



APPENDIX K
Commercial Market Analysis Summary



Draft Report

Town of Paradise Commercial Market Analysis

The Economics of Land Use



Prepared for:
Town of Paradise

Prepared by:
Economic & Planning Systems, Inc. (EPS)

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EPS #202130

*Economic & Planning Systems, Inc.
455 Capitol Mall, Suite 701
Sacramento, CA 95814
916 649 8010 tel
916 649 2070 fax*

*Oakland
Sacramento
Denver
Los Angeles*

www.epsys.com

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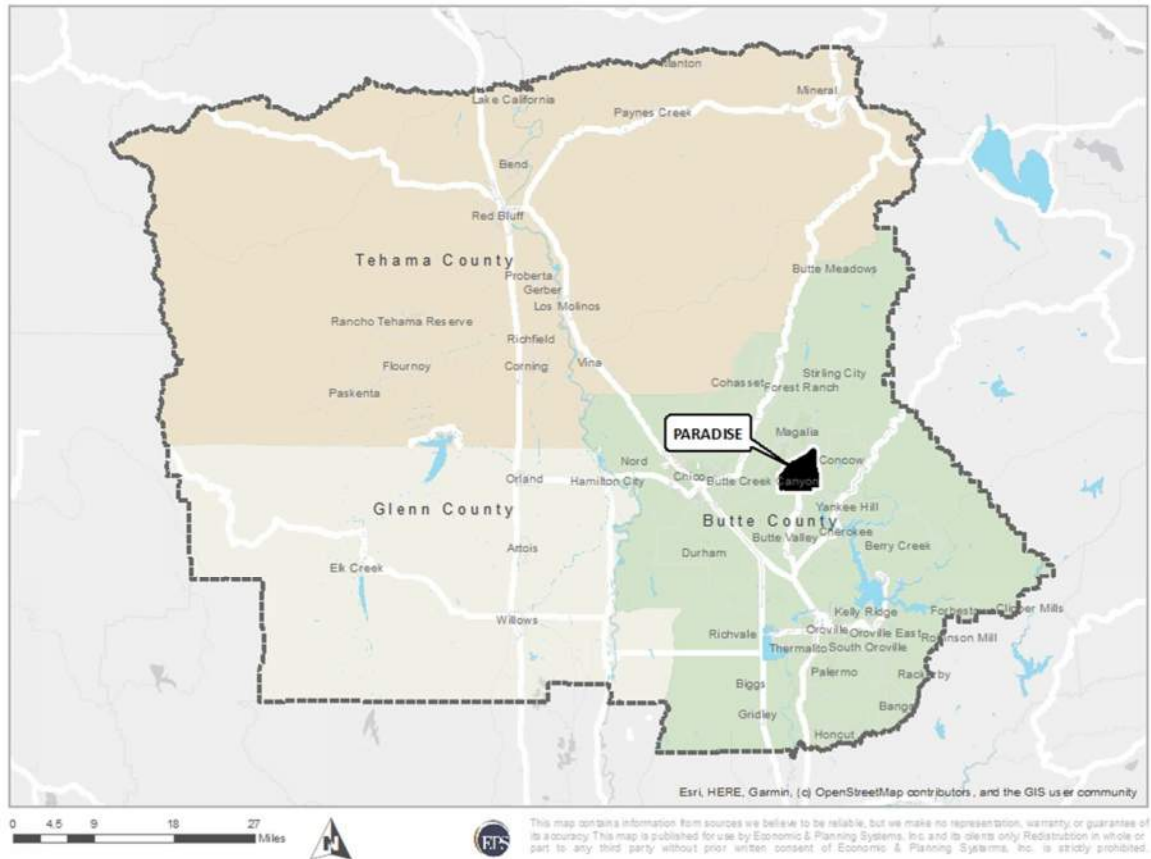
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1. Executive Summary

Introduction

The November 2018 Camp Fire (Fire) had an enormous impact on residents and businesses in the Town of Paradise (Town) and broader Tri-County Region (Region), a primarily rural region in Northern California composed of Butte, Glenn, and Tehama counties. See **Map 1-1** for the geographic locale of the Town within the surrounding Tri-County Region.

Map 1-1. Town of Paradise in Regional Context



The Fire caused massive damage, burning more than 150,000 acres, resulting in 86 fatalities and multiple injuries, and destroying nearly 19,000 physical structures in the Town and surrounding unincorporated communities in Butte County, collectively referred to as the "Paradise Ridge" or "Ridge." The Camp Fire has resulted in ongoing impacts to the regional and local economy of the Town, as the area experienced major population shifts, a substantial decline in housing supply, and economic hardships for the business

community. It is estimated that thousands of individual businesses were affected by the Fire and, to date, about 15 percent of businesses in the Paradise Ridge have resumed operations. And, just as rebuilding activity was gaining momentum following the Fire, the coronavirus disease 19 (COVID-19) pandemic and related public health precautions dampened the residential building process and commercial business operations.

In late 2020, the Town secured grant funding from the Economic Development Administration (EDA) to prepare a comprehensive Transportation Master Plan (TMP or Project). The intent of the TMP is to guide and prioritize safe, modern travel options and efficient evaluation routes for the Town's residents, business owners, and visitors to aid in the Town's long-term recovery process. In addition, to support economic development-related recovery efforts, the EDA grant provided for the preparation of a commercial market analysis (Analysis) to assist in rebuilding the Town's commercial sector. This Analysis will be linked to the TMP to identify requisite parking and transportation improvements in the Town's commercial corridors and downtown core.

This Analysis also satisfies one of the key strategies identified in the Town's Long-Term Community Recovery (LTCR) Plan, a comprehensive planning document prepared in June 2019 that established a vision, goals, and set of projects to facilitate the Town's recovery. Based on the strategy outlined in the LTCR Plan, this Analysis is envisioned to support a subsequent comprehensive economic development plan that establishes policies and programs to strengthen the Town's economy.

Analysis Overview

This report documents the Commercial Market Analysis (Analysis) prepared for the Town, which evaluates the extent to which market demand exists for retail land uses in the Town over the next 9 years (2021-2030) based on existing market conditions and anticipated growth. This Analysis also provides insights related to key economic development areas of focus documented in the LTCR Plan and expressed by the Town at the outset of this Analysis, which are intended to serve as a foundational element as the Town prepares its comprehensive economic development plan.

Study Area

Paradise and surrounding Ridge communities offered a scenic, forested, rural community setting that was unique in the Region in contrast to the urbanized and agricultural areas in the valley. The Town is located within reasonable commuting distance of the City of Chico (8 miles) and had established itself as a predominantly residential bedroom community, aided by the prevalence of older, single-housing units, which positioned the community as an affordable housing enclave for retirees and to many of Chico and Butte County's service and trades-based workers.

Before the Fire, the Town was Butte County's second most populous incorporated city with about 26,400 residents as of 2018. Significantly, the Town and nearby Ridge communities are estimated to have lost about 35,000 residents between 2018 and 2020,

with an approximate 80 percent decline of the Town's 2020 population of about 4,600 residents. As of January 2021, the Town's population of just over 6,000 represents about one-quarter of its pre-Fire population.

Summary of Findings

Socioeconomic Findings

- **The Town's current population of 6,000 represents about one-quarter of its pre-Fire population, with current housing stock representing about 20 percent of pre-Fire inventory.** Since 2019, the Town has added approximately 1,600 residents, representing growth of about 780 residents per year, on average. Between 2019 and 2021, the Town is estimated to have added 613 units, for a total of 2,330 housing units, representing average, annual growth of about 300 units.
- **The significant population shift post-Fire from the Paradise Ridge to other areas in and outside of the Region directly has influenced the number of commercial businesses in operation in the Town.** In evaluating the composition of the Town's pre-Fire economy, the most salient finding was that the Town's economy existed almost entirely because of, and to serve, the local population. As such, following the Fire, approximately 200 of the previous 1,200 businesses in operation on the Ridge are currently in operation. While many businesses had buildings lost in the Fire, other businesses have ceased operations based solely on the substantial decline in their customer base. Thus, rebuilding Paradise's economy is inexorably tied to rebuilding housing and repopulating the community.
- **The Town is projected to add about 12,800 residents and nearly 3,530 housing units between 2021 and 2030.** The growth projections, estimated by the Butte County Association of Governments (BCAG), indicates the Town is anticipated to add almost double (1,425 residents per year, on average) the average, annual population growth of the last two years (780 residents per year, on average). The projected average, annual housing growth is estimated to be nearly 400 new units relative to the average, annual growth of about 300 units over the last two years. While these comparisons suggest the level of population growth by 2030 may not be realized, the last two years of growth have been hindered by recovery efforts (debris cleanup, tree removal, infrastructure repairs), the time it took to establish resources and processes for permitting building activity, and the effects of the pandemic. Assuming some of these hurdles have been mitigated in the recent past and the impacts of the pandemic are lessening, development activity and repopulation may be able to accelerate over the next decade to counteract the slow start.

Retail Demand Analysis Findings

- **An evaluation of demand for retail goods and services from current Paradise Ridge households indicates retail leakage is occurring in the Town in most retail categories.** Retail leakage exists when households' demand for retail goods is not met by retail outlets in the defined market area and sales occur outside the

market area (demand exceeds supply). The results of the retail leakage analysis may offer support that there is existing demand for additional retail space for some retail categories, above and beyond the current supply of retail space in the Town. However, there are a variety of factors that indicate while there may indeed be retail leakage occurring, the Town's stable, residential population is not yet sized to attract new retail activity. These factors include the Town's current retail market performance indicators (i.e., high vacancy; no new absorption of retail space), nominal building permit or project entitlement activity from retailers in the years post-Fire; and limited retail tenant interest revealed through conversations with local commercial real estate brokers. In addition, many retail tenants and commercial developers may wait until infrastructure and safety projects that have been identified as high priorities (the TMP, proposed Town sewer project, additional broadband capacity, etc.) are constructed before making an investment.

- **The retail demand analysis for the Town identifies an estimated demand of approximately 140,000 square feet of retail to serve population growth estimated to occur through 2030.** This analysis shows new household growth in the Town is expected to generate demand for about 100,000 square feet of retail space by 2025, and an additional 40,000 square feet by 2030 for a total of 140,000 square feet of retail space by 2030. The primary retail categories for which new household growth generates demand for retail space include: Food and beverage stores; Other retail (which includes drug stores, specialty stores, book and music stores, hobby stores, second-hand stores, and other miscellaneous retailers); Food services and drinking places; General merchandise stores; and, Clothing stores.
- **While a portion of the demand for additional retail space may be captured in the supply of existing vacant retail space, much of the existing vacant space may require redevelopment.** Within the last month, Grocery Outlet opened in a previously vacant 19,000-square-foot retail space. However, much of the currently vacant space in Town may not be viable to the extent that certain tenants, like restaurants, may be impeded by current sewer capacity limitations. And, installing, replacing, or upgrading septic system infrastructure, which is anticipated to be temporary and replaced by the Town's proposed sewer system project within the next several years, is cost prohibitive for many tenants. In addition, other factors related to existing vacant space, including the location, size and layout, age and physical condition, and other factors may not align with modern tenant requirements. For existing space that is not deemed viable, the Town's comprehensive economic development plan should set forth a redevelopment strategy involving interested property owners.
- **Commercially zoned vacant lots in Town present opportunities for new commercial retail construction, when market demand and financial feasibility can support new commercial building activity.** The Town's downtown core, a key area of focus identified in the LTRC Plan for rebuilding the Town's commercial sector and restoring the Town's charm and community spirit, is estimated to have approximately 6.5 acres of vacant land that could accommodate about half (nearly 73,000 square feet) or more of the total retail estimated to be supported by

incremental population growth through 2030. However, certain desired land uses in the Town's downtown, including restaurants and multifamily residential, will not be feasible until the Town's sewer system has been constructed.

Economic Development Areas of Focus

As the Town endeavors to prepare a comprehensive economic development plan, this Analysis includes preliminary insights that are intended to serve as a foundation for a detailed process that will identify policies and programs, partnerships, and potential funding sources for implementation. The key areas of focus described in this chapter are based on strategies identified in the Town's LTCR Plan and on topics identified by Town staff at the outset of this study and include creation of a walkable downtown, supporting the construction industry, defining the Paradise Ridge as an outdoor destination, and attracting demand for other office uses and remote office professionals.

- **Creating a walkable downtown.** In anticipation of increased demand for additional commercial space, the Town can initiate actions to prepare vacant and underutilized sites for commercial development, identifying the mix of desired commercial tenants downtown, ensuring that sites are "shovel-ready" for desired uses, and effectively marketing the details of each site by making site details publicly available (i.e., creating a web-based opportunity site map) and collaborating with commercial real estate brokers and developers. While insufficient market demand and sewer deficiencies may limit the short-term implementation of these actions, the Town should seek ways to utilize vacant and underutilized spaces downtown to hold community events and create temporary public spaces for the community to patronize existing businesses and enjoy existing adjacent amenities including the Paradise Community Park and Yellowstone Kelly Heritage Trailway.
- **Supporting the construction industry.** A key driver of the economic health of the Paradise Ridge and broader Region will be its capacity to deliver adequate housing in a range of housing types to meet existing demand as well as attract and retain new residents, including a range of different types of workers. While rebuilding progress has been made and resources established, there is a notable absence of entry-level and "missing middle" housing being constructed in the Ridge that would serve construction industry workers. The primary hurdles to achieving growth in the construction industry (employment gains and construction activity), however, relates to both a shortage of skilled workers in the Region and high building costs, made worse after the pandemic disrupted global supply chains and further increased material prices. Construction labor shortages will require targeted policies and programs to ensure construction activity demands can be met.
- **Defining Paradise Ridge as an outdoor destination.** As the Camp Fire recovery efforts continue, the Town and other Ridge communities have the potential to leverage the scenic beauty of the area and existing amenities and create opportunities for expanded amenities and create a high quality of life for local residents while bolstering its reputation as a destination for recreational tourism. In alignment with the Town's efforts in creating a walkable downtown, successful

recreation and trail communities tend to focus on offering outdoor events and other open-air amenities, including farmer's markets, festivals, and outdoor concerts focused in their downtowns. The Paradise Recreation and Park District is a vital leader and valuable partner to the Town in helping the Ridge continue to provide high-quality recreational amenities and events for residents and visitors. To supplement PRPD's efforts, a potential funding opportunity for strengthening the Town's recreational tourism efforts is through the Recreation Economy for Rural Communities (RERC) program created by the U.S. Environmental Protection Agency.

- **Attracting demand for office space and remote office professionals.** Paradise's economy before the Camp Fire was predominantly composed of employment in industries that served the local population, with less than 5 percent of total employment in sectors that fulfill demand for office space like Real Estate, Finance and Insurance, and Information industries. Absent targeted economic development efforts to expand office-sector employment beyond those industries that serve the local population, demand for office space will likely remain nominal. The pandemic has accelerated a coastal-to-inland county migration that had begun years prior, with residents in search of more affordable housing and a better quality of life. With a larger percentage of businesses permitting remote work capabilities, employees are seeking locales outside of major metropolitan areas in which to relocate. However, communities must contain amenities that mimic the urban experience, including co-working spaces, quick access to retail outlets that provide technology and other home office supplies, a diversity of food and beverage establishments (that are open after business hours), and museums, performing arts, and other civic amenities, and should have access to reliable high-speed broadband.

Economic Development Challenges

- **The Camp Fire changed the residential and socioeconomic composition of the Paradise Ridge and broader Region, and the timeline for regaining lost population, housing, and businesses will depend on myriad factors.** These factors include both internal factors (strengths and weaknesses specific to the Paradise Ridge and broader Region) and external factors (opportunities and threats to the Paradise Ridge and broader Region). And it is important to recognize that some factors influencing recovery efforts are beyond local government control (e.g., the effects of the pandemic). It is well-documented in the LTCR Plan and in subsequent Town documents and actions but worth noting that repopulation and economic development efforts will be hindered until key infrastructure projects like the sewer project, emergency warning system (Early Warning System), broadband, and transportation improvements have been constructed. Every additional safety enhancement implemented will inspire increased confidence in attracting new residents and investment activity in the Ridge.

Report Organization

This report is presented in the following chapters and technical appendices.

- 1. Executive Summary** presents an introduction and overview of the report and key findings.
- 2. Town of Paradise Market Overview** presents an analysis of existing post-Camp Fire and historical pre-Camp Fire conditions in the Town, including population, households, housing units, employment and jobs, and jobs-housing balance and commuting patterns, as well as a context to current residential and commercial market conditions.
- 3. Retail Demand Analysis** provides a context to existing retail supply and incremental new retail demand from potential population growth.
- 4. Economic Development Areas of Focus** presents an overview of the Town's Long-Term economic development goals and the associated dynamics, policy recommendations, and additional considerations.

This report also contains technical **Appendix A**, which provides supporting data regarding socioeconomic trends and retail demand in the Town.

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2. Town of Paradise Market Overview

This chapter examines the national commercial retail market context, as well as the socioeconomic dynamics and composition of the Town both before the Camp Fire (2018 conditions) and post-disaster (2020 and 2021 conditions). The purpose of this market profile is to develop an understanding of the economic dynamics and drivers of the local economy pre-and post-disaster and to establish baseline conditions as the Town embarks on its long-term recovery.

National Retail Market Context

Nationally, the retail industry has shifted greatly over the last 15 years. While the retail industry has a history of volatility and adaptation, the Great Recession spurred increased unemployment rates, reduced consumer credit, and illuminated a national oversupply of retail space that resulted in bankruptcies, store closures, and consolidations among a wide range of formerly successful retail chains that has continued through today.

The COVID-19 pandemic further impacted retail volatility, altering the business-as-usual model, with surges in unemployment, structural changes in spending activity, and increased uncertainty and stresses for businesses and communities. According to the Brookings Institute, the industries that are at highest risk from the pandemic are retail, transportation, employment services, and leisure and hospitality. At the same time, retail industry trends, present even before the pandemic, are reducing the size of brick-and-mortar retail space for some tenants and impacting demand for new retail space nationally and locally. These trends include:

- The influx of online shopping (e-commerce).
- A change in spending patterns in the retail landscape, with consumers shifting from purchasing material items to spending more on experiential retail, such as restaurants, grooming services, and health and wellness services.
- A shift in consumer preferences for retail center types from large, enclosed malls to “lifestyle centers,” mixed-use buildings in urban settings, and “main streets.”

Overall, retail uses may experience potentially long-lasting effects of the pandemic. The decline of brick-and-mortar retail has been accelerated by the current circumstances and demand for the most successful retail developments of the past decade, which have focused on providing experiential uses, have been impacted as a result of shelter in place orders. As consumers spend less and save more, demand for retail experiences as well as certain goods and services may decline in the short term. However, as medical treatments advance and serious health risks decline, consumers will have pent-up demand for the retail formats that have been the most restricted (namely, food and beverage and entertainment). And, with its ethos of adaptation, the retail sector will

likely innovate with new retail concepts and formats as it adapts to the pandemic's lingering impacts.

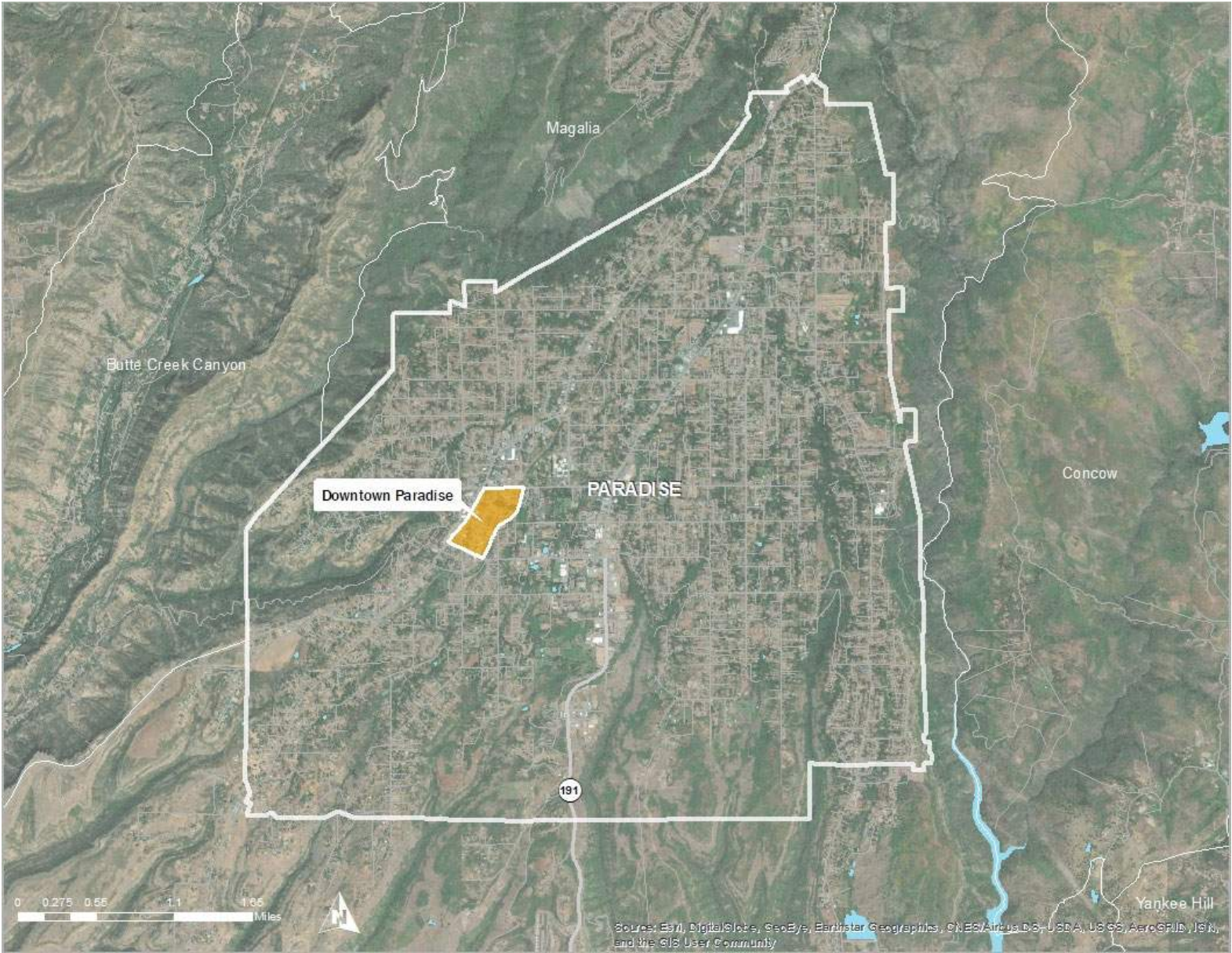
Historical and Current Local Socioeconomic Context

Located on a ridge in the western foothills of the Sierra Nevada with elevations ranging from 1,500 to 2,200 feet above sea level, the Town of Paradise is located in an area identified as the Lower Ridge in Butte County (County). Surrounding unincorporated communities, including Magalia, Concow, Yankee Hill, and other unincorporated County communities north of the Town constitute the Upper Ridge. Combined, the Ridge communities offer a scenic, forested, rural community setting that is unique in the Region in contrast to the urbanized and agricultural areas in the Sacramento Valley. **Map 2-1** shows the boundary of Paradise and its downtown.

The Town was originally settled during the Gold Rush era and grew slowly and organically before experiencing rapid population growth in the years leading up to the Town's incorporation in 1979.¹ The Town emerged at this time as an attractive place for retirees who sought the rural, forested setting of the Ridge. In recent years, a younger demographic was also drawn to the area, although the Town's growth slowed substantially in the decade before the 2018 Camp Fire. The Town established itself as a bedroom community, aided by its affordable housing stock and proximity to the City of Chico, the County's economic hub. Indeed, prior to the Fire, the Town served as an affordable housing enclave to many service- and trades-based workers who were employed in Chico and other nearby employment centers.

¹ Sebai, N., 2018. Paradise Isn't Lost, It's in Butte County. *KQED The California Report*, [online] Available at: <https://www.kqed.org/news/11655609/paradise-isnt-lost-its-in-butte-county> [Accessed May 2020].

Map 2-1. Town of Paradise and Downtown Area



Camp Fire Event

The 2018 Camp Fire devastated the Ridge communities. It is estimated that 95 percent of the Town burned, although, incredibly, key civic structures including Town Hall, the police station, and several fire stations remained intact.² In total, the Fire destroyed nearly 11,000 housing units, 450 commercial buildings, 5 schools, and thousands of utility structures in the Town. Within the entire Fire footprint, including nearby unincorporated communities in the Ridge, nearly 14,000 homes, almost 530 commercial and public buildings, and thousands of infrastructure and other utility structures were destroyed.

Historical Local Population and Housing

Before the Fire, the Town was the County's second most populous incorporated city with about 26,400 residents as of January 2018, as shown in **Table 2-1**. In recent years, the Town of Paradise had among the lowest growth rates of any jurisdiction in the Region, adding a mere 40 residents between 2010 and 2018 (5 residents annually or less than a 1 percent annual growth rate).

As shown in **Table 2-1**, as of 2018, Paradise had nearly 13,100 housing units, comprising about 70 percent single-family detached homes, 15 percent multifamily homes, and 15 percent manufactured homes. The Town's percentage of multifamily homes was significantly smaller than the percentage in the Region (over 20 percent). Based on conversations with stakeholders completed as part of the January 2021 Camp Fire Economic Impact Analysis, community sentiment and sewer capacity deficiencies led to a challenging entitlement process for multifamily uses, substantially limiting the development of this housing type.³

Between 2010 and 2018, the Town adding an average of 14 units annually since 2010. Most homes were owner-occupied (65 percent), with renters occupying the remaining housing stock (35 percent). Vacancy rates, as of 2018, for both owner- and renter-occupied homes were low (about 3.0 percent and 6.5 percent, respectively), although not as low as the overall average vacancy rates for the State, a metric indicative of the State's ongoing housing crisis. In 2018, the median housing value of homes in the Town was just under \$220,000, slightly lower than the Regional average of \$235,000 and less than half of the California average of \$475,000.⁴

² Ailworth, E., 2019. A Year After Fire Destroyed Paradise, a Gutsy Group Fights to Rebuild. *The Wall Street Journal*, [online] Available at: <https://www.wsj.com/articles/paradise-remade-finding-a-home-in-the-ashes-of-a-town-consumed-by-fire-11571669314> [Accessed July 2020].

³ Economic & Planning Systems, Inc., and Industrial Economics, Inc., January 2021. Camp Fire Regional Economic Impact Analysis, Final Report. <https://3coreedc.org/wp-content/uploads/2021/03/Camp-Fire-Regional-Economic-Impact-Analysis-January-2021.pdf>

⁴ Ibid.

Table 2-1. Regional Population and Housing Trends

Jurisdiction	Total Population / Housing Units						Change in Population / Housing Units					
	As of Jan 1 of Each Year				% of Region		2010-2018			2018-2020		
	2010	2018	2019	2020	2018	2020	Total	Total % Change	Avg. Annual Total	Avg. Annual % Change	Total	Total % Change
Population Trends												
Tri-County Region												
<i>Population</i>												
Butte County												
Biggs	1,707	1,985	2,053	1,852	0.6%	0.6%	278	16.3%	35	1.9%	(133)	(6.7%)
Chico	86,187	92,286	109,688	110,326	28.9%	36.2%	6,099	7.1%	762	0.9%	18,040	19.5%
Gridley	6,584	6,863	7,058	6,402	2.1%	2.1%	279	4.2%	35	0.5%	(461)	(6.7%)
Oroville	15,546	17,896	21,311	19,440	5.6%	6.4%	2,350	15.1%	294	1.8%	1,544	8.6%
Paradise	26,218	26,256	4,485	4,631	8.2%	1.5%	38	0.1%	5	0.0%	(21,625)	(82.4%)
Unincorporated	83,758	81,088	76,926	67,640	25.4%	22.2%	(2,670)	(3.2%)	(334)	(0.4%)	(13,448)	(16.6%)
Total Butte County	220,000	226,374	221,521	210,291	70.9%	69.0%	6,374	2.9%	797	0.4%	(16,083)	(7.1%)
Glenn County	28,122	28,510	28,379	29,400	8.9%	9.6%	388	1.4%	49	0.2%	890	3.1%
Tehama County	63,463	64,429	63,789	65,129	20.2%	21.4%	966	1.5%	121	0.2%	700	1.1%
Total Tri-County Region	311,585	319,313	313,689	304,820	100.0%	100.0%	7,728	2.5%	966	0.3%	(14,493)	(4.5%)
State of California	37,253,956	39,586,646	39,695,376	39,782,870	-	-	2,332,690	6.3%	291,586	0.8%	196,224	0.5%
Housing Trends												
Tri-County Region												
<i>Housing Units</i>												
Butte County												
Biggs	617	692	695	696	0.5%	0.6%	75	12.2%	9	1.4%	4	0.6%
Chico	37,050	39,810	40,378	41,738	28.8%	33.3%	2,760	7.4%	345	0.9%	1,928	4.8%
Gridley	2,406	2,517	2,526	2,540	1.8%	2.0%	111	4.6%	14	0.6%	23	0.9%
Oroville	6,194	7,333	7,337	7,391	5.3%	5.9%	1,139	18.4%	142	2.1%	58	0.8%
Paradise	12,981	13,091	1,720	1,766	9.5%	1.4%	110	0.8%	14	0.1%	(11,325)	(86.5%)
Unincorporated	36,587	35,910	32,791	31,991	26.0%	25.6%	(677)	(1.9%)	(85)	(0.2%)	(3,919)	(10.9%)
Total Butte County	95,835	99,353	85,447	86,122	71.9%	68.8%	3,518	3.7%	440	0.5%	(13,231)	(13.3%)
Glenn County	10,778	11,170	11,310	11,334	8.1%	9.1%	392	3.6%	49	0.4%	164	1.5%
Tehama County	26,987	27,636	27,655	27,714	20.0%	22.1%	649	2.4%	81	0.3%	78	0.3%
Total Tri-County Region	133,600	138,159	124,412	125,170	100.0%	100.0%	4,559	3.4%	570	0.4%	(12,989)	(9.4%)
State of California	13,670,304	14,157,502	14,235,201	14,329,863	-	-	487,198	3.6%	60,900	0.4%	172,361	1.2%

pop

Source: State of California Department of Finance, Report E-5, Population and Housing Estimates for Cities, Counties, and the State, January 1, 2011-2020, with 2010 Benchmark; EPS.

Current Local Population and Housing

As a result of the Fire and the physical destruction of a majority of its housing stock, the Town is estimated to have lost about 21,800 residents (an 82-percent decline in population between January 2018 and January 2019). Since 2019, the Town has added approximately 1,600 residents and has a current estimated population of about 6,000 as of January 2021, representing about 23 percent of the Town's 2018 pre-Fire population.

Following the Fire, approximately 1,700 housing units remained in Paradise. Between 2019 and 2021, the Town is estimated to have added 613 units, for a total of 2,330 housing units as of January 2021 (representing approximately 18 percent of the Town's 2018 housing inventory). As of January 2021, approximately 1,500 of the Town's 2,330 housing units are single-family attached units (about 65 percent), a decrease from the share of single-family attached units in the Town prior to the Camp Fire, estimated at 70 percent in 2018 (about 9,050 out of a total of nearly 13,100 units).⁵

Historical Local Economic Context

As of 2018, the Town had about 12,000 jobs, translating into a ratio of 0.9 jobs for every housing unit, substantially lower than the Region's jobs-housing ratio of 1.2 jobs per housing unit and indicative of its role as a bedroom community. Expectedly, most residents (70 percent) commuted to work outside of the Town, primarily to Chico, Oroville, and other locations outside of the Region. Although remarkably, the Town's largest employer, Adventist Health, which operated Adventist Health Feather River (also known as the Feather River Hospital) and related health care services in the Town employed about 1,250 staff, and over half resided on the Ridge. One reason for this high percentage stemmed from the requirement for many medical professionals to reside within a certain distance (and drive time) from their place of work.

As shown in **Figure 2-1**, nearly 40 percent of the Town's jobs were within the Health Services industry, which served the local population in the Ridge and were concentrated in the Town's primary employer (Adventist Health) as well as other healthcare and social assistance establishments (Atria Paradise; Feather Canyon Senior Living; Sunshine Assisted Living; Feather River Health Clinic).⁶ Other major employers included government and special districts (Town of Paradise; Paradise Irrigation District; Paradise Unified School District) and retail establishments (Save Mart; Holiday Market; Safeway). Employment in these two industries comprised about 16 percent and nearly 9 percent of total employment, respectively. Similar to limits on multifamily development, the Town also restricted new commercial development based on both sewer system deficiencies and groundwater capacity.

⁵ Based on California Department of Finance, Table E-5: City/County Population and Housing Estimates, current as of January 1, 2021.

⁶ Ibid.

In evaluating the composition of the Town’s pre-Fire economy, the most salient finding is that the Town’s economy existed predominantly because of, and to serve, the local population. Based on information provided by the IMPLAN Group, LLC (IMPLAN), the Town’s economy was almost entirely composed of employment in local-serving activities (over 95 percent of jobs) with concentrations in Health Care, Public Administration, Retail Trade, and Other Services. The remaining jobs in the Town (about 420 jobs) were in base-sector activities, composed primarily of Finance and Insurance, Agriculture, Wholesale Trade, Information, and Manufacturing industries. The Town contained relatively little industrial employment. Agricultural uses, once an economic driver of the Town, represented a small component of the overall economy and included vineyards, orchards, and grazing land in the southern part of Paradise.⁷

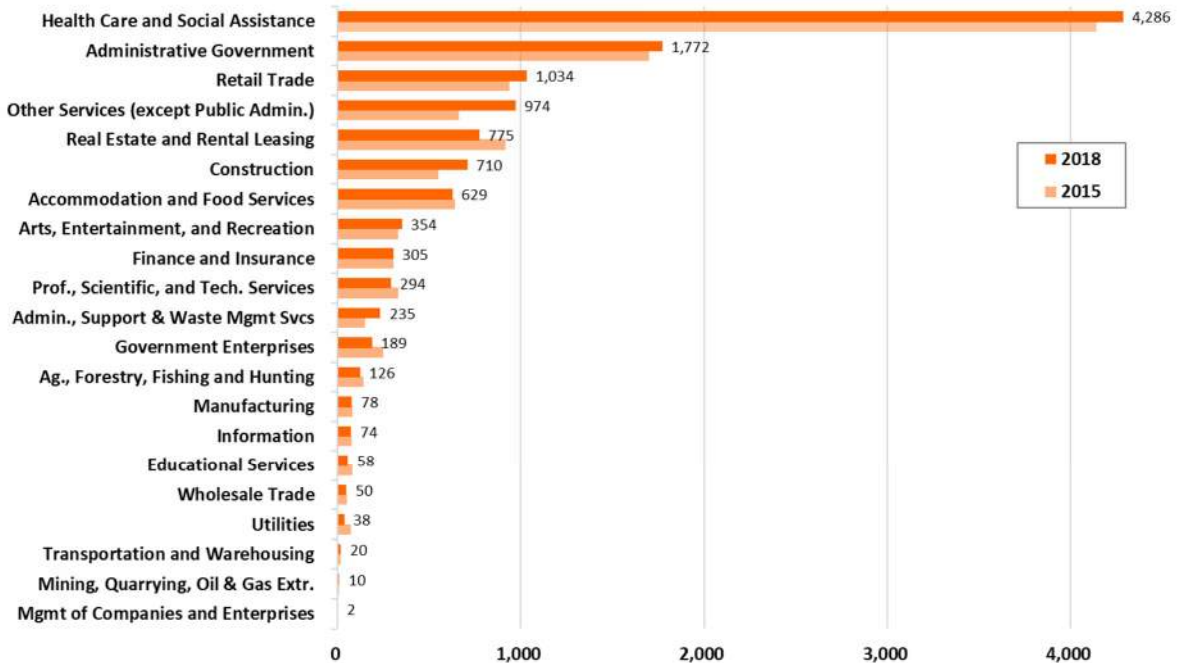
Local-Serving Activities
Activities that serve the local population and move wealth within the local area

Base-Sector Activities
Activities that generate net new wealth and drive growth in other industries

Estimates of the Town’s current, post-Fire economy are not available at this time. IMPLAN data, the data source used to understand the local economy, is derived primarily from US Census data, the most recent of which (2020 US Census data) has not yet been released and integrated into IMPLAN. It is anticipated that the 2020 Census data may be released in 2022 and integrated into IMPLAN at the end of 2022.

⁷ Ibid.

Figure 2-1. 2018 Paradise Employment by Industry and 2015 Comparison



Source: IMPLAN; EPS.

Historical and Current Local Nonresidential Real Estate Market Conditions

Approximately 1,200 businesses operated in the Ridge prior to the Camp Fire.⁸ Many of these businesses were located in the Town’s central business district, located along both sides of Skyway, the Town’s direct roadway connection to the City of Chico.

According to Cal Fire, more than 600 businesses were reported as either damaged or destroyed by the Fire, including the loss of many of the Feather River Hospital buildings (clinic buildings, central utility plant), multiple gas stations, a hotel, fast-food restaurants, a large, Safeway-anchored retail shopping center, and other retail establishments.^{9 10 11}

⁸ Stakeholder interview, Paradise Ridge Chamber of Commerce, January 2020.

⁹ Comstock’s Magazine, 2019. Back to Paradise. [online] Available at: <https://www.comstocksmag.com/longreads/back-paradise-camp-fire-one-year-business> [Accessed June 2020].

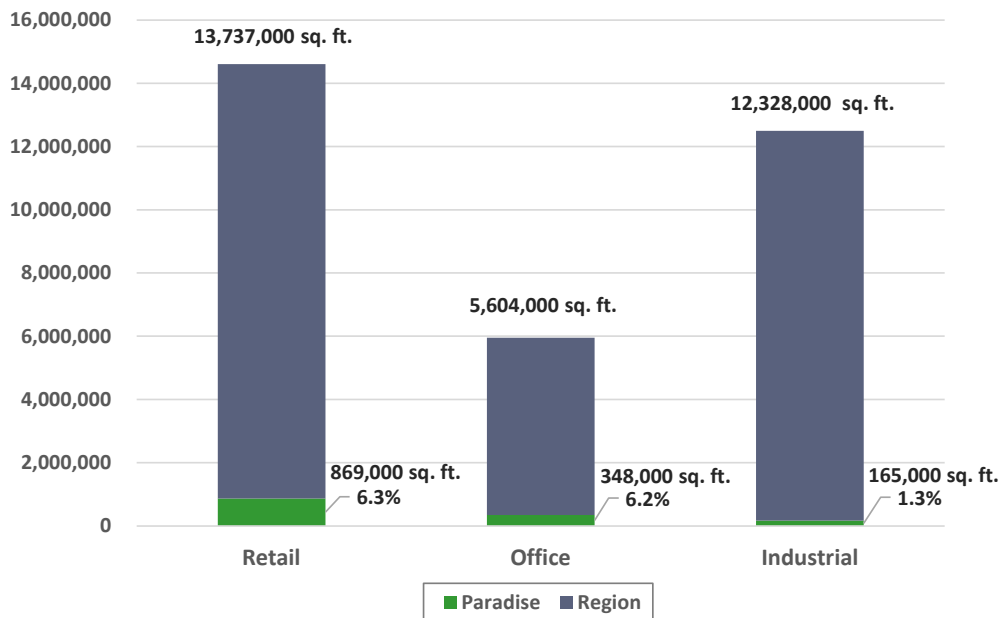
¹⁰ Shulman, A. and Schultz, J., 2018. Camp Fire: What is and isn’t still standing in the Paradise Area. Redding Record Searchlight, [online] Available at: <https://www.redding.com/story/news/local/2018/11/09/camp-fire-paradise-wildfire-destroyed-buildings/1945268002/> [Accessed April 2020].

¹¹ Johnson, R., 2018. Feather River Hospital: “We don’t know if we will reopen” after Camp Fire. Chico Enterprise-Record, [online] Available at: <https://www.chicoer.com/2018/11/28/feather-river-hospital-we-dont-know-if-we-will-reopen-after-camp-fire/> [Accessed August 2020].

To date, the Paradise Ridge Chamber of Commerce (Chamber) estimates approximately 200 of the Ridge’s former 1,200 businesses are currently in operation.¹²

Since 2010, the Town experienced minimal nonresidential activity, precluded in large part by key infrastructure deficiencies related to sewer, roadways, and utilities, although a no-growth community sentiment also played a role. Before the Fire, the Town’s nonresidential inventory represented about 6 percent of the Region’s retail and office space and about 1 percent of the Region’s industrial space. The Fire destroyed about 486,000 square feet of nonresidential space, with the remaining inventory representing approximately 4 percent of retail, 4.5 percent of office, and less than 1 percent of industrial space in the Region. See **Figure 2-2** for total nonresidential inventory in Paradise before the Fire.

Figure 2-2. Pre-Fire Nonresidential Inventory in Paradise and Region (2017)



Source: CoStar; EPS.

Retail

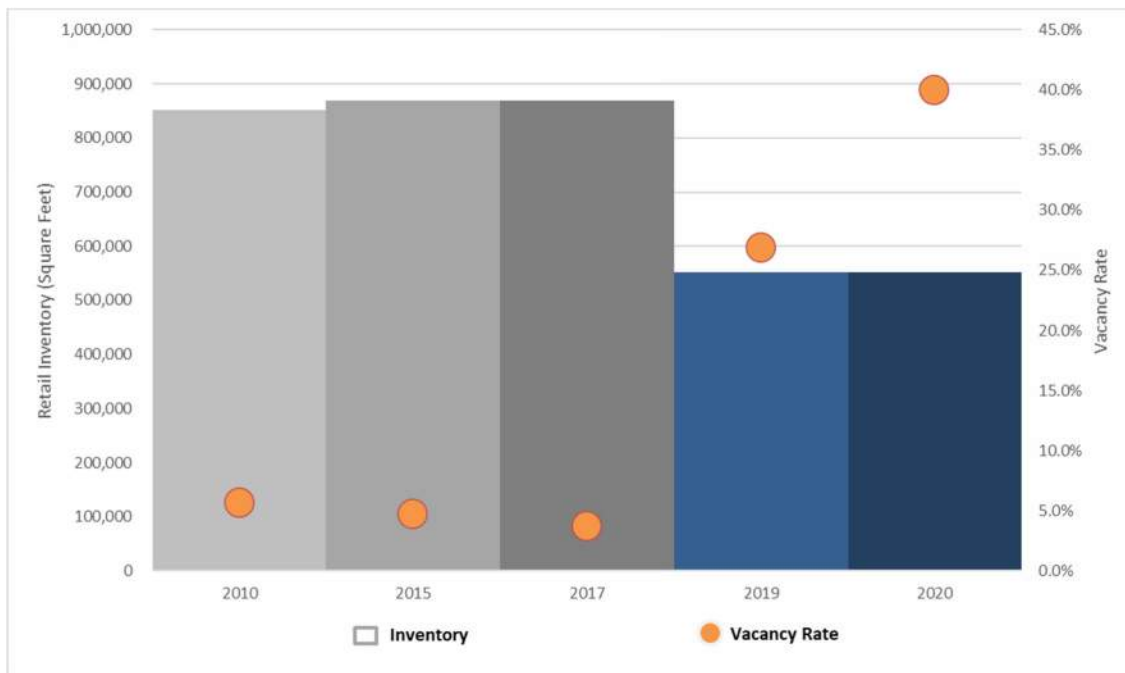
Between 2010 and 2017, the Town added about 18,400 square feet of retail space (with nearly half of this new retail space added in 2013 and 2014) to total nonresidential inventory. During this same period, the Town experienced negative net absorption in all major nonresidential sectors, indicating a reduction in physically occupied space in 2017

¹² Stakeholder interview, Paradise Ridge Chamber of Commerce, June 2021.

relative to 2010.¹³ As of 2017, the Town had an inventory of approximately 869,500 square feet of retail space, based on information provided by CoStar. Between 2010 and 2017 retail vacancy rates in the Town ranged from 3.3 percent to 6.2 percent, consistently lower than the average retail vacancy rate for Butte County.

Following the Camp Fire, retail inventory within the Town significantly decreased and vacancy rates spiked up to 40 percent in 2020. Based on a survey of current inventory within the Town, retail has decreased from nearly 900,000 square feet of space pre-Fire to approximately 552,000 square feet of space as of 2020. Of the current retail inventory, about 331,000 square feet represents occupied space, with approximately 221,000 square feet of vacant space.¹⁴ Refer to **Figure 2-3** for a representation of retail inventory and vacancy rates for the Town.

Figure 2-3. Retail Real Estate Trends: Paradise (2010-2020)



Source :CoStar;EPS .

Office

Between 2010 and 2017, the Town experienced no significant change in office inventory. Before the Camp Fire, vacancy rates for office space were low, rising slightly from 2 percent in 2010 to approximately 3 percent in 2017. In 2018, the Town experienced a significant change in office inventory because of the Camp Fire with the loss of close to 90,200 square feet within 23 buildings. Before the Camp Fire, the Town accounted for 6

¹³ Net absorption is defined as the sum of square feet that became physically occupied, minus the sum of square feet that became physically vacant during a specific period.

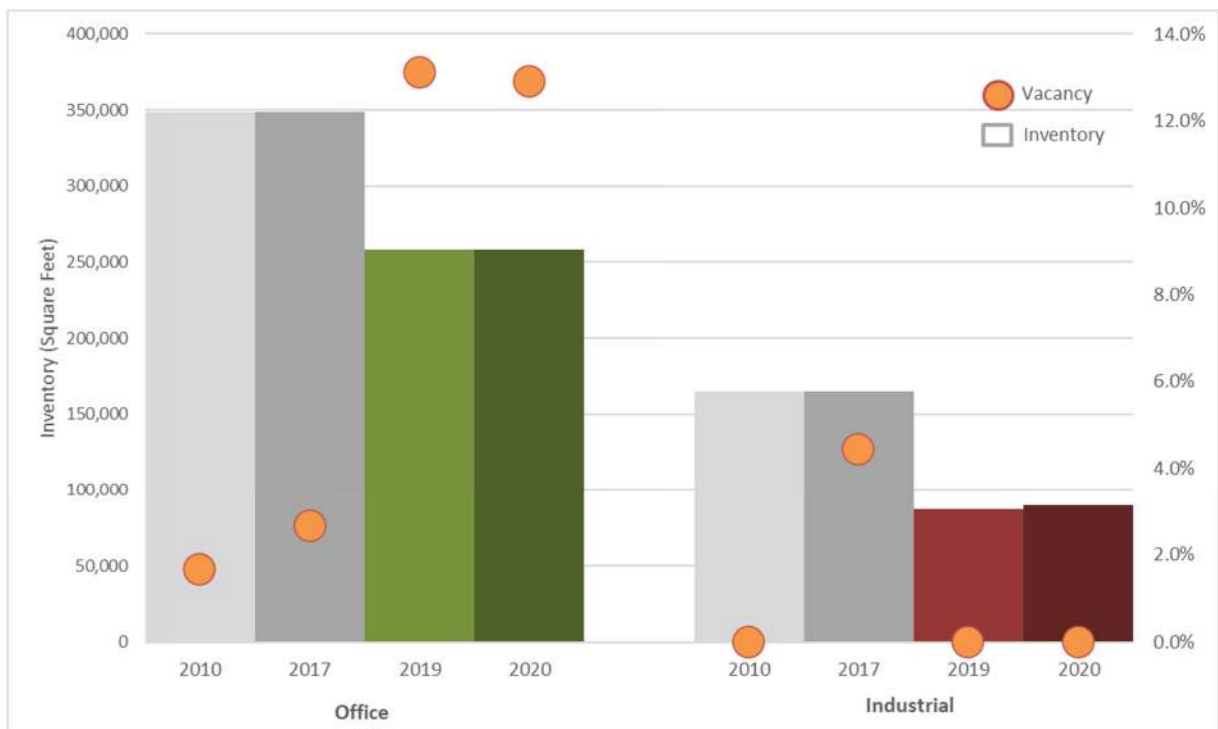
¹⁴ Refer to **Table A-1** of **Appendix A** for a listing of existing retail space.

percent of the Region’s office supply, dropping to 5 percent post-Fire. The vacancy rate in the Town’s office market increased to 13 percent in 2019 and remained at this rate through 2020. Lease rates in 2018 through 2020 increased from a low of \$0.91 per square foot in 2016, peaking in 2018 and declining again in 2019 and 2020.

Industrial

Between 2010 and 2017, the Town experienced no significant change in industrial inventory. The Camp Fire caused the loss of over 78,000 square feet of industrial space within 9 buildings within the Town. Before the Camp Fire, Paradise accounted for a little over 1 percent of the Region’s industrial supply, dropping to less than 1 percent post-Fire. Paradise’s industrial supply offered no vacant space in 2018 through 2020, while the Region saw an increase in vacancy between 2017 and 2020. Lease rates in 2018 through 2020 increased from a low of \$0.15 per square foot in 2012, peaking in 2018 and declining in 2019 and 2020.

Figure 2-4. Office and Industrial Real Estate Trends: Paradise (2010-2020)



Source: CoStar; EPS.

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3. Retail Demand Analysis

As the Town continues to recover from the Camp Fire, the anticipated growth of Town households will result in additional demand for goods and services beyond what the Town currently provides. This Analysis estimates the additional potential retail square footage that could be supported by the spending of these new households.

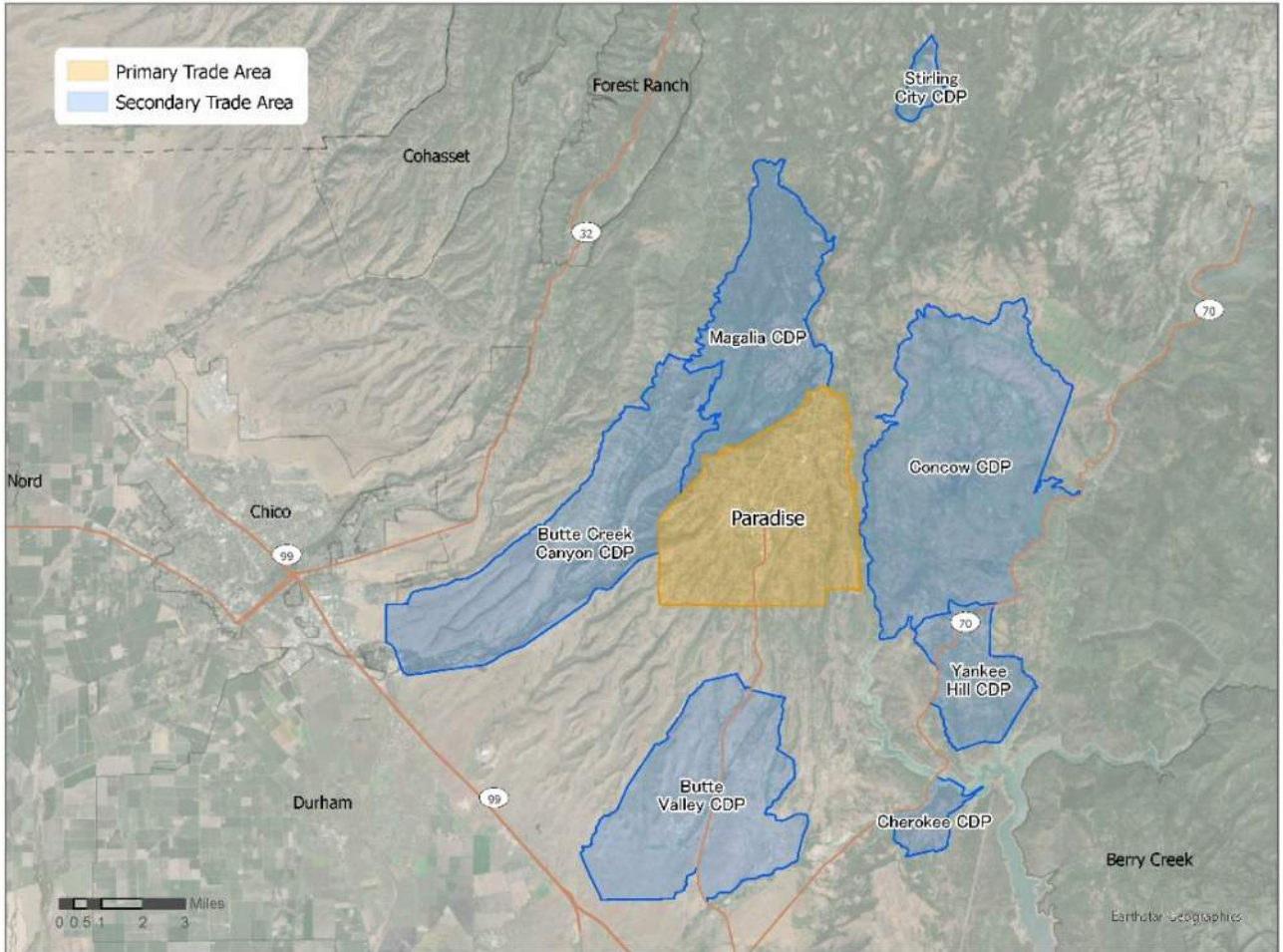
This Analysis also estimates existing retail leakage to evaluate the extent to which retail outlets in the defined market area attract or leak retail spending generated by market area households. Retail surplus or leakage represents a comparison between supply and demand. Retail leakage exists when households' demand for retail goods is not met by retail outlets in the market area and sales occur outside the market area (demand exceeds supply). However, the current dynamics of the Town's retail market present challenges regarding capitalizing on existing retail leakage. The retail leakage analysis and these challenges are described in further detail below.

Retail Market Areas

A retail market area represents the area in which *the majority of* customer patronage is expected to be drawn. A retail market area is influenced by a variety of factors, including the location and density of the targeted residential population, the location of key competitors, the relative distance or travel time for each of the above, geographic and psychological barriers, and existing commute and shopping patterns. In this Analysis, we delineated a primary and secondary market area to evaluate retail sector dynamics.

The Primary Market Area included in this Analysis is contiguous with the Town's boundaries and referred to as such throughout the report. In addition to retail sales demand generated by Town residents, retail outlets in the Town are assumed to capture a portion of retail demand generated by residents in the unincorporated Ridge communities surrounding the Town, defined in this Analysis as the Secondary Market Area. The Secondary Market Area includes unincorporated Butte County communities located within an approximately 25-minute drive time to the Town, including the Census Defined Places of Butte Creek Canyon; Butte Valley; Cherokee; Concow; Magalia; Stirling; and Yankee Hill. **Map 3-1** shows the Primary and Secondary Market Areas.

Map 3-1. Town of Paradise Primary and Secondary Retail Market Areas



Existing Retail Demand

Existing Retail Supply

As described in **Chapter 2**, there are approximately 552,000 square feet of retail located in the Town (Primary Market Area). Of this retail space, about 331,000 square feet is physically occupied, while 221,000 square feet is estimated to be vacant, which translates into a sizable vacancy rate of 40 percent.¹⁵

Based on a review of existing inventory, key retail tenants in the Town (Primary Market Area) include:¹⁶

¹⁵ Refer to **Table A-1** of **Appendix A** for a listing of existing retail inventory (supply) by address.

¹⁶ All shopping centers and freestanding retail space within the Primary Market Area are not listed.

- Three grocery stores (SaveMart; Holiday Market; and the newly-opened Grocery Outlet);
- Multiple national and local chain and unique local food services and drinking place stores (Taco Bell; Starbucks; Dutch Brothers; Nic's; Meehos; Debbie's; Izzy's Burger Spa; The Patty Wagon);
- An agricultural supply retailer (Tractor Supply Co.) and hardware supply retailer (Ace Hardware; Foothill Mill & Lumber Co);
- Multiple automotive supply stores (Les Schwab Tires; O'Reilly Auto Parts; Big O Tires; Jiffy Lube; AutoZone); and
- Multiple "Other Outlet" stores providing various services (bank branches; financial advisor; laundromat; upholstery cleaning).

The Secondary Market Area contains approximately 88,000 square feet of retail within 17 buildings with no vacancy, according to CoStar. The majority of this retail is located in Magalia and Butte Valley, comprising gas stations, general retail stores, convenience food stores, a hardware store, U-haul, and other small freestanding storefronts, and strip centers with mainly service-oriented retail.

Based on interviews with commercial real estate brokers in the Town, the level of vacant space indicated by CoStar includes space with various degrees of viability. Much of the currently vacant commercial space is dated, not well located, and may require additional tenant improvements to adequately serve incoming business needs.¹⁷ The cost of the additional tenant improvements, in addition to the cost of resolving infrastructure deficiencies, are cost prohibitive for most tenants.¹⁸

Taxable and Total Retail Sales Trends

This Analysis includes a review of sales tax receipts provided by the Town for the past decade spanning 2010 through 2020. In the full calendar year before the Camp Fire (2017), the Town's retail outlets generated \$160 million (2020\$) in **taxable** retail sales. After applying adjustments for nontaxable retail goods, this level of taxable sales equates to an estimated \$228.9 million (2020\$) in **total** retail sales in the Town.

In the most recent full calendar year post-Fire (2020), the Town's retail outlets are estimated to have generated about \$82.9 million (2020\$) in total retail sales in the Town (a 64 percent decline relative to pre-Fire retail sales), as shown in **Table 3-1**. Over half of the 2020 retail sales generated in the Town consists of spending at food and beverage stores, gasoline stations, and building materials and garden supply stores. Prior to the Fire, retail sales were concentrated at food and beverage stores, gasoline stations, and food service and drinking establishments. As shown, the retail categories with the largest

¹⁷ Informed through interviews with commercial real estate industry brokers with available space in the Town on August 31, 2021.

¹⁸ Ibid.

declines in total retail sales include Clothing stores, General Merchandise stores, and Food Service and Drinking establishments.

Table 3-1. Estimated Total Retail Sales (2020\$)

Item	Town of Paradise Estimated Total Retail Sales (2020) [1]	
	Total	% of Total
Retail and Food Services [2]		
Motor Vehicle and Parts Dealers [3]	\$5,744,859	8.2%
Home Furnishings and Appliance Stores	\$3,174,044	4.5%
Bldg. Matrl. and Garden Equip. and Supplies	\$9,960,948	14.2%
Food and Beverage Stores	\$25,365,414	36.2%
Gasoline Stations	\$11,523,986	16.4%
Clothing and Clothing Accessories Stores	\$102,445	0.1%
General Merchandise Stores	\$2,575,785	3.7%
Food Services and Drinking Places	\$5,258,750	7.5%
Other Retail	\$6,390,490	9.1%
Total Retail and Food Services	\$82,913,475	100.0%

retail sales

Source: Town of Paradise; EPS.

[1] Reflects total sales generated within the Town of Paradise based on sales tax receipts provided by the Town Treasurer's office. For a detailed listing of sales tax receipts by business type, refer to Table A-2. Taxable sales are converted to total retail sales through adjustments for nontaxable retail spending as shown in Table A-3.

[2] Reflects spending on motor vehicle parts and supplies only (excludes vehicle purchases).

[3] Sales estimates for Motor Vehicles and Parts Dealers includes sales for Auto Parts, Accessories & Tire Stores only. See Table A-3 for more details.

Examining retail sales per capita is a common basis for comparing total retail sales over time or by geography. In 2017, the Town's retail outlets generated about \$8,700 in retail sales per capita (based on the Town's 2017 population of 26,400 residents). This level of per capita retail sales was consistent across all years of comparison before the Fire, with total annual retail sales ranging from \$8,700 to \$9,000 (in 2020\$) per capita, as shown in **Table 3-2** and **Table A-4** in **Appendix A**.

Table 3-2. Total Retail Sales Trends (2020\$)

Item	Town of Paradise					
	Estimated Total Retail Sales [1]				2017-2020 Change	
	2010	2017	2019	2020	Total Change	% Change
Population	26,218	26,424	4,474	4,608	(21,816)	(82.6%)
Retail and Food Services						
Motor Vehicle and Parts Dealers [2]	\$7,594,539	\$9,233,127	\$6,174,967	\$5,744,859	(\$3,488,268)	(37.8%)
Home Furnishings and Appliance Stores	\$4,444,228	\$6,894,474	\$2,297,900	\$3,174,044	(\$3,720,430)	(54.0%)
Bldg. Matr. and Garden Equip. and Supplies	\$17,623,991	\$16,922,428	\$5,087,974	\$9,960,948	(\$6,961,480)	(41.1%)
Food and Beverage Stores	\$79,812,914	\$75,646,873	\$17,437,322	\$25,365,414	(\$50,281,458)	(66.5%)
Gasoline Stations	\$42,234,499	\$36,822,123	\$8,945,532	\$11,523,986	(\$25,298,137)	(68.7%)
Clothing and Clothing Accessories Stores	\$1,230,429	\$593,059	\$139,142	\$102,445	(\$490,614)	(82.7%)
General Merchandise Stores	\$19,998,014	\$16,002,178	\$1,647,000	\$2,575,785	(\$13,426,392)	(83.9%)
Food Services and Drinking Places	\$25,262,121	\$28,680,081	\$2,276,734	\$5,258,750	(\$23,421,331)	(81.7%)
Other Retail	\$16,401,198	\$15,332,122	\$3,535,801	\$6,390,490	(\$8,941,632)	(58.3%)
All Other Outlets (Non-Store Retailers and Services)	\$19,548,188	\$22,816,386	\$13,316,079	\$12,816,754	(\$9,999,632)	(43.8%)
Total Retail and Food Services	\$234,150,121	\$228,942,852	\$60,858,450	\$82,913,475	(\$146,029,376)	(63.8%)
<i>Retail Sales per Capita</i>	<i>\$8,931</i>	<i>\$8,664</i>	<i>\$13,603</i>	<i>\$17,993</i>	<i>\$9,329</i>	<i>107.7%</i>

Source: Town of Paradise; EPS.

- [1] Reflects total sales generated within the Town of Paradise based on sales tax receipts provided by the Town Treasurer's office. For a detailed listing of sales tax receipts by business type, refer to Table A-2. Taxable sales are converted to total retail sales through adjustments for nontaxable retail spending as shown in Table A-3.
- [2] Reflects spending on motor vehicle parts and supplies only (excludes vehicle purchases).

Over the last few years following the Fire, annual retail sales per capita significantly increased relative to levels experienced by the Town before the Camp Fire. With the Town's diminished population in 2019 and 2020, the level of total retail sales in the Town increased from pre-Fire levels of approximately \$9,000 per capita to \$13,600 per capita in 2019 and nearly \$18,000 per capita in 2020, approximately double the level pre-Fire. With limited information from which to draw definitive conclusions, there are myriad factors that are likely contributing to these increased figures, including:

- A reduction in both the primary source of retail demand (the Town's residents) and the amount of operating retail space to support demand.
- Supplemental, temporary sources of demand, including an increase in the Town's daytime employment associated with recovery and rebuilding construction activity supporting increased spending on building materials, gasoline, and food and beverage stores. To that end, the Town has provided a preliminary, current estimate that nearly 5,000 employees are commuting into the Town daily. This estimate comprises approximately 4,600 employees associated with construction activity, as estimated by the Valley Contractors Exchange, and about 360 employees associated with ongoing utility recovery efforts, as estimated by Pacific Gas & Electric (PG&E). At this time, there are no estimates regarding the duration of, or changes to, this level of increased daytime employment. And it is important to highlight that this source of demand is temporary and coincident with the cyclical and dynamic nature of construction and recovery effort activity. That said, the number of daytime workers commuting into the Town is substantial and represents a source of residential demand, which could subsequently bolster demand for commercial space.
- The COVID-19 pandemic, which induced a period of increased spending on food and other household supplies.
- A recent increase in the cost of retail goods, in particular food and beverages, relative to historical averages.

For detailed information on taxable and total retail sales trends, **Table A-2** in **Appendix A** shows the annual retail sales tax receipts generated within the Town since 2009 and **Table A-3** estimates total retail sales and annual sales per capita.

Current Estimated Household Spending on Retail (Leakage Analysis)

To quantify retail demand from existing households, EPS developed an analytical model that relies on current household income (discussed in **Chapter 2**) and consumer spending patterns on retail goods and services.¹⁹ Assumptions underlying each

¹⁹ Average household income provided by the US Census American Community Survey and ESRI Business Analyst Online for the Town and secondary market area, respectively. Estimated percent of household income spent in retail stores provided by the US Census.

component of existing Primary and Secondary Market Area household demand can be found in **Appendix A**.²⁰

Based on average household income data and the estimated percentage of annual income spent on retail goods and services, it is estimated that a household in the Town spends approximately \$25,000 on retail goods and services annually and a household within the Secondary Market Area spends approximately \$20,000 annually.²¹ As shown on **Table 3-3**, existing Town households are anticipated to generate \$55.3 million in household spending on retail goods and services, annually. Secondary Market Area households are anticipated to generate \$88.9 million in household spending on retail, annually, as shown on **Table 3-4**.²²

Table 3-5 estimates the Town's potential capture of retail spending of existing households based on preliminary spending capture assumptions. At an estimated 80 percent capture of all Town and Secondary Market Area household spending for all retail categories, the Town is estimated to support demand for approximately \$115 million in retail spending.

As shown in **Table 3-6**, the retail leakage analysis reveals that, if the Town was able to capture 80 percent of Primary and Secondary Market Area spending, the existing Town retail supply (represented by estimated total retail sales in the Town as of 2020) would be insufficient in meeting current household retail spending. Consistent with the declines identified in comparing pre- and post-Fire retail sales in the Town, the retail categories with the largest percentage leakage include Clothing stores, General Merchandise stores, and Food Services and Drinking establishments. Food and Beverage stores appear to be at about equilibrium, and this small amount of leakage is likely to be addressed by the recent opening of Grocery Outlet (which is not reflected in the sales figures shown in **Table 3-6**). It is notable that two retail categories are currently experiencing retail surpluses (supply exceeds demand, at 80 percent capture of spending): Motor Vehicle and Parts Dealers and Building Materials and Garden Equipment and Supplies.

The results of the retail leakage analysis may offer support that there is existing demand for additional retail space for some retail categories, above and beyond the current supply of retail space in the Town. However, the Town's current retail market performance indicators (i.e., high vacancy; no new absorption), a lack of building permit or project entitlement activity from retailers in the years post-Fire; and limited, if any,

²⁰ Consumer spending patterns exclude spending on e-commerce retail goods and services, which are, as a conservative assumption, not anticipated to contribute to demand for physical retail space.

²¹ Refer to **Table A-9** in **Appendix A** for an estimated share of household income spent on retail goods.

²² As reported by ESRI Business Analyst Online, the Secondary Market Area is estimated to contain 4,327 households with an average annual household income of nearly \$54,000, as of 2020. This data source was used to obtain a current estimate of the number of households and average household income; however, this data is likely based on pre-Fire US Census data and should be updated following the release of 2020 US Census data.

Table 3-3. Estimated Retail Spending from Current Households – Primary Market Area (2020\$)

Item	Percent Spent on Retail by Category [1]	Total Annual Retail Spending per Household [2]	Total Current Household Spending on Retail
Assumptions			
2021 Paradise Households [3]	2,193		
Average Household Income [4]	\$66,245		
Estimated Percent of HH Income Spent in Retail Stores [5]	38%		
Estimated Annual HH Spending in Retail Stores	\$25,249		
Retail and Food Services			
Motor Vehicle and Parts Dealers [6]	4.1%	\$1,024	\$2,245,455
Home Furnishings and Appliance Stores	7.2%	\$1,808	\$3,965,990
Bldg. Matrl. and Garden Equip. and Supplies	4.6%	\$1,165	\$2,554,881
Food and Beverage Stores	23.5%	\$5,937	\$13,020,811
Gasoline Stations	11.3%	\$2,845	\$6,238,691
Clothing and Clothing Accessories Stores	6.3%	\$1,578	\$3,461,272
General Merchandise Stores	7.8%	\$1,969	\$4,317,044
Food Services and Drinking Places	17.1%	\$4,313	\$9,459,455
Other Retail	8.8%	\$2,217	\$4,862,319
All Other Outlets (Non-Store Retailers and Services)	9.5%	\$2,392	\$5,246,461
Total Retail and Food Services	100.0%	\$25,249	\$55,372,379

hh spend

Source: US Census American Community Survey; U.S. Bureau of Labor Statistics; U.S. Census Bureau Monthly Retail Trade Survey; State of California Department of Finance; EPS.

- [1] See Table A-7 for estimated spending by retail category. Percentages have been adjusted to exclude e-commerce retail purchases and are intended to reflect purchases made at physical retail locations only.
- [2] Total Town of Paradise spending is derived by multiplying the estimated Town of Paradise average household income of \$66,245 by the estimated percentage of household income spent on retail of 38% and then multiplied by the percentages spent on retail for for each category.
- [3] See Table 3-7.
- [4] Average household income per the U.S. Census American Community Survey for 2019, Table S1901. Adjusted to 2020\$ using CPI.
- [5] See Table A-6. Excludes spending on e-commerce retail goods and services.
- [6] Percent spent on Motor Vehicles and Parts Dealers includes spending on motor vehicle parts and supplies only (excludes vehicle purchases).

Table 3-4. Estimated Retail Spending from Current Households – Secondary Market Area (2020\$)

Item		Percent Spent on Retail by Category [2]	Total Annual Retail Spending per Household [3]	Total Current Household Spending on Retail
Assumptions				
2021 Secondary Market Area Households [4]	4,327			
Average Household Income [5]	\$53,897			
Estimated Percent of HH Income Spent in Retail Stores [6]	38%			
Estimated Annual HH Spending in Retail Stores	\$20,543			
Retail and Food Services				
Motor Vehicle and Parts Dealers [7]		4.1%	\$833	\$3,604,980
Home Furnishings and Appliance Stores		7.2%	\$1,471	\$6,367,224
Bldg. Matrl. and Garden Equip. and Supplies		4.6%	\$948	\$4,101,750
Food and Beverage Stores		23.5%	\$4,831	\$20,904,347
Gasoline Stations		11.3%	\$2,315	\$10,015,948
Clothing and Clothing Accessories Stores		6.3%	\$1,284	\$5,556,921
General Merchandise Stores		7.8%	\$1,602	\$6,930,826
Food Services and Drinking Places		17.1%	\$3,509	\$15,186,745
Other Retail		8.8%	\$1,804	\$7,806,242
All Other Outlets (Non-Store Retailers and Services)		9.5%	\$1,946	\$8,422,966
Total Retail and Food Services		100.0%	\$20,543	\$88,897,949

hh spend 2

Source: ESRI Business Analyst Online; U.S. Bureau of Labor Statistics; U.S. Census Bureau Monthly Retail Trade Survey; State of California Department of Finance; EPS.

- [1] The Secondary Market Area is defined as unincorporated Butte County communities within an approximately 25 minute drive time to the Town of Paradise (center), including: Butte Creek Canyon; Butte Valley; Cherokee; Concow; Magalia; Stirling; and, Yankee Hill.
- [2] See Table A-7 for estimated spending by retail category.
- [3] Total Market Area spending is derived by multiplying the estimated Market Area average household income of \$53,897 by the estimated percentage of household income spent on retail of 38% and then multiplied by the percentages spent on retail for for each category.
- [4] Estimated total Secondary Market Area Households provided by ESRI Business Analyst online.
- [5] Estimated average household income in 2020\$ provided by ESRI Business Analyst online.
- [6] See Table A-6. Excludes spending on e-commerce retail goods and services.
- [7] Percent spent on Motor Vehicles and Parts Dealers includes spending on motor vehicle parts and supplies only (excludes vehicle purchases).

Table 3-5. Town of Paradise Capture of Current Household Spending by Retail Category (2020\$)

Item	Total Household Retail Spending			Capture Rate [3]		Potential Town of Paradise Capture of Current Household Retail Spending		
	Town of Paradise [1]	Secondary Market Area [2]	Total	Town of Paradise	Secondary Market Area	Town of Paradise	Secondary Market Area	Total
	<i>a</i>	<i>b</i>	<i>c = a + b</i>	<i>d</i>	<i>e</i>	<i>f = a * d</i>	<i>g = b * e</i>	<i>h = f + g</i>
Retail and Food Services								
Motor Vehicle and Parts Dealers	\$2,245,455	\$3,604,980	\$5,850,435	80%	80%	\$1,796,364	\$2,883,984	\$4,680,348
Home Furnishings and Appliance Stores	\$3,965,990	\$6,367,224	\$10,333,214	80%	80%	\$3,172,792	\$5,093,779	\$8,266,571
Bldg. Matrl. and Garden Equip. and Supplies	\$2,554,881	\$4,101,750	\$6,656,631	80%	80%	\$2,043,905	\$3,281,400	\$5,325,305
Food and Beverage Stores	\$13,020,811	\$20,904,347	\$33,925,158	80%	80%	\$10,416,649	\$16,723,478	\$27,140,127
Gasoline Stations	\$6,238,691	\$10,015,948	\$16,254,639	80%	80%	\$4,990,953	\$8,012,758	\$13,003,711
Clothing and Clothing Accessories Stores	\$3,461,272	\$5,556,921	\$9,018,193	80%	80%	\$2,769,017	\$4,445,537	\$7,214,554
General Merchandise Stores	\$4,317,044	\$6,930,826	\$11,247,870	80%	80%	\$3,453,635	\$5,544,661	\$8,998,296
Food Services and Drinking Places	\$9,459,455	\$15,186,745	\$24,646,200	80%	80%	\$7,567,564	\$12,149,396	\$19,716,960
Other Retail	\$4,862,319	\$7,806,242	\$12,668,561	80%	80%	\$3,889,855	\$6,244,993	\$10,134,849
All Other Outlets (Non-Store Retailers and Services) [4]	\$5,246,461	\$8,422,966	\$13,669,427	NA	NA	-	-	-
Total	\$55,372,379	\$88,897,949	\$144,270,328			\$40,100,734	\$64,379,987	\$104,480,720

capture

Source: EPS.

[1] Refer to Table 3-3 for details.

[2] Refer to Table 3-4 for details.

[3] Represents the portion of existing household spending with potential to be captured by retail outlets within the Town of Paradise.

[4] Excludes the capture of non-store retailers, as this category is not anticipated to create demand for new retail space.

Table 3-6. Estimated Current Retail Surplus/Leakage and Supportable Space by Retail Category (2020\$)

Item	Town of Paradise		Retail Surplus / (Leakage) [1]		Potential Supportable Retail Square Footage	
	Total Retail Sales (Supply)	Estimated Town and Secondary Market Area HH Retail Spending (Demand)			Amount	%
<i>Source</i>	<i>Table 3-1</i>	<i>Table 3-5</i>				
Retail and Food Services						
Motor Vehicle and Parts Dealers	\$5,744,859	\$4,680,348	\$1,064,511	18.5%	\$280	-
Home Furnishings and Appliance Stores	\$3,174,044	\$8,266,571	(\$5,092,527)	(61.6%)	\$560	9,000
Bldg. Matrl. and Garden Equip. and Supplies	\$9,960,948	\$5,325,305	\$4,635,643	46.5%	\$400	-
Food and Beverage Stores	\$25,365,414	\$27,140,127	(\$1,774,712)	(6.5%)	\$410	4,000
Gasoline Stations	\$11,523,986	\$13,003,711	(\$1,479,725)	(11.4%)	\$2,750	1,000
Clothing and Clothing Accessories Stores	\$102,445	\$7,214,554	(\$7,112,109)	(98.6%)	\$390	18,000
General Merchandise Stores	\$2,575,785	\$8,998,296	(\$6,422,511)	(71.4%)	\$400	16,000
Food Services and Drinking Places	\$5,258,750	\$19,716,960	(\$14,458,210)	(73.3%)	\$540	27,000
Other Retail	\$6,390,490	\$10,134,849	(\$3,744,359)	(36.9%)	\$230	16,000
All Other Outlets (Non-Store Retailers and Services) [3]	-	-	-	-	NA	-
Total	\$70,096,721	\$104,480,720	(\$34,383,999)	(32.9%)		91,000

surplus leakage

Source: EPS.

[1] Retail surplus/(leakage) represents a comparison between supply and demand. Retail leakage, represented by a negative figure, exists when households' demand for retail goods is not met within the defined Market Area and sales occur outside of the Market Area. Conversely, retail surplus, represented by a positive figure, exists when retail outlets in the Market Area capture local spending plus attract spending from households outside of the Market Area.

[2] Based on 2016 Retail sales data obtained from Bizminer adjusted to year-end 2020 based on the Consumer Price Index, All items in West urban, all urban consumers, not seasonally adjusted. All other outlets and other retail are assumed to have the same sales per square foot assumption. Refer to Table A-8.

[3] Excludes non-store retailers, as this category is not anticipated to create demand for new retail space.

retail tenant interest revealed through conversations with local commercial real estate brokers, indicate that, while there may indeed be retail leakage occurring, the Town's population is not yet sized to attract new retail activity. In addition to waiting for additional population growth, retail tenants may also prefer to wait until infrastructure and safety projects that have been identified as high priorities (the TMP, proposed Town sewer project, additional broadband capacity, etc.) are constructed before making an investment in siting a business in the Town. As such, this Analysis provides a translation of captured leakage into supportable retail square feet (approximately **90,000 square feet of space**, as shown in **Table 3-6**) but this Analysis does not include demand for this additional retail space in our overall supportable space conclusions.

Incremental New Retail Demand

This section estimates supportable retail in the Town from projected household growth and applies capture rates to estimate potential supportable retail sales and associated square footage. The potential capture for new retail located in the Town from new households will be based on the relation of household spending and the type of retail that may locate in the Town.

Future Population Growth

Population and household characteristics play a vital role in determining the type and amount of retail demand in a particular area. Assuming average household incomes remain constant or increase over time, a growing population base generally will result in increased retail demand, providing additional market support for existing and new retail establishments.

Population, Housing, and Household Projections

As described in **Chapter 2**, the Town currently contains about 6,000 residents, 3,500 housing units, and almost 2,200 households as of 2021 per the California Department of Finance (DOF).

Based on population projections obtained from the Butte County Association of Governments (BCAG) Post Camp Fire Regional Population and Transportation Study, it is estimated that the Town may gain an additional 12,800 residents by 2030 for a total residential population of approximately 18,900 residents.²³

Based on this population growth, the BCAG Study estimated the Town will add approximately 3,500 housing units (or nearly 400 new units annually, on average between 2021 and 2030) for a total estimated housing unit inventory in the Town of 5,860 units by 2030. Based on an estimated vacancy rate of 6 percent, the number of projected housing units can be translated into total households. As such, it is estimated

²³ Fehr and Peers, Pre and Post Camp Fire Conditions and Regional Growth Forecast, Appendix A: Post Camp Fire Regional Population and Transportation Study. August 14, 2020.

that the Town will add about 3,300 households resulting in 5,508 total households by 2030. **Table 3-7** shows the current and projected population, housing units, and household estimates for the Town.

Based on the estimated projections, this level of growth is estimated to increase the Town's population by nearly 14 percent annually and households by nearly 11 percent annually between 2021 and 2030. Anticipated growth projections were not available for the Secondary Market Area. For this reason and to remain conservative, no demand related to growth in the Secondary Market Area is analyzed.

Projected Incremental Household Demand for Retail

The Town is estimated to capture newly created demand from residential growth in the Town through the study period evaluated (2021 through 2030). As described previously, the Town is estimated to experience residential growth of just over 12,800 residents and 3,300 households by 2030, as shown in **Table 3-7**, which translates into approximately 2,400 new households in the Town by 2025 and an additional 950 new households by 2030.

Using average estimated Primary Market Area (Town) spending per household of approximately \$25,000, new households in the Town are estimated to add \$59.8 million in spending power by 2025 and a total of \$83.7 million by 2030, as shown in **Table 3-8**. At the end of the study period (2030), this new spending power represents an approximate 60 percent increase over the existing maximum spending power from households in the Town and Secondary Market Area.

This analysis shows new household growth in the Town is expected to generate demand for about **100,000 square feet of retail space by 2025**, and an additional 40,000 square feet by 2030 for a **total of 140,000 square feet of retail space by 2030**. The primary retail categories for which new household growth generates demand for retail space include:

- Food and beverage stores.
- Other retail (which includes drug stores, specialty stores, book and music stores, hobby stores, second-hand stores, and other miscellaneous retailers).
- Food services and drinking places.
- General merchandise stores.
- Clothing stores.

Table 3-7. Town of Paradise Population and Employment Estimates and Projections

Item	DOF	BCAG		Total Growth 2021 - 2030	Average Annual Change 2021-2030	
	Estimate [1] 2021	Projections [2] 2025	2030		Total	Percent
Town of Paradise						
Housing Units	2,333	4,851	5,860	3,527	392	10.8%
<i>Estimated Vacancy Rate</i>	6.0%	6.0%	6.0%	-	-	-
Estimated Households	2,193	4,560	5,508	3,315	368	10.8%
Population	6,046	14,101	18,867	12,821	1,425	13.5%
<i>Persons Per Household</i>	2.76	3.09	3.43	3.87	3.87	2.4%
<i>Jobs-Housing Ratio (Countywide) [3]</i>	92.0%	88.0%	86.0%	-	82.0%	(0.7%)
Employment [3]	2,146	4,269	5,040	2,893	321	9.9%

demo

Source: State of California Department of Finance, Report E-5, Population and Housing Estimates for Cities, Counties, and the State, January 1, 2011-2021, with 2010 Benchmark; EPS; Post Camp Fire Regional Population and Transportation Study Appendix A, prepared by Fehr & Peers for the Butte County Association of Governments; EPS.

[1] Housing unit, rounded vacancy rate, and population estimates for Paradise obtained from California Department of Finance 2021 estimates.

[2] Derived from the Post Camp Fire Regional Population and Transportation Study, Appendix A, Post Camp Fire Study 2018 – 2045 Forecast prepared by the Butte County Association of Governments (BCAG).

[3] Employment estimates for Paradise are based on the countywide average jobs-housing ratio for Butte County, estimated by BCAG.

Table 3-8. Net New Estimated Retail Demand and Maximum Supportable Space by Retail Category

Item	Spending per HH [1]	Incremental Net New Household Spending (2021 - 2030) (Demand) [2]			Capture Rate [3]	Incremental Potential Supportable Retail Square Footage (Rounded)			Total (Cumulative)
		2025	2030	Total (Cumulative)		Sales per Square Foot [4]	2025	2030	
<i>Formula</i>	<i>a</i>	<i>b = a * 2,367</i>	<i>c = a * 948</i>	<i>d = a * 3,315</i>	<i>e</i>	<i>f</i>	<i>g = b * e / f</i>	<i>h = c * e / f</i>	<i>i = g + h</i>
Projected New Households [5]		2,367	948	3,315					
Retail and Food Services									
Motor Vehicle and Parts Dealers	\$1,024	\$2,423,513	\$971,138	\$3,394,650	80%	\$280	7,000	3,000	10,000
Home Furnishings and Appliance Stores	\$1,808	\$4,280,481	\$1,715,252	\$5,995,733	80%	\$560	6,000	2,000	9,000
Bldg. Matrl. and Garden Equip. and Supplies	\$1,165	\$2,757,475	\$1,104,961	\$3,862,437	80%	\$400	6,000	2,000	8,000
Food and Beverage Stores	\$5,937	\$14,053,323	\$5,631,375	\$19,684,698	80%	\$410	27,000	11,000	38,000
Gasoline Stations	\$2,845	\$6,733,401	\$2,698,174	\$9,431,575	80%	\$2,750	2,000	1,000	3,000
Clothing and Clothing Accessories Stores	\$1,578	\$3,735,740	\$1,496,967	\$5,232,707	80%	\$390	8,000	3,000	11,000
General Merchandise Stores	\$1,969	\$4,659,373	\$1,867,080	\$6,526,452	80%	\$400	9,000	4,000	13,000
Food Services and Drinking Places	\$4,313	\$10,209,562	\$4,091,123	\$14,300,685	80%	\$540	15,000	6,000	21,000
Other Retail	\$2,217	\$5,247,886	\$2,102,906	\$7,350,792	80%	\$230	18,000	7,000	26,000
All Other Outlets (Non-Store Retailers and Services) [6]	\$2,392	\$5,662,490	\$2,269,044	\$7,931,534	NA	NA	-	-	-
Total	\$25,249	\$59,763,244	\$23,948,020	\$83,711,264			98,000	39,000	139,000

hh demand

Source: EPS.

[1] See Table 3-3.

[2] The demand from household growth is derived by multiplying total households by the amount of spending per household for each retail category.

[3] This analysis assumes 80% of new household spending will be captured by retail within the Town of Paradise. Conversely 20% will be captured by retail outside of the Town of Paradise.

[4] Based on 2016 Retail sales data obtained from Bizminer adjusted to year-end 2020 based on the Consumer Price Index, All items in West urban, all urban consumers, not seasonally adjusted. All other outlets and other retail are assumed to have the same sales per square foot assumption. Refer to Table A-8.

[5] See Table 3-7.

[6] Excludes non-store retailers, as this category is not anticipated to create demand for new retail space.

This amount of supportable retail space assumes an 80 percent capture rate, which may be challenging to achieve, especially in the near term, because of several factors, including: place of employment-related retail purchases (i.e., most Town residents commute to jobs outside of the Town and will spend a portion of their disposable income on retail goods and services near their place of employment); the size of the current population and number of establishments, limited or inconsistencies in business hours; and mismatches between local retail supply and demand for certain categories (i.e., clothing stores and general merchandise stores). However, this Analysis also *excludes* other sources of potential demand that are difficult to estimate, including: capture of any of the retail leakage described previously (**Table 3-6**); incremental growth in households in the Secondary Market Area; the capture of non-resident employee expenditures (employees who work but don't live in the Ridge); and visitor (tourist) spending in the Town. Thus, the findings of supportable retail space are based on the premise that the Town's existing and projected households will spend a portion (likely less than 80 percent) of their expenditures on goods and services in the Town and that other sources of demand will fill the "balance" of supportable space estimated.

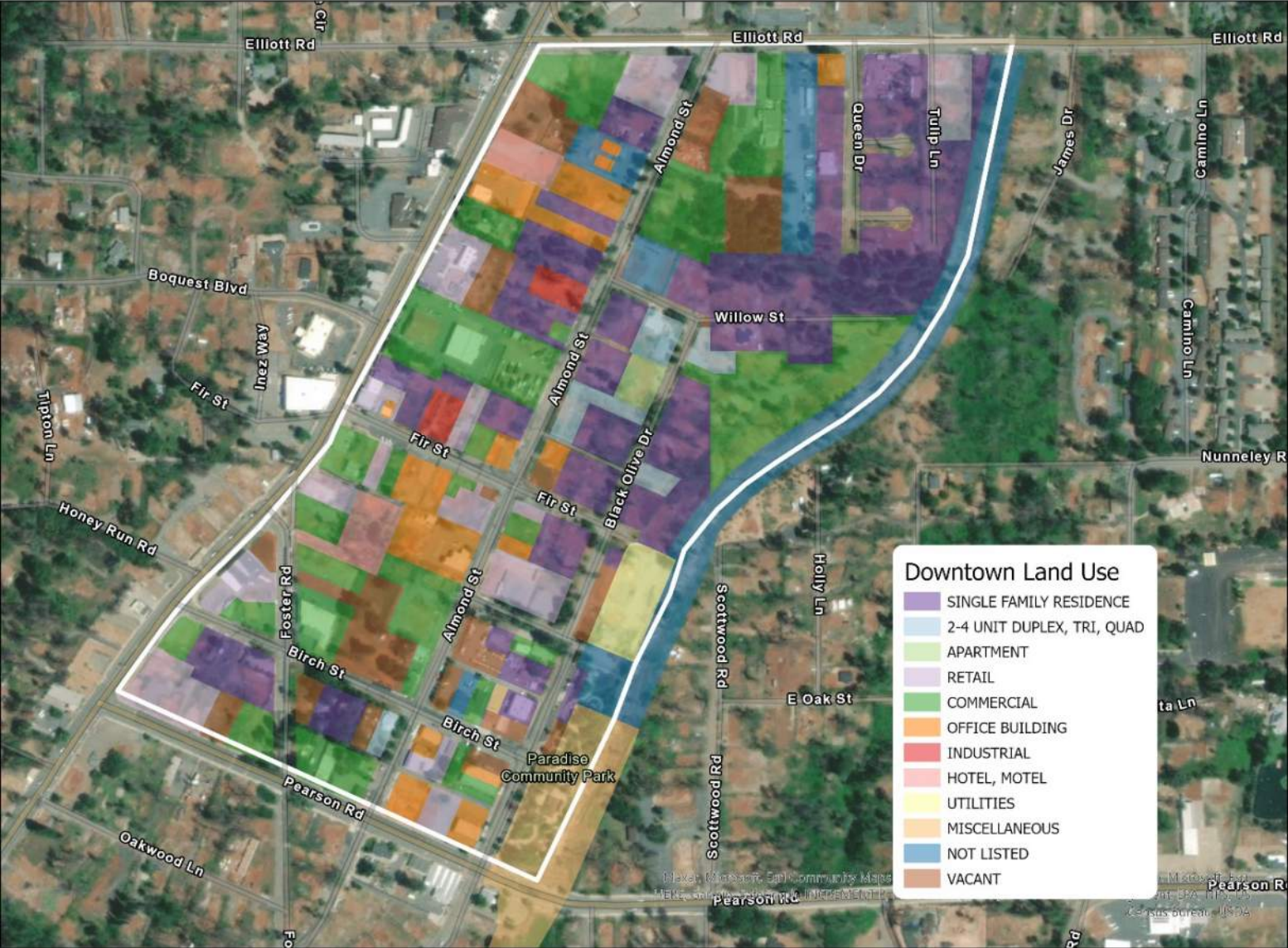
Retail Demand Summary

In summary, this Analysis indicates that the Town has the potential to support about 140,000 square feet of retail by 2030 across all retail categories. In discussions with the Paradise Ridge Chamber of Commerce based on input from Town constituents, some potential focus areas for retail development, include home goods retailers, food and beverage stores (which may now be satisfied with the newly opened Grocery Outlet), and additional dining opportunities, in particular in the Town's downtown core (see **Map 3-2** for the boundaries of the downtown core).

Based on retail trends experienced by the Town prior to the Camp Fire, some of the retail categories demonstrating market support may be more likely to develop than others. For example, the Analysis suggests that the Town has the potential to capture at least 11,000 additional square feet of clothing and clothing accessory retailers by 2030. However, before the Camp Fire, clothing retail was the weakest performing retail sector within the Town, generating approximately \$590,000 in retail sales in 2017 (about 0.3 percent of all retail sales). While the Town's redevelopment and recovery efforts may create opportunities not previously experienced, this sector may not perform as predicted in the Analysis or may be captured in another retail category, such as a general merchandise retailer selling clothing and other goods.

As noted previously, a portion of the demand for additional retail space may be captured in the supply of existing vacant retail space. Within the last month, Grocery Outlet opened in a previously vacant 19,000-square-foot retail space. However, much of the currently vacant space in Town may not be viable to the extent that certain tenants, like restaurants, may be impeded by current sewer capacity limitations. And, installing, replacing, or upgrading septic system infrastructure, which is anticipated to be temporary

Map 3-2. Downtown Paradise by Land Use Type



and replaced by the Town's proposed sewer system project within the next several years, is cost prohibitive for many tenants. In addition, other factors related to existing vacant space, including the location, size and layout, age and physical condition, and other factors may not align with modern tenant requirements. For existing space that is not deemed viable, the Town's comprehensive economic development plan should set forth a redevelopment strategy involving interested property owners.

In addition to vacant retail space, commercially zoned vacant lots in Town present opportunities for new commercial retail construction, when market demand and financial feasibility can support new commercial building activity. The Town's downtown core, a key area of focus identified in the LTCR Plan for rebuilding the Town's commercial sector and restoring the Town's charm and community spirit, is estimated to have approximately 6.5 acres of vacant land that could accommodate about half (nearly 73,000 square feet) or more of the total retail estimated to be supported by incremental population growth through 2030. See **Map 3-2** and **Appendix A, Table A-13** for current land use designations in the downtown core including vacant parcels. However, certain desired land uses in the Town's downtown, including restaurants and multifamily residential, will not be feasible until the Town's sewer system has been constructed.

4. Economic Development Areas of Focus

As the Town continues to rebuild and add new households, demand for retail development will also increase and allow the Town to bolster retail goods and services to serve residents and visitors. Other elements of the Town’s economic development efforts will be identified as part of the subsequent comprehensive economic development plan, an analysis that will define policies and programs, partnerships, and potential funding sources for implementation. As an initial step, this Analysis includes preliminary insights that are intended to serve as a foundation for the Town’s comprehensive plan. The key areas of focus described in this chapter are based on strategies identified in the Town’s LTCR Plan and on topics identified by Town staff at the outset of this study, and include: creation of a walkable downtown; supporting the construction industry; defining the Paradise Ridge as an outdoor destination; and attracting demand for other office uses and remote office professionals. This chapter also discusses key challenges to achieving these economic development goals.

Economic Development Goals

Creating a Walkable Downtown

The notion of creating a walkable downtown was initially documented in the Town’s 2010 Downtown Master Plan, acknowledging an understanding that pedestrian traffic is key to driving economic activity and a thriving downtown. Construction of requisite infrastructure improvements was slated to begin in late 2018 but the Fire disrupted this timeline. The Town reinitiated plans to improve infrastructure in 2019, spurred by renewed interest in rebuilding the community with a safe and walkable downtown, as documented in the LTCR Plan.

In April 2021, the Town initiated the first phase of infrastructure improvements needed to resolve long-standing deficiencies to create a safer, more walkable downtown. The street network in the downtown core, bounded by Skyway, Black Olive, Elliott, and Pearson, and including the internal roadways of Almond, Fir, and Birch, is in the process of being improved with consistent sidewalks, drainage, lighting and landscaping, interconnected pedestrian pathways, bike lanes, underground utilities, and repaved roads.²⁴

In conjunction with this major public infrastructure investment in the downtown, creating a walkable downtown will mean supporting existing and future economic activity in the downtown core, including cultivating opportunities for a diversity of businesses,

²⁴ “Downtown Paradise Is Expanding!” Available online at: <https://makeitparadise.org/community-rebuild-blog/paradisedowntownexpanding> [accessed August 2021].

amenities, and events. In anticipation of increased demand for additional commercial space, the Town can initiate actions to prepare vacant and underutilized sites for commercial development, identifying the mix of desired commercial tenants downtown, ensuring that sites are “shovel-ready” for desired uses, and effectively marketing the details of each site by making site details publicly available (i.e., creating a web-based opportunity site map) and collaborating with commercial real estate brokers and developers. As described in the previous chapter, there are an estimated 6.5 acres of vacant land that present opportunities for a mix of development opportunities, when other market and infrastructure hurdles have been cleared.

While insufficient market demand and sewer deficiencies may limit the short-term implementation of these actions, the Town should seek ways to utilize vacant and underutilized spaces downtown to hold community events and create temporary public spaces for the community to patronize existing businesses and enjoy existing adjacent amenities including the Paradise Community Park and Yellowstone Kelly Heritage Trailway.

Supporting the Construction Industry

As described in the January 2021 Camp Fire Regional Economic Impact Analysis, the Region was estimated to experience one of the largest percentage of employment gains in the Construction industry, as aligned with expected development activity associated with recovery efforts.

Achievement of short-term and continued employment growth in the Construction industry will hinge, however, on the Town and surrounding Region’s ability to plan for and accommodate an adequate supply of housing, for the purpose of attracting and retaining a skilled labor force. Resources are available in the Paradise Ridge for supporting housing development, including the Town’s Building Resiliency Center (BRC) and the Rebuild Paradise Foundation. In addition, the Town and nonprofit organizations received funding to construct much-needed low-income housing.²⁵ And, in November 2020, the Town announced the availability of approximately \$25 million, secured through a Housing and Urban Development (HUD) grant for their Owner-Occupied Housing Rehabilitation Program, which the Town estimates could help about 150 households rebuild or make repairs to bring homes up to health and safety standards through low-interest deferred loans.²⁶ However, with a preponderance of larger and higher-valued housing being constructed and funding for low-income housing, there is a notable absence of entry-level and “missing middle” housing being constructed in the Ridge. Ongoing programmatic

²⁵ Moench, M., 2020. ‘People are soul tired’: 2 years after the Camp Fire destroyed Paradise, only a fraction of homes have [sic] been rebuilt. *San Francisco Chronicle*, [online] Available at: <https://www.sfchronicle.com/california-wildfires/article/People-are-soul-tired-2-years-after-the-15708762.php> [Accessed November 2020]; Stakeholder correspondence, Town of Paradise, January 2021.

²⁶ Reynoso, E., 2020. *Town Provides Rebuilding Update As 2 Year Camp Fire Anniversary Approaches*. [online] KHSL News. Available at: <https://www.actionnewsnow.com/content/news/Town-of-Paradise-held-an-meeting-before-upcoming-anniversary--572989131.html> [Accessed November 2020].

efforts in the Region and in the Paradise Ridge, as well as specific regional and local workforce housing and trade labor initiatives, will be imperative to aid in replenishing housing stock destroyed in the Fire that is affordable to construction workers.

That said, the primary hurdles to achieving growth in the construction industry (employment gains and construction activity) – and importantly, realizing growth in housing production to meet the Region’s demand for housing as well as rebuilding the economy - relates to both a shortage of skilled workers in the Region and high building costs, made worse after the pandemic disrupted global supply chains and further increased material prices.²⁷ Construction labor shortages will require targeted policies and programs to ensure construction activity demands can be met.

Defining Paradise Ridge as an Outdoor Destination

Butte County boasts a multitude of recreational amenities, including several lakes and waterways and an extensive trail system for hiking and mountain biking. The Ridge, in particular, is home to many of the County’s recreational amenities including the aforementioned Paradise Community Park and Yellowstone Kelly Heritage Trailway, the recently-reopened Bille Park, the Upper Ridge Nature Preserve, Lakeridge Park, Coutolenc Park, and Paradise Lake. As the Camp Fire recovery efforts continue, the Town and other Ridge communities have the potential to leverage the scenic beauty of the area and existing amenities and create opportunities for expanded amenities, and create a high quality of life for local residents while bolstering its reputation as a destination for recreational tourism.

The popularity of bicycling and mountain biking has taken off since the onset of the pandemic with mountain bike trail usage counts increasing from 50 to 100 percent since 2019 and sales surging.²⁸ Currently, the majority of mountain biking amenities, including bike rental, sales, and service retailers are located in the cities of Chico and Oroville with only one bike store in the Town that offers bike sales, parts, accessories, and repair.²⁹ ³⁰ Many people that are active mountain bikers also participate in other adventure sports or travel as mountain biking is part of a larger lifestyle.

In alignment with the Town’s efforts in creating a walkable downtown, successful recreation and trail communities tend to focus on offering outdoor events and other open-air amenities, including farmer’s markets, festivals, and outdoor concerts focused in their downtowns.³¹ The purpose of recreational tourism attraction efforts is to provide a hub to serve as a starting point or destination for outdoor activities. And, a focus on

²⁷ Ibid; Stakeholder interview with Rebuild Paradise, June 2020.

²⁸ Newcomb, Tim, 2020. Amid Cycling Surge, Sport of Mountain Biking is Seeing Increased Sales and Trail Usage. Forbes, [online], Available at <https://www.forbes.com/sites/timnewcomb/2020/07/13/amidst-cycling-surge-sport-of-mountain-biking-seeing-increased-sales-trail-usage/?sh=1b30a16c3ddf> [Accessed November 2021].

²⁹ Based on information provided by Explore Butte County available on ExploreButteCounty.com.

³⁰ <https://shop.paradisebikes.com/> [Accessed November 2021].

³¹ Based on articles provided by International Mountain Biking Association.

safe, outdoor, open-air community facilities has the potential to attract new and existing recreational tourism businesses that will support the outdoor adventure market. Examples of businesses include retail sales for outdoor adventure apparel and gear, bicycle stores, bicycle rentals, vehicle rentals such as kayaks, canoes, and off-roaders, fishing gear, camping rentals, services such as hiking and biking tours, and instructional classes for activities like fishing, kayaking, and archery. The increase in recreational tourism will also increase opportunities for lodging, restaurants, breweries, and pubs that will not only attract visitors, but help serve the existing community.

The Paradise Recreation and Park District (PRPD) is an expansive district that currently manages over 70 acres of developed park land and nearly 360 acres of natural open space. PRPD offers recreational programming, hosts innovative and novel events (i.e., Astronomy on the Lake program), cultivates community partnerships, and has identified the creation of defensible spaces within existing and newly-purchased recreational assets as a top priority for increasing wildfire safety in the community.³² The PRPD is a vital leader and valuable partner to the Town in helping the Ridge continue to provide high-quality recreational amenities and events for residents and visitors.

To supplement PRPD's efforts, a potential funding opportunity for strengthening the Town's recreational tourism efforts is through the Recreation Economy for Rural Communities (RERC) program created by the U.S. Environmental Protection Agency to help communities identify strategies to increase their outdoor recreation economy and invigorate their Main Streets.³³

Attracting Demand for Office Space

Both before and after the Fire, the Town did not have a significant or growing office market. Paradise's economy before the Camp Fire was predominantly composed of employment in industries that served the local population. Before the Fire, about 5 percent of total employment (fewer than 500 of 12,000 jobs were in base-sector activities, including sectors that fulfill demand for office space like Real Estate, Finance and Insurance, and Information industries. Absent targeted economic development efforts to expand office-sector employment beyond those industries to serve the local population, demand for office space will likely remain nominal.

Attracting Remote Office Professionals

The pandemic greatly disrupted labor markets globally and will likely have lasting impacts on the future of employment and workplace dynamics. As a public health precaution, many businesses went from in-office to fully remote operations, requiring significant technological and operational adjustments. As businesses make plans to reopen physical office spaces, many employers and employees are opting for the increased flexibility of remote working, reducing the need for office and professional workers to be located near

³² <https://www.paradisepdpd.com/> [Accessed November 2021].

³³ <https://www.epa.gov/smartgrowth/recreation-economy-rural-communities#background> [Accessed November 2021].

the main headquarter office of an employer.³⁴ As such, many technical and professional workers are relocating from more expensive urban and coastal cities to more affordable communities with unique amenities.

Given housing price escalation, increased traffic, and quality of life factors, the State of California has documented interstate migration trends from coastal to inland counties. The housing stock in smaller communities located outside of California's major metropolitan areas offers a strong value proposition for new residents who are freed from the responsibility of living near their employer. Thus, significantly increasing the Town's housing supply and ensuring a range of housing options to meet demand is a key priority in attracting remote office professionals.

Another characteristic that factors into the decision to migrate to smaller towns is the community's quality of life outside of work. Those who have already made the move to smaller communities extoll the virtues of frequenting expansive natural parks and active sports such as mountain biking.³⁵ However, communities must also contain amenities that mimic the urban experience, including co-working spaces, quick access to retail outlets that provide technology and other home office supplies, a diversity of food and beverage establishments (that are open after business hours), and museums, performing arts, and other civic amenities.³⁶ In addition, communities should have access to reliable high-speed broadband, although there is some evidence that relocated residents are willing to pay for premium satellite services in the absence of quality broadband.³⁷

Economic Development Considerations

Rebuilding and Repopulation Challenges

In the first 2 years following the fire, 400 single-family homes and 70 units in multi-family buildings were rebuilt in Paradise and an additional 100 homes in unincorporated areas of Butte County, representing approximately 4 percent of the homes that were lost. As of August 2021, 981 single-family homes and 176 multi-family units were rebuilt. The recent uptick indicates some of the hurdles to rebuilding that existed in the first two years have been mitigated, including the recent completion of debris removal, clearing damaged trees threatening public roads, the testing and clearing of drinking water in Paradise Irrigation District's main water line, and the establishment of a program to replace service laterals.

³⁴ McKinsey Global Institute. February 2021. The Future of Work after COVID-19. Available at: Chron [online] Available at: <https://www.mckinsey.com/featured-insights/future-of-work/the-future-of-work-after-covid-19> [Accessed July 2021]

³⁵ Johanson, M. 2021. 'Zoom Towns' luring remote workers to rural enclaves. *BBC*. [online] Available at: <https://www.bbc.com/worklife/article/20210604-the-zoom-towns-luring-remote-workers-to-rural-enclaves> [Accessed August 2021].

³⁶ Northwest Arkansas Council. 2021. About. *Northwest Arkansas Council* [online] Available at: <https://nwacouncil.org/about/> [Accessed August 2021].

³⁷ Bloomberg Quicktake. 2021. Why is Rural America's Internet So Bad? *Bloomberg News*. [online] Available at: <https://www.youtube.com/watch?v=pY8VDYTFb70> [Accessed August 2021].

Despite these successes, challenges continue to pervade. In addition to the impact of the pandemic on recovery efforts, the following factors are likely to continue to hinder rebuilding and repopulation of the Ridge: widespread underinsurance among households damaged or destroyed by the Fire; difficulty obtaining or renewing insurance payments and long waiting periods for disbursement of PG&E settlement funds (Fire Victims Trust); the high cost of rebuilding based on a general shortage of building contractors and an increased cost of building materials; and the limited interest or ability to build larger housing projects.³⁸ These challenges may result in slower growth and fewer households than estimated by BCAG, translating into less demand for incremental new retail space by 2030 than shown in this Analysis.

Sewer Capacity Limitations

Identified as a hindrance to residential and commercial growth before the Fire, the Plan identified the need for the construction of a sewer system. This system would consist of collection, transport, and treatment phases that will eventually discharge treated Paradise sewage along with Chico wastewater into the Sacramento River. Benefits include advantages for denser housing development and other high-water intensity uses including restaurants, lower risks for business activity, doing away with septic tank discharges, and attracting the potential funding of oversight agencies such as the Central Valley Regional Water Quality Control Board. In 2020, the Paradise Town Council initiated an Environmental Review using both State and federal assistance, which is slated to reach final certification in 2022. The next milestone was reached soon after in February 2021, with both Chico and Paradise city councils agreeing to a State Water Board compliant multi-jurisdictional authority. Per current projections, construction is set to commence in summer 2024.³⁹ As described throughout this report, the Town will not be able to fully realize the types and density of uses envisioned for a thriving downtown until the sewer project is completed.

Broadband Capacity Limitations

As identified in the Plan, one way to change the dynamics of the local economy would be to improve broadband capacity for Town and Ridge residents to improve commerce within the region as well as improve access to the vast markets outside of it. A commissioned 2021 feasibility study finds that an important step to achieving widespread adoption amid all socioeconomic groups, especially highly underserved children, is leveraging the Town's ownership over a key underground conduit to streamline the construction process and force price and speed competition between Internet service providers (ISP).⁴⁰ It is clear

³⁸ Town of Paradise & Make it Paradise, Weekly Recovery Update [online] Available at <https://makeitparadise.org/weekly-update> [Accessed September 2021].

³⁹ Town of Paradise. Paradise Sewer Project [online] Available at <https://www.townofparadise.com/pwe/page/paradise-sewer-project> [Accessed October 2021].

⁴⁰ Town of Paradise. Paradise Broadband Feasibility Study [online] https://www.townofparadise.com/sites/default/files/fileattachments/recovery/page/2071/paradise_broadband_feasibility_study.pdf [Accessed October 2021].

from a review of current ISP coverage maps that nationwide corporations with operations in the Town do not have the strongest incentives to offer their maximum advertised speeds. These speeds are an absolute prerequisite if the Town wants to attract remote workers to vibrant coworking spaces. President Biden's recently-signed infrastructure bill aims to improve broadband capacity in rural areas and may offer the best source for funding this essential amenity.

Pending Construction of Emergency Warning System and Ongoing Wildfire Threats

One significant endeavor to enhance security for existing and potential new residents is through completion of an emergency notification system.⁴¹ As of early 2021, the Town's application for a FEMA Hazard Mitigation Grant is pending completion for the development and implementation of an early warning system called the Early Warning System, which allows for notification by every communication medium from landline to social media. Construction is anticipated to be completed in 2023.⁴²

Extremely dry conditions and heatwaves tied to climate change continue to pose threats to areas throughout the State, particular in wildland-urban interface areas including the Ridge.⁴³ The Town is using PG&E settlement funds to fund all or a portion of the Town's highest priority fire-related recovery activities to improve current and ongoing public safety, including the hardening of standing structures to strengthen fire resistance; implementing the Early Warning System described above; updating code enforcement policies and procedures; managing vegetation to reduce fuel loads and fire risk; and hydroseeding/revegetation, given the extensive loss of trees from the fire. As mentioned, PRPD is also endeavoring to mitigate the threat of ongoing wildfire events through the purchase of private land to serve as buffer zones between public open space and private development. Every safety enhancement, including the Early Warning System, creation of buffers between forests and urbanized development and improvements identified in the TMP to improve traffic flows in the event of an evacuation, will inspire increased confidence in attracting new residents and investment activity in the Ridge.

⁴¹ Lopez, K. 2020. Town of Paradise Moving Forward with Early Warning System. *Action News Now* [online] Available at <https://www.actionnewsnow.com/content/news/Town-of-Paradise-moving-forward-with-Early-Emergency-Alert-System-572811341.html> [Accessed September 2021]

⁴² Town of Paradise, 2021. Infrastructure Recovery Projects. [online] Available at https://www.townofparadise.com/sites/default/files/fileattachments/recovery/page/2071/paradise_infrastructure_project_summaries_01-27-2021_public.pdf [Accessed October 2021]

⁴³ Associated Press, 2021. Wildfire Erupts Near Paradise, Site of Devastating 2018 Camp Fire. [online] Available at: <https://www.kqed.org/news/11881312/wildfire-erupts-near-paradise-site-of-devastating-2018-camp-fire> [Accessed August 2021].

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APPENDIX A:

Supporting Market Analysis Tables

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Table A-1
Town of Paradise
Market Analysis
Existing Retail Supply Located In and Near the Market Area

Location	Property Details	Retail Sq. Ft. (RBA)	Year Built
Town of Paradise			
Occupied Retail Space			
6848 Skyway	Paradise Shopping Center (Holiday Market, TriCounty Bank)	55,000	1965
6636 Clark Rd	Paradise Plaza (SaveMart Grocery Store)	37,110	1978
5720 Clark Rd	Ace Hardware	27,063	1965
6600 Clark Rd	Paradise Plaza (Tractor Supply)	24,973	1978
5921 Clark Rd	James Square (The Patty Wagon, misc. retailers)	20,514	1979
6800 Skyway	Grocery Outlet (Formerly CVS)	19,300	1992
6007 Clark Rd	Rite Aid	17,326	2010
6626 Clark Rd	Paradise Plaza (Mountain Mike's, Paradise Fitness, Dollar Tree)	15,786	1978
7576 Skyway	Walgreens	13,700	1996
6574 Clark Rd	Dollar General	9,002	2014
6616 Clark Rd	Paradise Plaza (Subway, Smoke Shop)	2,172	1978
6308 Skyway	Les Schwab Tires	8,156	1978
7368 Skyway	O'Reilly Auto Parts	8,135	2013
7967 Skyway	Debbie's Restaurant	6,200	1978
7542 Skyway	Auto Zone	5,400	1997
6669 Clark Rd	Chase Bank	5,386	1984
6678 Clark Rd	Bank of America	5,183	1981
6930 Skyway	Wells Fargo	4,500	1975
5990 Clark Rd	Auto Parts	4,480	1983
5995 Skyway	Big O Tires	4,439	1991
672 Pearson Rd	Rabobank N.A.	4,200	1976
5837 Clark Rd	Laundromat	3,600	2007
5835 Clark Rd	Westside Pizza	3,576	2008
5859 Clark Rd	Taco Bell	2,520	1995
6256 Skyway	Restaurant	2,500	1952
6400 Skyway	Building 1	2,500	1960
6344 Skyway	Starbucks	2,482	2018
8279 Skyway	Small engine repair	2,300	1946
7515 Skyway Rd	Upholstery cleaning	2,100	1974
6420 Clark Rd	Jiffy Lube	2,100	1987
6067 Skyway	Engineering firm	1,901	1948
8247 Skyway	Antique Store	1,860	1939
6311 Skyway	Knit Wits, Financial Advisors	1,520	1952
491 Pearson Rd	Consignment Store	1,206	1954
6627 Clark Rd	Integrity Restoration & Remodeling LLC	882	1950
8229 Skyway	Gas and Liquor	800	1960
770 Birch St	Nail Studio	774	1930
6901 Skyway	Dutch Bros. Coffee	367	2009
Subtotal Occupied Retail Space		331,013	

Table A-1
Town of Paradise
Market Analysis
Existing Retail Supply Located In and Near the Market Area

Location	Property Details	Retail Sq. Ft. (RBA)	Year Built
Vacant Retail Space			
6606 Clark Rd	Paradise Plaza	56,979	1979
6646 Clark Rd	Paradise Plaza	34,043	1979
6626 Clark Rd	Paradise Plaza	10,368	1979
6701 Clark Rd	Former Cinema	25,152	1999
5923 Clark Rd	Vacant Retail	9,492	1980
7126 Skyway	Skyway, formerly Country Harvest	9,450	1977
6625 Skyway	Dollar General	9,421	2013
208 Pearson Rd	Retail Property in Paradise	8,300	1950
6295 Skyway	Vacant Retail	7,881	1976
6616 Clark Rd	Paradise Plaza	6,244	1979
6640 Clark Rd	Paradise Plaza	5,974	1979
6405 Clark Rd	Vacant Lot, formerly Bank of the West	4,812	1979
6653 Clark Rd	Vacant Retail	4,640	1980
6044 Skyway	Vacant lot	4,134	1948
6160 Center St	Automotive	3,660	1995
7575 Skyway	Former Arco gas	3,600	1982
633 Pearson Rd	Vacant Retail	3,500	1963
5309 Skyway	Former Gas Stations	2,301	NA
6333 Skyway	Vacant Retail	2,200	1957
5542 Clark Rd	Former Old Barn Kitchen	1,665	1953
5725 Clark Rd	Vacant Retail	1,650	NA
6294 Skyway Rd	Former Dance and Circus Center	1,300	NA
5145 Pentz Rd	Vacant Retail	1,242	NA
605 Birch St	Vacant Retail	894	NA
6523 Clark Rd	Vacant Retail	880	1960
475 Pearson Rd	Vacant Retail	880	1960
Subtotal Vacant Space		220,662	
Total Occupied and Vacant Retail Space in Paradise		551,675	

**Table A-1
Town of Paradise
Market Analysis
Existing Retail Supply Located In and Near the Market Area**

Location	Property Details	Retail Sq. Ft. (RBA)	Year Built
Secondary Market Area			
Occupied Retail Space			
140004 Lakeridge Cir	Dollar General	9,026	2015
3772 Durham Pentz Rd	Clear Creek Crossing Gast Station	6,000	1985
14154 Skyway	Shopping Center, Partially Occupied	4,725	1978
14468 Skyway	Construction Company	3,040	1974
14439 Skyway Dr	Red Lion Plaza	2,880	1978
13990 Lakeridge Cir	Valero	1,104	1989
Subtotal Occupied Retail Space		26,775	
Vacant Retail Space			
14001 Lakeridge Cir	Former Mechanics Bank	28,000	1989
14144 Lakeridge Ct	Vacant Retail	6,160	1998
15305 Skyway	Vacant Retail	5,900	NA
14086 Skyway	Vacant Lot	5,440	1978
14028 Lakeridge Cir	Vacant Retail	3,600	2009
14449 Skyway	Vacant Retail	3,360	1956
14618 Skyway	Vacant Retail	2,691	1979
14096 Lakeridge Cir	Vacant Retail	2,000	2008
13915 S Park Dr	Vacant Retail	1,600	1973
13721 Skyway	Vacant Retail	1,488	1928
5260 Miocene Cir	Critter Care Center	1,200	NA
14096 Lakeridge Cir	Building 2	1,000	2008
Subtotal Vacant Retail Space		62,439	
Total Occupied and Vacant Retail Space in Secondary Market Area		89,214	
Total Existing Town of Paradise and Secondary Market Area Retail			
Occupied Retail Space		357,788	
Vacant Retail Space		283,101	
Total All Existing Retail Space		640,889	
Proposed Town of Paradise Retail Development			
1490 Wagstaff Rd		6,534	2022
Total Proposed Retail		6,534	

inventory

Source: CoStar; EPS.

NOTE: This list reflects data available through a subscription-based resource, CoStar. All shopping center and freestanding retail space within the Market Area may not be depicted.

[1] The list of tenants is not exhaustive, it is given to provide insight into center type.

**Table A-2
Town of Paradise
Market Analysis
Historical Town of Paradise Retail Sales Tax Revenue Estimates by Business Type**

Item	Town of Paradise Sales Tax Revenues [1]												
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
Major Category / Business Type [2]													
Motor Vehicle & Parts Dealers, Excl. Vehicles Sales	\$63,039	\$61,076	\$62,030	\$64,503	\$67,526	\$66,903	\$68,365	\$71,424	\$85,511	\$75,278	\$60,693	\$57,449	
Home Furnishings and Appliance Stores	\$34,293	\$35,741	\$38,146	\$35,541	\$36,834	\$39,592	\$50,116	\$68,146	\$63,852	\$51,328	\$22,586	\$31,740	
Bldg. Matrl. and Garden Equip. and Supplies	\$148,775	\$141,734	\$148,560	\$149,411	\$137,924	\$142,334	\$151,291	\$149,086	\$156,723	\$136,768	\$50,009	\$99,609	
Food and Beverage Stores	\$193,435	\$192,143	\$189,348	\$191,716	\$194,482	\$196,333	\$205,137	\$208,770	\$209,723	\$177,615	\$51,306	\$75,932	
Gasoline Stations	\$291,970	\$339,653	\$388,756	\$407,450	\$406,746	\$400,761	\$328,100	\$307,896	\$341,020	\$352,489	\$87,924	\$115,240	
Clothing and Clothing Accessories Stores	\$9,919	\$9,895	\$10,090	\$8,373	\$8,085	\$8,865	\$6,858	\$6,492	\$5,492	\$4,654	\$1,368	\$1,024	
General Merchandise Stores	\$117,438	\$120,221	\$123,010	\$127,866	\$137,135	\$136,919	\$130,948	\$124,002	\$110,783	\$85,372	\$12,101	\$19,255	
Food Services and Drinking Places	\$199,487	\$203,160	\$203,257	\$212,412	\$220,979	\$234,859	\$251,427	\$255,981	\$265,614	\$235,475	\$22,378	\$52,588	
Other Retail	\$137,941	\$91,191	\$93,274	\$94,548	\$95,188	\$94,155	\$100,476	\$98,732	\$98,171	\$80,743	\$24,027	\$44,182	
All Other Outlets	\$162,008	\$157,208	\$169,505	\$158,917	\$160,465	\$176,062	\$191,787	\$202,773	\$211,309	\$194,677	\$130,882	\$128,168	
Total All Outlets (Excluding Motor Vehicle Sales)	\$1,358,305	\$1,391,768	\$1,459,829	\$1,483,876	\$1,502,555	\$1,530,696	\$1,522,603	\$1,531,549	\$1,582,752	\$1,423,312	\$470,440	\$625,187	

hist

Source: Town of Paradise; EPS.

[1] Based on historical sales tax receipts as provided by the Town of Paradise.

[2] Allocation of businesses to major category based on EPS evaluation of category description and applicable NAICS code.

**Table A-3
Town of Paradise
Market Analysis
Estimated Taxable and Total Retail Sales by Retail Category**

Estimated Town of Paradise Total Retail Sales
--

Item	Town of Paradise (2020\$)		
	Taxable Retail Sales	Total Retail Sales Estimate [1]	
		Amount	%
<i>Formula</i>	<i>a</i>	<i>b = a * non-taxable adjustment</i>	<i>c</i>
Total Sales by Retail Category			
Motor Vehicle and Parts Dealers [3]	\$5,744,859	\$5,744,859	6.9%
Home Furnishings and Appliance Stores	\$3,174,044	\$3,174,044	3.8%
Bldg. Matrl. and Garden Equip. and Supplies	\$9,960,948	\$9,960,948	12.0%
Food and Beverage Stores [1]	\$7,593,223	\$25,365,414	30.6%
Gasoline Stations	\$11,523,986	\$11,523,986	13.9%
Clothing and Clothing Accessories Stores	\$102,445	\$102,445	0.1%
General Merchandise Stores [1]	\$1,925,455	\$2,575,785	3.1%
Food Services and Drinking Places	\$5,258,750	\$5,258,750	6.3%
Other Retail [1]	\$4,418,188	\$6,390,490	7.7%
All Other Outlets	\$12,816,754	\$12,816,754	15.5%
Total	\$62,518,652	\$82,913,475	100.0%

tot sales

Source: California Department of Tax and Fee Administration; Town of Paradise; EPS.

[1] Taxable retail sales have been adjusted to include non-taxable items to arrive at total retail sales. The percentage adjustments are based on calculations provided in Table A-5. Sales for Food and Beverage Stores, General Merchandise, and the Health and Personal Care Stores portion of the "Other Retail" category given by the CDTFA only include the taxable sales, while a portion of the total sales include non-taxable items. In order to estimate the sales for the non-taxable items this analysis uses the average percent taxable calculated for California as shown below. The State estimates are used, as data for the Market Area was not readily available.

Food and Beverage Stores	30%
General Merchandise	75%
Other Retail (Health and Personal Care Stores)	53%

[2] Total Town of Paradise retail sales by category provided by the Town of Paradise. Refer to Table A-2 for details.

[3] Sales estimates for Motor Vehicles and Parts Dealers only includes sales for Auto Parts, Accessories & Tire Stores. The specific sales breakdown of Motor Vehicle and Parts Dealers is not available at the county level. The percentage of Auto Parts, Accessories & Tire Stores for the State of California was applied to the total Motor Vehicles and Parts Dealers County figure.

Table A-4
Town of Paradise
Market Analysis
Estimated Total Sales per Capita - Town of Paradise (2020\$)

Item	Formula	Historical Trends										
		2010	2011	2012	2013	2014	2015	2016	2017	2018 (Camp Fire)	2019	2020
Town of Paradise Population	a	26,218	26,273	26,174	26,152	26,165	26,184	26,290	26,424	26,581	4,474	4,608
Estimated Occupied Retail Square Feet		803,319	800,509	819,574	824,576	815,471	828,640	840,522	837,254	849,745	403,620	328,844
Occupied Retail Square Feet per Capita		30.6	30.5	31.3	31.5	31.2	31.6	32.0	31.7	32.0	90.2	71.4
Estimated Total Sales [1]												
Motor Vehicle and Parts Dealers [2]	b	\$7,594,539	\$7,500,150	\$7,635,005	\$7,876,036	\$7,660,690	\$7,737,900	\$7,931,029	\$9,233,127	\$7,865,078	\$6,174,967	\$5,744,859
Home Furnishings and Appliance Stores		\$4,444,228	\$4,612,254	\$4,206,899	\$4,296,242	\$4,533,458	\$5,672,440	\$7,567,076	\$6,894,474	\$5,362,773	\$2,297,900	\$3,174,044
Bldg. Matr. and Garden Equip. and Supplies		\$17,623,991	\$17,962,716	\$17,685,357	\$16,086,995	\$16,297,888	\$17,123,880	\$16,554,878	\$16,922,428	\$14,289,484	\$5,087,974	\$9,960,948
Food and Beverage Stores		\$79,812,914	\$76,479,775	\$75,806,245	\$75,775,705	\$75,098,397	\$77,561,985	\$77,441,200	\$75,646,873	\$61,990,891	\$17,437,322	\$25,365,414
Gasoline Stations		\$42,234,499	\$47,005,371	\$48,228,686	\$47,441,412	\$45,888,914	\$37,136,083	\$34,189,452	\$36,822,123	\$36,827,979	\$8,945,532	\$11,523,986
Clothing and Clothing Accessories Stores		\$1,230,429	\$1,220,046	\$991,064	\$942,961	\$1,015,030	\$776,191	\$720,921	\$593,059	\$486,268	\$139,142	\$102,445
General Merchandise Stores		\$19,998,014	\$19,896,916	\$20,247,085	\$21,397,324	\$20,973,068	\$19,827,385	\$18,420,102	\$16,002,178	\$11,932,374	\$1,647,000	\$2,575,785
Food Services and Drinking Places		\$25,262,121	\$24,576,221	\$25,142,604	\$25,774,213	\$26,892,415	\$28,457,834	\$28,424,699	\$28,680,081	\$24,602,362	\$2,276,734	\$5,258,750
Other Retail		\$16,401,198	\$16,312,581	\$16,187,189	\$16,058,568	\$15,593,887	\$16,449,089	\$15,857,468	\$15,332,122	\$12,201,840	\$3,535,801	\$6,390,490
All Other Outlets		\$19,548,188	\$20,495,200	\$18,810,569	\$18,716,047	\$20,159,876	\$21,707,447	\$22,516,393	\$22,816,386	\$20,339,846	\$13,316,079	\$12,816,754
Total		\$234,150,121	\$236,061,231	\$234,940,701	\$234,365,503	\$234,113,624	\$232,450,235	\$229,623,220	\$228,942,852	\$195,898,896	\$60,858,450	\$82,913,475
Estimated Total Sales per Capita												
Motor Vehicle and Parts Dealers [2]	c = b / a	\$290	\$285	\$292	\$301	\$293	\$296	\$302	\$349	\$296	\$1,380	\$1,247
Home Furnishings and Appliance Stores		\$170	\$176	\$161	\$164	\$173	\$217	\$288	\$261	\$202	\$514	\$689
Bldg. Matr. and Garden Equip. and Supplies		\$672	\$684	\$676	\$615	\$623	\$654	\$630	\$640	\$538	\$1,137	\$2,162
Food and Beverage Stores		\$3,044	\$2,911	\$2,896	\$2,898	\$2,870	\$2,962	\$2,946	\$2,863	\$2,332	\$3,897	\$5,505
Gasoline Stations		\$1,611	\$1,789	\$1,843	\$1,814	\$1,754	\$1,418	\$1,300	\$1,394	\$1,386	\$1,999	\$2,501
Clothing and Clothing Accessories Stores		\$47	\$46	\$38	\$36	\$39	\$30	\$27	\$22	\$18	\$31	\$22
General Merchandise Stores		\$763	\$757	\$774	\$818	\$802	\$757	\$701	\$606	\$449	\$368	\$559
Food Services and Drinking Places		\$964	\$935	\$961	\$986	\$1,028	\$1,087	\$1,081	\$1,085	\$926	\$509	\$1,141
Other Retail		\$626	\$621	\$618	\$614	\$596	\$628	\$603	\$580	\$459	\$790	\$1,387
All Other Outlets		\$746	\$780	\$719	\$716	\$770	\$829	\$856	\$863	\$765	\$2,976	\$2,781
Total		\$8,931	\$8,985	\$8,976	\$8,962	\$8,948	\$8,878	\$8,734	\$8,664	\$7,370	\$13,603	\$17,993
		-	1%	(0%)	(0%)	(0%)	(1%)	(2%)	(1%)	(15%)	85%	32%

Source: State of California Department of Finance, Report E-5, Population and Housing Estimates for Cities, Counties, and the State, January 1, 2011-2021, with 2010 Benchmark; Town of Paradise; EPS.

[1] Refer to Table A-2 for sales tax revenues received by the Town. Estimated taxable sales are based on a 1 percent sales tax rate.

[2] Including auto supply and parts retail only.

**Table A-5
Town of Paradise
Market Analysis
Comparison of Taxable and Total Sales (2020\$)**

Item	NAICS Code [1]	US Census 2017 Taxable and Total Retail Sales (\$1,000s) [2] California	Adjusted Paradise Retail Sales from Taxable to Total Estimated Town of Paradise
Food and Beverage Stores			
	445		
Taxable Sales [3]		\$28,799,044	\$7,593,223
Total Sales [4]		\$96,204,165	\$25,365,414
Percent Taxable [4]		30%	30%
General Merchandise			
	452		
Taxable Sales [3]		\$54,684,182	\$1,925,455
Total Sales [4]		\$73,153,989	\$2,575,785
Percent Taxable [4]		75%	75%
Health and Personal Care Stores [5]			
	446		
Taxable Sales [3]		\$13,669,415	\$1,043,196
Total Sales [4]		\$35,424,552	\$1,972,302
Percent Taxable [4]		53%	53%

tax comp

Source: California Department of Tax and Fee Administration (CDTFA); U.S. Economic Census; EPS.

[1] NAICS is the North American Industrial Classification System.

[2] Total retail sales for the Town of Paradise is not available from the Economic Census; therefore, the analysis utilizes data from the State of California from the Census.

[3] Taxable retail sales obtained from the CDTFA Taxable Sales in California Report, Calendar Year 2017. Sales figures kept in 2017 dollars for the purpose of establishing a relationship with data from the 2017 Economic Census.

[4] Total retail sales derived from the 2017 Economic Census. Figures kept in 2017 dollars. The percent of taxable goods is used to adjust the taxable retail sales provided by the Town, as shown in Table A-3.

[5] Taxable sales for Health and Personal Care Stores are included as part of the "Other Retail" category. The taxable sales adjustment is applied only to an estimated 24% of Other Retail sales based on the percentage of Health and Personal Care stores sales within the "Other Retail" category for the State.

Table A-6
Town of Paradise
Market Analysis
U.S. Household Income Spent on Retail (2019\$)

Household Income Range	Average HH Income	Estimated Total Amount Spent on Retail [1]	% of Total Spent on E-Commerce [2]	Total Est. Amount Spent on E-Commerce	Adjusted Amount Spent at Retail Stores	Adjusted % of HH Income Spent at Retail Stores
<i>Formula</i>	<i>A</i>	<i>B</i>	<i>C</i>	<i>D = B * C</i>	<i>E = B - D</i>	<i>F = E / A</i>
All Households	\$82,852	\$26,549	8.2%	\$2,177	\$24,372	29%
\$30,000 - \$39,999	\$34,772	\$18,698	5.8%	\$1,080	\$17,618	51%
\$40,000 - \$49,000	\$44,831	\$21,574	6.7%	\$1,438	\$20,136	45%
\$50,000 - \$69,999	\$59,328	\$24,461	7.6%	\$1,848	\$22,613	38%
\$70,000 - \$99,999	\$83,558	\$28,856	8.9%	\$2,572	\$26,284	31%
\$100,000 - \$149,999	\$121,433	\$35,369	10.9%	\$3,864	\$31,505	26%
\$150,000 - \$199,999	\$171,061	\$44,376	13.7%	\$6,082	\$38,294	22%

hh income

Source: U.S. Bureau of Labor Statistics, "Table 1203. Income before taxes: Annual expenditure means, shares, standard errors, and coefficients of variation, Consumer Expenditure Survey, 2019"; U.S. Census Bureau Monthly Retail Trade Survey, "Estimated Quarterly U.S. Retail Sales: Total and E-commerce, 2018"; EPS.

[1] Retail comprises the categories most closely matched with those categorized from sales tax receipts from the Town of Paradise.

[2] Based on the U.S. Census Bureau Monthly Retail Trade Survey, "Estimated Quarterly U.S. Retail Sales (Not Adjusted): Total and E-commerce, 2018." Similar e-commerce spending data by income level is not available at the State level or lower. Percentages for income spent on e-commerce are adjusted relative to average amount spent on retail for each income category.

**Table A-7
Town of Paradise
Market Analysis
United States Consumer Expenditures (2019\$)**

Retail and Food Services	Total Spending on Retail (in 000's) [1]	% Spent on E-Commerce [2]	Adjusted Spending at Retail Stores (in 000's)	Adj. % of Spending at Retail Stores by Retail Category
Motor Vehicle and Parts Dealers	\$331,663,647	3.0%	\$321,666,585	4.1%
Home Furnishings and Appliance Stores	\$730,988,339	22.3%	\$568,137,201	7.2%
Bldg. Matrl. and Garden Equip. and Supplies	\$379,815,065	3.6%	\$365,992,579	4.6%
Food and Beverage Stores	\$1,881,018,545	0.8%	\$1,865,261,329	23.5%
Gasoline Stations	\$893,706,924	0.0%	\$893,706,924	11.3%
Clothing and Clothing Accessories Stores	\$589,439,773	15.9%	\$495,835,165	6.3%
General Merchandise Stores	\$653,364,932	5.3%	\$618,426,506	7.8%
Food Services and Drinking Places	\$1,355,088,831	0.0%	\$1,355,088,831	17.1%
Other Retail	\$757,969,737	8.1%	\$696,538,422	8.8%
All Other Outlets	\$762,950,918	1.5%	\$751,567,720	9.5%
Total	\$8,336,006,712		\$7,932,221,264	100.0%

ret spend

Source: U.S. Bureau of Labor Statistics, "Table 1203. Income before taxes: Annual expenditure means, shares, standard errors, and coefficients of variation, Consumer Expenditure Survey, 2019"; U.S. Retail Trade Sales - Total and E-commerce (2017-2018); Sales for U.S. Electronic Shopping and Mail-Order Houses (NAICS 4541) - Total and E-commerce by Primary Business Activity (2015-2018); EPS.

[1] Data per the Bureau of Labor Statistics, Consumer Expenditure Survey 2019 released September 2020.

[2] Based on the following 2018 U.S. Census reports regarding e-commerce: U.S. Retail Trade Sales - Total and E-commerce; and, Sales for U.S. Electronic Shopping and Mail-Order Houses (NAICS 4541) - Total and E-commerce by Primary Business Activity (2015-2018).

**Table A-8
Town of Paradise
Market Analysis
Total and Taxable Retail Sales per Square Feet (2020\$)**

Item	Sales per Square Foot (Rounded)	
	Original Data [see Note]	Escalated Data (2020\$) [1]
Total Retail Sales per Square Foot		
Motor Vehicle and Parts Dealers [2]	\$250	\$280
Home Furnishings and Appliance Stores	\$500	\$560
Bldg. Matrl. and Garden Equip. and Supplies	\$360	\$400
Food and Beverage Stores [3]	\$370	\$410
Gasoline Stations [4]	\$2,550	\$2,750
Clothing and Clothing Accessories Stores	\$350	\$390
General Merchandise Stores	\$360	\$400
Food Services and Drinking Places	\$490	\$540
Other Retail	\$210	\$230
All Other Outlets	\$210	\$230
Total		

biz miner

Note: Original data is based on an average of multiple sources and is presented in 2016\$ unless noted otherwise in footnotes.

Source: BizMiner 2016; State of California Board of Equalization (BOE) Publication 61; U.S. Economic Census; Bureau of Labor Statistics, "CPI-All Urban Consumers (Current Series) - West Urban"; EPS.

[1] Sales adjusted to year-end 2020 based on the Consumer Price Index, All items in West urban, all urban consumers, not seasonally adjusted:

<u>Year</u>	<u>CPI</u>	<u>Adjustment to 2020\$</u>
2016	247.71	11.0%
2017	254.74	8.0%
2018	263.26	4.5%
2020	275.06	-

[2] Reflects motor vehicle parts only; excludes taxable sales per square foot for dealerships.

[3] Sales per square foot for Food and Beverage stores estimated based on the averages from BizMiner, RetailSales, eMarketer, and annual 10-K reports, escalated to 2020\$.

[4] Estimated using the 2017 U.S. Economic Census total sales per establishment and an average of 2,200 square feet per establishment for gas stations, escalated to 2020\$.

**Table A-9
Town of Paradise
Market Analysis
Consumer Expenditure Patterns by Income Bracket Summary (2019\$)**

Item	All Consumer Units	Income Bracket								
		<\$15K	\$15K- \$30K	\$30K- \$40K	\$40K- \$50K	\$50K- \$70K	\$70K- \$100K	\$100K- \$150K	\$150K- \$200K	>200K
Consumer Units in Survey (in thousands)	132,242	15,848	19,856	12,991	11,208	17,470	19,119	18,225	8,266	9,260
Percent of Total	100%	12%	15%	10%	8%	13%	14%	14%	6%	7%
Annual Income before Taxes	\$82,852	\$7,574	\$22,189	\$34,772	\$44,831	\$59,328	\$83,558	\$121,433	\$171,061	\$343,498
Annual Income after Taxes	\$71,487	\$7,743	\$22,672	\$34,981	\$42,723	\$55,500	\$75,811	\$106,439	\$144,046	\$258,975
Avg. Annual Expenditures	\$63,036	\$26,194	\$34,201	\$40,942	\$47,299	\$54,212	\$66,801	\$84,994	\$109,020	\$160,318
Expenditures as a Percent of Pretax Income	76%	346%	154%	118%	106%	91%	80%	70%	64%	47%
Taxable Expenditures [1]	\$19,510	\$8,155	\$10,748	\$13,087	\$15,301	\$17,987	\$21,328	\$26,374	\$33,567	\$43,497
Percent of Total Expenditures	31%	31%	31%	32%	32%	33%	32%	31%	31%	27%
Taxable Expenditures as a Percent of Pretax Income	24%	108%	48%	38%	34%	30%	26%	22%	20%	13%

bracket

Source: Bureau of Labor Statistics, Consumer Expenditure Survey 2019, data released September 2020; EPS.

[1] Taxable expenditures includes 100% of BLS reported average annual expenditures in Food away from home; Alcoholic beverages; Other household expenses; Housekeeping supplies; Household furnishings and equipment; Apparel and Services for Men and boys, Women and girls, Children under 2 and Footwear; Vehicle purchases; Gasoline and motor oil; Medical supplies; Audio & visual equipment & services; Pets, toys, and playground equipment; Reading; Tobacco products and smoking supplies; Miscellaneous; and 50% and 25% of average annual expenditures in Drugs and Personal care products/services, respectively.

Table A-10
Town of Paradise
Market Analysis
Consumer Expenditure Patterns by Income Bracket (2019\$)

Taxable Expenditures	Retail Category	Total Surveyed	Income Bracket								
			<\$15K	\$15K-\$30K	\$30K-\$40K	\$40K-\$50K	\$50K-\$70K	\$70K-\$100K	\$100K-\$150K	\$150K-\$200K	>200K
Expenditure Category											
Food away from home	FA	\$3,526	\$1,389	\$1,806	\$2,155	\$2,865	\$3,051	\$3,689	\$4,725	\$5,847	\$9,148
Alcoholic beverages	FA/FH	\$579	\$184	\$229	\$372	\$410	\$427	\$616	\$872	\$1,042	\$1,618
Other household expenses	BM	\$1,081	\$476	\$687	\$772	\$859	\$915	\$1,109	\$1,301	\$1,672	\$2,959
Housekeeping supplies	GM	\$766	\$410	\$507	\$568	\$687	\$697	\$794	\$982	\$1,283	\$1,381
Household furnishings and equipment	HF	\$2,098	\$764	\$1,090	\$1,224	\$1,447	\$1,761	\$2,173	\$2,858	\$3,732	\$5,899
Apparel and Services [1]	CA	\$1,646	\$769	\$783	\$1,045	\$1,267	\$1,420	\$1,680	\$2,284	\$2,959	\$3,971
Vehicle purchases	MV	\$4,394	\$1,607	\$2,091	\$2,728	\$3,088	\$4,379	\$5,176	\$6,191	\$8,761	\$8,996
Gasoline and motor oil	GS	\$2,094	\$970	\$1,170	\$1,699	\$1,864	\$2,153	\$2,496	\$2,927	\$3,181	\$3,283
Medical supplies	OR	\$194	\$70	\$196	\$140	\$176	\$146	\$228	\$224	\$252	\$397
Audio & visual equipment & services	OO	\$1,000	\$534	\$725	\$815	\$821	\$954	\$1,061	\$1,371	\$1,421	\$1,701
Pets, toys, and playground equipment	OR	\$821	\$285	\$481	\$563	\$564	\$754	\$948	\$1,210	\$1,557	\$1,473
Reading	OR	\$92	\$53	\$78	\$54	\$96	\$77	\$94	\$118	\$117	\$181
Tobacco products and smoking supplies	OR	\$320	\$291	\$308	\$338	\$344	\$376	\$409	\$320	\$201	\$155
Miscellaneous	GM	\$899	\$353	\$597	\$614	\$813	\$877	\$855	\$991	\$1,542	\$2,335
Drugs	OR	\$486	\$273	\$372	\$516	\$444	\$473	\$505	\$557	\$706	\$725
Personal care products/services	OO	\$786	\$340	\$428	\$584	\$647	\$718	\$841	\$1,052	\$1,234	\$1,796
Food at home	FH	\$4,643	\$2,528	\$3,185	\$3,636	\$4,329	\$4,318	\$4,983	\$5,908	\$6,917	\$7,954
Other Apparel Products & Services	OO	\$237	\$93	\$129	\$148	\$133	\$166	\$219	\$281	\$478	\$835
Vehicle maintenance & repairs	MV	\$887	\$382	\$553	\$727	\$720	\$799	\$980	\$1,197	\$1,474	\$1,714
Total Retail expenditures		\$26,549	\$11,771	\$15,415	\$18,698	\$21,574	\$24,461	\$28,856	\$35,369	\$44,376	\$56,521
Expenditures as a Percent of Pretax Income		36%	150%	69%	54%	48%	41%	34%	29%	26%	18%
Total Retail Expenditures Excluding Vehicle Purchases		\$22,155	\$10,164	\$13,324	\$15,970	\$18,486	\$20,082	\$23,680	\$29,178	\$35,615	\$47,525

income

Source: Bureau of Labor Statistics, Consumer Expenditure Survey 2019, data released September 2020; EPS.

[1] Excludes "other apparel products & services".

**Table A-11
Town of Paradise
Market Analysis
Consumer Expenditure Patterns by Retail Category (2019\$)**

Item	Consumer Expenditure Pattern by %	Total Expenditures by Retail Category
	<i>Table A-10</i>	<i>Table A-9</i>
Retail Category		
Motor Vehicle Parts Dealers	4.0%	\$331,663,647
Home Furnishings and Appliance Stores	8.8%	\$730,988,339
Bldg. Matrl. and Garden Equip. and Supplies	4.6%	\$379,815,065
Food and Beverage Stores	22.6%	\$1,881,018,545
Gasoline Stations	10.7%	\$893,706,924
Clothing and Clothing Accessories Stores	7.1%	\$589,439,773
General Merchandise Stores	7.8%	\$653,364,932
Food Services and Drinking Places	16.3%	\$1,355,088,831
Other Retail	9.1%	\$757,969,737
All Other Outlets	9.2%	\$762,950,918
Total	100.0%	\$8,336,006,712

pattern

Source: EPS.

[1] Total expenditures are consumer units multiplied by average annual expenditures in Table A-9.

Table A-12
Town of Paradise
Market Analysis
Commercial Real Estate Trends: Retail - Town of Paradise and Butte County

Retail Trends

Item [1]	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Difference (2010-2020)	Average Annual % Change (2010-2020)
Inventory (Sq. Ft.)													
Town of Paradise	851,065	851,065	851,065	860,486	869,488	869,488	869,488	869,488	551,860	551,860	551,795	(299,270)	(4.2%)
Butte County	10,512,108	10,519,432	10,539,548	10,549,339	10,589,854	10,614,493	10,772,550	10,782,980	10,519,160	10,527,960	10,453,102	(59,006)	(0.1%)
Inventory (Buildings)													
Town of Paradise	121	121	121	122	123	123	123	123	59	59	59	(62)	(6.9%)
Butte County	1,046	1,047	1,049	1,050	1,055	1,058	1,060	1,060	1,000	1,002	1,039	(7)	(0.1%)
Vacancy Rate (Percent)													
Town of Paradise	5.6%	5.9%	3.7%	4.2%	6.2%	4.7%	3.3%	3.7%	2.3%	26.9%	40.4%	34.8%	21.8%
Butte County	6.9%	7.7%	6.2%	6.7%	6.0%	5.3%	3.9%	5.8%	2.7%	5.5%	5.4%	(1.5%)	(2.4%)
Vacant Space (Sq. Ft.)													
Town of Paradise	47,746	50,556	31,491	35,910	54,017	40,848	28,966	32,234	12,531	148,240	222,951	175,205	16.7%
Butte County	725,560	809,609	657,924	711,822	637,720	566,486	420,659	621,724	288,710	581,273	563,987	(161,573)	(2.5%)
Net Absorption (Annual) [2]													
Town of Paradise	(20,839)	(2,810)	19,065	4,607	(9,105)	13,169	11,882	(293,383)	(7,810)	(164,464)	19,494	--	--
Butte County	102	(76,725)	171,801	(44,502)	114,617	95,873	293,829	(190,635)	16,946	(283,763)	3,678	--	--
Net Absorption (Cumulative) [2]													
Town of Paradise	(20,839)	(23,649)	(4,584)	23	(9,082)	4,087	15,969	(277,414)	(285,224)	(449,688)	(430,194)	--	--
Butte County	102	(76,623)	95,178	50,676	165,293	261,166	554,995	364,360	381,306	97,543	101,221	--	--
Lease Rate NNN/Sq. Ft./Year													
Town of Paradise	\$0.00	\$0.75	\$0.75	\$0.75	\$1.32	\$1.32	\$1.25	\$0.00	\$0.65	\$0.81	\$0.79	--	--
Butte County	\$1.51	\$1.50	\$1.44	\$1.44	\$1.14	\$1.16	\$1.15	\$1.15	\$1.38	\$1.04	\$0.95	(\$0.56)	(4.5%)

retail trends

Source: CoStar data retrieved June 2021; EPS.

[1] Unless otherwise noted, data reflects Q4 of each year.

[2] Net absorption is for the entire calendar year.

**Table A-13
Town of Paradise
Market Analysis
Downtown Paradise Land Use by Type**

Item	Downtown Paradise			Estimated Net Building Sq. Ft. [1]
	Acreage	Parcels		
		Gross Sq. Ft.	% of Total	
Building Assumptions [1]				
Net-to-Gross				85%
Floor-Area-Ratio				30%
LAND USE				
Residential				
Single-Family	19.6	851,742	26.6%	217,194
Multifamily	2.0	85,665	2.7%	21,845
Total Residential	21.5	937,407	29.3%	239,039
Nonresidential				
Retail	7.2	314,071	9.8%	80,088
Commercial	16.3	711,406	22.2%	181,409
Office	4.6	200,946	6.3%	51,241
Industrial	0.7	29,938	0.9%	7,634
Hotel	1.5	66,389	2.1%	16,929
Subtotal Nonresidential	30.4	1,322,750	41.4%	337,301
Other				
Utilities	1.2	53,404	1.7%	13,618
Misc.	4.6	200,850	6.3%	51,217
Not listed	9.1	397,834	12.4%	101,448
Subtotal Other	15.0	652,088	20.4%	166,282
Vacant	6.6	285,853	8.9%	72,893
TOTAL DOWNTOWN	73.4	3,198,098	100.0%	815,515

Source: EPS.

[1] Estimated net building square footage is calculated by applying an industry standard net-to-gross deduction of 15% to allow for right-of-way land uses to the gross parcel square footage and a floor-area-ratio of 0.3 for downtown uses.

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