

Retail and Restaurant Leakage Analysis and Recommendations

Paul Melcher, Community and Economic Development Director

Margie Adler, Economic Development Specialist



Town of Oro Valley

Leakage Analysis Topics

Retail and Restaurant Leakage

Top 10 Categories of Retail and Restaurant Leakage

Market Analysis of Lost Revenue

Exploring Reasons Why Oro Valley Residents Make Purchases and Dine Outside of Oro Valley

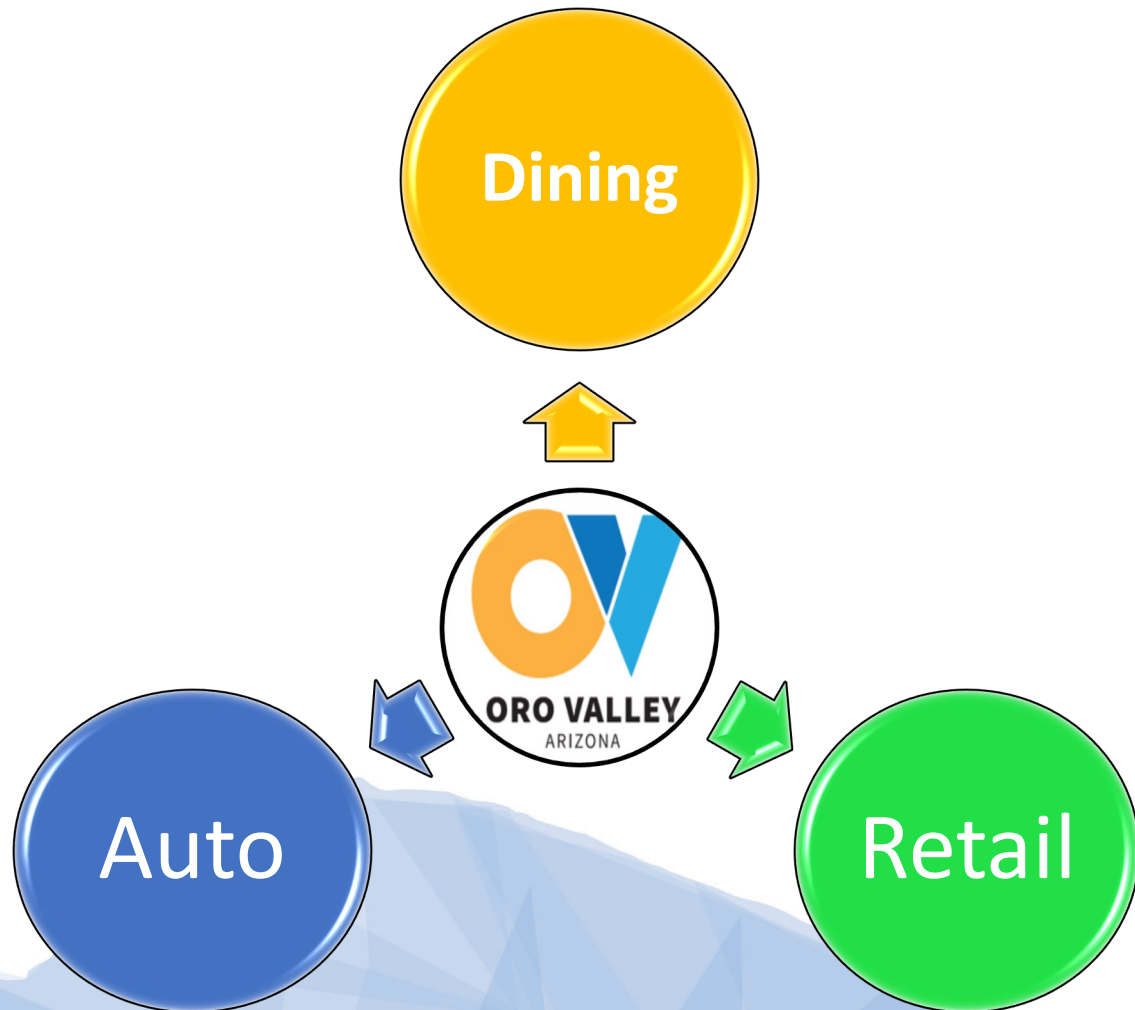
Conclusions and Recommendations



Town of Oro Valley
www.orovalleyaz.gov



Retail and Restaurant Leakage and Surplus: What is it?

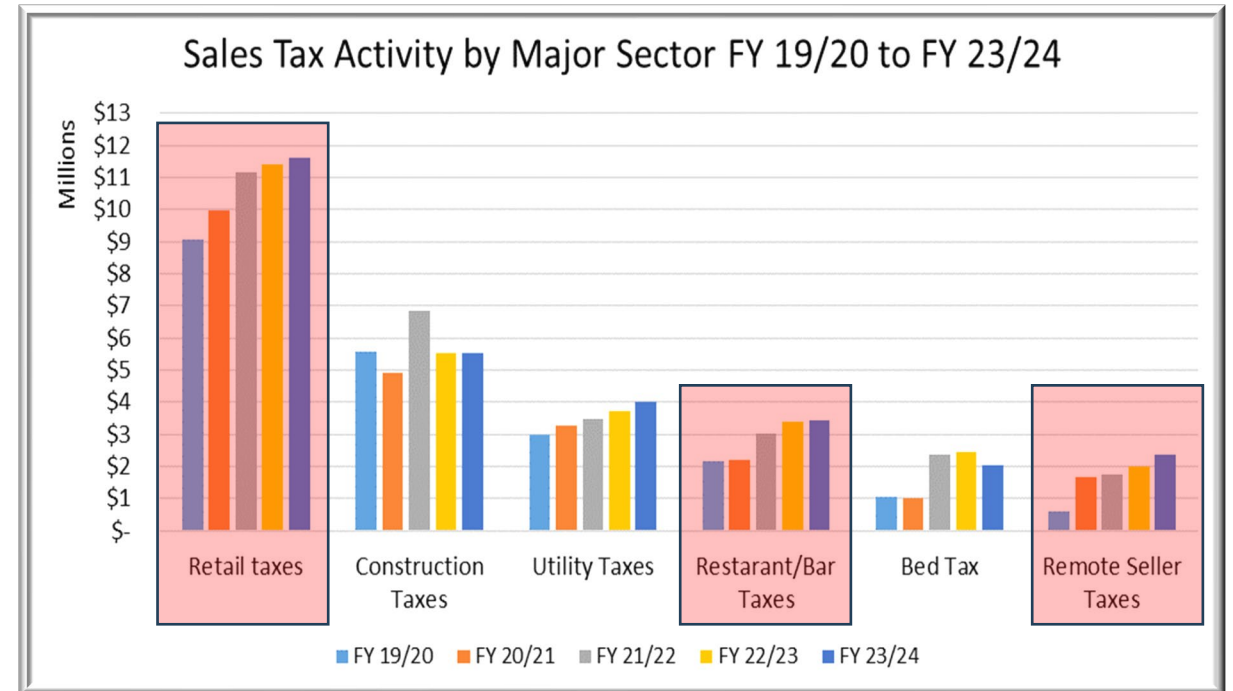


A situation in which income exits an economy instead of staying within. In retail, leakage refers to consumers spending money outside the local market. For instance, crossing a border to buy goods instead of making the same purchase from local shops.

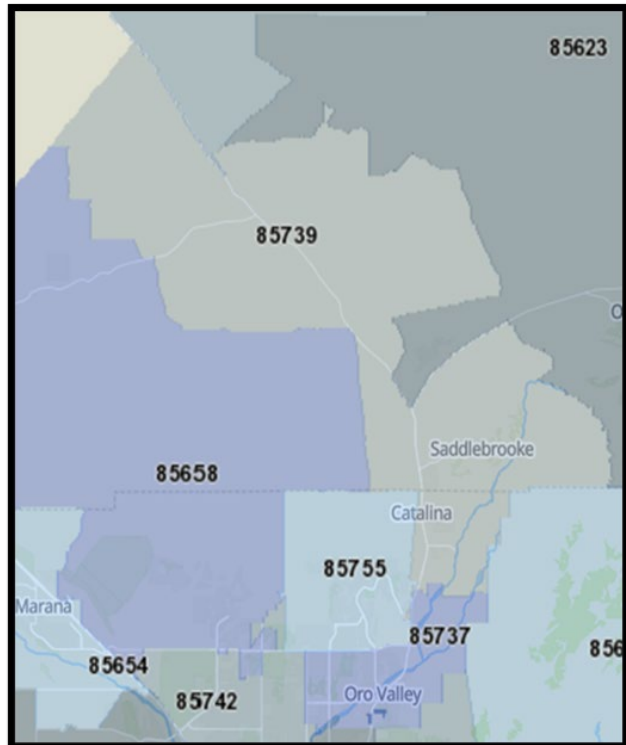
A retail surplus means that the community's trade area is capturing the local market plus attracting non-local shoppers.

Retail Gap/Leakage: Why is it important?

The Oro Valley Story: The Town of Oro Valley relies heavily on the local retail sales and restaurant sales taxes to support quality of life amenities for residents, **AND** residents are requesting more and higher quality amenities, **BUT** the sales taxes lost from shopping outside Oro Valley town limits the Town's ability to meet these needs. **THEREFORE**, it's imperative that the Town educate residents about the importance of shopping and dining in Oro Valley to change their spending habits.



OV Resident Visits and Leakage



Retail Leakage 1.1.24 – 12.31.24	Visits by Residents	Residents	# Visits per Resident
Community Shopping Centers	5,102,636	55,990	91
Fast Food & QSR	1,923,995	49,826	38
Gas Stations & Convenience Stores	1,615,002	48,502	33
Groceries	1,195,349	48,744	24
Restaurants	1,138,833	50,070	22
Superstores	862,867	45,727	18
Breakfast, Coffee, Bakeries & Dessert Shops	735,269	42,920	17
Home Improvement	286,894	29,315	9
Car Shops & Services	284,386	32,440	8
Clothing	278,783	34,574	8
TOTAL	13,424,014	438,108	

Supply and Demand, Leakage and Surplus

Table 4. Market Analysis of Lost Revenue by Retail/Restaurant Sector

Category	Demand(\$)	Supply(\$)	Unmet Need(\$)	\$ Loss	Est. Sales Tax Loss
Automobile Dealers	195,848,281	0	195,848,281	100%	\$4,896,207
Clothing Stores	20,648,843	966,022	19,682,821	95%	\$492,070
Gasoline Stations	101,596,062	13,502,332	88,093,730	87%	N/A
Other Motor Vehicle Dealers	21,079,688	2,642,130	18,437,558	87%	\$460,938
Electronic Shopping & Mail-Order Houses/Non-store Retailers	222,344,258	32,399,029	189,945,229	85%	\$4,748,630
Other General Merchandise Stores	125,191,908	27,447,031	97,744,877	78%	\$2,443,621
Limited-Service Eating Places	54,121,884	13,103,593	41,018,291	76%	\$1,025,457
Full-Service Restaurants	52,432,890	12,893,100	39,539,790	75%	\$988,494
Building Material & Supplies Dealers	83,894,282	24,021,410	59,872,872	71%	\$1,496,821
Health & Personal Care Stores	50,724,718	24,794,529	25,930,189	51%	\$648,254
TOTAL TOP TEN CATEGORIES	\$927,882,814	\$151,769,176	\$776,113,638	84%	\$17,200,492
TOTAL ALL CATEGORIES	\$1,185,659,658	\$292,908,016	\$892,751,642	75%	N/A

Top 10 Sources of Leakage by Category



Community Shopping Centers

AZ Pavilions

SWC I-10 and Cortaro Road



Fast Food & Quick Service

McDonald's

3640 W. Tangerine Rd.



Gas Stations & Convenience

Circle K

3880 W. Tangerine Rd



Groceries

Fry's

12100 N. Thornydale Rd.



Restaurants

Guadalajara Grill

7360 N. Oracle Rd.



Home Improvement

The Home Depot

3925 W. Costco Drive



Breakfast, Coffee, Dessert

Dairy Queen

12030 N. Thornydale Rd.



Superstores

Costco

3901 W. Costco Drive



Clothing

Nordstrom Rack

4320 N. Oracle Rd.

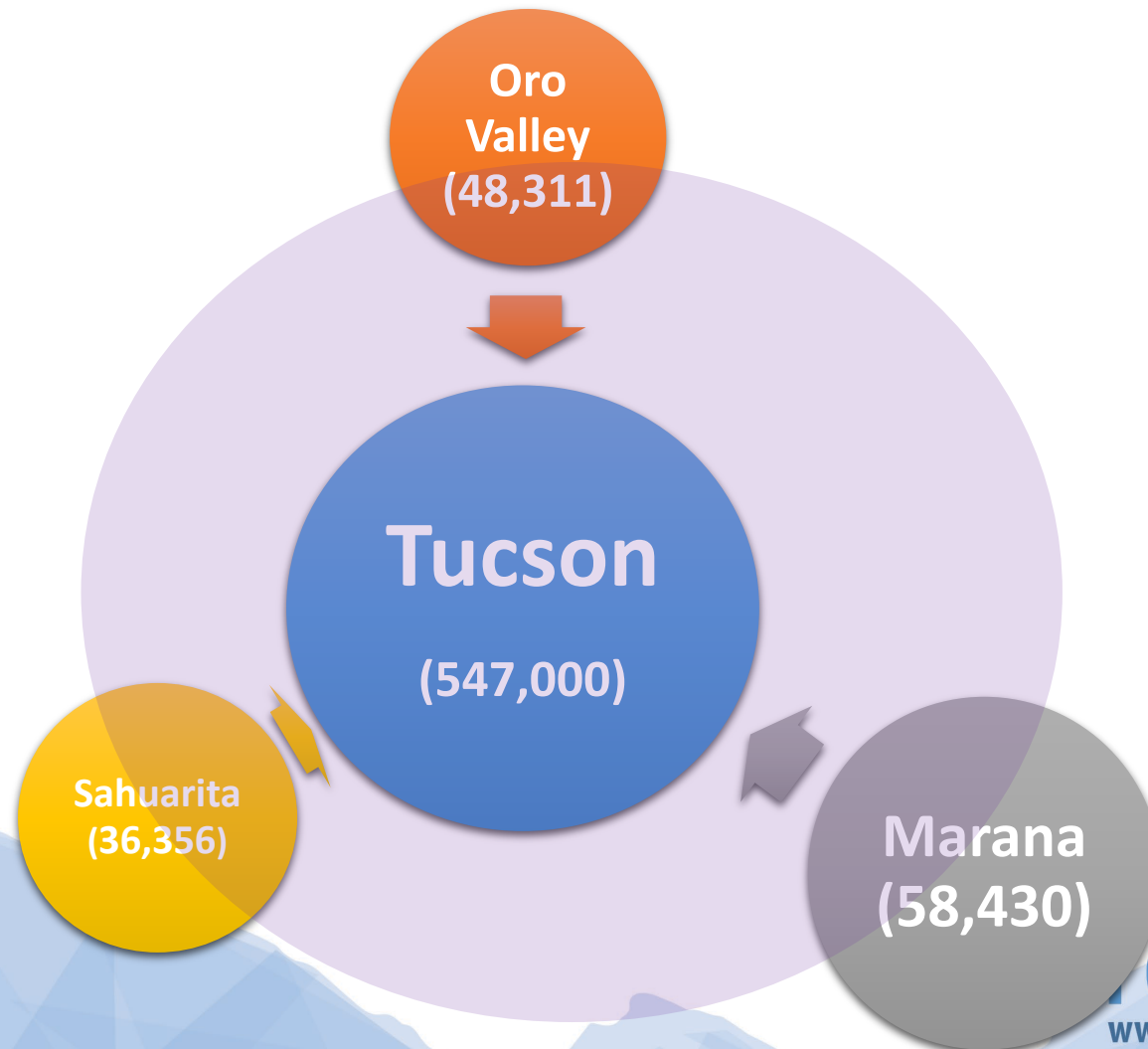


Car Shops & Services

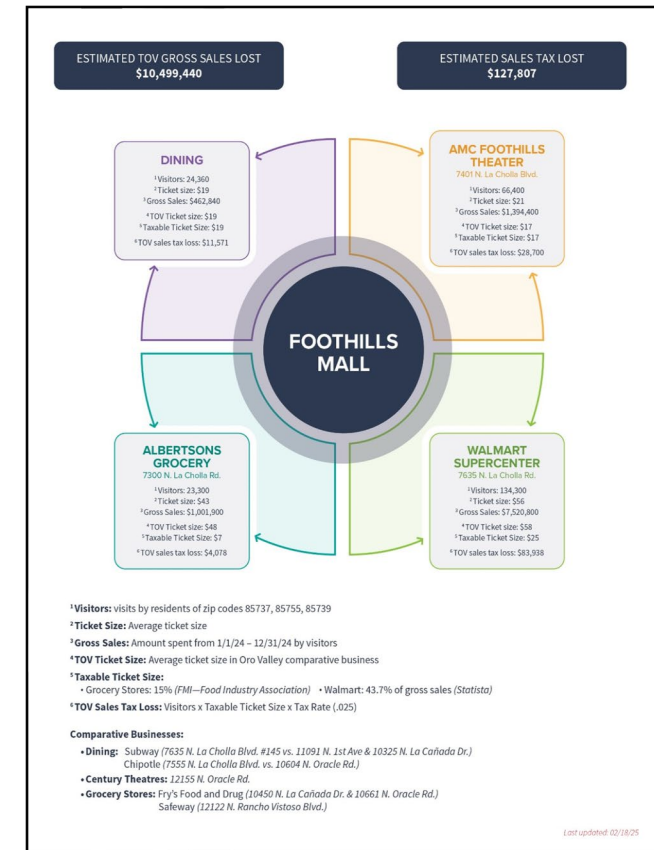
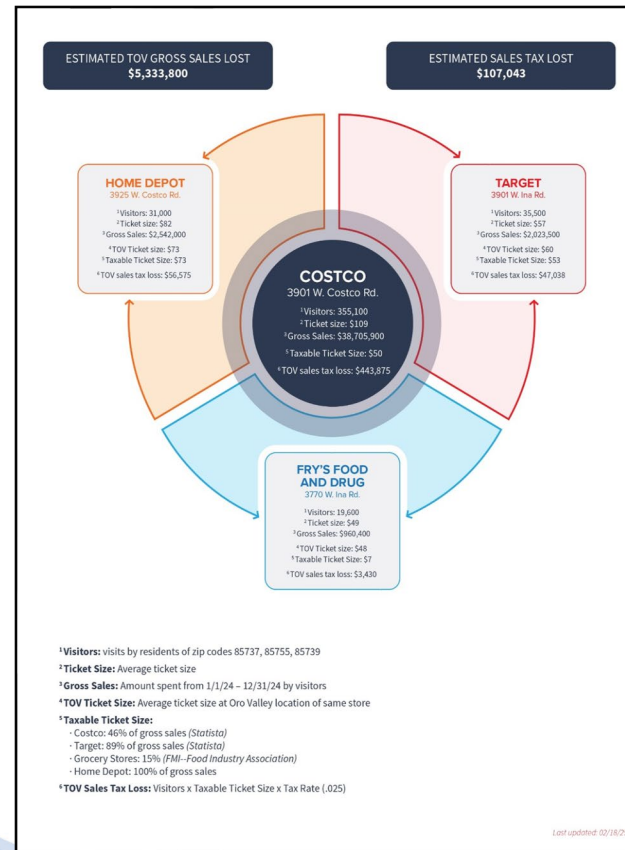
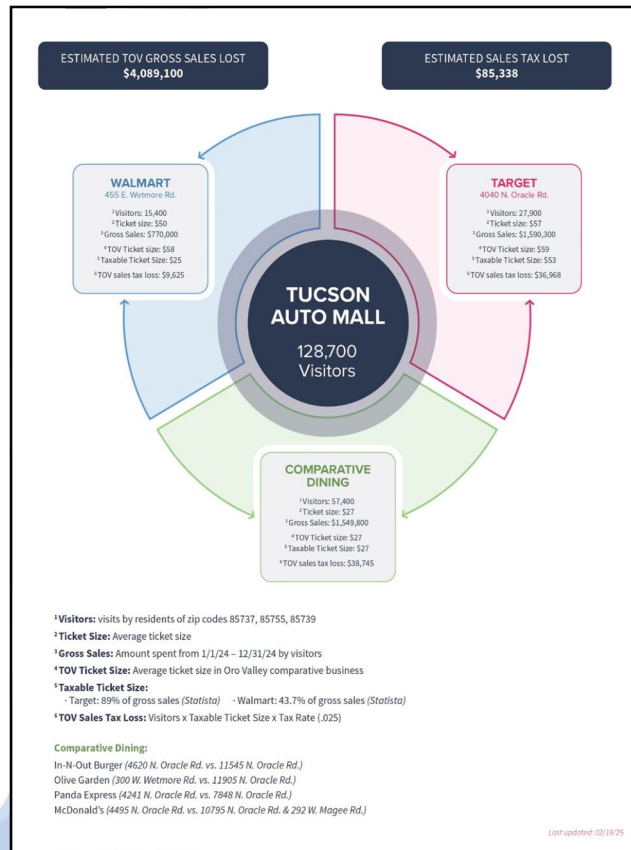
Precision Toyota of Tucson

700 W. Wetmore Rd.

Tucson Metro Area “Pull”



Commercial Node Pull Examples



Strategies and Recommendations



Strategies and Recommendations

Gap Reduction Goal: A percentage reduction of the \$776,113,638 “GAP” by shopper recapture and recruiting specific retail/restaurant businesses to prevent leakage.

% Recapture	Estimated REV Recapture	Estimated Sales Tax Recapture
1%	\$7,761,136	\$194,028
2%	\$15,522,272	\$388,056
3%	\$23,283,409	\$582,085
4%	\$31,044,545	\$776,113
5%	\$38,805,681	\$970,142

Reminder: Why is it important?

***The Oro Valley Story:** The Town of Oro Valley relies heavily on the local retail sales and restaurant sales taxes to support quality of life amenities for residents, **AND** residents are requesting more and higher quality amenities, **BUT** the sales taxes lost from shopping outside Oro Valley town limits the Town's ability to meet these needs. **THEREFORE**, it's imperative that the Town educate residents about the importance of shopping and dining in Oro Valley to change their spending habits.*



Paul Melcher, Community and Economic Development Director
Margie Adler, Economic Development Specialist