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# Northside Retail Market Study



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# Introduction and Executive Summary

## Introduction

In Spring 2014, Avenue Community Development Corporation contracted with CDS Market Research to perform a study of the retail market in the area known as Northside, generally the area north of Downtown Houston and inside Loop 610 between Interstate 45 and US 59. CDS has sought to:

- Describe the existing retail market quantitatively and qualitatively
- Understand the demographic and economic profile of the Northside to assess what amount of retail its population can support, now and in a projected future scenario
- Identify key needs, if any, for additional retail investment by category of store or business type
- Work with Avenue CDC to develop a strategy for achieving reasonable retail use objectives

CDS conducted its research through the following approaches:

- Gathering data from secondary sources to build a demographic and economic profile of the area regarding population, employment, income levels, etc.
- Investigating the area's existing retail landscape through "windshield" research and contacting commercial brokers, property owners, and business owners and managers
- Interviewing representative consumers about their opinions of existing retail offerings and their typical shopping and spending habits

CDS combined the findings of this research with a quantitative analysis of retail activity to develop its conclusions regarding the potential at present and in the future for additional retail investment.

## Executive Summary

### Competitive Market Area (CMA)

The Northside Competitive Market Area (CMA) consists of two parts, North and South. Each part has a "Core Area" which comprises the most important customer base for retail activity and from which Northside retail businesses will obtain the highest capture rates. The division between the two occurs essentially at Hays Street. The South Core Area also includes the eastern portion of the 1<sup>st</sup> Ward along Hogan / Crockett Street just west of Interstate 45. Each area is flanked by "Supplemental Areas" from which it is reasonable they could draw additional spending, though at a lower capture rate than from within the Core Areas.

### Demographic and Economic Trends

1. The North Core Area currently has a population estimated around 13,000; the South Core Area, approximately 16,000. In terms of households, the North Core Area has approximately 4,300, the South Core Area 5,100.
2. Moderate growth in population and households (around 7% in the North Core Area, 2%-3% in the South Core Area) within the Core Areas is expected through 2019. The rate of household growth will be somewhat higher than population growth, as existing larger or family households are

replaced with smaller one or two-person households. However, growth rates could be significantly larger if residential development and redevelopment occurs that is at much denser levels than the existing low-density environment.

3. The CMAs represent an area of concentrated Hispanic population at present. This population is typified by limited education levels and lower incomes compared to the population of the wider region; much of its residents could fairly be called “working class.” However, nearby areas, most notably the South Supplemental Area, feature a population that is more likely to have attended college, earns higher annual income, and is much less likely to be Hispanic than the Core Area population and households. CDS believes that the South Supplemental Area is more representative of what the profile of the North and South Core Areas will be in the future, given existing trends of gentrification affecting adjacent areas of the urban core.
4. Employment is estimated most recently at between 5,000 and 6,000 jobs within the North Core plus Supplemental Area and over 17,000 in the South Core plus Supplemental Area. These roughly represent a daytime population which can also contribute spending at retail businesses. The jobs in the area generally have moderate pay scales.

### Existing Northside Retail Market

1. CDS identified over 200 commercial sites housing retail and personal service businesses within the two Core Areas.
2. A large share of businesses are located on owner-occupied sites and/or in space that is older and does not compare to standard newer-built multitenant retail space. There are a number of vacant commercial spaces in older buildings which would likely not be considered “move-in ready.”
3. Overall, despite some older vacant spaces, the retail market is considered healthy in the Core Areas. Lease rates are rising, though low compared to elsewhere on the west side of the urban core of the city. Occupancies are trending higher, and absorption has been positive, since Houston’s recession years of 2009-2010.
4. The Northside’s retail sales profile (as measured by roughly corresponding ZIP Code 77009) is dominated by General Merchandise stores (mostly dollar stores), Food and Beverage stores (grocery stores, liquor, and convenience stores), and Eating and Drinking Places (restaurants and bars). The area is very weak in terms of retail sales for “soft” or “comparison” goods such as Clothing and Accessories.
5. CDS’s quantitative demand analysis produced the following results:
  - In the North and South Cores, the total current leakage – spending by residents estimated to occur outside the area – is \$11,247 per Household, and with the assumptions that the expenditure levels ramp up from gentrification in the future, the leakage jumps to \$13,456 per Household, assuming that the current retail supply does not change.
  - This leads to an estimate of only 53,000 square feet of new supportable retail in the North Core currently, and even with higher expenditure and household quantity assumptions, that number still only demands about 67,000 square feet. In the South Core, the supportable square footage is 61,000 currently with a jump to 73,000 with increased spending and households. A significant share of this amount, however, consists of Motor Vehicle and Parts Dealers, and new large-scale automobile dealerships are not likely in the area.
  - The analysis also showed need for General Merchandise stores. The supportable square footage is feasible (16,000 square feet in the North Core, 18,000 square feet in the South Core)



for another discount store (dollar store) if centrally located within the overall Northside, where it could draw from both the North and South CMAs.

- Clothing and Clothing Accessories show opportunities with between 8,000 – 10,000 square feet of supportable retail in both the North and the South Cores. Health and Personal Care Stores also show to include opportunities with 5,000 – 6,000 square feet of supportable retail in both the North and the South Cores.
- CDS also examined the impact of improving capture rates with regard to leaked spending in both the Core and Supplemental areas. (The results of this analysis are not displayed in table form within the report.) Increasing the capture rates to 30% and 15% respectively for most store types increased total supportable square footage by 46% to 48% (both current and future) - a substantial impact.
- Nevertheless, Food and Beverage Stores had almost nonexistent needs with less than 2,000 supportable additional square footage under even the more ambitious capture rates. This is likely due to the current presence of the two Fiesta supermarkets, the Canino Farmers' Market (located within the North Supplemental Area and 77009), and several smaller Hispanic-oriented meat markets. New entrants in this category would likely be taking market share away from the existing establishments.
- Lastly, it should be noted that not necessarily all capture of leaked spending necessarily means additional space occupancy for retail activities. Often it will simply mean increased spending at existing establishments, which can be accomplished by improving the goods and services profile, customer service and experience, parking, or neighborhood quality of life factors.

## Conclusions – Northside Retail Potential

### *General Points*

1. Although many of those interviewed indicated the need for more grocery options, CDS did not find that sufficient support exists for another full-sized grocery store, currently or in the future. Gentrification may instead lead to a push for a change in the product lines sold at and the aesthetic trappings of the existing stores to reflect changing resident consumer tastes.
2. Opportunity appears to exist at present for a few (no more than two or three) additional small-to-mid-sized clothing stores targeting working-class households. Examples of such stores would be Melrose and Citi Trends. As the area gentrifies, demand for clothing stores will remain, but the types of products sought will likely change.
3. The Northside is seemingly underserved for General Merchandise stores. The current supply consists of dollar stores (Family Dollar, Dollar General). More stores in this vein could be supportable. However, demand from within the area is not strong enough to justify a full-sized General Merchandise store such as Target or Walmart, both of which have locations close to the Northside. One possibility for a somewhat larger scale store would be Fallas Paredes, though as gentrification occurs its target customer base will shrink.
4. Spending within Northside at restaurants and drinking places is strong thanks to Tex-Mex and Mexican restaurants which attract spending from those who reside outside the area. While in terms of total spending versus potential spending there appears to be a net inflow to the Northside, the general lack of restaurant variety was noted by CDS and by interviewees. It is likely that a few

establishments of different cuisine – Asian or Chinese was a particularly common desire – would be supportable in the area, provided that they target a middle-class price level. Restaurant demand, especially for breakfast and lunch, is boosted by the area’s working class daytime population, which helps make such ventures more sustainable than if having to rely on evening business alone.

5. A coffee shop appears to be supportable – possibly two establishments. The area is unlikely to meet the criteria for a Starbucks or other national chain, but a local business such as the various coffee houses in the Heights should be encouraged.
6. An important overall finding is that the population within the Northside is simply too low to warrant significant additional retail occupancy if conservative capture rates are assumed for spending currently leaving the area. Furthermore, population and household projections indicate relatively modest growth (by Houston standards) going forward, so the retail demand situation is not likely to have significant growth either – though the goods and services demanded will evolve as higher-income households move in. Ways to counteract this issue over time would be to:
  - Attract greater population density than what is currently contemplated by demographic projections
  - Address some quality of life issues which drives some potential spending away (safety and security concerns, limited parking, limited automobile access along the Red Line, lack of awareness by newcomers of the area’s offerings, etc.)
  - Change the quality of goods offered and the shopping environment within and around stores to appeal to consumers who can afford a choice of shopping locations
7. Given the gentrification and upscaling of retail businesses occurring immediately to the west and south of the Northside, it is possible that individual entrepreneurs could choose to locate a new business – most likely a restaurant or entertainment venue – within the Northside with the intention of making it a “destination” business drawing customers from outside the area. Addressing the issues raised in the previous point would increase the likelihood of this occurring.
8. There is only a small amount of modern space, especially multitenant retail centers, that houses the Northside’s existing retail businesses. Many businesses are in owner-occupied properties or older, lower-quality buildings that are not comparable with new construction. Some older properties with vacant ground floor space, especially in the South CMA, could be attractive for occupancy by new businesses targeting residents of the higher end of the income spectrum in the neighborhood. However, the cost to renovate these buildings is likely substantial, income-producing uses would need to be found for upper floors (for structures of more than one story), and the neighborhood is still a high risk for such investments. The “destination” businesses described in the previous point would be appropriate candidates for catalyzing investment in older structures.
9. The new light rail line has generated mixed reactions. There appears to be a significant segment of the Northside community which now avoids the corridor due to perceived and real access impediments, most notably the lack of left turns. This, combined with the disappearance of the construction crews and their daytime business, has left some establishments suffering a slowdown. Still, there is also hope in the community that the visibility and awareness created by rail service will eventually translate into increased commercial activity on North Main and Fulton.
10. The community feel, relatable staff, independent ownership and small physical scale make Northside retail, limited though it is, uniquely appealing for existing customers.

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*North CMA*

1. The North CMA is fortunate to contain most of the Northside's "destination" Tex-Mex and Mexican restaurants, which bring outside traffic to the area. Other anchors include CVS and Stokes Hardware.
2. However, the North CMA has a lower population density compared to the South, and this contributes strongly to the lack of support for much additional retail occupancy, even if household incomes improve significantly. The Lindale Park area, which likely has the highest household income profile of any part of the Northside, will remain low density due to deed restrictions.
3. Irvington from Fulton to Cavalcade will remain the premier location for any additional retail investment in the near term. This is because of ease of car access, parcel sizes which allow for parking, and the existing retail such as restaurants and Stokes.
4. Along the Red Line, the Cavalcade station area and the Irvington intersection are the most promising locations for retail activity at present. Establishments may prefer to orient themselves to the cross-streets rather than Fulton itself, due to access issues. Some parcels have been shrunk by right of way acquisition for the rail line, reducing the amount development and required parking that is feasible. One note: businesses serving alcohol would be impacted by buffering rules around Jefferson Elementary School near Cavalcade Station.

*South CMA*

1. The South CMA has a higher total population than the North, with slightly higher projected growth as well. The South Core Area is also highly accessible to areas where gentrification is well-advanced, such as the 1<sup>st</sup> Ward, Woodland Heights and Downtown.
2. The intersections of Quitman at Fulton, already a principal retail node, and Quitman Station on the Red Line (at North Main) are the key areas for retail activity. The area near Fulton / North Central station, currently a jumble of strip centers, is less promising at the present time but does benefit from having some established businesses at present.
3. North Main from Hogan to Boundary has significant opportunities, including vacant and underutilized sites, older buildings that could be suitable for unique rehabs and repurposing, exposure for light rail passengers, and intersections with streets leading directly to higher-income areas (Hogan and Quitman).
4. However, it also has significant challenges: access in most blocks impeded by light rail, questionable condition of several structures, and security concerns caused by a large presence of loiterers and the indigent. The target demographic for retail uses – moderate-income residents -in the near term may render full rehabilitation of the older buildings financially infeasible.
5. This stretch of North Main would lend itself to a risk-taking, pioneering investor who was interested in opening a coffee shop or coffeehouse, the support for which CDS has documented earlier in the report.
6. Hogan east of North Main is perceived very negatively due to the perception of undesirable activities at bars and other venues along the street.
7. The Quitman Station area is also heavily impacted by the school buffer regulations of the City of Houston. Bar and entertainment uses would be best served by locating along portions of North Main away from the buffer. One such area could be near Burnett Station, which is largely unsuitable

for other retail uses because of access, visibility, and a location on the edge of the mass of population, at least until Hardy Yards develops.

8. Better management of vagrants and loiterers could help bring this stretch of North Main to another level of local resident acceptability.

### Community Retail Development Strategy

Based on the results of the research and analysis, and its own sense of the Northside community, CDS has developed a set of strategic recommendations to foster retail growth in the area. The key recommendations include:

1. **Improve existing establishments, especially grocery stores** – Work with Northside businesses, most notably Fiesta, to improve both the merchandising and the physical environment of their establishments, possibly using community surveys to support the community's position.
2. **Attract greater dining diversity** – Work with commercial brokers to identify independent entrepreneurs and families to locate non-Tex-Mex or Mexican restaurants within Northside; Asian food is a particularly ripe category for development.
3. **Improve the commercial environment** – Make changes to the overall public environment to increase capture of spending from Northside residents, focusing on:
  - *Safety* – Using lighting and other measures to enhance feelings of personal security and lessen dangers of motor vehicle conflicts;
  - *Parking* – Develop common management of parking supply within defined areas to unlock the potential of smaller sites and lessen the burden on small businesses;
  - *Streetscape and Placemaking* – Use public infrastructure and spaces to enhance identity, draw casual visitors, and create nodes of activity; the Irvington / Collingsworth / Fulton area is a recommended starting point.
4. **Initiate a Community-Based Marketing Effort** – conduct outreach and events to better familiarize both existing and new Northside residents about the offerings of local businesses.

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## Competitive Market Area (CMA)

For the purposes of this study, CDS has defined the Competitive Market Area (CMA) as follows. There are two “Core” areas, both north and south, along with two “Supplemental” areas, north and south. The two core areas constitute the area for which the retail analysis will be performed. For purposes of our analysis CDS researched demographics of the North Core, North Supplemental, South Core, and South Supplemental and compared them to Harris County. The “Supplemental” areas were selected to illustrate what is taking place on the fringe of the “Core” in adjacent comparable communities to better understand what trends soon may affect the Core area.

The **North Core** is comprised of Census Tracts 2105, 2106, and 2107 – its northern boundary is N 610. The eastern border runs along the rail line down to Cavalcade, and then continues down Maury St below Cavalcade. The southern border runs along Hays St to Fulton, then along Little Whiteoak Bayou west of Fulton, then along Trimble St to I-45. The western border is I-45. The **North Supplemental** contains two Census Tracts, 2202 and 5116. The first North Supplemental borders the rail line on the north, Hardy Toll Road on the east, N 610 on the south and I-45 on the west. The second North Supplemental borders N 610 on the north, I-45 on the east, then extends northwest along N Main St for its southern border and then Airline Dr on the west.

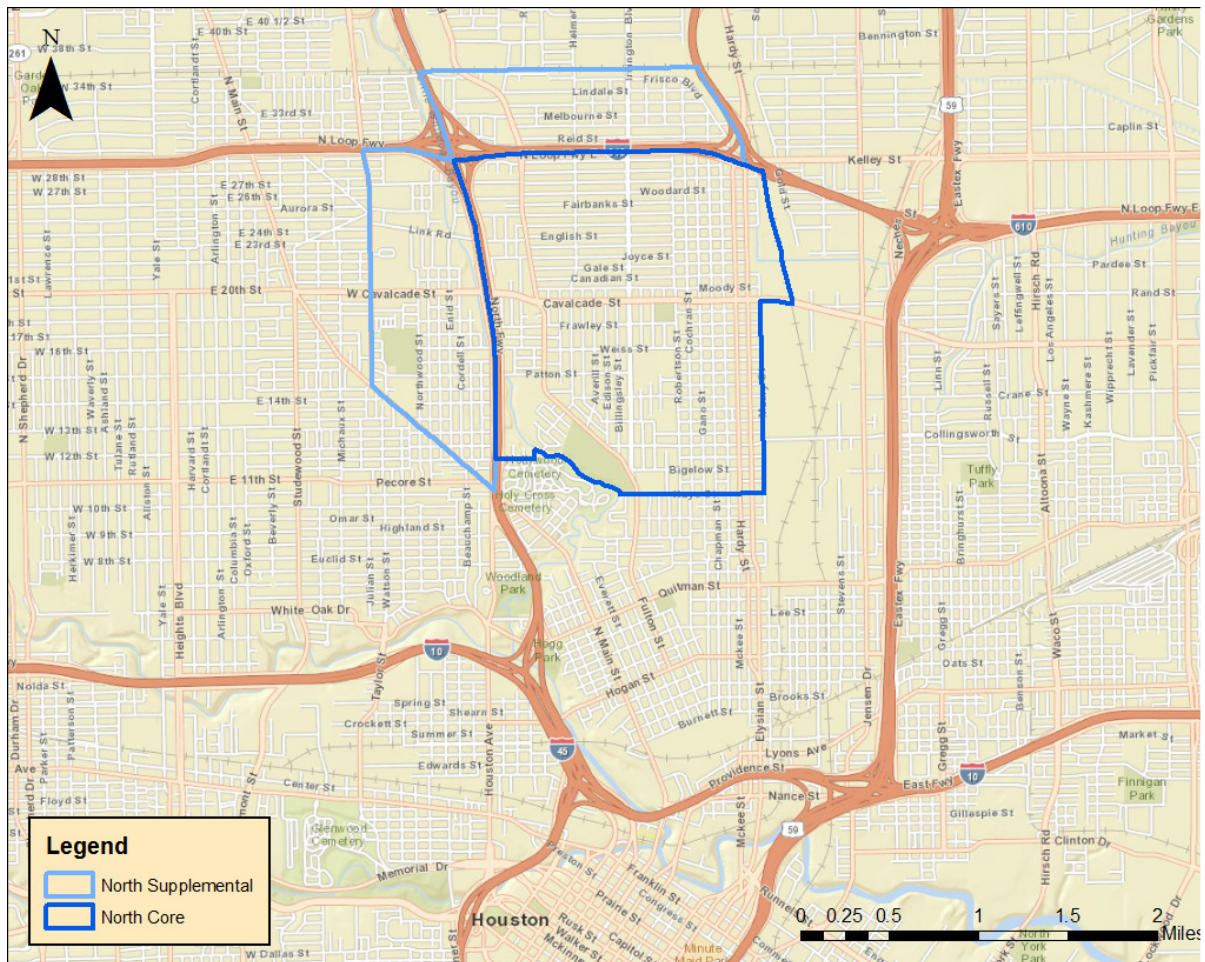
The **South Core** is comprised of Census Tracts 2104, 2108, 2123, 5101 – Its northern boundary is N 610. Its eastern border is US 59. The southern border runs west from US 59 along I-10, then along I-45 south of I-10. The western border comes up Sabine St, juts east along I-10 to Trimble St and the Little Whiteoak Bayou. The **South Supplemental** contains Census Tracts 2105, 5103, and 2101. The first has a north border of Weiss St, an eastern border of Maury St. The southern border runs along Hays St to Fulton, then along Little Whiteoak Bayou west of Fulton, then along Trimble St to I-45, and the western border is I-45. The second South Supplemental has I-10 as its northern border, reverses west along US 59, then Buffalo Bayou as a southern border. Its western border is Little Whiteoak Bayou. The last of the South Supplemental tracts borders E 11<sup>th</sup> St as its northern border, I-45 as its eastern border, I-10 as its southern border, and Studewood St as its western border. Census Tract 2105 appears in the North Core as well as the South Supplemental.

Please refer to maps of the North Core with its corresponding North Supplemental, and the South Core and South Supplemental of the following pages.

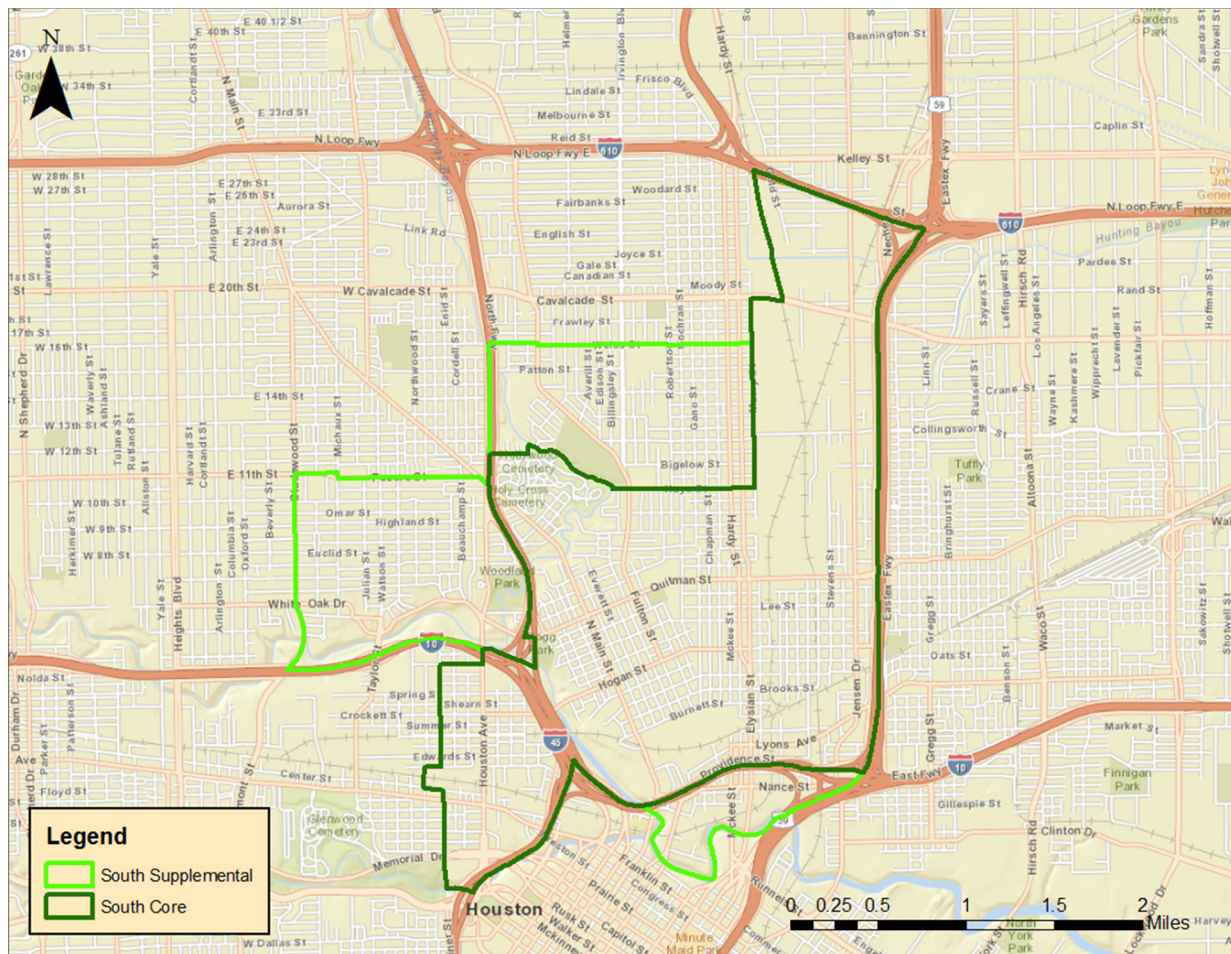
### Conclusions – Northside Retail Potential



## North Core and North Supplemental CMA



## South Core and South Supplemental CMA





## Overview of Commercial Corridors

### N. Main

North end – From I-45 to Boundary, the corridor includes small service-oriented businesses, single-family, with a few restaurants.

South end – Below Boundary, Underutilized and vacant retail and/or office buildings exist along the rail. There is a strip center at the SEC of N. Main and Hogan with neighborhood serving retail (El Guero Plaza).

Most of the N. Main corridor includes small parcels, which are difficult and limiting to develop for retail uses. Assembling parcels would need to occur for any retail that is not small boutique, or a small bar / restaurant.

Large Salvation Army facility can be a deterrent to retail as it draws homeless pedestrians.

Existing older retail building stock is interesting and has repurposing possibilities.

The planned Fitzgerald's live music venue could be a catalyst for new commercial development.

The rail line poses a challenge for automobile access, but is good for retail visibility. The rail overpass south of Hogan limits visibility from an automobile or train perspective.

There is no on-street parking and limited parking at any existing retail, and limited opportunities to provide large parking options.



### Irvington

Between Fulton and Cavalcade, it is a major corridor for neighborhood-level retail and decidedly residential between Cavalcade and 610 with occasional retail or office parcels.

Irvington has more medium-sized parcels, bringing more opportunities and possibilities for different types of retail that could include more parking options.

Irvington has more potential for being a more walkable retail restaurant corridor due to its quality and location (off the road) of its sidewalks. Further enhancing walkability is the grass and tree-covered median which could become an attractive esplanade.



Challenges include a serious stray dog problem.

There are limited retail opportunities along the northern part of Irvington due to an overwhelming majority of the corridor being residential.



## Fulton

Fulton is the most significant retail corridor in the CMA.

The northern stretch from the North Loop to Cavalcade is very mixed, including small neighborhood retail, some single-family and light industrial. It includes numerous abandoned / boarded up structures.

Challenges include sidewalks not being set back from the road. Rail poses a challenge for car access (similar to N. Main), but is good for business visibility.

Parking is extremely limited to all businesses, especially the smaller retail parcels.

Neighborhood retail oriented to a working-class population has a significant presence existing along Fulton and looks relatively healthy (Dollar General, Family Dollar, two Fiestas, AutoZone). It also has one of the newest commercial clusters at the SWC of Patton and Fulton – the Plaza Santa Maria (Subway, Pizza Patron, Boost Mobile). There is a relatively new strip center at the SWC of Fulton and Boundary with a mix of national tenants and neighborhood retail, while the NWC of Fulton and Boundary has notable national tenants (McDonalds, AutoZone, Little Caesars, Wells Fargo).



## Quitman

West of N. Main, it is single-family residences. East of N. Main, Quitman mainly includes three schools and small neighborhood retail, with the only exception being at the two main intersections of N. Main and Fulton where there are larger retail clusters (Walgreens, Fiesta).

Except for the N. Main and Fulton intersections with Quitman, parcels are very small and occupied with single-family houses.

With three schools and a library along Quitman, new retail in this corridor would need to be child or school-friendly. School zones could also be a deterrent as retail-seeking traffic could seek to avoid the delays.



## Cavalcade

Cavalcade is mostly residential except for the intersections at Fulton (neighborhood serving strip center, Dairy Land) and Irvington (Burger King, CVS, Churches Chicken). A few residential lots have been converted to neighborhood retail. There is a Family Dollar store amidst the residential.

Like Irvington, walkability can be enhanced by the grass and tree-covered median which could become an attractive esplanade. Although Cavalcade is not nearly as retail focused as the lower half of Irvington, the esplanade could enhance the appeal of the whole neighborhood enhancing all land uses.

A number of stray dogs in the area pose safety problems.

There are some retail redevelopment opportunities between Fulton and I-45 that are occupied by warehouses and other light industrial.



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## Recent Changes and New Development

- Hardy Yards, near Burnett and N Main is a planned multi-family project that projects to include 1,900 units, approximately 1,700 rental units and 200 for-sale units. These are planned to begin construction in late 2015
- Avenue Station, at the NEC of N Main and James, will be a small apartment complex. 68 family units are planned and the mix is still a work in progress. They are supposed to start in September 2014.
- Avenue Place, near the NEC of Irvington and Weiss, once built out, will have 95 single-family homes and 192 renter-occupied units. Currently there are 34 houses built.
- University of Houston – Downtown is building a three story parking garage (approximately 240 spaces), and the top of the garage will have a Welcome Center and offices. This should wrap up in August 2015.
- University of Houston – Downtown is potentially constructing a Science and Technology Center. If proper funding is received, the facility will be over 149,000 sq ft.
- There is a group developing a new destination music venue to expand and replace the existing Fitzgerald's operation. The new venue will house separate 1,200 and 300 capacity indoor venue rooms, as well as an Icehouse bar and kitchen, and an outdoor venue with a 2,000-4,000 capacity. The venue will be located on N. Main, just north of Boundary along the White Oak Creek

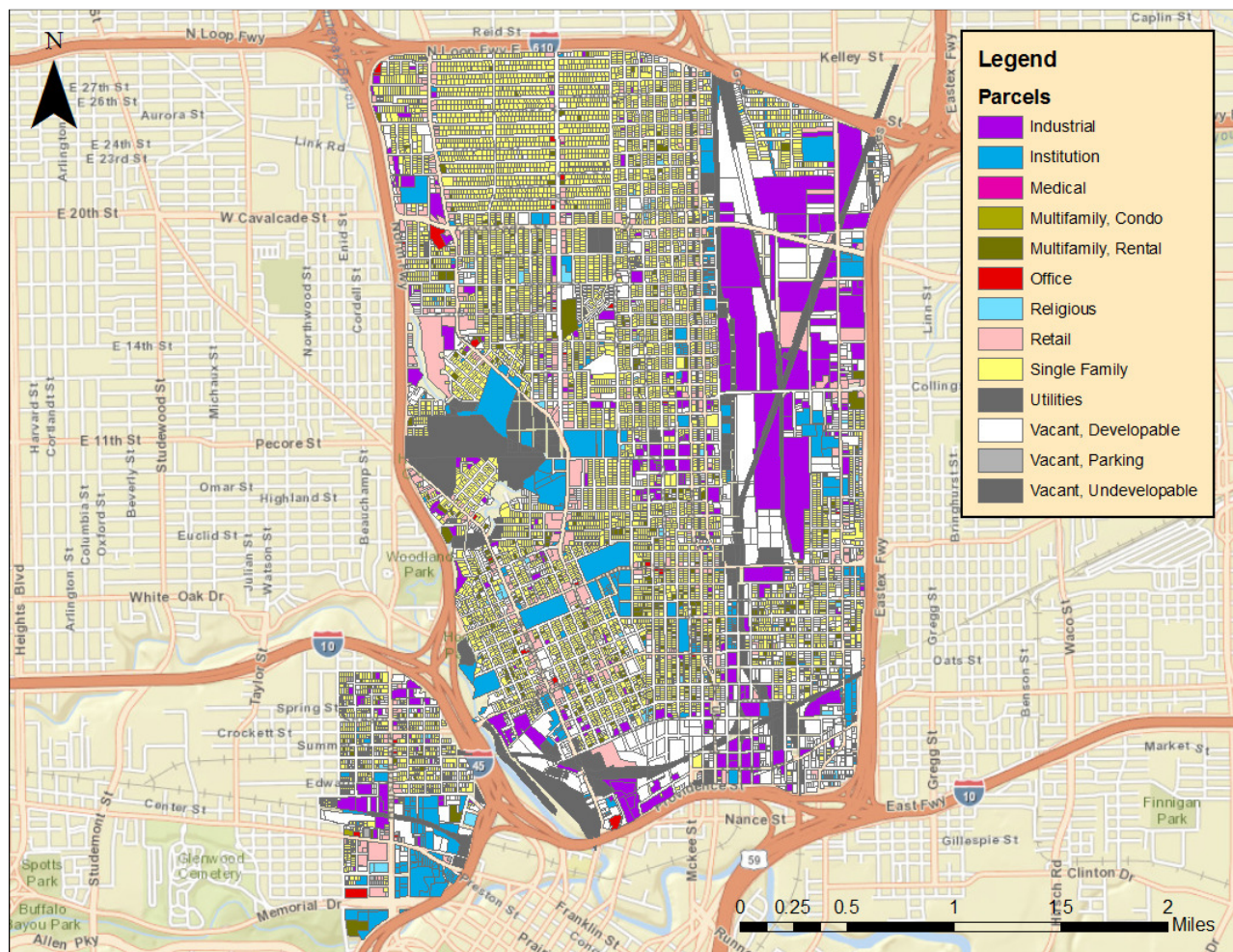


## Northside – Land Uses

The CMA comprises myriad uses, ranging from residential (single-family homes, townhomes, multifamily), as well as commercial (retail, industrial, office). As shown on the following map, the most common use in the CMA is single family residential (shown in light yellow) and there is a notable amount of commercial as well. Most commercial tends to be industrial (purple) and retail (pink). The North Core is more diverse in land uses. In the South Core, there are large parcels of land primarily used for industrial purposes.

Please refer to the following map to see the mix of land uses in all North and South Core areas within the CMA.

## CMA Land Uses



Source: Harris County Appraisal District, CDS

## North Core

### Parcels:

- Single Family uses represent 74% of all parcels
- Vacant Developable is 13.5%
- Retail parcels account for just over 4%

### Building Square Footage:

- Industrial accounts for 10.5%
- Retail represents around 8.3%
- Multifamily represents over 7.5%

### Acreage:

- Single-family accounts for around 58% of the acreage
- Industrial accounts for 4.2%
- Vacant Developable is 14%
- Retail represents just under 7%

## South Core

### Parcels:

- Single Family uses represent 53% of all parcels
- Vacant Developable is over 24%
- Retail accounts for 4%

### Building Square Footage:

- Industrial accounts for 38.8%
- Retail represents 7.3%
- Multifamily is over 9%

### Acreage:

- Single-family accounts for about 22% of the acreage
- Industrial accounts for over 19%
- Vacant Developable is over 24%
- Retail represents just over 5%

## Land Use – Study Area

North Core	Parcels	Structures	Bldg. SF	Acreage
Industrial	78	177	784,308	39.1
Institution	67	137	419,694	59.9
Multifamily, Rental	121	321	563,504	26.3
Office	10	24	97,456	5.0
Religious	31	60	92,334	6.7
Retail	194	391	620,933	62.4
Single Family	3,618	7,641	4,956,336	545.1
Utilities	32	35	6,790	16.4
Vacant, Developable	688	771	9,470	165.0
Vacant, Undevelopable	37	34	0	8.4

South Core	Parcels	Structures	Bldg. SF	Acreage
Industrial	231	545	5,286,105	349.7
Institution	141	237	487,889	99.6
Multifamily, Condo	24	48	37,141	12.6
Multifamily, Rental	316	805	1,288,292	53.3
Office	16	30	165,897	4.1
Religious	55	108	155,391	12.8
Retail	260	511	1,052,752	98.7
Single Family	3,425	7,022	5,105,978	404.8
Utilities	137	149	120,055	144.0
Vacant, Developable	1,716	1,990	7,112	524.9
Vacant, Parking	22	24	0	3.0
Vacant, Undevelopable	97	84	0	131.7

Combined	Parcels	Structures	Bldg. SF	Acreage
Industrial	309	722	6,070,413	388.8
Institution	208	374	907,583	159.5
Multifamily, Condo	24	48	37,141	12.6
Multifamily, Rental	437	1,126	1,851,796	79.6
Office	26	54	263,353	9.0
Religious	86	168	247,725	19.6
Retail	454	902	1,673,685	161.1
Single Family	7,043	14,663	10,062,314	949.9
Utilities	169	184	126,845	160.4
Vacant, Developable	2,404	2,761	16,582	689.9
Vacant, Parking	22	24	0	3.0
Vacant, Undevelopable	134	118	0	140.1

Source: HCAD, CDS

## Demographic/Economic Analysis

Population and Household data are both key measures in determining the economic vitality of any market area because increasing population is generally the result of more jobs, a higher level of in-migration and a stable or expanding economy.

The following tables display the population and household data for both of the Core and Supplemental areas, and compare that data with the same statistics for Harris County. All Demographics were sourced from PCensus for Arcview, Tetrad Computer Applications, 2014. Tetrad is the licensed data provider of Nielson data.

### Historic Growth and Projections

**Total Population Trends, 2000 - 2019**

Population	North Core	North Supplemental	South Core	South Supplemental	CMA	Harris County
2019 Projection	13,930	7,864	15,848	21,324	53,478	4,724,986
2014 Estimate	13,257	7,695	15,597	20,595	52,015	4,364,892
2010 Census	12,864	7,671	15,604	19,818	51,075	4,092,459
2000 Census	13,986	8,727	17,829	15,732	50,957	3,400,577
Growth 2014-2019	5.08%	2.20%	1.61%	3.54%	2.81%	8.25%
Growth 2010-2014	3.06%	0.31%	-0.04%	3.92%	1.84%	6.66%
Growth 2000-2010	-8.02%	-12.10%	-12.48%	25.97%	0.23%	20.35%

Source: PCensus for Map Info, Tetrad Computer Applications 2014

### Population

Analyzing the North Core and Supplemental areas first, it appears that both areas have experienced significant population swings.

- From 2000-2010, the North Core lost 8% of its population (1,122) while the North Supplemental lost over 12% of its population (1,056)
- From 2010-Present, the North Core had a slight population gain (3%) while the North Supplemental leveled out from the previous decade's drop
- Census Forecasts through 2019 project that the North Core will grow by 5% (673 increase) while the North Supplemental will grow by a little more than 2% (169 increase)

Analyzing the South Core and Supplemental areas, there are very mixed observations.

- From 2000-2010, the South Core lost 12% of its population (2,225) while the South Supplemental actually gained a very significant 26% (4,086)
- From 2010-Present, the South Core leveled out while the South Supplemental showed a modest gain (3.9%) after huge gains in the previous decade
- Census Forecasts through 2019 project that the South Core will grow by 1.6% (251 increase) while the South Supplemental will grow by 3.5% (729 increase)

The CMA population was stagnant from 2000-2010 and grew slightly since 2010 (1.8%). It continues to show modest projected growth through 2019. Harris County grew by over 20.3% from 2000-2010, and 6.7% between 2010 and the present. Growth projections for Harris County are significantly higher than the CMA, with projections of 8.2% growth expected by 2019.

### Total Household Trends, 2000 - 2019

Estimate Year	North Core	North Supplemental	South Core	South Supplemental	CMA	Harris County
2019 Projection	4,830	2,635	5,316	4,748	15,745	1,652,109
2014 Estimate	4,533	2,541	5,149	4,418	15,003	1,526,544
2010 Census	4,295	2,482	5,065	4,161	14,499	1,435,155
2000 Census	4,379	2,566	5,121	4,160	14,698	1,205,527
Growth 2014-2019	6.55%	3.70%	3.24%	7.47%	4.95%	8.23%
Growth 2010-2014	5.54%	2.38%	1.66%	6.18%	3.48%	6.37%
Growth 2000-2010	-1.92%	-3.27%	-1.09%	0.02%	-1.35%	19.05%

Source: PCensus for Map Info, Tetrad Computer Applications 2014

### Households

Analyzing the North Core and Supplemental areas first, it appears that both areas have experienced modest swings in terms of household trends, especially relative to population trends.

- From 2000-2010, in the North Core, household numbers decreased by 2% (Population decreased by 8%) while the North Supplemental lost 3.3% of its households (Population decreased by over 12%)
- From 2010-Present, households in the North Core increased by 5.5% (Population increased by 3%), while the North Supplemental had household growth of 2.4% (Population even)
- 2019 Census household projections see a 6.5% increase in the North Core (297 household additions) and a 3.7% increase in the North Supplemental (94 households)
- Regarding household growth, The North Supplemental's past and future growth are half the growth rates seen in the North Core

Analyzing the South Core and Supplemental areas, there has been modest household growth, and further evidence that percentage household growth is heavily outpacing percentage population growth

- From 2000-2010, households in the South Core decreased by 3% (Population decreased by 12%), while the South Supplemental was relatively unchanged (despite 26% Population growth)
- From 2010-Present, the South Core had a small household gain of 1.6%, while the South Supplemental had a more aggressive gain of about 6.2%
- Census projections for 2019 see a 3.2% increase in households in the South Core (167 increase) and a 7.5% increase in the South Supplemental (330 increase)
- Overall the number of South Supplemental households has been growing and is predicted to continue growth at a pace twice the forecasts for the North Supplemental
- Regarding household growth, the South Supplemental's past and future growth more than double the growth of the South Core



Overall, Harris County household growth from 2000-2010 highly outpaced the CMA (19% vs -1.35%). Future growth is in line with the North Core and South Supplemental.

## Age Groups

### Age Profiles, 2014 Estimate

Age Groups	North Core		North Supplemental		South Core		South Supplemental		CMA		Harris County	
<b>Total</b>	<b>13,257</b>		<b>7,695</b>		<b>15,597</b>		<b>20,595</b>		<b>52,015</b>		<b>4,364,892</b>	
Age 0-4	1,068	8.1%	637	8.3%	1,273	8.2%	810	3.9%	3,362	6.5%	346,864	8.0%
Age 5-9	1,002	7.6%	599	7.8%	1,217	7.8%	767	3.7%	3,185	6.1%	335,705	7.7%
Age 10-14	925	7.0%	552	7.2%	1,135	7.3%	631	3.1%	2,854	5.5%	325,727	7.5%
Age 15-17	572	4.3%	321	4.2%	645	4.1%	846	4.1%	2,126	4.1%	193,774	4.4%
Age 18-20	534	4.0%	304	4.0%	596	3.8%	1,152	5.6%	2,344	4.5%	182,043	4.2%
Age 21-24	762	5.8%	448	5.8%	822	5.3%	2,053	10.0%	3,757	7.2%	244,879	5.6%
Age 25-34	1,890	14.3%	1,323	17.2%	2,424	15.5%	4,911	23.9%	9,813	18.9%	673,615	15.4%
Age 35-44	1,771	13.4%	1,075	14.0%	2,226	14.3%	3,681	17.9%	8,090	15.6%	623,611	14.3%
Age 45-54	1,638	12.4%	981	12.8%	2,059	13.2%	2,813	13.7%	6,913	13.3%	567,230	13.0%
Age 55-64	1,493	11.3%	788	10.2%	1,695	10.9%	1,739	8.4%	5,166	9.9%	465,868	10.7%
Age 65-74	843	6.4%	400	5.2%	893	5.7%	736	3.6%	2,577	5.0%	250,918	5.8%
Age 75-84	524	4.0%	206	2.7%	439	2.8%	325	1.6%	1,306	2.5%	112,245	2.6%
Age 85 +	235	1.8%	61	0.8%	173	1.1%	131	0.6%	522	1.0%	42,413	1.0%
Age 16 +	10,073	76.0%	5,802	75.4%	11,763	75.4%	18,119	88.0%	41,929	80.6%	3,293,028	75.4%
Age 18 +	9,690	73.1%	5,586	72.6%	11,327	72.6%	17,541	85.2%	40,488	77.8%	3,162,822	72.5%
Age 21 +	9,156	69.1%	5,282	68.6%	10,731	68.8%	16,389	79.6%	38,144	73.3%	2,980,779	68.3%
Age 65 +	1,602	12.1%	667	8.7%	1,505	9.7%	1,192	5.8%	4,405	8.5%	405,576	9.3%
<b>Median Age</b>	34.3		32.5		33.7		33.2		33.5		33.2	
<b>Average Age</b>	36.2		34.2		35.0		35.2		35.3		34.7	

Source: PCensus for Map Info, Tetrad Computer Applications 2014

With regards to ages of the population in the North Core and Supplemental:

- The North Core has the highest median and average age of the CMA
- In the North Core, the cohorts 65-74 and 75-84 were notably higher than other study areas including Harris County
- North Supplemental has the lowest median and average age figures overall, approximately one year younger than the CMA and .7 years younger than Harris County

Regarding the ages of the population in the South Core and Supplemental:

- The South Core was in the middle regarding age statistics relative to the CMA and Harris County when comparing median ages and when comparing like cohorts
- The South Supplemental median age was in line with the CMA and the county; however, all age brackets below the age of 14 were extremely low (approximately half of all other areas) while all ranges between 21 and 44 years were very high (approximately 20-40% above) other areas



### Ethnicity Profiles, 2014 Estimate

	North Core		North Supplemental		South Core		South Supplemental		CMA		Harris County	
<b>Total</b>	<b>13,257</b>		<b>7,695</b>		<b>15,597</b>		<b>20,595</b>		<b>52,015</b>		<b>4,364,892</b>	
White Alone	1,384	10%	1,108	14%	1,832	12%	7,646	37%	11,703	22%	1,376,566	32%
Black or African American Alone	1,065	8%	112	1%	2,158	14%	5,548	27%	8,325	16%	778,592	18%
American Indian & Alaska Native Alone	27	0%	9	0%	32	0%	26	0%	87	0%	9,118	0%
Asian Alone	47	0%	59	1%	111	1%	180	1%	390	1%	269,410	6%
Native Hawaiian & Other Pacific Islander Alone	4	0%	9	0%	1	0%	3	0%	17	0%	3,091	0%
Some Other Race Alone	11	0%	7	0%	24	0%	26	0%	65	0%	8,184	0%
Two or More Races	62	0%	37	0%	87	1%	149	1%	326	1%	59,214	1%
Hispanic or Latino	10,657	80%	6,354	83%	11,352	73%	7,017	34%	31,102	60%	1,860,717	43%

Source: PCensus for Map Info, Tetrad Computer Applications 2014

### Ethnicity

With regards to the population's ethnicities in the North Core and Supplemental:

- The North Core and Supplemental have the highest concentration of Hispanic or Latino population, both above 80% (almost 60% in the CMA)
- The North Core has the lowest White population at just over 10%, while the North Supplemental is also extremely low at 14.4%
- The North Supplemental has the lowest Black population at 1.5% (North Core is 8%)

Regards to the South Core and Supplemental population's ethnicities:

- The South Core has a very low White population of 11.7% with a high Hispanic or Latino population of 72.8%
- South Supplemental has the highest concentration of White, Black and Asian populations in the entire CMA and is the most diverse (37% White, 27% Black, 34% Hispanic or Latino)

Relative to Harris County, the CMA has a lower White population (22.5% vs 31.5%), and higher Hispanic or Latino population (60% vs 43%). The Black population is very similar (16% vs 18%) while the Asian population is less than 1% in the CMA while 6.2% in the county.

## Educational Attainment

## Educational Attainment – Population 25 +, 2014 Estimate

	North Core		North Supplemental		South Core		South Supplemental		CMA		Harris County	
<b>Total Population Age 25+</b>	<b>8,394</b>		<b>4,834</b>		<b>9,909</b>		<b>14,336</b>		<b>34,387</b>		<b>2,735,900</b>	
Less than 9th grade	1,917	22.8%	1,317	27.2%	2,779	28.1%	1,854	12.9%	7,063	20.5%	321,129	11.7%
Some High School, no diploma	1,535	18.3%	797	16.5%	1,804	18.2%	2,573	18.0%	6,096	17.7%	272,250	10.0%
High School Graduate (or GED)	2,557	30.5%	1,218	25.2%	2,423	24.5%	3,625	25.3%	8,947	26.0%	649,098	23.7%
Some College, no degree	1,226	14.6%	703	14.5%	1,333	13.5%	2,053	14.3%	4,864	14.1%	576,381	21.1%
Associate Degree	299	3.6%	128	2.7%	236	2.4%	641	4.5%	1,198	3.5%	161,499	5.9%
Bachelor's Degree	591	7.0%	406	8.4%	824	8.3%	1,911	13.3%	3,556	10.3%	494,107	18.1%
Master's Degree	206	2.5%	182	3.8%	319	3.2%	1,034	7.2%	1,698	4.9%	174,084	6.4%
Professional School Degree	51	0.6%	56	1.2%	143	1.4%	400	2.8%	634	1.8%	54,024	2.0%
Doctorate Degree	12	0.1%	27	0.6%	48	0.5%	245	1.7%	331	1.0%	33,328	1.2%
<b>Bachelor's Degree or Higher</b>	<b>860</b>	<b>10.25%</b>	<b>671</b>	<b>13.88%</b>	<b>1,334</b>	<b>13.46%</b>	<b>3,590</b>	<b>25.04%</b>	<b>6219</b>	<b>18.09%</b>	<b>755,543</b>	<b>27.62%</b>

Source: PCensus for Map Info, Tetrad Computer Applications 2014

With regards to the education levels in the North Core and Supplemental:

- Both areas have a high number of the population who have not graduated High School (41.1% in the Core and 43.7% in the Supplemental).
- North Supplemental has the highest Less than 9<sup>th</sup> grade percentage (27.2%).
- North Core has the overall lowest with an Associate Degree or higher (13.8%), the lowest with Some College or higher (28.4%), and the lowest with a Bachelor's Degree or higher (10.25%).

Regarding education levels in the South Core and Supplemental:

- South Core has the highest percentage of the population without a High School diploma (46.3%), but South Supplemental has under 31% below this standard.
- South Core has the second lowest percentage of Associate Degree or higher (15.8%) while the Supplemental has the CMA's highest (almost 30%).

Harris County does show better numbers regarding education levels of its population with only 22% not having a High School diploma and over 33% having an Associate Degree or higher. 54% in Harris County have some college or higher relative to 36% in the CMA.

## Household Income

### Household Income Distributions, 2014 Estimate

Income Group (\$000s)	North Core		North Supplemental		South Core		South Supplemental		CMA		Harris County	
Less than \$15K	755	16.7%	385	15.2%	1,677	32.6%	561	12.7%	3,101	20.7%	198,441	13.0%
\$15 - 24	946	20.9%	525	20.7%	954	18.5%	645	14.6%	2,704	18.0%	175,252	11.5%
\$25 - 34	719	15.9%	394	15.5%	649	12.6%	523	11.8%	1,962	13.1%	165,040	10.8%
\$35 - 49	642	14.2%	305	12.0%	582	11.3%	555	12.6%	1,855	12.4%	208,819	13.7%
\$50 - 74	688	15.2%	389	15.3%	599	11.6%	687	15.6%	2,155	14.4%	263,149	17.2%
\$75 - 99	390	8.6%	224	8.8%	275	5.3%	394	8.9%	1,170	7.8%	180,257	11.8%
\$100 - 124	147	3.2%	129	5.1%	153	3.0%	281	6.4%	670	4.5%	110,873	7.3%
\$125 - 149	96	2.1%	68	2.7%	69	1.3%	156	3.5%	366	2.4%	66,803	4.4%
\$150 - 199	99	2.2%	82	3.2%	79	1.5%	252	5.7%	485	3.2%	73,012	4.8%
\$200 - 249	24	0.5%	22	0.9%	31	0.6%	96	2.2%	162	1.1%	26,540	1.7%
\$250 - 499	23	0.5%	16	0.6%	57	1.1%	195	4.4%	274	1.8%	41,332	2.7%
\$500K +	4	0.1%	2	0.1%	24	0.5%	73	1.7%	99	0.7%	17,026	1.1%
<b>Average HH Income</b>	<b>\$46,905</b>		<b>\$51,839</b>		<b>\$41,742</b>		<b>\$80,309</b>		<b>\$56,002</b>		<b>\$74,497</b>	
<b>Median HH Income</b>	<b>\$32,865</b>		<b>\$34,150</b>		<b>\$24,408</b>		<b>\$47,973</b>		<b>\$33,647</b>		<b>\$51,493</b>	

Source: PCensus for Map Info, Tetrad Computer Applications 2014

With regards to the household income levels in the two CMA areas:

- The North Core's household income levels are dominated by moderate-income and middle class income ranges up to \$100,000 annually.
- The South Core area has by far the highest concentration of very low income households and generally skews to the lower end of the income spectrum.

- The South Supplemental area, in contrast, has a considerably higher median income, lower shares of low income households, and higher shares of affluent households, including an estimated 23.9% making over \$100,000 annually.

The CMA's income is relatively low compared to Harris County, having higher percentages of the population in all ranges under \$50,000 and lower percentages in all over \$50,000. The median household income in the CMA is 34% lower than Harris County's.

## Household Types

### Household Types, 2014 Estimate

Household Type	North Core		North Supplemental		South Core		South Supplemental		CMA		Harris County	
Family Households	3,169	69.9%	1,694	66.7%	3,258	63.3%	2,482	56.2%	9,369	62.5%	1,047,884	68.6%
Non-family Households	1,364	30.1%	847	33.3%	1,891	36.7%	1,936	43.8%	5,634	37.6%	478,660	31.4%

Source: PCensus for Map Info, Tetrad Computer Applications 2014

In the North Core and Supplemental, the representation of family households relative to non-family households is higher than the rest of the CMA, and in line with all of Harris County. (The Census defines "Family" households as those containing at least two related individuals.)

In the South Core, the percentage of family households is slightly higher than the CMA, but the Supplemental is noticeably lower. Overall the CMA has a lower percentage of family households relative to Harris County (62.5% vs 68.6%).

## Household Tenure (Renter / Owner)

## Tenure of Occupied Housing Units, 2014 Estimate

	North Core		North Supplemental		South Core		South Supplemental		CMA		Harris County	
<b>Total</b>	<b>4,533</b>		<b>2,541</b>		<b>5,149</b>		<b>4,418</b>		<b>15,003</b>		<b>1,526,544</b>	
Owner-Occupied	2,545	56.1%	1,287	50.7%	1,993	38.7%	2,483	56.2%	7,527	50.2%	867,879	56.9%
Renter-Occupied	1,988	43.9%	1,254	49.4%	3,156	61.3%	1,935	43.8%	7,476	49.8%	658,665	43.2%
<b>Average Length of Residence</b>												
Owner-Occupied	26		22		26		19		23		16	
Renter-Occupied	9		7		9		8		8		6	

Source: PCensus for Map Info, Tetrad Computer Applications 2014

In the North Core, there is higher percentage of the population, relative to the CMA, who live in owner-occupied housing units; however, the South Supplemental breakout is nearly identical to the CMA (51%).

The South Core has a much smaller percentage of owner-occupied (38.7%), and the South Supplemental has more (56.2%) compared to the CMA.

Overall, the CMA has noticeably more renter-occupied housing units (50% vs 43%) relative to county-wide figures, with the North Core and South Supplemental being parallel to the county (all approximately 43%).

## Psychographic Profiles

The top three segments in the North Core were City Roots, Multi-Culti Mosaic, and Close-In Couples while the three most represented segments in the South Core were Low-Rise Living, City Roots, and Multi-Culti Mosaic.

The definitions and descriptions of each are in the table on the following page.

## Households by PRIZM Segment

North Core		South Core	
Top 5 PRIZM Segments	%	Top 5 PRIZM Segments	%
61 City Roots	35.96%	66 Low-Rise Living	23.95%
54 Multi-Culti Mosaic	27.69%	61 City Roots	23.66%
40 Close-In Couples	12.16%	54 Multi-Culti Mosaic	16.35%
66 Low-Rise Living	6.64%	59 Urban Elders	7.59%
29 American Dreams	5.74%	46 Old Glories	5.05%
PRIZM Household Segments Segment Snapshots			
<p><b>29 - American Dreams</b></p> <p>American Dreams is a living example of how ethnically diverse the nation has become: just under half the residents are Hispanic, Asian, or African-American. In these multilingual neighborhoods--one in three speaks a language other than English--middle-aged immigrants and their children live in upper-middle-class comfort.</p> <p><b>40 - Close-In Couples</b></p> <p>Close-In Couples is a group of predominantly older, ethnically diverse couples living in older homes in the urban neighborhoods of mid-sized metros. High school-educated and empty nesting, these mostly older residents typically live in older city neighborhoods, enjoying their retirements.</p> <p><b>46 - Old Glories</b></p> <p>The residents of Old Glories are the nation's downscale suburban retirees, Americans aging in place in older apartment complexes. Households in this racially-diverse segment often contain widows and widowers living on fixed incomes who tend to lead home-centered lifestyles. They're among the nation's most ardent television fans, watching game shows, soaps, talk shows, and news magazines at high rates.</p> <p><b>54 - Multi-Culti Mosaic</b></p> <p>An immigrant gateway community, Multi-Culti Mosaic is the urban home for a mixed populace of Hispanic, Asian, and African-American singles and families. With nearly a quarter of the residents foreign born, this segment is a mecca for first-generation Americans who are striving to improve their lower-middle-class status.</p> <p><b>59 - Urban Elders</b></p> <p>For Urban Elders--a segment located in the downtown neighborhoods of such metros as New York, Chicago, Las Vegas, and Miami--life is often an economic struggle. These communities have high concentrations of Hispanics and African-Americans and tend to be downscale, with singles living in older apartment rentals.</p> <p><b>61 - City Roots</b></p> <p>Found in urban neighborhoods, City Roots is a segment of downscale retirees, typically living in older homes and duplexes they've owned for years. In these ethnically diverse neighborhoods--Over 60% are African-American or Hispanic--residents are often widows or widowers living on fixed incomes maintaining low-key lifestyles.</p> <p><b>66 - Low-Rise Living</b></p> <p>The most economically challenged urban segment, Low-Rise Living is known as a transient world for middle-aged, ethnically diverse singles and single parents. Home values are low--about half the national average--and even then less than a quarter of residents can afford to own real estate. Typically, the commercial base of Mom-and-Pop stores is struggling and in need of a renaissance.</p>			

Source: PCensus for Map Info, Tetrad Computer Applications 2014

## Daytime Population

### North Core and Supplemental

	2008	2009	2010	2011
<b>Employed in the Selection Area</b>	5,978	5,308	5,249	5,577
Net Job Inflow (+) or Outflow (-)	-3,065	-4,083	-2,911	-2,136
<b>External Jobs Filled by Residents</b>	8,791	9,126	7,926	7,476
Workers Aged 29 or younger	2,781	2,575	2,249	2,058
Workers Aged 30 to 54	<b>4,656</b>	<b>5,094</b>	<b>4,334</b>	<b>4,093</b>
Workers Aged 55 or older	1,354	1,457	1,343	1,325
Workers Earning \$15,000 or less	2,244	2,266	1,963	1,845
Workers Earning \$15,001 to \$40,000	3,916	4,226	3,493	3,346
Workers Earning \$40,000+	<b>2,631</b>	<b>2,634</b>	<b>2,470</b>	<b>2,285</b>
<b>Internal Jobs Filled by Outside Workers</b>	5,726	5,043	5,015	5,340
Workers Aged 29 or younger	1,252	1,026	1,011	996
Workers Aged 30 to 54	<b>3,421</b>	<b>2,991</b>	<b>2,938</b>	<b>3,090</b>
Workers Aged 55 or older	1,053	1,026	1,066	1,254
Workers Earning \$15,000 or less	1,421	1,210	1,258	1,290
Workers Earning \$15,001 to \$40,000	2,387	2,197	2,181	2,268
Workers Earning \$40,000+	<b>1,918</b>	<b>1,636</b>	<b>1,576</b>	<b>1,782</b>

Source: Longitudinal Employer-Household Dynamics (LEHD)

external jobs pay over \$40,000, while 33.4% of internal jobs pay over \$40,000.

The age breakdown of both the internal and external jobs has a similar make-up as well. 55% of external jobs filled by residents represent workers between the ages of 30 and 54, compared to about 57% of internal jobs filled by outsiders being of that same age bracket.

So the North Core and Supplemental area are seeing its day-time population drop somewhat, and the incomes and buying power coming in with those outside workers is similar to those leaving.

### North Area

According to the Longitudinal Employer-Household Dynamics (LEHD), the number of people employed in the North Core and Supplemental areas increased by over 6% in 2011 after dropping for two consecutive years. The most recent number of employed persons in the area is 5,577.

There is a negative outflow for the combined North area as more people are leaving the area to work relative to those outside the area coming into the area to work (-2,136).

Evaluating the characteristics of who is coming into the area to work relative to who is leaving for work shows a fairly even split. 44% of external jobs filled by residents (7,476) include those making between \$15,000 and \$40,000 annually, about the same as internal jobs filled by outsiders (42%). 30.6% of

## South Core and Supplemental

South	2008	2009	2010	2011
<b>Employed in the Selection Area</b>	17,975	18,037	17,704	17,241
Net Job Inflow (+) or Outflow (-)	+6,609	+5,724	+6,768	+4,871
<b>External Jobs Filled by Residents</b>	10,870	11,769	10,511	11,960
Workers Aged 29 or younger	3,052	3,303	2,861	3,268
Workers Aged 30 to 54	<b>6,064</b>	<b>6,706</b>	<b>5,749</b>	<b>6,642</b>
Workers Aged 55 or older	1,754	1,760	1,901	2,050
Workers Earning \$15,000 or less	2,857	2,931	2,586	3,085
Workers Earning \$15,001 - \$40,000	4,331	4,799	4,156	4,482
Workers Earning \$40,000+	<b>3,682</b>	<b>4,039</b>	<b>3,769</b>	<b>4,393</b>
<b>Internal Jobs Filled by Outside Workers</b>	17,479	17,493	17,279	16,831
Workers Aged 29 or younger	3,490	3,250	3,000	2,859
Workers Aged 30 to 54	<b>11,007</b>	<b>10,976</b>	<b>10,881</b>	<b>10,535</b>
Workers Aged 55 or older	2,982	3,267	3,398	3,437
Workers Earning \$15,000 or less	3,142	3,121	3,027	3,289
Workers Earning \$15,001 - \$40,000	6,954	7,003	6,703	5,834
Workers Earning \$40,000+	<b>7,383</b>	<b>7,369</b>	<b>7,549</b>	<b>7,708</b>

Source: Longitudinal Employer-Household Dynamics (LEHD)

South Core and Supplemental area are seeing its day-time population rise, and are seeing higher incomes and buying power coming in with those outside workers.

## South Area

According to the Longitudinal Employer-Household Dynamics (LEHD), the number of people employed in the South Core and Supplemental areas is 17,241.

There is a positive inflow for the combined South area as almost 17,000 jobs are filled internally by outside workers and around 12,000 external jobs are filled by residents.

While 55.5% of the workers leaving are aged 30-54, that same age group comprises over 62% of the workers coming in.

Additionally, only 36.7% of workers leaving the area have annual income over \$40,000 per year while 45.8% of workers coming into the area earn over \$40,000 annually. So the



## Non-Retail Commercial Activity

As the retail market potential is assessed, it is imperative to understand the area daytime population and what affects it. CDS has analyzed the Industrial and Office markets to determine their impact on the CMA's daytime population.

### Industrial

While the industrial market is healthy in the CMA, there are some trends that are not very encouraging:

- Absorption has been negative the past five years (125,000 sf decrease in the last five years in the CMA)
- Occupancy rates are still healthy (93.3%), but have slightly been trending downward
- Rental rates are trending downward over the past five years but have risen in 2014

### CMA - Industrial

Year	Absorption	Occupancy	Rental Rates
2014	(19,525)	93.3%	\$ 5.25
2013	(167,556)	93.5%	\$ 4.89
2012	(59,339)	94.5%	\$ 6.92
2011	(428,601)	93.4%	\$ 6.39
2010	15,983	95.4%	\$ 6.06
2009	(95,173)	95.2%	\$ 6.28

Source: Costar

Looking at some other markets near the CBA, industrial trends lend support to the CBA being a very healthy and sustainable industrial market.

- Average rental rates are barely above the CMA (\$0.23) or 4% higher
- CMA Occupancies are within 1.3% of the region's weighted average
- With the exception of the North Outer Loop area, no area currently boasts high absorption

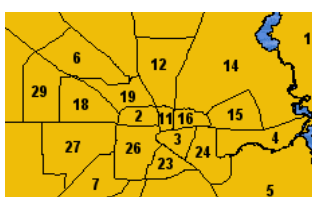
### Regional - Industrial

Regions	Absorption	Occupancy	Rental Rates
CBD-NW Inner Loop Industrial	20,057	94.8%	\$ 6.51
North Inner Loop Industrial	14,475	91.5%	\$ 4.11
North Outer Loop Industrial	168,053	94.4%	\$ 5.37
Northeast Inner Loop Industrial	(18,350)	96.1%	\$ 5.17
Weighted Avg	184,235	94.6%	\$ 5.48

Source: Costar

With over 6 million sq ft of industrial space, this is a very important land use for the CMA. Even as absorption is negative, industrial buildings account for over 28% of the all building square footage in the CMA and 14% of the acreage. Brokers generally had positive responses regarding industrial demand in the area and predicted that there is an attractive area due to relatively affordable pricing and excellent location.

### Costar Industrial Regions



The regions used for comparison encompass all areas north of I-10, south of the north loop, and include area north of 610 loop between I-45 and US 59 (Areas labeled 2, 11, 12, and 16).

## Office

The Office market is quite small (260,000 sq ft). Still, overall trends in the Office market for the CBA are not very positive:

- Occupancy of the past year has dropped to an undesirable rate of 73.5% after conservatively trending down each year since 2009
- Absorption has been negative (over 90,000 sf) over the past five years
- Rental rates have actually dropped slightly over the past year and are noticeably lower than two and three years ago

Looking at a wider region for the Office market (data covering the last year), other regions are boasting better statistics across the board

- Absorption is slightly better other regions are mostly flat, while the CMA lost over 77,000 sq ft
- Rental rates are more attractive in all the regions, ranging from 13% to as high as 53%
- Retail occupancies are all below 90%, but substantially higher than those in the CMA

Overall, the office market in the CMA is quite small, only accounting for 1.2% of all building square footage and only .3% of all acreage. Some of these seemingly negative trends are not representative of a suffering market. Some brokers in the area believe that as downtown rents are escalating, there will be office demand in the CMA in five years.

## CMA – Office

Office	Absorption	Occupancy	Rental Rates
2014	(77,863)	73.5%	\$ 14.48
2013	(6,011)	92.0%	\$ 14.76
2012	(1,920)	93.4%	\$ 23.20
2011	(2,200)	93.8%	\$ 19.22
2010	(11,293)	94.4%	\$ 14.98
2009	18,350	94.7%	\$ 23.33

Source: Costar

## Regional - Office

Regions	Absorption	Occupancy	Rental Rates
I-10 East	(997)	87.7%	\$ 16.33
North Loop West	(62,599)	78.5%	\$ 22.23
Northeast Near	9,004	88.8%	\$ 18.02

Source: Costar

## Costar Office Regions



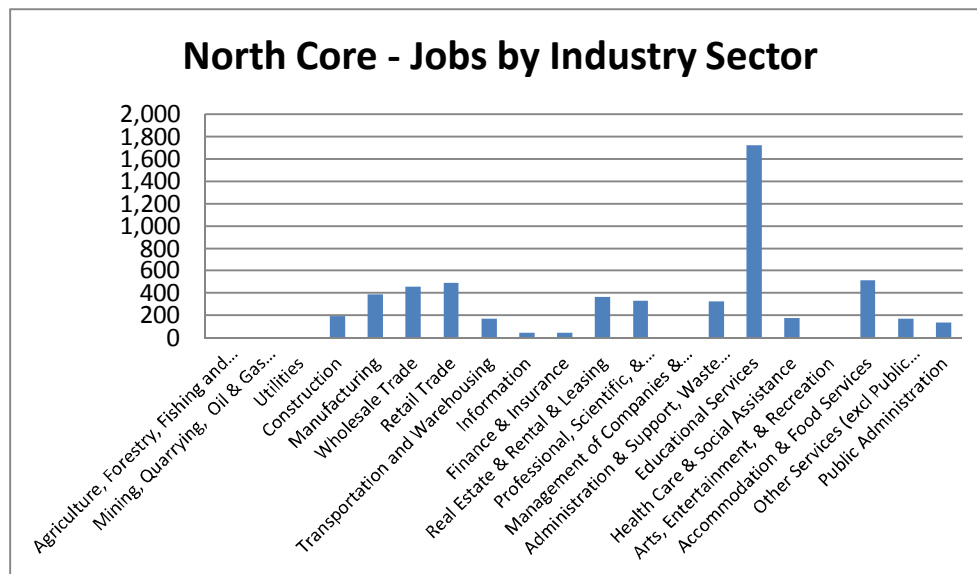
The regions used for comparison encompass the CMA and extend far to the north and east towards Lake Houston as well as inside the loop to the west (Areas labeled 15, 22, and 23)

## Employment by Type

## Jobs By Industry Sector – North Core

Industry Sector	Count	%
Agriculture, Forestry, Fishing and Hunting	0	0.0%
Mining, Quarrying, Oil & Gas Extraction	1	0.0%
Utilities	0	0.0%
Construction	198	3.6%
Manufacturing	391	7.0%
Wholesale Trade	460	8.2%
Retail Trade	493	8.8%
Transportation and Warehousing	170	3.0%
Information	46	0.8%
Finance & Insurance	44	0.8%
Real Estate & Rental & Leasing	370	6.6%
Professional, Scientific, & Technical Services	333	6.0%
Management of Companies & Enterprises	2	0.0%
Administration & Support, Waste Management & Remediation	326	5.8%
Educational Services	1,728	31.0%
Health Care & Social Assistance	181	3.2%
Arts, Entertainment, & Recreation	6	0.1%
Accommodation & Food Services	519	9.3%
Other Services (excl Public Administration)	173	3.1%
Public Administration	136	2.4%

Source: Longitudinal Employer-Household Dynamics (LEHD)



## Long Term Area Projections

### Population

Population by Transportation Analysis Zone (TAZ)

#### Population Projections

H-GAC 1Q 2014 Population	2010	2015	2020	2025	2030	2035	2040
North Core	12,801	13,505	13,626	13,626	13,626	13,626	13,626
North Supplemental	7,670	7,756	7,784	7,784	7,993	7,993	7,993
South Core	14,936	15,784	16,143	17,319	18,452	20,347	20,983
South Supplemental	11,439	12,655	14,107	14,107	14,278	14,278	14,278
Total Core	22,916	23,910	24,334	25,510	26,643	28,538	29,174
Total ALL	42,025	44,321	46,225	47,401	48,914	50,809	51,445

CDS 2-19-2014 Population	2010	2015	2020	2025	2030	2035	2040
North Core	12,864	13,149	13,518	13,678	13,781	13,781	13,832
North Supplemental	7,671	7,773	8,022	8,068	8,163	8,207	8,258
South Core	15,614	16,762	18,096	18,949	19,362	19,736	19,948
South Supplemental	21,103	21,359	22,157	22,539	22,903	23,069	23,263
Total Core	23,596	24,911	26,403	27,325	27,782	28,156	28,391
TOTAL ALL	52,370	54,043	56,582	57,932	58,848	59,432	59,912

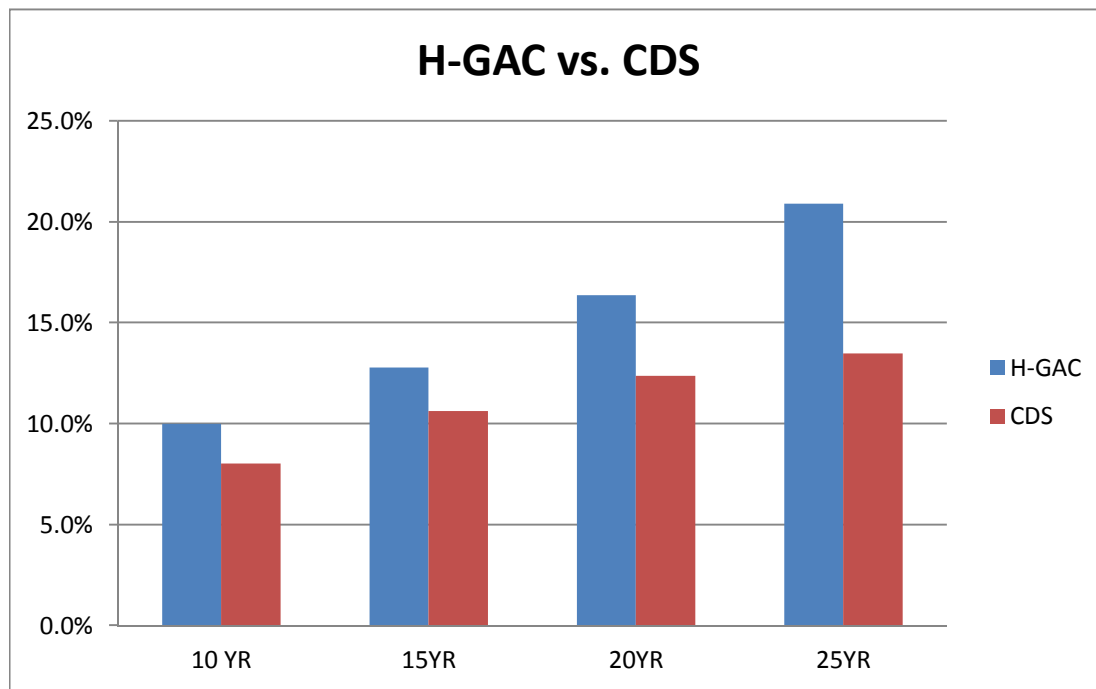
Source: H-GAC, CDS

Both H-GAC and CDS forecasts for most areas have parallel population projections.

Some interesting points to note:

- H-GAC and CDS have 10-year (2010-2020) growth predictions of 6.4% and 5.1%, respectively
  - H-GAC's largest jump is in the South Supplemental (23%)
  - CDS' largest jump is in the South Core (16%)
- By the 2025 projections, H-GAC's largest jump is 16% in the South Core, similar to CDS, but CDS projects an even more optimistic (21.4%) growth.
- By the 2030 projections, H-GAC projects the population in the North and South Core and Supplementals rising by 16%, while CDS is predicting almost 13%

## Population – Percentage Growth



Source: H-GAC, CDS

## Households/Housing Units

## Households/Housing Units

H-GAC 1Q 2014 Households	2010	2015	2020	2025	2030	2035	2040
North Core	4,295	4,628	4,672	4,672	4,672	4,672	4,672
North Supplemental	2,482	2,519	2,529	2,529	2,609	2,609	2,609
South Core	5,068	5,377	5,481	6,056	6,509	7,440	7,749
South Supplemental	4,895	5,268	5,501	5,501	5,585	5,585	5,585
Total Core	7,859	8,233	8,360	8,935	9,388	10,319	10,628
TOTAL ALL	15,236	16,020	16,390	16,965	17,582	18,513	18,822

CDS 2-19-2014 Housing Units	2010	2015	2020	2025	2030	2035	2040
North Core	4,817	4,901	5,024	5,069	5,106	5,105	5,121
North Supplemental	2,789	2,826	2,940	2,951	2,997	3,018	3,039
South Core	6,026	6,767	7,631	8,275	8,633	8,905	9,099
South Supplemental	5,462	5,641	6,132	6,383	6,622	6,757	6,882
Total Core	9,150	9,940	10,859	11,521	11,896	12,167	12,369
TOTAL ALL	17,401	18,407	19,931	20,855	21,515	21,942	22,290

Source: H-GAC, CDS

H-GAC projects household growth projections, while CDS projects housing units. A Household is defined as an occupied housing unit, while housing units are counted whether occupied or not.

Some interesting points to note:

- The two highest areas of future household growth by 2020, according to H-GAC, are the South Supplemental and the North Core
- The two highest areas of future housing unit growth, according to CDS, are the South Core and South Supplemental
- By the 2025 projections, H-GAC's largest jump is 19.5% in the South Core, similar to CDS, and 12.4% in the South Supplemental (CDS projects the biggest areas of housing unit growth to be the same)
- By the 2030 projections, H-GAC projects total household growth to be over 2,300 households
- By 2030, CDS projects there to be an additional 4,000 housing units in the CMA

Perhaps the most significant takeaway is the trend occurring in the comparison of population growth relative to household or housing unit growth. By 2040, CDS population per housing unit is expected to drop over 11%, with the average household size going from 3 to 2.7. This adjustment is being fueled by changes primarily in the South Core which has population per household dropping over 15% (North Core is projected to remain relatively constant)

### Employment

H-GAC 1Q 2014 Employment	2010	2015	2020	2025	2030	2035	2040
North Core	2,664	2,672	2,782	2,785	3,005	3,005	3,216
North Supplemental	2,600	2,597	2,597	2,596	2,596	2,648	2,646
South Core	10,166	10,446	10,874	11,592	12,113	12,587	12,808
South Supplemental	3,864	4,095	4,379	4,380	4,482	4,815	4,857
Total Core	11,510	11,801	12,229	12,947	13,642	14,116	14,496
TOTAL ALL	17,974	18,493	19,205	19,923	20,720	21,579	21,999

CDS 2-19-2014 Employment	2010	2015	2020	2025	2030	2035	2040
North Core	3,061	3,293	3,390	3,587	3,619	3,675	3,732
North Supplemental	3,161	3,559	5,187	5,451	5,522	5,584	5,594
South Core	11,773	14,233	16,488	18,453	20,194	21,505	22,918
South Supplemental	6,503	7,363	7,527	7,995	8,248	8,438	8,490
Total Core	13,118	15,775	18,059	20,035	21,785	23,102	24,567
TOTAL ALL	22,782	26,697	30,773	33,481	35,555	37,124	38,651

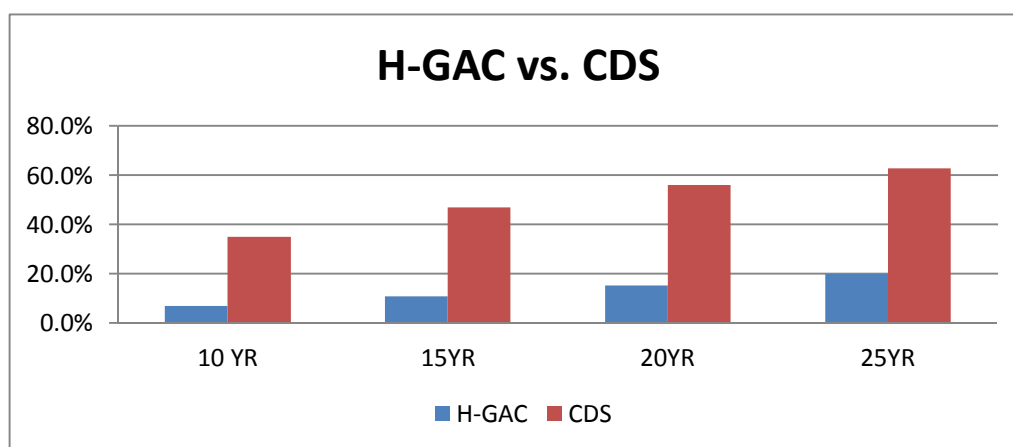
Source: H-GAC, CDS

### Employment

Overall, both H-GAC and CDS project for employment to grow in both the Core and Supplemental areas.

- H-GAC and CDS have 2020 employment projections of 7% and 34%, respectively.
  - H-GAC projects over 1,200 new jobs
  - CDS projects just under 8,000 new jobs
- By 2025, H-GAC 's largest growth is projected in the South Core (14%) with small growth in the North Core (4.5%) while CDS forecasts 56% growth in the South Core and 17% in the North Core
- Looking at the 2030 forecasts, North Core projections by CDS continue to show significant growth as an additional 1,700 jobs are added

### Employment – Percentage Growth



Source: H-GAC, CDS

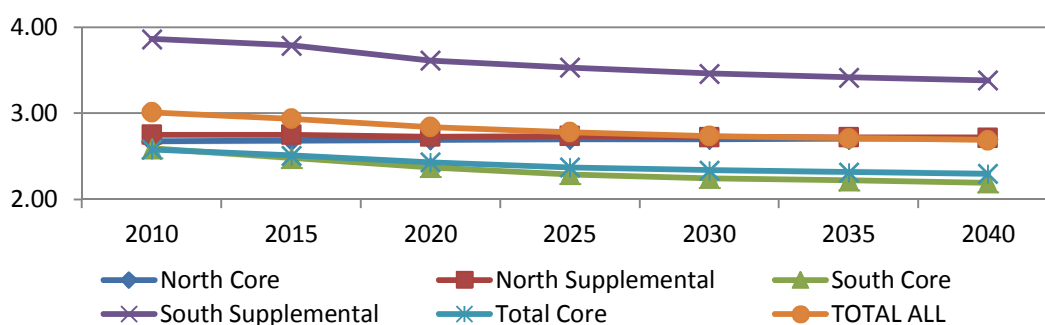
## Summary: Key Demographic and Economic Trends

H-GAC anticipates higher projections in population growth. It should be noted that H-GAC only considers household population, while CDS considers all population, which can include assisted living facilities, dormitories, and jails. H-GAC predicts population increases of 4,000 by 2020, 7,000 by 2030 and 9,000 by 2040. CDS predicts similar increases through 2030, but a slightly different 2040 projection of about 7,500.

CDS forecasts are projecting a greater level of employment growth, which would necessitate significant new development and redevelopment within the CMA. H-GAC's forecasts are lower, although its projections still do account for almost 3,000 new jobs by 2030 and over 4,000 new jobs by 2040. CDS projects nearly 8,000 new jobs by 2020, and nearly 13,000 new jobs by 2030.

The trends between population growth relative to housing unit growth are significant and will impact future demands to be seen within the changing Study Area. The chart below shows those trends through 2040. The South Core is showing a 15.4% drop in population per housing unit (2.6 to 2.2) while the combination of the Core Areas project to drop from 3 to 2.7 (an 11% drop).

### Population to Housing Unit Ratios



Source: CDS

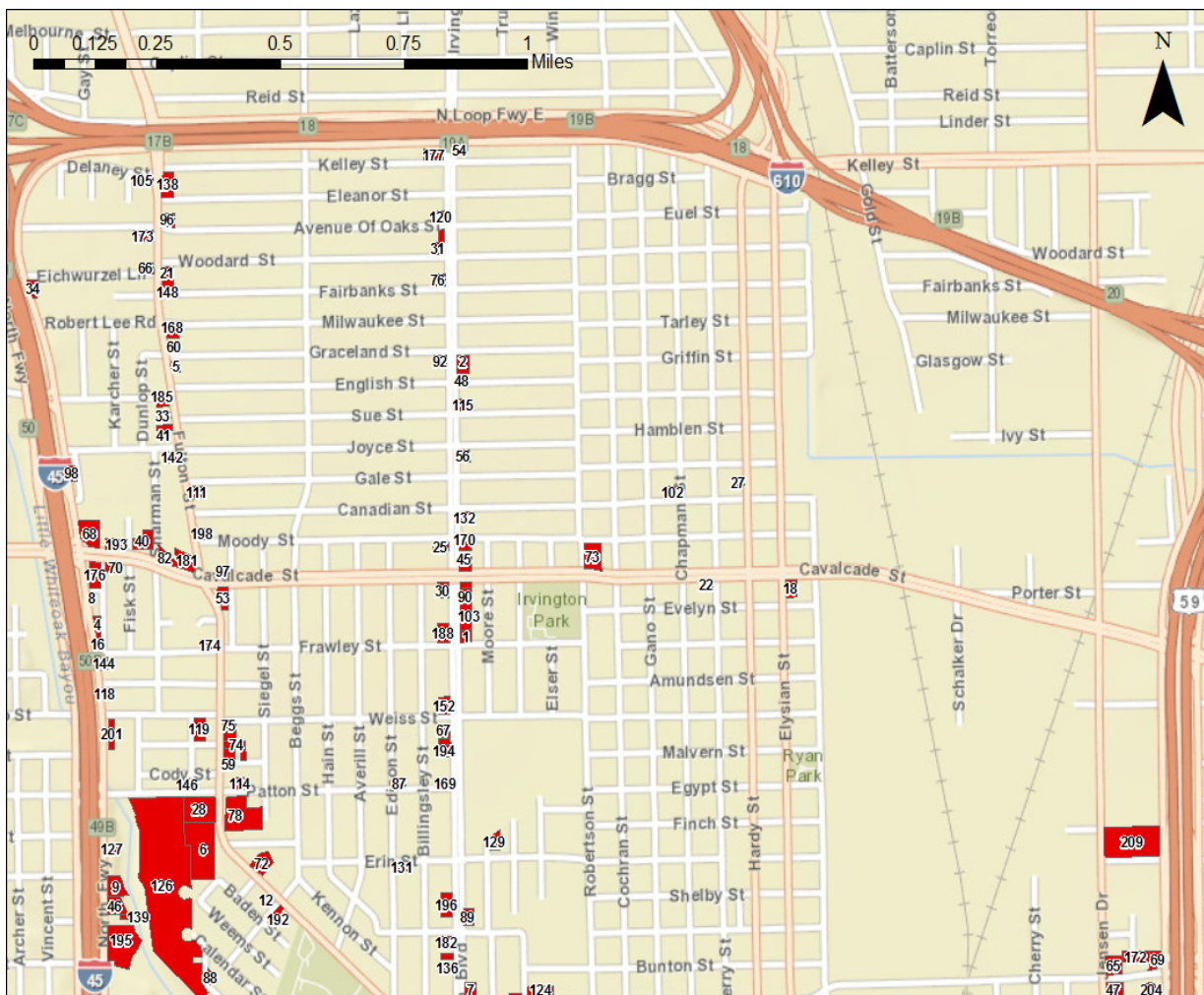


## Existing Northside Retail Market

### Retail Space and Business Inventory

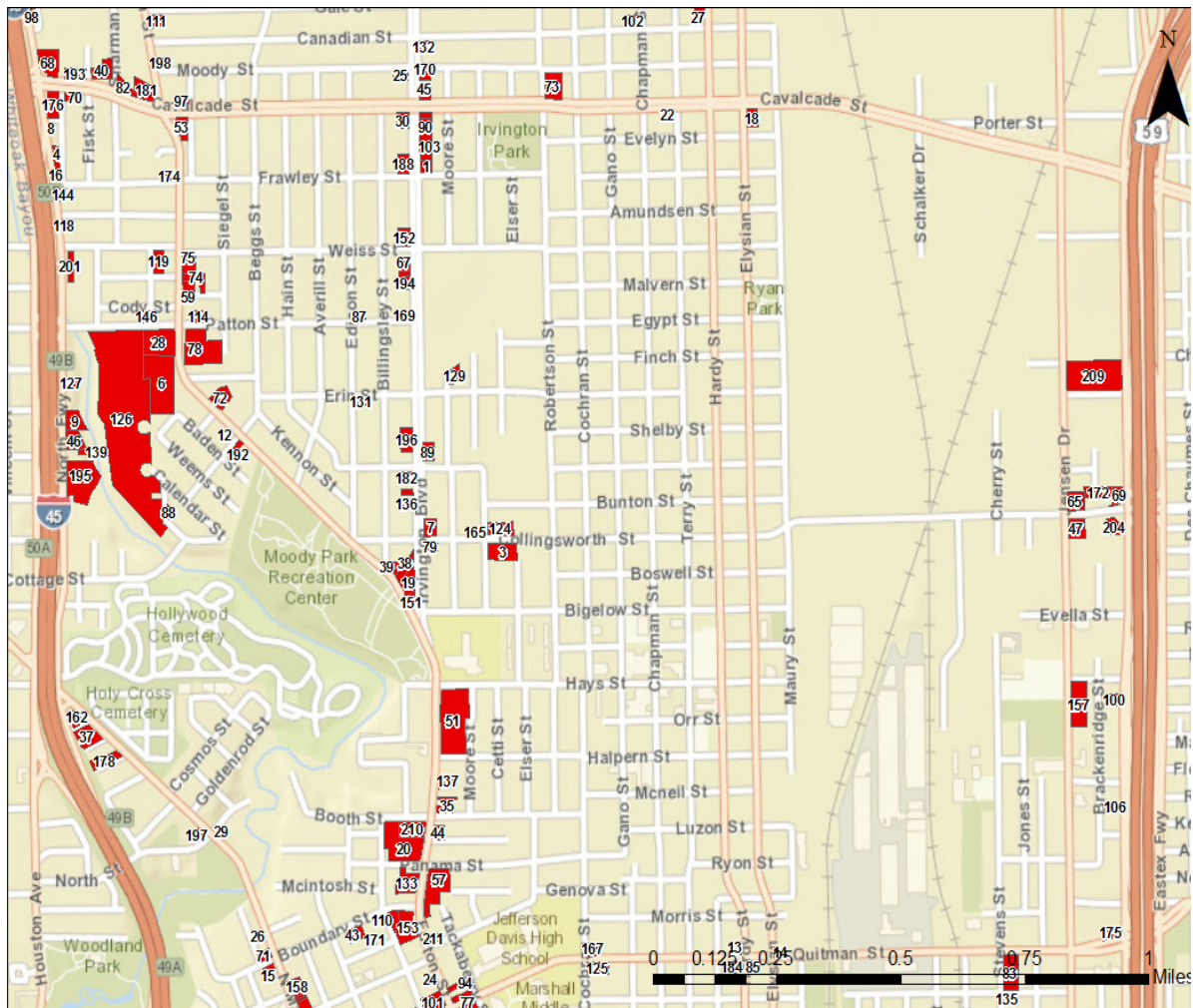
The following three pages display maps showing retail properties within both core areas. Following the maps is a list of all mapped businesses by their identification number as they appear on the three maps.

**Business Map – 1 of 3**



Source: CDS

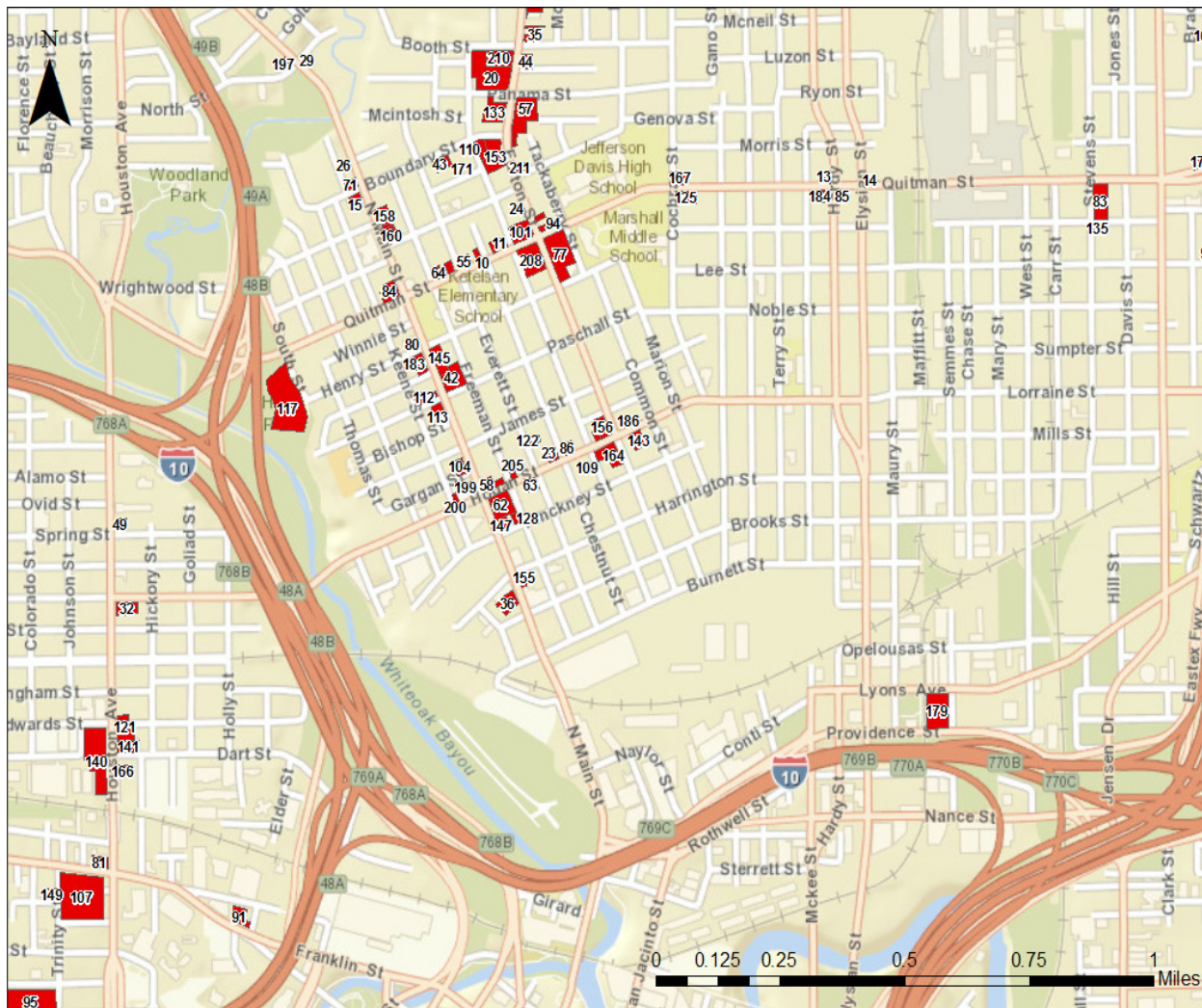
## Business Map – 2 of 3



Source: CDS



## Business Map – 3 of 3



Source: CDS

Number	Business
1	7 Mares Seafood
2	Abogado Irvington Clinic
3	ACG Quality Electric
4	Acme Prining & Signs
5	Alex Alaniz Automotive Center
6	ALG Truck& Trailer Repair
7	All In One Food Store
8	Amco Auto Insurance
9	America's Best Values Inn
10	Ana's Beauty Salon
11	Angela's Flowers
12	Artistic Hair Salon
13	Arturo's Automotive
14	Arturo's Mechanic Shop, Arevalo's Muffler
15	Arturo's Tire Service
16	ATC Bail Bonds
17	Auto Insurance
18	Auto Shop, Pereira's Mufflers
19	Auto Title Loans
20	AutoZone
21	Ayala's Tortilla Factory
22	B & B Grocery Store
23	B&D Washateria
24	Barber Shop
25	Bocca Deli, Liquor Store
26	Bolivar, Henderson, & Associates
27	Bonnie Wingate's Hair Affair
28	Boost Mobile, Red Hot Nails, Texan Auto Insurance, Subway, J's Hair, Window Tinting, Tire Shop,
29	Brando Chiropractic
30	Burger King
31	C&C Party Supply, Fitness
32	Café Brussels
33	CAI Mechanical, LLC
34	Canter's
35	Capital One Bank
36	Casa De Amigos Health Center
37	Casa Grande Mexican Restaurant
38	Cash America Pawn
39	Cash America Pawn
40	Cash and Carry Furniture
41	Cash and Carry Furniture
42	Chevron
43	Chucho Transmission Service
44	Church's Chicken
45	Church's Chicken
46	Citgo
47	City Game
48	Clinica Petdiatrica
49	Convenience Store

Number	Business
50	Corner Food Mart
51	Cross Wireless, Fresenius Medical Care, Bells Myown Cleaners, Presidente Liquor, Texas Car Title & Payday Loan, Rent-a-Center, Dollar General
52	CVS Pharmacy
53	Dairy Land
54	Dawson Chemical & Janitorial Supplies
55	Del's Ice Cream Shop, Future Boutique
56	Diana Balderas Realty
57	Diva's, Car Wash, Metro PCS, Fulton Washateria
58	Dollars & Deals
59	ECare Medical Supplies & On the Go Process Servers
60	EDS Auto Repair
61	El Cuate Auto Repair
62	El Guero Minimart, Cricket, La Macro Taqueria, Check Cashing, Chuy's Doggie Day Spa
63	El Guero Tire Shop
64	El Mante Tire Shop
65	El Sol Groceries and Restaurant
66	Elia's Auto Repair
67	Ellis Electric Service
68	Exxon
69	Exxon
70	F&D Tire Shop
71	Falcon Drive In Groceries
72	Family Clinic, Family Dental, Pharmacy
73	Family Dollar
74	Family Thrift Center
75	Family Thrift Center
76	Farmers Insurance
77	Fiesta
78	Fiesta
79	Fiesta En Guadalajara
80	Fiesta Tapatia
81	Firestone Car Care
82	Francos Auto Sales
83	Garcia's Tire Shop
84	Gas Station
85	GC Tire Service
86	General Auto Repair
87	Gerardi's Drive-In
88	Global Detection Systems
89	Gorditas AguasCaliente
90	Happy Fashion, Magic Nails, Magic Cleaners
91	Health Masters Massage Therapy
92	Hernandez Properties
93	Hierberia
94	Houston Bakery Panaderia
95	Houston Police Federal Credit Union
96	Ike's Place
97	Insurance, Photo Studio

Number	Business
98	International Alliance of Theatrical Stage Employees
99	J & A Paint and Body Shop
100	J Lee Signs
101	Jefferson Dental, Sam's Dollar Store
102	Jimmy's Super Market
103	Joel's Tattoos, Hair Salon, Airbrush, Los Paisanos Discount
104	John's Formal Wear
105	K Bar
106	King's Dental Center
107	Knapp Chevrolet
108	Kuko's Taqueria
109	La Casa Bakery & Café
110	La Michoacana Meat Market
111	La Playa El Cuco
112	Label Warehouse
113	Label Warehouse
114	Laredo Taqueria #4
115	Law Office, Jessica's Hair Salon, Lilberty Tax, Dentist
116	Leon Western Wear
117	Leonel Castillo Community Center
118	Lifetime Inflatables
119	Lighthouse
120	Lindale Dental
121	Lone Star Uniforms
122	Lonehorn Resale
123	Lopez Law Office
124	Los Chavez Autobuses
125	Louisa's Beauty Salon, Quitman Discount Store, Speed Queen Laundry
126	Love's, Wendy's
127	Luxury Inn
128	Main Auto Repair
129	Maldonado & Associates Insurance
130	Martinez Resale
131	Mary Kay
132	Matamoras Meat Market
133	McDonalds
134	Medicina General
135	Medicina General
136	Memo's Record Shop
137	Mercado Rodriguez
138	Mexican Restaurant, P&H Food
139	Military Supply
140	Montalbano Lumber
141	Montalbano Tire & Auto Service
142	MT Auto Service
143	Multiservice Express
144	Norma's Insurance Agency
145	North Main Nutrition Center, Caminos de Guanajunto, La Sabrosita Ice Cream, Solutions Beauty and Barber Shop
146	Obanions Car Wash



Number	Business
147	OMG Print Shirts
148	Paradise Smoke Shop
149	Knapp Chevrolet
150	Pedro's Tires
151	Performance Muffler
152	Phillips 66
153	Pizza Patron, Cash Advance, Fulton Dental, Insurance, H&R Block, Las Llardas
154	Poppa's Burgers
155	Poppa's Burgers
156	Primo Food Store
157	Prince Boxing Complex
158	Prosperity Bank
159	Prosperity Bank
160	Prosperity Bank
161	Prosperity Bank
162	Pyramid Imports Tile and Flooring
163	Ramones TV Service
164	Recycling Center
165	Red Ox Bar and Grill
166	Revolution Dojo
167	Rio Verdence Restaurant
168	Roland Cleaners, Shoe Repair
169	Rosegreen Florist
170	Ruiz Wholesale
171	Salinas Garage
172	Sam's Liquor, Ace, Kinfolk Cleaners, Beauty Supply, Tax Service, Barber Shop, Taqueria Allende
173	Santos Auto Sales, Inc
174	Santo's Lounge
175	Shell
176	Shell
177	Shell
178	Simon's Pharmacy
179	St. Arnolds Brewery
180	Stanton's City Bites
181	State Farm, Nails Plus, V&X Beauty Salon
182	Stoke's Hardware
183	Subway, Donut Delight, Hermanos Loans, Tiempo Loans
184	Sunny Food Store
185	T&L Shirts, Inc
186	Taqueria Abasolo
187	Taqueria Allende
188	Taqueria Arandas
189	Tavo's Barber Shop
190	Tax Services, Check Cashing
191	Teotihuacan Mexican Cafe
192	Texas Custom Marble & Granite
193	Tienda Mexicana, Taqueria Laredo, Laundry King
194	Tire Shop / Auto Repair
195	Top Brass Military

Number	Business
196	Tortilleria, Irvington Family Pharmacy, Twiggy's Barber Shop, N Nails, auto shop, Roy Cleaners
197	Troy Tax Services
198	Twilite Liquor, Eclipse Beauty Salon
199	Uncle Johnny's Good Cars
200	Uncle Johnny's Good Cars
201	United Access Scaffolding
202	Universal Preventive
203	Valero
204	Valero
205	Variedades Rosys
206	Veracruz Mexican Restaurant
207	Veracruz Seafood & Steak
208	Walgreens
209	Wells Fargo
210	Wells Fargo
211	Yerberia

## Businesses by Type

The following tables have an inventory of all businesses by business sector in the North and South Cores, per PCensus for Map Info, Tetrad Computer Applications 2014.

### North Core Businesses by Type

Businesses by Major Sectors	North Core		
	Total Establishments	Total Employees	Sales (\$ 000's)
<b>Total Businesses</b>	<b>395</b>	<b>3,061</b>	<b>\$888,104</b>
<b>Retail Trade</b>	<b>67</b>	<b>415</b>	<b>\$134,225</b>
Motor Vehicle and Parts Dealers	9	21	\$11,468
Furniture and Home Furnishing Stores	1	3	\$776
Electronics and Appliance Stores	3	8	\$1,917
Building Material and Garden Equipment and Supplies Dealers	2	17	\$3,512
Food and Beverage Stores	24	209	\$56,521
Health and Personal Care Stores	2	25	\$7,851
Gasoline Stations	8	56	\$38,997
Clothing and Accessories Stores	4	17	\$2,956
Sporting Goods, Hobby, Musical Instrument and Book Stores	2	3	\$451
General Merchandise Stores	3	12	\$2,379
Miscellaneous Store Retailers	9	44	\$7,396
Nonstore Retailers	0	0	\$0
<b>Finance and Insurance</b>	<b>26</b>	<b>65</b>	<b>\$10,417</b>
Monetary Authorities-Central Bank	0	0	\$0
Credit Intermediation and Related Activities	11	23	\$2,605
Securities, Commodity Contracts, and Other Financial Investments and Related Activities	0	0	\$0
Insurance Carriers and Related Activities	15	42	\$7,812
Funds, Trusts and Other Financial Vehicles	0	0	\$0
<b>Accommodation and Food Services</b>	<b>39</b>	<b>401</b>	<b>\$20,707</b>
Accommodation	3	23	\$2,269

Businesses by Major Sectors	North Core		
	Total Establishments	Total Employees	Sales (\$ 000's)
Food Services and Drinking Places	36	378	\$18,438
<b>Other Services (except Public Administration)</b>	<b>82</b>	<b>254</b>	<b>\$12,224</b>
Repair and Maintenance	20	83	\$9,541
Personal and Laundry Services	21	44	\$2,682
Religious, Grantmaking, Civic, Professional, and Similar Organizations	41	126	\$0
<b>Agriculture, Forestry, Fishing and Hunting</b>	<b>0</b>	<b>0</b>	<b>\$0</b>
<b>Mining, Quarrying, and Oil and Gas Extraction</b>	<b>0</b>	<b>0</b>	<b>\$0</b>
<b>Utilities</b>	<b>0</b>	<b>0</b>	<b>\$0</b>
<b>Construction</b>	<b>24</b>	<b>172</b>	<b>\$30,181</b>
<b>Manufacturing</b>	<b>15</b>	<b>160</b>	<b>56,616</b>
<b>Wholesale Trade</b>	<b>21</b>	<b>219</b>	<b>\$534,985</b>
Transportation and Warehousing	6	28	5,609
Information	3	6	\$3,734
Real Estate and Rental and Leasing	16	157	\$37,641
Professional, Scientific, and Technical Services	36	215	\$10,670
Management of Companies and Enterprises	0	0	\$0
Administrative and Support and Waste Management and Remediation Services	14	232	\$13,335
Educational Services	12	433	\$115
Healthcare and Social Assistance	28	219	\$16,844
Arts, Entertainment, and Recreation	3	11	\$802
Public Administration	2	73	\$0

Source: PCensus for Map Info, Tetrad Computer Applications 2014

Looking specifically at the retail categories in the North Core, the three largest in terms of number of establishments are Food and Beverage Stores (24), Motor Vehicle and Parts Dealers (9), and

Miscellaneous Store Retailers (9). Regarding employee counts, the three largest are Food and Beverage Stores (209), Gasoline Stations (56), and Miscellaneous Store Retailers (44).

Evaluating based on Sales as a percentage of Retail Trade, the three largest sub-categories of retail are Food and Beverage Stores (42%), Gasoline Stations (29%), and Motor Vehicle and Parts Dealers (9%).

### South Core Businesses by Type

Businesses by Major Sectors	South Core		
	Total Establishments	Total Employees	Sales (\$ 000's)
<b>Total Businesses</b>	<b>596</b>	<b>7,197</b>	<b>\$2,902,596</b>
<b>Retail Trade</b>	<b>80</b>	<b>809</b>	<b>\$300,665</b>
Motor Vehicle and Parts Dealers	13	192	\$110,604
Furniture and Home Furnishing Stores	5	113	\$38,057
Electronics and Appliance Stores	1	2	\$495
Building Material and Garden Equipment and Supplies Dealers	4	152	\$52,068
Food and Beverage Stores	21	216	\$60,069
Health and Personal Care Stores	3	18	\$4,985
Gasoline Stations	7	20	\$13,932
Clothing and Accessories Stores	11	28	\$5,234
Sporting Goods, Hobby, Musical Instrument and Book Stores	2	9	\$1,647
General Merchandise Stores	8	41	\$9,911
Miscellaneous Store Retailers	4	12	\$2,618
Nonstore Retailers	1	6	\$1,046
<b>Finance and Insurance</b>	<b>52</b>	<b>289</b>	<b>\$123,756</b>
Monetary Authorities-Central Bank	0	0	\$0
Credit Intermediation and Related Activities	27	177	\$43,583
Securities, Commodity Contracts, and Other Financial Investments and Related Activities	2	8	\$6,139
Insurance Carriers and Related Activities	23	104	\$74,034
Funds, Trusts and Other Financial Vehicles	0	0	\$0
<b>Accommodation and Food Services</b>	<b>32</b>	<b>251</b>	<b>\$12,279</b>
Accommodation	0	0	\$1
Food Services and Drinking Places	32	251	\$12,279

Businesses by Major Sectors	South Core		
	Total Establishments	Total Employees	Sales (\$ 000's)
<b>Other Services (except Public Administration)</b>	<b>87</b>	<b>447</b>	<b>\$23,437</b>
Repair and Maintenance	28	166	\$18,439
Personal and Laundry Services	18	75	\$4,999
Religious, Grantmaking, Civic, Professional, and Similar Organizations	41	205	\$0
<b>Agriculture, Forestry, Fishing and Hunting</b>	<b>2</b>	<b>16</b>	<b>\$3,079</b>
<b>Mining, Quarrying, and Oil and Gas Extraction</b>	<b>0</b>	<b>0</b>	<b>\$0</b>
Utilities	0	0	\$0
Construction	25	170	\$63,590
Manufacturing	38	1,370	730,537
Wholesale Trade	42	914	\$1,424,604
Transportation and Warehousing	25	934	81,774
Information	12	60	\$21,076
Real Estate and Rental and Leasing	22	104	\$27,314
Professional, Scientific, and Technical Services	53	236	\$40,194
Management of Companies and Enterprises	0	0	\$0
Administrative and Support and Waste Management and Remediation Services	20	156	\$23,161
Educational Services	20	927	\$462
Healthcare and Social Assistance	62	253	\$25,458
Arts, Entertainment, and Recreation	10	40	\$1,209
Public Administration	14	219	\$0

Source: PCensus for Map Info, Tetrad Computer Applications 2014

Looking specifically at the retail categories in the South Core, the three largest in terms of number of establishments are Food and Beverage Stores (21), Motor Vehicle and Parts Dealers (13), and Clothing and Accessories Stores(11).

Regarding employee counts, the three largest are Food and Beverage Stores (216), Motor Vehicle and Parts Dealers (192), and Building Material and Garden Equipment and Supplies Dealers (152).



Evaluating based on Sales as a percentage of Retail Trade, the three largest sub-categories of retail are Motor Vehicle and Parts Dealers (37%), Food and Beverage Stores (20%), and Building Material and Garden Equipment and Supplies Dealers (17%).

## Retail Market Performance

The Retail market is showing some positive trends in the CMA:

- Occupancy of the past year has risen to over 93% for the first time in five years
- Absorption has been positive for three consecutive years, and four of the last five years
- Rental rates have risen over the past few years (5% over last year and a 20% increase since 2012)

Looking at a wider region for Retail market (data covering the last year), the region has more attractive numbers.

- Occupancies in the region are 2.5% higher (almost 96%)
- Rental rates are more attractive in the region, at over \$15 per sq ft (17% higher than the CMA)

### CMA – Retail

Retail	Absorption	Occupancy	Rental Rates
2014	9,327	93.4%	\$13.29
2013	21,368	92.3%	\$12.67
2012	7,667	89.8%	\$11.05
2011	(19,340)	90.2%	\$11.13
2010	2,523	91.9%	\$11.80
2009	(8,511)	91.6%	\$14.13

Source: Costar

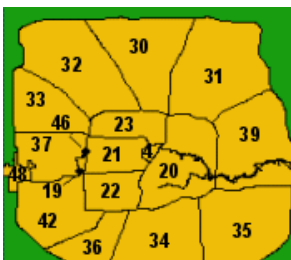
### Regional - Retail

Retail	Absorption	Occupancy	Rental Rates
Inner Loop/Heights Ret	32,125	95.9%	\$15.51

Source: Costar

Retail parcels account for almost 6% of the acreage in the CMA. Overall it is very healthy market with consistent new additions (typically restaurants). Brokers in the area believe that retail opportunities are good. A couple strip centers were speculatively built and have been able to fill with attractive tenants, primarily restaurants and other neighborhood-serving retail. Properties along the rail line had very negative comments regarding their retail options for their properties, but otherwise a majority of respondents were generally bullish on the area. Typically cited were that increased populations were coming with several noted single and multifamily developments underway or planned. Lease rates are said to be “sticky” as several brokers say users still don’t deem properties in the CMA (rental and for sale) to be worth what they are asking. Restaurants seem to dominate most brokers opinions of what the area needs.

### Costar Retail Regions



The map to the left shows the region that was used for comparison, Inner Loop/Heights Ret, number 23 on the map.

## Retail Sales Trends

CDS received the figures for gross and taxable sales for the 77009 zip code which comprises the majority of both Core areas, but also includes area to the west of I-45, ranging to Studemont/North Main. There were a total of thirteen retail categories for which gross and taxable annual sales were obtained. Sales figures for the smallest seven of the thirteen categories are listed below and they are shown in a graph on the following page.

### Retail - 77009

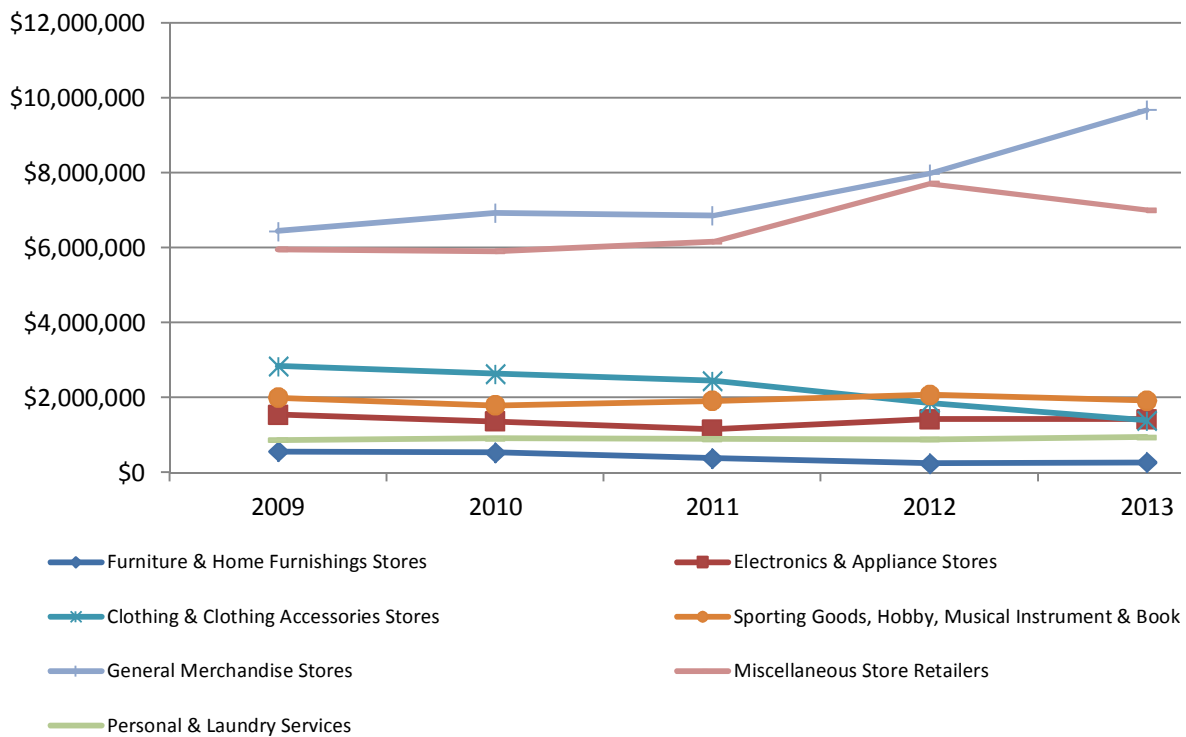
Retail Category	Gross Sales				
	2009	2010	2011	2012	2013
Furniture & Home Furnishings Stores	553,604	536,051	375,541	244,255	267,045
Electronics & Appliance Stores	1,541,095	1,361,938	1,150,244	1,418,130	1,419,796
Clothing & Clothing Accessories Stores	2,843,375	2,633,971	2,447,237	1,856,155	1,385,914
Sporting Goods, Hobby, Musical Instrument & Book Stores	1,993,028	1,790,389	1,910,047	2,067,435	1,916,815
General Merchandise Stores	6,451,122	6,934,081	6,866,302	7,984,205	9,689,382
Miscellaneous Store Retailers	5,962,580	5,905,371	6,169,542	7,719,757	7,008,252
Personal & Laundry Services	868,349	905,380	887,280	886,260	938,212

Source: Texas Comptroller of Public Records

In looking at these seven categories,

- The only two categories showing noticeable gains over the past four years are General Merchandise Stores and Miscellaneous Retailers, having increased since 2009 by 50% and 18%, respectively.
- Clothing & Clothing Accessories Stores and Furniture & Home Furnishings Stores both saw a significant decrease over the past four years, both dropping by over 50%.
- Furniture & Home Furnishings Stores, Personal & Laundry Services, and General Merchandise showed a positive one-year gain, while Clothing & Clothing Accessories Stores and Miscellaneous Store Retailers experienced one-year losses
- Over the past two years, General Merchandise, Miscellaneous Retailers, and Electronics & Appliance Stores showed positive gains, while Clothing & Clothing Accessories Stores had a significant decrease

## Gross Sales in ZIP Code 77009 – Selected Business Categories



Source: Texas Comptroller of Public Records

The remaining six categories, which are the largest of the thirteen, are listed in the table below and illustrated in the chart on the following page.

## Gross Retail Sales 77009

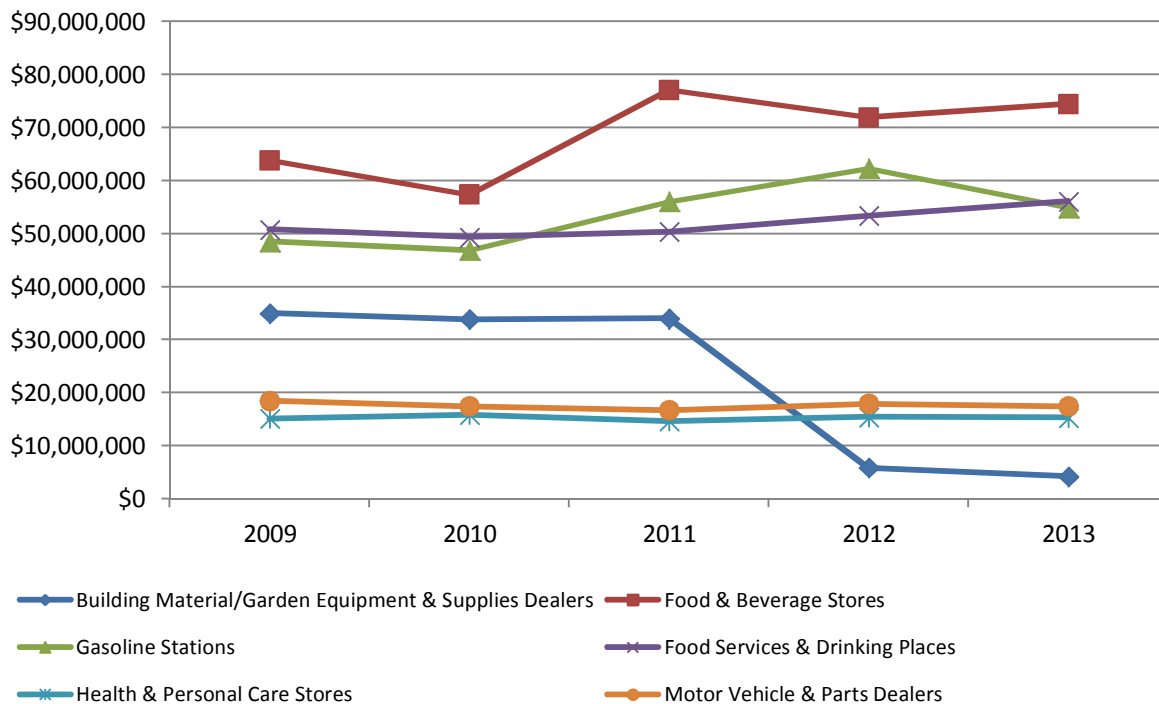
Retail Category	Gross Sales (\$)				
	2009	2010	2011	2012	2013
Building Material/Garden Equipment & Supplies	34,979,827	33,851,977	34,017,863	5,835,792	4,206,296
Food & Beverage Stores	63,832,605	57,351,080	77,083,964	71,885,600	74,438,467
Gasoline Stations	48,519,681	46,864,548	56,059,439	62,328,196	54,865,368
Food Services & Drinking Places	50,803,937	49,357,048	50,352,645	53,372,958	56,083,371
Health & Personal Care Stores	15,119,973	15,844,400	14,609,832	15,415,292	15,271,292
Motor Vehicle & Parts Dealers	18,416,025	17,411,794	16,689,044	17,922,138	17,425,724

Source: Texas Comptroller of Public Records

Looking at these six retail categories:

- Food & Beverage Stores, Gasoline Stations, and Food Services & Drinking Places all moved positively between 2009 and 2013 (10-17% growth) while Building Material/Garden Equipment & Supplies Dealers significantly dropped.
- Building Material/Garden Equipment & Supplies Dealers significantly dropped over the last two years, while Food Services & Drinking Places increased almost \$6 million.
- Food & Beverage Stores along with Food Services & Drinking Places both had decent one-year gains, both increasing by over \$2.5 million.
- Food & Beverage Stores, Gasoline Stations, and Food Services & Drinking Places were by far the largest contributors combining for over 83% of these six categories and 76% of all thirteen.

### Gross Retail Sales 77009



Source: Texas Comptroller of Public Records

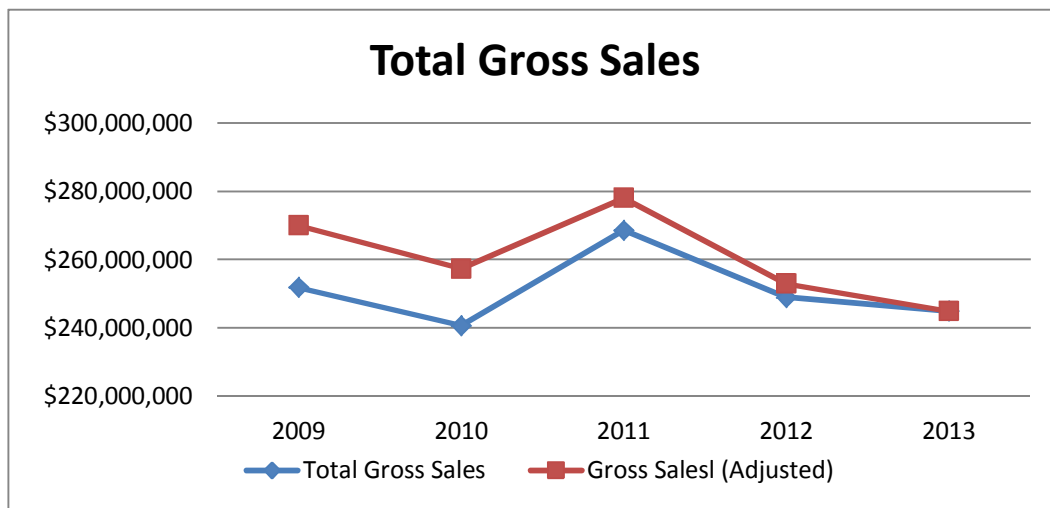
Looking at the total gross retail sales of all thirteen of the aforementioned categories, there has not been growth over the represented five-year period, with \$252 million in 2009 and \$244 million in 2013.

To evaluate the gross sales in constant 2013 dollars, taking each year's sales figures and applying the Consumer Price Index (CPI) to convert from nominal dollars to real dollars, the decrease becomes more pronounced, showing approximately a 9.3% decrease from 2009. See the table and chart below.

**Total Gross Sales - 77009**

<b>Taxable Sales</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Total Sales	251,887,210	240,750,038	268,620,991	248,938,185	244,917,947
Total Sales (Adjusted)	270,024,056	257,364,765	278,103,275	253,033,241	244,915,934

Source: Texas Comptroller of Public Records, Bureau of Labor Statistics



Source: Texas Comptroller of Public Records, Bureau of Labor Statistics

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## Estimated Retail Leakage and Supportable Demand

In a retail analysis, “leakage” describes potential spending at retail establishments from residents and other local population within a given market area, but which is being spent elsewhere. It is an indicator of the potential demand for additional retail investment and occupancy. CDS’s analysis objective is to understand how much, if any, additional retail activity might be supportable in the two CMAs, now and in the future. The approach CDS is taking for this analysis is as described below.

### Analysis Methodology

#### *Estimate Current and Future per-Household Leakage*

1. **Current per-Household Leakage** Because data on actual retail spending is not readily available at geographies smaller than the ZIP code level, initial calculation of leakage will have to be done for ZIP code 77009. Fortunately, this ZIP code shares much of the same area as the Northside CMAs’ combined Core and Supplemental areas. Furthermore, the portions of the CMAs outside 77009 have little retail activity which would be capturing the “leaked” spending. Therefore, CDS finds it reasonable to estimate a per-household leakage amount for 77009 and assume an equal per-household rate for the current number of households in the two CMAs. This per-household amount is estimated in **Analysis Table 1**.
2. **Future per-Household Leakage** While this is not a housing study, CDS’s assessment of the Northside area generally is that it is poised for residential gentrification in the near to middle term. One finding from the demographic analysis was that the South Supplemental CMA area has a significantly different demographic profile, in that its residents are higher-income and more well-educated than the rest of the CMA. CDS is assuming that the profile of the South Supplemental area is indicative of what the rest of the CMAs could evolve to as gentrification spreads. Therefore, CDS has obtained an estimate of aggregate and per-household spending for the South Supplemental area by retail category, depicted in **Analysis Table 2**. CDS used this per-household spending factor to calculate leakage for ZIP code 77009 in a future gentrification scenario and obtain a future per-household leakage factor, derived in **Analysis Table 3**.

#### *Estimate Current and Future Leakage in CMAs*

CDS then took the current and future estimated per-household leakage amounts from Analysis Table 1 and Analysis Table 3 and applied it to the North and South CMAs, to obtain an idea of how much additional occupied retail space could be supported beyond the current inventory. The future estimated supportable space is influenced not only by changed demographic and spending characteristics, but also an increased number of total households (refer to the 2019 projections of households from the Demographic / Economic Analysis section earlier in this report). These estimates are shown in **Analysis Tables 4-7**.

#### *Apply Qualitative and Development Considerations to Draw Conclusions*

CDS then considered the output of the current and future supportable space demand estimates in light of the potential for existing establishments to absorb more spending, the practicalities of typical retail development, and qualitative factors to produce a set of general conclusions regarding the viability of additional retail investment and development.



**Analysis Table 1: Comparison of Sales with Expected Household Expenditures – ZIP 77009**

Industry	Gross Sales	Aggregate Expenditures	Leakage	Leakage per HH
Furniture and Home Furnishings Stores	\$267,045	\$10,820,845	\$10,553,800	<b>\$735.00</b>
Electronics and Appliance Stores	\$1,419,796	\$10,247,005	\$8,827,209	<b>\$614.75</b>
Clothing and Clothing Accessories Stores	\$1,385,914	\$29,034,661	\$27,648,747	<b>\$1,925.53</b>
Sporting Goods, Hobby, Musical Instrument & Book Stores	\$1,916,815	\$9,625,702	\$7,708,887	<b>\$536.87</b>
General Merchandise Stores	\$9,689,382	\$68,174,131	\$58,484,749	<b>\$4,073.04</b>
Miscellaneous Store Retailers	\$7,008,252	\$7,475,464	\$467,212	<b>\$32.54</b>
Personal and Laundry Services	\$938,212	\$2,509,087	\$1,570,875	<b>\$109.40</b>
Building Material/Garden Equipment & Supplies Dealers	\$4,206,296	\$9,415,822	\$5,209,526	<b>\$362.81</b>
Food and Beverage Stores	\$74,438,467	\$77,424,610	\$2,986,143	<b>\$207.96</b>
Gasoline Stations	\$54,865,368	\$43,339,300	(\$11,526,068)	<b>(\$802.71)</b>
Food Services and Drinking Places	\$56,083,371	\$37,101,172	(\$18,982,199)	<b>(\$1,321.97)</b>
Health and Personal Care Stores	\$15,271,292	\$32,221,645	\$16,950,353	<b>\$1,180.47</b>
Motor Vehicle and Parts Dealers	\$17,425,724	\$69,027,021	\$51,601,297	<b>\$3,593.66</b>
<b>TOTAL</b>	<b>\$244,915,934</b>	<b>\$406,416,465</b>	<b>\$161,500,531</b>	<b>\$735.00</b>

Sources: PCensus for MapInfo; Texas Comptroller of Public Records; Dollars and Cents of Shopping Centers, CDS Market Research

### Current Per-Household Leakage

CDS used ZIP Code 77009 existing and estimated potential spending to calculate current per-household leakage in Analysis Table 1 above. The 2013 Sales column shows the retail sales per retail category for the 77009 zip code. The next column gives the Census figures for total aggregate expenditure estimates per the residents of those same zip codes. This indicates the level which residents are shopping inside the 77009 area.

Specifically, the table shows which categories are experiencing a surplus and which ones are experiencing a leakage, comparing actual sales relative to the aggregate expenditures

The largest leakage amounts are occurring in the following segments:

- General Merchandise
- Motor Vehicle and Parts Dealers
- Clothing and Clothing Accessories Stores
- Health and Personal Care Stores

These four industries all show a leakage of over \$150,000,000. Other industries experiencing leakage on a significant but somewhat smaller scale are Furniture and Home Furnishings Stores, Electronics and Appliance Stores, and Sporting Goods, Hobby, Musical Instrument & Book Stores, all showing leakages between \$7,000,000 and \$10,000,000.

Gasoline Stations and Food Services and Drinking Places recognize a surplus, showing \$11 million and \$19 million surpluses, respectively.

### Potential Future Leakage per Household

In the future, the North and South CMAs will continue to experience gentrification and redevelopment which will bring in a more educated, higher income-earning population. With this comes a greater buying power. The South Supplemental geography has largely already experienced this process and continues to do so. It is expected that residents of the overall North and South CMAs will take on the spending habits of the South Supplemental area in the future.

To generate a future scenario with higher income demographics for the CMAs, CDS obtained a per-household estimate of retail spending for the South Supplemental CMA, shown in Analysis Table 2 below.

**Analysis Table 2: Estimation of Retail Spending per Household – South Supplemental CMA**

4,418 Households

Industry	South Supplemental Aggregate Expenditures	South Supplemental Expenditures per HH
Furniture and Home Furnishings Stores	\$4,044,223	\$915.40
Electronics and Appliance Stores	\$3,602,139	\$815.33
Clothing and Clothing Accessories Stores	\$9,833,867	\$2,225.86
Sporting Goods, Hobby, Musical Instrument & Book Stores	\$3,491,489	\$790.29
General Merchandise Stores	\$22,426,630	\$5,076.20
Miscellaneous Store Retailers	\$2,710,188	\$613.44
Personal and Laundry Services	\$802,761	\$181.70
Building Material/Garden Equipment & Supplies Dealers	\$3,291,666	\$745.06
Food and Beverage Stores	\$24,110,169	\$5,457.26
Gasoline Stations	\$14,020,552	\$3,173.51
Food Services and Drinking Places	\$12,656,829	\$2,864.83
Health and Personal Care Stores	\$10,282,977	\$2,327.52
Motor Vehicle and Parts Dealers	\$23,531,251	\$5,326.22
TOTAL EXPENDITURES	\$134,804,741	

Sources: PCensus for MapInfo; Texas Comptroller of Public Records; CDS Market Research

Analysis Table 3 below shows the leakage calculations for zip code 77009 to mimic a future gentrification scenario where spending on a per household basis is equal to what households spend in the South Supplemental at present.

**Analysis Table 3: Comparison of Sales with Expected Household Expenditures – ZIP Code 2009 Future Gentrification Scenario**

Industry	Gross Sales	Aggregate Expenditures <sup>1</sup>	Leakage	Leakage per HH
Furniture and Home Furnishings Stores	\$267,045	\$13,144,182	\$12,877,137	<b>\$897</b>
Electronics and Appliance Stores	\$1,419,796	\$11,707,359	\$10,287,563	<b>\$716</b>
Clothing and Clothing Accessories Stores	\$1,385,914	\$31,961,181	\$30,575,267	<b>\$2,129</b>
Sporting Goods, Hobby, Musical Instrument & Book Stores	\$1,916,815	\$11,347,734	\$9,430,919	<b>\$657</b>
General Merchandise Stores	\$9,689,382	\$72,889,086	\$63,199,704	<b>\$4,401</b>
Miscellaneous Store Retailers	\$7,008,252	\$8,808,418	\$1,800,166	<b>\$125</b>
Personal and Laundry Services	\$938,212	\$2,609,064	\$1,670,852	<b>\$116</b>
Building Material/Garden Equipment & Supplies Dealers	\$4,206,296	\$10,698,287	\$6,491,991	<b>\$452</b>
Food and Beverage Stores	\$74,438,467	\$78,360,778	\$3,922,311	<b>\$273</b>
Gasoline Stations	\$54,865,368	\$45,568,381	(\$9,296,987)	(\$647)
Food Services and Drinking Places	\$56,083,371	\$41,136,127	(\$14,947,244)	(\$1,041)
Health and Personal Care Stores	\$15,271,292	\$33,420,839	\$18,149,547	<b>\$1,264</b>
Motor Vehicle and Parts Dealers	\$17,425,724	\$76,479,229	\$59,053,505	<b>\$4,113</b>
<b>Total</b>	<b>\$244,915,934</b>	<b>\$438,130,665</b>	<b>\$193,214,731</b>	<b>\$13,456</b>

<sup>1</sup> Calculated by multiplying per-household spending factors from Analysis Table 2 by estimated 77009 current households.

Sources: PCensus for MapInfo; Texas Comptroller of Public Records; Dollars and Cents of Shopping Centers, CDS Market Research

### CMA Leakage and Additional Supportable Retail Occupancy

CDS applied the current and future leakage per household figures from Analysis Tables 1 and 3 to the number of households located in the CMA areas of North Core, North Core + Supplemental, South Core, and South Core + Supplemental in order to arrive at an estimated leakage for those market areas. A reasonable capture rate was then applied to reflect that not all leaked sales would be reallocated within the CMA areas due to personal preferences and lifestyle habits of resident spenders. A lower capture rate was used for leaked sales generated by households in the Supplemental areas, because those areas will necessarily have equally as convenient options for spending outside the CMA and particularly outside the Core areas.

The resulting estimated leakage numbers are then used to calculate a supportable amount of occupied square footage in the various retail categories. These square footage calculations apply a required sales per square footage ratio to the leakage, and then are adjusted by a reasonable capture rate. The results of this procedure, for current and future spending, are depicted in Analysis Tables 4 and 5 for the North CMA and Analysis Tables 6 and 7 for the South CMA.

These calculations are merely designed to show what demand **could** be based on the current leakages based on conservative capture rates. It is not a certainty that the Study Area could support new stores each category that shows leakage. Often there are a number of reasons why certain retail will not be supportable in any given geography. Furthermore, some of the leaked spending could be accommodated or recaptured through increased spending at retail businesses which already exist within the CMA.

#### Analysis Table 4: North CMA – Current Additional Supportable Retail Space

Estimated households: Core Area – 4,533, Supplemental – 2,541

Retail Category	Current Leakage/HH	Capture Rate		\$/Sq.Ft. Required	Sq.Ft. Supportable	
		Core CMA	Supplemental CMA		Core CMA	Core + Supplemental CMA
Furniture and Home Furnishings Stores	\$735.00	20%	10%	\$150	4,442	5,687
Electronics and Appliance Stores	\$614.75	20%	10%	\$250	2,229	2,854
Clothing and Clothing Accessories Stores	\$1,925.53	20%	10%	\$225	7,759	9,933
Sporting Goods, Hobby, Musical Instrument & Book Stores	\$536.87	20%	10%	\$225	2,163	2,770
General Merchandise Stores	\$4,073.04	25%	13%	\$300	15,386	19,698
Miscellaneous Store Retailers	\$32.54	20%	10%	\$300	98	126
Personal and Laundry Services	\$109.40	20%	10%	\$75	1,322	1,693
Building Material/Garden Equipment & Supplies Dealers	\$362.81	20%	10%	\$300	1,096	1,404
Food and Beverage Stores	\$207.96	50%	25%	\$450	1,047	1,341
Gasoline Stations	(\$802.71)	20%	10%	\$1,300	(560)	(717)
Food Services and Drinking Places	(\$1,321.97)	20%	10%	\$300	(3,995)	(5,115)
Health and Personal Care Stores	\$1,180.47	20%	10%	\$250	4,281	5,481
Motor Vehicle and Parts Dealers	\$3,593.66	20%	10%	\$175	18,617	23,835
<b>Total</b>	<b>\$11,247.34</b>				<b>53,887</b>	<b>68,991</b>

Sources: PCensus for MapInfo; Texas Comptroller of Public Records; Dollars and Cents of Shopping Centers, CDS Market Research

### Analysis Table 5: North CMA – Future Additional Supportable Retail Space

Estimated households: Core Area – 4,830, Supplemental – 2,635

Retail Category	Current Leakage/HH	Capture Rate		\$/Sq.Ft. Required	Sq.Ft. Supportable	
		Core CMA	Supplemental CMA		Core CMA	Core + Supplemental CMA
Furniture and Home Furnishings Stores	\$896.80	20%	10%	\$150	5,775	7,351
Electronics and Appliance Stores	\$716.45	20%	10%	\$250	2,768	3,524
Clothing and Clothing Accessories Stores	\$2,129.35	20%	10%	\$225	9,142	11,636
Sporting Goods, Hobby, Musical Instrument & Book Stores	\$656.79	20%	10%	\$225	2,820	3,589
General Merchandise Stores	\$4,401.40	25%	13%	\$300	17,716	22,548
Miscellaneous Store Retailers	\$125.37	20%	10%	\$300	404	514
Personal and Laundry Services	\$116.36	20%	10%	\$75	1,499	1,908
Building Material/Garden Equipment & Supplies Dealers	\$452.12	20%	10%	\$300	1,456	1,853
Food and Beverage Stores	\$273.16	50%	25%	\$450	1,466	1,866
Gasoline Stations	(\$647.47)	20%	10%	\$1,300	(481)	(612)
Food Services and Drinking Places	(\$1,040.97)	20%	10%	\$300	(3,352)	(4,266)
Health and Personal Care Stores	\$1,263.98	20%	10%	\$250	4,884	6,216
Motor Vehicle and Parts Dealers	\$4,112.65	20%	10%	\$175	22,702	28,894
<b>Total</b>	<b>\$13,456.00</b>				<b>66,798</b>	<b>85,019</b>

Sources: PCensus for MapInfo; Texas Comptroller of Public Records; Dollars and Cents of Shopping Centers, CDS Market Research

**Analysis Table 6: South CMA – Current Additional Supportable Retail Space**

Estimated households: Core Area – 5,149, Supplemental – 4,418

Retail Category	Current Leakage/HH	Capture Rate		\$/Sq.Ft. Required	Sq.Ft. Supportable	
		Core CMA	Supplemental CMA		Core CMA	Core + Supplemental CMA
Furniture and Home Furnishings Stores	\$735.00	20%	10%	\$150	5,046	7,211
Electronics and Appliance Stores	\$614.75	20%	10%	\$250	2,532	3,619
Clothing and Clothing Accessories Stores	\$1,925.53	20%	10%	\$225	8,813	12,594
Sporting Goods, Hobby, Musical Instrument & Book Stores	\$536.87	20%	10%	\$225	2,457	3,511
General Merchandise Stores	\$4,073.04	25%	13%	\$300	17,477	24,975
Miscellaneous Store Retailers	\$32.54	20%	10%	\$300	112	160
Personal and Laundry Services	\$109.40	20%	10%	\$75	1,502	2,147
Building Material/Garden Equipment & Supplies Dealers	\$362.81	20%	10%	\$300	1,245	1,780
Food and Beverage Stores	\$207.96	50%	25%	\$450	1,190	1,700
Gasoline Stations	(\$802.71)	20%	10%	\$1,300	(636)	(909)
Food Services and Drinking Places	(\$1,321.97)	20%	10%	\$300	(4,538)	(6,485)
Health and Personal Care Stores	\$1,180.47	20%	10%	\$250	4,863	6,949
Motor Vehicle and Parts Dealers	\$3,593.66	20%	10%	\$175	21,147	30,220
<b>Total</b>	<b>\$11,247.34</b>				<b>61,210</b>	<b>87,470</b>

Sources: PCensus for MapInfo; Texas Comptroller of Public Records; Dollars and Cents of Shopping Centers, CDS Market Research



**Analysis Table 7: South CMA – Future Additional Supportable Retail Space**

Estimated households: Core Area – 5,316, Supplemental – 4,748

Retail Category	Current Leakage/HH	Capture Rate		\$/Sq.Ft. Required	Sq.Ft. Supportable	
		Core CMA	Supplemental CMA		Core CMA	Core + Supplemental CMA
Furniture and Home Furnishings Stores	\$896.80	20%	10%	\$150	6,357	9,195
Electronics and Appliance Stores	\$716.45	20%	10%	\$250	3,047	4,408
Clothing and Clothing Accessories Stores	\$2,129.35	20%	10%	\$225	10,062	14,555
Sporting Goods, Hobby, Musical Instrument & Book Stores	\$656.79	20%	10%	\$225	3,104	4,490
General Merchandise Stores	\$4,401.40	25%	13%	\$300	19,498	28,206
Miscellaneous Store Retailers	\$125.37	20%	10%	\$300	444	643
Personal and Laundry Services	\$116.36	20%	10%	\$75	1,650	2,386
Building Material/Garden Equipment & Supplies Dealers	\$452.12	20%	10%	\$300	1,602	2,318
Food and Beverage Stores	\$273.16	50%	25%	\$450	1,613	2,334
Gasoline Stations	(\$647.47)	20%	10%	\$1,300	(530)	(766)
Food Services and Drinking Places	(\$1,040.97)	20%	10%	\$300	(3,689)	(5,337)
Health and Personal Care Stores	\$1,263.98	20%	10%	\$250	5,375	7,776
Motor Vehicle and Parts Dealers	\$4,112.65	20%	10%	\$175	24,986	36,144
<b>Total</b>	<b>\$13,456.00</b>				<b>73,520</b>	<b>106,352</b>

Sources: PCensus for MapInfo; Texas Comptroller of Public Records; Dollars and Cents of Shopping Centers, CDS Market Research

Most of the Northside is not subject to deed restrictions, and the City of Houston does not have zoning. These facts allow easy conversion of single family residential, vacant land, and unproductive commercial structures to denser housing. A single residential lot may turn into several townhouse units, or larger sites could become multifamily. This potential densification is not necessarily accounted for in the projections of total households provided in Analysis Tables 5 and 7; thus the projected supportable retail occupancy may be understated if household growth (particularly of more affluent households such as those in the South Supplemental area) is much higher. CDS conducted a sensitivity test to explore such potential in the North and South CMAs, applying household growth that was 10%, 30%, and 50% higher than the earlier projections to both the Core and Supplemental Areas, and assuming both the more affluent demographic characteristics and higher capture rates, generally 30% for Core resident spending and 15% for Supplemental Area resident spending. Analysis Tables 8 and 9 display those results.

**Analysis Table 8: North CMA – Sensitivity Analysis of Higher Household Growth**

Increase over Household Projections from Analysis Table 5 – Core and Supplemental

Category	Additional Household Growth			
	0%	15%	30%	50%
Furniture and Home Furnishings Stores	11,026	12,680	14,334	16,539
Electronics and Appliance Stores	5,285	6,078	6,871	7,928
Clothing and Clothing Accessories Stores	17,454	20,072	22,690	26,180
Sporting Goods, Hobby, Musical Instrument & Book Stores	5,384	6,191	6,999	8,075
General Merchandise Stores	32,534	37,414	42,294	48,801
Miscellaneous Store Retailers	771	886	1,002	1,156
Personal and Laundry Services	2,861	3,291	3,720	4,292
Building Material/Garden Equipment & Supplies Dealers	2,779	3,196	3,613	4,169
Food and Beverage Stores	1,946	2,238	2,530	2,919
Gasoline Stations	(919)	(1,056)	(1,194)	(1,378)
Food Services and Drinking Places	(6,399)	(7,359)	(8,319)	(9,599)
Health and Personal Care Stores	9,324	10,723	12,122	13,987
Motor Vehicle and Parts Dealers	43,341	49,843	56,344	65,012
<b>Total Leakage</b>	<b>125,387</b>	<b>144,196</b>	<b>163,004</b>	<b>188,081</b>

**Analysis Table 9: South CMA – Sensitivity Analysis of Higher Household Growth**

Increase over Household Projections from Analysis Table 7 – Core and Supplemental

Category	Additional Household Growth			
	0%	15%	30%	50%
Furniture and Home Furnishings Stores	13,793	15,862	17,931	20,689
Electronics and Appliance Stores	6,611	7,603	8,595	9,917
Clothing and Clothing Accessories Stores	21,833	25,108	28,383	32,749
Sporting Goods, Hobby, Musical Instrument & Book Stores	6,734	7,744	8,755	10,102
General Merchandise Stores	41,229	47,414	53,598	61,844
Miscellaneous Store Retailers	964	1,109	1,253	1,446
Personal and Laundry Services	3,579	4,116	4,653	5,369
Building Material/Garden Equipment & Supplies Dealers	3,477	3,998	4,520	5,215
Food and Beverage Stores	2,478	2,850	3,222	3,717
Gasoline Stations	(1,149)	(1,321)	(1,494)	(1,724)
Food Services and Drinking Places	(8,005)	(9,206)	(10,407)	(12,008)
Health and Personal Care Stores	11,664	13,414	15,163	17,496
Motor Vehicle and Parts Dealers	54,216	62,349	70,481	81,325
<b>Total Leakage</b>	<b>157,426</b>	<b>181,039</b>	<b>204,653</b>	<b>236,138</b>

Sources: PCensus for MapInfo; Texas Comptroller of Public Records; Dollars and Cents of Shopping Centers, CDS Market Research

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## Conclusions from Retail Demand Analysis

In the North and South Cores, the total current leakage is \$11,247 per Household, and with the assumptions that the expenditure levels ramp up, the leakage jumps to \$13,456 per Household.

This leads to an estimate of only 53,000 square feet of new supportable retail in the North Core currently, and even with higher expenditure and household quantity assumptions based on non-CDS forecasts, that number still only demands about 67,000 square feet. In the South Core, the supportable square footage is 61,000 currently with a jump to 73,000 with increased spending and households.

For both the North and South Cores, the largest retail categories (in terms of supportable square footage needs) are General Merchandise Stores, Motor Vehicle and Parts Dealers, and Clothing and Clothing Accessories Stores. Large retail to fill the Motor Vehicle demand would require parcels of a size beyond what the Study Area can provide and typically would require much higher-traffic commercial corridors. Furthermore, auto dealerships have a limited impact on creating retail synergies with other establishment types. The same could be said for retailers that could provide the need for General Merchandise stores though the supportable square footage is somewhat more feasible (16,000 square feet in the North Core, 18,000 square feet in the South Core). Another discount store (dollar store) could be possible if centrally located within the overall Northside, where it could draw from both the North and South CMAs.

Clothing and Clothing Accessories show opportunities with between 8,000 – 10,000 square feet of supportable retail in both the North and the South Cores. Health and Personal Care Stores also show to include opportunities with 5,000 – 6,000 square feet of supportable retail in both the North and the South Cores.

CDS also examined the impact of both assuming considerably greater residential densification and improving capture rates with regard to leaked spending in both the Core and Supplemental areas. The impact is significant in these scenarios. Increasing the capture rates to 30% and 15% respectively for most store types increased total supportable square footage by 46% to 48% (both current and future) - a substantial potential amount. Further increasing household density increases the impact further. Based on typical store sizes, the categories CDS finds would most benefit from increased capture rates and household density include Clothing, Home Furnishings, General Merchandise, and Health / Personal Care stores. A greater diversity of dining and entertainment establishments would also be supportable.

Despite these potential impacts, Food and Beverage Stores had almost nonexistent needs with less than 4,000 supportable additional square footage per CMA under even the more ambitious capture rates. This is likely due to the current presence of the two Fiesta supermarkets, the Canino Farmers' Market (in the North Supplemental Area and 77009), and several smaller Hispanic-oriented meat markets. New entrants in this category would likely be taking market share away from the existing establishments.

Lastly, it should be noted that not necessarily all capture of leaked spending necessarily means additional space occupancy for retail activities. Often it will simply mean increased spending at existing establishments, which can be accomplished by improving the goods and services profile, customer service and experience, parking, or neighborhood quality of life factors.

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## Findings from Interviews

CDS conducted two types of interviews during research: commercial brokers knowledgeable about the Northside, and consumers who live or spend a large amount of time in the Northside CMA. The opinions expressed by interviewees informed CDS's overall conclusions about the potential for retail investment in the Northside area now and in the future.

### Commercial Brokers

CDS interviewed the following commercial brokers regarding retail demand and activity in the Northside Study Area:

- Will Condrey (Cushman Wakefield)
- Shawn Baksh (Trotwood Realty)
- Trish Dinh
- Lou Rosas (Remax)
- Robert Torres
- Lance Loken (KW Commercial)
- Michael Hernandez (Hernandez Properties)
- Russell Hernandez (Hernandez Properties)
- David Huy Vo
- Michael Morris
- Clay Trozzo (Property Commerce)
- Richard Rainer (Excel Commercial)
- Scot Davis (Trammell Crow)
- Griff Bandy (NAI)
- Kristin Cavanaugh (United Equities)
- Three other local brokers who asked not to be named

They were asked about specific retail listings in the area as well as general opinions of the area. All were asked about the CMA, and what their opinions were regarding the future demand for retail. Some who had a broader knowledge of the market were asked about other land uses as well, and how those uses would impact future retail demand.

Regarding the commercial corridors in the Study Area, the brokers' views were very consistent with one another. The corridors that were considered to be ripe for retail growth were:

- Irvington corridor between Cavalcade and Fulton
- Fulton at the intersections at Cavalcade/Fulton and Quitman/Fulton
- N. Main between Boundary and Burnett
- Cavalcade intersections at Irvington and at Fulton, and between I-45 and Fulton

Corridors that were considered to be not ideal for retail growth were

- N. Main north of Boundary
- A majority of Fulton (minus the two intersections at Cavalcade and at Quitman)
- Cavalcade (minus the intersections at Irvington and at Fulton, and west of Fulton)
- Quitman (minus the intersections at N. Main and at Fulton)

- Hogan Street (minus the intersection at N. Main)

The biggest demand currently is for residential development. In the corridors where retail development was seen as not ideal (specifically Fulton), the price that residential developers can pay outprices what retail developers can pay for the land. Due to the fact that most of the retail is neighborhood-serving, developers are only able to pay up to around \$14-15/ft while residential offers have been over \$20/ft. It is of the opinion of a majority of the interviewees that this dynamic will continue for a few years, and then, as the area demographics have changed to reflect higher populations, higher income levels, and therefore more buying power, that retail opportunities will be better and retail developers will be able to pay more for land.

The corridors deemed attractive vs. unattractive, were typically related to traffic counts. Many of the areas deemed unattractive or not ideal, had traffic counts below 10,000 cars per day, often in the 7,000-8,000 cars per day range. Most of the areas deemed ideal for retail development were above 10,000 cars per day, usually in the range of 13,000-15,000.

The rail brought many polarized views as about half interviewed saw the rail as bringing great potential demand for retail to the area. The other half saw it as creating barriers and hinderances to getting around, and felt as if the rail prohibited retail opportunities. All generally did agree that the rail would help with bringing traffic and visibility to the area, and that the overall impact it would have on drawing more population (daytime or residential) would eventually create more demand for retail.

Lastly, it was common to hear that asking prices for land were too high and that the advent of the rail had created unrealistic asking prices. This was especially considered an issue on N. Main. From what CDS could determine from asking prices gathered, this is very accurate.

## Northside Consumer Interviews

CDS conducted 20 interviews with consumers or potential consumers of retail and personal service businesses in the Northside – the interviewees either live, work, or have other reasons to spend a large amount of time in the area. The one-on-one interviews typically took from 20 to 30 minutes and took place in person at either Del's Ice Cream or the Avenue CDC Customer Center on Quitman; a few were done by phone as well. CDS used the same discussion guide for all interviews. The results are summarized in the framework of the discussion guide below.

### Interview Discussion Guide and Response Summaries

#### 1. Describe your relationship to the Northside:

17 Live here

16 Work or volunteer here

19 Spend leisure or family time here

#### 2. How many times per week do you visit the following grocery stores:

Fiesta on Fulton at Quitman:

Zero	1 per 3mo	3 per wk	Zero	Zero	Zero
Zero	3 per wk	1 per wk	3 per wk	3 per wk	2 per mo

3-4 per wk	1 per 3 mos	1 per 6 mos	1 per mo	Rare	Zero
1 per yr					

Fiesta on Fulton at Patton:

Zero	1 per mo	1 per mo	1 per wk	Zero	Zero
Zero	1 per wk	Zero	Zero	Zero	1 per 1.5 wks
Zero	1 per mo	1-2 per mo	1 per 6 mos	2-3 per mo	Rare
2-3 per wk					

**What is your most important grocery store, the one where you buy most food for daily living?**

<u>Location</u>	<u>% of grocery shopping</u>	<u>Qualities/reasons</u>
Kroger (Montrose)	90%	Likes size/intimacy
Kroger (Studemont)	90%	Quality produce, specialty items, 50%-vegeterian selection, bigger overall selection, 70%-quality of produce, wider/deeper selection
Joe V's (Shepherd/Tidwell)	60%	Good value
HEB (TC Jester)	80%	Safer, better selection, won't get mugged
Trader Joe's (Shepherd)	70%	Selection, safer
Joe V's (Shepherd/Tidwell)	90%	Best prices
Walmart (Northline)	70%	Convenience, best offerings
Both Fiestas	90%	Close to home
HEB (Buffalo Spdwy)	70%	On commute, quality, socially responsible, safe
Walmart (Yale)	70%	Prices, variety, safer
Walmart (Yale)	70%	Prices
Foodtown	40%	Prices and bulk goods
Kroger (Shepherd/11 <sup>th</sup> )	50%	On way to p.o. box, gas, healthy food selection
Kroger (11 <sup>th</sup> /Shepherd)	90%	Sushi, overall selection
HEB Bunker Hill	40%	Toiletries, locally sourced goods, partnerships w/ local groups, traceable sourcing
Walmart (Northline)		

Trader Joes	50%	Produce, unique items
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**3. What other stores do you purchase food at either within the Northside or elsewhere, and what do you buy there?**

<u>Store and location</u>	<u>Items bought</u>
Target (Sawyer Heights) X4	
CVS (Cavalcade) – can walk there	Sugar, coffee, milk, tp
Whole Foods (Waugh) X3	Specialty, Healthy (organic) Items
Farmer’s Market (Caninos) X5	Specific Veggies, fruit, jelly, popcorn
Randall’s (Midtown)	
Kroger (Studemont) X3	
Kroger (Yale@20 <sup>th</sup> ) X2	
Kroger (11th)	Healthier Options
Bakeries (various)	
Bakeries on Washington	Unique Desserts
Chinese-themed stores	Unique Chinese food items
Michoacana / meat markets X3	Meat
Joe V’s	Bulk items
CostCo (Richmond and Katy Fwy locations)	
El Bollillo (N. Main)	
Kroger (W Gray)	Beer
HEB (W. Alabama)	Seasonal items

**4. What share of your clothing and accessories purchases would you estimate that your household makes at stores within the Northside? Ranged from 0-5%**

**What stores does your household patronize for clothing and accessories within the Northside or elsewhere, and for what type of clothes?**

<u>Store and location</u>	<u>Items bought</u>
Marshalls - Northline X3, W. Gray	Clothing, housewares
Walgreens x2 (Quitman)	
Memorial City Mall X3	
Galleria	
Steinmart (Meyerland)	



The Galleria X3	Clothing
TJMaxx X2 (W Gray)	
Outlet Malls	
Target x5	
Walmart x3	
Petsmart (Sawyer) X2	
Ross (Shepherd)	
Designer Shoe Warehouse (POBlvd)	
Family Dollar (Fulton) X3	Paper goods, decorations
JCPenneys	
Ross (Northline) X2	
Boutiques near Montrose	
Rice Village	
Payless Shoes (Fulton)	
The Gap (W. Gray)	
Home Depot (N. Loop)	
Ross – Shepherd/11th	
Thrift stores (Family Thrift on N. Main)	
CVS X2	Soda, candy, toiletries, makeup
Label Warehouse (not as much these days)	
Family Dollars (Heights)	
Palais Royal (Northline)	
Autozone	

**5. What share of your dining out or take out food would you estimate that your household does at restaurants, cafes, fast food places, etc. within the Northside?**

10%	50%	20%	5%	0%	10%
30%	25%	50%	40%	60%	25%
50%	75%	50%	55%		

**What restaurants, cafes, fast food places, etc. does your household often patronize for dining out or take out food within the Northside or elsewhere, and how often do you go there?**

Restaurant / café / fast food establishment and location

How often

*Within Northside*

Teotihuacan, Bocca Deli, Red Ox, Laredo Taqueria	1/mo
Taqueria Arenas, Veracruz, Red Ox, Poppa, Teotihuacan, Bocca	
Rio Verdance	1/wk
Bocca, Burger King, Subway	3/wk
Teotihuacan, Bocca, Chicken Truck on Irvington	5/wk
(None)	1/wk
Houston Bakery, Poppa Burger	2/wk
Houston Bakery	every day
Poppa, Taco Trucks, Aguascalientes	3/wk
Subway, McDonalds, Teohuatican, Little Caesars	3/wk
Gorditas Aguascalientes, Bocca, Houston Bakery	2/wk
Houston Bakery, La Macro, Kuko's, Gorditas Aguascalientes	2/mo
Little Caesar's Fulton	1-2/wk
Bocca, Teotihuacan, Subway (Patton), Trigo's	
Vercruz, Teotihuacan	2/wk
Taqueria Arandas, Gorditas Aguascalientes, Taqueria Lardeo	1-2/wk
Pizza Patron/Hut, Teotihuacan, La Macro, Red Ox, Gerardo's	2-3/wk
Teotihuacan, El Rey (Irvington), Dairy Land, Church's, Veracruz, Gerardo's, Arandas	

*Outside Northside*

Jax, Asian	
Pappa's BBQ, Connies Seafood, Spanish Flower	
Chick Fil A, nicer meals	
El Rey, Sonic, Fit Foods, Hunan, Le Madeline, Peiwei, Luby's	
Cafeterias on Washington	
Restaurants/Bars in Heights and Washington	
Chilis, Olive G, Panda Exp	
Antidote Coffee, Montrose coffee shops, Andy's on 11 <sup>th</sup> , IHOP Northline	2-3/wk
Onion Creek, Bubba's Westcott, Juicy in the Sky, Les Givrals Washington	1-2/wk
All dining out-Popeye's Shepherd, Smoothie King	2/mo
El Rey (Washington, Ella)	
Asia Café (Yale)	

Heights and Montrose coffee houses

Montrose, Downtown, Midtown restaurants, Mam's Ice, Heights Coffee

**6. What other stores or businesses do you frequent within the Northside, for what things, and how frequently? Include personal services, not just shopping.**

<u>Business and location</u>	<u>Things purchased</u>
Exxon X4	gas
Shell X2	gas
Stokes Hardware x4	
Walgreens X8	prescriptions
CVS X6	very small items, prescription
Sam's Dollar Store	
Veracruz	seafood
Payless Shoes	shoes
Various Tires Shops	tires
Bell's Cleaners, Roland Cleaners X4	
Citgo X2	gas, beer
Ruiz Wholesale X2	ice
Florist on Irvington	
Chevron X2	
Dollar General	
TV Repair (Fulton)	
Magic Nails – Alber/Irvington	
Mechanic – Cavalcade/Irvington	
Recycle by Design (online only)	
Solutions Beauty – N. Main	Hairdressing
Valero	
Twilight Liquor	

**7. What other stores or businesses do you frequently spend time and money at outside of the Northside, for what things, and how frequently? Include personal services and entertainment / recreation, not just shopping.**

Business and location

Coffee, Nails (1/mo), Hair(2/mo), Auto Parts, Petsmart, Vet  
 Star Copier, Antiques (Heights), Printer, Cleaners  
 Joe V's, Home Depot  
 Target (Sawyer), Subway, Movies, Museums  
 Target (Sawyer), Hair/Nails (West U), Liquor (Specs D/T), Dining (Various Hts/Montrose )  
 Dry Cleaners, everything else  
 Walmart (Yale), Lucky's, Discount Tires  
 Walmart (Yale), Thrift Stores  
 Catalina Coffee (Wash), Bookstores (everywhere), Specs, Bars/Live Music  
 Hobby Lobby, Michaels, WMart (Yale), Home Depot, Office Depot, Hair (Heights)  
 Barnes & Noble River Oaks  
 Luke's Locke (W. Gray)  
 Sawyer Heights stores  
 Wabash Antiques / Feed  
 Staples – Sawyer Heights  
 Lowe's / Home Depot  
 Verizon Crosstimbers or Post Oak Blvd  
 BofA, Green Bank  
 Wild West, SSQQ  
 CostCo  
 Buffalo Exchange - Montrose  
 O'Reilly's (N. Main)

**8. What do you think are the specific types of retail, dining, personal services, and entertainment that are generally well-provided in the Northside – you think the quantity and quality of those types of businesses are at least satisfactory?**

Mexican restaurants X11	Hardware X2
Walgreens/CVS drug stores x5	Restaurants (in general)
Washaterias	Insurance
Tire Shops X6	Dollar Stores/Thrift Stores X6
Cricket	Cheap Motels
Check Cashing	Auto Repair Shops x4
No more Dog Parks!	Dive Bars(x3)

Fast food X2	Groceries (Fiestas)
Delis	Attorneys
Nail salons X2	

**9. What do you think are the specific types of retail, dining, personal services, and entertainment that need more or better offerings in the Northside – you think the quantity and quality of those types of businesses are NOT satisfactory, and the community would support new businesses of these types?**

Coffee X11	Different auto parts
More Lunch Options	Jack in the Box
Bars (non-dive)	Early shift breakfast (<6:30 am)
Grocery (besides Fiesta)X9	Gifts/cards
Better Pharmacy	Breakfast (general)
Variety of Restaurants X7 (non Mexican)	Pizza X2
Cleaners X3	Mexican bakeries
Artist Gallery	Cakes
Antiques	Medical supplies
Farmer's Market X4	Yogurt
General Merchandise	Accessories
Healthier Options (Restaurant/Grocery) X2	Non-dive after-work / social bar
Upscale Icehouse with Live Music	Donuts
More varieties of ethnic restaurants	Clothing/shoes
Cafeteria (Affordable and Healthy)	Shoe repair
Fresceria	Discount Clothing (Ross)X2
Hair/Barber	Asian restaurants X2
Dive Bars	Gardening supplies
Bookstore	Gym/fitness facility

**10. In general, what are things that are GOOD or POSITIVE about shopping, dining, personal services, and entertainment in the Northside?**

Mom & pop/local owners X5

Easy to get around

Plenty of Mexican restaurants X2

Strong community (everyone tries to help each other) X3

NOTHING

Family Dollar is great

Proximity to D/T

Proximity to Loop

Metro Rails

Excellent culture!

Neighborhood has potential for walkability

A lot of stuff here! / basic necessities available X2

Nice neighborhood scale / not large retail centers X2

Close by home X4

Small stores within neighborhoods

Close to volunteering activities / work X2

**11. What are things that are BAD or NEGATIVE about shopping, dining, personal services, and entertainment in the Northside?**

No big-name grocery

No clustered shopping areas X2

Not walkable X3

Not enough pride from owners in the area (facades, unclean exteriors) X2

No entertainment X2

Bad Lighting X4

No parking x2

Bad sidewalks X4

Unsafe X6

Generally bad customer service from most retailers

Homeless people X6

Stray Dogs X2

Bars on Hogan Street

Rail. Bad access to retailers X4

Early closing hours

Poor visibility of stores / bad building configurations

Prices too high / need more competition X2

Lack of restaurant variety

Not enough variety X3

Lack of local products from the community

**12. Where in the Northside do you think represents the BEST locations for new or increased shopping, dining, personal services, and entertainment? Why?**

Along the Rail X5, access, visibility

Irvington X7, more family environment, away from train

Cavalcade X2,

Quitman

Fulton, rail X3

Fulton/Cavalcade Intersection X3

Main St (stretch from Boundary (North) to Burnett (South)) X3

Fulton/Hayes Intersection (SEC)

East side of I45

Hardy Yards X2

Abandoned church near Hogan

**13. Where in the Northside do you think represents the locations that new shopping, dining, personal services, and entertainment business should AVOID? Why?**

Along the Rail (bad access)

Hogan/Lorraine (crime/prostitution) X6

Jensen

Collingsworth/Irvington (south of Collingsworth)

Nothing below Moody Park

Fulton (rail is bad for access, east side with small lots x2)

Several "I don't know"

Hardy / Elysian X3

Burnett

N. Main X2

Neighborhood streets off main thoroughfares X2



**14. Do you think the new light rail line is good or bad for shopping, dining, personal services, and entertainment? Why?**

Not a draw, but provides good access to DT.

Great

Good during construction, but bad now

Good, bringing better quality residents

Mixed (Yes because great for D/T access, No because of homeless people riding)

Bad, Rail has significantly hurt businesses here

Bad, Too many homeless around the rails

Good, great access to everything

Good, ease of getting to D/T

Bad, closed on weekends

Bad, can't access places that used to be easier to get to X2

Mixed generally

Not much difference X2

Very bad in near term, unlikely to improve because Houston is car-oriented

Bad because of limited access

Evolving – construction workers left a void

Safety concerns for pedestrians

**15. Do you have any other recommendations regarding what would improve shopping, dining, personal services, and entertainment in the Northside?**

Farmer's Market, more community activities

Northside Shopping Guide (with Map)/ neighborhood coordinated marketing X2

More clustered shopping areas X2

Dog park X3

Better sidewalks X5

Better lighting X6

More national brands

Discount retailer

Coffee shops X3 – also incentives, youth program (Bohemeo's example)

Nice Bars

Bakery

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Public storage (high end)  
Increased safety (security-separate from lighting requests)X4  
Too many homeless walking around X3  
Develop Main, this has the most opportunity  
More walkability X3  
Clean up crime-ridden areas (Hogan) X2  
Offer more places to hang out - eat and drink with friends  
Open up the streets near rail (fire and safety issues)  
Art facilities (visual and/or performance)  
Attract stronger residential demographic  
Remove rail ine  
Improve access to freeway  
Slow traffic on Irvington  
More partnerships with local businesses, connections to churches and schools  
Golf cart shuttles to/from rail ine  
Family businesses

### Coffee Shop Analysis

Through numerous interviews conducted with local residents, business owners, and others belonging to the day-time population of the Study Area, the most commonly mentioned retail need for the area was a coffee shop. Currently there are zero coffee shops in the Study Area (though some restaurants and cafes may serve coffee – Del’s Ice Cream for example).

Two geographies were used as comparables to the Study Area, Gulfgate and 8515 Gulf Freeway. Both geographies are very similar in land area as well as demographics.

The Study Area compared favorably over both comparable areas in several demographic categories, specifically having higher average income and a better educated population (higher percentage of those with either a Bachelor’s Degree or a Post Graduate Degree).

Most important, when looking at the two other comparable areas, both are able to support a coffee shop (Gulfgate has three) while having similar populations, a similar number of employees, and somewhat less favorable demographics. CDS believes confidently that current market conditions show that the Study Area is able to support a coffee shop, and with projected growth to the Study Area, perhaps the ability to support two shops in the near future. Please refer to the table on the following page.

	Trade Area	Gulfgate	8515 Gulf Freeway
<b>DEMOGRAPHIC DATA</b>			
Total Population	28,854	42,225	36,433
Average Income	\$44,159	\$43,416	\$40,924
Median Income	\$28,721	\$35,260	\$30,782
<b>Education - Population Age 25 or Older</b>			
Less Than High School	26%	34%	26%
High School Degree	27%	28%	27%
Bachelor's Degree	8%	5%	6%
Post Graduate Degree	4%	2%	3%
<b>PRIZM Top Target Segment Households</b>			
Primary Segment Households	61 City Roots	66 Low-Rise Living	66 Low-Rise Living
Secondary Segment Households	54 Multi-Culti Mosaic	54 Multi-Culti Mosaic	54 Multi-Culti Mosaic
Tertiary Segment Households	66 Low-Rise Living	29 American Dreams	40 Close-In Couples
<b>BUSINESS &amp; EMPLOYMENT DATA</b>			
Total Businesses	1,066	1,334	1,458
Total Employees	12,790	16,312	14,463
<b>Population Occupation (Age 16 and Older)</b>			
Total White Collar	4,967	5,377	4,981
Percent White Collar	42%	30%	32%
Total Blue Collar	4,322	8,794	7,111
Percent Blue Collar	36%	49%	46%
<b>COMPETITION</b>			
Total Coffee Shops	<b>0</b>	<b>3</b>	<b>1</b>
<b>RATIOS</b>			
Population per Coffee Shop	-	14,075	36,433
Employees per Coffee Shop	-	5,437	14,463

Source: Nielsen Claritas, InterDirect USA

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## Conclusions – Northside Retail Potential

After concluding its research on the demographic and economic trends affecting the Northside area, estimating unmet demand for retail uses in the defined market areas, and interviewing commercial brokers and consumers, CDS synthesized the information into a set of conclusions regarding the potential for retail investment and additional occupancy in the Northside. These conclusions are presented below.

### General Points

- Although many of those interviewed indicated the need for more grocery options, CDS did not find that sufficient support exists for another full-sized grocery store, currently or in the future. Gentrification may instead lead to a push for a change in the product lines sold at and the aesthetic trappings of the existing stores to reflect changing resident consumer tastes.
- Opportunity appears to exist at present for a few (no more than two or three) additional small-to-mid-sized clothing stores targeting working-class households. Examples of such stores would be Melrose and Citi Trends. As the area gentrifies, demand for clothing stores will remain, but the types of products sought will likely change.
- The Northside is seemingly underserved for General Merchandise stores. The current supply consists of dollar stores (Family Dollar, Dollar General). More stores in this vein could be supportable. However, demand from within the area is not strong enough to justify a full-sized General Merchandise store such as Target or Walmart, both of which have locations close to the Northside. One possibility for a somewhat larger scale store would be Fallas Paredes, though as gentrification occurs its target customer base will shrink.
- Spending within Northside at restaurants and drinking places is strong thanks to Tex-Mex and Mexican restaurants which attract spending from those who reside outside the area. While in terms of total spending versus potential spending there appears to be a net inflow to the Northside, the general lack of restaurant variety was noted by CDS and by interviewees. It is likely that a few establishments of different cuisine – Asian or Chinese was a particularly common desire – would be supportable in the area, provided that they target a middle-class price level. Restaurant demand, especially for breakfast and lunch, is boosted by the area's working class daytime population, which helps make such ventures more sustainable than if having to rely on evening business alone.
- A coffee shop appears to be supportable – possibly two establishments. The area is unlikely to meet the criteria for a Starbucks or other national chain, but a local business such as the various coffee houses in the Heights should be encouraged.
- An important overall finding is that the population within the Northside is simply too low to warrant significant additional retail occupancy if conservative capture rates are assumed for spending currently leaving the area. Furthermore, population and household projections indicate relatively modest growth (by Houston standards) going forward, so the retail demand situation is not likely to have significant growth either – though the goods and services demanded will evolve as higher-income households move in. Ways to counteract this issue over time would be to:

- Attract greater population density than what is currently contemplated by demographic projections
  - Address some quality of life issues which drives some potential spending away (safety and security concerns, limited parking, limited automobile access along the Red Line, lack of awareness by newcomers of the area's offerings, etc.)
  - Change the quality of goods offered and the shopping environment within and around stores to appeal to consumers who can afford a choice of shopping locations
- Given the gentrification and upscaling of retail businesses occurring immediately to the west and south of the Northside, it is possible that individual entrepreneurs could choose to locate a new business – most likely a restaurant or entertainment venue – within the Northside with the intention of making it a “destination” business drawing customers from outside the area. Addressing the issues raised in the previous point would increase the likelihood of this occurring.
- There is only a small amount of modern space, especially multitenant retail centers, that houses the Northside's existing retail businesses. Many businesses are in owner-occupied properties or older, lower-quality buildings that are not comparable with new construction. Some older properties with vacant ground floor space, especially in the South CMA, could be attractive for occupancy by new businesses targeting residents of the higher end of the income spectrum in the neighborhood. However, the cost to renovate these buildings is likely substantial, income-producing uses would need to be found for upper floors (for structures of more than one story), and the neighborhood is still a high risk for such investments. The “destination” businesses described in the previous point would be appropriate candidates for catalyzing investment in older structures.
- The new light rail line has generated mixed reactions. There appears to be a significant segment of the Northside community which now avoids the corridor due to perceived and real access impediments, most notably the lack of left turns. This, combined with the disappearance of the construction crews and their daytime business, has left some establishments suffering a slowdown. Still, there is also hope in the community that the visibility and awareness created by rail service will eventually translate into increased commercial activity on North Main and Fulton.
- The community feel, relatable staff, independent ownership and small physical scale make Northside retail, limited though it is, uniquely appealing for existing customers.

## North CMA

- The North CMA is fortunate to contain most of the Northside's “destination” Tex-Mex and Mexican restaurants, which bring outside traffic to the area. Other anchors include CVS and Stokes Hardware.
- However, the North CMA has a lower population density compared to the South, and this contributes strongly to the lack of support for much additional retail occupancy, even if household incomes improve significantly. The Lindale Park area, which likely has the highest household income profile of any part of the Northside, will remain low density due to deed restrictions.

- Irvington from Fulton to Cavalcade will remain the premier location for any additional retail investment in the near term. This is because of ease of car access, parcel sizes which allow for parking, and the existing retail such as restaurants and Stokes.
- Along the Red Line, the Cavalcade station area and the Irvington intersection are the most promising locations for retail activity at present. Establishments may prefer to orient themselves to the cross-streets rather than Fulton itself, due to access issues. Some parcels have been shrunk by right of way acquisition for the rail line, reducing the amount development and required parking that is feasible. One note: businesses serving alcohol would be impacted by buffering rules around Jefferson Elementary School near Cavalcade Station.

## South CMA

- The South CMA has a higher total population than the North, with slightly higher projected growth as well. The South Core Area is also highly accessible to areas where gentrification is well-advanced, such as the 1<sup>st</sup> Ward, Woodland Heights and Downtown.
- The intersections of Quitman at Fulton, already a principal retail node, and Quitman Station on the Red Line (at North Main) are the key areas for retail activity. The area near Fulton / North Central station, currently a jumble of strip centers, is less promising at the present time but does benefit from having some established businesses at present.
- North Main from Hogan to Boundary has significant opportunities, including vacant and underutilized sites, older buildings that could be suitable for unique rehabs and repurposing, exposure for light rail passengers, and intersections with streets leading directly to higher-income areas (Hogan and Quitman).
- However, it also has significant challenges: access in most blocks impeded by light rail, questionable condition of several structures, and security concerns caused by a large presence of loiterers and the indigent. The target demographic for retail uses – moderate-income residents -in the near term may render full rehabilitation of the older buildings financially infeasible.
- This stretch of North Main would lend itself to a risk-taking, pioneering investor who was interested in opening a coffee shop or coffeehouse, the support for which CDS has documented earlier in the report.
- Hogan east of North Main is perceived very negatively due to the perception of undesirable activities at bars and other venues along the street.
- The Quitman Station area is also heavily impacted by the school buffer regulations of the City of Houston. Bar and entertainment uses would be best served by locating along portions of North Main away from the buffer. One such area could be near Burnett Station, which is largely unsuitable for other retail uses because of access, visibility, and a location on the edge of the mass of population, at least until Hardy Yards develops.
- Better management of vagrants and loiterers could help bring this stretch of North Main to another level of local resident acceptability.

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## Community Retail Development Strategy

Given the constraints on the market potential for additional retail development described in the rest of this report, the Northside's response needs to be realistic and tailored in its efforts. CDS recommends the following initiatives to help ensure that retail activity potential is maximized and that the community is achieving a higher level of satisfaction with its own retail and service offerings.

### Improve Existing Establishments, Especially Grocery

Without a major increase in population density, particularly of higher-income households, CDS's analysis indicates that large-scale growth in retail and service establishments is unlikely. Instead, as gentrification occurs, a more likely change is that existing retail establishments will have to change their offerings and environment to match the changing tastes, habits, and spending power of a changing Northside population – or be fully replaced by a business which does do that. Based on the results of the interviews, one business category which has significant opportunity to capture a greater share of local spending, and capture the spending of new or changing households, is grocery. This means working with the only major grocer serving the Northside study area, Fiesta. Interviews consistently indicated that the two Fiesta stores are not the primary grocery shopping venue for likely a significant number of Northside residents.

CDS is aware that Fiesta did make some physical improvements to the Quitman at Fulton store after Hurricane Ike damage in 2008. However, many of the issues cited in the one-on-one interviews with CDS related to Fiesta's selection of grocery items, as much or more as the physical and environmental condition of the stores. Making both physical and merchandising changes could thus represent opportunities to capture a greater share of local grocery spending. However, both types of changes are a significant investment for a grocery company, because this industry operates with slim profit margins. In order for such changes to come about, the community will have to make a convincing case for changes to Fiesta.

CDS recommends conducting a thorough community survey directed specifically at grocery spending. The survey should have enough sample size and breadth to be relatively statistically representative of the Northside population, and effort should be made to have enough sample to allow for statistically valid analysis of subgroups, such as relative newcomers to the area or higher-income households.

Survey topics should include:

- Thorough documentation of residents' existing shopping habits – what items are purchased where
- How often the Fiestas are patronized, and how much is spent on typical visits
- How often other grocery stores are patronized, and how much is spent there
- What products could be carried that are not currently carried, but would prompt more purchases
- Good and bad aspects of the environment at the Fiestas

Having survey data indicating to Fiesta that certain changes could provide increased visits and spending is what is needed for the community to make a strong case that Fiesta should make changes or investments, which the company may view as risky or unlikely to be financially rewarding. Similar or modified approaches to this survey might be possible for other categories of businesses as well.



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## Attract Greater Dining Diversity

While harboring a strong lineup of Tex-Mex and Mexican restaurants, the Northside has an extremely limited array of other cuisines available, other than the usual fast food franchises. The Northside's demographic profile is unlikely to catch the attention of typical national restaurant chains except ones which cater to moderate-income customers, which are not common generally apart from quick-service establishments such as drive-through hamburgers, fried chicken, and sandwich shops. Even so, its lack of dining diversity is somewhat remarkable, particularly for Houston.

The most glaring gap in the Northside's offerings is for Asian food – Chinese, Vietnamese, etc. The vast majority of such establishments in the Houston area are locally owned, often family owned, maybe only with a single location. This works in the Northside's favor, as such businesses are more likely to be willing to occupy older existing spaces and take chances in less proven markets than larger corporate chains. The Northside community could work highlight the lack of Asian restaurants to the local retail brokerage community, many of whom have worked with independently owned Asian restaurants as retail center tenants. Such networking will help uncover such businesses that are interested in opening a second location or know of families who are seeking to open their first location, and help get Northside on their radar.

As documented earlier in this report, it appears that a coffee purveyor could also be supported within the Northside. As with dining, it is more likely at present that an independently owned business would be willing to locate in Northside versus a corporate chain such as Starbucks.

## Improve the Commercial Environment

One of the current issues with retail in Northside is that challenges exist in the overall environment which hinder the potential for retail spending and general vibrancy. These include safety, parking, and streetscape, plus a lack of a specific lively node with capacity to grow. While all of Northside deserves improvements related to these items, resources (including the human capacity for effort and attention) are limited, so CDS recommends focusing on a few key locations for early initiatives.

### Safety

Many interviewees commented that they are not comfortable on public sidewalks after dark. Improved environmental lighting, which directly addresses this issue as well as potentially improving the nighttime aesthetic environment, has been stated as a priority by community leaders such as the Greater Northside Management District. CDS recommends on focusing efforts to improve lighting on key streets where conditions are most conducive to improving retail health. These include Cavalcade from the North Freeway to Irvington, Irvington near Collingsworth and its terminus at Fulton, and North Main from Hogan to Boundary (which has less immediate retail potential until the community is better acclimatized to the access restrictions created by the light rail line).

In addition, measures to address key generators of transient loitering and vagrancy activity will be necessary, particularly along North Main and the area around Fulton and Boundary. Having a visible security presence to counteract the very visible presence of transients would help in the short term. Lastly, many interviewees commented on the perception of nefarious activity occurring along Hogan / Lorraine east of North Main, which kept them away from any commercial establishments in that corridor. CDS would recommend working with the Houston Police Department to continue to

encourage the abatement of illegal or disruptive / nuisance activities in that area. Hogan is an important street in that it directly and quickly connects the Northside to the fast-gentrifying First Ward area (part of which was included as the South Core Area), and removing any deterrence from those residents' willingness to venture into the Northside to patronize its businesses helps maximize potential retail spending capture.

Safety not only speaks to personal security, but also the physical threat of automobile traffic. Providing adequately wide sidewalks, in decent condition, and safe means to cross thoroughfares such as Cavalcade when not at main intersections such as Fulton is another important safety element.

### Parking

Many commercial parcels in Northside, particularly along North Main and Fulton post-METRORail, are limited in area and thus have limited capacity for parking. Even with light rail, parking is still vital for most businesses because of the Northside's low density. The community should study the possibilities for creating a communally managed parking system in this corridor, featuring common public parking areas to serve multiple properties and reduced on-site parking requirements, in order to remove the burden of parking provision and allow the occupancy of more indoor spaces. The City's Parking Management District option in the municipal code can facilitate this. Financing of communal parking supply can come from a variety of sources. The Washington Avenue area is using on-street parking revenue to contribute, for example.

### Streetscape and Placemaking

CDS observed that existing retail activity is relatively scattered throughout the Northside study area. The areas that could most be described as "nodes" are the Quitman / Fulton intersection, home to one Fiesta and a Walgreens, and the conglomeration of small strip retail near the Fulton / Boundary intersection. Both of these nodes are limited in physical development potential by nearby development, most notably public properties such as schools, and street / infrastructure patterns. Irvington from Fulton to just north of Cavalcade features popular dining and service establishments, but they are not tightly clustered. Whereas vibrant retail scenes usually follow either a continuous "corridor" format or a concentrated "node", the Northside has neither. Furthermore, though it has two popular public destinations (not counting schools) – the Leonel J. Castillo Community Center and Moody Park – neither is currently well-integrated as a catalyst for nearby commercial activity, part of a concept known as "placemaking."

CDS suggests focusing on the general area of the Irvington / Collingsworth / Fulton intersections as a location with potential to develop a commercial and civic activity node over the long term. Moody Park is adjacent, and there are several vacant or underdeveloped sites which could convert to either commercial or civic use. This area is fortunate to lie at the end of the Irvington corridor, so there is already some successful nearby retail and dining as a precedent. A well-programmed and managed public space, such as a plaza, with inviting gathering spaces and frequent events would serve as a positive activity generator for the surrounding area. Improved sidewalk, landscaping, and lighting would also be needed, both to connect to adjacent residential areas and to Moody Park, thereby helping the latter become more synergistic with the neighborhood. Over time, by being a place where people felt comfortable and enlivened to spend time, an increased density of retail and entertainment activities will be more viable, and a "node" could develop.

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## Initiate a Community-Based Marketing Effort

Given that much spending by Northside residents is occurring outside the area, area businesses risk “falling off the radar” of their own community. In addition, newly arrived residents, who are often going to be higher income than existing residents and habituated to shopping and dining in other areas of Houston such as Washington Avenue and the Heights, may not be motivated to seek out Northside businesses. To address this issue, CDS recommends that community businesses band together to highlight their offerings to residents. This could be done a variety of ways:

- A Northside shopping, dining, and services brochure including a map and descriptions of each participating business
- Promotional specials, such as coupons, mailed or emailed to area residents
- A “dining tour” with a chartered vehicle to carry residents to a variety of local restaurants and entertainment establishments
- A street fair with booths or other on-site presence from area businesses (this could represent an evolution of the Sabor El Northside festival); or a more frequent food-and-crafts market where local merchants could also have a presence (could be associated with the placemaking effort described above)

Other marketing techniques may be worth exploring as well. Organizations such as the newly created Chamber of Commerce and the Greater Northside Management District, which are accountable to commercial establishments, would be appropriate for overseeing these efforts and providing seed funding.