies:

	Visitors say they like best?	Locals say they like best?
Quaintness, charm, and setting	41% mention one or more of these qualities.	21% mention one or more of these qualities, but locals are less likely to use the words "quaint" or "charming," and more likely to use "setting" or "atmosphere."
Thrift & antiques shops	7% mention thrift/antiques stores as a positive.	11% mention thrift/antiques stores as a positive.
Restaurants, culture, movies	Only 2% of tourists specifically mentioned.	19% mention one or more.

**Table 27:** Frequency of positive survey comments among visitors (tourists) and locals  
(Source: CLUE Group)

The most frequently mentioned issues that need improvement downtown were parking, homelessness, and thrift stores. There was surprising agreement between tourists and locals on these issues:

	Visitors say needs improvement?	Locals say needs improvement?
Parking	14% complained	18% complained
Homelessness	18% complained	18% complained
Thrift & antiques shops	2% complained	5% complained

**Table 28:** Frequency of negative survey comments among visitors (tourists) and locals  
(Source: CLUE Group)

We observed subtle differences in ideas suggested for new business development downtown: Tourists praised the funky and unique; locals were split between saving the independent and quirky businesses, and clearing them out to make way for “successful” chain businesses.

Overall, the comments made clear that the slightly-lower perception scores for downtown parking availability (seen in the quantitative charts) are, in fact, significant: parking was one of the two most frequently mentioned issues in all survey comments. The comments also highlighted the significance of homelessness downtown and the importance of addressing it.

#### **Summary of major findings.**

- The findings of all surveys (intercept, visitor, and communitywide) stressed the importance of restaurant dining and entertainment to downtown. Even among people who aren't the most frequent patrons of these offerings, virtually everyone is aware of the availability and breadth of downtown's offerings in these categories.
- Similarly, the reputation of the antiques and collectibles cluster downtown is renown among locals and visitors alike, regardless of whether people patronize the businesses. Antiques is a category for which downtown Ventura is well-known and it will be important for the city to retain this business cluster even as downtown's economy moves through the current period of transition.
- The strength of downtown workers' loyalty to shopping downtown indicates to us potential for additional convenience goods and services where these consumers can take care of day-to-day needs. In addition to dining out, these businesses include groceries and personal services.

- Impressions of downtown are relatively positive among both residents and visitors. There are some differences among demographic segments:
  - Lower-income households have better perceptions of business hours and business mix than upper-income households;
  - Younger people have slightly better perceptions – and greater frequency of use – than older people;
  - Parking issues – real or merely perceived – come through in all tabulations of the surveys.
- Living downtown holds strong interest for many Ventura residents. Fitting well with the Tapestry profiles for downtown Ventura, we see demonstrated demand for additional housing of a variety of types.
- Based on responses of where people shop for various goods and services, no nearby community *currently* presents significant competition to the city of Ventura. (This could change with planned retail developments in Oxnard and Camarillo.)

# Office space analysis

## OFFICE CHARACTERISTICS

As is true in many historic downtowns, the office spaces available in downtown Ventura are not standard real estate products. Downtown Ventura's office space – and other downtown space that could be adapted for office use – differs from the office space typically available in most newly constructed, freestanding office buildings in several fundamental ways. For example:

- Most of downtown Ventura's office spaces are small; the average professional office in downtown Ventura is only 1,583 square feet.<sup>12</sup> This makes the district's office spaces well-suited to certain types of office uses but not to others.
- Because most of downtown Ventura's office spaces are under 5,000 square feet, they are less profitable for commercial real estate brokers to market than larger spaces and are therefore under the radar screen of most commercial realtors.
- Many downtown office spaces are not as easy to reconfigure or to divide into smaller spaces or combine into larger spaces as newly constructed office spaces.
- Downtown Ventura's office spaces are one-of-a-kind-places, with unique architectural features and design characteristics that distinguish them from newer office spaces of similar size.

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<sup>12</sup> Based on total downtown office square footage of 517,621 square feet and a total of 327 downtown offices reported to us by the City of San Buenaventura's Business Tax Office.

These characteristics both limit and expand downtown Ventura’s office development options. While there are some office users whose operations might be too large for the office spaces generally available in downtown Ventura or who would prefer the predictability of easy-to-configure space over the unpredictability of space in historic commercial buildings, there are also many office users who do not need space for more than, say, 25 or 30 employees and who prefer the easy proximity to restaurants and other businesses and the uniqueness of downtown Ventura’s historic buildings to other office choices.

In addition to being a good location for businesses that do business with downtown workers and other downtown businesses, downtown Ventura and its historic buildings are also a good fit for the city’s arts focus and revitalization strategy. For almost two decades arts, business and technology innovators and many other professionals who differentiate themselves from the mainstream – the ‘creative class’, to use sociologist Richard Florida’s term – have sought out the one-of-a-kind spaces that historic downtowns offer. Many of these are people who have tired of the bland hallways and monotonous cubicle walls that characterize office spaces built in the last several decades and who prefer living near where they work rather than fighting highway traffic and long commutes. Historic buildings’ distinctive spaces parallel their own sense of uniqueness and stimulate innovation. As the late urban sociologist Jane Jacobs famously said, “Old ideas can sometimes use new buildings. New ideas must use old buildings”<sup>13</sup>.

The one-of-a-kind nature of the district’s office spaces makes it virtually impossible to compare them to more typical office buildings or to classify downtown office spaces into typical Class A, B, or C space categories ([Cool Space Locator](#), a Pittsburgh-based nonprofit organization that helps market office space in Pittsburgh’s older and historic neighborhood commercial districts, has proposed creating a new office class category –

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<sup>13</sup> Jane Jacobs, *The Death and Life of Great American Cities* (New York: PUBLISHER, DATE).

Class R – specifically for renovated offices in historic buildings). Standard comparables simply don't apply to offices in historic downtown buildings and historic downtown commercial districts. For that reason, our analysis focuses partly on traditional measurements of office market demand but also focuses on creating new opportunities for downtown office development that cannot be captured by or reflected in traditional office market analysis methods.

### **Overall office market characteristics**

As a whole, the office market in the City and in Ventura County is healthy and buoyant. The National Association of Realtors reports that Ventura County was among the areas with the lowest office vacancy rates in the United States in 2005, with a vacancy rate of 8.1 percent,<sup>14</sup> and CB Richard Ellis reports in its quarterly national office vacancy index that Ventura County had the fifth lowest office vacancy rate in the nation (tied with Miami) in the second quarter of 2006.

This represents a significant recovery over the past 15 years: in 1991, office vacancies in Ventura were at an all-time high of 27 percent, a 9.5 percent increase over the previous year and twice the region's previous record high vacancy rate of 13.5 percent, according to *National Real Estate Investor* July 1992 "Area Review: Ventura County", which attributed the high vacancies and slow absorption to the savings and loan crisis and the then-recent recession.

Ventura's economy, while somewhat diversified, relies most heavily on services and retailing. According to data from the California Employment Development Department reported in "City of San Buenaventura Economic Base Analysis/Employment: 1993 and 2000" by Stanley R. Hoffman Associates, almost half of Ventura's workers were employed in 2000 in businesses that lend themselves to office uses, including 41 percent who

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<sup>14</sup> National Association of Realtors, *Commercial Real Estate Spotlight*, December 14, 2005.

worked in service-related businesses and five percent in finance, insurance and real estate [Table 29].

Industry	2000 employment	% of all employment
Agriculture	2,644	6%
Mining	473	1%
Construction	3,032	7%
Durable manufacturing	2,718	7%
Non-durable manufacturing	1,732	4%
Transportation + public utilities	597	1%
Wholesale trade	720	2%
Retail trade	10,664	26%
Finance, insurance + real estate	1,952	5%
Services	16,879	41%

**Table 29:** 2000 employment in the City of San Buenaventura, by economic sector (*Source:* California Employment Development Department data as provided by the University of California, Santa Barbara, Economic Forecast Project and reported in “City of San Buenaventura Economic Base Analysis/Employment: 1993 and 2000” by Stanley R. Hoffman Associates)

Hoffman’s analysis reports relatively slow rates of employment growth in these economic sectors between 1993-2000 – an annual rate of 0.7 percent in services, and an annual decline of -1.8 percent in finance/insurance/real estate (FIRE). But the local and regional economy also include healthy amounts of other industries – particularly agriculture, construction, and durable and non-durable manufacturing. Between 1993 and 2000, these economic sectors showed strong employment growth – agriculture by 2.3 percent annually; construction by 3.8 percent annually; and durable manufacturing by a very robust 8.0 percent annually.

The 2002 Economic Census, conducted by the US Census Bureau, parses information slightly differently but shows similar employment intensity in

service-related businesses (particularly in health care/social assistance, administrative/support services, and professional/scientific/technical services), retail trade, and manufacturing [Table 30].

	# biz	Sales (\$000)	# paid employees
Manufacturing	186	452,669	3,117
Wholesale trade	205	D <sup>15</sup> [1,000-2,400] <sup>16</sup>	
Retail trade	504	1,678,951	7,189
Information	52	N <sup>17</sup>	1,585
Real estate + rental + leasing	199	142,170	894
Professional, scientific + technical services	443	338,173	2,766
Administrative + support services	170	247,595	4,629
Waste management + remediation services	11	50,306	295
Educational services	25	12,610	159
Health care + social assistance	428	653,249	7,422
Arts, entertainment + recreation	54	49,744	908
Accommodation + food services	268	197,309	4,840
Other services (except public administration)	235	124,785	1,583

**Table 30:** 2002 employment in the City of San Buenaventura, by economic sector (*Source:* 2002 Economic Census, US Census Bureau)

<sup>15</sup> Withheld by the US Census Bureau to avoid disclosing data of individual companies

<sup>16</sup> Provided as a range by the US Census Bureau

<sup>17</sup> Reported as 'not available' by the US Census Bureau

NAICS	Category	% change, 1997-2002		
		# businesses	Sales (\$000)	# paid staff
512	Motion picture & sound recording industries	140%	-	179%
531	Real estate	14%	77%	22%
532	Rental & leasing services	14%	1%	0%
5411	Legal services	-1%	-	-
5412	Accounting, tax prep., bookkeeping, payroll	9%	74%	-2%
5413	Architectural, engineering & related services	33%	46%	-13%
5415	Computer systems design & related services	35%	68%	-19%
5416	Mgmt., scientific & tech. consulting services	20%	153%	49%
5418	Advertising & related services	-17%	-68%	8%
5611	Office administrative services	14%	-	-
5613	Employment services	5%	251%	172%
5614	Business support services	4%	77%	1%
5615	Travel arrangement + reservation services	-44%	-10%	-45%
5616	Investigation + security services	20%	57%	53%
611	Educational services	9%	97%	15%
62	Health care + social services	25%	186%	188%
621	Ambulatory health care services	10%	58%	54%
6211	Offices of physicians	6%	46%	47%
6212	Offices of dentists	7%	34%	3%
6213	Offices of other health practitioners	10%	34%	12%
6214	Outpatient care centers	-	97%	39%

**Table 31:** Changes in numbers of businesses, taxable sales, and numbers of paid employees in various office-type businesses in the City of San Buenaventura, 1997-2002 (*Source:* 1997 Economic Census, 2002 Economic Census, US Census Bureau)

Only a few office-using business types appear to have experienced losses between 1997-2002. [Table 31] The number of businesses in Ventura offering travel arrangements and reservation services declined by 44 percent, with a ten percent drop in sales and 45 percent drop in numbers

of paid employees. The number of businesses providing advertising and related services dropped by 17 percent, and sales dropped by 68 percent, but the number of paid staff grew by eight percent. Several business types – mostly in the professional services category – cut back on paid staff, but the numbers of businesses and total sales of these businesses increased. Some of these shifts are undoubtedly due to the growing presence of the internet in providing personal and professional services (travel arrangements and tax preparation, for example). Others, though, may be symptoms of a regional shift from skilled to unskilled jobs.<sup>18</sup>

Other types of office-using businesses in Ventura, however, appear to have experienced healthy – in some cases dramatic – growth between 1997-2002. Total sales in employment services businesses increased by 251 percent, for example, with a 172 percent increase in paid employees, although with only a modest five percent increase in the total number of businesses providing these services. Health care/social services also saw substantial increases in sales and numbers of paid staff, as did management/scientific/technical consulting services businesses.

Downtown Ventura's share of the local employment pie in industry sectors that lend themselves to office use is strongest in real estate/rental/leasing (although the numbers are somewhat deceiving, as many of the companies in this category with business licenses are subsidiaries of others, or limited liability companies/partnerships existing for the purpose of a specific development project but operated by another entity). [Table 32]

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<sup>18</sup> A number of sources suggest that Ventura and the County are replacing jobs for skilled workers with jobs for unskilled workers (see, for example, [“Challenges and Choices: Closing the Gap Between Unskilled Workers and Unfilled Jobs”](#), Workforce Investment Board of Ventura County, January 2004).

	# of businesses		
	City	DT	% of city
Information	52	2	3.8%
Real estate + rental +leasing	199	167	83.9%
Professional, scientific + technical services	443	86	19.4%
Administrative + support services	170	18	10.6%
Health care + social assistance	428	34	7.9%
	1292	307	23.8%

**Table 32:** Numbers of businesses in downtown Ventura in 2000, by selected economic sector, compared with numbers of businesses in the City in 2002 (*Source:* City of San Buenaventura, Business Tax Office; 2002 Economic Census, US Census Bureau)

**Market supply:**

As mentioned earlier, the market for office space in the Ventura region is now among the tightest in the United States – and it appears that the market for office space in downtown Ventura is relatively tight, as well.

We were unable to find definitive information on the amount of vacant office space, or underused space that could be redeveloped for offices, in downtown Ventura. However, based on the current overall amount of occupied space, the number of professional services businesses currently operating in downtown Ventura, and our personal observations, we estimate that the district has approximately 20,000 square feet of unused an underused space that could be converted to office uses – mostly in relatively small, individual units – in the upper floors of existing buildings. In addition, approximately 35,000 square feet of new downtown office space is currently planned or under construction (all Class A), including 22,000 square feet of office space on South California Street, between Main and Santa Clara; and 8,000 square feet at the Elk’s Club, on East Main Street, most of which will be made available in relatively small office spaces of 1,500-5,000 square feet at approximately \$2.00/square foot (modified gross). This is slightly more than the average office rental rate

elsewhere in Ventura, which averaged \$1.84 in June and July 2006 for Class A space and \$1.30 for Class B and C together.

**Market demand:**

Ventura residents generate approximately \$246 million in demand annually for services typically provided by office-using businesses – insurance; legal services; medical care; etc. Oxnard residents generate an additional \$280 million in demand. [Table 33]

Category	Ventura	Oxnard	Total
Hsld operations: personal svcs	\$ 17,112,000	19,096,000	\$36,208,000.00
Vehicle insurance	47,177,000	55,202,000	102,379,000
Health insurance	60,716,000	71,542,000	132,258,000
Medical services	32,766,000	37,644,000	70,410,000
Personal care services	13,750,000	15,700,000	29,450,000
Education	52,310,000	56,668,000	108,978,000
Life + other pers. insurance	22,027,000	24,506,000	46,533,000
		280,358,000	\$526,216,000.00
			<u>\$245,858,000.00</u>

**Table 33:** Market demand generated by current residents of Ventura and Oxnard for various consumer services (not including business-to-business services) typically provided by personal and professional services offices, based on household income (Source: 2000 *Census of Population*, US Census Bureau; ESRI; 2004 *Consumer Expenditure Survey*, US Bureau of Labor Statistics; CLUE Group)

Using traditional measurements of office demand, this suggests that Ventura's office market is, in fact, quite tight, with a relatively low vacancy rate and strong demand. In addition, projected new residents of Ventura by 2020 will generate an additional \$15.9 million of demand for office-using businesses by 2020. If downtown Ventura were able to

successfully target half of this \$15.9 million in annual business, it would be able to support approximately 16 additional offices, or between 24,000-40,000 square feet of office space. The 35,000 square feet of new office space currently planned or under construction will absorb some, but not all, of this future demand.

While demand for office-using business generated by Ventura and nearby residents will continue to grow and, combined with current community needs for small office spaces, would most likely be sufficient to create a robust office market downtown, we believe that the most significant opportunities for office development in downtown Ventura could actually come from two other sources:

- office-using businesses that cater to other area businesses (particularly area industries – Patagonia, California Mushroom Farm, Sunkist Lemons, etc.), and
- small, knowledge-based industries whose customer base is super-regional, national, or global.

Ventura has enormous potential to attract offices whose work has little or nothing to do with local market demand. With the advent of the internet, many businesses are able to locate almost anywhere, reaching customers and providing services online. The factors that drive location decisions for businesses like these therefore have less to do with geographic proximity to current and potential customers and more to do with personal choices – proximity to friends and family, area amenities, synergy with other businesses, and overall economic climate, for example. Ventura offers a superior environment for such businesses – it is close to Los Angeles and Santa Barbara, but different from them, and not engulfed in Los Angeles traffic; it has a beautiful oceanfront location; it has a rich heritage, from the Chumash to Erle Stanley Gardner; its downtown has a large collection of historic buildings; it has a progressive city government committed to

creating vibrant neighborhoods and a high quality of life; and much more. Measured by these standards, the market for specialized office-using businesses – money fund managers, niche publishers, manufacturers’ representatives, consultants, shipping agents, and myriad others with national and global markets – in downtown Ventura is almost limitless.

**Summary points:**

- Increasing the number of downtown office workers will be a key factor in expanding and gradually transforming downtown Ventura’s retail offerings. Downtown workers have the strongest loyalty to downtown Ventura and its businesses of all survey groups represented in the intercept survey we conducted, and their purchases account for a fundamental percentage of the district’s current and future commerce.<sup>19</sup>
- The new office space currently planned or under construction downtown Ventura will be among the city’s best office space (using traditional Class A-C ratings) and, by offering smaller offices, will fill an important niche.

In addition to office-using businesses that provide services to Ventura-area residents, we believe there are several additional categories of offices that would be a good fit for downtown Ventura and its historic buildings:

- Businesses serving local industries: This cluster consists of businesses that do business with major Ventura industries and that would benefit from locating a supplier, consultant, or other agent nearby.

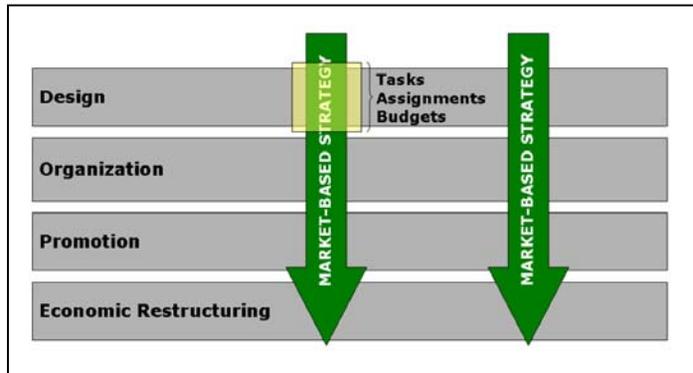
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<sup>19</sup> In in-depth surveys of downtown visitors in three communities conducted by the National Trust for Historic Preservation’s National Main Street Center for the US General Services Administration in 2001 and 2002, downtown workers reported spending an average of \$5,041 annually in the districts in which they work. This means, among other things, that it takes only 69 downtown workers to support a downtown retail business with annual gross sales of \$350,000.

- Businesses whose markets are not geographically defined: There are many office-using businesses that function, in essence, as small industries, from specialty publishers to golf course designers. We believe that downtown Ventura offers the sort of superior work environment – walkability, unique retail shops and restaurants, historic buildings, proximity to a major metropolitan area, an ocean-front location – that make it a highly attractive location for such location-neutral office-using businesses.

In the recommendations section, below, we have included ways in which new office development, or recruitment of office users, can integrate closely with recommended business development strategies.

## Recommendations



**Figure 2:** Schematic representation showing how each market-based strategy drives related projects and tasks in each of four areas of revitalization work.

Downtown revitalization would be easy if it were just a matter of identifying an unmet consumer demand and recruiting a business to fill it. In practice, revitalization requires a combination of design improvement, promotional, business development, and organizational activities that work together. This combination of activities should be tightly integrated around one or more “market-based strategies” – positioning concepts that capitalize on downtown’s strengths and opportunities.

All older and historic commercial districts have a number of equally viable retail development alternatives, from focusing on locally-serving neighborhood districts (drawing largely on district workers and residents) to becoming regional destination business districts or, by tapping into the market power of the internet, even national destinations. The best path is generally one that:

- builds on the district’s and the community’s existing strengths and strategic advantages;
- has both market demand and consumer desire; and
- reflects local values and desires.

Based on our analysis of downtown Ventura’s strengths and weaknesses; demographic and retail trends in the district, city, and region; and consumer shopping patterns and preferences, we believe downtown Ventura can support four simultaneous retail development scenarios:

1. California’s New Art City: Building on the market niche that downtown’s restaurants and performance and movie theaters have already created

2. Convenient goods and services for nearby workers and downtown residents: Strengthening the basic, convenience-oriented retail offerings for district workers and residents
3. California's Central Coast Antiques Mart: Stopping the loss of antiques and collectibles stores and rebuilding the cluster as an attraction for regional visitors
4. Surfing and outdoor recreation: Building on Ventura's associations with the beach and being the relatively unnoticed home of Patagonia outdoor outfitters

Each of these strategies appeals to specific market segments and several crossover segments. While these strategies do not encourage (or support) large-scale development of new retail space downtown, we believe they can coexist in Ventura's increasingly competitive regional retail environment (with new shopping center developments in Camarillo and Oxnard), while strengthening downtown's economy.

Any of these four scenarios could work independently. We believe, however, they will work better if pursued simultaneously than if any one were pursued individually.

## **RETAIL DEVELOPMENT STRATEGIES**

### **1. California's New Art City**

Ventura is already committed to becoming "California's New Art City," a strategy for which downtown is well-positioned and one which we fully support. A "Cultural Arts Village" is proposed for the Figueroa and Main Street area and the City has proposed a community-based development, "Working Artists Ventura" ("WAV"), where artists will have living, working, gallery, and performance space to serve as an arts and entertainment hub. We believe the Chestnut and Main Streets area can serve as a complementary, additional anchor for the arts in downtown Ventura – one which is enriched by historic buildings and an authentic urban setting. Several developments in support of this concept are currently coalescing:

- There have been several proposals to reprogram the historic 1921 Ventura Theatre;
- City Council gave preliminary design approval to a project that would include adaptively reusing the Packard Garage for a small 200-seat theater;
- The library may scale back its library space requirements within its old, unused downtown building and the City has considered reprogramming portions of the library into a new, arts-related public-space use;

For this strategy to succeed, it will be essential to give artists an equity stake in property in downtown Ventura, providing a hedge against displacement as property values and rental rates rise in the future. There are a number of ways this might happen. For example:

- Artists might partner with a developer who gives them an equity share of the project in exchange for their doing a share of the rehabilitation work ('sweat equity'), thus reducing construction costs;
- A group of interested artists and investors might create a nonprofit development corporation that raises equity from charitable sources, private contributions, program-related investments from foundations (paid back from future earnings and appreciation in value, thus functioning like a private-sector version of tax-increment financing), and other sources, thus reducing the equity share artists would need to buy space in the project;
- A project might use simple inclusionary zoning to ensure that a certain percentage of for-sale housing units are available at affordable rates for artists.

Supportable new businesses: Several additional arts-related retail categories are supported by this economic development strategy. These include:

- Galleries
- Framers
- Digital printing services
- Specialized arts-related software/computer graphic supplies

The arts strategy is *not* consistent with chain or franchise development. Rather, it supports unique retail, whether or not specifically arts-related.

Other "retail" businesses closely related to arts and entertainment are restaurants and cafés. However, with 58 restaurants already, we do not believe Ventura should encourage any additional restaurant or café development. This strategy has the potential to strengthen the existing restaurant cluster – one which appears to be nearing saturation based on

downtown's *current* customer base. Instead, we recommend integrating the arts into restaurants and cafés through:

- Restaurants and cafés that serve as galleries
- A café that shows movies (probably subtitled) on a wall or ceiling
- A restaurant with a Perry Mason theme

The restaurant dining category still has the capacity to capture additional local spending;

- For the City as a whole, there remains an estimated \$98 million in restaurant dining and another \$86 million in entertainment expenditures that are *not* captured downtown.
- Downtown workers add at least \$1 million to restaurant dining and almost \$300,000 to movies, theater, and admissions fees.
- By 2010, Venturans will be spending an additional \$4 million on restaurant dining. By pursuing an arts strategy, downtown should position itself to capture as much of that new spending as possible.
- By 2010, Venturans will also increase their spending on movies, theater, and other admissions fees by \$1 million, which downtown will be well-positioned to capture.

Arts-related offices: To bolster and support artists and arts-related retail businesses in downtown Ventura, we recommend that the district actively develop office-using businesses that serve artists - art brokers; "back-office" services to district artists and art-related businesses (like website management and order fulfillment services); attorneys, accountants, insurers and other professional service providers who specialize in arts-related issues; arts planning and management consultants; and special events planning consultants.

Geography of cluster: We strongly support the plan to develop this cluster in existing buildings (rather than new development), centered around the buildings and uses already in place near Chestnut and Main Streets.

Impact on downtown office: Downtown is already home to one significant talent management agency. As Ventura's "New Arts City" strategy takes root, downtown will be able to attract additional arts-related office uses.

Marketing support: This strategy presents several marketing opportunities for downtown – as well as the need for several business practices adjustments.



Figure 2: Baltimore's "Honfest"

- Signature event. Southern California, for its many attractions, has relatively few large-scale events with regional or national reputations. The best of these events grow out of local traditions, like Baltimore's "Honfest," a celebration of the Baltimore "hon" (a pronoun, used most often by waitresses) and her classic beehive hairdo. It regularly attracts about 20,000 people. Just as we were ready to advocate for a Perry Mason festival to celebrate Ventura's native son, Erle Stanley Gardner, we were thrilled to learn the City was beginning to organize the first annual "Mystery Festival." This event may be cancelled but is the type of event we recommend.

- If downtown Ventura is going to be a performing arts venue, its *retail* businesses should organize themselves around this strategy, as well. This means retail stores need to shift their hours later, particularly Thursdays through Saturdays. Even if arts patrons do not make purchases in the evenings, they need to be able to look into lighted, attractive windows and walk into open retail stores as they stroll from dinner to theater, or from theater to car.

- Performing artists in storefront windows. We're big fans of active storefronts. Performances could include actor-performances, or visual



Figure 3: Dance steps embedded in a Seattle sidewalk engage passersby.

artists working in their own media. Alternatively, Ventura could adapt a “power lunch” promotion once executed in Washington, DC, where two famous people would just sit in a storefront window eating lunch. The lunches attracted hundreds of onlookers.

Design support: Being “California’s New Art City” also affects downtown design. Storefront design should be more artsy and funky than in a more staid, conservative retail environment. Similarly, the sidewalk should be activated in multiple ways. Already, Well Polished, downtown’s new shoe store, is considering installing a sculptural chair outside its shop for shoe shines. We can also envision a variety of public art, particularly relating to Perry Mason: A detective’s silhouette, cast as shadows on the street at night; video projections of mysterious images or montages of street life; or clues from Perry Mason novels embedded in downtown sidewalks as brass markers.

Market segment	California’s New Arts City
Ventura residents (all)	■
Regional visitors	■
National/international visitors	■

**Table 34:** Likely retail market segments for strategy “California’s New Arts City.” (■ = primary focus; □ = secondary focus)

## **2. Convenient goods & services for nearby residents and workers**

This strategy derives directly from the results of the customer surveys, which indicate unparalleled loyalty among downtown workers and regular downtown-business patronage by residents who live in the neighborhoods in and around downtown.

The strategy is supported by the following market characteristics:

- Residents in and around downtown spend \$43 million on groceries *outside* downtown;
- Residents in and around downtown spend \$9 million on personal care *outside* downtown;
- Workers in downtown retail businesses add \$1.6 million to potential grocery spending downtown;
- Workers in downtown retail businesses add \$1.2 million to potential spending on restaurant dining downtown;

Supportable new businesses: This market-based strategy supports retail businesses that serve any or all of three customer groups – downtown workers, downtown office businesses, and nearby residents. For these customer groups, “uniqueness” and artiness are less important than the convenience of the products and services offered. Therefore, new business development for this strategy will likely include more chain and franchise businesses – but not necessarily of the high-end variety Ventura residents preferred in their survey comments.

We believe the following new businesses can be supported downtown by this market strategy:

- A “grocerette” – a small-format grocery store. The City has engaged Trader Joe’s in discussions of an additional, downtown Ventura location. Alternatively, we recommend Tesco’s, a British grocery chain quickly expanding in the U.S. Tesco plans to open 200 of their new store model, called “Fresh & Easy,” and it is beginning its U.S. expansion in Southern California over the next few years. Stores are 12,000 to 15,000 square feet, a cross between a supermarket and a convenience store.

Ironically, Tesco has encountered some of the same opposition that Wal-Mart has faced – but we see no reason why Ventura should not invite their business.

- Office supplies and printing services. Although Kinko's was born in Ventura, there is no Kinko's or other copy center in downtown. As we were completing this study, FedEx Kinko's, now a combined company, announced plans to build a mini-version of its printing and office supply stores, designed by the same company that created the store model for Starbucks. FedEx Kinko's plans to open 200 of the mini stores in the next twelve months – each about 1,800 square feet, or one-third the size of their standard format. It's a size well-suited for traditional storefronts. Unlike the franchised UPS Store (FedEx Kinko's industry rival), the new stores will be corporate-owned.
- Card and gift shop. Downtown workers would be well-served by an artsy card shop. Paper Source, a small national chain retailer of papers, cards, and "creativity" gifts and supplies fits well with this market strategy as well as "California's New Art City." Paper Source's motto is, "Do something creative every day." While Paper Source's nearest stores are in Beverly Hills and Pasadena, the company has stores located in far less upscale communities, such as Oak Park, Ill. (where it started) and Cambridge, Mass.

Impact on key vacancies: Several existing downtown vacancies lend themselves to new-business development in this category.

- 327 East Main Street for Tesco's. Information about store model requirements is not yet widely available. Depending on dedicated-parking needs, downtown has other potential location on Santa Clara Street.
- 586 East Main Street for a mini Fed Ex Kinko's

- 27 South Oak for Paper Source. If Bayberry Home & Garden closes (as was imminent, during our visit), this is the type of architecturally distinct storefront that Paper Source favors.

Marketing considerations: This strategy is supported by traditional advertising and loyalty programs, as well as innovative, regularly-scheduled events. Activities might include the following: Affinity cards. Boston Main Streets has established a “Shopping on Main Streets” card which is linked to a low-cost credit card services provider. The card (it looks like a traditional credit card) allows participating businesses to program their own discount or loyalty incentives. Rather than a universal (and not-very-motivating) small discount at participating merchants, stores can offer individualized incentives appropriate to the particular business. (See [www.interraproject.org](http://www.interraproject.org).)

- Lunchtime fashion shows in Mission Park, showcasing spring and fall merchandise from downtown apparel stores.
- Cooking demonstrations by local restaurants at the downtown farmers market.
- A downtown soap opera at Mission Park. This idea was invented by Kennedy Smith when she ran the Main Street program in Charlottesville, Va. Determined to increase the number of workers who ate lunch downtown, she produced a live downtown soap opera in which the stars were local figures – the fireman, the mayor, the store clerk – and office workers watched while eating take-out lunches from local restaurants. The hilarious screenplays were written daily by a local graduate student. People became so attached to the performances, that she had to record a daily plot update on a dedicated phone line for those who missed an installment. The event boosted restaurant sales that summer by 85%.

Market segment	Convenient goods & services
Downtown workers	■
Home-based-office workers	■
Downtown residents: young singles/couples	■
Downtown residents: elders	■
Other Ventura residents (live away from downtown)	□

**Table 35:** “Convenient goods and services for nearby residents and workers” strategy and its likely market segments.

### **3. California’s Central Coast Antiques Mart**

We believe it is extremely important Ventura retain the antiques cluster it has incubated over the past twenty years. The cluster has become a destination for window-shopping visitors and for Hollywood props professionals who come to Ventura hunting for the odd vintage chair, sign, or appliance.

Antiques clusters have a history and lifecycle repeated in downtown revitalization: like “volunteer seedlings,” they begin spontaneously when rents are cheap and then gradually grow to become a destination for visitors and bargain-hunters. They are often integral to a downtown’s rebirth – and then get priced out of an improved downtown economy that the stores helped foster. Additionally, a single antiques store is of little interest or draw for non-local customers, while a group of five or more stores that makes a destination.

Ventura’s antiques, collectibles, and thrift-store cluster, until recently, included as many as 20 retail stores and well over 150 vendors. That number has decreased considerably in the last six months and downtown is in danger of quickly losing its well-known regional attraction.

We encourage the City and its private partners to act quickly to reverse the trend of loss.

Because antiques and collectibles don't constitute a regular purchase category for residents in a particular geographic area (i.e., the antiques stores in Ventura do not depend on the buying power of Ventura residents), it is not useful to calculate a sales gap for them. The market demand for antiques is limitless: the more visitors Ventura attracts, the larger the buying power for antiques and collectibles. Further, the more these stores put themselves and their goods online through sites like eBay, they are able to expand their market globally, beyond even the regional, national, and international visitors Ventura's downtown may attract.

Regulatory considerations: How can downtown Ventura retain antiques when market forces have turned against this model of chaotic merchandising and hobby vendors? We recommend Ventura establish an *antiques overlay zone* for the downtown core, with property and sales-tax incentives for antiques and collectibles stores. (In Washington, DC, for example, two city councilors have introduced a bill that would give a 50 percent tax credit to property owners who lease property to independent businesses that have been in business for x-number of years in that location.) At the same time, effecting this strategy will require quick outreach to the remaining downtown antiques stores, and additional outreach to stores that have moved to other locations in the city.

Real estate considerations: The displacement problem faced by Ventura's antiques stores (in most cases) isn't really that rents are too high; it's that the businesses are earning too little. The displacement problem would be helped if more stores were able to buy property, rather than renting it, through a variety of incentives and private-sector training programs.

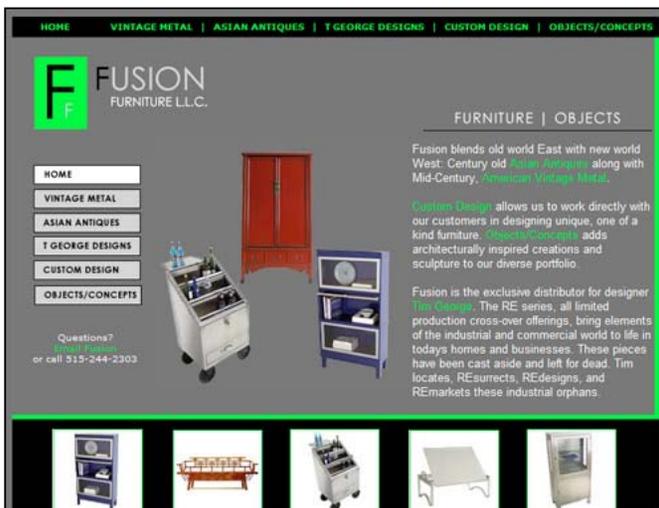


Figure 4: Examples of antiques sellers with an online presence.

There's no one single answer to retaining this cluster downtown: the answers are as individual as the businesses and the property owners. Some might want to reduce property taxes; some might want subsidy income; some might be willing to charge a low base rent and take a percentage of the business's gross sales. Retaining the antiques stores will require a broad range of marketing activities to help the stores boost their sales, and the city can play a role by providing incentives for property owners that are lucrative enough to make it worth their while to keep the existing businesses in place rather than rent to businesses that can pay higher rents.

Supportable new businesses: Support for additional antiques and collectibles stores depends on Ventura's ability to remain a destination for the customers of these businesses.

The revitalization program can assist in the rebuilding of this cluster by helping business owners write business plans, improve their marketing, and develop (or expand) their internet presence.

Location of cluster: While antiques clusters in other places are often tightly grouped on a block or two, these stores have traditionally dotted the length of East Main Street in Ventura. We see no reason to change this: the downtown is small enough that the positioning encourages antiques hunters to stroll the length of the street.

Impact on key vacancies: The antiques cluster in Ventura has lost about one-third of its businesses in the last several years. A new initiative to rebuild this cluster, with local tax incentives, could fill several key vacancies which have remained empty since their original antiques and collectibles tenants left. These include:

- 337 East Main Street
- 468 East Main Street
- 27 South Oak Street

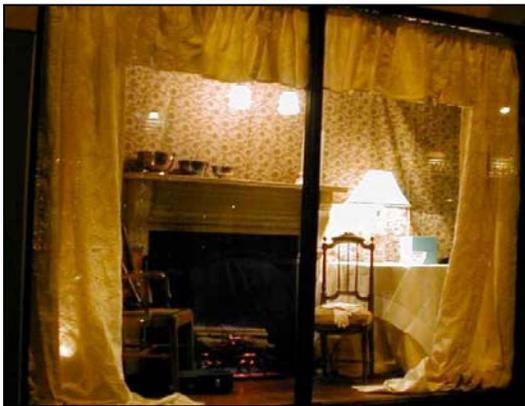
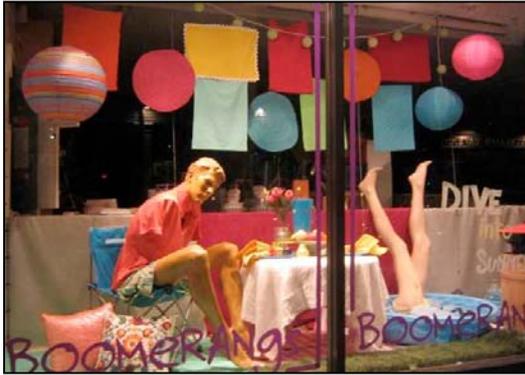


Figure 5: Window displays at Boomerang's in Boston, Mass.: Summer scene with mannequin diving in wading pool; parlor vignette with props that changed day-to-day; wedding dresses festooned for Mardi Gras.

Design improvements: Reflected in the surveys, and observed by us in our tours of downtown, was the low quality of merchandising and window displays among antiques and collectibles stores. By the nature of their business, these stores typically already have a vast selection of props for creating vibrant window displays. And fostering creativity in this area would fit nicely with the California's New Arts City strategy.

Boomerang's, a thrift store in Boston, Mass., consistently designs some of the most creative windows we've seen – all with goods on-hand. The store manager who started the initiative was "discovered" by Barney's New York and hired away. But the subsequent manager has followed the tradition with creativity and high standards. Ventura could emulate this approach with its antiques and collectibles stores by:

- Hiring a window dresser to provide creative display services to interested downtown antiques and collectibles stores, or
- Drawing on the local arts community to have window display "Trading Spaces"-like events, where creative teams work to redo store windows in a day.

Marketing considerations: The revitalization organization should create a variety of marketing and promotional products to support this cluster. These might include:

- A special business directory for antiques and collectibles – with a mention of restaurants for shoppers to rest along the way.
- A collective on-line presence for Ventura's antiques stores.
- A special event scavenger hunt for unusual items from various eras.

- A window-display game where customers have to identify the most bizarre objects, tools, or articles displayed in windows throughout downtown. Each article would have an identifying number and participants would get “game cards” which they could carry from store window to store window.
- Ads in select Los Angeles area publications, esp. those read by entertainment industry props professionals.

By creating a collective online presence, and placing ads in industrywide publications like “Movie Maker”, we believe Ventura’s antiques stores *could* become a primary source for film makers throughout North America (including the significant portion of the film industry now in Canada).

Market segment	Central Coast Antiques Mart
Regional visitors (leisure & Hollywood props hunters)	▪
National/international visitors	▪
Lower-income Ventura residents (thrift stores)	▪
Recreation/beach goers	□

**Table 36:** “California’s Central Coast Antiques Mart” strategy and its likely market segments.

If, for practical or political reasons it proves impossible to enact incentives for retaining antiques and collectibles stores downtown, the downtown management entity (the City; DVO) should move aggressively to shepherd the antiques stores, as a cluster, to new retail spaces in the Midtown district. It would be an enormous loss if the stores were to shutter permanently or turn into an antiques diaspora across the county.

#### 4. Surfing and outdoor adventures

Our traditional wisdom says, market-based strategies and business clusters should build on elements that already exist in the downtown business mix. This strategy grows out of Ventura serving as the home office for the international outdoors manufacturer and retailer, Patagonia (even though the existing retail aspects of this cluster are currently outside the core downtown) and the fact that the July 2006 issue of *Outside Magazine* named Ventura the second-best surf community in the U.S., second only to Haleiwa on Hawaii's famed North Shore. Why? Largely because Ventura retains an authentic beach culture. "It's a place where you feel there is some originality and it's not paved over with Wal-Marts," according to Stephanie Pearson, a senior editor at the magazine, quoted in the July 13, 2006, issue of the *Ventura County Star*.

In our view, Patagonia is much under-celebrated in Ventura. We believe the brand should be part of Ventura's identity – and Ventura part of Patagonia's identity. With this, we see an opportunity to create a secondary cluster of outdoors and surfing-related businesses.

Entirely coincidental to the writing of this report, Patagonia announced plans to expand its new experimental surf shop model. According to *Business Week* magazine (August 21, 2006), the company is looking to build its second surf store location in Ventura. Of course, we think it's essential this store be located downtown.

Supportable new businesses: This cluster depends largely on a visitor-driven market, supported also by local sports enthusiasts.

- Patagonia factory outlet store. Patagonia currently has two stores in Ventura: Great Pacific Ironworks, at the company's headquarters on Olive and Santa Clara; and Real Cheap Sports, its original outlet store, at Garden and Santa Clara. Ideally, these stores should move to the

downtown core where they become integral parts of the business mix. Factory outlet stores draw customers from hundreds of miles. Patagonia, with its loyal following, most certainly does the same.

- Complementary *independent* sporting goods and surfing stores that fill out the cluster and depend on Patagonia-generated customer traffic.
- Surfing museum. Huntington Beach is working to build a surfing museum ([www.surfingmuseum.org](http://www.surfingmuseum.org)). With Ventura’s local industry and history, there’s certainly opportunity for display of surfing memorabilia.

Location of cluster: Ideally, Patagonia would build a new factory outlet store closer to the heart of downtown, and new, independent outdoors retailers would cluster close by on the same blocks. The cluster requires a minimum of four businesses, placed relatively close together to build synergy and to enhance visibility. Alternatively, if the store remains in its current location, the City could work to stimulate development of new outdoors businesses in the vicinity of Santa Clara and Ventura Avenues and, through marketing programs and events, tie the businesses back to the core downtown.

Marketing considerations: Patagonia’s outlet store is the anchor of this strategy and it draws its own market. The strategy naturally lends itself to a new and outrageous downtown signature event. We envision an event that includes some “Outward Bound” elements, in the form of a triathlon, wall-climbing event that takes place in and around downtown – as well as a less-physically-demanding children’s component.

Market segment	Surfing & Outdoors
Regional visitors	▪
National/international visitors	▪
Downtown residents: young singles/couples, surfers	▪

**Table 37:** “Surfing and Outdoors Adventures” strategy and its likely market segments.

**Summary of market-based strategies:** We have found that downtown retail development is most successful when new retail sales are absorbed initially by existing businesses (sometimes by adding or changing a product line; sometimes by improving marketing and/or visual merchandising; sometimes by adjusting store hours; sometimes by repositioning the business); then, after existing businesses have become stronger, new businesses are launched. Each of these market-based strategies strengthens existing downtown businesses and can ultimately lead to new business development in underused spaces. The table below summarizes the four strategies we propose.

Market segment	California's New Arts City	Convenient goods & services	Central Coast's Antiques Mart	Surfing and recreation
Ventura residents (all)	■	□		
Ventura residents: young singles & couples	■	■		■
Ventura residents: elders	■	■		
Ventura residents: low income		■	□	
Regional visitors (leisure & Hollywood props)	■		■	■
National and international visitors	■		■	■
Downtown workers	■	■		
Home-based-office workers	□	□		

**Table 38:** Summary of four market-based strategies and their likely retail market segments (■ = primary focus; □ = secondary focus)

Inherent in the concept of “market-based strategies” are two complementary truths: Unlike the Ventura of 1928 described at the beginning of this report, downtown today cannot host a broad enough mix of businesses that it would meet all Venturan’s everyday and specialized needs. Downtown Ventura today must have a narrower focus. At the same time, there are any number of market-based strategies that could, conceivably, work. Ultimately, Ventura’s City, business, and resident leaders get to choose which strategies the downtown ought to pursue.

# Management and other issues

## **Speculative rent increases**

Several large vacancies downtown are the result not of “gentrification” – a more upscale business replaces an existing business – but of speculative rent increases. In some cases, downtown rents of previous tenants have nearly doubled, to \$2.75 per square foot per month, while the space sits vacant. It appears several property owners are trying to reset the market to a higher peg. The result has been particularly devastating to downtown antiques stores.

We have two practical suggestions to address this issue.

- Monitor marketplace. We recommend the DVO collect current rent rates and terms, in anonymous form, and provide the aggregate information to property owners and tenants. Making the information about the marketplace easily available will help control unchecked increases.
- Develop a model for property owners to create commercial condominiums downtown. We are told that property owners want to hold their buildings in this market, ever hopeful of increasing values. Commercial condos would allow them to pull greater value out of their investment now, and (in many cases) avoid incurring rehab costs.

## **Management**

While the City of Ventura initiated this study and the Downtown Ventura Organization followed the work closely, it was not within the scope of this work to assess the current downtown management structure or recommend refinements. City staff and the DVO are aware their next activities must include examination of downtown management systems.

Shopping malls are managed as unified entities, with single property owners who have direct control over tenancy, store hours, store

appearance, marketing events, parking, and most other operational aspects. Because of their multiple ownership patterns, broad mix of land uses, multiple markets, and public- and private-sector interests, downtowns must create management systems that work effectively to guide many of these operational aspects on a voluntary or lightly-regulatory basis. Several different marketing and management structures for downtown Ventura have been discussed (or attempted) in recent years – a Main Street program, a Business Improvement District, a City-based program, etc.

Any of these structures could, conceivably, work for Ventura IF the organizing entity adheres to these key principles:

- The management system must include a collaborative mix of downtown business owners, commercial property owners, city staff and/or elected officials, and residents – usually in approximately equal numbers. Downtown revitalization in virtually every city comes with a history of finger-pointing: businesses complain about city services or residents not shopping locally; city officials complain about poor business practices downtown; residents complain about store hours, merchandise variety, or parking. Finding common ground on which to build future plans requires all constituents sitting on the same board, at the same table.
- Regardless of funding and oversight structure, the organization should adhere to the principles of the Main Street Approach, as developed by the National Trust Main Street Center. Most importantly, this means working simultaneously on design improvements to the buildings and physical environment, promotion and marketing of downtown through events and public relations, economic development through business-strengthening and business recruitment, and organization through local partnerships and volunteer efforts. No single point of the Main Street Approach is more important than another, nor is there one that gets addressed before the other three. All – Design, Promotion, Economic

Restructuring, and Organization – must be advanced *simultaneously* through incremental projects.

- Funding of Main Street programs almost always comes primarily from local sources. They may include voluntary contributions from downtown businesses, property owners, and area residents, as well as funding from the city and, sometimes, a locally-headquartered corporation and/or a special assessment district. The strongest, most stable revitalization programs earn their funding from a broad combination of sources. In that way, no one funder “owns” the work agenda and the organization is able to withstand the loss of any single funding component.
- Both the City and its private-sector partners must pay particular attention to the lessening of barriers (regulatory, financial) to downtown development.

As it embarks on a new course of work, with this business development plan in hand, we recommend in the strongest way that DVO visit at least three top-notch, nearby Main Street programs and meet with their executive directors and board members. Our recommendations for visits include the following, where we have already made DVO introductions by telephone or email:

- Paso Robles
- North Park, San Diego
- Coronado
- San Luis Obispo

Of course, no single entity (the City, or a nonprofit like DVO) can do all the work a downtown revitalization program requires – from public infrastructure to preparing mulled cider for a Christmas parade. The work of revitalization – and the four Main Street points – is a shared responsibility. The “Main Street program” (whether DVO or an entity yet-

to-be-defined) should be the place where the comprehensive agenda gets agreed and planned. These are the revitalization strategies discussed in this report. The Main Street program assigns and coordinates responsibilities for individual tasks according to each collaborator's particular skills, resources, network, and knowledge, thus leveraging the district's and the community's human and organizational capital as fully as possible.

# Road map to implementation

In January 2007, we will present our findings and recommendations to city officials and downtown business leaders. We have two goals for this presentation:

- Consensus. We want to confirm that city and business leaders agree on the strategies and development directions we've recommended, and
- Task ownership. We want to lay out a practical series of steps so the strategies we've recommended can be implemented.

## **Four points**

We're strong advocates of the Main Street model, as created by the National Trust's Main Street Center and adopted by the DVO. This commonsense approach to downtown management stresses activities in four broad areas of work and these four areas of work must be pursued simultaneously. DVO has a strong promotion and marketing thrust, but we underscore the need for equal emphasis across the four Main Street points. Each of the strategies described above will translate into supporting projects and programs. These projects and programs should be reflected by Main Street "point" in DVO's work plan.

## **Who are the implementers?**

We think of downtown management as a matrix of implementers and responsibilities. The matrix should be "owned" by one entity which acts as the convener and coordinator. The coordinating organization is responsible for implementing large portions – but not all – of the work plan. Typically, the owner is the independent downtown management organization (e.g., DVO), because it embodies the partnership between the public and private participants.

Here's an illustration of such a matrix. An early step in organizing around the recommendations of this study is to determine the list of implementers and agree on their responsibilities

	<u>Design</u>				<u>Organization</u>				<u>Promotion</u>			<u>Economic Restructuring</u>				
	Facade improvement program	Public art projects	Storefront displays and events	Review downtown design guidelines	Hire an executive director	Establish business membership	Establish residential membership	Media communications	Erle Stanley Gardner Mystery Festival	ArtWalks	Holiday Street Fair	Antiques & collectibles advertising	Business & property database	Business recruitment	Downtown artist housing dev.	Establish antiques overlay zone
Downtown Ventura Organization	■	□	■	□	■	■	■	■	□	□		■	■	■	□	
Economic Development Division				■									□			■
Redevelopment Project Manager															■	
Cultural Affairs Division			□						■	■						
Ventura Visitors & Convention Bureau							□									
Ventura Chamber of Commerce											□					
Foundation for the Arts		□								□						
Etc.																

**Table 39:** Illustration of downtown management division of responsibilities. The organizations and activities are for illustration only; the actual scope of activities would be larger and responsibilities shared more broadly, according to each organization's expertise and capacity. Lead role = ■; supporting role = □.

### What happens first and who pays?

In downtown improvement work, chicken-and-egg conundrums frequently arise: What happens first? The first order of business is for DVO to determine how the organization will be funded and what kinds of specific projects and programs it will initiate under each of the market-based strategies. DVO should resolve these issues before hiring a Main Street director.

Most Main Street programs are funded by a blend of sources that includes:

- Downtown businesses (voluntary or through a BID)
- Downtown property owners
- Residents (downtown and citywide)
- City government
- Corporate partner

DVO, as the “owner” of the agenda, should determine the range and priority of projects and programs (and determine how these projects and programs connect to particular funding partners) in order to be able to make the right hiring decision.

### **Initial implementation tasks**

How much DVO and its partners take on depends largely on funding and human capacity. Much of the work will be carried out by members of DVO themselves and the subcommittees DVO will form. (The Main Street director will depend on this volunteer support.) Early projects under the four strategies should include at least several of the following:

#### California's New Art City

- Establish rotating art shows in downtown restaurants
- Establish plan for library gallery and arts education space
- Draft inclusionary zoning for new downtown housing
- Visit independent regional galleries, framers, and other arts-related retail businesses to identify recruitment prospects

#### Convenience goods and services

- Create an incentive coupon to encourage workers who patronize downtown restaurants to visit downtown retail stores
- Establish lunchtime fashion shows (or cooking demonstrations or soap opera) in Mission Park
- Establish contact with small-format grocery stores
- Research [www.interraproject.org](http://www.interraproject.org) as potential affinity card

#### California's Central Coast Antiques Mart

- Draft overlay zoning for retaining antiques businesses downtown
- Interview downtown antiques mart owners and antiques vendors to test incentive options

- Design an antiques and collectibles brochure, distributed through hotels, information center, and other tourist points of contact
- Assist antiques stores with merchandising and window displays
- Research advertising rates in film industry publications

#### Surfing and outdoor adventures

- Establish new surfing-related downtown event
- Market downtown watering holes to surfer crowd one night per month
- Integrate Patagonia into the downtown business mix – beginning with a downtown window display of this local industry
- Establish contact with Patagonia to identify local site for their new model surf shop

These initial projects can be established under DVO committees in advance of hiring a Main Street director. It's up to DVO to establish the actual content of the work plan, but in doing so it's important to recognize that those involved in leading DVO and establishing its priorities will also be the ones who carry forward the work.

## Sources of information

Our primary sources of information for our research were the 1990 and 2000 *Census of Population*; 1992, 1997 and 2002 Economic Census (including the *Census of Retail Trade*; *Census of Accommodation and Food Services*; *Census of Arts, Entertainment and Recreation*; *Census of Information*; *Census of Health Care and Social Assistance*; and *Census of Other Services*); ESRI, the 2004 and 2005 *Consumer Expenditure Survey*; data compiled for us by the City of Ventura's Economic Development & Revitalization Division; *The Dollars and Cents of Shopping Centers*; the Ventura Council of Governments, the California State Board of Equalization, California Department of Finance, California Statistical Abstract, and various articles, books, and reports, including City of Ventura's "Downtown Specific Plan" (produced in draft form during the course of this study).

# Disclaimer

Retail market analyses, their components (such as retail sales gap analyses) and derivative business development plans provide important guidance on how the area's commercial centers should, theoretically, be able to perform and on the sales and rent levels businesses should be able to achieve. However, a number of factors affect the actual performance of retail businesses and commercial centers, including the skills of the business operator, level of business capitalization, quality of the physical environment, changes in overall economic conditions, district marketing programs, and numerous other factors. The information and recommendations in this sales gap analysis report are intended to provide a foundation of information for making retail development decisions in downtown Ventura, but they do not and cannot ensure retail success.

We have made all reasonable efforts to research the basis for all findings and conclusions as thoroughly as possible. We have noted several specific data limitations on pages 13-14 of this report.

This report's findings, conclusions, and recommendations are solely those of the consultant and should not be assumed to represent the opinions of the City of Ventura or any other party.

## **Addendum: Downtown Ventura “Playbook”**

On February 28, 2007, CLUE Group led a work planning session attended by Downtown Ventura Organization board members and City economic development officials. At this session, the assembled group began drafting a work plan – or “playbook” – of major actions needed in the implementation of the four strategies proposed in this report.

CLUE Group structured the session around the four focus areas of the Main Street Approach™: the four Main Street “points” were applied to each of the four Ventura strategies.

The DVO and the City agreed to follow up this initial session with a longer meeting where it would complete the actions, tasks, assignments and budgets in the draft tables attached, below.

### **Market-based strategies**

- 1 California's new arts city
- 2 Convenience center
- 3 Central Coast antiques mart
- 4 Surfing and outdoor recreation