

2010

**CITY OF
TWENTYNINE
PALMS**



RETAIL MARKET REPORT

2010



PREPARED BY

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**The Morongo Basin has grown around 21%
during the last seven years**

Introduction

Twentynine Palms is a city in an area known as the Morongo Basin. Two cities and a military base comprise the more populated areas within the Morongo Basin.

To the west, Yucca Valley is a city of approximately 21,000 residents as of early 2009. The two cities grew by 21 percent between 2002 and 2007. Yucca Valley has traditionally attracted most retail developments in the Morongo Basin due to its location and the fact that it features a critical intersection that connects the area's main attractions and population center (State Route 62 to Twentynine Palms and Coachella Valley, and State Route 247 to Johnson and Lucerne valleys and the west entrance to Joshua Tree National Park). The City of Twentynine Palms is about 20 miles east of Yucca Valley (city center to city center). It's an hour drive from the nearest large urban centers of Palm Springs (to the south) and Redlands/San Bernardino (to the west). It hosts the entrance to the Marine Corps Air Ground Combat Center (MCAGCC), the largest military base in the U.S. in terms of size, and the north entrance to Joshua Tree National Park.

Its early 2009 population was estimated at 17,000 excluding the Base, which is partly in the City. Twentynine Palms' growth in the past decade was in large part due to the expansion of the Base, which grew from 21,000 in December 2005 to more than 28,500 in December 2009. Analysts working for the Base estimate that around 69 percent of local jobs are related to or supported by the military.

For the sake of convenience, we will combine the City of Twentynine Palms and the Marine Base into the Twentynine Palms Market (TPM). Based on the above numbers, TPM has a market size of more than 45,500. The composition and the spending patterns of the people in TPM, however, are somewhat different from other nearby population centers.

Analyses of taxable retail sales reveal indisputable evidence that there's significant retail leakage from Twentynine Palms to Yucca Valley. The estimated "leakage" is conservatively estimated at \$100 million per year – and could be as much as \$130 million per year. (Some of the on-base residents are not included in the above analysis. Also missing are spending data at the Base's stores, Exchange, and Commissary.) The details of this estimation are presented later in this report.

Retail sales leaking from the Twentynine Palms market to the Town of Yucca Valley is estimated conservatively to be more than \$100 million per year.



Description of Marine Corps Air Ground Combat Center (MCAGCC)

At 935 square miles, the Marine Corps Air Ground Combat Center is the largest Marine Corps base in terms of geography. The Base's critical role in training deploying Marines for operations in desert environments caused tremendous growth beginning in 2001. The Department of Defense's desire to consolidate military bases to improve coordinated training and effect cost savings will also lead to further expansion of the base in the coming years.

The Marine Corps has applied to the Bureau of Land Management (BLM) to release some land adjacent to the installation. With the extra space, the Marine Corps would be able to train more troops at the same time. A study by the Center for Naval Analyses showed that Twentynine Palms MCAGCC is the only location with sufficient potential for the expansion needed by the Marines. The Base will have even more economic impact on the local community after the proposed expansion is realized.

MCAGCC is a unique military base for several reasons. First, because the Base is mainly a training facility, the proportion of base personnel that are deployable troops is smaller than most U.S. military bases. Therefore, unlike many bases where the surrounding communities suffer economically when their stationed troops are deployed, MCAGCC and its surrounding community have fared very well during this period of armed conflicts.

Second, because the Base trains nearly all Marines before their deployment to current combat zones, the community actually has more retail spending potential than usual. Nearly 40,000 troops come to MCAGCC to train every year. These visiting troops, who are here on an average

of four weeks at a time, do not have their own means of transportation and, therefore, tend to spend their money locally. Singles tend not to save their money and spend much of their earnings on food and entertainment. In fact, with the proposed expansion of the base, the number of visiting troops will increase and thus contribute even more to the local economy with their spending.

There are some interesting trends that help showcase the spending patterns of troops. For instance, the number of troops eating for free at the Base chow hall drops drastically after a payday, and then rises just as dramatically right before a payday. This trend indicates the willingness of military personnel to spend money outside the Base for a variety of reasons.

Currently, the Base has approximately 12,500 permanently stationed personnel, along with approximately 13,600 dependents (there are over 5,100 military families) and 2,400 civilian workers. The number of permanently stationed personnel (excluding dependents) is projected to grow at a rate of 0.6% per year for the next four years to about 12,900. There should be a sizable increase in permanently stationed personnel after the expansion.

Because of a shortage of on-base housing and the desires of many families to live off-base, approximately 3,200 military families and 400 single personnel currently live off-base. In the coming years, it is projected that approximately 1,400 more families will move off-base. Stores that are located off-base are often more convenient for Marines and their families and will likely garner more patronage because of this. While it is often stated that the military is underpaid,

Marines and their families have more purchasing power than their paychecks suggest. They enjoy no out-of-pocket healthcare costs (under Tricare Prime), and many non-taxable benefits such as housing (BAH) and food (BAS) allowances. Also, their purchases at military stores are not taxed. Given that people on average spend more than one-third of their gross income on housing, it is fair to speculate that these non-taxable benefits equate to a 40% pay increase.

The Base also employs outside contractors for a variety of work. For fiscal year 2006, the value of outside contracts reached \$152 million. While many contractors are local residents, many are non-local contractors who are in town on temporary assignments. They have less retail spending compared to the Base personnel or local residents as much of the money is sent home. However, their hotel and foodservice spending is substantial, especially for those with use-it-or-lose-it per diem allowances.

Because of the difficulty in modeling the spending of Base personnel, and the fact that a large part of their spending is likely already captured in the taxable retail sales data of the areas outside the base, this analysis will not attempt to model the retail spending on the Base. As a result, an analysis focused solely on the retail sales data of the two cities will most likely underestimate the retail leaking from Twentynine Palms to Yucca Valley. This means that the potential gain for a new retailer in Twentynine Palms may be higher than the analysis here suggests.



- **The Base will have even more economic impact on the local community after the proposed expansion.**
- **It is fair to speculate that these non-taxable benefits equate to a 40% pay increase for service men and women.**
- **In FY 2006, the amount of the outside contracts reached \$152 million.**
- **MCAGCC provides a unique and irreplaceable training capability in the Marine Corps range inventory and as such is considered one of four Strategic Training Bases within the Department of Defense.**
-MCAGCC Strategic Vision Plan

Current Retail Situation in the Morongo Basin

Taxable Retail Sales Data Analysis

The Town of Yucca Valley, the City of Twentynine Palms, and the surrounding unincorporated areas (including the MCAGCC) constitute the Morongo Basin. City-level taxable retail sales data from the California State Board of Equalization (BOE) offer a good view of the retail climate. Yucca Valley's sales volume is large enough to offer information on various retail categories. For Twentynine Palms, there is only the total taxable retail sales volume. Therefore, we will analyze the whole retail sector rather than individual store categories. To evaluate whether a particular store category is leaking more sales than others, we would have to resort to other non-quantitative analyses such as checking the current store distributions or surveying Twentynine Palms residents about their shopping patterns, etc.

According to California Dept. of Finance, the Town of Yucca Valley had a population of 21,239 as of 1/1/2009. The 2009 median household income, according to ESRI's estimates, was \$38,159 and the per capita income was estimated to be around \$18,795. The City of Twentynine Palms had a population of 30,832 as of 1/1/2009. (This figure includes a portion of the Marine Base because part of the Base is in the City.) Its 2009 median household income was estimated to be \$37,889 and the per capita income was estimated at \$17,315. (Proportionally and numerically, there are more singles in Twentynine Palms than in Yucca Valley. The median age of Twentynine Palms residents was 24.4 while for Yucca Valley it's 44.3 -- nearly 20 years older!) The County's median household income, on the other hand, was \$53,848 and the per capita income was estimated to be around \$20,066. Therefore we can generalize the situation into two visible facts:

- **Population of Twentynine Palms (including some living on the Base) is about 45% larger than the population of Yucca Valley.**
- **Population of Twentynine Palms is relatively younger than the population of Yucca Valley.**

In general, more people means more retail spending, assuming most other factors are equal or similar. Since the per capita income differential between the two cities is only around 8 percent, it is almost certain that, in aggregate, the population of Twentynine Palms spends more on retail goods than the population of Yucca Valley.

Age distribution of a population also has major implications for retail spending. Just 5.8 percent of Twentynine Palms' population is over 65, compared to 20.8 percent of Yucca Valley's population. 63.4 percent of Twentynine Palms residents are in the "working age" bracket (20-64), compared with 55.0 percent of Yucca Valley's population. Furthermore, 50.2 percent of Twentynine Palms' population is in the "early working age" category (20-44) compared with just 26.6% of Yucca Valley's population. During this stage of life, the propensity to consume one's earnings is higher because of relatively lower income, child-rearing, the lack of long-term financial planning, and the lack of a sense of urgency to save for retirement (this is especially true for singles).

The younger generation is also more likely to buy into the image-based marketing of many chain stores and restaurants. For them, the brand they wear or the places they dine and shop are fashion statements and are an important part of their self-identity. Therefore, they tend to be more attracted to chain stores than the older generation.

Moreover, the elderly spend relatively more of their disposable income on essential services (e.g., healthcare), while the younger population spends more on retail goods (e.g., electronics, children's products, etc.) and entertainment. Furthermore, the elderly tend to do more of their spending locally, while the younger population are more geographically diversified in their spending (e.g., more likely to drive long distances or order from the Internet). Therefore, on purely the age distribution front, it is more likely that Yucca Valley retains more of its residents' spending and attracts more of the spending of Twentynine Palms residents.

If there are more residents in Twentynine Palms and they are more likely to spend their income on retail goods and entertainment, why are most of the large retail stores in Yucca Valley? One simple word may explain 90% of the seemingly counter-intuitive trend: geography. Geographically, both Yucca Valley and Twentynine Palms are in a semi-isolated area -- Morongo Basin. But since Yucca Valley is closer to the nearest large urban center of Coachella Valley and someone in Twentynine Palms must pass through Yucca Valley to reach it, locating retail stores in Yucca Valley ensures that one captures the residents from both cities with one location. On one hand, there is little reason for residents of Yucca Valley to go to Twentynine Palms, and thus a location there would not capture many

Yucca Valley residents' spending. Unless Twentynine Palms locates a desirable retailer not found in Yucca Valley, it could draw shoppers from Yucca Valley if the Twentynine Palms location is closer than other locations in Coachella Valley. For instance, the nearest Target store around Yucca Valley is about 35 miles away in Cathedral City, compared to about 20 miles if it is located at the intersection of 29 Palms Highway and Adobe Road in Twentynine Palms.

It seems safe to conclude that consumers in the Twentynine Palms Market should have more retail spending than the residents of Yucca Valley by a sizable margin. But because of geography, Yucca Valley has been the destination of choice of large retailers looking to capture the spending of Morongo Basin residents with one large store.



Retail Leakage Estimation

How much is the retail leakage from Twentynine Palms to Yucca Valley? Although one can never fully account for the flow of commerce, one can get an acceptable estimate based on the limited available data.

Assuming that the two cities are self-contained and they capture all spending by residents of the two cities, we can use the taxable retail sales data from the Board of Equalization (BOE) to estimate retail leakage from Twentynine Palms to Yucca Valley. (In reality, there’s most likely retail leakage from both cities to San Bernardino and Coachella valleys, and therefore the total actual retail spending should be even higher.)

BOE reports that in 2007 , Yucca Valley had \$276.5 million in taxable retail sales while Twentynine Palms had just \$75.7 million. Based on those numbers and the population data from the California Dept. of Finance, we get the per capita taxable retail sales of \$13,082 and \$2,483 for Yucca Valley and Twentynine Palms, respectively:

Indicator/ Location	Yucca Valley	Twentynine Palms	Sum (YV+29P)
Actual '07 taxable retail sales (\$millions)	\$ 276.5	\$ 75.7	\$352.2
Population (1/1/2008)	21,136	30,492	51,628
Per capita taxable retail sales (\$)	\$13,082	\$2,483	\$6,822

Sources: taxable retail sales data from California Board of Equalization; population data from California Dept. of Finance (E-1 Population Estimates)

To put this in perspective, Yucca Valley’s per capita taxable retail sales of \$13,082 makes it the sixth best performer among the County’s 24 cities. The top performers are mostly cities that are heavily tourism-centric (e.g., Big Bear Lake and Barstow) or have massive retail centers known

to attract residents from nearby cities (e.g., Montclair, Ontario, and Victorville). On the other hand, Twentynine Palms’ per capita taxable retail sales of \$2,483 makes it the second worst performer in the County. Yucca Valley’s figure is 5.3 times that of Twentynine Palms despite similar income levels!

If we assume that per capita retail goods spending of the two cities could be roughly the same after considering the aforementioned demographic and economic factors, then we get an estimate of \$132 million of net retail leakage from Twentynine Palms to Yucca Valley:

Indicator/ Location	Yucca Valley	Twentynine Palms	Sum (YV+29P)
Est. taxable retail spending of residents (\$millions)	\$144.2	\$ 208.0	\$352.2
Actual 2007 taxable retail sales (\$millions)	\$276.5	\$ 75.7	\$352.2
Possible retail leakage (\$millions)	-\$132.3	\$132.3	\$ 0.0

* 2007 data is used because the building materials sales data for 2008 was suppressed due to confidentiality concerns.

\$132.3 million in possible retail leaking is roughly 64 percent of the estimated taxable retail spending of all Twentynine Palms residents. Even if only half of that estimate (\$132.3 / 2 = \$66.2 million) is really leaked, that’s still roughly 87% of Twentynine Palms’ current taxable retail sales.

Restaurant Spending Patterns

Two major conclusions can be inferred from the analysis of the demographic segments of Twentynine Palms Market and national data on the restaurant spending patterns (please see Appendices A and B). Of the major demographic segments in Twentynine Palms, the “Military Proximity” segment has most of the significant deviations from the population in general.

First, these families are very children-focused, and restaurants that have stronger kid-friendly selections, tend to do better with military families. In fact, this group has the highest rate -- more than three times the national average -- of children being the decision maker of where to go for fast-food. The visit rate to Chuck E. Cheese’s for this group is greater than six times the national average. The Palm Desert location is a popular destination for Twentynine Palms military families even though it’s 65 miles away! Some military wives treat trips to Chuck E. Cheese’s as group events where both kids and adults can enjoy themselves. (In some areas where indoor children’s entertainment venues are rare [e.g., remote military bases], restaurants like Chuck E. Cheese’s are near the top of the places to go for all families, not just military ones.)

Second, convenience is a major factor in the choice of restaurants. With the head of the household not as available as those of the general population, their spouses have to contend with childrearing responsibilities 24/7. Therefore, these families visit fast-food or quick-serving restaurants at rates significantly higher than the population average. Also, because taking multiple kids to any type of restaurant can be overwhelming, they utilize home delivery and drive-thrus more often than other groups. Restaurants that have food ready-to-go or curbside pickup may have an advantage over those that do not.

Do military discounts help attract military families? Without concrete data, the “cost effectiveness” of military discounts, as measured by the net increase of sales due to the promotional program, is hard to evaluate. A brief scan of the research data (shown in Appendices A and B) shows that many restaurants that offer military discounts do see above-average visit rates, but causation is difficult to infer without more data and analyses. For many restaurants, however, “cost effectiveness” is not the main objective of such programs. Some may do this out of a genuine appreciation of service members, while some see this as good marketing. Some non-military customers also appreciate stores offering military discounts even though they cannot take advantage of them. Even for many military families, the show of appreciation is more valuable than the actual monetary savings.



- **Even if only half of the \$132 million estimate is really leaked, that still equates to 87% of Twentynine Palms current taxable sales.**
- **Currently, Twentynine Palms military families will drive 65 miles to destination restaurants.**

Opportunities at Twentynine Palms

Retail leakage of around \$130 million means there's an opportunity for big-box retailers, particularly retailers not already operating in Yucca Valley, to capture a significant amount of sales in the Morongo Basin by locating in Twentynine Palms despite the "geography disadvantage."



- **There's an opportunity for big-box retailers, particularly retailers not already operating in Yucca Valley, to capture a significant amount of sales in the Morongo Basin despite the "geography disadvantage."**
- **Except for one Denny's restaurant, Twentynine Palms doesn't have any chain restaurants or sports bars.**

The biggest percent of the leaked sales may be in "general merchandise," which was around 25 percent of Yucca Valley's taxable retail sales. The next large category is auto dealers, of which there are two in Yucca Valley (Yucca Valley Chrysler Plymouth and Yucca Valley Ford) but none in Twentynine Palms. (However, auto sales could be very non-local and thus not a major focus of this analysis. Because of the limited selection in Morongo Valley, most car buyers are likely willing to drive long distances just to see a larger selection or get better deals.)

Except for one Denny's Restaurant, Twentynine Palms does not have any chain restaurants or sports bars. Some of the restaurant sales, which produced about 10 percent of Yucca Valley's taxable retail sales, are probably leaked from Twentynine Palms. Another major source of leakage is building materials (7.5 percent of total retail sales in Yucca Valley in 2007), which is dominated by Home Depot in Yucca Valley. In fact, the dominance of Home Depot in that industry sector is the reason for nondisclosure of retail sales data in the 2008 report.

For all retailers, we recommend a careful analysis of the local market. Being military-centric, younger, and mid-income, certain types of goods and services will be in more demand than others. Because a big-box general merchandise retailer could become a category killer in multiple categories in the Twentynine Palms market, specialty retailers may need to find niche markets should Twentynine Palms get a big-box general merchandise retailer such as Target or Walmart.

Big-Box General Merchandise Retailers

In terms of general merchandise stores, the area is dominated by Walmart in Yucca Valley. In fact, due to the lack of some specialty stores, Walmart is most likely the dominant retailer in many other fields also (e.g., electronics and toys). Sears Hometown is smaller than a typical Sears and focused on Sears brands. Although JC Penney also carries some general merchandise, it is more likely a bigger player in the apparel sector rather than the general merchandise sector.

Can another big-box general merchandise retailer be sustained in the Morongo Valley? Without sales data from the existing stores and data on the benchmarks for these stores, it is hard to evaluate that question. For Walmart, there is the issue of sales cannibalization. If its Yucca Valley store is very profitable, maybe a second store at Twentynine Palms would make financial sense. If not, then the second store at Twentynine Palms will surely cannibalize some sales from its Yucca Valley store.

For a retailer who is not Walmart and therefore not restricted by the fear of cannibalizing Yucca Valley Walmart's customer base, the situation is far less complicated. There is only one major question to consider: can one sustain a large big-box general merchandise store by taking in about 25 percent of the leaked retail sales of \$130 million? There is also the possibility that the lack of retail stores has artificially depressed the overall retail spending (e.g., seniors or visiting troops unable to reach the stores in Yucca Valley and therefore forego some spending). Therefore, this may not be a zero-sum gain. The presence of a quality retailer in Twentynine Palms is likely to increase the overall retail sales in the Morongo Basin, but most of the gains will naturally go to the retailer in Twentynine Palms.

Walmart may consider the above the scenario and enter into the Twentynine Palms market itself just to prevent competition. After all, it's better to lose sales to oneself than to a competitor. With another store in Twentynine Palms, Walmart will be able to act as a near monopoly in the Morongo Basin.

Moreover, because of the lack of other stores in Twentynine Palms, a big-box general merchandise retailer will likely become the dominant store for many product categories such as books, electronics, and toys. So it may capture more than the 25 percent retail market estimated from Yucca Valley's taxable retail sales data.



- **A big-box general merchandise retailer can easily become a category killer in the Twentynine Palms market.**
- **There is simply too little competition in the market right now.**

Restaurants

For restaurants, the best opportunities may be in a mid-market restaurant with unique modifications to suit the local needs and trends. Locally, Denny's is the only chain restaurant in Twentynine Palms and it does not have a sports bar section. A sports bar would be very popular for the younger demographics of the city, and also for the young soldiers, both permanently-stationed and visiting troops. (Visiting troops lack their own transportation and thus are more likely to spend locally.) A business-grade mid-market restaurant in the city would also see increase traffic from local businesses and military officers wishing for a different dining environment than the Officers' Club on the Base. Also, it would be a preferred location for celebrations such as homecoming, graduation, etc. Because of the added convenience, we project a net gain in restaurant spending in the Morongo Basin should one or more such mid-market restaurants be established. These restaurants can improve sales volume by carefully adjusting restaurant design to better accommodate special events (e.g., a wedding), weekend evening crowds focused on socializing (e.g., soldiers on leave), major sports events, and better take-out or delivery programs. A good restaurant, in fact, can be one of the centers of social life in the City of Twentynine Palms.

Locals report that there are three "business-level" restaurants in the City of Twentynine Palms: The 29 Palms Inn, Bistro 29, and Wonder Garden. All three are very limited in space and, therefore, not suitable for larger events and celebrations. (For most of the important occasions such as weddings, residents tend to go to Coachella Valley or even Las Vegas.) A local venue that is larger, flexible, and with the proper facilities to serve a sports crowd on big game nights will have a serious competitive advantage over its competitors in the Twentynine Palms market.

As mentioned previously, military families are very children-focused. Small touches that appeal to children could go a long way. For instance, discounts or free desserts for birthdays, neat activity sheets and crayons to pacify the kids while they wait for their food, or a fish tank in the waiting area can all boost a restaurant's appeal to both parents and kids.

Twentynine Palms can also use some diversity. Ethnic cuisines could do well, but the market may be considered to be too small and thus risky for independent entrepreneurs who are generally the owners behind these ethnic restaurants. Most ethnic restaurants are established near sizable populations of their ethnicity because they form the initial and long-term customers upon which one can expand the client base. Therefore, it may be easier and "safer" financially for a diner to offer cuisine from multiple ethnic backgrounds than to specialize in one. Indeed, many "American" restaurants offer the fusion of many European and Asian cuisines, for instance, the Thai chicken pizza at the California Pizza Kitchen.

It is also very likely that the presence of more convenient and desirable dining options will induce more restaurant spending. Even savings from not driving to Yucca Valley or Palm Springs could go into such discretionary spending. Furthermore, if a local venue is capable of hosting large events such as weddings, the total spending may be higher because more guests may be able to attend. This is especially true for military towns since they tend to be farther away from population centers where large venues tend to exist.

Retailers' Concerns: Competition from On-base Stores

Is the Marine Corps Exchange (MCX) a major competitor (at least among the Base personnel) to an out-of-base big-box retailer? Product selection at the MCX is relatively small compared to a big-box retailer, and selections for women and children are even more limited. While the MCX may offer significant discounts on name-brand items, the prices may still be higher than generic store brands. Also, its operating hours are fairly limited (Mon-Sat: 8am-8pm; Sun: 10am-6pm) and inconvenient for many families. Therefore, it is likely that the Base personnel, especially the younger enlisted men and their families, will be better served with a big-box general merchandise retailer in the City of Twentynine Palms. Having more options is never a disadvantage.

The Commissary sells groceries to military personnel and retirees. Base personnel report that the selection there is rather limited, and the hours are even more restrictive than the MCX (Mon: closed; Tue-Sat: 10am-7pm; Sun: 12pm-6pm). The local supermarket, Stater Brothers Market, still receives significant sales from Base personnel despite the Commissary's lower prices.

When asked why military personnel and their families shop at outside stores, most of which are in Yucca Valley, several common answers were given. First, for those with means of transportation, a shopping trip is a family activity that married couples and their kids like to do together. The trip to Yucca Valley or even Coachella Valley includes shopping along with entertainment and recreation. Because of the operating hours of MCX and the Commissary, an on-base "family shopping trip" is simply not possible for many military families (and it's not much fun either -- limited selection for women and children). Second, product selection and customer service are much better at these outside stores. Third, many stores offer military discounts which help offset the price advantages of MCX and the Commissary.

The aforementioned comments can help interested retailers to develop a customized strategy to improve their sales at a Twentynine Palms location. For instance, since many families at Twentynine Palms treat shopping trips as family outings, a store that has some space dedicated to a playground for kids and expanded women's and children's sections would make it much more attractive to families than stores without them. An innovatively designed store can be an entertainment center as well as a shopping venue.



- A local venue that is larger, flexible, and with the proper facilities to serve a sports crowd on big game nights will have a serious competitive advantage over its competitors in the Twentynine Palms market.
- Product selection at the Marine Corps Exchange is relatively limited compared to a big-box retailer.



Government Incentives for Retail Development

There could be government incentives for the first big-box general merchandise retailer to locate in Twentynine Palms. The City is willing to offer incentives because of the benefits such a retailer may bring to the local residents and Base personnel.

As always, a business locating in the City of Twentynine Palms will receive assistance from both the City of Twentynine Palms and the County of San Bernardino. Services may include:

- Site selection assistance
- Market analysis
- Pre-development meetings
- Fast Track permitting
- Workforce recruitment, screening, and training
- State and local tax incentives
- Redevelopment zones

Please contact the City of Twentynine Palms or the County of San Bernardino Department of Economic Development for more information.

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Conclusion

The City of Twentynine Palms is seeking quality retailers and restaurants to provide the much-needed retail services and foodservice to its residents and the military personnel at the adjacent Marine Corp Air Ground Combat Center. Currently the city loses more than \$100 million per year in retail sales to another city about 20 miles to the west. A big-box retailer could capture a sizable portion of the leaked retail sales, and high-quality, mid-market restaurants could fill a vacuum in the local economy.

With the Marine Corps Base in the process of expanding to accommodate more training needs, the City's retail attraction effort is shifted to high gear and will offer suitable incentives to the first takers meeting the City's criteria.



APPENDIX A

FAMILY RESTAURANTS/STEAK HOUSES

MARKET POTENTIAL INDEXES

National average is 100; 200 means twice the national average in visits; 50 means half the national average
Detailed data on restaurant services (e.g., curbside pickup, military discounts) are not complete and local participation may vary.

ACTIVITY \ CHARACTERISTICS

DEMOGRAPHIC SEGMENTS

CHARACTERISTICS

	Inner City Tenants	Aspiring Young Families	Military Proximity	Senior Sun Seekers	Prosperous Empty Nesters	Great Expectations	Kids' toys, playground	Delivery	Curbside pick-up, drive-thru	Food ready-to-go	All-you-can-eat (full or partial)	Military discounts as corporate policy
Went to one in last six months	96	105	115	99	110	98						
No. of visits per month: < 2 times	87	109	134	93	94	87						
No. of visits per month: 2-3 times	103	103	88	95	113	111						
No. of visits per month: 4+ times	100	103	116	110	123	100						
In the past 6 months, visited...												
For breakfast	92	100	74	126	130	123						
For lunch	105	86	93	103	133	81						
For snack	131	89	128	92	72	110						
For dinner	93	109	132	96	111	96						
On weekdays	79	96	109	113	130	92						
On weekends	103	111	136	88	109	101						
Applebee's	81	110	152	78	117	92		Y			Y	
Bakers Square	59	40	22	72	129	157						
Bennigan's	131	114	142	79	127	56						
Big Boy	56	189	178	81	150	172						
Bob Evans Farm	48	84	72	77	110	164						
Cheesecake Factory	61	116	91	72	106	57						
Chili's	103	141	153	124	104	99		Y			Y	
Cracker Barrel	47	98	152	127	133	69						
Denny's	134	111	114	166	115	84					Y	
Friendly's	68	41	60	75	87	84						
Golden Corral	179	132	238	147	76	113		Y		Y	Y	
IHOP	120	110	184	118	109	95				Y	Y	
Lone Star Steakhouse	54	127	244	102	102	68						
Hometown Buffet	59	57	52	60	63	134				Y		
Olive Garden	67	120	141	110	132	86				Y		
Outback Steakhouse	72	111	103	112	135	99		Y				
Perkins	38	104	68	122	119	147						
Ponderosa	78	108	182	130	89	155					Y	
Red Lobster	94	96	161	115	116	115						
Red Robin	128	109	150	67	126	90	balloons for kids				Y	
Ruby Tuesday	75	113	424	102	139	97		Y			Y	
Ryan's	67	85	134	131	53	100						
Shoney's	65	80	123	79	83	121					Y	
Sizzler	143	93	60	73	67	103					Y	
TGI Friday's	108	106	117	70	128	89		Y				
Tony Roma's	172	152	42	79	72	104						

Source: ESRI Community Tapestry; demographic segments shown here represent around 89% of the population of the 29 Palms Market

DEMOGRAPHIC SEGMENTS

CHARACTERISTICS

APPENDIX B FAST FOOD/DRIVE-IN RESTAURANTS

MARKET POTENTIAL INDEXES National average is 100; 200 means twice the national average in visits; 50 means half the national average Detailed data on restaurant services (e.g., curb-side pickup, military discounts) are not complete and local participation may vary.

ACTIVITY\CHARACTERISTICS

	Inner City Tenants	Aspiring Young Families	Military Proximity	Senior Sun Seekers	Prosperous Empty Nesters	Great Expectations	Kids' toys, playground	Delivery	Curbside pick-up, drive-thru	Food ready-to-go	All-you-can-eat (full or partial)	Military discounts as corporate policy
Who decided to go there...												
Self	93	104	131	94	115	101						
Other adult (e.g., spouse)	94	111	131	93	111	88						
Child	89	99	311	61	112	102						
Went to one in last six months	102	100	109	101	102	102						
No. of visits per month: < 4 times	93	89	109	97	98	94						
No. of visits per month: 4-8 times	67	81	136	116	96	74						
No. of visits per month: 9+ times	133	121	152	93	108	128						
In the past 6 months, visited...												
For breakfast	124	102	103	93	109	103						
For lunch	96	105	110	105	110	102						
For snack	115	110	115	105	112	128						
For dinner	105	109	153	92	110	104						
On weekdays	102	100	83	102	113	101						
On weekends	102	110	169	95	102	110						
For eat in	91	92	116	112	105	86						
Got home delivery	96	114	292	66	111	149						
Ordered take-out via drive-thru	99	112	149	92	104	116						
Ordered take-out by walking in	101	97	115	93	111	100						
A & W	115	127	216	61	97	153						Y
Arby's	103	99	184	115	117	140						Y
Blimpie Subs	107	113	183	91	94	153						
Boston Market	108	77	76	37	123	75			Y	Y		
Burger King	118	104	176	95	102	112	Y					Y
Captain D's	128	107	440	142	99	142						Y
Carl's Jr.	127	118	119	73	62	46	Y		Y			Y
Checkers	124	214	159	236	70	78						
Chick-Fil-A	120	152	390	105	130	86	Y		Y	Y		Y
Chuck E. Cheese's	91	130	611	50	62	129	Y					
Church's Chicken	210	123	289	114	45	107			Y	Y		
Dairy Queen	85	119	251	108	124	121						Y
Del Taco	184	105	66	84	66	75			Y			
Domino's Pizza	111	127	233	71	108	107		Y				
Dunkin's Donuts	112	85	92	58	99	70				Y		Y
Fuddruckers	62	114	97	78	107	60						
Hardee's	50	113	186	114	108	121						
Jack-in-the-Box	156	137	86	77	71	48	Y		Y			
KFC	113	103	117	97	112	130			Y	Y		Y
Krystal's Hamburgers	54	188	100	132	46	116						
Little Caesars	110	107	427	74	96	128		Y	Y	Y		
Long John Silver's	116	96	95	146	94	191	Y		Y			Y
McDonald's	107	101	134	101	102	110	Y		Y			
Papa John's Pizza	140	149	587	67	125	127		Y				
Panera Bread	61	91	99	46	144	82						
Pizza Hut	118	118	149	96	106	112		Y				Y
Popeyes	136	144	177	92	74	87			Y	Y		
Quiznos	97	101	307	78	131	90						Y
Sonic	139	121	317	170	97	106			Y			Y
Steak n Shake	74	141	149	105	129	164						
Subway	90	111	120	91	109	102						
Taco Bell	113	118	165	94	112	113	Y		Y			Y
Wendy's	111	111	156	113	106	117	Y		Y			Y
Whataburger	125	141	240	76	80	50						Y
White Castle	61	100	210	47	72	154						Y

Source: ESRI Community Tapestry; demographic segments shown here represent around 89% of the population of the 29 Palms Market



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