



Market Study Update

Prepared by:



September 2014

1.0	Introduction.....	3
1.1	Background.....	3
1.2	Process.....	3
1.3	Accomplishments Since the First Studies.....	3
2.0	Retail Market Study.....	7
2.1	Community Input.....	7
2.2	Market Definition.....	10
2.3	Retail Market Analysis.....	17
2.4	Retail Shares Analysis.....	20
2.5	Retail Capture Scenario.....	21
2.6	Key Market Conclusions and Opportunities.....	22

1.0 Introduction

1.1 Background

In the mid 2000's, the Town of Purcellville received a suite of services from Main Street Loudoun beginning with the "Purcellville Community Assessment" completed in November 2004. This study examined the physical, marketing, economic development, and organizational issues in the community and (among other things), recommended a more detailed retail market analysis of the community.

The Retail Market Analysis was completed in March 2006 and prepared by Arnett Muldrow through the Main Street Loudoun program. This study further examined retail and demographic trends in the community and made market and marketing recommendations to the community.

As documented in these studies, Purcellville experienced significant growth in the following decade even with the slowing impact of the recession. The community, anticipating this growth, has diligently planned for the future by creating opportunities for additional retail development, better circulation through the Town, and enhancing downtown's physical presence with the addition of pedestrian amenities. New residents have located to Purcellville for its exceptional quality of life and accompanying businesses have located in the community to serve the growing population.

Recognizing the need to continue its success and to understand the market forces that have shifted following the recession, Purcellville commissioned this market snapshot to examine the market in 2014 and explore ways to continue to foster thoughtful commercial investment throughout the Town of Purcellville. This study examines changes in the demographics and retail market since 2006, evaluates progress on recommendations from the 2004/2006 studies, and makes some broad recommendations on future actions that the Town of Purcellville should consider as it moves forward.

1.2 Process

The process involved both a qualitative and a quantitative analysis of retail trade in Purcellville, a review of the prior market work, comparison data from the 2005 study and today, and a look at prospective retail growth in the community. No study of this nature is complete without also understanding the regional context. Consequently, Loudoun County, Leesburg, and other nearby communities were examined since the regional dynamics and impact of Leesburg itself strongly influences the Purcellville market.

1.3 Accomplishments Since the First Studies

As mentioned, the 2004 and 2006 market studies contained a series of recommendations for Purcellville to consider to make the community a more vibrant place to live, work, and visit while preserving the character that makes the community truly unique. The following is a brief synopsis of the recommendations made by the prior studies and the Town's response in following those recommendations.

1.3.1 Physical Recommendations

- *Prepare a downtown master plan.* The 2004 study recommended a downtown master plan that included public and private sector improvements. Within two years, Purcellville had hired Hill Studio of Roanoke, Virginia to complete this master plan.
- *Implement high quality streetscape.* One of the major goals of the downtown master plan was to develop a streetscape improvement plan for downtown to ensure a more comfortable environment for pedestrians. This was particularly important, as the community has the Washington and Old Dominion Trail running from the downtown through town to major population centers to the east. The master plan recommended improvements that have been implemented in phases through the years.
- *Protect and improve gateways.* In 2004, Purcellville did little to announce its entryways. Simple town limit signs were the extent of the gateway experience to the community. Gateway improvements to Purcellville include new signs and landscaping that accents the community.
- *Enhance zoning/design guidelines.* Purcellville needed a way to encourage quality design outside of its historic core. The community became a pioneer in Virginia through a charter amendment that allowed the Town to regulate appearance along its commercial corridors. The resulting new construction connects much better with the historic look of the town.
- *Bike trail along Main Street.* The recommendation was made to connect a bicycle trail along Main Street to continue a loop system for the W&OD Trail through Purcellville. While the Town explored this recommendation, property owners along Main Street and others did not want to commit public right of way to this trail and it was not constructed. Opportunities remain with sharrows and signage to encourage bike friendly access throughout the community.

1.3.2 Promotion And Marketing Recommendations

- *Complete a seamless branding campaign.* Purcellville completed a comprehensive branding effort that unified the typeface for the Town government. The branding has been launched in all public print pieces, on Town vehicles, on community wayfinding, and on local promotional material.
- *Complete a banner/wayfinding sign program.* One of the recommendations of the early planning efforts was to provide a more clear guide for visitors to navigate through the community whether on foot or by vehicle. Purcellville has included the brand in a comprehensive wayfinding system throughout the community that indicates key attractions, eliminates sign clutter, and provides a clear way to cultivate the visitor experience.
- *Long-term launch visitor marketing* – At the time of the original studies, Purcellville’s tourism base was not very strong representing about 4.7% of the customer base of downtown businesses. By the 2014 study, this number had increased to a staggering 20.8%. This increase is the result of a combination of factors including the robust growth of the wine industry in Loudoun County combined with a concerted visitor marketing effort on the part of the Town of Purcellville. Among the efforts completed by the Town are marketing materials and the tagline, “In the Heart of DC’s

Wine Country” to go along with Visit Loudoun’s DC’s Wine Country marketing. The Town also partnered with Visit Loudoun to have a Visitors Center in the Train Station on weekends from May through October. Local wineries provide wine tastings at the Visitors Center on a regular basis. Most recently, the Town received an AFID grant to do a feasibility study-business plan for an Enology and Viticulture Education Center which could further enhance the visitor experience for a community once a highly localized market.

1.3.3 Economic Development Recommendations

- *Conduct a detailed market study* – This study recommended in 2004 was completed in 2006 and provided a baseline for future analysis of the market in Purcellville.
- *Create economic development recruitment effort* – Since 2004, Purcellville has moved from a position of being reactive to development opportunities to being proactive in recruiting businesses, working with developers, and encouraging investment with the knowledge that such efforts reduce the tax burden on residents, add to the quality of life in the community, and make for a more self-sufficient community.
- *Create a master plan that shows investment opportunities* – As mentioned before, the Hill Studio master plan effort for Purcellville indicated investment opportunities in town.
- *Recruit more visitor oriented, dining, and specialty shopping* – As this update will reflect, the addition of dining options has dramatically changed the nature of the visitor experience in Purcellville.

1.3.4 Organization Recommendations

- *Create more efficiency in development services* – The Town has improved and streamlined development services over the years creating a more efficient process that involves regular communication among departments and between the Town and developers.
- *Consolidate multiple groups serving similar purposes* – Many of the groups that existed at the time of the original report were single purpose groups (Centennial Committee) and groups that have since been disbanded such as Main Street. Now the Purcellville Business Association (PBA) and the Economic Development Advisory Committee (EDAC) are two groups tasked with promoting and encouraging a thriving business climate in the community. The Town has also worked with a consultant to do an economic development program assessment that helped direct roles and responsibilities.
- *Hire staff with responsibility for economic development* – Purcellville has a team approach for economic development projects that has served as an ombudsman among departments, the private sector, and local organizations. Together, the Town Manager, Assistant Town Manager, and Community Development Director work on various facets of economic development resulting in an entire town “team approach” to economic development opportunities.

1.3.5 Other Issues

- *Was great concern about the future of Fireman's Field* – Fireman's Field was cited numerous times in the initial studies as being in serious danger of falling into decline. The Town of Purcellville obtained the property, renovated the historic Bush Tabernacle, has enhanced the baseball stadium, and constructed new storage facilities. The now up-to-date facility is actively used for community gatherings, signature events and baseball games.
- *Desire for more regular festivals and events to familiarize people with Purcellville* – Regular events can edify residents' association with downtown and their hometown. They also attract regional visitors that learn about a community and can be converted into more consistent customers. Purcellville's Music and Arts Festival, the award-winning Purcellville Wine and Food Festival, and the Loudoun Grown Expo coupled with regular wine tastings at the Visitors Center and additional events throughout the year have greatly rounded out ways that customers can interact with downtown. In addition to adding festivals and events, the Town has worked with Virginia Tech to track the economic impact of the Wine and Food Festival on the town providing empirical data that shows these activities are drivers of spending in the community.
- *Desire for accommodations/hotel in town* – The 2004 and 2006 studies both included a desire for a hotel in the community. That desire was expressed again in the 2014 study. As of yet, no hotel has located in the community and it is likely that a solution to this issue will require creative financing.

2.0 Retail Market Study

This section of the report presents the findings of the 2014 updated market research for the Town of Purcellville and sets the stage for further analysis that can be used to recruit and retain businesses in the community. It is also designed to help businesses themselves retain existing and target new customers. The findings of this chapter support the implementation recommendations found in chapter three of this report.

This chapter is divided into three sections:

Section 2.1 is a distillation of the community input gathered in a series of one-on-one interviews conducted. This section describes the assets, opportunities, and challenges as described by community leaders and other stakeholders. This input is the “unvarnished” input provided by community stakeholders.

Section 2.2 is the Town of Purcellville market definition based on zip code survey work completed by businesses in the community in May 2014. It also provides insight into the Town of Purcellville trade area demographics and presents market data related to the Town of Purcellville retail trade areas.

Section 2.3 presents the retail market analysis that shows the retail market potential of the retail trade areas. This information is based on the most recent data available and is a reliable source for understanding overall market patterns. This section concludes with some key opportunities for retail that could be used to both enhance existing businesses and recruit additional businesses to the community.

2.1 Community Input

Arnett Muldrow conducted a series of one-on-one and small group interviews with a variety of Purcellville stakeholders. The input documented below is not designed to be exhaustive but rather to provide an overview of what we heard. *Please note that the opinions stated here do not necessarily reflect the opinion of Arnett Muldrow & Associates or the Town of Purcellville.*

2.1.1 Strengths

Interviewees cited many community assets such as:

- Purcellville Gateway has ended up being a very nice development at the entrance to the community. Harris Teeter is regarded as a success and the Starbucks Coffee in the store is one of the busiest in-store locations.
- Patrick Henry College continues to grow, adding a good dimension to the community.
- Downtown improvements have made the district more walk-able.
- The community now has many more sit-down dining options than it used to.
- There is utility capacity for additional growth in the community.
- The distillery and breweries have been unique additions to Purcellville.

- The W&OD Trail is an asset for Purcellville.
- Events downtown have added to the appeal of the district.
- Purcellville weathered the recession in a better position than many other communities and has experienced ongoing growth.
- Town Council has been business-friendly in the community.
- Purcellville is a great place to raise a family.

2.1.2 Opportunities

Interviewees also described a number of opportunities the Town of Purcellville currently enjoys, including:

- Hirst Road has experienced ongoing growth as a location for businesses in the community. The uses along the road include office space, retail and restaurants, warehousing, and manufacturing. This road is ideally suited for a mixture of uses.
- Wineries in the area have grown exponentially in the last ten years – Purcellville has begun to capitalize on that growth in a significant way. The opportunity to grow this even further with a permanent wine presence in downtown is an excellent way to cement Purcellville’s relationship with the surroundings.
- There is an opportunity for more family entertainment options in the community. However, a large development proposal for an indoor entertainment complex was controversial in the community.
- Many interviewees cited an opportunity for additional lodging in the community ranging from more Bed and Breakfast options to a hotel.
- There is an opportunity being pursued for infill development in downtown Purcellville.

2.1.3 Challenges

At the same time, stakeholders felt that Purcellville faces several challenges, including:

- As Loudoun Valley High adds amenities, what will happen with historic Fireman’s Field?
- There is a concern about the design of infill development in downtown Purcellville.
- Nichols Hardware is a longtime staple of downtown and some are concerned about losing this business while others see the site as a redevelopment opportunity.
- A “development gap” exists between Purcellville Gateway and downtown along East Main Street – several uses are out of date, vacant, and some property is not the highest and best use.

2.1.4 Input Conclusion

This input provides a foundation from which to better understand the market data gathered during the study and helps round out the information gleaned from the data shown in section 2.2. Overall there is tremendous optimism about the future of Purcellville, a confidence in the community's current success, and strength in the partnerships that have been forged for progress. The community recognizes its challenges but stands ready to face them with creative solutions.

2.2 Market Definition

This portion of the study will explore what the market for Purcellville looks like. There are many different models for defining a market. Radial studies simply take a location and draw a radius from it. This approach is highly inaccurate for locales like Purcellville where nearby Leesburg becomes a logical alternative to shoppers to the east and Purcellville serves a hinterland that is much more westward oriented. Drive time studies present the same challenges.

Arnett Muldrow uses the zip code approach as its tool for analyzing a trade area. This approach has its own advantages and disadvantages. The strengths of a zip code survey include the following: local merchants have “skin in the game” as they are doing the tracking of customers, visitor traffic can be accounted for which is essential in communities like Purcellville, local customer shopping patterns can be evaluated, customer browsing can be studied by looking at a visitor zip code that appears in multiple shops, and a host of detailed comparisons can be drawn, if needed.

Zip code surveys have their own limitations in that the zip code geography can sometimes be fairly large and stretch beyond the typical market boundaries or include areas that do not relate to the community.

With these limitations in mind, it is the only technique that correlates easily with customer traffic collected by merchants. The zip codes are used to then define a primary and secondary trade area for the community from which a whole host of demographic data can be gleaned.

The customer zip code surveys were conducted in May 2014. In total, 522 zip codes were recorded with 30% of the customers originating from the Purcellville zip code 20132. Another 11% of customers came from Round Hill (the next most recorded zip code). Another 22% of customers originated from other adjacent zip codes to Purcellville (Lovettsville, Hamilton, Leesburg, Middleburg, Waterford, and Leesburg). The final 39% of the zip codes originated from other locations (most of which were in nearby communities not adjacent to Purcellville). These results of this survey vary a bit from the 2005 survey where 46% of the customers were from the Purcellville zip code and another 14% were from Round Hill. The key factor in this change is an increase in traffic from outside the immediate area that accounted for 14% in 2005 compared with 39% in this survey.

It is important to note, however, that participation in this survey was small when compared with the 2005 survey and the visitor traffic may be inflated as a result. The increase in visitor traffic, however, is significant by any metric and because this is an update, the data confirms some of the initial trade area definition found in the original study.

2.2.1 Trade Area Definition

The number of visits provides an overall view of customer origin. A more accurate way to evaluate a local customer’s loyalty to the market is placing customer visits in the context of the population of each zip code. This corrects for zip codes that have exceedingly large or small populations that might skew the market penetration data.

2.2.2 Population Data for the Trade Area and Regional Community

Using Nielsen Claritas data and projections, the two zip code primary trade area permanent population is estimated to be 22,857 in 2013. This population increased by a staggering 95.6% since 2000 and is expected to grow by another 9.3% to 24,982 by 2018. (This population is only 4,000 people less than the entire Town of Leesburg in the year 2000!) The following table shows the population of the Town of Purcellville, the Primary Trade Area, the Secondary Trade Area, and comparisons with nearby communities.

It is clear that amidst a region that has enjoyed robust growth on the whole, Purcellville has outpaced that growth with the exception of only a few communities (many of which were very small to begin with). This growth provides the community to capitalize on the “new rooftops” because commercial development traditionally follows residential growth. *It is important to note that the 2004 and 2006 studies predicted this robust growth.* Looking forward, growth across the board is expected to remain strong yet dramatically slow in pace as compared with past growth. This will allow a period of more stability for the retail and commercial markets to “sort out” the demographics and opportunities while providing the Town of Purcellville a chance to be even more proactive in the future.

	Population		Change 2000-2010	Projected Growth		
	2000	2010		2013	2018	2013-2018
US	281,421,942	308,745,538	9.71%	314,861,807	325,322,277	3.32%
Virginia	7,078,681	8,001,024	13.03%	8,207,491	8,565,075	4.36%
PTA	11,684	21,419	83.32%	22,857	24,982	9.30%
STA	6,644	11,011	65.73%	11,766	12,839	9.12%
Purcellville Town	2,844	7,624	168.07%	8,309	9,296	11.88%
Leesburg	27,798	42,931	54.44%	46,005	50,373	9.49%
Hamilton	222	668	200.90%	757	874	15.46%
Round Hill	322	670	108.07%	716	784	9.50%
Berryville	1,997	4,212	110.92%	4,587	5,153	12.34%
Lovettsville	635	1,695	166.93%	1,869	2,115	13.16%
Brambleton	1,961	9,735	396.43%	11,364	13,466	18.50%
Loudoun County	169,427	312,311	84.33%	339,337	377,005	11.10%
Clarke County	12,651	14,034	10.93%	14,468	15,203	5.08%
Warren County	31,543	37,575	19.12%	37,906	38,940	2.73%
Fauquier County	55,202	65,203	18.12%	66,773	69,599	4.23%
Prince William Co.	280,923	402,002	43.10%	433,884	478,975	10.39%
Fairfax County	969,891	1,081,726	11.53%	1,117,733	1,177,669	5.36%
Jefferson Co WV	42,191	53,498	26.80%	55,072	57,107	3.70%
Washington Co MD	131,923	147,430	11.75%	149,061	152,410	2.25%
Frederick Co MD	195,279	233,385	19.51%	240,673	252,190	4.79%
Montgomery Co MD	873,344	971,777	11.27%	1,010,950	1,070,304	5.87%
20132	8,281	15,468	86.79%	16,548	18,138	9.61%
20141	3,403	5,951	74.88%	6,309	6,844	8.48%
20158	2,247	4,172	85.67%	4,528	5,014	10.73%
20180	4,397	6,839	55.54%	7,238	7,825	8.11%

25425	11,175	12,923	15.64%	13,163	13,445	2.14%
21758	4,248	4,943	16.36%	5,056	5,236	3.56%
20175	18,368	27,668	50.63%	29,689	32,507	9.49%
20117	2,918	2,986	2.33%	3,040	3,132	3.03%
20197	1,102	1,943	76.32%	2,093	2,310	10.37%

From an income standpoint, the two zip codes have a median household income of \$119,689. This is nearly identical to Loudoun County with \$119,124 median household income and far higher than the \$63,636 median household income for Virginia.

2.2.3 Population Data for the Trade Area and Regional Community

Household data mirrors that of the population data and provides an additional look at what is expected to happen over the coming five years with Household Growth. A national trend that Purcellville should be aware of is the growth of smaller households nationally. Purcellville likely bucks this trend though as it is very attractive for families.

	Households					
			Change	Projected Growth		
	2000	2010	2000-2010	2013	2018	2013-2018
US	105,480,131	116,716,292	10.65%	119,206,509	123,405,917	3.52%
Virginia	1,847,831	2,047,188	10.79%	2,099,057	2,190,963	4.38%
PTA	4,100	6,969	69.98%	7,329	7,937	8.30%
STA	2,356	3,774	60.19%	4,007	4,346	8.46%
Purcellville Town	970	2,468	154.43%	2,625	2,897	10.36%
Leesburg	10,155	14,494	42.73%	15,475	16,905	9.24%
Hamilton	82	246	200.00%	277	316	14.08%
Round Hill	112	213	90.18%	223	241	8.07%
Berryville	805	1,656	105.71%	1,774	1,978	11.50%
Lovettsville	221	576	160.63%	623	696	11.72%
Brambleton	628	3,093	392.52%	3,573	4,203	17.63%
Loudoun County	59,837	104,583	74.78%	112,568	124,354	10.47%
Clarke County	4,941	5,509	11.50%	5,681	5,987	5.39%
Warren County	12,072	14,085	16.67%	14,163	14,509	2.44%
Fauquier County	19,861	23,658	19.12%	24,250	25,288	4.28%
Prince William County	94,600	130,785	38.25%	140,287	154,424	10.08%
Fairfax County	350,754	391,627	11.65%	404,690	427,024	5.52%
Jefferson Co WV	16,165	19,931	23.30%	20,424	21,093	3.28%
Washington Co MD	49,725	55,687	11.99%	56,204	57,419	2.16%
Frederick Co MD	70,060	84,800	21.04%	87,595	92,013	5.04%
Montgomery Co MD	324,568	357,086	10.02%	370,728	392,501	5.87%
20132	2,891	5,046	74.54%	5,323	5,782	8.62%
20141	1,209	1,923	59.06%	2,006	2,155	7.43%
20158	803	1,421	76.96%	1,539	1,696	10.20%
20180	1,553	2,353	51.51%	2,468	2,650	7.37%
25425	4,336	4,957	14.32%	5,038	5,125	1.73%
21758	1,510	1,759	16.49%	1,788	1,838	2.80%
20175	6,821	9,566	40.24%	10,240	11,183	9.21%
20117	1,259	1,281	1.75%	1,325	1,389	4.83%
20197	376	624	65.96%	665	725	9.02%

2.2.4 Income Data for the Trade Area and Regional Community

These growth numbers alone present a staggering opportunity for continued commercial success in Purcellville. Of course, growth alone does not dictate the success of a commercial venture. Income levels play a critical role in the type of retail development that occurs, the robustness with which it occurs and the quality of the investment.

Purcellville's Town and Primary Trade area income levels are staggering at nearly double that of Virginia (one of the nation's most prosperous states) and far ahead of the national average. The housing unit value is on par with many regional communities and well above state and national median values. The median age of the town is quite young at 35.5 and the average household size confirms that families are attracted to the community. Like many Northern Virginia communities, the commute time exceeds that of the state and nation but is very comparable with peer communities nearby.

Employment/Income							Demographics		
2013							2013		
	Emp. Rate	Unemp. Rate	Not in LF	MHI	AHI	Unit Value	Med Age	HH Size	Avg. Commute Time
US				\$49,297	\$69,637	\$171,345	37.50	2.57	27.75
Virginia				\$62,321	\$87,403	\$229,428	37.80	2.54	29.93
PTA	72.8%	3.1%		\$119,689	\$149,048	\$382,058	38.10	3.09	42.24
STA	68.7%	2.3%		\$116,930	\$159,999	\$368,898	41.40	2.91	44.09
Purcellville Town	75.2%	2.5%	21.9%	\$111,052	\$127,470	\$346,340	35.50	3.14	38.63
Leesburg	72.2%	4.8%	22.7%	\$101,297	\$126,228	\$332,525	33.90	2.94	36.01
Hamilton	72.5%	4.1%	23.5%	\$117,578	\$143,953	\$355,102	41.80	2.73	32.35
Round Hill	76.7%	3.0%	20.3%	\$120,066	\$145,000	\$370,000	36.60	3.21	44.12
Berryville	61.4%	2.0%	36.3%	\$61,239	\$78,894	\$307,213	43.40	2.52	34.39
Lovettsville	67.3%	1.0%	31.1%	\$114,360	\$145,534	\$321,166	37.80	3.00	48.11
Brambleton	81.6%	2.6%	15.2%	\$146,297	\$182,764	\$454,802	30.80	3.18	36.82
Loudoun County	73.6%	3.9%	22.0%	\$119,584	\$152,576	\$367,491	35.50	3.00	36.74
Clarke County	63.2%	2.9%	33.6%	\$73,366	\$92,659	\$328,872	45.70	2.50	37.08
Warren County	64.3%	4.7%	30.9%	\$58,710	\$72,954	\$217,197	39.90	2.63	39.80
Fauquier County	64.2%	4.4%	31.1%	\$84,971	\$111,484	\$292,237	41.50	2.74	41.84
Prince William County	66.9%	4.5%	24.6%	\$94,856	\$117,833	\$286,337	34.40	3.07	42.11
Fairfax County	68.2%	4.2%	26.2%	\$107,0	\$145,9	\$407,88	38.10	2.74	35.24

				34	91	8			
Jefferson Co WV	62.0%	4.8%	33.0%	\$61,70	\$77,74	\$203,98			
Washington Co				9	3	2	39.20	2.63	41.18
MD	58.7%	5.7%	35.4%	\$53,40	\$69,39	\$191,98			
Frederick Co				2	3	9	39.70	2.50	30.03
MD	67.6%	4.7%	27.3%	\$84,19	\$101,6	\$267,52			
Montgomery Co				4	93	9	38.70	2.70	37.36
MD	68.2%	4.9%	26.3%	\$93,06	\$133,0	\$396,32			
				8	65	0	39.00	2.70	37.38
20132	72.2%	3.1%	24.3%	\$118,4	\$149,2	\$378,36			
				91	97	9	38.10	3.07	41.61
20141	74.4%	3.1%	22.3%	\$122,4	\$148,3	\$391,23			
				52	86	9	38.00	3.14	43.87
20158	71.3%	4.1%	24.6%	\$120,6	\$158,0	\$405,34			
				15	43	0	41.10	2.88	35.53
20180	67.1%	1.2%	31.0%	\$115,2	\$161,2	\$352,76			
				81	20	2	41.30	2.93	49.57
25425	61.1%	4.6%	34.0%	\$68,44	\$84,45	\$207,11			
				2	5	3	41.10	2.60	48.44
21758	67.4%	2.9%	28.6%	\$80,35	\$100,7	\$250,87			
				7	54	0	41.50	2.82	44.37
20175	70.0%	4.2%	25.6%	\$115,7	\$144,6	\$373,88			
				84	25	2	36.10	2.87	36.24
20117	60.9%	3.5%	35.6%	\$107,0	\$160,9	\$525,77			
				19	72	3	48.20	2.25	40.37
20197	65.4%	3.9%	30.6%	\$129,8	\$188,2	\$500,00			
				08	29	0	41.30	3.15	38.97

2.3 Retail Market Analysis

Purcellville is a retail center primarily serving the two zip codes outlined above. In this section, the two zip codes that comprise the Purcellville Primary Trade Area will be examined to identify potential opportunities for new or expanded stores by examining the local population spending compared with what stores in Purcellville sell. This will allow the community to assess what kind of additional stores types might be attracted to Purcellville and will help individual existing businesses understand how they might diversify product lines based on the local customer traffic.

2.3.1 Retail Market Potential in the Trade Areas

Retail market potential refers to the difference between the retail expenditures by residents living in a particular area and the retail sales produced by the stores located in the same area. If desired products are not available within that area, consumers will travel to other places or use different methods to obtain those products. Consequently, the dollars spent outside of the area are said to be “leaking.” If a community is a major retail center with a variety of stores, it will be “attracting” rather than “leaking” retail sales. Even large communities may see retail market potential in certain retail categories while some small communities may be attractors in categories. The two zip code trade areas that include Purcellville has a significant leakage of spending. Local customers in the two zip codes do not get the retail goods locally, forcing them to make changes in their shopping patterns.

Such an analysis is not an exact science. In some cases, large retail market potential in certain categories may indicate that money is being spent elsewhere (drug store purchases at Target or apparel purchases through the internet). It is important to note that this analysis accounts best for retail categories where households (rather than businesses) are essentially the only consumer groups. For example, lumberyards may have business sales that are not accounted for in consumer expenditures. Stores such as jewelry shops and clothing stores are more accurately analyzed using this technique.

The market potential study for Purcellville is a “snapshot” in time and based on local traffic. Consequently, there are factors that point to this being a *much* more conservative look at retail potential. For example, the demographic data points to robust population growth in the Primary Trade Area. More rooftops and more economic vitality with existing families translate into ongoing support for existing and future retail in the community and particularly downtown. Another important factor that makes these results conservative is visitor traffic, which is a significant component for some businesses in the Purcellville market.

With these conservative factors in mind (meaning our numbers represent “minimum” potential and not “maximum” potential), the primary trade area selected store sales equaled \$254 million in 2013 while consumers in the three zip codes spent \$449 million (Source: Claritas). As a result, the Purcellville primary trade area is *leaking* \$195 million in potential annually.

Yet this is not happening in all retail categories. Grocery stores have a significant net gain in sales (something not seen in 2005). Other categories such as nurseries and garden centers, home furnishings, and florists see a small gain in sales. Just about every other retail category from clothing to dining *leaks* sales.

2.3.2 Detailed Retail Market Opportunity Tables

Section 2.3.1 explores the retail trade patterns in aggregate, the tables on the following pages explore the individual retail categories where Purcellville is leaking and gaining sales in the Primary Trade Area. *This data should be used as an overall guide to retail market potential and should not substitute for detailed market research on the part of any business wishing to open in the area. While market support for a category may be an indicator of success, there are many factors (location, business plan and financing, customer service, product selection) that can contribute to the failure of a retail enterprise. Please note that some categories are subsets of larger categories.*

As mentioned, Purcellville is gaining sales in a few notable store types. These details are shown on the table on the following two pages. The source for this information is Nielsen Inc. Nielsen uses a complex allocation model to assign sales across a larger geography so smaller geographies often have sales reflected from businesses that are nearby but not within the zip code. Consequently, a percentage of certain store type sales may be allocated to Purcellville from adjacent geographies.

Retail Stores	2013 Demand (Consumer Expenditures)	2013 Supply (Retail Sales)	Opportunity Gap/Surplus
Total Retail Sales Incl Eating and Drinking Places	449,625,543	254,306,863	195,318,680
Motor Vehicle and Parts Dealers-441	85,631,714	17,134,684	68,497,030
Automotive Dealers-4411	70,960,150	8,261,166	62,698,984
Other Motor Vehicle Dealers-4412	7,717,311	3,606,631	4,110,680
Automotive Parts/Accsrs, Tire Stores-4413	6,954,253	5,266,887	1,687,366
Furniture and Home Furnishings Stores-442	10,406,328	9,084,971	1,321,357
Furniture Stores-4421	5,948,499	3,991,473	1,957,026
Home Furnishing Stores-4422	4,457,829	5,093,498	(635,669)
Electronics and Appliance Stores-443	8,638,106	2,505,083	6,133,023
Appliances, TVs, Electronics Stores-44311	6,361,629	2,340,125	4,021,504
Household Appliances Stores-443111	1,164,556	0	1,164,556
Radio, Television, Electronics Stores-443112	5,197,073	2,340,125	2,856,948
Computer and Software Stores-44312	2,028,664	164,958	1,863,706
Camera/Photographic Equipment Stores-44313	247,813	0	247,813
Building Material, Garden Equip Stores -444	46,813,214	23,822,244	22,990,970
Building Material and Supply Dealers-4441	41,982,893	16,952,751	25,030,142
Lawn, Garden Equipment Stores-4442	4,830,321	6,869,493	(2,039,172)
Food and Beverage Stores-445	50,845,027	146,090,671	(95,245,644)
Grocery Stores-4451	43,746,170	142,946,456	(99,200,286)
Supermarkets, Grocery Stores-44511	41,641,814	136,650,194	(95,008,380)
Convenience Stores-44512	2,104,356	6,296,262	(4,191,906)
Specialty Food Stores-4452	3,656,632	3,073,177	583,455
Beer, Wine and Liquor Stores-4453	3,442,225	71,038	3,371,187
Health and Personal Care Stores-446	21,902,963	6,000,709	15,902,254
Pharmacies and Drug Stores-44611	16,975,106	4,435,416	12,539,690
Cosmetics, Beauty Supplies, Perfume-44612	1,488,087	674,158	813,929
Optical Goods Stores-44613	1,522,661	459,279	1,063,382
Other Health and Personal Care Stores-44619	1,917,109	431,856	1,485,253

Retail Stores	2013 Demand (Consumer Expenditures)	2013 Supply (Retail Sales)	Opportunity Gap/Surplus
Gasoline Stations-447	42,408,321	4,258,315	38,150,006
Gasoline Stations With Conv Stores-44711	30,475,042	0	30,475,042
Other Gasoline Stations-44719	11,933,279	4,258,315	7,674,964
Clothing and Clothing Accessories Stores-448	24,103,471	5,114,793	18,988,678
Clothing Stores-4481	17,539,483	4,959,367	12,580,116
Men's Clothing Stores-44811	973,243	0	973,243
Women's Clothing Stores-44812	3,856,903	1,404,356	2,452,547
Children's, Infants Clothing Stores-44813	1,221,067	0	1,221,067
Family Clothing Stores-44814	9,196,280	0	9,196,280
Clothing Accessories Stores-44815	771,891	987,168	(215,277)
Other Clothing Stores-44819	1,520,099	2,567,843	(1,047,744)
Shoe Stores-4482	2,494,019	0	2,494,019
Jewelry, Luggage, Leather Goods Stores-4483	4,069,969	155,426	3,914,543
Jewelry Stores-44831	3,855,239	155,426	3,699,813
Luggage and Leather Goods Stores-44832	214,730	0	214,730
Sporting Goods, Hobby, Book, Music Stores-451	9,201,726	5,163,517	4,038,209
Sporting Goods, Hobby, Musical Inst.-4511	6,672,109	4,610,682	2,061,427
Sporting Goods Stores-45111	3,702,256	3,356,057	346,199
Hobby, Toys and Games Stores-45112	1,764,707	250,983	1,513,724
Sew/Needlework/Piece Goods Stores-45113	699,455	691,446	8,009
Musical Instrument Stores-45114	505,691	312,196	193,495
Book, Periodical and Music Stores-4512	2,529,617	552,835	1,976,782
Book Stores and News Dealers-45121	2,196,822	399,762	1,797,060
Book Stores-451211	2,053,350	399,762	1,653,588
News Dealers and Newsstands-451212	143,472	0	143,472
Prerecorded Tapes, CDs,Stores-45122	332,795	153,073	179,722
General Merchandise Stores-452	56,423,569	1,858,234	54,565,335
Department Stores Excl Leased Depts-4521	24,340,681	1,632,150	22,708,531
Other General Merchandise Stores-4529	32,082,888	226,084	31,856,804
Miscellaneous Store Retailers-453	12,252,300	4,604,060	7,648,240
Florists-4531	654,382	810,958	(156,576)
Office Supplies, Stationery, Gift Stores-4532	4,276,512	1,287,445	2,989,067
Office Supplies and Stationery Stores-45321	2,380,640	0	2,380,640
Gift, Novelty and Souvenir Stores-45322	1,895,872	1,287,445	608,427
Used Merchandise Stores-4533	1,365,771	773,968	591,803
Other Miscellaneous Store Retailers-4539	5,955,635	1,731,689	4,223,946
Non-Store Retailers-454	34,471,665	2,107,824	32,363,841
Foodservice and Drinking Places-722	46,527,139	26,561,758	19,965,381
Full-Service Restaurants-7221	21,801,938	18,845,378	2,956,560
Limited-Service Eating Places-7222	18,835,451	7,226,801	11,608,650
Special Foodservices-7223	3,675,556	489,579	3,185,977
Drinking Places -Alcoholic Beverages-7224	2,214,194	0	2,214,194

For the most part, Purcellville continues to leak sales in nearly every retail category. This is a function of several factors. First, the retail strength of Leesburg is likely to eclipse that of Purcellville unless a significant market change occurs (very unlikely). Second, the 70% growth of the community's residential population between 2000 and 2010 in the Primary Trade Area has outpaced the ability of retailers to "catch up." For any who may question the possibility of a big box general retail store in Purcellville, there is certainly pent up demand for such a store type. Having said that, the demand is not so substantial to support a "supercenter" store. Furthermore, regulations severely inhibit a large box store to locate within the town even if there was a market for such a store type.

Clothing stores remain a major leakage category for Purcellville. It is unlikely that the community will ever be able to trump the powerhouse of having Leesburg Corner Premium Outlets nearby which serves as a super-regional outlet mall with a predominance of clothing retailers. Having said that, niche clothing stores that cater to the local population (high-end consignments, children's clothes) represent opportunities for the community.

There are also a couple of anomalous findings in the chart that are easily explained. First, drinking places/alcoholic beverages seldom turn up with sales in Virginia due to state liquor regulations. Second, the supply of relatively new pharmacies may not register on the list or one of the pharmacies is being categorized in the grocery store category.

Additional, more detailed descriptions of the categories with the most opportunity for success in Purcellville are covered in section 2.5 of this chapter.

2.4 Retail Shares Analysis

A retail shares analysis, unlike a retail market potential analysis, looks at a locality and benchmarks local sales against a larger geography. For Purcellville, the most logical comparison is sales within the community as compared with that of Loudoun County as a whole. The Primary Trade Area for Purcellville (the Purcellville and Round Hill zip codes) represents \$254.3 million in sales. Loudoun County is a retail powerhouse with overall sales totaling \$8.4 billion in sales. Purcellville represents a small 3.0% of the total retail sales in Loudoun County. This 3.0% mark becomes the benchmark for evaluating in what retail categories the community is a strong performer when compared to the region. Food and beverage stores (grocers), used merchandise (antiques) are the most notable strengths in addition to "miscellaneous retail" which is highly specialized retail that cannot be easily put in another category.

The chart on the next page, Retail Shares Analysis, also indicates that the full service restaurant category that was of such concern in the 2006 study has "caught up" and even exceeded Purcellville's share of the county's market. Quick service restaurants still lag.

Finally, the Retail Shares Analysis chart shows key areas where Purcellville underperforms. Gasoline stations surprisingly represent less than their "fair share" in the county. More understandably, motor vehicle and parts dealers, clothing stores, and general merchandise stores (Target, Walmart, dollar stores such as Family Dollar and Dollar General) all are under-represented in the market and are indicated in red shading in the following chart.

Retail Shares Analysis	Sales		Share %
	PTA	Loudoun Co	
Total Retail Sales	254,306,863	8,381,714,562	3.0%
Food and Beverage Stores	146,090,671	1,074,692,545	13.6%
Miscellaneous Store Retailers	4,604,060	93,770,306	4.9%
Gift, Novelty and Souvenir Stores	1,287,445	26,391,775	4.9%
Used Merchandise Stores	773,968	7,737,873	10.0%
Other Miscellaneous Store Retailers	1,731,689	32,155,869	5.4%
Furniture and Home Furnishings Stores	9,084,971	206,335,228	4.4%
Building Material, Garden Equip Stores	23,822,244	552,300,344	4.3%
Sporting Goods, Hobby, Book, Music Stores	5,163,517	126,166,236	4.1%
Foodservice and Drinking Places	26,561,758	930,344,513	2.9%
Full-Service Restaurants	18,845,378	402,581,839	4.7%
Limited-Service Eating Places	7,226,801	399,882,808	1.8%
Health and Personal Care Stores	6,000,709	214,021,879	2.8%
Electronics and Appliance Stores	2,505,083	114,349,424	2.2%
Gasoline Stations	4,258,315	490,171,704	0.9%
Motor Vehicle and Parts Dealers	17,134,684	2,068,524,893	0.8%
Clothing and Clothing Accessories Stores	5,114,793	1,166,549,501	0.4%
General Merchandise Stores	1,858,234	1,091,906,543	0.2%

2.5 Retail Capture Scenario

A retail capture scenario simply looks at the market leakage, identifies categories where the leakage amounts are significant enough to support a store type and assigns a “hypothetical” capture rate. For Purcellville, a 20% capture rate was used which still allows for 4 out of every 5 dollars in the primary trade area to leak from the community.

The Urban Land Institute (ULI) publication “Dollars and Cents of Shopping Centers” is used to assign sales per square foot amount and the total capture is calculated. This table should be used as a tool to evaluate market potential. Not every store type will actually have a 20% capture rate (clothing for example). Others may be able to capture a disproportionate amount of customers. Still others may allow for Purcellville to attract more visitors.

In total, the chart on the following page indicates existing support for 192,454 square feet of additional retail space not accounting for growth in the market. This robust number is contingent on policies, financing, and the competitive nature of the regional market with Leesburg nearby but does indicate a broad barometer of what kind of retail the community can support.

Retail Stores	Primary	20% of PTA Outflow	Sales per Square Foot	Calculated Capture
Selected Retail Categories Below	195,318,680	30,267,705		192,454
Furniture Stores	1,957,026	391,405	141.84	2,759
Household Appliances Stores	1,164,556	232,911	245.44	949
Radio, Television, Electronics Stores	2,856,948	571,390	207.17	2,758
Computer and Software Stores	1,863,706	372,741	207.17	1,799
Building Material and Supply Dealers	25,030,142	5,006,028	142.38	35,160
Health and Personal Care Stores	15,902,254	3,180,451	247.29	12,861
Clothing and Clothing Accessories Stores	12,580,116	2,516,023	164.60	15,286
Women's Accessory & Specialty	2,452,547	490,509	164.60	2,980
Shoe Stores	2,494,019	498,804	158.81	3,141
Jewelry Stores	3,699,813	739,963	263.92	2,804
Sporting Goods Stores	346,199	69,240	153.46	451
Hobby, Toys and Games Stores	1,513,724	302,745	146.28	2,070
Book Stores	1,653,588	330,718	161.16	2,052
General Merchandise Stores	54,565,335	10,913,067	179.90	81,502
Gift, Novelty and Souvenir Stores	608,427	121,685	168.55	722
Foodservice and Drinking Places	19,965,381	3,993,076	201.63	19,804
Drinking Places -Alcoholic Beverages	2,214,194	442,839	88.07	5,028

2.6 Key Market Conclusions and Opportunities

2.6.1 Observations

The local trade area population in Purcellville grew by 83% between 2000 and 2010 and continues to be a small but important part of a very quickly changing and dynamic region. Purcellville's downtown has a significant opportunity to capture a portion of that market both to support existing retail, restaurants, and services in the town but also to be potential investors, residents, and owners. However, investment in the community should not be limited solely to downtown. East Main Street, Hirst Road, and other commercial sections of the community could witness redevelopment and new development as the community grows.

Purcellville has done an excellent job of setting the stage for future investment in downtown and throughout the community. The community should continue to build on and expand existing efforts like the Shop Purcellville campaign possibly with a non-profit or for-profit entity taking a lead role. Such an effort managed consistently can evolve into a savvy way to retain customers. The community should also continue the "In the Heart of DC's Wine Country" marketing to capture the growing and important visitor market. Doing the latter does not mean that Purcellville should directly market to visitors in national media with the limited budget available to the community. The local wineries and Visit Loudoun can be key partners in helping to market Purcellville as a jumping off point for the visitor attractions in the community. The EDAC's proposed tourism plan and the Tourism section of the Town's Comprehensive Plan show the importance of a planning for a growing visitor market.

Two major shifts have occurred in Purcellville since the 2005 study. First, grocery store sales in the community have ballooned from \$49 million in 2006 to \$142 million in 2014 as stores have caught up to the population growth. The community is clearly a destination for grocery shopping to the point now that it is likely saturated with grocers. The existing grocery stores in Purcellville present an

opportunity to communicate with a broader regional audience as shoppers regularly visit these stores and they present a way for visitors to see what else is going on in the community. Some communities have placed well designed kiosks at locales like grocery stores to keep people informed of area happenings.

The second major shift is in dining. While Purcellville still indicates a need for additional full-service dining, the gap narrowed from \$11 million in retail market potential in sit-down dining in 2005 to only \$2.9 million in 2013. The demand for “limited service” dining however has increased significantly from \$6.7 million in 2005 to \$11.6 million in 2013. Overall, the move to add an additional food and beverage tax in Purcellville was fiscally wise for several reasons. First, local residents do not consume many of the meals purchased in Purcellville even though there is still a gap in sales that presents retail market potential. Restaurants tend to attract from the outside area providing a way for the Town to garner revenue from customers “using” the resources of the community. Second, the tax is one that will grow as restaurant sales continue to grow making for a revenue stream that is both reliable and increasing. Finally, the tax provides relief to full-time residents of the community by providing another revenue stream for the Town of Purcellville. Most importantly, the consumer is not checking whether they are paying a penny more for a meal than in a neighboring community.

While Purcellville has grown its retail base significantly, 90% of the business licenses for the community are from locally-owned, non-chain businesses. This bears out even when observing shopping centers that usually cater to “chain type” stores. In Purcellville, many of the adjacent stores are independently owned.

2.6.2 Current Business Opportunities

The retail market potential for Purcellville combines many different facets of the data gathered above. Not simply a collection of numbers, retail markets depend on both quantitative and qualitative information. Moreover, just because there is retail market potential for a potential retail store type in no way ensures the success of that store type in the community. There are many reasons why a business might succeed or fail, and the retail market is but one of those factors. However, this does provide a synopsis guide for the “best potential” retail opportunities in Purcellville.

- General merchandise stores still represent a growth opportunity for Purcellville. Large footprint big box general merchandise stores have been reducing store size to better match the character of local communities. The likelihood of a major general merchandise store in Purcellville is as much dependent on land use policy as it is market potential. Currently, the land use policy in Purcellville inhibits big box retail from locating within the limits of the town. This does not mean that such a store will not attempt to locate in town or nearby.
- Limited service dining could be a growing market for the community. Indications that a new quick service restaurant will be locating at Purcellville gateway will narrow this gap.
- Niche and specialty stores show a significant opportunity in the community. Such stores should be appealing to locals first and to regional visitors as a way to augment sales. With the wineries, breweries, and distillery, the time for more destination shopping in Purcellville has come.

- As mentioned, clothing stores represent a narrow but important opportunity. Nearby Leesburg Premium Outlets tends to skew the entire regional market because of its super-regional clothing sales numbers. However, a well-merchandised store or two could be successful.

With any of these uses, it is important to understand that Purcellville is located adjacent to a retail market in Leesburg of \$2.2 billion (almost ten times bigger than Purcellville’s market). This market *imports* more sales at \$660 million than the entire Purcellville market sells as a whole. This powerhouse of a retail trade area will continue to influence Purcellville’s growth. However, the community has truly come into its own as a location, will continue to grow, and is likely to remain very affluent. All of these factors present an excellent opportunity for retail growth in the community.

2.6.3 Recommended Strategies

The following recommendations are designed to guide the retail economic development portion of the Town’s Comprehensive Plan, corroborate existing studies, and market the community as a place to do business.

Recommendation One: Continue to pursue infill development per the prior plans. Infill development and not additional sprawl are critical to the success of Purcellville. This development should be highly sensitive to the design aesthetic of the community and not try to impose a false “theme” to what remains a charming rural feeling town in spite of the significant growth that has occurred.

Recommendation Two: There are several uses along Main Street that could easily locate to other parts of the town where commercial real estate does not come at such a premium. While these owners should be encouraged to stay as long as they desire, the community should explore ways to discuss future plans along the corridor with existing owners. This would allow for the expansion of quality retail along Main Street between downtown and Purcellville Gateway while allowing for the existing uses such as car repair and dealerships to migrate to industrial areas in town such as Hirst Road.

Recommendation Three: From a policy standpoint, the Town of Purcellville should be proactive on addressing “small box” development. Design guidance that specifically addresses box stores should be provided in the zoning code to ensure that these stores preserve and enhance the character of Purcellville. To date, the community has had excellent results with new retail development being sensitive to the community aesthetic. “Small box” general merchandise stores are likely to be exploring the market in a robust way and the community should be prepared.

Recommendation Four: Continue promotion efforts in partnership with other entities. The opportunity exists for Purcellville to “cement” its role as “In the Heart of DC’s Wine Country” with a gathering place for wine enthusiasts that may have both a tourist and an education component. The community also has the opportunity to take the Shop Purcellville campaign to a new level of participation with non-profit or private sector partners that engage with local merchants and restaurants on a consistent marketing effort.

Recommendation Five: Continue to work on hotel development. A hotel is likely to be independent and smaller than a chain hotel but would be a great contributor to the community. This may afford

Purcellville the chance to explore a partnership with Patrick Henry, which would have the residual effect of attracting more small conferences to the community.

In conclusion, Purcellville has been a proactive partner to enhance the economic vitality of the community for over a decade. It has not “sat back” and reacted to commercial development but instead embraced it as a way to enhance the quality of life for its citizens. As the community looks to the future, this approach will remain essential.