Final Report

Retail and Mixed-Use Market Analysis

The Economics of Land Use

Prepared for:
City of Littleton

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1. Introduction and Summary of Findings

This report summarizes the analysis and conclusions of Economic & Planning Systems (EPS) regarding retail and mixed-use development conditions and opportunities in the City of Littleton, Colorado. The study is anticipated to inform future strategies related to retail development.

Retail Analysis Summary of Findings

1. **Littleton's commercial retail market lags behind Arapahoe County and the larger Denver Metro region in several key indicators.**

   The average rental rate for retail space in the city has steadily declined since 2010, decreasing by $2.35 per square foot. Over the same period, the average rental rate in Arapahoe County and the Denver Metro region increased. Similarly, the average vacancy rate in the city decreased almost twice as fast in Arapahoe County and the Denver Metro as compared to the city.

2. **The City has an older population compared to the Denver Metro region.**

   Approximately 29.5 percent of Littleton's residents are above the age of 60, compared to 20.7 percent of residents in the Denver Metro. Additionally, 20.7 percent of Littleton residents are younger than 19 years old, compared to 25.3 percent in the Denver Metro. This trend presents an additional challenge for Littleton's retail demand profile given the concentration of the older cohort.

3. **In the fall of 2021, Littleton residents voted to increase the sales tax rate from 3.0 percent to 3.75 percent, which has provided the City with substantial new sales tax revenues dedicated to critical street maintenance and other backlogged capital projects.**

   Retail sales tax collection increased from $21.4 million in 2011 to $47.7 million in 2022, a rate of 7.6 percent annually. The rate of change up until 2021 (the last year at a 3.0 percent sales tax rate) was 4.9 percent. Notwithstanding the softening market conditions (noted above), the consistent growth in tax revenues reflects the strength of the demographics within the city and surrounding areas, thus providing the City with strong expenditure potential from which to draw.

4. **The City's top 40 sales tax producers have been consistent and largely insulated from macroeconomic shocks such as the COVID-19 pandemic.**

   From 2019 to 2020, total retail sales dropped by approximately 5.9 percent citywide, a common contraction seen in many communities attributed to the pandemic. However, for the City's top 40 sales tax producers, which account for approximately 23.8 percent of Littleton's total sales volume, total sales increased by 0.3 percent, and were thus insulated from the external pressure affecting most retailers.

5. **Since 2001, e-commerce purchases have grown at a faster rate than brick-and-mortar purchases nationwide.**

   Online retail purchases (nonautomotive) grew from approximately $25.9 billion to $497.0 billion, a 17.8 percent annual increase over the past two decades. Over the same period, brick-and-mortar stores grew at 2.6 percent annually, decreasing total market share from 98.6 percent in 2001 to 85.4 percent in 2019.

6. **The inflow-outflow analysis indicated Littleton stores are capturing approximately 49 percent of the total retail expenditure potential from residents.**

   Approximately $437.4 million in total retail spending by residents is estimated to be captured by Littleton stores, which is 49 percent of total retail spending. The inverse, retail leakage, is estimated at 51 percent of total spending and varies by type of store.

7. **Based on the inflow-outflow analysis, Littleton has sectors that outperform statewide averages, as well as those that fall below average.**

   Littleton's top performing retail categories are Eating and Drinking Establishments and Building Material and Garden stores. The average consumer spends approximately 6.6 percent and 3.3 percent of household income at stores in the Eating and Drinking Establishments and Building Material and Garden store categories, respectively. Littleton retailers in these categories have a higher proportion of sales compared to the state average, indicating a substantial amount of inflow from surrounding communities.

8. **The General Merchandise store category represents the most significant source of leakage in the city.**

   General merchandise stores specialize in selling a wide range of products for everyday use, including specialty stores, offline discount stores, and department stores. The average consumer typically spends about 6 percent of household income in the General Merchandise retail store category. Littleton's inventory of brick-and-mortar General Merchandise stores is highly limited, which likely leads to a significant amount of leakage to neighboring municipalities.

9. **As shown later in this report, the City has been delineated into seven subareas, which show strengths and weaknesses. Subareas 4 and 5 are the lowest performing, while 3 and 7 are the highest.**

   For each subarea, the percentage of total retail square footage is compared to the percentage of total sales volume, indicating strength or weakness. The retailers in subareas 4 and 5 are performing worse relative to retailers located elsewhere in the City. Subareas 3 and 7 reflect strength. In terms of actions the City can take to bolster its retail sector, it is recommended that the City focus on the underperforming areas, as they represent prime redevelopment opportunities and the areas that stand to generate the greatest improvement in terms of fiscal revenues and economic vitality.

Mixed-Use Analysis Summary of Findings

1. **Mixed-Use case studies from Denver provide proof of concept for mixed-use development, as they are focused on ways to activate underperforming submarkets.**

   The selected case studies range in scale and demonstrate best practice mixed-use development, each balancing residential and commercial components. It is the intent to capture the vibrancy of these examples within Littleton and the selected case studies from the metro area are generally proximate to Littleton and have a proven market demand.

2. **Results from the soft parcel analysis indicated significant redevelopment potential is possible along Littleton's commercial corridors.**

   Mixed-use development is most appropriate in Littleton's commercial corridors. Each corridor has a significant amount of redevelopment opportunity, with more development pressure likely to coalesce on large, vacant parcels, and clusters of proximate parcels in which a developer can aggregate.

3. **The development and redevelopment of vacant and underutilized parcels could provide the City with a significant increase in sales tax revenues and a slight boost in property tax revenues.**

   Underutilized parcels with low-performing retailers currently remit an average of $19,737 per acre in sales tax revenues and $613 per acre in property tax revenues, totaling $20,350 per acre. Vacant land parcels generate a total of $260 per acre. Redeveloping these sites would increase city tax revenues by 2.8 to 8.4 X the revenue on the low-performing retail parcels and 221.1 to 653.8 X the revenue on the vacant parcels.

4. **Using an ESTIP program to incentivize mixed-use development would provide the City with a significant return on investment.**

   An Enhanced Sales Tax Incentive Program (ESTIP) program has a potential return on investment ranging from 53.0 X to 60.6 X. Compared to a Capital Improvement Program (CIP), which generates an ROI ranging from 5.9 X to 17.0 X, the ESTIP program provides a greater value to the City as a potential incentive.

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2. Economic and Demographic Framework

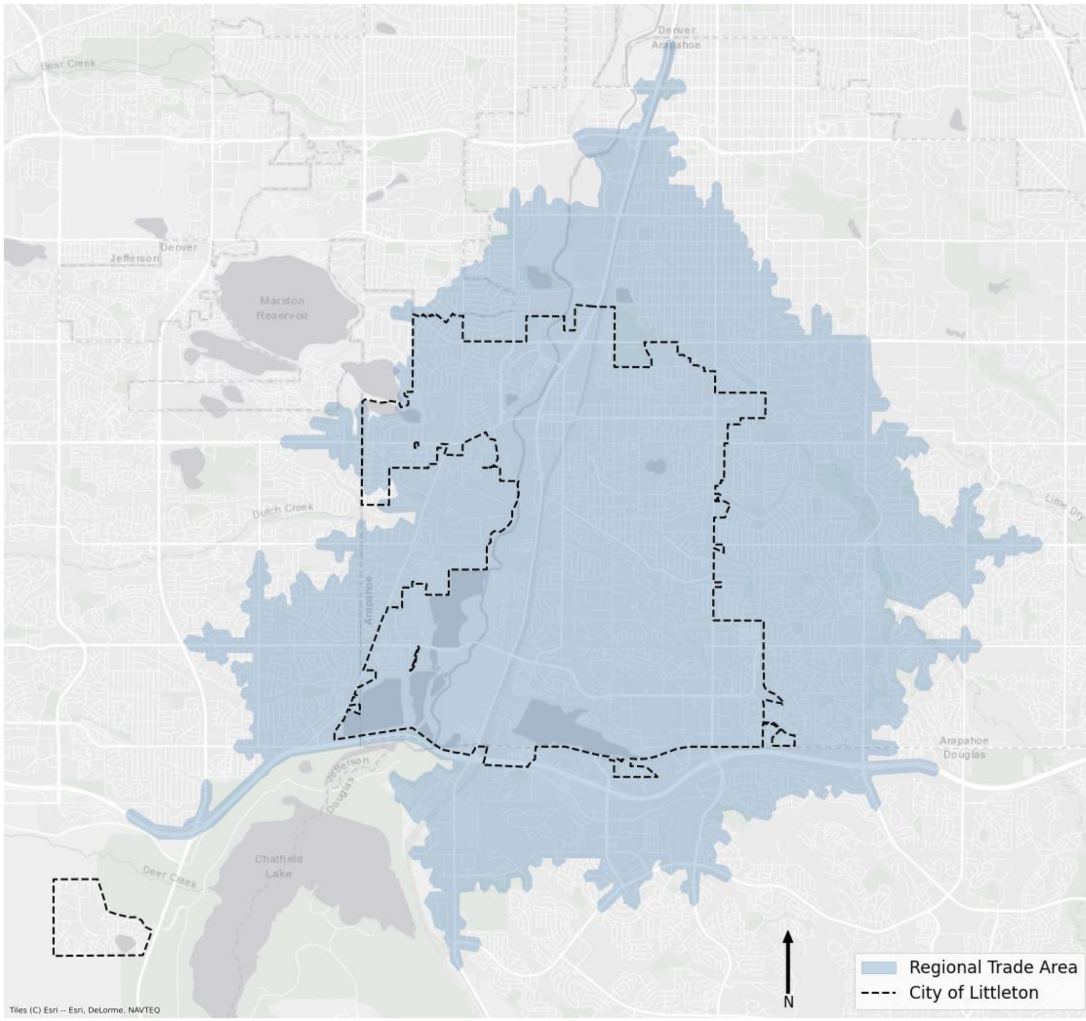
This section of the report describes economic and demographic growth trends for the City of Littleton and the larger Littleton regional trade area. The trade area population, households, and total personal income provide the basis for calculating retail expenditure potentials and supportable commercial space in the following sections.

Littleton Trade Areas

Retail businesses derive their sales from local area residents, residents of the larger region, and visitors that include both tourists and business travelers. The Urban Land Institute (ULI) defines a trade area as the geographic area from which a retail facility consistently draws the majority of its customers. The actual boundaries of the trade area are somewhat nuanced and are normally defined based on logical jurisdiction and geographic boundaries. All sales from within the trade area are defined as local capture, and sales from outside the trade area are considered retail inflow. Retail expenditures by trade area residents in other locations are considered retail outflow or leakage.

The primary regional trade area is defined as the Littleton city limits. The secondary trade area, or regional trade area, was estimated using a 10-minute drive time from the center of the city, as shown in **Figure 1**. It is important to note the impact of e-commerce as it relates to traditional delineations of trade areas. In the past decade, expenditures within both primary and secondary markets have shifted. These trends appear to be plateauing; nevertheless, they have redirected dollars that would otherwise have been spent within the trade area. The study accounts for e-commerce trends and activity in the analysis and projections for the future.

Figure 1. City of Littleton Regional Trade Area



Demographic Characteristics

Population and Households

The City of Littleton currently has a population of 46,352 residents, as shown in **Table 1**. From 2010 to 2022, Littleton had modest population and household growth relative to the Denver Metro. Over this period, the city gained 3,990 residents or an average of 333 residents per year. This is an average annual growth rate of 0.8 percent. The Regional Trade Area includes 113,027 residents and has gained over 11,077 residents since 2010. This is an average of 923 residents per year at an annual growth rate of 0.9 percent. The Denver Metro gained 553,484 residents over this timeframe to reach a total of 3.36 million residents. The Denver Metro area averaged 46,124 residents per year at an annual growth rate of 1.5 percent. Littleton's modest growth rate, relative to metro area averages, is one factor that makes the local retail landscape challenging.

Overall, households grew at similar rates as the population. From 2010 to 2022, the city gained 1,877 households or an average of 156 per year, totaling 20,572 households. Currently, the Regional Trade Area has 47,895 households, gaining 4,845 households at an annual rate of 0.9 percent per year since 2010. The Denver Metro has 1.3 million households and from 2010 to 2022 gained an average of 17,848 per year.

As the population and households in a region grow, there is a higher demand for retail services and products to cater to the needs of the expanding community, making retail businesses more likely to establish themselves in these thriving residential areas. To the extent that the City can capture a larger percentage of the Denver Metro's population and household growth, the more likely it is that the City will also capture a larger share of high impact retail development and redevelopment.

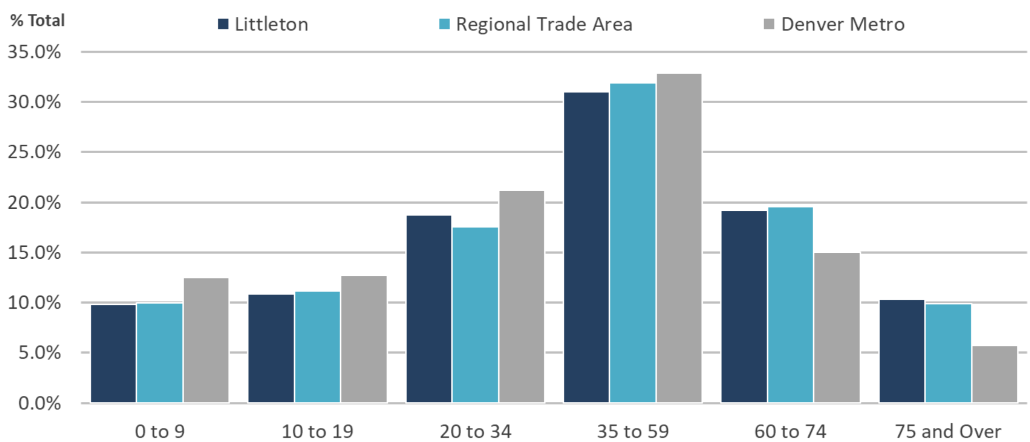
Table 1. Population and Households, 2000-2022

				2000-2010			2010-2022		
Description	2000	2010	2022	Total	Ann. #	Ann. %	Total	Ann. #	Ann. %
Population									
Littleton	40,972	42,362	46,352	1,390	139	0.3%	3,990	333	0.8%
Regional Trade Area	102,626	101,950	113,027	-676	-68	-0.1%	11,077	923	0.9%
Denver Metro	2,420,524	2,807,338	3,360,822	386,814	38,681	1.5%	553,484	46,124	1.5%
Households									
Littleton	17,590	18,695	20,572	1,105	111	0.6%	1,877	156	0.8%
Regional Trade Area	41,259	43,050	47,895	1,791	179	0.4%	4,845	404	0.9%
Denver Metro	946,770	1,110,164	1,324,336	163,394	16,339	1.6%	214,172	17,848	1.5%

Source: U.S. Census; ESRI Business Analyst; Economic & Planning Systems

The City of Littleton has an older population compared to the Denver Metro. Approximately 29.5 percent of Littleton's residents are above the age of 60, shown in **Figure 2**. This is significantly higher than the Metro Area, with about 20.7 percent of residents above the age of 60. The city's largest age group includes working age adults with 49.7 percent of the population between ages 20 and 59. These age trends are consistent across the larger Regional Trade Area. The Denver Metro has a larger portion of children and young adults, with 25.3 percent of the population younger than 19 years old. In Littleton and the Regional Trade Area, only 20.7 percent and 21.1 percent of residents, respectively, are younger than 19 years old.

Figure 2. Age Distribution, 2022



Source: Esri Business Analyst; Economic & Planning Systems

Income Trends

The median household income represents the income level that separates the highest earning 50 percent of households from the lowest earning 50 percent, representing the midpoint of all household incomes in a given area or population. In Littleton, the median household income is $92,500, as compared to $100,090 in the Regional Trade Area and $94,504 in the Denver Metro, as shown in **Table 2**. Overall, average household incomes in the city are only slightly less compared to the Regional Trade Area and the larger Metro area.

Table 2. Household Income, 2022

Description	Littleton	Regional Trade Area	Denver Metro
Median Household Income	$92,500	$100,090	$94,504
Average Household Income	$128,810	$134,776	$131,147
Per Capita Income	$56,820	$57,067	$51,775

Source: Esri Business Analyst; U.S. Census; Economic & Planning Systems

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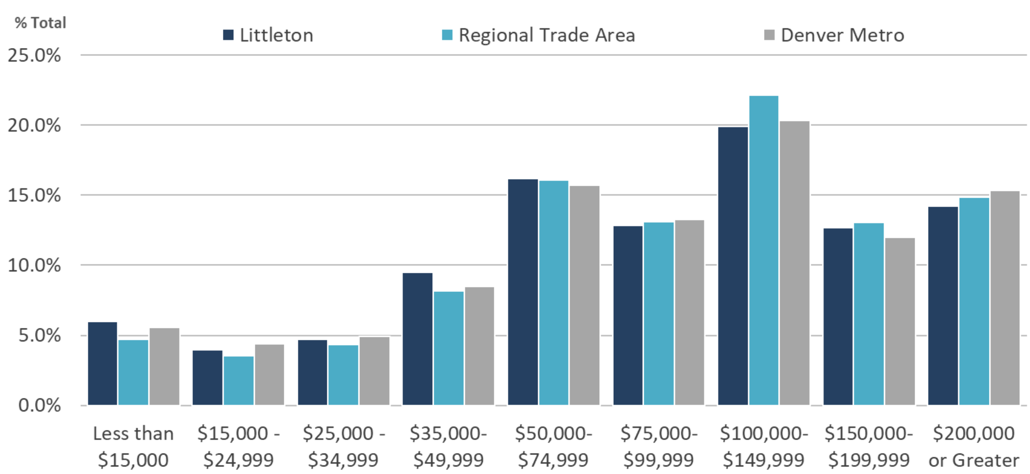
Approximately 19.9 percent of households in the city earn an income between $100,000 and $149,999 annually, as shown in **Figure 3**. Additionally, about 26.9 percent of households have incomes above $150,000 annually. Similarly, 27.9 percent of households in the Regional Trade Area and 27.3 percent of households in the Denver Metro earn over $150,000 annually.

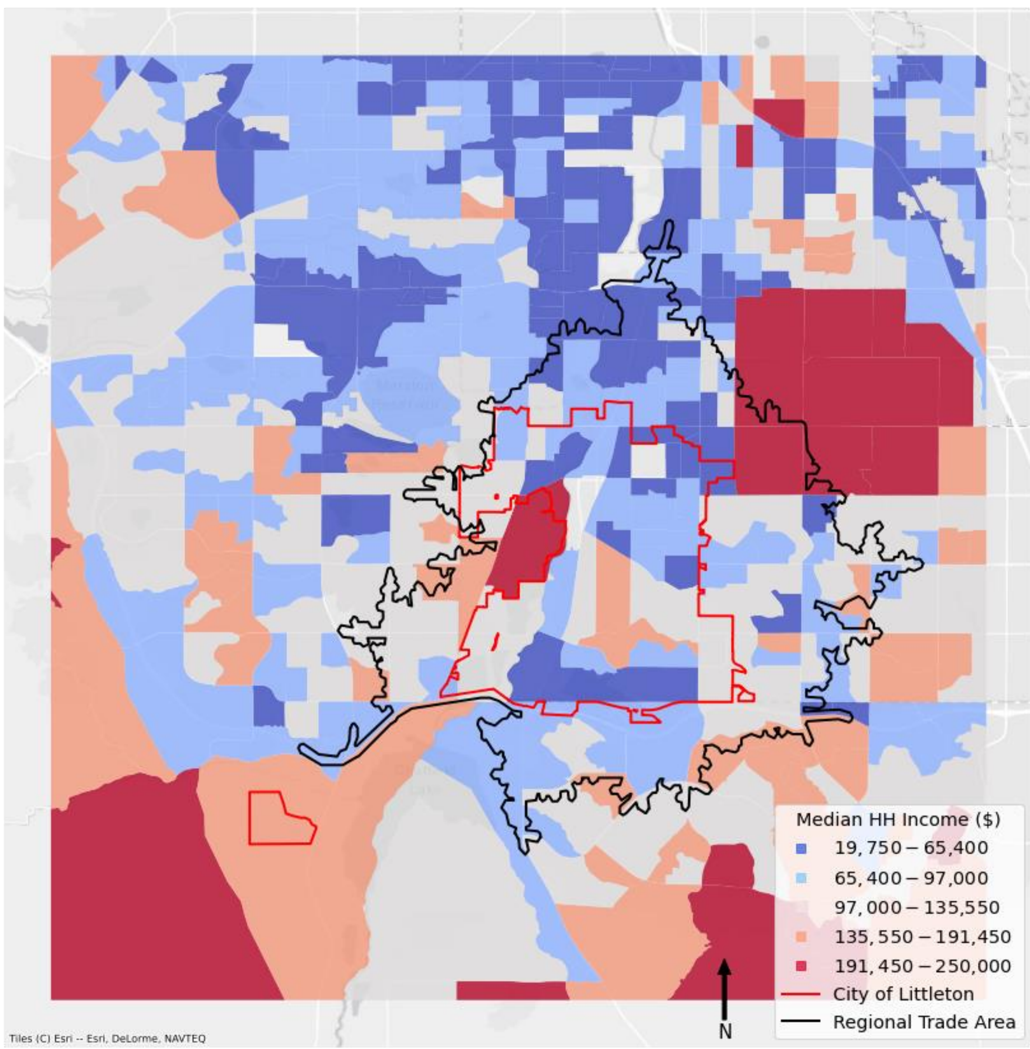
Figure 3. Household Income Distribution, 2022



Source: Esri Business Analyst; U.S. Census; Economic & Planning Systems

Littleton is bordered by Unincorporated Jefferson County to the west, Highlands Ranch to the south, Centennial to the east, Greenwood Village and Cherry Hills Village to the northeast, and Denver and Englewood to the north. As shown in **Figure 4**, households located in Cherry Hills Village, Greenwood Village, and Columbine Valley earn the highest incomes and are located partially in the Regional Trade Area. Within city limits, the households with the highest incomes, ranging between $97,000 and $191,450, are centrally located between Ridge Road and Mineral Avenue. The households with the lowest earnings, between $19,750 and $65,400 are generally located to the northeast, along Broadway and Littleton Boulevard, and south along County Line Road.

Figure 4. Median Household Income by Census Block Group, ACS 2020



3. Retail Market

This section provides a summary of recent commercial trends and conditions in Littleton, Arapahoe County, and the Denver Metro Area. The purpose of this analysis is to provide an overview of regional retail development trends including a summary of overall inventory, rental rates, and vacancy rates.

Retail Market Trends

From 2010 to 2022, retail space in Littleton grew by 304,252 square feet or an average of 25,354 square feet per year, shown in **Table 3**. Over the same period, Arapahoe County grew by 3.1 million square feet or an average of nearly 261,480 square feet per year. The Denver Metro Area has grown at a similar pace since 2010, growing at an average rate of 0.8 percent annually. In total, Arapahoe County and Denver Metro both grew between 0.7 and 0.8 percent.

Table 3. Retail Development, 2010-2022

				2010-2022		
Inventory (sq. ft.)	2010	2015	2022	Total	Ann. #	Ann. %
Littleton	3,611,154	3,769,239	3,915,406	304,252	25,354	0.7%
Arapahoe County	35,752,227	37,745,062	38,889,988	3,137,761	261,480	0.7%
Denver 7-County Metro	159,289,728	165,481,081	174,968,154	15,678,426	1,306,536	0.8%

Source: CoStar; Economic & Planning Systems

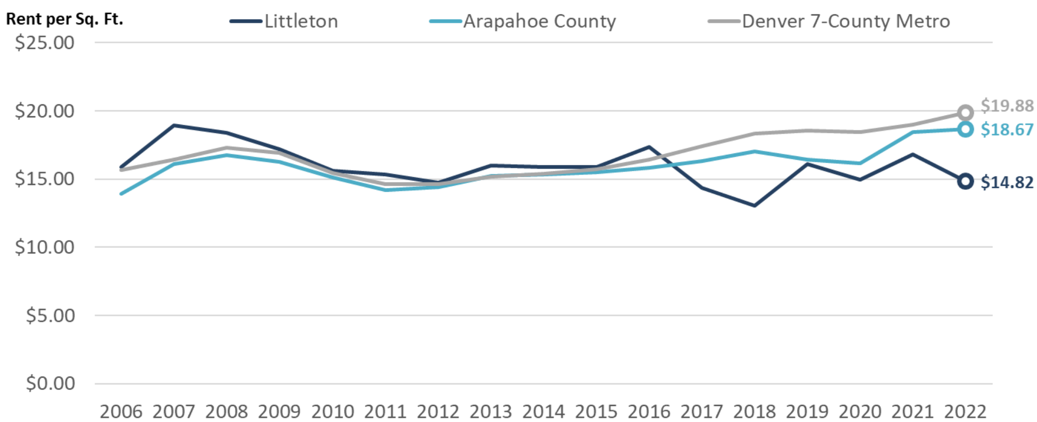
Retail triple net (NNN) rental rates decreased over the past decade by a total of $2.35 per square foot, resulting in a rate of $14.82 per square foot in 2022 as shown in **Table 4** and **Figure 5**. In Arapahoe County the rental rate has increased by $3.58, a rate of 1.8 percent annually, to a total of $18.67 in 2022. The Denver Metro Area has the highest retail rents at $19.88 per square foot, growing at a rate of 2.1 percent annually since 2010. The steady incremental rate increases found in Arapahoe County and the Denver Metro region reflect healthy market dynamics. The falling rates found in Littleton reflect softening conditions. Some of this can be attributed to dated building inventory and loss of market share attributed to consumers seeking out larger format, newer retailers as well as expenditures shifting to e-commerce.

Table 4. Retail Rental Rates (NNN), 2010-2022

				2010-2022		
Rental Rate	**2010**	**2015**	**2022**	**Total**	**Ann. #**	**Ann. %**
Littleton	$17.17	$15.89	$14.82	-$2.35	-$0.20	-1.2%
Arapahoe County	$15.09	$15.51	$18.67	$3.58	$0.30	1.8%
Denver 7-County Metro	$15.45	$15.73	$19.88	$4.43	$0.37	2.1%

Source: CoStar; Economic & Planning Systems

Figure 5. Retail Rental Rates (NNN), 2006-2022



Source: CoStar; Economic & Planning Systems

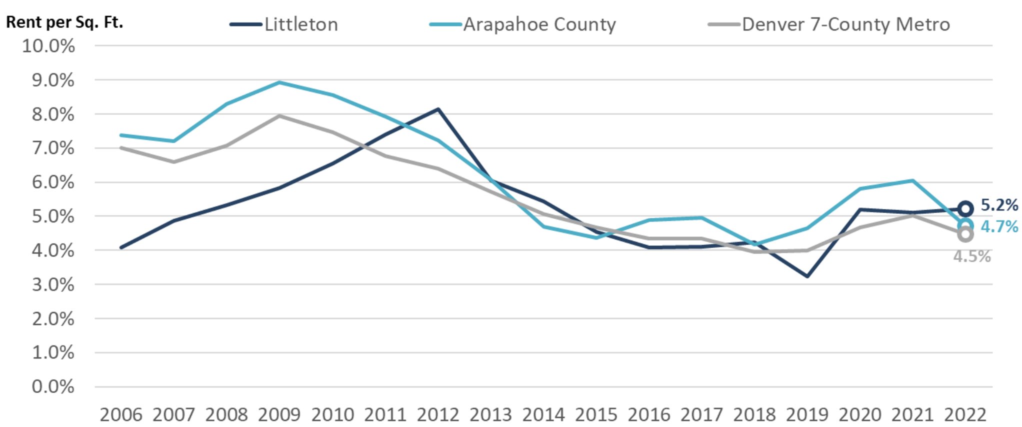
As of the fourth quarter of 2022, the average vacancy rate for retail space in Littleton was 5.2 percent, as shown in **Table 5**. Since 2010, the vacancy rate in Littleton has dropped by 1.3 percent, or 1.9 percent annually. The average vacancy rate in Arapahoe County and the Denver Metro Area are slightly lower, at 4.7 and 4.5 percent, respectively. Vacancy rates were higher in these geographies in 2010, leading to a sharper decrease between 2010 to 2022, decreasing by a total of 3.8 percent and 3.0 percent, respectively. While the differences are small, it is worth noting that the 5.2 percent vacancy rate found in Littleton is 0.5 to 0.7 points higher than the other geographies shown.

Table 5. Retail Vacancy Rates, 2010-2022

Vacancy Rate	2010	2015	2022	2010-2022 Total	2010-2022 Ann. #	2010-2022 Ann. %
Littleton	6.6%	4.6%	5.2%	-1.3%	-0.1%	-1.9%
Arapahoe County	8.6%	4.4%	4.7%	-3.8%	-0.3%	-4.8%
Denver 7-County Metro	7.5%	4.7%	4.5%	-3.0%	-0.3%	-4.2%

Source: CoStar; Economic & Planning Systems

Figure 6. Retail Vacancy Rates, 2006-2022



Source: CoStar; Economic & Planning Systems

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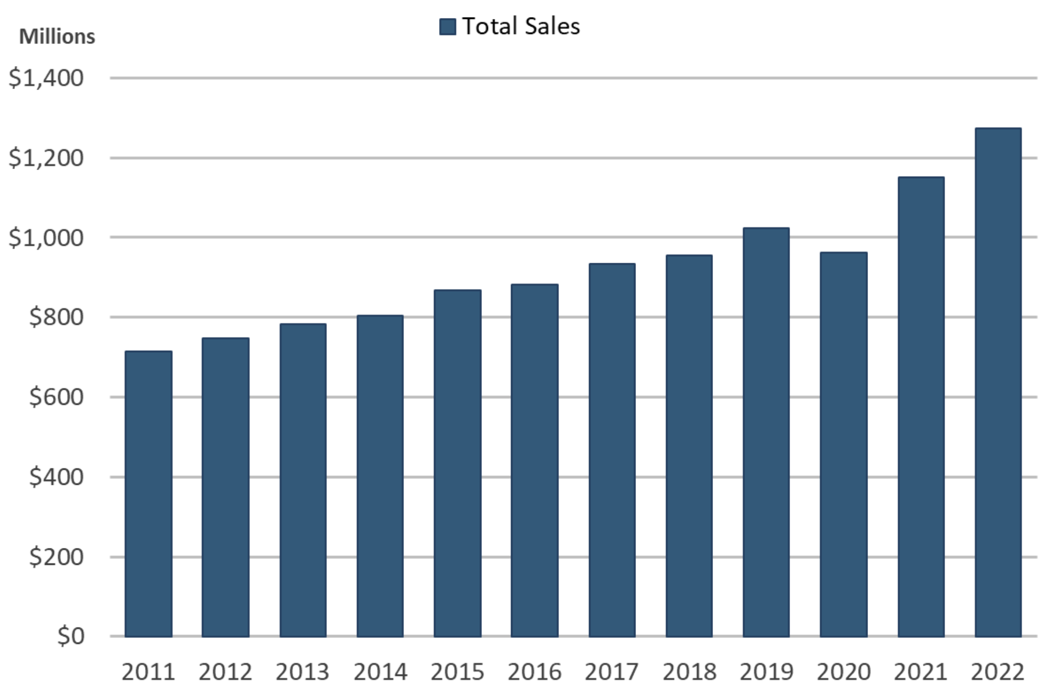
4. Retail Sales Flows

This section of the report details total sales and estimates resident retail expenditure patterns and regional retail sales inflows and outflows for the City of Littleton. The estimates of existing sales leakage and the forecasts for growth in the trade area provide a basis for estimating the potential for additional store sales and for identifying specific store opportunities supportable in the Littleton area.

Existing Retail Sales

Total retail sales in Littleton (all categories, including automotive) reached a peak of $1.3 billion in 2022, as shown in **Figure 7**. Sales have increased by $560.7 million since 2011, a rate of 5.4 percent or $50.9 million annually. Sales fell briefly in 2020 due to lockdowns associated with the COVID-19 pandemic, declining by 5.9 percent, but sharply rebounded in 2021 and 2022. The growth in sales, which has outpaced the population growth, reflects greater housing income in the region and a larger pool of dollars to be spent on retail, a greater portion of inflow from surrounding trade areas directed at Littleton stores, and/or an increase related to inflation.

Figure 7. Total Sales, Littleton, 2011-2022



Source: City of Littleton; Economic & Planning Systems

To understand the level of growth in total sales that can be attributed to inflation, the Consumer Price Index (CPI) was referenced for the Denver-Aurora-Lakewood area. The CPI data is an economic indicator used to understand and analyze changes in the overall price level of goods and services over time within the Denver Metro region. The CPI is derived from surveys conducted on a basket of goods and services that are representative of typical consumer spending patterns. These surveys assess price changes in various categories, such as housing, transportation, food, healthcare, and more. By comparing the CPI values between different time periods, the impact of inflation or deflation on the purchasing power of consumers can be understood. For the purpose of this report, the data is utilized to adjust the total retail sales volume figures to determine whether the growth in total sales is primarily attributed to changes in consumer purchasing power due to inflation or driven by other factors influencing market demand.

Total CPI for the region ranged from 255.0 in 2017 to 304.4 in 2022, as shown in **Table 6**. The CPI factor (CPI Base Year / CPI Target Year) ranges from 100.0 in 2017 to 119.4 in 2022, indicating that inflation increased by a total of 19.4 percent or 3.2 percent annually.

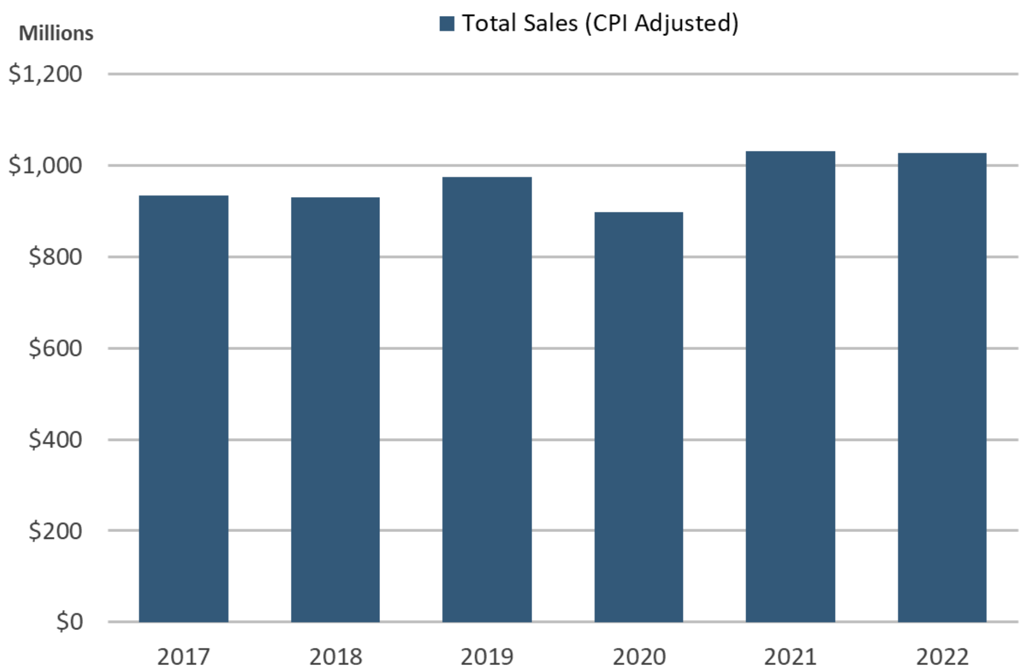
Table 6. Consumer Price Index (CPI), Denver-Aurora-Lakewood, 2017-2022

Description	CPI	CPI Factor
Denver-Aurora-Lakewood		
2022	304.4	119.4
2021	281.8	110.5
2020	272.2	106.7
2019	267.0	104.7
2018	262.0	102.7
2017	255.0	100.0

Source: US DOL; Bureau of Labor Statistics; Economic & Planning Systems

After using the CPI to adjust total sales for inflation, retail sales in Littleton reached an adjusted peak of $1.0 billion in 2022, as shown in **Figure 8**. Sales have increased by $91.9 million since 2017, a rate of 1.9 percent or $18.4 million annually. Over the same period, the unadjusted total sales increased by $338.7 million, a rate of 6.4 percent or $67.7 million annually. The data indicates that roughly 70.3 percent of the increase in total sales from 2017 to 2022 can be attributed to inflation, while the remaining 29.7 percent can be attributed to real growth in the Littleton retail market. Considering Littleton's population growth over the last decade (0.8 percent annually), and the fact that the real growth in retail sales is more than double that amount, this level of growth can be considered relatively strong.

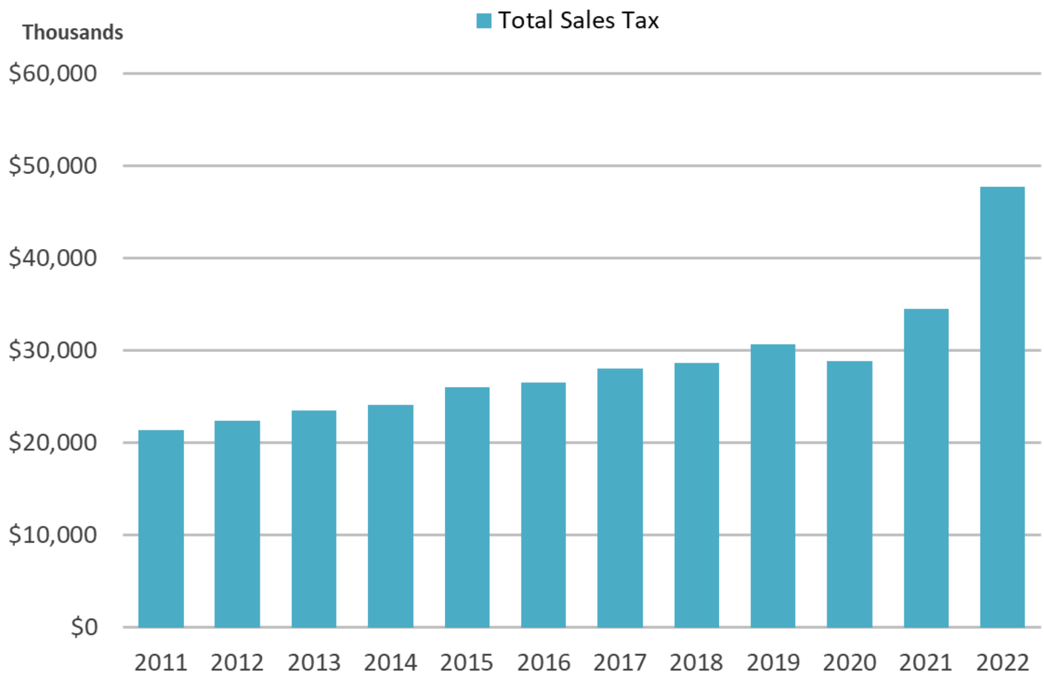
Figure 8. Total Sales Adjusted for Inflation, Littleton, 2017-2022



Source: City of Littleton; Economic & Planning Systems

Retail sales tax, which would typically mirror total retail sales, differ from the sales levels shown in the previous chart. The dramatic increase in revenues, which increased by 38.2 percent between 2021 and 2022, is the result of the City's 2022 sales tax increase from 3.0 percent to 3.75 percent (the additional 0.75% is dedicated for capital improvements and not for general operations use), as shown in **Figure 1**. In aggregate, retail sales tax collection increased by $26.3 million from 2011 to 2022, a rate of 7.6 percent. The rate of change up until 2021 (the last year at a 3.0 percent sales tax rate) was 4.9 percent.

Figure 9. Total Retail Sales Tax, Littleton, 2011-2022

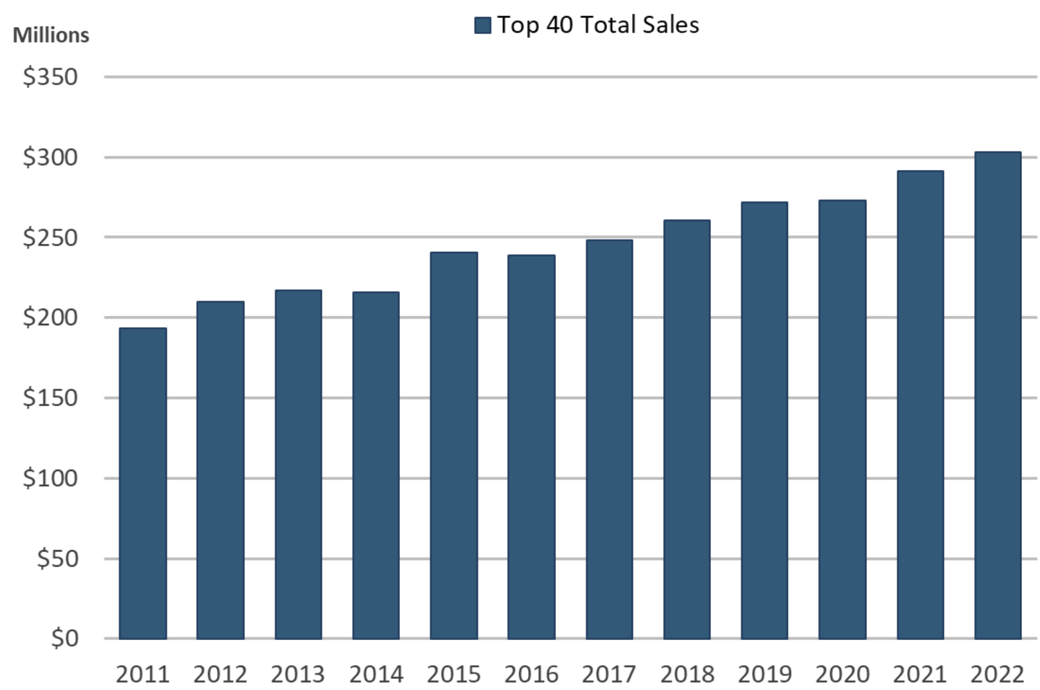


Source: City of Littleton; Economic & Planning Systems

Top 40 Sales Tax Producers

The top 40 sales tax producing businesses in the city were isolated in order to analyze sales volume across a fixed subset of the retail industry. Among this subset, sales have increased by $109.6 million since 2011, a rate of 4.2 percent or $10.0 million annually, as shown in **Figure 10**. Based on a comparison of the larger city trends, it is apparent that this set of businesses were more insulated from the COVID-19 pandemic and did not experience a contraction found in most retailers in 2020. Additionally, the top 40 sales tax producers generated approximately 23.8 percent of Littleton's total sales volume, despite accounting for less than 1.0 percent of the total businesses that remitted sales tax to the City, demonstrating the significance of this group of retailers.

Figure 10. Total Sales, Top 40 Businesses, Littleton, 2011-2022

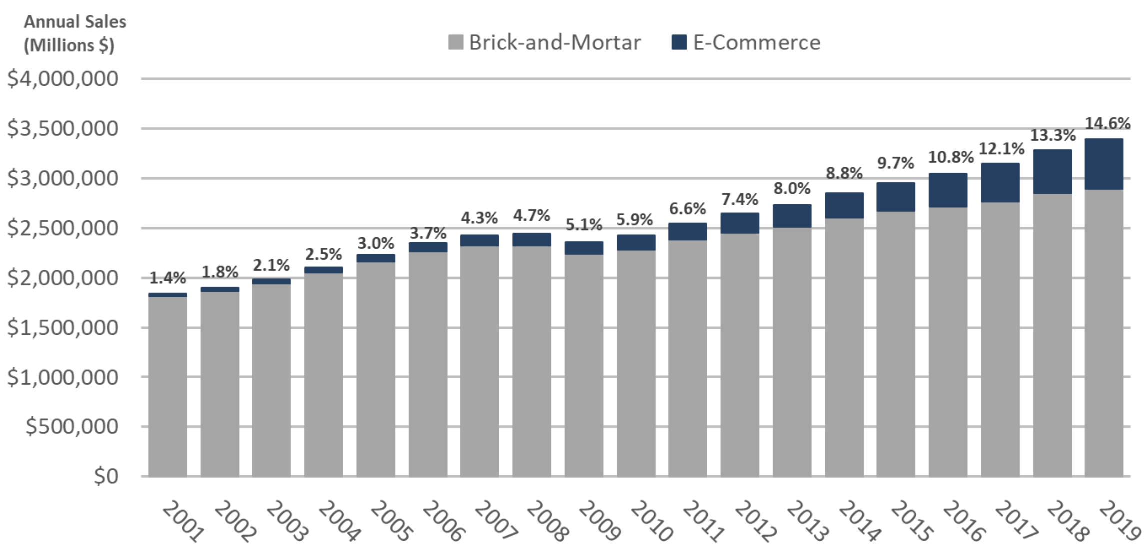


Source: City of Littleton; Economic & Planning Systems

E-Commerce

Between 2001 and 2019, the last year e-commerce data was made available, online retail purchases (nonautomotive) grew from approximately $25.9 billion to $497.0 billion, a 17.8 percent annual increase that accounts for nearly 30.3 percent of all retail growth. During the same period brick and mortar stores grew at 2.6 percent annually, decreasing their share of the market from 98.6 percent in 2001 to 85.4 percent in 2019. Despite accounting for only 14.6 percent of overall spending, the growth in online shopping is impacting the demand for traditional brick and mortar stores. This also affects the way retailers are doing business, pushing them to alter store formats and incorporate online sales and marketing into their business concepts.

Figure 11. E-Commerce and Brick-and-Mortar Retail Sales, United States, 2006-2019

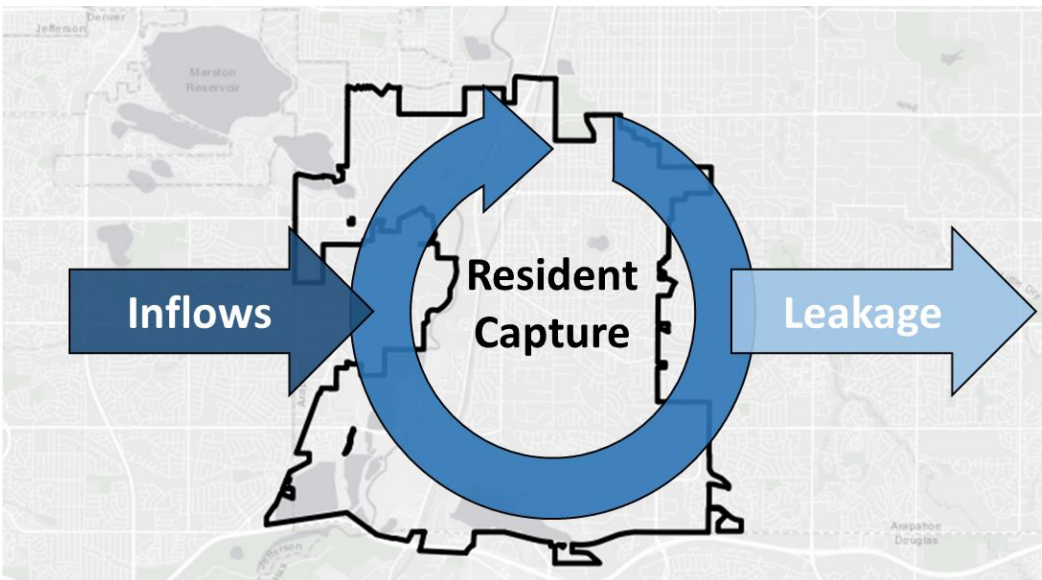


Source: U.S. Census, Annual Retail Trade Survey; Economic & Planning Systems

Littleton Sales Flow Analysis

A citywide sales flow analysis model was constructed to compare Littleton resident retail expenditures by location to Littleton retail store sales by market segment. This comparison exemplifies overall retail inflows and outflows as shown in **Figure 12**. Retail inflows represent spending by non-residents within city limits, while retail leakage/outflows represent spending by residents outside city limits.

Figure 12. Littleton Sales Flow Diagram



Source: Economic & Planning Systems

Retail Definitions

For purposes of analysis, retail stores are categorized based on the shopping and trade area characteristics listed below. The type of store, which is defined by the Census of Retail Trade, is described below with examples to clarify the types of retail stores included in each of the categories.

- **Convenience Goods** – This category includes supermarkets and other grocery stores, convenience stores, as well as liquor, drug, and other specialty food stores. These stores generally sell frequently purchased, low-cost items with little product differentiation. Because these items are most often bought close to home, the primary locations for convenience goods stores are supermarket-anchored neighborhood shopping centers and smaller convenience centers.
- **Shoppers' Goods** – This category includes general merchandise, apparel, furniture, appliance, and specialty goods stores. General merchandise stores include traditional department stores (such as Macy's and JCPenney) as well as discount department stores (Walmart and Target). The product lines of these stores are generally more expensive, less frequently purchased items. In general, people are more likely to comparison shop for shoppers' goods and

are often more willing to travel farther to buy them. The primary locations for regional shoppers' goods are traditional downtown shopping districts, regional shopping centers, free-standing discount department and membership warehouse stores, and power centers dominated by mass merchandise tenants.

- **Eating and Drinking Establishments** – This category includes restaurants, such as conventional sit-down and fast food, and bars. Businesses in this category exhibit some of the characteristics of convenience stores in that many restaurant expenditures are made at establishments close to home and on a frequent basis. However, some higher quality restaurants, more unique in the marketplace, can have a regional draw.
- **Building Materials and Garden** – This category consists of stores selling lumber, paint, glass, hardware, plants and garden supplies, and other retail items related to home improvement. Home improvement centers such as Home Depot and Lowe's are the largest stores in this category.

Retail Expenditures

To estimate retail demand generated by Littleton residents, the average household income of residents is multiplied by the number households in the city to estimate total personal income (TPI). Based on gross annual sales data from the U.S. Census of Retail Trade, the average Colorado household spends 34.0 percent of its income on retail goods (excluding automobile related sales).

In 2022, Littleton's 20,572 households had an average (as opposed to median) household income of $128,810, resulting in approximately $2.7 billion TPI for the city, as shown in **Table 7**. Between 2022 and 2032, the city is projected to grow at 1.0 percent annually, adding approximately 2,152 households over this period. By 2032, these households are estimated to generate an additional $277 million in TPI (in 2022 constant dollars). Incomes are in constant dollars in these projections because it is not expected that changes in the trade area income profiles will occur.

Table 7. Total Personal Income, Littleton, 2022 and 2032

Description	2022	2032	2022-2032 Total
Littleton			
Households	20,572	22,724	2,152
Avg. Household Income	$128,810	$128,810	--
Total Personal Income	**$2,649,879,320**	**$2,927,115,327**	**$277,236,007**

Source: US Census; ESRI; Economic & Planning Systems

Table 8 shows the estimated retail spending by store category for Littleton residents. The average percent of TPI spent by store category is generated utilizing the statewide Census of Retail Trade. Littleton household spending by store category is estimated by multiplying the city's TPI of $2.7 billion by the percent of spending by store group, resulting in a total of $900.6 million of potential sales.

Table 8. Retail Expenditures by Store Category, Littleton

Store Type	Retail Sales Total	Expend. Potential ($000s)	Resident Capture: Capture Rate % Total	Resident Capture: Expend. ($000s)	Resident Leakage: Leakage Rate % Total	Resident Leakage: Expend. ($000s)
Total Personal Income (TPI) ($000's)	**100%**	**$2,649,879**				
Convenience Goods						
Supermarkets and Grocery Stores	7.2%	$190,326	70%	$133,228	30%	$57,098
Convenience Stores (incl. Gas Stations)	1.4%	$37,830	20%	$7,566	80%	$30,264
Beer, Wine, & Liquor Stores	1.1%	$28,124	50%	$14,062	50%	$14,062
Health and Personal Care	1.7%	$44,637	50%	$22,318	50%	$22,318
Subtotal	**11.4%**	**$300,916**	**59%**	**$177,174**	**41%**	**$123,742**
Shopper's Goods						
General Merchandise						
Traditional Department Stores	0.5%	$13,076	0%	$0	100%	$13,076
Warehouse Clubs & Supercenters	5.2%	$138,857	0%	$0	100%	$138,857
All Other General Merchandise Stores	0.3%	$8,188	0%	$0	100%	$8,188
Subtotal	**6.0%**	**$160,120**	**0%**	**$0**	**100%**	**$160,120**
Other Shopper's Goods						
Clothing & Accessories	1.9%	$50,719	25%	$12,680	75%	$38,039
Furniture & Home Furnishings	1.2%	$32,319	25%	$8,080	75%	$24,240
Electronics & Appliances	0.9%	$24,810	50%	$12,405	50%	$12,405
Sporting, Hobby, Book/Music Stores	1.1%	$29,268	50%	$14,634	50%	$14,634
Miscellaneous Retail	1.5%	$40,218	50%	$20,109	50%	$20,109
Subtotal	**6.7%**	**$177,334**	**38%**	**$67,908**	**62%**	**$109,427**
Total Shoppers' Goods	**12.7%**	**$337,455**	**20%**	**$67,908**	**80%**	**$269,547**
Eating and Drinking	**6.6%**	**$174,029**	**70%**	**$121,820**	**30%**	**$52,209**
Building Material & Garden	**3.3%**	**$88,175**	**80%**	**$70,540**	**20%**	**$17,635**
Total Retail Goods	**34.0%**	**$900,575**	**49%**	**$437,442**	**51%**	**$463,132**

Source: 2017 Census of Retail Trade; Economic & Planning Systems

The portion of this total retail spending by Littleton residents at Littleton stores is estimated to determine the overall capture and leakage occurring within the city. Approximately $437.4 million in total retail spending by residents is estimated to be captured by Littleton stores, which is 49 percent of total retail spending. The inverse of retail spending capture is outflow or leakage to stores outside the city. Retail leakage is estimated at 51 percent of total spending but varies by type of store. Leakage for General Merchandise (department stores, supercenters, etc.) purchases are estimated at 100 percent leakage given that Littleton does not have any existing stores in those categories. Inversely, leakage for Building Material and Garden purchases are low, estimated at 20 percent, to reflect the presence of several big boxes within city limits.

In a fully stored retail market, outflows of approximately 20 percent would be considered normal as it is virtually impossible to capture 100 percent of resident expenditures, as some purchases inevitably occur in other settings, for example at place of work, while travelling, or on vacation. The existing higher levels of leakage reflect the location of competitive retail development on or close to the city's boundary attracting expenditure potential from Littleton residents and thereby increasing leakage from the city.

Littleton Store Sales

The distribution of Littleton retailers and total retail sales by store category is shown in **Table 9**. Based on City sales tax data, $629.9 million in retail sales was generated by 396 total Littleton retailers in 2022.

Table 9. Total Retailers and Retail Sales, Littleton, 2022

Store Type	Total Businesses	% Total	Gross Retail Sales ($000s)	% Total
Convenience Goods				
Supermarkets and Other Grocery Stores	16	4.0%	$144,551	22.9%
Convenience Stores (incl. Gas Stations)	24	6.1%	$10,793	1.7%
Beer, Wine, & Liquor Stores	14	3.5%	$14,913	2.4%
Health and Personal Care	23	5.8%	$31,940	5.1%
Total Convenience Goods	**77**	**19.4%**	**$202,197**	**32.1%**
Shopper's Goods				
General Merchandise				
Traditional Department Stores	0	0.0%	$0	0.0%
Warehouse Clubs & Supercenters	0	0.0%	$0	0.0%
All Other General Merchandise Stores	0	0.0%	$0	0.0%
Subtotal	**0**	**0.0%**	**$0**	**0.0%**
Other Shopper's Goods				
Clothing & Accessories	33	8.3%	$22,076	3.5%
Furniture & Home Furnishings	15	3.8%	$13,139	2.1%
Electronics & Appliances	8	2.0%	$21,173	3.4%
Sporting Goods, Hobby, Book, & Music Stores	14	3.5%	$19,048	3.0%
Miscellaneous Retail	75	18.9%	$31,247	5.0%
Subtotal	**145**	**36.6%**	**$106,684**	**16.9%**
Total Shoppers' Goods	**145**	**36.6%**	**$106,684**	**16.9%**
Eating and Drinking	**154**	**38.9%**	**$172,601**	**27.4%**
Building Material & Garden				
Building Material & Supplies Dealers				
Home Centers	2	0.5%	$122,471	19.4%
Hardware, Paint and Wallpaper Stores	2	0.5%	$545	0.1%
Other Building Material Dealers	12	3.0%	$10,692	1.7%
Lawn & Garden Equipment	4	1.0%	$14,723	2.3%
Total Building Material & Garden	**20**	**5.1%**	**$148,431**	**23.6%**
Total	**396**	**100.0%**	**$629,914**	**100.0%**

Source: City of Littleton; Economic & Planning Systems

Of the total retail sales generated within city limits, an estimated $437.4 million were made by Littleton residents. The difference between sales to residents and total sales is used to estimate the amount of sales inflow into the city. Overall, an estimated 69 percent of Littleton store sales were by Littleton residents and 31 percent of sales were from nonresidents (sales inflows) including, residents of surrounding communities and visitors, as shown in **Table 10**.

Convenience Goods stores are the most locally oriented, deriving 88 percent of sales from Littleton residents. More regionally oriented stores (including Other Shoppers' Goods and Building Material and Garden), derive a lower percentage of sales from residents, depending on category, indicating that these retailers and centers serve a trade area much larger than the city. Overall, Building Material and Garden stores derive the highest percentage of sales from inflows, which is likely a reflection of the regional draw created by Home Depot and Lowe's.

In total, the City is estimated to be losing spending from residents to stores outside the city totaling roughly $463.1 million (retail leakage). With sales inflows from nonresidents estimated to be $192.5 million, the City has a sales deficit of approximately $270.4 million.

Table 10. Retail Sales Inflow, Littleton, 2022

		Sales to Residents		Sales Inflows	
Store Type	**Actual Sales** ($000s)	**% Sales** % Total	**Sales** ($000s)	**% Inflows** % Total	**Inflows** ($000s)
Convenience Goods					
Supermarkets and Grocery Stores	$144,551	92%	$133,228	8%	$11,323
Convenience Stores (incl. Gas Stations)	$10,793	70%	$7,566	30%	$3,227
Beer, Wine, & Liquor Stores	$14,913	94%	$14,062	6%	$851
Health and Personal Care	$31,940	70%	$22,318	30%	$9,622
Subtotal	**$202,197**	**88%**	**$177,174**	**12%**	**$25,023**
Shopper's Goods					
General Merchandise					
Traditional Department Stores	$0	0%	$0	0%	$0
Warehouse Clubs & Supercenters	$0	0%	$0	0%	$0
All Other General Merchandise Stores	$0	0%	$0	0%	$0
Subtotal	**$0**	**0%**	**$0**	**0%**	**$0**
Other Shopper's Goods					
Clothing & Accessories	$22,076	57%	$12,680	43%	$9,396
Furniture & Home Furnishings	$13,139	61%	$8,080	39%	$5,059
Electronics & Appliances	$21,173	59%	$12,405	41%	$8,768
Sporting, Hobby, Book/Music Stores	$19,048	77%	$14,634	23%	$4,414
Miscellaneous Retail	$31,247	64%	$20,109	36%	$11,138
Subtotal	**$106,684**	**64%**	**$67,908**	**36%**	**$38,776**
Total Shoppers' Goods	**$106,684**	**64%**	**$67,908**	**36%**	**$38,776**
Eating and Drinking	**$172,601**	**71%**	**$121,820**	**29%**	**$50,781**
Building Material & Garden	**$148,431**	**48%**	**$70,540**	**52%**	**$77,891**
Total Retail Goods	**$629,914**	**69%**	**$437,442**	**31%**	**$192,471**

Source: City of Littleton; Economic & Planning Systems

Retail Sales Composition

Table 11 shows the composition of retail sales occurring in the City of Littleton compared to the State of Colorado. Store categories highlighted in green represent categories where Littleton is generating a higher percentage of sales relative to the state and categories highlighted in orange represent the opposite. The store categories that demonstrate Littleton's largest comparative advantage are Eating and Drinking and Home Centers, generating sales 8.1 percent and 14.4 percent above the state average. While the comparative advantage in Home Centers is likely reflective of the big box retailers Home Depot and Lowe's, Littleton's advantage in Eating and Drinking underscores Downtown Littleton's regional draw. Conversely, Littleton has a comparative disadvantage in the Shoppers' Goods store category, generating sales 20.5 percent below the state average, and General Merchandise, at 17.8 percent below the state.

Table 11. Composition of Retail Sales, Littleton and Colorado

Store Type	Colorado Gross Retail Sales ($000s)	Colorado % Total	Littleton Gross Retail Sales ($000s)	Littleton % Total	Difference % Total
Convenience Goods					
Supermarkets and Other Grocery Stores	$14,617,517	21.1%	$144,551	22.9%	1.8%
Convenience Stores (incl. Gas Stations)	$2,905,423	4.2%	$10,793	1.7%	-2.5%
Beer, Wine, & Liquor Stores	$2,159,959	3.1%	$14,913	2.4%	-0.8%
Health and Personal Care	$3,428,192	5.0%	$31,940	5.1%	0.1%
Total Convenience Goods	**$23,111,091**	**33.4%**	**$202,197**	**32.1%**	**-1.3%**
Shopper's Goods					
General Merchandise					
Traditional Department Stores	$1,004,256	1.5%	$0	0.0%	-1.5%
Warehouse Clubs & Supercenters	$10,664,526	15.4%	$0	0.0%	-15.4%
All Other General Merchandise Stores	$628,839	0.9%	$0	0.0%	-0.9%
Subtotal	**$12,297,621**	**17.8%**	**$0**	**0.0%**	**-17.8%**
Other Shopper's Goods					
Clothing & Accessories	$3,895,329	5.6%	$22,076	3.5%	-2.1%
Furniture & Home Furnishings	$2,482,208	3.6%	$13,139	2.1%	-1.5%
Electronics & Appliances	$1,905,496	2.8%	$21,173	3.4%	0.6%
Sporting Goods, Hobby, Book, & Music Stores	$2,247,853	3.2%	$19,048	3.0%	-0.2%
Miscellaneous Retail	$3,088,813	4.5%	$31,247	5.0%	0.5%
Subtotal	**$13,619,699**	**19.7%**	**$106,684**	**16.9%**	**-2.8%**
Total Shoppers' Goods	**$25,917,320**	**37.5%**	**$106,684**	**16.9%**	**-20.5%**
Eating and Drinking	**$13,365,821**	**19.3%**	**$172,601**	**27.4%**	**8.1%**
Building Material & Garden					
Building Material & Supplies Dealers					
Home Centers	$3,454,737	5.0%	$122,471	19.4%	14.4%
Hardware, Paint and Wallpaper Stores	$704,592	1.0%	$545	0.1%	-0.9%
Other Building Material Dealers	$1,800,804	2.6%	$10,692	1.7%	-0.9%
Lawn & Garden Equipment	$811,923	1.2%	$14,723	2.3%	1.2%
Total Building Material & Garden	**$6,772,056**	**9.8%**	**$148,431**	**23.6%**	**13.8%**
Total Retail Goods	**$69,166,288**	**100.0%**	**$629,914**	**100.0%**	

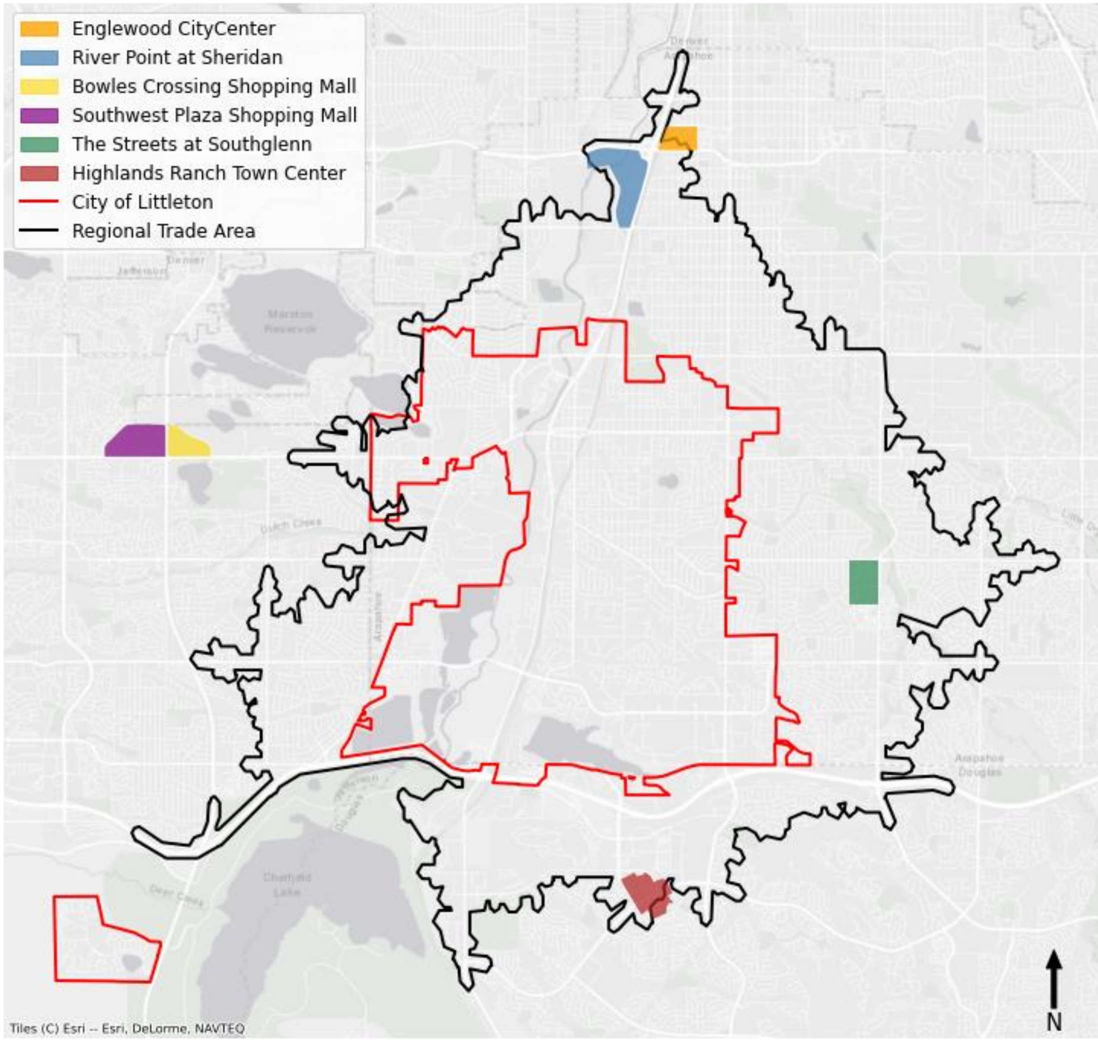
Source: 2017 Census of Retail Trade; City of Littleton; Economic & Planning Systems

Regional Competition

There is a significant amount of established retail development outside the City of Littleton and within or proximate to the Regional Trade Area. These competing retail centers likely capture a large volume of sales from the City, particularly in the Shoppers' Goods store category, as noted above. These centers are concentrated to the north in Sheridan and Englewood, to the west in Unincorporated Jefferson County, to the south in Highlands Ranch, and to the east in Centennial, as shown in **Figure 13**.

- **Englewood CityCenter** is a 55-acre, mixed use district within the City of Englewood, Colorado. The City is currently working to redevelop the site in conjunction with the Englewood Downtown Development Authority. The site is anchored by three large format stores including Walmart, Ross Dress for Less, and Petco, with a number of smaller mid- and small-box stores.
- **River Point at Sheridan** is a 135-acre site built on land that was formerly a landfill. The City of Sheridan and the Sheridan Redevelopment Agency partnered with Weingarten Realty to redevelop the River Point at Sheridan location. The site is anchored by two large format stores including Target and Costco, in addition to a number of mid boxes including Tuesday Morning, PetSmart, Burlington, Sportsman's Warehouse, and Conn's HomePlus.
- **Bowles Crossing Shopping Mall** is a 25-acre site located in Unincorporated Jefferson County. The site includes a Trader Joe's grocery store, in addition to a several mid boxes including DSW Designer Shoe Warehouse, Tuesday Morning, Burlington, and an AMC Theatre.
- **Southwest Plaza Shopping Mall** is a 36-acre, enclosed shopping mall located in Unincorporated Jefferson County. Opened in 1983, the mall has two levels and tenants including H&M, SeaQuest, Shoe Palace, and Forever 21. In 2020, Macy's, Inc. converted its space in the mall to a Macy's fulfillment center.
- **The Streets at Southglenn** is a mixed-use redevelopment located in Centennial. Formerly Southglenn Mall, the center was closed from 2006 to August 2009 while being redeveloped. The site is anchored by Whole Foods Market and Regal Southglenn, in addition to several junior anchors, mid-box, and small-box stores.
- **Highlands Ranch Town Center** is a 164,687 square foot mixed-use development located in Highlands Ranch. The development is anchored by Target and Home Depot, with several other tenants including Office Max and Lansdowne Arms Bistro & Pub.

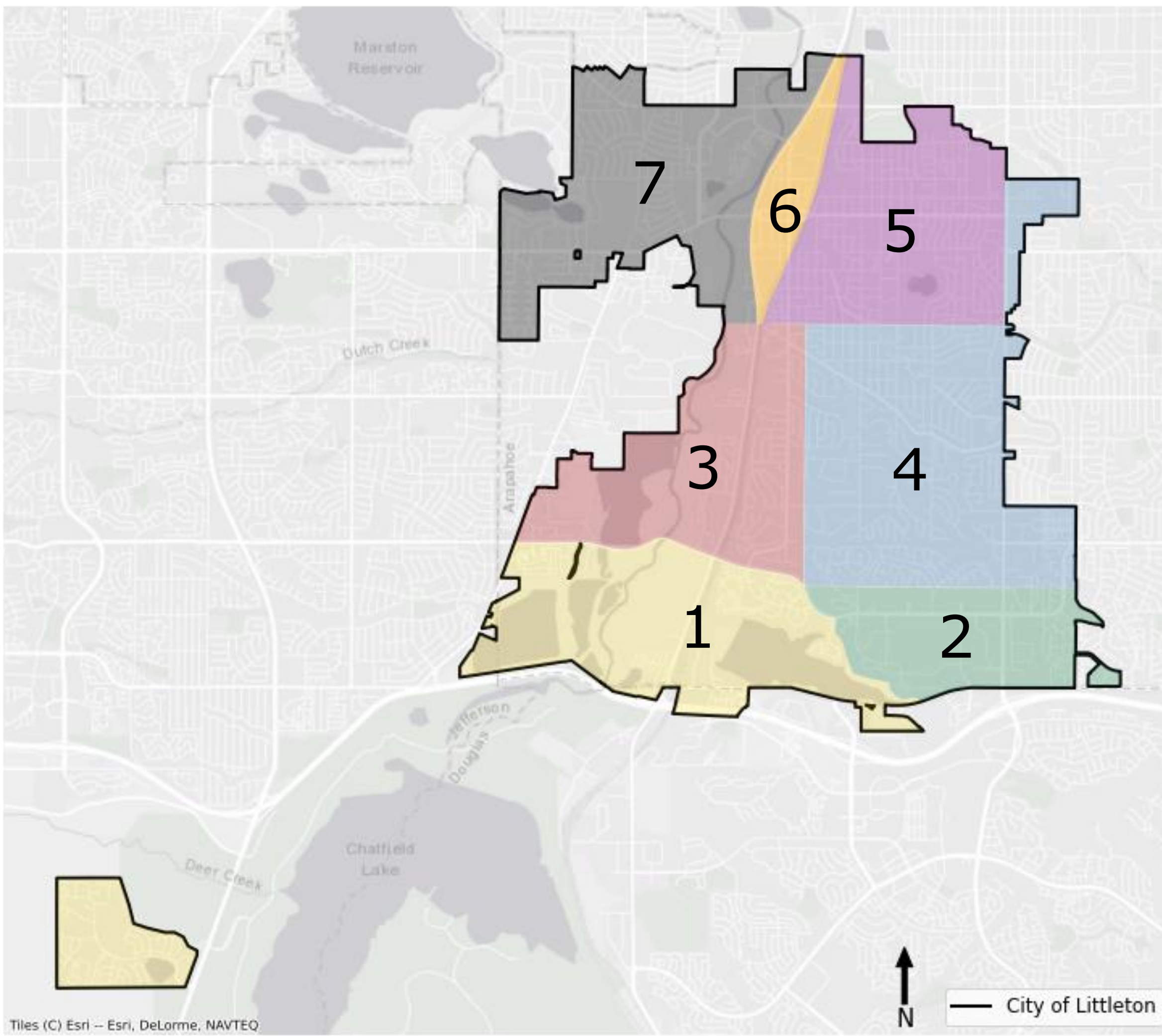
Figure 13. Regional Retail Competition, 2022



Performance by Subarea

In order to assess the current performance of retailers within the City of Littleton, EPS identified seven retail subareas throughout the city, as shown in **Figure 14**. The subareas were determined based on retail clustering and character.

Figure 14. Littleton's Seven Retail Subareas



To determine the relative performance of each retail subarea, the total retail square footage and total sales volume (all categories, including automotive) in each area was calculated. A subarea is considered to be performing optimally if its pro rata (proportional) share of total sales is equal to or greater than its pro rata share of retail square footage. Conversely, if a subarea has a lower pro rata share of total sales compared to total retail square footage it is performing suboptimal. Suboptimal subareas may have a higher percentage of service-based retail tenants, lower performing retailers, or a combination of both.

As shown in **Table 12**, the total square footage in each subarea ranges from 147,853 square feet in Subarea 1 to 849,293 square feet in Subarea 2. The total sales volume in each subarea ranges from $26.6 million annually in Subarea 1 to $207.0 million annually in Subarea 7. Of the seven subareas, three are performing optimally and four are performing suboptimal. The highest performing subareas are Subarea 3 and Subarea 7, which collectively account for approximately 27.3 percent of the total retail square footage in the city, but generate approximately 38.3 percent of the total sales volume, a difference of 11.0 percent.

Table 12. Relative Sales Performance by Subarea

Description	Total Sq. Ft.	% Total	Total Sales	% Total	Difference
Subarea 1	147,853	3.8%	$26,561,729	3.3%	-0.4%
Subarea 2	849,293	21.7%	$178,102,062	22.4%	0.7%
Subarea 3	292,037	7.5%	$97,124,577	12.2%	4.8%
Subarea 4	774,615	19.8%	$102,525,354	12.9%	-6.9%
Subarea 5	677,145	17.3%	$110,846,125	13.9%	-3.3%
Subarea 6	397,087	10.1%	$72,499,318	9.1%	-1.0%
Subarea 7	777,602	19.9%	$207,027,357	26.1%	6.2%
Total	**3,915,632**	**100.0%**	**$794,686,522**	**100.0%**	

Source: City of Littleton; CoStar; Economic & Planning Systems
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Retail Sales Flows by Subarea

Total retail sales were analyzed by subarea in order to understand retail clustering within the city. The results of the analysis are summarized in **Table 13** and **Table 14** and below in more detail. The purpose of providing this detail is to help accentuate the success that Littleton has been able to achieve in certain sectors and in certain geographies. In the next section, the analysis will focus on ways to amplify the strengths, recognizing the market constraints within which the City operates. (See pages 19-20 above for definitions of each retail store category).

Table 13. Total Retail Sales by Littleton Subarea, 2022

Store Type	Gross Retail Sales ($000s)	Subarea 1 ($000s)	Subarea 2 ($000s)	Subarea 3 ($000s)	Subarea 4 ($000s)	Subarea 5 ($000s)	Subarea 6 ($000s)	Subarea 7 ($000s)
Convenience Goods								
Supermarkets and Other Grocery Stores	$144,551	$0	$88,675	$12	$30	$54,577	$1,257	$0
Convenience Stores (incl. Gas Stations)	$10,793	$0	$960	$1,745	$3,641	$1,833	$882	$1,732
Beer, Wine, & Liquor Stores	$14,913	$0	$1,362	$0	$3,880	$4,131	$1,800	$3,739
Health and Personal Care	$31,940	$141	$82	$4,780	$373	$17,208	$451	$8,904
Total Convenience Goods	**$202,197**	**$141**	**$91,079**	**$6,537**	**$7,924**	**$77,750**	**$4,389**	**$14,375**
Shoppers' Goods								
General Merchandise								
Traditional Department Stores	$0	$0	$0	$0	$0	$0	$0	$0
Warehouse Clubs & Supercenters	$0	$0	$0	$0	$0	$0	$0	$0
All Other General Merchandise Stores	$0	$0	$0	$0	$0	$0	$0	$0
Subtotal	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Other Shoppers' Goods								
Clothing & Accessories	$22,076	$0	$468	$18,516	$501	$218	$2,308	$65
Furniture & Home Furnishings	$13,139	$0	$5,014	$5,361	$298	$442	$510	$1,515
Electronics & Appliances	$21,173	$0	$0	$19,534	$1,101	$69	$2	$467
Sporting Goods, Hobby, Book, & Music Stores	$19,048	$0	$5,805	$3,399	$0	$1,254	$1,177	$7,413
Miscellaneous Retail	$31,247	$357	$6,506	$3,238	$2,344	$5,449	$9,604	$3,750
Subtotal	**$106,684**	**$357**	**$17,794**	**$50,047**	**$4,244**	**$7,432**	**$13,601**	**$13,210**
Total Shoppers' Goods	**$106,684**	**$357**	**$17,794**	**$50,047**	**$4,244**	**$7,432**	**$13,601**	**$13,210**
Eating and Drinking	**$172,601**	**$6,360**	**$24,281**	**$33,603**	**$16,054**	**$16,509**	**$45,282**	**$30,512**
Building Material & Garden								
Building Material & Supplies Dealers								
Home Centers	$122,471	$0	$0	$0	$0	$0	$0	$122,471
Hardware, Paint and Wallpaper Stores	$545	$0	$0	$0	$545	$0	$0	$0
Other Building Material Dealers	$10,692	$0	$5,753	$22	$1,478	$71	$3,368	$0
Lawn & Garden Equipment	$14,723	$0	$3,314	$4,923	$0	$0	$0	$6,485
Total Building Material & Garden	**$148,431**	**$0**	**$9,067**	**$4,945**	**$2,023**	**$71**	**$3,368**	**$128,956**
Total	**$629,914**	**$6,858**	**$142,222**	**$95,133**	**$30,246**	**$101,762**	**$66,640**	**$187,053**

Source: City of Littleton; Economic & Planning Systems

Table 14. Percentage of Retail Sales by Littleton Subarea, 2022

Store Type	Gross Retail Sales % total	Subarea 1 % total	Subarea 2 % total	Subarea 3 % total	Subarea 4 % total	Subarea 5 % total	Subarea 6 % total	Subarea 7 % total
Convenience Goods								
Supermarkets and Other Grocery Stores	100.0%	0.0%	61.3%	0.0%	0.0%	37.8%	0.9%	0.0%
Convenience Stores (incl. Gas Stations)	100.0%	0.0%	8.9%	16.2%	33.7%	17.0%	8.2%	16.1%
Beer, Wine, & Liquor Stores	100.0%	0.0%	9.1%	0.0%	26.0%	27.7%	12.1%	25.1%
Health and Personal Care	100.0%	0.4%	0.3%	15.0%	1.2%	53.9%	1.4%	27.9%
Total Convenience Goods	**100.0%**	**0.1%**	**45.0%**	**3.2%**	**3.9%**	**38.5%**	**2.2%**	**7.1%**
Shoppers' Goods								
General Merchandise								
Traditional Department Stores	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Warehouse Clubs & Supercenters	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
All Other General Merchandise Stores	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Subtotal	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
Other Shoppers' Goods								
Clothing & Accessories	100.0%	0.0%	2.1%	83.9%	2.3%	1.0%	10.5%	0.3%
Furniture & Home Furnishings	100.0%	0.0%	38.2%	40.8%	2.3%	3.4%	3.9%	11.5%
Electronics & Appliances	100.0%	0.0%	0.0%	92.3%	5.2%	0.3%	0.0%	2.2%
Sporting Goods, Hobby, Book, & Music Stores	100.0%	0.0%	30.5%	17.8%	0.0%	6.6%	6.2%	38.9%
Miscellaneous Retail	100.0%	1.1%	20.8%	10.4%	7.5%	17.4%	30.7%	12.0%
Subtotal	**100.0%**	**0.3%**	**16.7%**	**46.9%**	**4.0%**	**7.0%**	**12.7%**	**12.4%**
Total Shoppers' Goods	**100.0%**	**0.3%**	**16.7%**	**46.9%**	**4.0%**	**7.0%**	**12.7%**	**12.4%**
Eating and Drinking	**100.0%**	**3.7%**	**14.1%**	**19.5%**	**9.3%**	**9.6%**	**26.2%**	**17.7%**
Building Material & Garden								
Building Material & Supplies Dealers								
Home Centers	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
Hardware, Paint and Wallpaper Stores	100.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
Other Building Material Dealers	100.0%	0.0%	53.8%	0.2%	13.8%	0.7%	31.5%	0.0%
Lawn & Garden Equipment	100.0%	0.0%	22.5%	33.4%	0.0%	0.0%	0.0%	44.0%
Total Building Material & Garden	**100.0%**	**0.0%**	**6.1%**	**3.3%**	**1.4%**	**0.0%**	**2.3%**	**86.9%**
Total	**100.0%**	**1.1%**	**22.6%**	**15.1%**	**4.8%**	**16.2%**	**10.6%**	**29.7%**

Source: City of Littleton; Economic & Planning Systems

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5. Evaluation of Market Conditions

Background

This section of the report builds on the analysis of retail conditions which enables the City to maximize the sectors and subareas that are performing well, and to underpin those that are not. The analysis explores the prospects and opportunities presented by mixed-use developments in Littleton. EPS examines successful case studies, identifies areas ready for redevelopment, evaluates the feasibility of implementing such projects within the City, and calculates the City's potential return-on-investment (ROI). By leveraging the strengths of existing retail assets and leveraging the benefits of mixed-use environments, the goal is to enable Littleton to rejuvenate its urban fabric, attract new businesses, strengthen its fiscal standing, and provide its residents with an enhanced quality of life.

The retail industry's evolving dynamics have significantly impacted the built environment nationwide. As demonstrated in the preceding retail market analysis, the decline of high performing retail spaces in certain areas within the city is more evident, notably the Broadway corridor in Subarea 4 and Littleton Boulevard in Subarea 5. However, there are pockets of resilience within the city, such as in Subarea 3, where Aspen Grove and Breckenridge Brewery have played a pivotal role in sustaining positive performance. This can also be seen in Subarea 7, which has benefited from the presence of several prominent big box retailers.

The varying performance of the retail sector in the city underscores the need for adaptation and innovation within the industry. In a period dominated by e-commerce and shifting consumer preferences towards more experiential-based offerings, traditional brick-and-mortar retailers are tasked with pivoting to more compelling, innovative uses of space to attract customers. Recognizing this evolving landscape, the concept of mixed-use developments emerges as a key solution for redevelopment.

Mixed-use developments—characterized by a combination of residential and commercial, mixed with experiential or entertainment components—have gained considerable traction in recent years. By integrating a diversity of uses into a shared space, these developments offer a holistic and synergistic environment that is directed to the desires of modern consumers. This blending of uses creates a sense of place, fosters community engagement, and enhances the overall experience for residents and visitors alike.

The City of Littleton, with its unique blend of historic charm and unique location that is proximate to Denver's urban core as well as the South I-25 employment hub, is well-positioned to capitalize on the potential of mixed-use developments. Given the ability to tap into both of the primary employment nodes of metro Denver, the demand for residential in Littleton is quite strong. By encouraging a broad mix of uses, the City can revitalize declining retail nodes in part by catalyzing redevelopment using the strength of residential demand. The goal is to create vibrant, walkable communities. Through this analysis, EPS aims to provide insights into the benefits of mixed-use development, ultimately demonstrating how it can serve as a catalyst for the revitalization and sustainable growth of the City of Littleton in the years to come.

Goals and Outcomes

The primary goal of this report is to provide the City with a clear focus for future development initiatives, ultimately leading to improved fiscal revenues and a revitalized urban fabric. By aligning various strategies and leveraging key resources, the City aims to reinvest in underutilized properties, resulting in a stronger and more vibrant community.

To achieve these goals, this report employs a multifaceted approach. First, the collection of case studies presented throughout the report showcases successful examples of mixed-use development, illustrating what is possible within the context of Littleton. These case studies are meant to serve as inspiration and provide valuable insights into the potential benefits and outcomes of well-executed mixed-use projects.

Additionally, the soft parcel analysis conducted in this report plays a crucial role in identifying strategic areas for investment. By analyzing factors such as the building to land value ratio, property value, year built, and floor area ratio (FAR), the analysis highlights parcels that are likely to be prime candidates for redevelopment. This information enables the City to focus its resources and efforts on the areas with the highest potential for successful mixed-use development, maximizing the impact of reinvestment initiatives.

Furthermore, the City can leverage specific policies and tools to facilitate and support the investment process. An enhanced sales tax incentive program (ESTIP) and strategic capital improvement projects (CIP) are among the policy mechanisms available to the City. These tools provide the means for financial investment, incentivizing and catalyzing redevelopment projects in targeted areas. By strategically utilizing these policy measures in an integrated approach, the City can attract private investment, stimulate economic activity, and create a favorable environment for mixed-use development.

Measuring the fiscal return of properties before and after redevelopment, as well as evaluating the City's ROI, serves as a critical means of assessing the potential success of redevelopment efforts. By quantifying the financial impact and return on the City's investment, these metrics provide tangible evidence of the benefits derived from mixed-use development projects. Such measurements not only guide decision-making but also provide a basis for future planning, ensuring that investments are aligned with the City's long-term fiscal objectives.

6. Case Studies

This section of the report details a collection of noteworthy examples of mixed-use development across the Denver metro region. These case studies serve as models for the City of Littleton and provide insights into the potential benefits associated with mixed-use developments. By examining their achievements, we can gain a deeper understanding of the strategies employed to create vibrant, sustainable, and economically viable projects that cater to diverse community needs.

Each case study within this section represents a unique blend of residential, commercial, and leisure components, carefully combined to form cohesive and synergistic environments. By integrating these different uses, these projects have successfully created thriving destinations that attract a wide range of users and contribute to the overall vitality of their respective neighborhoods.

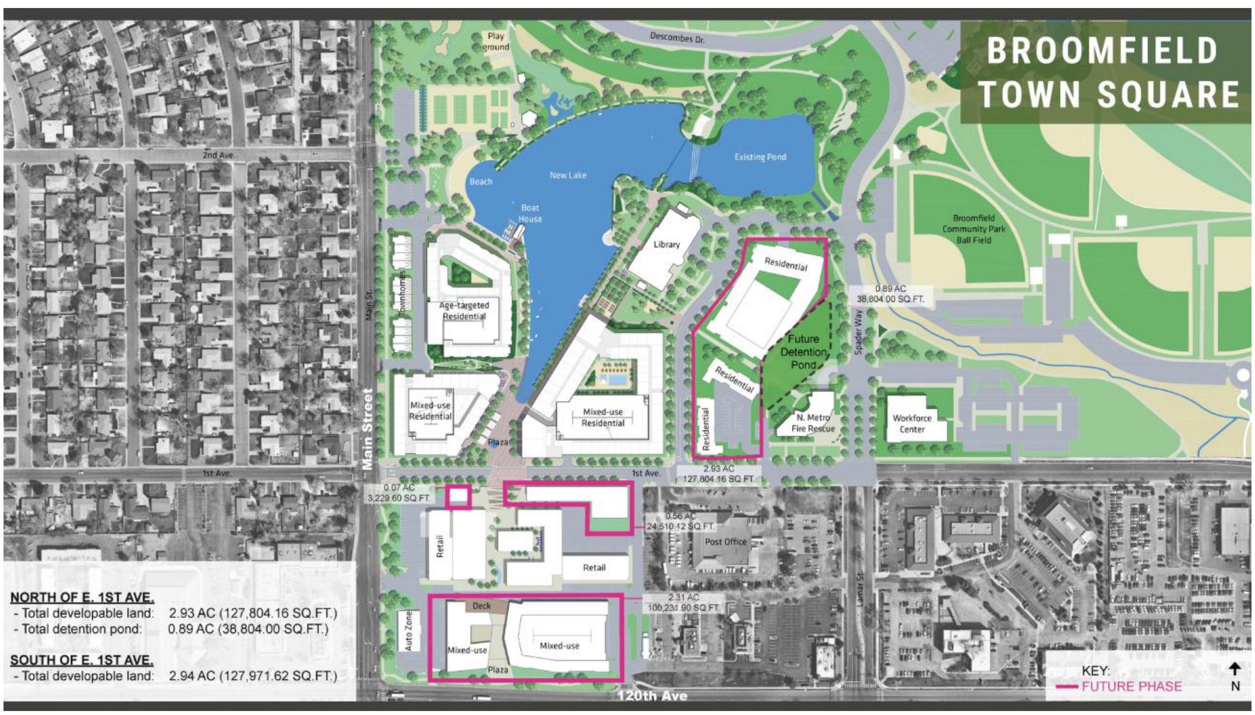
By analyzing the design principles, planning strategies, and community engagement approaches employed in these case studies, we can extract valuable lessons applicable to the City of Littleton's aspirations for mixed-use development. The experiences and outcomes shared within these examples will provide an understanding of the potential benefits, challenges, and best practices for implementing similar projects within the City's context.

Broomfield Town Square | Broomfield, CO

The City and County of Broomfield and the Broomfield Urban Renewal Authority (BURA) engaged Broomfield Town Square Alliance (Developer) to plan for and implement the development of the Broomfield Town Square project. The City has a goal to create a civic and retail focal point that can attract destination specialty retail, dining, and entertainment uses. In September 2023, the Broomfield City Council and BURA unanimously approved the site-specific development plans for the first phase of the development. It should be noted that this project has involved a significant degree of complexity, starting from the issuance of the initial request for proposals (RFP) in 2014.

The development site is approximately 39 acres, including a vacant Safeway on a 5.5-acre parcel. The project proposes a mixed-use development to integrate the City's Civic Center complex on the north with redevelopment of outmoded commercial space on the 120th Avenue corridor on the south. The conceptual plan contains an enlarged community park pond wrapping around the library and auditorium towards First Avenue, extensive plaza and walk areas including outdoor dining, entertainment areas and public art, 187,000 square feet of restaurants, office, and entertainment uses, 643 residential dwelling units, and public gathering areas. The retail space includes repurposing a former Safeway into a central market. This project will create a central area for community events, gatherings, shopping, and entertainment in Broomfield. A preliminary site plan is shown below in **Figure 15**.

Figure 15. Broomfield Town Square Site Map



Boulevard One | Lowry Denver, CO

Boulevard One is the redevelopment of a 70-acre site into a mixed-use, walkable neighborhood. There will be a variety of new residential including about 130 small lot, tightly configured single-family homes, 105 rowhomes and attached homes, and 430 luxury apartments, and 92 upscale condominiums. Additionally, there will be 135,000 square feet of Class A retail and office development with parks and a community plaza within walking distance. This will be a neighborhood to live, work, and play in. Kelmore Development Corporation and Confluence Development are working together to establish a vibrant retail and office area in the corner of the development, with an urban scale Target as the anchor. An additional anchor includes a mid-sized grocer, Clark's Market, which has been successful in mountain-resort communities and is entering selective urban locations. Representative ancillary tenants include Mod Pizza and Torchy's Tacos.

Figure 16. Lowry Boulevard One Site Map

Community Plan

Sloans | Sloan Lake Denver, CO

This 19-acre redevelopment project is an infill redevelopment adjacent to Sloans Lake Park at West 17th Avenue from Perry Street to Stuart Street in the Sloans Lake neighborhood of Denver, two miles west of Diamond Hill as shown in **Figure 17**. The master developer is EnviroFinance Group (EFG) that began demolition and site preparation on the site of the former St. Anthony's Hospital complex in 2016.

The site plan reintroduced the street grid on the five-block location and has sold blocks to a number of vertical builders. At buildout, the site is expected to contain over 1,000 housing units and 100,000 square feet of commercial space. Completed or active projects include Lakehouse 17, a 196-unit condominium building; Regatta at Sloans Lake, a 369-unit apartment project; Perry Row, a 64-unit townhouse project; VIDA at Sloans Lake, a 175 unit affordable senior housing project developed by the Denver Housing Authority; and 1525 Sloans, a 5-story office and retail commercial building. There are also several retail pad developments on the Colfax frontage including Alamo Drafthouse, Even Steven Restaurant, Starbucks, Tap & Burger, and Cultura, a restaurant by El Chingon.

Figure 17. Sloans Site Map

9th and Colorado | Denver, CO

This 26-acre redevelopment project is on the site of the former University of Colorado Hospital and Medical School at 9th and Colorado in east central Denver. The project is being developed by Continuum, an experienced Denver mixed use development company that has completed a number of innovative mixed-use projects including Bel Mar in Lakewood and the vacant RTD land surrounding Denver Union Station in the Central Platte Valley.

Continuum was selected as the master developer for the CU Hospital property in 2014 with development beginning in 2016. The master plan calls for 1,100 housing units, including apartments, condos, and townhomes; 150,000 square feet of office space; and 40 to 50 retail shops. An AMC multiplex theater recently opened as an anchor entertainment use. The master plan calls for retaining and repurposing a limited number of existing buildings, including the 8-story parking structure and the Nurses Dormitory Building.

Source: DenverInfill by Ryan Dravitz. https://denverinfill.com/2021/07/9th-colorado-july-2021-update.html#iLightbox[image_carousel_8]/2

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7. Mixed-Use Development Potential

Building upon the insights gained from the retail market analysis, this section of the report introduces the application of soft parcel analysis as a complementary tool to identify parcels of land with a high likelihood of redevelopment. The interplay between the retail market analysis and the soft parcel analysis is integral to a comprehensive understanding of Littleton's redevelopment potential. While the retail market analysis sheds light on the performance and challenges faced by existing retail spaces, the soft parcel analysis builds upon this foundation by assessing individual parcels of land in terms of their propensity for redevelopment.

Soft parcel analysis is a robust analytical approach that considers several key factors to determine the likelihood of a parcel undergoing redevelopment: ratio of building to land value, property value, year built, and floor area ratio (FAR). By analyzing these factors, the analysis provides a nuanced understanding of the redevelopment potential of individual parcels.

1. **Building Value to Land Value Ratio:** The ratio of building to land value helps assess the financial viability of redevelopment, as lower ratios indicate greater potential for redevelopment due to the relative value of the structures compared to the underlying land.
2. **Property Value:** The average price per square foot of land and improvements is compared against the average of that particular asset class. An average price per square foot lower than the average for that asset class signals a decline and the potential for a more effective use of the land.
3. **Year Built:** The year built serves as a proxy for determining the condition of existing structures, offering valuable insights into the likelihood of redevelopment. Older buildings may no longer meet the needs and expectations of the market, making them potential candidates for redevelopment.
4. **Floor Area Ratio (FAR)**: The FAR (building square footage / land square footage) plays a vital role in determining the existing intensity of development on a specific parcel of land. Lower FAR values indicate underutilization and greater potential for more intense uses in the future, such as mixed-use redevelopment.

Each parcel is given a score of 0, 1, or 2 based on whether the criteria for that metric was met. A score greater than zero indicates a parcel has an increased likelihood of redevelopment based on the given metric. Each parcel's score for the four metrics is totaled to estimate an overall economic opportunity score ranging from 0 to 5, with 0 being a low opportunity for redevelopment and 5 a high opportunity. Each metric scoring was determined using a combination of Arapahoe, Douglas, and Jefferson County Assessor data and quantitative knowledge from City staff.

The application of the soft parcel analysis equips City staff with a data driven approach to identify parcels that are likely to undergo redevelopment and effectively plan for future growth and revitalization. By examining the data and insights provided by this analysis, the City can strategically prioritize resources, foster public-private collaborations, and implement policies that encourage and support the redevelopment of identified parcels.

Building Value to Land Value Ratio

The building value to land value metric compares the improvement (building) value to the land value using the Assessor's market valuation for each parcel. This metric is used to identify vacant or underutilized land or property where the land value is significantly higher than the value of the structure (often due to the structure's age, size, or condition). A threshold of 0.5 is used, meaning if a property has a building to land value of 0.5 than the building it is valued at half (or 50 percent) of the land value. If the land is valued significantly higher than the building, it indicates opportunity for redevelopment. If a parcel has a building to land value ratio below 0.5, it received a score of 2 indicating a higher likelihood of redevelopment or change. If the building to land value ratio was 0.5 and greater, it received a score of 0, meaning it is less likely to change.

Property Value

Property value is a metric to compare the total market value (land and improvement) of each property to the average value in the City by property type. This metric uses the total actual valuation from the Assessor and divides it by the size of the parcel (square feet) to calculate the value per square foot. Properties are compared against the city average based on the property type. For example, commercial properties are compared to the average value per square foot of all commercial properties in the city. The property types include commercial and multifamily, with an average of $34 and $116 per square foot, respectively. If a parcel is valued below the city average for its property type it received a score of 1, indicating it is more likely to redevelop. If a parcel is valued above the city average it received a score of 0, meaning it is less likely to redevelop based on its valuation. Parcels considered vacant land were given a score of 1.

Year Built

The year built metric uses Assessor data to determine the year the improved structure on a parcel was built. If the data indicates the structure was built prior to 1976, it received a score of 1. If the improved structure was built in 1976 or after it received a score of 0, indicating redevelopment is unlikely based on building age. Similar to the property value metric, vacant parcels were given a score of 1.

Floor Area Ratio (FAR)

FAR is a metric to compare the size of a building to the size of the parcel. To evaluate FAR, Assessor data was used to divide the building area (square feet) by the parcel size (square feet). A low FAR is a sign a parcel is underutilized, and it has capacity to support additional development and density. For this metric, parcels with a FAR less than 0.20 received a score of 1 indicating it is more likely to change and is not being used to its full capacity. Parcels with a FAR of 0.20 and greater received a score of 0 meaning the site is well used.

Economic Opportunity Score

As highlighted in the preceding section, the scoring process for each parcel was based on the fulfillment of specific thresholds associated with each redevelopment metric: building to land value ratio, property value, year built, and FAR. To quantify the overall economic opportunity score for each parcel, the scores for the individual metrics were aggregated, resulting in a score ranging from 0 to 5. To concentrate the analysis on optimal areas for mixed use development, EPS and City staff identified five primary commercial corridors:

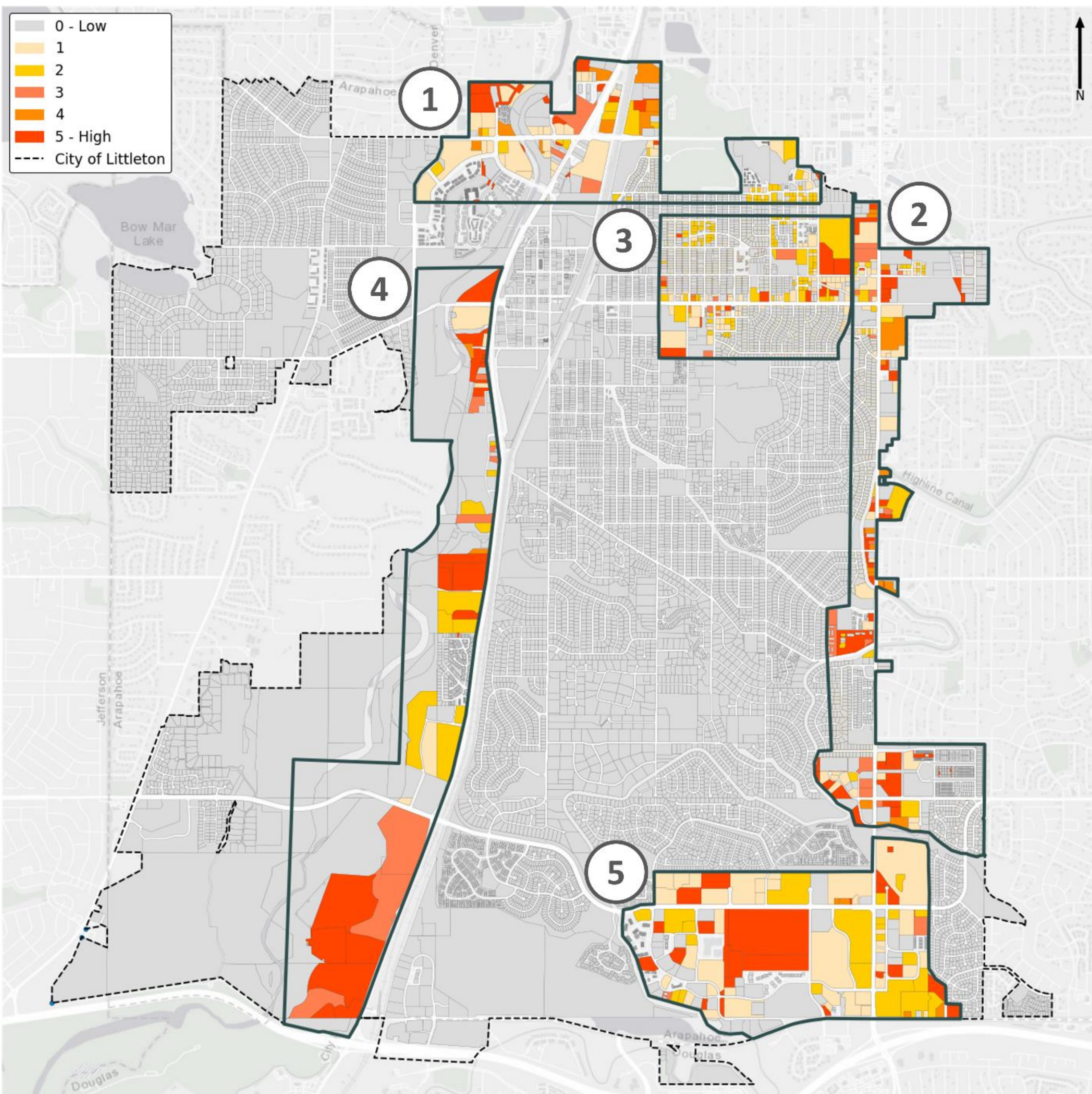
1. **Belleview Corridor**
2. **Broadway Corridor**
3. **Littleton Boulevard Corridor**
4. **Santa Fe Corridor**
5. **County Line Corridor**

The city’s commercial corridors represent the greatest potential for mixed-use development due to their strategic locations, existing economic activity, and potential for adaptive reuse. Situated in convenient locations within the city, these corridors are easily accessible and are well-connected to major north-south transportation routes, such as Santa Fe and Broadway. This accessibility ensures that potential mixed-use developments will be highly accessible to both residents and visitors, attracting a diverse range of patrons and enhancing economic viability. Furthermore, the commercial corridors have established themselves as significant hubs of economic activity within the city. These corridors already possess a solid foundation of existing commercial establishments, making them attractive destinations for businesses, retailers, and consumers. By incorporating mixed-use elements, the corridors can further amplify their economic potential and create dynamic environments for longer stretches of the day. Another key advantage of the city's commercial corridors is their potential for adaptive reuse and redevelopment. Many of the existing buildings and properties along these corridors have untapped potential for transformation into mixed-use spaces.

By repurposing underutilized or outdated structures, the City can breathe new life into these areas, preserving their historical character while meeting the evolving needs of the community.

The economic opportunity score for parcels in each corridor is shown in **Figure 18**. The higher the score, the greater the opportunities for successful mixed-use redevelopment. These findings are meant to help direct future decision making, enabling City staff to identify areas where additional public investment might help facilitate the creation of vibrant, sustainable, and economically thriving mixed-use spaces.

Figure 18. Economic Opportunity Score Map



8. Metrics of Return

This section of this analysis focuses on evaluating the financial implications of potential mixed-use development scenarios within the City of Littleton. The aim is to assess the potential return on investment for the City by examining the current fiscal revenues associated with underperforming properties and comparing them to three alternative mixed-use development scenarios. This evaluation takes into account various factors, including sales tax and property tax revenues, as well as the degree of residential and commercial density in each scenario.

To begin, the current fiscal revenues generated by underperforming properties in the city are examined. By analyzing the sales tax and property tax generated by these properties, the analysis seeks to establish a baseline financial impact and identify the potential for improvement. This assessment provides a starting point for comparing the fiscal outcomes of the alternative mixed-use development scenarios.

Next, three distinct mixed-use development scenarios are explored, each with varying degrees of residential and commercial density. These scenarios represent different approaches to revitalizing underperforming properties within the city. By estimating the potential sales tax and property tax revenues generated by these scenarios, the analysis aims to gauge the financial impact of each development option.

Furthermore, the analysis considers the City's ability to leverage two incentive programs: an Enhanced Sales Tax Incentive Program (ESTIP) and a Capital Improvement Project (CIP) fund as means of supporting and incentivizing the proposed mixed-use developments. These funding mechanisms play a vital role in determining the financial feasibility and ROI for each scenario. By factoring in the potential benefits and costs associated with these programs, the analysis seeks to assess the potential ROI for the City in implementing these development options.

Ultimately, this ROI analysis is intended to provide insights into the financial implications and potential returns of pursuing mixed-use development within the City of Littleton. By comparing the current fiscal revenues with those projected for the alternative scenarios, the analysis aims to ascertain the potential fiscal benefits and evaluate the feasibility of various development options. This information will assist the City in making informed decisions and guiding future investments to maximize fiscal returns and create a vibrant, economically prosperous community.

Fiscal Revenues

In order to quantify the increased fiscal revenues associated with mixed-use development, three distinct scenarios with varying degrees of residential and commercial densities were generated, as shown in **Table 15**. The first scenario, known as "Low Density," assumes a garden-level walk-up concept. It combines a moderate residential density of 35 dwelling units per acre with 10,000 square feet of commercial space. The second scenario, referred to as "High Density," assumes a development with retail wraps with liners, accommodating a higher residential density of 60 dwelling units per acre and 20,000 square feet of commercial space. The third scenario, named "Urban Density," assumes a podium-built structure with retail liners, incorporating a higher-intensity development with 100 dwelling units per acre and 30,000 square feet of commercial space. To be consistent with the existing Littleton context, the maximum heights would not exceed four to five stories. A recently submitted multifamily wrap project for Aspen Grove is a good prototype for these types of infill.

Table 15. Mixed-Use Development Scenarios

Description	Scenario 1	Scenario 2	Scenario 3
Residential Development			
Total Acres	2.5	2.5	2.5
D/U per Acre	35	60	100
Total D/U	**88**	**150**	**250**
Commercial Development			
Total Sq. Ft.	**10,000**	**20,000**	**30,000**

Source: Economic & Planning Systems

Baseline Revenues

In order to examine the potential fiscal benefits associated with the three mixed-use development scenarios, a baseline of existing revenues was established utilizing a set of 10 parcels, all of which registered an economic opportunity score equal to 5, indicating high potential for redevelopment. Among these properties, five are currently considered low-performing retail businesses, while the remaining five are vacant land parcels. For the low performing retail parcels, sales tax revenue averages $19,737 per acre and property tax revenues average $613 per acre, equating to an overall average of $20,350 per acre, as shown in **Table 16**. For the vacant land parcels, property tax revenues total $260 per acre.

Table 16. Baseline Revenues

Description	Total Revenue *per acre*
Low-Performing Retail	
Sales Tax	$19,737
Property Tax	$613
Total	**$20,350**
Vacant Land	
Sales Tax	$0
Property Tax	$260
Total	**$260**

Source: Arapahoe County Assessor; City of Littleton; Economic & Planning Systems

By delving into the data and revenue generated by those properties, a starting point is established for evaluating the financial outcomes and return on investment offered by the proposed mixed-use development scenarios.

Sales Tax Revenues

Sales tax revenues for the mixed-use scenarios were estimated using the Point of Sale and Point of Origin approaches. The Point of Origin approach is used to estimate sales tax revenues generated by new residents. It estimates the portion of a household's income spent on retail goods within the City of Littleton based on factors such as the average household income (assumed to be $90,000) and the percentage of that income allocated to retail goods (assumed to be 34%, based on the U.S. Census of Retail Trade data). Of that amount, it is assumed that new residents transact approximately 25 percent of their total retail spending within city limits, equating to $25,102 in net new sales tax to the City under Scenario 1, $43,031 under Scenario 2, and $71,719 under Scenario 3, as shown in **Table 17**.

The Point of Sale (POS) approach is used to estimate sales tax revenues generated by brick-and-mortar retailers. The estimation considers factors such as the average sales per square foot of retail space (assumed to be $350) and a factor of 75% net new sales, which accounts for potential cannibalization of existing retailers and spending from new residents. Utilizing this approach, net new sales tax to the City is estimated at $98,438 under Scenario 1, $196,875 under Scenario 2, and $295,313 under Scenario 3.

Total sales tax remittance under the three scenarios ranges from $123,539 in Scenario 1 to $367,031 in Scenario 3. To compare total sales tax remittance against the baseline, total sales tax remittance was converted to a per acre factor. On a per acre basis, Scenario 1 generated 2.5 X more revenue than the low-performing retail baseline, Scenario 2 generated 4.9 X more revenue, and Scenario 3 generated 7.4 X more revenue.

Table 17. Sales Tax Revenues

Description	Factor	Scenario 1	Scenario 2	Scenario 3
Residential Sales Tax				
Dwelling Units		88	150	250
Average HH Income		$90,000	$90,000	$90,000
Total Personal Income		$7,875,000	$13,500,000	$22,500,000
Total Retail Spending	34.0%	$2,677,500	$4,590,000	$7,650,000
Local Spending	25.0%	$669,375	$1,147,500	$1,912,500
Residential Sales Tax Revenue	3.75%	**$25,102**	**$43,031**	**$71,719**
Commercial Sales Tax				
Sq. Ft.		10,000	20,000	30,000
Total Sales	$350 PSF	$3,500,000	$7,000,000	$10,500,000
Net New Sales	75%	$2,625,000	$5,250,000	$7,875,000
Commercial Sales Tax Revenue	3.75%	**$98,438**	**$196,875**	**$295,313**
Total Sales Tax Revenue		**$123,539**	**$239,906**	**$367,031**
Sales Tax Revenue per Acre		**$49,416**	**$95,963**	**$146,813**
Return Multiple (Low-Performing)		**2.5 X**	**4.9 X**	**7.4 X**
Return Multiple (Vacant Land)		**--**	**--**	**--**

Source: U.S. Census; Economic & Planning Systems

Property Tax Revenues

Property tax revenues for both residential and commercial components were estimated using a capitalization approach. The valuation estimate involved capitalizing the net operating income (NOI) generated by each component and dividing it by the current capitalization rate (cap rate) in the Littleton market.

The NOI was calculated by estimating factors such as rental rate, vacancy rate, operating expenses, and other relevant costs associated with managing and maintaining each component of the potential. The resulting NOI was then divided by the cap rate (5.0 percent for multifamily and 6.5 percent for retail) to determine the market value and resulting property tax revenue.

Utilizing this approach, the residential and commercial components of the development are estimated to generate approximately $20,437 in property taxes under Scenario 1, $35,549 under Scenario 2, and $58,648 under Scenario 3. On a per acre basis, Scenario 1 generated 13.3 X more revenue than the low-performing retail baseline and 31.4 X more revenue than the vacant land baseline. Scenario 2 generated 23.2 X and 54.6 X more revenue, respectively, and Scenario 3 generated 38.3 X and 90.1 X more revenue, respectively.

Table 18. Property Tax Revenues

Description	Factor	Scenario 1	Scenario 2	Scenario 3
Residential Property Tax				
Dwelling Units		88	150	250
Estimated NOI		$1,606,500	$2,754,000	$4,590,000
Market Value	5.0% cap rate	$32,130,000	$55,080,000	$91,800,000
Property Taxes	2 mill levy	**$18,635**	**$31,946**	**$53,244**
Commercial Property Tax				
Sq. Ft.		10,000	20,000	30,000
Estimated NOI		$201,875	$403,750	$605,625
Market Value	6.5% cap rate	$3,105,769	$6,211,538	$9,317,308
Property Taxes	2 mill levy	**$1,801**	**$3,603**	**$5,404**
Total Property Tax Revenue		**$20,437**	**$35,549**	**$58,648**
Property Tax Revenue per Acre		**$8,175**	**$14,220**	**$23,459**
Return Multiple (Low-Performing)		**13.3 X**	**23.2 X**	**38.3 X**
Return Multiple (Vacant Land)		**31.4 X**	**54.6 X**	**90.1 X**

Source: Economic & Planning Systems

Total Tax Revenues

In total, the revitalization of low-performing and vacant parcels could benefit the City by increasing tax yield on a per acre basis by $57,590 in Scenario 1, $110,182 in Scenario 2, and $170,272 in Scenario 3, as shown in **Table 19**. The potential increase in tax revenues results in return multiples ranging from 2.8 to 8.4 X as compared to the baseline low-perming retail parcels and 221.1 to 653.8 X as compared to the baseline vacant parcels.

Table 19. Total Tax Revenues

Description	Scenario 1	Scenario 2	Scenario 3
Sales Tax Revenue			
Residential	$25,102	$43,031	$71,719
Commercial	$98,438	$196,875	$295,313
Total	**$123,539**	**$239,906**	**$367,031**
Property Tax Revenue			
Residential	$18,635	$31,946	$53,244
Commercial	$1,801	$3,603	$5,404
Total	**$20,437**	**$35,549**	**$58,648**
Total Tax Revenue	**$143,976**	**$275,455**	**$425,679**
Total Tax Revenue per Acre	**$57,590**	**$110,182**	**$170,272**
Return Multiple (Low-Performing)	**2.8 X**	**5.4 X**	**8.4 X**
Return Multiple (Vacant Land)	**221.1 X**	**423.1 X**	**653.8 X**

Source: Economic & Planning Systems

Return on Investment

In the region, three common policy incentives utilized by municipalities to stimulate development and investment include an Enhanced Sales Tax Incentive Program (ESTIP), Tax Increment Financing (TIF), and Capital Improvement Project (CIP) improvements. These incentives are often employed to attract businesses, encourage economic growth, and enhance the overall vitality of the municipality. In 2015, Littleton residents voted to approve Initiative 300, a citizen-led ballot measure which requires voter approval for any urban renewal plan that utilizes TIF; consequently, TIF has not been utilized as an economic development tool in recent years and was not included in the analysis.

To evaluate the potential benefits of an ESTIP or CIP program, the ROI is calculated for each. In the event that community support for TIF materializes, project returns as calculated within the ROI could increase, given that ROI is determined by dividing the total project cost by the total city investment. This analysis allows the City to assess the financial viability and effectiveness of implementing each incentive as a means of catalyzing economic development opportunities.

Total Project Costs

To calculate the return on investment, the total project costs for each scenario were estimated. Hard costs were assumed to total $225,000 per unit for the residential development and $250 per square foot for the commercial development. Soft costs were assumed to equal 20 to 25 percent (depending on type) of the total project costs. Total projects costs were estimated at $29.4 million for Scenario 1, $51.3 million for Scenario 2, and $84.4 million for Scenario 3.

Table 20. Total Project Costs by Scenario

Description	Factor	Scenario 1	Scenario 2	Scenario 3
Residential Costs				
Dwelling Units		88	150	250
Hard Costs	$225,000 per unit	$19,687,500	$33,750,000	$56,250,000
Soft Costs	25% of total	$6,562,500	$11,250,000	$18,750,000
Total Costs		**$26,250,000**	**$45,000,000**	**$75,000,000**
Commercial Costs				
Sq. Ft.		10,000	20,000	30,000
Hard Costs	$250 psf	$2,500,000	$5,000,000	$7,500,000
Soft Costs	20% of total	$625,000	$1,250,000	$1,875,000
Total Costs		**$3,125,000**	**$6,250,000**	**$9,375,000**
Total Project Costs		**$29,375,000**	**$51,250,000**	**$84,375,000**

Source: Economic & Planning Systems

Enhanced Sales Tax Incentive Program

An ESTIP program is commonly implemented by municipalities to stimulate economic growth and attract businesses. Under the program, participating businesses are offered incentives such as sales tax rebates or exemptions. These incentives are provided as a way to encourage businesses to invest in the community and generate increased sales tax revenue.

The program works by allowing businesses to retain a portion of the sales tax they collect from customers. The specific terms and conditions of the incentives are typically outlined in agreements between the municipality and the participating businesses. The incentives may be based on various factors, such as the amount of investment made by the business, the number of jobs created, or the level of sales generated.

For the purpose of this analysis, the ROI of an ESTIP program is analyzed by assuming a 50 percent sales tax rebate over a 7-year period. For each mixed-use development scenario, total sales tax was projected for a total of seven years, using a 2 percent escalation factor to account for inflation. Total sales tax revenues range from $975,750 under Scenario 1 to $2.9 million under Scenario 3, as shown in **Table 21**. The total incentive under an ESTIP program ranges from $487,875 under Scenario 1 to $1,463,625 under Scenario 3.

Table 21. ESTIP Total Incentive

Description	Total Sales Tax			Total Incentive (50% of Total)		
	Scenario 1	Scenario 2	Scenario 3	Scenario 1	Scenario 2	Scenario 3
Year 1	$131,250	$262,500	$393,750	$65,625	$131,250	$196,875
Year 2	$133,875	$267,750	$401,625	$66,938	$133,875	$200,813
Year 3	$136,553	$273,105	$409,658	$68,276	$136,553	$204,829
Year 4	$139,284	$278,567	$417,851	$69,642	$139,284	$208,925
Year 5	$142,069	$284,138	$426,208	$71,035	$142,069	$213,104
Year 6	$144,911	$289,821	$434,732	$72,455	$144,911	$217,366
Year 7	$147,809	$295,618	$443,426	$73,904	$147,809	$221,713
Total	**$975,750**	**$1,951,499**	**$2,927,249**	**$487,875**	**$975,750**	**$1,463,625**

Source: Economic & Planning Systems

The ROI of a potential ESTIP program ranges from 53.0 X under Scenario 2 to 60.6 X under Scenario 1, as shown in **Table 22**. Return multiples of this magnitude would signify a successful leveraging of public resources to stimulate private sector investment.

Table 22. ESTIP Return on Investment

Description	Scenario 1	Scenario 2	Scenario 3
Total Project Costs	$29,583,333	$51,666,667	$85,000,000
Total Incentive	$487,875	$975,750	$1,463,625
Return on Investment	**60.6 X**	**53.0 X**	**58.1 X**

Source: Economic & Planning Systems

Capital Improvement Project

Capital Improvement Project (CIP) improvements refer to a strategic and comprehensive approach used by municipalities to plan and prioritize infrastructure investments and public facility upgrades. CIP aims to enhance the quality of public assets, such as roads, bridges, parks, and public buildings, to support economic development, improve community services, and enhance the overall livability of the municipality.

Under a CIP, municipalities allocate funding and resources to address critical infrastructure needs and make targeted improvements. By strategically investing in infrastructure, municipalities can attract private investment and support economic development initiatives.

For the purpose of this analysis, $1.0 million of CIP investing per year is assumed for a total of 5 years. Assuming the same level of investment for each development scenario, the ROI increases with density, ranging from 5.9 X under Scenario 1 to 17.0 X under Scenario 3, as shown in **Table 23**.

Table 23. CIP Return on Investment

Description	Scenario 1	Scenario 2	Scenario 3
Total Project Costs	$29,583,333	$51,666,667	$85,000,000
Total Incentive	$5,000,000	$5,000,000	$5,000,000
Return on Investment	**5.9 X**	**10.3 X**	**17.0 X**

Source: Economic & Planning Systems