



Economic &  
Planning Systems

*Public Finance  
Real Estate Economics  
Regional Economics  
Land Use Policy*

## FINAL REPORT

# MAMMOTH CROSSING MARKET ANALYSIS

Prepared for:

Mammoth Crossing Development, LLC

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April 2007

EPS #16853

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The analyses, opinions, recommendations, and conclusions of this report are EPS' informed judgment based on market and economic conditions as of the date of this report. Changes in the market conditions or the economy could change or invalidate the conclusions contained herein. The contents of this report are based, in part, on data from secondary sources. While it is believed that these sources are accurate, EPS cannot guarantee their accuracy. The findings herein are based on economic considerations and, therefore, should not be construed as a representation or as an opinion that government approvals for development can be secured. Conclusions and recommended actions contained in this report should not be relied on as sole input for final business decisions regarding current and future development and planning, nor utilized for purposes beyond the scope and objectives of the current study.

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# I. INTRODUCTION AND SUMMARY OF FINDINGS

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## BACKGROUND AND SCOPE OF WORK

Mammoth Crossing Development, LLC retained Economic & Planning Systems (EPS) to conduct a market analysis to support Mammoth Crossing's development application to the Town of Mammoth Lakes. Mammoth Crossing is proposing 463 units of resort oriented hotel units on the northwest, southwest, and southeast corners of Minaret Road and Main Street/Lake Mary Road in Mammoth Lakes. The sites are within the North Village Specific Plan (NVSP) area which the Town has identified as an area that should be intensely developed with high density, visitor-oriented mixed use development, including a variety of short-term accommodations options, and street level retail and entertainment.

While the maximum density for these sites allowed by the NVSP is 48 rooms per acre (sleeping rooms), the Town is also interested in seeing higher density proposals of up to 80 rooms per acre. Mammoth Crossing is requesting a 35 percent density increase for Sites Two and Three that are part of the proposed development. The Town has expressed interest in seeing high end lodging and additional retail and entertainment uses in the NVSP area to reinforce the Village core and to create a larger critical mass of activity. The existing Village includes 58,000 square feet of retail space developed by Intrawest in 2002.

This market study evaluates existing economic and market conditions and forecasts housing and lodging growth in Mammoth Lakes. It also identifies future retail development opportunities in the Town of Mammoth Lakes and recommends a retail development program for Mammoth Crossing that is appropriate given the scale of the project and its relationship to the existing Village. The following tasks were completed and are presented in the corresponding sections of this report:

- **Market Framework** – Documents recent growth trends in Mammoth Lakes and Mono County including population, households, employment, and residential construction. Describes the major economic elements and drivers of the resort economy in Mammoth Lakes including permanent residents, overnight visitors, and second home homeowners. Also provides an analysis of current retail sales levels and expenditure patterns.
- **Development and Visitor Forecasts** – Evaluates recent development trends and current competitive development projects, and forecasts future development activity over the 2006 to 2020 time period. Also provides a permanent resident forecast and visitation forecast for overnight visitors and second home owners.
- **Retail Demand Forecasts** – Evaluates retail development opportunities for the Town of Mammoth Lakes by major store category.

- **Mammoth Crossing Retail Potentials** – Recommends a retail/commercial development program for Mammoth Crossing.

## SITE DESCRIPTION

Mammoth Crossing is composed of several properties on three corners of the intersection of Main Street and Minaret Road in Mammoth Lakes. This intersection is approximately 1,000 feet to the south of the existing Village at Mammoth developed by Intrawest. Mammoth Crossing is located within the North Village Specific Plan Area (NVSP) which is designated for high density lodging and resort oriented retail/commercial and entertainment land uses. The development program for Mammoth Crossing is currently subject to revision.

Site One is at the northwest corner of Main Street and Minaret Road and is 1.8 acres in size. Site One includes the existing Whiskey Creek restaurant which would remain in place. At this time Site One is planned for 104 hotel rooms and 22,000 square feet of retail/commercial space. Site One would also incorporate a public plaza, street parking, and extensive underground parking.

Site Two, also known as the Church Site, is 4.5 acres on the southwest corner. The current plan is for 165 hotel rooms and 18,500 square feet of retail/commercial space.

Site Three (Ullr/White Stag) is 2.9 acres on the southeast corner. It is planned for 194 hotel rooms; no retail space is planned for Site Three other than a possible ancillary restaurant associated with the hotel or condohotel units. Sites Two and Three would also incorporate underground parking.

## SUMMARY OF FINDINGS

1. *There has been acceleration in the pace of growth and construction in Mammoth Lakes over the last seven years. Much of the increase in construction is related to the expansion of the resort oriented condohotel and fractional ownership markets in Mammoth Lakes.*

Beginning in 1999, the pace of residential and resort oriented lodging construction increased substantially. Despite a lull in 2006, the five year moving average of annual construction has been steadily increasing since 1999. This data, along with several recent luxury developments such as the Village at Mammoth, 8050, the Westin Monache, and Sierra Star, suggest that the market for resort oriented housing and lodging in Mammoth Lakes is growing.

It is estimated that condohotel and fractional ownership developments have accounted for approximately half the multifamily construction in Mammoth Lakes and one third of total construction. This trend is occurring in many resort areas. The development model for short-term accommodations is turning away from

traditional hotel products owned/operated under one entity to condohotel and fractional ownership developments. This business model provides a means of spreading the ownership, operations, and development risk across many owners.

2. *Mammoth has not reached the year-round occupancy levels of other major competitive destination ski resorts in the Western U.S.*

Year-round occupancy in Mammoth Lakes has averaged 39 percent over the last six years. The resort has averaged 52 percent over the last ski season but only 32 percent during the remainder of the year. As primarily a weekend day skier market for Southern California, Mammoth is not yet generating the higher occupancies characteristic of destination resorts that attract visitors for longer stays during the week and shoulder seasons. Some of the major competitive destination ski resort communities achieve year-round occupancies in the 50 to 55 percent range. These higher rates can only be reached by 1) attracting more destination visitors for extended ski trips during the winter and achieving winter occupancies as high as 70 to 75 percent, and 2) building summer and shoulder season business through developing greater marketing efforts and greater zfestival, conference, and event programming.

3. *Expanding Mammoth Lakes as a destination resort can be achieved through a partnership between MMSA and the Town.*

Mammoth Mountain Ski Area is working to transition the resort from a weekend day skier market to more of a destination market by increasing marketing and attracting a high end bed base and amenities. The expansion of commercial air service to the Mammoth Lakes area will also promote this transition. Successful expansion will also require an investment of resources by the Town. Research into other successful resort communities has shown that:

- Most successful communities have a long-term and ongoing commitment to public investment in facilities and infrastructure.
- The greatest growth has been achieved where investments have targeted both the winter and summer seasons.
- Most successful resorts involve joint ownership or a close partnership between the ski area and the community as a whole.

4. *Retail sales levels are below industry benchmarks in many store categories, which is a reflection of seasonal peaks and valleys and a small trade area population.*

Retail demand and development responds to year-round average occupancies rather than seasonal peaks. The seasonal occupancy in Mammoth Lakes presents the greatest challenge to additional retail development in the next five to ten years. Due to a small permanent population, businesses rely heavily on peak season visitor sales.

The Convenience Goods sector (including groceries, beer, wine, and liquor) is the best performing store category in Mammoth Lakes. The Mammoth Lakes Von's is the only full-service supermarket in Mono County, with estimated annual sales of \$38.4 million or \$800 per square foot, which is well above industry benchmarks of \$400 to \$500 per square foot for a well-performing store.

The Shoppers Goods category, which includes specialty retailers and outdoor apparel and equipment stores, generally performs below industry averages for strong stores in a resort setting. Average sales per square foot are estimated at \$237 compared to targets of \$275 to \$350 per square foot. There is no traditional general merchandise or discount department store in Mammoth Lakes (i.e., Target, K-Mart, and Kohl's), or other major home furnishings or electronics/appliance store that contributes to significant retail sales leakage by the permanent population.

5. *Overnight visitors and the permanent population are the major drivers for retail sales in Mammoth Lakes.*

Mammoth Lakes has approximately \$163 million in annual retail store sales. The permanent year-round population of Mammoth Lakes generates an estimated \$77.3 million in retail expenditure potential before accounting for sales leakage. Overnight visitors generate approximately \$79.8 million, or about the same amount as the full-time population. Second homes owners generate only 10 percent of the expenditure potential of overnight visitors. Improvements in retail business conditions in Mammoth Lakes will be tied to growth of the permanent population and the overnight visitor base.

6. *Business conditions are improving in the Village at Mammoth, largely due to an increase in summer and off-season events and activities.*

The 58,000 square feet of retail space in the Village at Mammoth is the largest recent addition of new retail space in Mammoth Lakes. It has taken longer than expected for the project to stabilize and establish itself. However, retail sales in the Village at Mammoth in 2006 were up by over 50 percent from 2004. Intrawest representatives indicate that the improvements are largely driven by an increase in summer and off-season events and activities that draw more people to the Village. Nevertheless, many tenants are receiving rent discounts or are on percentage rent-only leases to reduce overhead and help them establish their businesses.

The existing retail component of the Village is 58,000 square feet. This means that the existing bed base in the North Village is not sufficient to support the retail on its own; therefore the Village relies heavily on inflow from the rest of Mammoth Lakes. Over time, as the NVSP area and larger Mammoth Lakes area continue to build out, business conditions in the Village are likely to improve. As the Village builds out over the next 15 years, the demand created by the increase in lodging and associated visitation will support approximately 74,000 square feet of retail space (an additional 16,000 square feet), providing a better balance between Village lodging and retail space. However, opportunities for more retail growth in the North Village are fairly limited, particularly if they are not directly contiguous to the North Village.

- 7. The future growth of visitor oriented lodging in Mammoth Lakes will be the main economic driver and will help to improve retail business conditions.***

There is a substantial amount of planned development activity in Mammoth Lakes expected to come online in the next five to ten years. A market based forecast of future development estimates a total of approximately 3,400 new housing and overnight lodging units over the next 15 years based on recent development rates, the mix of products being built, and planned development potential. This would generate an increase of 600 permanent resident households, just under 1,700 overnight lodging units, and 1,400 new private second homes.

- 8. Resort oriented retail development requires a critical mass of demand and space in order to be successful.***

Resort oriented retail development has different tenant characteristics than community retail. Rather than relying on the traditional anchor-ancillary tenant synergies (i.e., a grocer, bank, dry cleaner, and other services/stores locating together), resort retail often relies on the synergy created by a sufficient critical mass of stores, restaurants, bars, and entertainment uses catering to the visitor and local population. This is the development model followed by Intrawest in their village concepts, and is also similar to the modern lifestyle retail centers that are becoming more common in urban/suburban locations.

To be successful, a resort setting generally requires a minimum of 60,000 to 100,000 square feet of contiguous pedestrian oriented space. Therefore, this development format also requires that there be minimum thresholds of demand to support substantial new retail development in a Main Street or resort/village style. Piecemeal development of small parcels and individual projects is less likely to be successful or financially feasible.

- 9. There are opportunities for limited amounts of new retail development in Mammoth Lakes over the next five to ten years.***

While no major new additions of retail space similar to the scale of the Village are expected to be supported by demand in the next 10 years, there are some limited opportunities for additional retail development in Mammoth Lakes. Mammoth Crossing should target retail opportunities appropriate for its location in its development program.

Mammoth Lakes could potentially attract a second full-service supermarket in the next five to ten years based on the growth forecasts and assuming that the new store could capture approximately \$15 million in sales from the existing Von's store. However, the necessary sales levels for a second store are not present today. A specialty market emphasizing natural foods and prepared foods may also be an opportunity as a market niche, and in a shorter period of time.

Mammoth Lakes has a gap in restaurants between the fast food and lower priced dining categories and the higher end fine dining restaurants. With the demand shown by the forecasts and this existing opportunity, there is the potential to attract a limited number of restaurants to fill this gap. A destination or theme restaurant unique in the Mammoth Market could be successful in the next 10 years.

Since no major additions of a critical mass of Specialty Retail and Shoppers Goods are supportable in the next 10 years, new stores in these categories would need to have a destination draw and be able to stand on their own, rather than be part of a new major retail project. There may be opportunities for smaller additions of specialty retail that can stand alone without a critical mass of surrounding retail development. The forecasts also do not indicate that a major discount department store or discount retailer is likely to locate in Mammoth Lakes in at least the next 10 years.

## RECOMMENDED DEVELOPMENT PROGRAM

The Mammoth Crossing sites have strong locational attributes of their own independent from the existing Village development. Because Sites One and Two front the intersection of Minaret and Lake Mary Drive, they are gateway parcels to the existing and future development planned in the North Village. They also have excellent access to traffic on both arterials and can therefore attract auto and community oriented uses to the extent that parking and circulation can be accommodated. The parcel site sizes, however, are a constraint and will provide only a limited area for retail development.

The Mammoth Crossing sites are therefore best suited to destination retail draws that can generate their own traffic and business and can serve both a community and visitor customer base. If successful destination businesses can be located on these parcels, they can also serve as an anchor to the specialty retailers in the Village core only a short distance away.

Mammoth Crossing's best retail opportunities are for retail and restaurant uses that can stand on their own and create their own draw. The recommended retail/commercial development program for Mammoth Crossing is for no more than approximately 30,000 to 40,000 square feet of high visibility, street oriented retail space.

### **Specialty Grocer**

A second supermarket is not expected to be developed in Mammoth for five to ten years. However, a smaller specialty foods market could complement the existing full service supermarket with a more specialized line of products including natural foods, prepared foods, deli items, and a full wine and cheese selection. This store category is growing rapidly and includes both national chains and independent local businesses. It would also benefit from this location in order to serve the local as well as visitor customer base. This market could be in the 7,500 to 15,000 square foot range including a beer, wine and liquor section.

### **Destination Restaurant**

Another anchor opportunity is to attract a destination restaurant. The Mammoth Crossing sites would be excellent locations for larger mainstream restaurants with appeal to both the visitor and local populations. There is an identified gap in the market between fast food and “bar food” on the low end and upscale high end tourist oriented restaurants. This market niche is characterized by mid-upper market sit-down restaurants with broad appeal, but with reasonable prices for local residents and tourist families. Some of the “lifestyle restaurant” chains such as PF Chang’s, Il Fornaio, McCormick and Schmid’s, California Pizza Kitchen, and Ted’s Montana Grille would fit this niche.

### **Other Anchor Opportunities**

While more difficult to attract, the potential for other junior anchors such as a bookstore (e.g., Barnes & Noble or Borders) should be investigated. Although typically found in larger urban/suburban retail projects, they have built individual stores in some smaller markets. Another potential opportunity could be a home furnishings store oriented to the second home market.

### **Ancillary Retail Space**

The use of the proposed ancillary retail space will be a function of any anchor signings. Lacking a major tenant, it will be difficult to market 12,000 to 15,000 square feet of small store space, as is shown on the preliminary site plan. Other retail uses at Mammoth Crossing would need to be able to stand on their own without the synergy of a larger retail district. This considerably narrows the pool of potential users. Niche specialty resort brand retailers such as Oakley, Patagonia, and Quicksilver can create a destination draw, but require a larger trade area than Mammoth Lakes.

A smaller retail user that could stand on its own may be a low volume, high priced store, such as a high end fur or jewelry store, salon or spa, or a gallery that creates its own draw. Such stores are fairly small, ranging from less than 1,000 to 2,500 square feet.

### **Site Planning Considerations**

The total recommended retail development program for Mammoth Crossing is 30,000 to 40,000 square feet of space. This would be enough to accommodate a mid-size destination restaurant, a specialty foods market, and a limited amount of small store and services space.

Since retail at Mammoth Crossing will rely heavily on population and visitors outside the North Village, it will be important to orient the retail on the site so that it is easily accessible by cars. Adequate street parking and onsite short-term parking will be needed. The retail should also be oriented to the street for maximum visibility and accessibility. While the European style courtyard or village center model is appealing from a design and placemaking perspective, it requires a larger critical mass of retail space and visitor traffic than the Mammoth Crossing project can provide on its own.

## II. MAMMOTH LAKES MARKET FRAMEWORK

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This chapter documents population, household, and residential construction trends in Mammoth Lakes and Mono County. The information provides the baseline trends and framework that shape retail and lodging development opportunities in Mammoth Lakes.

### POPULATION AND HOUSEHOLDS

Mammoth Lakes has a year-round population of 7,700, as estimated by the California Department of Finance and shown in **Table 1**. The total population of Mono County is 13,600, indicating that Mammoth Lakes accounts for 56 percent of the County population. Mammoth's population grew by 2,300 from 1990 to 2000 at an annual rate of 4.0 percent. From 2000 to 2006 the permanent population grew more slowly, adding 620 people, which equates to a growth rate of 1.4 percent per year. Household growth trends follow population growth trends, and Mammoth added 862 households from 1990 to 2000 and 290 households from 2000 to 2006, making the current total 3,260.

**Table 1**  
**Population and Household Trends, Mono County, 1990-2006**  
**Mammoth Crossing Market Analysis**

Description	1990	2000	2006	Change 1990-2000			Change 2000-2006		
				Tot. #	Ann. #	Ann. %	Tot. #	Ann. #	Ann. %
<b>Population</b>									
Mammoth Lakes	4,785	7,093	7,717	2,308	231	4.0%	624	104	1.4%
Unincorporated	<u>5,171</u>	<u>5,760</u>	<u>5,880</u>	<u>589</u>	<u>59</u>	<u>1.1%</u>	<u>120</u>	<u>20</u>	<u>0.3%</u>
<b>Mono County Total</b>	<b>9,956</b>	<b>12,853</b>	<b>13,597</b>	<b>2,897</b>	<b>290</b>	<b>2.6%</b>	<b>744</b>	<b>124</b>	<b>0.9%</b>
<b>Households</b>									
Mammoth Lakes	1,952	2,814	3,260	862	86	3.7%	446	74	2.5%
Unincorporated	<u>2,009</u>	<u>2,323</u>	<u>2,615</u>	<u>314</u>	<u>31</u>	<u>1.5%</u>	<u>292</u>	<u>49</u>	<u>2.0%</u>
<b>Mono County Total</b>	<b>3,961</b>	<b>5,137</b>	<b>5,875</b>	<b>1,176</b>	<b>118</b>	<b>2.6%</b>	<b>738</b>	<b>123</b>	<b>2.3%</b>

Source: California Department of Finance; US Census; Economic & Planning Systems

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## HOUSING UNITS

Mammoth Lakes has approximately 9,200 total housing units, as shown in **Table 2**. (Note that a household is equivalent in number to an occupied housing unit.) From 1990 to 2000, housing construction followed the growth in households, indicating that growth in the permanent population was driving most housing construction. From 1990 to 2000, Mammoth Lakes grew by 862 year-round households and 858 housing units, showing a close balance between the growth in permanent households and housing construction. This trend reversed from 2000 to 2006 when 1,260 new homes were built while only 446 new households were added to Mammoth Lakes. This indicates that the majority of new residential construction is now oriented to second home owners and investors who may buy condominium units for rental income and/or personal use.

**Table 2**  
**Housing Unit Trends, Mono County, 1990-2006**  
**Mammoth Crossing Market Analysis**

Housing Units	1990	2000	2006	Change 1990-2000			Change 2000-2006		
				Tot. #	Ann. #	Ann. %	Tot. #	Ann. #	Ann. %
Mammoth Lakes	7,102	7,960	9,223	858	86	1.1%	1,263	211	2.5%
Unincorporated	<u>3,562</u>	<u>3,797</u>	<u>4,328</u>	<u>235</u>	<u>24</u>	<u>0.6%</u>	<u>531</u>	<u>89</u>	<u>2.2%</u>
<b>Mono County Total</b>	<b>10,664</b>	<b>11,757</b>	<b>13,551</b>	<b>1,093</b>	<b>109</b>	<b>1.0%</b>	<b>1,794</b>	<b>299</b>	<b>2.4%</b>

Source: California Department of Finance; US Census; Economic & Planning Systems

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Second homes are estimated using US Census estimates of vacant units by type. The Census estimates often overstate vacant units and undercount second homes in resort communities; however, the estimates for Mammoth Lakes seem reasonable. The percentage of units that are truly vacant (for rent, for sale) dropped from about 15 percent in 1990 to 6 percent in 2000, which may have been linked to the increase in full-time residents during this time period. Assuming 5 percent vacancy in 2006, there are approximately 5,500 homes in Mammoth Lakes occupied either on a part-time basis by second home owners, or rented to overnight visitors as a portion of the overnight rental pool inventory. By comparing the growth in housing units to the growth in households, it is estimated that 60 to 65 percent of new residential construction from 2000 to 2006 consisted of second homes and condohotel condominium units and 35 percent was for permanent residents.

**Table 3**  
**Second Homes Estimate, Mammoth Lakes, 2006**  
**Mammoth Crossing Market Analysis**

Description	1990	2000	2006	Change	
				1990-2000	2000-2006
<b>Total Housing Units</b>	<b>7,102</b>	<b>7,960</b>	<b>9,223</b>	<b>858</b>	<b>1,263</b>
<b>Vacant Units</b>					
For Rent/Sale/Other	1,065	478	461	-588	-16
Second Homes/Investment	<u>4,085</u>	<u>4,668</u>	<u>5,502</u>	<u>584</u>	<u>833</u>
<b>Total Vacant</b>	<b>5,150</b>	<b>5,146</b>	<b>5,963</b>	<b>-4</b>	<b>817</b>
<b>Units by Occupancy</b>					
Permanent Households	1,952	2,814	3,260	862	446
Second Homes/Investment	4,085	4,668	5,502 [1]	584	833
Vacant For Sale/Rent, Other	<u>1,065</u>	<u>478</u>	<u>461</u>	<u>-588</u>	<u>-16</u>
<b>Total Housing Units</b>	<b>7,102</b>	<b>7,960</b>	<b>9,223</b>	<b>858</b>	<b>1,263</b>
<b>Units by Occupancy (%)</b>					
Permanent Households	27%	35%	35%		
For Sale/Rent, Other Vacant	15%	6%	5%		
Second Homes/Investment	<u>58%</u>	<u>59%</u>	<u>60%</u>		
<b>Total Vacant</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>		

[1] Based on US Census estimates for 1990 and 2000.

Source: US Census; CA Dept. of Finance; Economic & Planning Systems

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**Table 4** illustrates housing unit growth by units in structure from 1990 to 2006. From 1990 to 2000, 55 percent of the change in housing stock was in single family detached (SFD) units. Fifty-three percent of the change was in single family attached units. There were some demolitions or multifamily units and losses of mobile homes, and the balance of the change in the housing stock was in multifamily units in buildings with more than 5 units.

**Table 4**  
**Housing Unit Trends by Unit Type, Mono County, 1990-2006**  
**Mammoth Crossing Market Analysis**

Housing Units in Structure	Change 1990-2000		Change 2000-2005	
	Total #	% of Total	Total #	% of Total
<b>Mammoth Lakes</b>				
SFD	469	54.7%	183	14.5%
SFA	452	52.7%	38	3.0%
2-4 Units	-119	-13.9%	340	26.9%
5 + Units	104	12.1%	702	55.6%
Mobile Homes & Other	<u>-48</u>	<u>-5.6%</u>	<u>0</u>	<u>0.0%</u>
<b>Total</b>	<b>858</b>	<b>100.0%</b>	<b>1,263</b>	<b>100.0%</b>
<b>Unincorporated</b>				
SFD	190	80.9%	375	70.6%
SFA	17	7.2%	46	8.7%
2-4 Units	105	44.7%	11	2.1%
5 + Units	9	3.8%	0	0.0%
Mobile Homes & Other	<u>-86</u>	<u>-36.6%</u>	<u>99</u>	<u>18.6%</u>
<b>Total</b>	<b>235</b>	<b>100.0%</b>	<b>531</b>	<b>100.0%</b>
<b>Mono County Total</b>				
SFD	659	60.3%	558	31.1%
SFA	469	42.9%	84	4.7%
2-4 Units	-14	-1.3%	351	19.6%
5 + Units	113	10.3%	702	39.1%
Mobile Homes & Other	<u>-134</u>	<u>-12.3%</u>	<u>99</u>	<u>5.5%</u>
<b>Total</b>	<b>1,093</b>	<b>100.0%</b>	<b>1,794</b>	<b>100.0%</b>

Source: CA Dept. of Finance; Economic & Planning Systems

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The last six years of data show a significant increase in multifamily units in the 2 to 4 and 5+ units in structure categories. From 2000 to 2006, multifamily units in buildings with 2 to 4 units accounted for 27 percent of housing construction. Multifamily units in buildings with 5 or more units accounted for 55 percent of new construction. The 5 or more units in structure category include resort condominium developments such as the Village at Mammoth.

New residential construction building permits are shown by year in **Table 5**. Note that the single family category here includes single family detached and single family attached (townhomes and side-by-side duplex units).

The pace of construction over the past seven years has increased dramatically when compared to the trends shown in the 1990s. From 2000 to 2006, there were on average 217 new units permitted and built each year for a total of 1,522 units. During the 1990s, Mammoth Lakes absorbed approximately 30 to 90 units per year, with 1990 and 1999 raising the averages to 70 and 80 units per year from 1990 to 1994 and 1995 to 1999, respectively.

The proportion of single family and multifamily construction is shifting. Multifamily construction has increased from 44 percent of the total during the 1990 to 1994 time period to 71 percent during the 2000 to 2006 time period. There has been a corresponding decrease in single family construction from 56 percent to 29 percent of the total during the same time periods.

The five year moving average for new construction permits is shown in **Figure 1**. The trend line suggests that the overall pace of development is increasing in Mammoth Lakes despite peaks and valleys during some years.

**Table 5  
 New Residential Construction Permits, Mono County, 1990-2006  
 Mammoth Crossing Market Analysis**

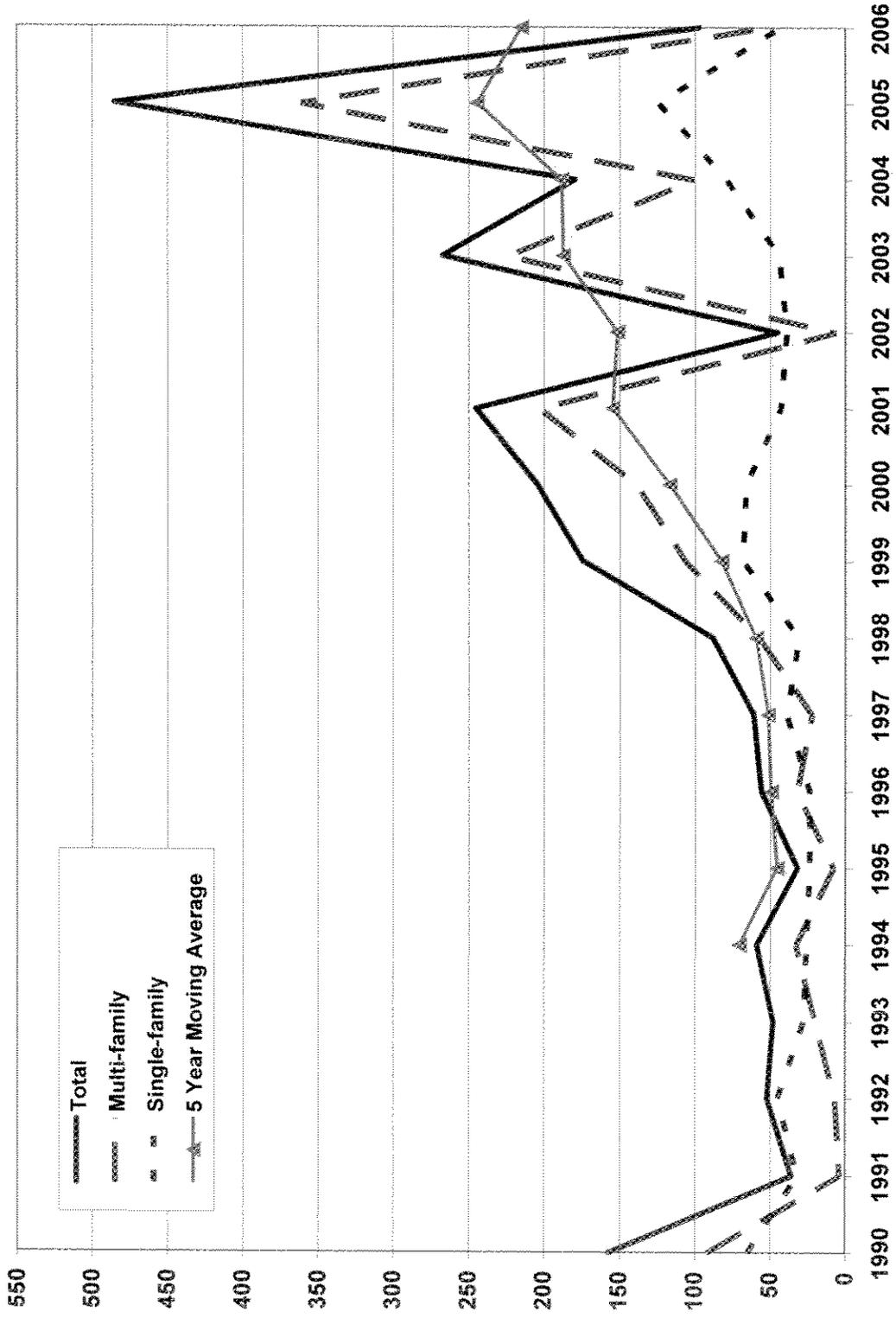
Type	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1990-1994 Total # Ann. # 5 years		1995-1999 Total # Ann. # 5 years		2000-2006 Total # Ann. # 7 years	
	<b>Mammoth Lakes</b>																		156	31	225	45	677
Multi-family	92	4	7	20	33	8	32	22	57	106	138	202	6	223	100	361	54	196	39	186	37	438	63
Single-family	65	32	45	28	26	24	24	39	31	68	66	43	39	44	79	124	43	352	70	411	82	1,522	217
<b>Total</b>	<b>157</b>	<b>36</b>	<b>52</b>	<b>48</b>	<b>59</b>	<b>32</b>	<b>56</b>	<b>61</b>	<b>88</b>	<b>174</b>	<b>204</b>	<b>245</b>	<b>45</b>	<b>267</b>	<b>179</b>	<b>485</b>	<b>97</b>						
<b>Mono County</b>																		172	34	225	45	677	97
Multi-family	108	4	7	20	33	8	32	22	57	106	138	207	6	223	100	---	3	407	81	345	69	568	81
Single-family	139	74	75	54	65	56	50	74	58	107	106	103	86	95	117	---	61	579	116	570	114	1,325	189
<b>Total</b>	<b>247</b>	<b>78</b>	<b>82</b>	<b>74</b>	<b>98</b>	<b>64</b>	<b>82</b>	<b>96</b>	<b>115</b>	<b>213</b>	<b>244</b>	<b>310</b>	<b>92</b>	<b>318</b>	<b>217</b>	<b>80</b>	<b>64</b>						
<b>Total</b>																		328	66	450	90	1,400	200
Multi-family	200	8	14	40	66	16	64	44	114	212	276	409	12	446	200	---	57	503	121	531	106	982	126
Single-family	204	106	120	82	91	80	74	113	89	175	172	146	125	139	196	---	104	931	166	981	196	2,847	407
<b>Total</b>	<b>404</b>	<b>114</b>	<b>134</b>	<b>122</b>	<b>157</b>	<b>96</b>	<b>138</b>	<b>157</b>	<b>203</b>	<b>387</b>	<b>448</b>	<b>555</b>	<b>137</b>	<b>585</b>	<b>396</b>	<b>565</b>	<b>161</b>						
<b>Mammoth Lakes</b>																		44%	44%	55%	55%	71%	71%
Multi-family	59%	11%	13%	42%	56%	25%	57%	36%	65%	61%	68%	82%	13%	84%	56%	74%	56%	56%	56%	45%	45%	29%	29%
Single-family	41%	89%	87%	58%	44%	75%	43%	64%	35%	39%	32%	18%	87%	16%	44%	26%	44%	100%	100%	100%	100%	100%	100%
<b>Total</b>	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%						
<b>Mono County</b>																		30%	30%	39%	39%	54%	54%
Multi-family	44%	5%	9%	27%	34%	13%	39%	23%	50%	50%	57%	67%	7%	70%	46%	---	5%	70%	70%	61%	61%	46%	46%
Single-family	56%	95%	91%	73%	66%	88%	61%	77%	50%	50%	43%	33%	93%	30%	54%	---	95%	100%	100%	100%	100%	100%	100%
<b>Total</b>	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%						

Note: Single Family units include townhomes/rowhomes that house one household between foundation and roof (Single Family Attached). Multifamily includes condominiums and condominium hotel units assessed as residential real property.

Source: RAND Corporation, Economic & Planning Systems

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Figure 1  
 New Residential Construction Permits, Mammoth Lakes, 1990-2006  
 Mammoth Crossing Market Analysis



Part of the shift to more multifamily construction is explained by the increase in condominium hotel and fractional ownership development, which are all classified as residential construction since they are individually owned units and assessed as residential property. They also have the potential to be used as full-time dwelling units. As shown in **Table 6**, approximately one half of the multifamily construction from 2000 to 2006 can be accounted for in three major resort oriented projects: the Village at Mammoth with 290 units, 8050 with 28 units to date, and the Westin Monache with 230 units.

**Table 6**  
**Resort Accommodations Oriented Construction, 2000-2006**  
**Mammoth Crossing Market Analysis**

	Construction Activity 2000-2006
<b>Multifamily Housing Starts</b>	<b>1,084</b>
Village at Mammoth (Condohotel)	290
8050 (Fractional Club)	28
Westin Monache (Condohotel)	<u>230</u>
<b>Total</b>	<b>548</b>
<b>Percent Resort/Accommodations Oriented</b>	<b>51%</b>

Source: Economic & Planning Systems  
 H:\16853-Mammoth Village Market Study\Models\16853-Devel\_Proj.xls\Permits

## EMPLOYMENT

Employment data was only available at the County level. However, it can be inferred to be generally representative of the Mammoth Lakes area since there are no other major population centers of similar size in Mono County. Mono County's economic base is very characteristic of a rural mountain resort community. As shown in Table 7, over one third (34.5 percent) of the job base is in Accommodations and Food Services which includes hotels, restaurants, and bars. This sector also generated approximately 70 percent of the employment growth from 2001 to 2004, with an increase of 700 out of a total of 1,080 net new jobs.

**Table 7**  
**Mono County Employment, 2001-2004**  
**Mammoth Crossing Market Analysis**

Industry Sector	2001	2002	2003	2004	Change 2001-2004			% of Total 2004
					Total #	Ann. #	Ann. %	
Agriculture	(D)	(D)	(D)	31	---	---	---	0.3%
Mining	(D)	(D)	(D)	(D)	---	---	---	---
Utilities	(D)	(D)	(D)	(D)	---	---	---	---
Construction	830	805	938	913	83	28	3.2%	8.7%
Manufacturing	(D)	119	102	119	---	---	---	1.1%
Wholesale trade	(D)	36	43	47	---	---	---	0.4%
Retail trade	1,009	996	1,001	984	-25	-8	-0.8%	9.4%
Transportation and warehousing	59	(D)	(D)	(D)	---	---	---	---
Information	90	55	74	74	-16	-5	-6.3%	0.7%
Finance and insurance	109	107	112	110	1	0	0.3%	1.1%
Real estate and rental and leasing	873	914	980	1,004	131	44	4.8%	9.6%
Professional and technical services	451	467	496	528	77	26	5.4%	5.0%
Management of companies and enterprises	(D)	(D)	(D)	(D)	---	---	---	---
Administrative and waste services	(D)	(D)	(D)	(D)	---	---	---	---
Educational services	(D)	(D)	(D)	(D)	---	---	---	---
Health care and social assistance	(D)	(D)	(D)	(D)	---	---	---	---
Arts, entertainment, and recreation	240	243	250	255	15	5	2.0%	2.4%
Accommodation and food services	2,907	2,971	3,151	3,608	701	234	7.5%	34.5%
Other services, except public administration	430	472	458	448	18	6	1.4%	4.3%
Government and government enterprises	<u>1,607</u>	<u>1,591</u>	<u>1,601</u>	<u>1,638</u>	<u>31</u>	<u>10</u>	<u>0.6%</u>	<u>15.7%</u>
<b>Total Non-Farm Employment</b>	<b>9,381</b>	<b>9,437</b>	<b>9,909</b>	<b>10,461</b>	<b>1,080</b>	<b>360</b>	<b>3.7%</b>	<b>100.0%</b>

Note: (D) indicates data suppressed for privacy.

Source: US Bureau of Economic Analysis

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Government employers (state, local, and federal) account for 16 percent of the job base. The largest government employers in Mammoth Lakes are the Town and the Inyo National Forest. The Mono County seat is in Bridgeport where most of the County offices are located. Other significant industries are Real Estate and Rentals and Leasing with 9.6 percent, Retail Trade with 9.4 percent, and Construction with 8.7 percent of the job base. Total employment has been growing steadily since 2001 at 3.7 percent per year.

## VISITATION AND LODGING

Since 2000, Mammoth Mountain Ski Area (MMSA) has experienced strong growth in skier visits despite a national trend of generally flat growth. As shown in **Table 8**, Mammoth had approximately 950,000 skier visits in 2000, growing to an estimated 1,450,000 in 2005. This is an increase of 500,000, or 8.8 percent annual growth. Skiing is the largest visitor generating activity in Mammoth and is thus an important economic driver for the community.

Mammoth has been largely a weekend destination market for Southern California. However, MMSA management's goal is to increase Mammoth's destination visitors. Their strategy includes several approaches. One is to increase marketing in major metropolitan areas of the U.S., which will be more accessible as commercial air service to Mammoth is expanded. MMSA would also like to attract more high end resort oriented development to Mammoth such as branded hotels and luxury condominiums. This will increase the overnight bed base and help to increase skier visits, and also potentially attract more affluent destination visitors.

**Table 8**  
**Mammoth Mountain Skier Visits**  
**Mammoth Crossing Market Analysis**

Year	# of Visits	Ann. % Change
<b>Trend</b>		
2000	950,000	---
2001	1,150,000	21.1%
2002	1,200,000	4.3%
2003	1,350,000	12.5%
2004	1,400,000	3.7%
2005 (Est.)	1,450,000	3.6%
<b>Change 2000-2005</b>	<b>500,000</b>	<b>8.8%</b>
<b>MMSA Projection</b>		
2006	1,450,000	0%
2007	1,550,000	7%
2008	1,650,000	6%
2009	1,800,000	9%
2010	2,000,000	11%
<b>Change 2006-2010</b>	<b>2,000,000</b>	<b>8.4%</b>

Source: Mammoth Mountain Ski Area

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The bed base from 1999 to 2005 or Mammoth Lakes is shown in **Table 9**. There has been very little growth in the Town's bed base over this time period, increasing by a total of 59 units/rooms since 1999. The inventory of hotel, inn, and lodge rooms decreased steadily since 1999 by 228 rooms, which have been replaced by condominium and home rental units, including condohotel units such as the Village at Mammoth. The condo and home rental category has grown by 240 units since 1999 at a rate of 1.5 percent per year, replacing a number of older hotels and inns that have dropped out of the inventory.

**Table 9**  
**Total Rooms Available**  
**Mammoth Crossing Market Analysis**

Accommodation Type	1999	2000	2001	2002	2003	2004	2005	Change 1999-2005		
								Total #	Ann. #	Ann. %
Condo/Home Rentals (Units)	2,523	2,595	2,602	2,586	2,632	2,706	2,763	240	40	1.5%
Hotel, Inns & Lodges (Rooms)	1,460	1,355	1,281	1,215	1,231	1,210	1,232	-228	-38	-2.8%
Campgrounds	<u>588</u>	<u>586</u>	<u>582</u>	<u>561</u>	<u>637</u>	<u>637</u>	<u>635</u>	<u>47</u>	<u>8</u>	<u>1.3%</u>
<b>Total Available Rooms</b>	<b>4,571</b>	<b>4,536</b>	<b>4,465</b>	<b>4,362</b>	<b>4,500</b>	<b>4,553</b>	<b>4,630</b>	<b>59</b>	<b>10</b>	<b>0.2%</b>

Source: Town of Mammoth Lakes Finance Dept., Economic & Planning Systems  
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This trend is occurring in other resort communities as well. Lodging development is increasing for individually owned fee simple dwelling units with central rental management or as fractional ownership dwelling units. This development model provides a way for developers to spread the risk of a project across many owners. Sources indicate that traditional hotel developments are harder to finance and have more risk than a project consisting of individually owned units. Interviews with condominium hotel developers and analyses of other similar projects in peer resort communities indicate that 75 to 80 percent of the units in a resort oriented condohotel project will be placed in the overnight rental pool at a given time and function as short-term accommodations or "hot beds."

In 2006, Mammoth Lakes achieved 39.1 percent annual occupancy, which is close to its high of 39.6 in 2004, as shown in **Table 10**. Winter occupancy has been at 51 to 52 percent since 2002, while summer occupancy has been 36 to 39 percent. Occupancy during the shoulder seasons (spring and fall) is generally less than 29 percent. Mammoth Lakes experiences the large fluctuations in seasonal occupancy found in most communities with a ski resort.

**Table 10**  
**Overnight Occupancy by Season, Town of Mammoth Lakes, 2001-2006 YTD**  
**Mammoth Crossing Market Analysis**

Time Period	2001	2002	2003	2004	2005	2006	5-Year Avg.
Winter (Dec - Mar)	48.3%	51.3%	51.2%	51.8%	51.8%	52.8%	51.2%
Summer (Jun - Sep)	38.5%	38.8%	36.5%	38.1%	39.0%	36.7%	37.9%
Spring & Fall (Apr, May, Oct, Nov)	<u>24.8%</u>	<u>24.7%</u>	<u>27.9%</u>	<u>29.1%</u>	<u>24.8%</u>	<u>27.9%</u>	<u>26.5%</u>
<b>Annual</b>	<b>37.2%</b>	<b>38.2%</b>	<b>38.5%</b>	<b>39.6%</b>	<b>38.5%</b>	<b>39.1%</b>	<b>38.5%</b>
	<b><u>2001/02</u></b>	<b><u>2002/03</u></b>	<b><u>2003/04</u></b>	<b><u>2004/05</u></b>	<b><u>2005/06</u></b>		
<b>Ski Season (Dec. - Mar.)</b>	51.9%	51.2%	49.8%	53.5%	53.6%		<b>52.0%</b>
<b>Rest of Year (Apr. - Nov.)</b>	31.7%	31.7%	32.2%	33.6%	31.9%		<b>32.2%</b>

Source: Town of Mammoth Lakes Finance Dept., Economic & Planning Systems

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The highest occupancy rates are achieved at resorts with a strong summer season such as Aspen, Vail, and Whistler-Blackcomb, all of which achieve year-round occupancies in the 50 to 55 percent range. Festivals, events, and conferences are the most common way to increase occupancy in non-winter months, as shown in **Table 11**. Winter occupancies at these resorts range from 68 percent at Aspen to 70 percent at Vail. Mammoth's 2006 winter occupancy was 53 percent, reflecting its greater weekend business orientation and relative lack of week-long destination visitors. In this regard, its winter visitation is more similar to Winter Park, Colorado.

Mammoth's summer occupancy levels are also lower than the most successful resorts. Although the Mammoth region has a number of summer attractions including the Devil's Postpile National Monument, these destinations are largely dispersed outdoor recreation uses rather than activities concentrated in the Town, generating higher lodging and retail demand.

**Table 11**  
**Selected Resort Occupancy Rates**  
**Mammoth Crossing Market Analysis**

	Mammoth	Aspen	Beaver Creek	Mt. Tremblant	Snowmass	Telluride	Vail	Whistler- Blackcomb	Winter Park
Winter	53%	68%	60%	56%	70%	43%	76%	72%	50%
Spring	38%	40%	30%	27%	17%	17%	39%	48%	15%
Summer	37%	64%	57%	63%	23%	39%	57%	53%	22%
Fall	22%	28%	19%	26%	8%	14%	20%	25%	10%
<b>Annual</b>	<b>39%</b>	<b>50%</b>	<b>45%</b>	<b>43%</b>	<b>35%</b>	<b>31%</b>	<b>53%</b>	<b>50%</b>	<b>32%</b>

Source: Economic & Planning Systems  
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## RETAIL CONDITIONS

This section estimates existing retail space and sales activity by store type.

### RETAIL DEFINITIONS

Retail stores are categorized based on shopping and trade area characteristics listed below. Each is described 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.

**Shoppers Goods** - This category includes general merchandise, apparel, sporting goods, furniture, appliance, and specialty goods stores. General merchandise stores include traditional department stores (such as JCPenney) as well as discount department stores (Wal-Mart, Target, and Kmart). The product lines of these stores are generally more expensive than convenience goods and 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. Many of the store types seen in resort settings are included in this category, such as gift/ t-shirt shops, outdoor equipment and apparel stores, art dealers, and other miscellaneous and specialty retailers.

**Eating and Drinking Establishments** – This category covers restaurants including conventional sit-down, 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 that are more unique in the market or trade area can have a regional draw.

**Building Material and Garden** – This category is made up 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. Smaller stores such as Ace Hardware and Do It Best are also represented.

## RETAIL SALES

EPS obtained aggregated sales tax information from the Town of Mammoth Lakes for several store categories in the Shoppers Goods, Eating and Drinking, and Building Materials/Hardware and Garden categories. The Town was not able to provide sales tax information for the Convenience Goods categories due to confidentiality issues. The Town also provided an inventory of businesses and commercial buildings. This business inventory was summarized by store categories to match the sales tax information in order to estimate retail sales and sales per square foot by store category. For the convenience goods category, information from the Census of Retail Trade for Mono County (2002) was used to estimate sales in Mammoth Lakes.

Mammoth Lakes has approximately 578,000 square feet of retail store and eating and drinking space. There are 116,000 square feet in Convenience Goods, 206,000 square feet in Shoppers Goods and Specialty Retail, 235,000 square feet in Eating and Drinking, and approximately 21,000 in Building Materials/Hardware and Garden, as shown in **Table 12**. Mammoth Lakes does not have any discount department stores, and the closest stores in this category are K-Mart and JCPenney, both located in Bishop.

The 48,000 square foot Von’s in Mammoth Lakes is the only full-service supermarket in Mono County. It is reportedly one of the highest performing stores in California. Data on store sales for Von’s was not available due to disclosure issues. However, based on the lack of other grocery stores in the County and total grocery store sales in Mono County, it is estimated that Von’s accounts for approximately 80 percent of Mono County grocery store sales with sales of approximately \$38.4 million, or \$800 per square foot. This is considerably more than the \$400 to \$500 per square foot industry standard for a well-performing store. Overall sales per square foot in the Convenience Goods Category are estimated at \$466, which indicates that this sector performs very well in Mammoth Lakes.

The Shoppers Goods category performs adequately given the seasonality in Mammoth Lakes. Sales targets in this category are typically \$275 to \$350 per square foot, compared to the estimated \$237 per square foot in Mammoth Lakes. The Eating and Drinking category achieves annual sales of \$174 per square foot. This is below industry standards of \$250 to \$350 per square foot for strong businesses in a resort setting.

**Table 12**  
**Mammoth Lakes Retail Inventory**  
**Mammoth Crossing Market Analysis**

Store Type	Square Feet	Retail Sales	
		Estimated Sales	Per Sq. Ft.
<b>Convenience Goods</b>			
Grocery Stores & Convenience Stores	73,000	\$41,728,000	\$572
Specialty Food Stores	2,000	---	---
Beer, Wine, and Liquor Stores	8,000	\$1,718,000	\$215
Health and Personal Care	<u>33,000</u>	<u>\$10,573,000</u>	<u>\$320</u>
<b>Subtotal</b>	<b>116,000</b>	<b>\$54,019,000</b>	<b>\$466</b>
<b>Shoppers Goods</b>			
<b>General merchandise stores</b>	<b>0</b>	<b>---</b>	<b>---</b>
<u>Other Shoppers Goods</u>			
Clothing & Accessories	63,000	\$12,552,000	\$199
Furniture and Home Furnishings	10,000	\$6,462,000	\$646
Sporting Goods, Hobbies, Books & Music	89,000	\$18,476,000	\$208
Electronics & Appliances	5,000	\$731,000	\$146
Miscellaneous/Specialty Retail	<u>39,000</u>	<u>\$10,602,000</u>	<u>\$271</u>
<b>Subtotal</b>	<b>206,000</b>	<b>\$48,823,000</b>	<b>\$237</b>
<b>Total Shoppers Goods</b>	<b>206,000</b>		
<b>Eating and Drinking</b>	<b>235,000</b>	<b>\$40,809,000</b>	<b>\$174</b>
<b>Building Material and Garden</b>	<b>21,000</b>	<b>\$18,678,000</b>	<b>---</b>
<b>Total Retail Store Space</b>	<b>578,000</b>	<b>\$162,329,000</b>	<b>\$281</b>

Source: Town of Mammoth Lakes, Economic & Planning Systems  
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Convenience Goods is the largest category in terms of total sales at approximately \$54 million, or 33 percent of retail sales. The next largest category is Shoppers Goods with \$48.8 million, or 30 percent of sales. Eating and Drinking generates approximately \$40.8 million (25 percent), and Building Materials generates \$18.7 million (11.5 percent).

Despite generally below average sales levels, retail conditions appear to be improving in Mammoth Lakes based on trends in sales tax collections. As shown in **Table 13** and **Figure 2**, sales tax collections have grown at 5.2 percent per year since 1997 despite a sharp drop during 2006. Even during the national recession in 2001 and 2002, Mammoth saw an increase in sales tax collections.

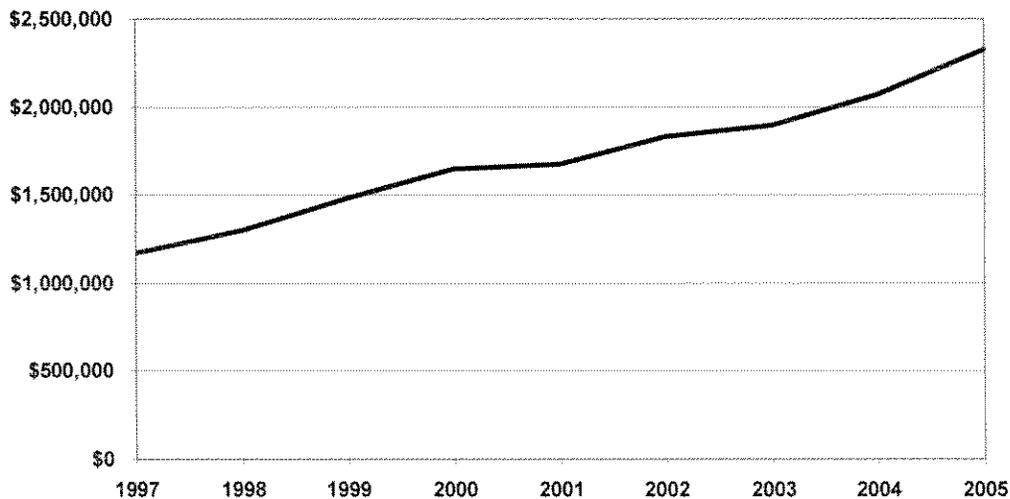
**Table 13**  
**Town of Mammoth Lakes Sales Tax Collections, 1997-2005**  
**Mammoth Crossing Market Analysis**

Calendar Year	Mammoth Lakes Net Sales Tax	Change	Ann. % Change
1997	\$1,168,699	---	---
1998	\$1,298,723	\$130,023	11.1%
1999	\$1,480,734	\$182,011	14.0%
2000	\$1,648,147	\$167,413	11.3%
2001	\$1,677,312	\$29,165	1.8%
2002	\$1,826,933	\$149,621	8.9%
2003	\$1,891,984	\$65,052	3.6%
2004	\$2,068,094	\$176,110	9.3%
2005	\$2,323,579	\$255,485	12.4%
<b>1997-2005 Change</b>		<b>\$1,154,880</b>	<b>9.0%</b>

Source: Town of Mammoth Lakes, Economic & Planning Systems

H:\16853-Mammoth Village Market Study\Data\16853-Tax\_Trend.xls\Sheet1

**Figure 2**  
**Town of Mammoth Lakes Sales Tax Collections, 1997-2006**  
**Mammoth Crossing Market Analysis**



## VILLAGE AT MAMMOTH

The 58,000 square foot Village at Mammoth developed by Intrawest is the largest recent addition of new retail space in the Town. The first tenants opened for business in April of 2003 and the Village was almost fully leased by Thanksgiving 2003. One key restaurant anchor space remains vacant.

Interviews with property management and leasing staff indicate that the average sales per square foot at the Village are about \$375, compared to project pro forma projections of \$500 to \$600 per square foot. However, Intrawest representatives indicated that conditions are improving largely due to more summer events and activities; also, high priced specialty stores in the Village are doing much better than stores with lower average ticket prices, unless they can achieve very high volume. Many tenants are receiving rent subsidies or are on percentage rent-only leases for the initial years, indicating that Mammoth's seasonality dictates that new retail development may require rent subsidies (concessions) from developers or incentives from the Town.

Sales by month for the Village during 2004 through 2006 are shown in **Table 14**. Total sales for the Village are up 54 percent since 2004. While sales during off-season months are growing, the sales pattern still shows a lot of seasonality. This seasonal pattern makes it difficult for businesses to be successful because many of their overhead costs such as rent are fixed, and off-season sales may not be enough to cover operating costs.

**Table 14**  
**Village at Mammoth Retail Sales, 2004-2006**  
**Mammoth Crossing Market Analysis**

Month	FY 2004	FY 2005	FY 2006	% Change 2004-2006
July	\$450,000	\$800,000	\$950,000	111%
August	\$600,000	\$800,000	\$1,000,000	67%
September	\$400,000	\$700,000	\$750,000	88%
October	\$250,000	\$600,000	\$500,000	100%
November	\$500,000	\$1,250,000	\$1,000,000	100%
December	\$1,500,000	\$2,000,000	\$2,490,000	66%
January	\$1,700,000	\$1,700,000	\$2,550,000	50%
February	\$1,700,000	\$1,700,000	\$2,480,000	46%
March	\$1,400,000	\$1,600,000	\$2,480,000	77%
April	\$1,000,000	\$1,150,000	\$2,050,000	105%
May	\$550,000	\$700,000	---	---
June	\$490,000	\$550,000	---	---
<b>Total</b>	<b>\$10,540,000</b>	<b>\$13,550,000</b>	<b>\$16,250,000</b>	<b>54%</b>

Source: Intrawest, Economic & Planning Systems

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## EXPENDITURE PATTERNS

An analysis of expenditure patterns provides an illustration of retail leakage and inflow, and how the major resort demand components contribute to retail sales. The portion of retail sales attributable to the permanent population, overnight visitors, and second home owners is estimated separately below.

### Permanent Residents

Resident expenditures are estimated based on the portion of total personal income (TPI) spent by store category based on statewide averages. TPI is calculated as the average household income for Mammoth Lakes of \$74,700 multiplied by 3,260 permanent households. Using information from the California Department of Finance and the US Census of Retail Trade, it is estimated that a total of 31.7 percent of TPI is spent on retail goods. Applying these average state-wide expenditure levels to the trade area TPI of \$243.7 million results in total retail expenditures of \$77.3 million in 2006, as shown in Table 15. Convenience Goods purchases are estimated at \$23.4 million followed by other Shoppers Goods at \$21.4 million.

**Table 15**  
**Permanent Resident Expenditure Patterns, 2006**  
**Mammoth Crossing Market Analysis**

Store Type	% of TPI	Expenditure Potential (\$000s)	Spent Locally (\$000s)		Outflow (\$000s)	
			%	\$	%	\$
<b>Total Personal Income (TPI)</b>		<b>\$243,700</b>				
Convenience Goods	9.6%	\$23,395	85%	\$19,886	15%	\$3,509
General Merchandise	5.1%	12,429	0%	0	100%	12,429
Other Shoppers Goods	8.8%	21,446	65%	13,940	35%	7,506
Eating and Drinking	4.6%	11,210	85%	9,529	15%	1,682
Building Material & Garden	3.6%	8,773	80%	7,019	20%	1,755
<b>Total (\$000s)</b>	<b>31.7%</b>	<b>\$77,253</b>	<b>65%</b>	<b>\$50,373</b>	<b>35%</b>	<b>\$26,880</b>

Source: Economic & Planning Systems

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Few trade areas capture all of the local expenditure potential in local stores. This is certainly the case in small markets like Mammoth Lakes where many of the major store categories are not present, including discount department stores, major electronics and appliance stores, and other retailers catering to full-time residents. Consequently, many local residents make purchases elsewhere (e.g., Bishop, Reno/Carson City, etc.), which is characterized as retail outflow or leakage.

Convenience Goods is estimated to have the highest local capture at 85 percent of expenditures. There is theoretically 100 percent leakage in the General Merchandise category as there are no true general merchandise stores in Mammoth Lakes that would match the retail definitions used in this study. (In practice, some of these purchases are made in smaller Shoppers Goods stores due to the lack of bigger store options.) The

remaining categories are estimated to capture 65 to 85 percent of resident expenditures. The overall capture of community retail expenditures is estimated at 65 percent, with the remaining 35 percent spent outside Mammoth Lakes.

### **Visitors**

Visitor expenditures are estimated by using dollar per day expenditure estimates. The basis for these estimates is usually visitor survey data. Mammoth Lakes has not collected data on visitor expenditure patterns as is common in other communities with resort oriented economic bases. Visitor expenditures were therefore estimated by comparing retail sales by store category in Mammoth Lakes as provided by the Town Finance Department to total expenditure potential by the three demand segments and adjusting daily expenditures to correlate with total sales.

As shown in **Table 16**, it is estimated that the average overnight visitor in Mammoth Lakes spends \$45 per day per person on retail purchases in Mammoth Lakes (including on-mountain food and beverage). Second home owner expenditures are estimated to be considerably less at approximately \$19 per day per person.

Overnight Visitors generate \$79.8 million in expenditure potential, which is almost equivalent to the expenditure potential of the permanent population (\$77 million). Second home owners contribute an additional \$8.3 million in expenditure potential, bringing total visitor expenditures to \$88.1 million per year.

**Table 16**  
**Visitor Expenditure Estimates, 2006**  
**Mammoth Crossing Market Analysis**

Description	2006
<b>Overnight Visitors</b>	
<u>Visitors and \$ per Day</u>	
Overnight Visitor Days	1,763,848
Convenience Goods	\$14
General Merchandise	---
Shoppers Goods	\$15
Eating & Drinking	\$16
Bldg. Mat. & Garden	---
<b>Total</b>	<b>\$45</b>
<u>Local Expenditure Potentials</u>	
Convenience Goods	\$24,694
General Merchandise	---
Shoppers Goods	\$26,899
Dining Out	\$28,222
Bldg. Mat. & Garden	---
<b>Total Expenditures (\$000s)</b>	<b>\$79,814</b>
<b>Second Home Owners</b>	
<u>Visitors and \$ per Day</u>	
Overnight Visitor Days	432,601
Convenience Goods	\$10
General Merchandise	---
Shoppers Goods	\$7
Eating & Drinking	\$3
Bldg. Mat. & Garden	---
<b>Total</b>	<b>\$19</b>
<u>Local Expenditure Potentials</u>	
Convenience Goods	\$4,160
General Merchandise	---
Shoppers Goods	\$2,995
Eating & Drinking	\$1,165
Bldg. Mat. & Garden	---
<b>Total Expenditures (\$000s)</b>	<b>\$8,319</b>

[1] Estimated as 80% of the 290 units in the Village at Mammoth.

Totals as displayed reflect spreadsheet rounding.

Source: Economic & Planning Systems

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[1] Estimated as 80% of the 290 units in the Village at Mammoth.

Source: Economic & Planning Systems

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### **Retail Sales by Demand Segment**

Total expenditure potential is correlated with actual retail sales by Mammoth Lakes stores calculated from Town sales tax data in **Table 17**. As shown, permanent residents make most of their Convenience Goods and Eating and Drinking purchases locally. Permanent residents will travel to other areas for Shoppers Goods (department stores, appliances, etc), and it is estimated that only 65 percent of Shoppers Goods purchases are made in Mammoth Lakes. Visitors make 85 to 95 percent of their purchases in Mammoth Lakes, as they are not likely to travel for shopping.

While some Mammoth Lakes permanent resident expenditures “leak” to other areas, there is also inflow from nearby Mono and Inyo Counties. It is estimated that 10 percent of Convenience Goods sales come from people who live outside the trade area. For example, this could include people who live in June Lake and come to Mammoth Lakes for grocery shopping, or people who work in Mammoth Lakes and live elsewhere. There is also approximately 5 to 10 percent inflow in Shoppers Goods and Eating and Drinking, and significant inflow in Building Materials from construction sales (non-household sales to contractors).

Table 17  
 Mammoth Lakes Retail Expenditures (Existing Conditions)  
 Mammoth Crossing Market Analysis

Store Type	Local Residents	Second Home Owners	Overnight Visitors	Total Expenditure Potential	Inflow and Day Visitors	Total Sales
<b>Total Local Expenditure Potential (Visitors &amp; Residents)</b>						
Convenience Goods	\$23,395,000	\$4,160,000	\$24,694,000	\$52,249,000	---	---
General Merchandise	12,429,000	0	0	12,429,000	---	---
Shoppers Goods	21,446,000	2,995,000	26,899,000	51,340,000	---	---
Eating and Drinking	11,210,000	1,165,000	28,222,000	40,597,000	---	---
Building Material and Garden	8,773,000	0	0	8,773,000	---	---
<b>Total</b>	<b>\$77,253,000</b>	<b>\$8,320,000</b>	<b>\$79,815,000</b>	<b>\$165,388,000</b>		
<b>Local Capture (% Spent in Mammoth)</b>						
Convenience Goods	85%	100%	100%		10%	
General Merchandise	0%	100%	100%		0%	
Shoppers Goods & Miscellaneous Retail	65%	100%	100%		9%	
Eating and Drinking	85%	100%	100%		6%	
Building Material and Garden	80%	100%	100%		62%	
<b>Local Capture (Expenditures X Capture)</b>						
Convenience Goods	\$19,886,000	\$4,160,000	\$24,694,000	\$48,740,000	\$5,500,000	\$54,240,000
General Merchandise	0	0	0	0	0	0
Shoppers Goods & Miscellaneous Retail	13,940,000	2,995,000	26,899,000	43,834,000	4,500,000	48,334,000
Eating and Drinking	9,529,000	1,165,000	28,222,000	38,916,000	2,500,000	41,416,000
Building Material and Garden	7,018,000	0	0	7,018,000	11,500,000	18,518,000
<b>Total</b>	<b>\$50,373,000</b>	<b>\$8,320,000</b>	<b>\$79,815,000</b>	<b>\$138,508,000</b>	<b>\$24,000,000</b>	<b>\$162,508,000</b>

Source: Town of Mammoth Lakes, Economic & Planning Systems

11-15855-Mammoth Village Market Study-Adopted 1/19/05-Edmond, J. 03-04/2005/04/2005

### III. DEVELOPMENT AND VISITOR FORECASTS

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This chapter presents a forecast of future development and visitation for Mammoth Lakes. First, the inventory of active and planned developments is summarized and evaluated as a “bottom up” forecast. Second, the development pipeline is compared to historical demand to create a “top down” forecast for Mammoth Lakes that is sensitive to the current level of development activity but at the same time is balanced with the overall level of demand in Mammoth Lakes.

#### DEVELOPMENT ACTIVITY

The current inventory of active and planned major development projects is summarized by geographic area in **Table 18**. All projects are described in the number of units for consistency. In a for-sale condominium development, a unit is a dwelling unit. In a traditional hotel project, a unit is one hotel room. Local real estate professionals and developers familiar with these projects were contacted to estimate the timing and likelihood of each project. As shown, the current planned projects could result in a total of 1,700 *units* over the next 15 years. This would be equivalent to approximately 3,800 *rooms* using a conversion factor of 2.25 rooms per unit identified in the Town’s condominium inventory. The allowable density of the NVSP is 80 rooms per acre, and the 1,700 units of development potential currently identified translate to approximately 60 rooms per acre gross.

#### PROJECT INVENTORY

##### **Mammoth Crossing**

The proposed Mammoth Crossing project is shown as proposed with a total of 463 units estimated to be completed between 2011 and 2015. As planned, the project would likely be a mix of individually owned condohotel units or hotel rooms under single ownership. The ownership structure of the project has not been identified yet, and will depend on the availability of financing and interest from branded flag hotels.

Site One is planned for 104 units (approximately 198 sleeping rooms) with ground floor retail/commercial space oriented to a public plaza and Lake Mary Road. Site Two is planned for 165 units (approximately 384 rooms) with additional retail/commercial uses fronting Lake Mary Road. Site Three is planned for 194 units (approximately 196 rooms) targeted to be operated by a branded flag hotel. It has yet to be determined if the units would be individually owned, fractional ownership, or owned and operated by the hotel operator. No commercial space is planned for site three other than a possible restaurant associated with the hotel.

## North Village

- **Existing Development** - The existing 290 condohotel units in the Village at Mammoth developed by Intrawest are shown. There is the potential for more development associated with the Village; this is shown as the 300 units in the "other future projects" category, as the future of this is somewhat uncertain with the restructuring of Intrawest. The existing Fireside condominiums are also shown.
- **North and South Hotels** - The south hotel parcel is currently under review by the Town. The parcel is planned for a 251 unit condohotel branded as the "1 Hotel" featuring LEED certified design and construction, and green operating principles. The north hotel parcel is likely to follow in five to ten years with a similar project.
- **Westin Monache** - The Westin Monache is under construction, and nearing completion of its 230 condohotel units. This is Mammoth's first internationally branded hotel, and the first 141 units in phase one of the project sold out during the first day of the release, which motivated Westin to release the second phase of 89 units early. Prices range from approximately \$405,000 to over \$1.0 million.
- **8050** - The 8050 has built 28 units to date, with an additional 17 units likely to be completed in 2007. The 8050 is a fractional club with 1/8 share ownership with prices starting at approximately \$490,000 for a share in a two-bedroom unit.
- **Hillside** - The Hillside Project directly to the northwest of Mammoth Crossing has been slow to move past the planning and conceptual stages. However, its competitive location in the North Village suggests that a viable project will eventually come to fruition in the next five to ten years.

## Other Major Projects

- **Sierra Star** - Sierra Star is a large master planned development around the Sierra Star golf course on Minaret Road. There are currently approximately 451 units built in the project. The majority of buyers are second home buyers, as the project targets a fairly high end market. Sierra Star is characterized by projects such as the recent Tallus, with 1/6 share single family homes priced at approximately \$800,000 per share. The Timbers is another recent project in Sierra Star with whole ownership townhomes starting at \$1.6 million. This is a large project which has been steadily building out since the early 1990s. It has the potential for approximately 260 more residential units (townhome, condominium, single family) as well as approximately 450 units in a higher density hotel or condohotel-type product. It is estimated that residential components of this project will continue to build out at approximately 25 units per year, with the higher density hotel products coming online later in the next 10 to 15 years. The project will continue to be oriented to second home owners and investors who place their property in the short-term rental pool.

- **MMSA Base Area Redevelopment** – Mammoth Mountain is in the early stages of planning for the redevelopment of several base area properties around the Main Lodge on Minaret Road. Preliminary plans call for roughly 1,000 hotel or condohotel units. This is a large scale and complex development effort, as it requires a land exchange or long-term special use permit with the USFS. Therefore, it is judged to have an extended buildout beginning in five to ten years, nearing completion by 2020.
- **Other Development and Infill** – There are several other projects in the planning and construction pipeline that will contribute to the overall growth of Mammoth Lakes. The Snow Creek PUD is a large development that has been steadily building out at roughly 40 to 50 units per year. Snow Creek has the potential for an additional 2,300 units, which may not be achieved in the forecast time period based on the past absorption rate and competition from other projects. Nevertheless, it is a large project that will continue to grow.
- **Other Projects** - Four other projects were identified as likely to come online in the next five years: Shady Rest, Clearwater, the remaining Juniper Ridge area buildout, and Holiday House.
  - Shady Rest will likely be targeting permanent residents and will include a significant affordable housing component of approximately 170 units.
  - Clearwater/Metric Mammoth is proposing a 339 unit redevelopment of several buildings located on the northeast corner of Sierra Nevada Road and Old Mammoth Road. The project is in the planning and entitlement stages and may include a mix of condominiums, 43 workforce housing units, and roughly 20,000 square feet of commercial space.
  - Juniper Ridge is planned for an additional 83 unit high end condohotel and fractional ownership units that are expected to come online within the next five years. The project will also include a 52,000 square foot base lodge and skier services building with other amenities.
  - Holiday House is a planned redevelopment of an older motel property. The project is planned for 54 condominium units.

As shown, there are approximately 6,500 units in the planned and active project pipeline. There is a significant amount of planned activity that is expected to come online in the next five to ten years. The development inventory implies that the market would need to absorb roughly 230 units per year for the next three to five years, and over 500 units per year from 2011 to 2015, and 210 units per year from 2016 to 2020. Since not all projects will come to fruition, the development supply is compared to historic trends that provide a more realistic indicator of demand in the next section.

## MAMMOTH GROWTH POTENTIALS

The Intrawest developments in the North Village have triggered a great deal of additional development interest in Mammoth Lakes. However, the expected construction of an additional 1,500 units in the North Village, and an even greater number of units elsewhere in the Town, will require a significant growth of visitation to support this additional real estate investment. Given overall flat growth numbers in the ski industry nationally, Mammoth Lakes will need to have an aggressive and multifaceted approach to expanding and solidifying its market position.

EPS completed a research paper titled *Competitive Resort Case Study, 2004*, which surveyed successful resort communities in the western United States regarding the key elements of their success in growing and diversifying visitation and related retail and lodging expenditures. The information collected demonstrates how the selected resort areas were able to retain, expand, and diversify their visitor base through continuing private and public investment in the resort and the larger community. A number of the research findings are applicable to Mammoth Lakes, as summarized below.

***The successful resort communities all have vital commercial villages where residents and visitors can find shopping, dining, and entertainment.***

Mammoth Lakes has taken a big step forward towards expanding overnight visitation with the development of the North Village. But as previously discussed, the Village commercial development is still performing below expectations due to a lack of critical mass of retail commercial space, as well as a lack of adequate nearby lodging units to support the existing and potential future space. The planned additional lodging and residential space in the Village will balance the residential and commercial space and create a more functional destination. However, both the additional lodging and commercial space will require a growth in visitation in order to be successful and also to create a "rising tide" for existing space.

***The most successful communities have a long-term and ongoing commitment to public investment in facilities and infrastructure.***

Ski towns are realizing that the mountain has limited growth potential and that the communities need to make other infrastructure investments to support long-term growth. For example, the Town of Breckenridge, Colorado has successfully funded through local taxes and visitor fees a series of public improvements, including a public recreation center, golf course expansion, Nordic center, performing arts theater, and amphitheater. More than any one investment alone, this ongoing commitment to making Breckenridge a better place to live and visit has resulted in steady ski visitation growth and greatly expanded summer visitation.

The City of South Lake Tahoe (Heavenly Mountain Resort) created an urban renewal area and used its tax increment financing to build infrastructure and remove outmoded lodging facilities in support of revitalization and reinvestment of its commercial core area at the base of the mountain. These efforts have resulted in older lodging properties being replaced by new lodging and fractional fee projects that are attracting more

affluent visitors with greater spending and purchasing power. The City has experienced steady growth in retail sales and transient occupancy tax revenues due to the attraction of more affluent destination visitors.

Mammoth Lakes' efforts to expand and diversify visitation will be more successful if the Town takes a greater role in building and financing the necessary resort community infrastructure.

*The greatest growth has been achieved where investments have targeted both the winter and summer seasons.*

This again involves a partnership between the ski area ownership, which is responsible for on-mountain improvements and expansions, and the resort village ownership (public or private), which is responsible for summer recreation and cultural investments and supportive infrastructure improvements. Summer season expansion is focused on golf, events, and convention and meeting business.

Telluride has the most successful summer festival program series in the country. Snowmass Mountain has rebuilt its golf course and dramatically expanded its marketing budget backed by a three percent resort marketing tax. Both resorts have publicly funded conference centers that provide a venue for meetings and events.

Mammoth Lakes will not be able to rely on MMSA alone. It will be incumbent on the Town to take a greater role in building and financing the community facilities and infrastructure needed to expand visitation to the region. The most successful communities have a long-term and ongoing commitment to public investment in facilities and infrastructure. Most successful resorts involve joint ownership or other cooperative arrangements between the ski area and the community as a whole.

## **DEVELOPMENT FORECAST**

The development forecasts presented below are based on the recent increase in construction and development and include the following market assumptions:

- The proposed expansion of commercial air service to Mammoth from Las Vegas, the Bay Area, and Los Angeles in 2007/2008.
- Increased marketing efforts by MMSA to target more destination visitors.
- A greater level of summer events and programming provided by MMSA and/or the Town of Mammoth Lakes.
- A commitment to expanding the resort community infrastructure to accommodate and attract more summer and shoulder season visitors.

- The forecast begins with a projection of annual construction which is then allocated by occupancy to second homes, permanent residents, and overnight accommodations. The residents and visitors generated by this growth in turn generate demand for additional retail/commercial development.

The five-year moving average of annual construction was less than 100 units per year in the mid 1990s and has increased to approximately 200 to 250 units per year from 2000 to 2006. The 2006 to 2020 development forecast is projected to continue at a pace similar to the 2000 to 2006 time period, at 175 new units per year, for the 2006 to 2010 forecast period, as shown in **Table 19**.

From 2011 to 2015, the pace is forecast to increase to 350 units per year, based on the large amount of planned activity expected to come online during those years. As competition for the best development opportunities increases, the pace of development decreases to 150 units per year from 2016 to 2020. A total of 3,375 new units are forecast by 2020, slightly more than half of the planned potential of 6,000 units identified in the development pipeline.

Approximately 65 percent of new construction is expected to be oriented to second home owners or buyers intending to use their units part-time, thus placing these units in the overnight rental inventory. Most of the higher density condominium development is currently in fractional or condohotel products. This category is further split to account for the 75 to 80 percent of owners who place their units in the overnight rental pool.

New development by occupancy from **Table 19** is added to the existing inventory in **Table 20**. One household is equivalent to one occupied housing unit; therefore permanent resident households are the new dwelling units occupied by permanent residents, plus the existing 3,260 households as of 2006 in Mammoth Lakes. As shown, the forecast estimates an increase of 588 permanent households for a total of 3,848 Mammoth Lakes resident households in 2020. The overnight accommodations inventory is estimated to grow by 1,700 units to a total of almost 5,700 in 2020. A large increase in the number of second homes is also forecast, with 1,400 new units for a total of 4,200 in 2020.

Skier visits are projected to increase from their current level of 1.5 million per year to 2.0 million by 2010. By comparison, Vail has a bed base of 11,000 within 5 miles of the ski area, and the ski area has 1.5 million skier visits per year. Beaver Creek has a bed base of roughly 3,700 at the base area and an additional 4,000 in nearby Avon, and achieves 675,000 skier visits per year.

**Table 18**  
**Mammoth Lakes Development Pipeline**  
**Mammoth Crossing Market Analysis**

Description	Existing 2006	Planned New Construction			Cumulative Development			Change 2006-2020		
		2006-2010	2011-2015	2016-2020	2006	2010	2015	2020	Total #	Ann. #
<b>NORTH VILLAGE</b>										
<b>Mammoth Crossing</b>										
Site 1 (Whiskey Creek)	0	104	0	0	0	104	104	104	104	7
Site 2 (Church Site)	0	0	165	0	0	0	165	165	165	12
Site 3 (White Stag)	0	0	194	0	0	0	194	194	194	14
<b>Total Mammoth Crossing</b>	<b>0</b>	<b>104</b>	<b>359</b>	<b>0</b>	<b>0</b>	<b>104</b>	<b>463</b>	<b>463</b>	<b>463</b>	<b>33</b>
<b>Other North Village</b>										
Village at Mammoth (condohotel)	290	0	0	0	290	290	290	290	0	0
North Hotel (condohotel)	0	0	200	0	0	0	200	200	200	14
"1" Hotel (south hotel parcel, condohotel)	0	251	0	0	0	251	251	251	251	18
8050 (fractional)	28	17	0	0	28	45	45	45	17	1
Westin Monache	0	230	0	0	0	230	230	230	230	16
Hillside (condohotel)	0	0	150	84	0	0	150	234	234	17
Other Future Projects	0	0	150	150	0	0	150	300	300	21
Fireside Condos (existing)	31	0	0	0	31	31	31	0	0	0
<b>Other North Village</b>	<b>349</b>	<b>498</b>	<b>500</b>	<b>234</b>	<b>349</b>	<b>847</b>	<b>1,347</b>	<b>1,581</b>	<b>1,232</b>	<b>88</b>
<b>Total North Village</b>	<b>349</b>	<b>602</b>	<b>859</b>	<b>234</b>	<b>349</b>	<b>951</b>	<b>1,810</b>	<b>2,044</b>	<b>1,695</b>	<b>121</b>
<b>Sierra Star</b>										
<b>Total Residential (SFD, SFA, Condo)</b>	<b>451</b>	<b>175</b>	<b>85</b>	<b>0</b>	<b>451</b>	<b>626</b>	<b>711</b>	<b>711</b>	<b>260</b>	<b>19</b>
Sierra Start Condohotel / Hotel	0	0	200	217	0	0	200	417	417	30
<b>MMSA Base Area Redevelopment</b>										
Condohotel / Hotel	0	0	600	400	0	0	600	1,000	1,000	71
<b>Other Mammoth Lakes Devel./Infill</b>										
Snow Creek	900	200	200	200	900	1,100	1,300	1,500		
Hidden Creek / Shady Rest	0	50	210	0	0	50	260	260		
Clearwater / Metric Mammoth	0	0	339	0	0	0	339	339		
Meadows Lane Condohotel	0	0	120	0	0	0	120	120		
Juniper	0	83	0	0	0	83	83	83		
Holiday Haus	0	54	0	0	0	54	54	54		
<b>Total</b>	<b>900</b>	<b>387</b>	<b>869</b>	<b>200</b>	<b>900</b>	<b>1,287</b>	<b>2,156</b>	<b>2,356</b>		
<b>Total Annual Absorption</b>										
<b>Total</b>		<b>1,164</b>	<b>2,613</b>	<b>1,051</b>	<b>1,700</b>	<b>2,864</b>	<b>5,477</b>	<b>6,528</b>		
<b>Annual Absorption</b>		<b>233</b>	<b>523</b>	<b>210</b>						

Note: All figures represent units.  
Source: Economic & Planning Systems  
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**Table 19  
 Mammoth Lakes Development Forecast  
 Mammoth Crossing Market Analysis**

Product Type	Ann. Construction Trend <sup>1</sup> (DUs per Year)		Forecast Annual Growth (DUs per Year)				New Construction <sup>1</sup>			
	1990-2000	2000-2006	2006-2010	2011-2015	2016-2020	2006-2010	2011-2015	2016-2020	Total	
<b>Residential Construction Forecast</b>										
Single Family and Townhome	90	40	50	100	50	250	500	250	1,000	
Multifamily (condo & condohotel)	—	175	125	250	100	625	1,250	500	2,375	
<b>Total</b>	<b>90</b>	<b>215</b>	<b>175</b>	<b>350</b>	<b>150</b>	<b>875</b>	<b>1,750</b>	<b>750</b>	<b>3,375</b>	
<b>Ownership &amp; Occupancy Allocation</b>										
<b>Single Family and Townhome</b>										
Permanent Residents			18	35	18	88	175	88	350	
Private Second Homes			16	33	16	81	163	81	325	
Rental Pool Second Homes			16	33	16	81	163	81	325	
<b>Total</b>			<b>50</b>	<b>100</b>	<b>50</b>	<b>250</b>	<b>500</b>	<b>250</b>	<b>1,000</b>	
<b>Multifamily (condo &amp; condohotel)</b>										
Permanent Residents			13	25	10	63	125	50	238	
Private Second Homes			25	50	20	125	250	100	475	
Rental Pool Second Homes			6	13	5	31	63	25	119	
Condohotel & Fractional			81	163	65	406	813	325	1,544	
<b>Total</b>			<b>125</b>	<b>250</b>	<b>100</b>	<b>625</b>	<b>1,250</b>	<b>500</b>	<b>2,375</b>	
Condohotel/Fractional Not in Rental Pool (2nd Homes)			16	33	13	81	163	65	309	
Condohotel/Fractional "Hot Beds"			65	130	52	325	650	260	1,235	
<b>Total Condohotel &amp; Fractional</b>			<b>81</b>	<b>163</b>	<b>65</b>	<b>406</b>	<b>813</b>	<b>325</b>	<b>1,544</b>	

<sup>1</sup> New development only. This will be added to existing development in the next step.

Source: Economic & Planning Systems

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**Table 20**  
**Development Forecast by Occupancy Type**  
**Mammoth Crossing Market Analysis**

Units by Occupancy	2006 (Existing)	2010 (New Plus Existing)	2015	2020	Change 2006-2020	
					Total #	Ann. # Ann. %
<b>Total Dwelling Units</b>	9,223	10,098	11,848	12,598	3,375	241 2.3%
<b>Permanent Residents (Equiv. to Households)</b>	3,260	3,410	3,710	3,848	588	42 1.2%
<b>Overnight Accommodations Units</b>						
Rental Pool Second Homes (SFD & Multifamily)	2,763	2,876	3,101	3,207	444	32 1.1%
Hotel & Condohotel/Fractional "Hot Beds"	1,232	1,557	2,207	2,467	1,235	88 5.1%
<b>Total Overnight Accommodations</b>	3,995	4,433	5,308	5,674	1,679	120 2.5%
<b>Private Second Home Units</b>						
Private Second Homes	2,681	2,968	3,543	3,790	1,109	79 2.5%
Condohotel/Fractional Not in Rental Pool (2nd Homes) [1]	58	139	302	367	309	22 14.1%
<b>Total Private Second Homes</b>	2,739	3,108	3,845	4,156	1,418	101 3.0%

[1] 2006 Estimated as 20% of the 290 units in the Village at Mammoth.

Source: Economic & Planning Systems

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## VISITOR FORECASTS

There are an estimated 2,739 private second homes in Mammoth Lakes. Based on information in the Mammoth Lakes Second Homeowner Survey (RRC Associates, 2005), it is estimated that second homes are occupied approximately 20 percent of the time during the winter months and approximately 15 percent of the time during spring, summer, and fall. Annual occupancy is estimated at 17 percent. With 2.60 persons per unit on average, second homes generate approximately 432,600 visitor days per year, as shown in **Table 21**.

**Table 21**  
**Second Home Visitor Days**  
**Mammoth Crossing Market Analysis**

Description	2006
Second Home Units	5,502
Minus Units in Rental Pool	<u>-2,763</u>
<b>Private Second Homes</b>	<b>2,739</b>
<b>Person Occupancy</b>	<b>2.60</b>
<b>Unit Occupancy</b>	
Winter	20%
Rest of Year	15%
Annual Occupancy	17%
<b>Second Home Visitor Days</b>	
Winter (120 Days)	170,904
Rest of Year (245 Days)	<u>261,697</u>
<b>Total</b>	<b>432,601</b>

Source: Economic & Planning Systems

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The overnight accommodations inventory is currently 3,995 units. Overnight accommodations are estimated to generate an average of 3.18 persons per unit based on information obtained from Intravel and other Mammoth Lakes hoteliers. Using the Town's occupancy figures of 52 percent in winter and 32 percent during the rest of the year, overnight visitors accounted for approximately 1.76 million visitor days in 2006, as shown in Table 22.

**Table 22**  
**Overnight Visitor Days**  
**Mammoth Crossing Market Analysis**

Description	2006
<b>Lodging Inventory</b>	
Condo/Home Rentals (Units)	2,763
Hotel, Inns & Lodges (Rooms)	1,232
<b>Total Overnight Accommodations</b>	<b>3,995</b>
<b>Person Occupancy</b>	
Condo/Home Rentals (Units)	3.80
Hotel, Inns & Lodges (Rooms)	1.80
<b>Average Persons Per Unit</b>	<b>3.18</b>
<b>Annual Occupancy</b>	<b>38%</b>
<b>Visitor Days ( x 365 days)</b>	<b>1,763,848</b>

Source: Economic & Planning Systems

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## FUTURE VISITOR DAYS

To estimate future visitor days, current visitor days are added to the new visitors generated by future overnight accommodations and second home development, as shown in Table 23. It is assumed that overall annual occupancy in overnight accommodations will increase as better quality lodging opportunities are available and the Town and ski area expand their marketing activities and year-round events and attractions. A maximum of 45 percent annual occupancy is reasonable based on occupancy rates in other competitive destination resorts. As shown, as Mammoth continues to grow and expand its visitor attractions, there is the potential to achieve 2.97 million overnight visitor days by 2020, an increase of 1.2 million. Second homes also contribute to visitation, and the increase of 1,400 second homes is estimated to generate 224,000 new visitor days for a total of 656,000 in 2020.

**Table 23**  
**Mammoth Lakes Visitor Forecast, 2006-2020**  
**Mammoth Crossing Market Analysis**

Description	Total Units			Change 2006-2020			
	2006 (Existing)	2010	2015	2020	Total #	Ann. #	Ann. %
<b>Permanent Households (= Housing Units)</b>	3,260	3,410	3,710	3,848	588	42	1.2%
<b>Overnight Visitors</b>							
Overnight Accommodations Units	3,995	4,433	5,308	5,674	1,679	120	2.5%
<b>Annual Occupancy</b>	<b>38%</b>	<b>40%</b>	<b>42%</b>	<b>45%</b>	<b>7%</b>	<b>0.5%</b>	<b>---</b>
Persons per Unit	3.18	3.18	3.18	3.18	---	---	---
Days	<u>365</u>	<u>365</u>	<u>365</u>	<u>365</u>	---	---	---
<b>Overnight Visitor Days</b>	<b>1,763,848</b>	<b>2,060,011</b>	<b>2,590,002</b>	<b>2,966,494</b>	<b>1,202,646</b>	<b>85,903</b>	<b>3.8%</b>
<b>Second Home Visitors</b>							
Second Homes	2,739	3,108	3,845	4,156	1,418	101	3.0%
<b>Annual Occupancy</b>	<b>17%</b>	<b>17%</b>	<b>17%</b>	<b>17%</b>	<b>---</b>	<b>---</b>	<b>---</b>
Persons per Unit	2.60	2.60	2.60	2.60	---	---	---
Days	<u>365</u>	<u>365</u>	<u>365</u>	<u>365</u>	---	---	---
<b>Second Home Visitor Days</b>	<b>432,601</b>	<b>490,845</b>	<b>607,334</b>	<b>656,495</b>	<b>223,894</b>	<b>15,992</b>	<b>3.0%</b>

[1] Estimated as 80% of the 290 units in the Village at Mammoth.

Source: Economic & Planning Systems

H:\16853-Mammoth-Village-Market-Study\Models\16853-EconMod\_4-03.xls\Visits\_2020

## IV. RETAIL DEMAND FORECASTS

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This chapter identifies the future retail development opportunities for Mammoth Lakes including community and visitor oriented retail. Retail demand is a function of the demand generated by the three major segments of a resort economy: permanent residents, second home owners, and overnight visitors. In order to estimate retail development potentials in Mammoth Lakes, a forecast of future retail expenditures is made stemming from the forecast growth and development in Mammoth Lakes. The potential for a general merchandise store is also addressed in this chapter by assuming a higher capture of local expenditures in this category, plus a factor for visitor sales.

### EXPENDITURE FORECASTS

#### PERMANENT RESIDENTS

Total Personal Income (TPI) for permanent resident households in Mammoth Lakes is shown in **Table 24** and carried out for the forecast period based on the forecast number of permanent resident housing units. The forecast increase of 588 permanent households generates an increase of \$43.9 million in TPI.

**Table 24**  
**Resident Expenditures**  
**Mammoth Crossing Market Analysis**

Description	2006	2010	2015	2020	Change 2006-2020
Total Households	3,260	3,410	3,710	3,848	588
Average HH Income	\$74,749	\$74,749	\$74,749	\$74,749	---
<b>Total Personal Income (\$000s)</b>	<b>\$243,700</b>	<b>\$254,900</b>	<b>\$277,300</b>	<b>\$287,600</b>	<b>\$43,900</b>

Source: Claritas; Economic & Planning Systems

H:\16853-Mammoth Village Market Study\Models\16853-EconMdl\_4-03.xls\TPI

The growth of retail expenditure potentials attributable to growth in the permanent population is shown in Table 25. Total expenditure potentials are expected to grow from \$77.3 million in 2006 to \$91.2 million or 1.2 percent per year from 2006 to 2020. After adjusting the expenditures for local capture, expenditures are reduced to \$50.4 million in 2006 and \$69.7 million in 2020.

**Table 25**  
**Permanent Resident Expenditures, 2006-2020**  
**Mammoth Crossing Market Analysis**

Description	Factor	2006	2010	2015	2020
<b>Expenditures by Store Type</b>					
	<u>% of TPI</u>				
Convenience Goods	9.6%	\$23,395	\$24,470	\$26,621	\$27,610
General Merchandise	5.1%	\$12,429	\$13,000	\$14,142	\$14,668
Shoppers Goods	8.8%	\$21,446	\$22,431	\$24,402	\$25,309
Eating and Drinking	4.6%	\$11,210	\$11,725	\$12,756	\$13,230
Building Material & Garden	<u>3.6%</u>	<u>\$8,773</u>	<u>\$9,176</u>	<u>\$9,983</u>	<u>\$10,354</u>
<b>Total (\$000s)</b>	<b>31.7%</b>	<b>\$77,253</b>	<b>\$80,803</b>	<b>\$87,904</b>	<b>\$91,169</b>
<b>% Spent in Mammoth</b>					
Convenience Goods		85%	85%	85%	85%
General Merchandise		0%	70%	70%	70%
Shoppers Goods		65%	65%	65%	65%
Eating and Drinking		85%	85%	85%	85%
Building Material & Garden		80%	80%	80%	80%
<b>Local Expenditures by Store Type</b>					
Convenience Goods		\$19,886	\$20,800	\$22,628	\$23,468
General Merchandise		\$0	\$9,100	\$9,900	\$10,267
Shoppers Goods		\$13,940	\$14,580	\$15,862	\$16,451
Eating and Drinking		\$9,529	\$9,967	\$10,842	\$11,245
Building Material & Garden		<u>\$7,019</u>	<u>\$7,341</u>	<u>\$7,986</u>	<u>\$8,283</u>
<b>Total (\$000s)</b>		<b>\$50,373</b>	<b>\$61,788</b>	<b>\$67,218</b>	<b>\$69,714</b>

[1] Estimated as 80% of the 290 units in the Village at Mammoth.

Source: Economic & Planning Systems

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To address the potential for a new general merchandise store in Mammoth Lakes, the expenditure potential available in that category must be estimated. Therefore, the local capture for this category is increased to 70 percent to estimate available expenditures. By 2020, there would be \$10.3 million available from local residents, assuming 70 percent local capture of expenditures in the General Merchandise store category.

As shown in **Table 26**, visitor expenditures are forecasted to 2020 based on the increase in visitor days shown in the development and visitation forecasts and current dollar-per-day-per-person expenditure levels. The expenditure forecast takes into account a reasonable increase in occupancy for overnight visitors, but holds annual occupancy constant for second homeowners at 17 percent.

At \$45 per day per person, overnight visitors generate \$79.8 million in expenditures in 2006, increasing to \$134.2 million in 2020. Second home owner expenditures are 10 percent of overnight visitor expenditures at \$8.3 million in 2006 and \$12.6 million in 2020.

**Table 26**  
**Visitor Expenditures, 2006-2020**  
**Mammoth Crossing Market Analysis**

Description	2006	2010	2015	2020
<b>Overnight Visitors</b>				
<u>Visitors and \$ per Day</u>				
Overnight Visitor Days	1,763,848	2,060,011	2,590,002	2,966,494
Convenience Goods	\$14	\$14	\$14	\$14
General Merchandise	---	---	---	---
Shoppers Goods	\$15	\$15	\$15	\$15
Eating & Drinking	\$16	\$16	\$16	\$16
Bldg. Mat. & Garden	---	---	---	---
<b>Total</b>	<b>\$45</b>	<b>\$45</b>	<b>\$45</b>	<b>\$45</b>
<u>Local Expenditure Potentials</u>				
Convenience Goods	\$24,694	\$28,840	\$36,260	\$41,531
General Merchandise	---	---	---	---
Shoppers Goods	\$26,899	\$31,415	\$39,498	\$45,239
Dining Out	\$28,222	\$32,960	\$41,440	\$47,464
Bldg. Mat. & Garden	---	---	---	---
<b>Total Expenditures (\$000s)</b>	<b>\$79,814</b>	<b>\$93,215</b>	<b>\$117,198</b>	<b>\$134,234</b>
<b>Second Home Owners</b>				
<u>Visitors and \$ per Day</u>				
Overnight Visitor Days	432,601	490,845	607,334	656,495
Convenience Goods	\$10	\$10	\$10	\$10
General Merchandise	---	---	---	---
Shoppers Goods	\$7	\$7	\$7	\$7
Eating & Drinking	\$3	\$3	\$3	\$3
Bldg. Mat. & Garden	---	---	---	---
<b>Total</b>	<b>\$19</b>	<b>\$19</b>	<b>\$19</b>	<b>\$19</b>
<u>Local Expenditure Potentials</u>				
Convenience Goods	\$4,160	\$4,720	\$5,840	\$6,312
General Merchandise	---	---	---	---
Shoppers Goods	\$2,995	\$3,398	\$4,205	\$4,545
Eating & Drinking	\$1,165	\$1,322	\$1,635	\$1,767
Bldg. Mat. & Garden	---	---	---	---
<b>Total Expenditures (\$000s)</b>	<b>\$8,319</b>	<b>\$9,439</b>	<b>\$11,679</b>	<b>\$12,625</b>

[1] Estimated as 80% of the 290 units in the Village at Mammoth.

Source: Economic & Planning Systems

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## RETAIL DEMAND FORECAST

Retail demand is estimated by forecasting the growth in expenditure potential in each store category generated by permanent residents, second home owners, and overnight visitors. The retail demand forecast for Mammoth Lakes is shown in **Table 27**. Total expenditures are the sum of expenditures by permanent residents, second home owners, and overnight visitors from 2006 to 2020. Supportable square feet of retail space is calculated as expenditures divided by a sales per square foot figure for each store category. The sales per square foot figures are industry benchmarks for well-performing stores and represent the sales a retailer would require to justify opening a new store. It is the *change* in supportable square feet (right hand half of the table) that provides an estimate of future demand. So as to not overstate demand, this method assumes that the current retail inventory satisfies the current level of demand.

As shown, an additional 90,300 square feet are supportable by 2010, plus 104,100 square feet by 2015, and 67,600 by 2020 for a total of 262,000 square feet. It is important to recognize that these figures only provide a gauge of the level of future demand. Retail development opportunities must be analyzed by determining supportable retail/commercial anchor uses and then identifying other opportunities that are stimulated by or have synergy with the anchor use and the appropriate retail format (e.g., shopping center or resort oriented retail).

The following is an assessment of the retail development opportunities in each major store category.

- **Convenience Goods** – Based on the sales performance of the existing Von's plus projected growth, a second supermarket is expected to be supportable in the 2010 to 2015 time period. A second supermarket would require approximately \$24 million in sales based on a 60,000 square foot store generating \$400 per square foot. Assuming \$15 million could be captured from the existing supermarket, the required sales for a second store are not present today, indicating that this opportunity is still several years in the future. However, a specialty market emphasizing natural foods and prepared foods may also be an opportunity and is supportable in a shorter period of time.
- **General Merchandise** – The potential for a general merchandise store assumes 70 percent capture of permanent resident expenditures, plus a 30 percent increase to account for visitor sales. The analysis shows that Mammoth Lakes does not have a large enough trade area population to support a major general merchandise store, which typically occupies 75,000 to 125,000 square feet. The forecast growth also does not indicate sufficient expenditure potentials to support a major store in this category in the next 10 years.

- **Shoppers Goods** – The demand forecast shows support for approximately 52,000 square feet of space in Shoppers Goods and specialty retail in the next 10 years. This is a major increment of new space that would be similar in scale to the Village, which is judged to have built slightly ahead of the supporting lodging and housing. The demand forecast suggests that over time the growth around the North Village and in Mammoth will begin to reinforce the Village. In the meantime, there may be opportunities for smaller additions of specialty retail that can stand alone without a critical mass of surrounding retail development. These stores would need to have a destination draw and likely have high average ticket prices to counteract Mammoth’s seasonality.
- **Eating and Drinking** – The survey of local businesses and interviews with local real estate professionals suggest that Mammoth has a gap in restaurants between the fast food and lower priced dining categories and the high end fine dining restaurants. With the demand shown by the forecasts and this existing opportunity, there is the potential to attract a limited number of restaurants to fill this gap. A destination restaurant unique in the Mammoth Market, perhaps with good ethnic food, could be successful in the next 10 years.

Table 27  
Mammoth Lakes Retail Demand Forecast, 2006-2020  
Mammoth Crossing Market Analysis

Description	Factor	2006	2010	2015	2020	Change 2006-2010		Change 2011-2015		Change 2016-2020		Total Sq. Ft. 2006-2020
						Total #	Ann. #	Total #	Ann. #	Total #	Ann. #	
<b>Total Expenditure Potential</b>												
Convenience Goods		\$48,739	\$54,360	\$64,727	\$71,312	\$5,620	\$1,405	\$10,368	\$2,074	\$6,584	\$1,317	\$22,572
General Merchandise		\$0	\$9,100	\$9,900	\$10,267	\$9,100	\$2,275	\$800	\$160	\$368	\$74	\$10,267
Shoppers Goods		\$43,833	\$49,394	\$59,564	\$66,235	\$5,560	\$1,390	\$10,170	\$2,034	\$6,671	\$1,334	\$22,401
Eating and Drinking		\$38,915	\$44,248	\$53,918	\$60,477	\$5,333	\$1,333	\$9,669	\$1,934	\$6,559	\$1,312	\$21,562
Building Material & Garden		\$7,019	\$7,341	\$7,986	\$8,283	\$323	\$81	\$645	\$129	\$297	\$59	\$1,264
<b>Total (\$000s)</b>		<b>\$138,506</b>	<b>\$164,443</b>	<b>\$196,095</b>	<b>\$216,573</b>	<b>\$25,936</b>	<b>\$6,484</b>	<b>\$31,552</b>	<b>\$6,330</b>	<b>\$20,478</b>	<b>\$4,096</b>	<b>\$78,067</b>
<b>Supportable Square Feet</b>	<b>Sales/ Sq. Ft.</b>											
Convenience Goods	\$400	121,800	135,900	161,800	178,300	14,100	3,525	25,900	5,180	16,500	3,300	56,500
General Merchandise <sup>1</sup>	\$350	0	35,100	38,200	39,600	35,100	8,775	3,100	620	1,400	280	39,600
Shoppers Goods	\$300	146,100	164,600	198,500	220,800	18,500	4,625	33,900	6,780	22,300	4,460	74,700
Eating and Drinking	\$250	155,700	177,000	215,700	241,900	21,300	5,325	38,700	7,740	26,200	5,240	86,200
Building Material & Garden	\$250	28,100	29,400	31,900	33,100	1,300	325	2,500	500	1,200	240	5,000
<b>Total Retail Space</b>		<b>451,700</b>	<b>542,000</b>	<b>646,100</b>	<b>713,700</b>	<b>90,300</b>	<b>22,575</b>	<b>104,100</b>	<b>20,820</b>	<b>67,600</b>	<b>13,520</b>	<b>262,000</b>

<sup>1</sup> Demand in the General Merchandise category assumes that 35% of sales come from visitors, as General Merchandise is not reflected in visitor daily expenditures.

Source: Economic & Planning Systems

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135,250  
225,600  
607,000  
607,000

## V. MAMMOTH CROSSING RETAIL POTENTIALS

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This chapter addresses the retail/commercial development potentials and opportunities for the Mammoth Crossing project. First, an estimate is made of the level of retail that is supported by development in the North Village to gauge the balance of supply and demand. Next, based on this analysis and the preceding Town-wide analysis, recommendations are made for the Mammoth Crossing site.

Resort oriented retail development has very different tenant characteristics compared to community retail. Rather than relying on the traditional anchor-ancillary tenant synergies (e.g., a grocer, bank, dry cleaner, and other services/stores locating together), resort retail often relies on the synergy created by a sufficient critical mass of stores catering to the visitor population. This is the development model followed by Intrawest in their village concepts, and is also similar to the modern lifestyle retail centers, becoming more common in urban/suburban locations. A resort setting generally requires a minimum of 60,000 to 100,000 square feet of contiguous pedestrian oriented space to be successful. Therefore, this concept also requires that there be minimum thresholds of demand to support substantial new retail development in a Main Street or resort/village style. Piecemeal development of small parcels and individual projects is less likely to be successful or financially feasible.

### NORTH VILLAGE RETAIL DEMAND

The visitation generated by the development of the North Village is forecasted in **Table 28**. Intrawest representatives have indicated that the Village achieves approximately 45 percent annual occupancy, which is higher than the town-wide average of approximately 38 percent. It is assumed that the new higher end lodging planned in the Village would achieve similar occupancies.

**Table 29** shows estimated daily expenditures for visitors staying in the North Village. Since the new lodging is targeting a higher end luxury market, it can be expected that daily expenditures will also be higher than the current town-wide averages. Using a 25 percent increase in daily expenditures, expenditure potential and net new retail demand are calculated in **Tables 29** and **30**.

**Table 28**  
**North Village Visitor Forecast, 2006-2020**  
**Mammoth Crossing Market Analysis**

Description	Factors	2006	2010	2015	2020
<b>Overnight Visitor Days</b>					
Total Units		349	951	1,810	2,044
Overnight Rentals	80%	279	761	1,448	1,635
Persons per Unit		3.18	3.18	3.18	3.18
<b>Overnight Visitor Days</b>	<b>45% Occupancy</b>	<b>145,978</b>	<b>397,781</b>	<b>757,080</b>	<b>854,957</b>
<b>Second Home Visitor Days</b>					
Total Units	20%	70	190	362	409
Persons per Unit		3.18	3.18	3.18	3.18
<b>Second Home Visitor Days</b>	<b>19% Occupancy</b>	<b>15,409</b>	<b>41,988</b>	<b>79,914</b>	<b>90,245</b>

Source: Economic & Planning Systems

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**Table 29**  
**North Village Visitor Expenditures**  
**Mammoth Crossing Market Analysis**

Description	\$ per Day			2006	2010	2015	2020
	Town-Wide Avg.	North Vlg. Estimate +25%	N. Vlg. Capture				
<b>Overnight Visitor Expenditures (\$000s)</b>							
<b>Visitor Days</b>				<b>145,978</b>	<b>397,781</b>	<b>757,080</b>	<b>854,957</b>
Convenience Goods	\$14	\$15	50%	\$1,113	\$3,033	\$5,773	\$6,519
General Merchandise	---	---	---	0	0	0	0
Shoppers Goods	\$15	\$17	65%	1,566	4,266	8,120	9,169
Dining Out	\$16	\$17	65%	1,637	4,460	8,489	9,586
Bldg. Mat. & Garden	---	---	---	0	0	0	0
<b>Total Expenditures</b>	<b>\$45</b>	<b>\$49</b>		<b>\$4,315</b>	<b>\$11,759</b>	<b>\$22,381</b>	<b>\$25,275</b>
<b>Second Home Visitor Expenditures (\$000s)</b>							
<b>Visitor Days</b>				<b>15,409</b>	<b>41,988</b>	<b>79,914</b>	<b>90,245</b>
Convenience Goods	\$10	\$11	50%	\$84	\$228	\$434	\$490
General Merchandise	---	---	---	0	0	0	0
Shoppers Goods	\$7	\$8	65%	82	223	425	479
Dining Out	\$3	\$4	65%	39	108	205	231
Bldg. Mat. & Garden	---	---	---	0	0	0	0
<b>Total Expenditures</b>	<b>\$19</b>	<b>\$25</b>		<b>\$205</b>	<b>\$559</b>	<b>\$1,063</b>	<b>\$1,201</b>
<b>Total Expenditures (\$000s)</b>							
Convenience Goods				\$1,197	\$3,261	\$6,207	\$7,009
General Merchandise				0	0	0	0
Shoppers Goods				1,647	4,489	8,544	9,649
Dining Out				1,676	4,568	8,694	9,817
Bldg. Mat. & Garden				0	0	0	0
<b>Total Expenditures</b>				<b>\$4,521</b>	<b>\$12,318</b>	<b>\$23,445</b>	<b>\$26,476</b>

Note: Totals as displayed reflect spreadsheet rounding.

Source: Economic & Planning Systems

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As shown in **Table 30**, the existing 349 units in the North Village support approximately 15,000 square feet of retail space (third column, 2006). The existing retail development is 58,000 square feet, which means that the retail component of the Village relies on significant inflow from the rest of Mammoth Lakes and that the existing bed base in the North Village is not sufficient to support the existing retail on its own. However, as the Village builds out over the next 15 years, the demand created by the increase in visitation supports approximately 74,000 square feet of retail space (far right column, total). This indicates that business conditions in the Village are likely to improve over time as the Village and surrounding area grow. The amount of retail space in the Village is in scale with the overall development potential of the North Village over the next 10 to 15 years. The 74,000 square feet of demand is an increase of only 16,000 square feet over the existing 58,000, which suggests that the opportunities from more retail growth in the North Village are fairly limited especially if they are not directly contiguous to the existing North Village.

**Table 30**  
**Retail Space Supported by North Village Visitors**  
**Mammoth Crossing Market Analysis**

Description	Factor	2006	2010	2015	2020	Change 2006-2010		Change 2011-2015		Change 2016-2020		Total
						Total #	Ann. #	Total #	Ann. #	Total #	Ann. #	
<b>Visitor Expenditure Potential</b>												
Convenience Goods		\$1,197	\$3,261	\$6,207	\$7,009	\$2,064	\$516	\$2,946	\$589	\$802	\$160	\$5,813
General Merchandise		0	0	0	0	0	0	0	0	0	0	0
Shoppers Goods		1,647	4,489	8,544	9,649	2,842	710	4,055	811	1,105	221	8,001
Eating and Drinking		1,676	4,568	8,694	9,817	2,891	723	4,126	825	1,124	225	8,141
Building Material & Garden		0	0	0	0	0	0	0	0	0	0	0
<b>Total (\$000s)</b>		<b>\$4,521</b>	<b>\$12,318</b>	<b>\$23,445</b>	<b>\$26,476</b>	<b>\$7,798</b>	<b>\$1,949</b>	<b>\$11,126</b>	<b>\$2,225</b>	<b>\$3,031</b>	<b>\$606</b>	<b>\$21,955</b>
<b>Retail Demand (Square Feet)</b>												
<b>Supportable Square Feet</b>												
Convenience Goods	\$400	2,992	8,153	15,517	17,523	5,161	1,290	7,364	1,473	2,006	401	14,531
General Merchandise	\$350	0	0	0	0	0	0	0	0	0	0	0
Shoppers Goods	\$300	5,492	14,964	28,481	32,163	9,473	2,368	13,517	2,703	3,682	736	26,671
Eating and Drinking	\$250	6,705	18,271	34,774	39,270	11,566	2,891	16,503	3,301	4,496	899	32,565
Building Material & Garden	\$250	0	0	0	0	0	0	0	0	0	0	0
<b>Total Retail Space</b>		<b>15,189</b>	<b>41,388</b>	<b>78,772</b>	<b>88,956</b>	<b>26,199</b>	<b>6,550</b>	<b>37,384</b>	<b>7,477</b>	<b>10,184</b>	<b>2,037</b>	<b>73,767</b>

[1] Estimated as 80% of the 290 units in the Village at Mammoth.  
 Source: Economic & Planning Systems

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## **MAMMOTH CROSSING RECOMMENDATIONS**

The retail development recommendations for the Mammoth Crossing project are based on the Town-wide and North Village retail analyses, current retail conditions, site opportunities and constraints, and individual retail tenant characteristics and trade area requirements. The recommendations provide a framework for site planning and targeted marketing efforts to attract viable retail tenants.

While Mammoth Crossing is part of the North Village and is within a ¼ mile walking distance of the Village, the site is not contiguous to existing retail development. Furthermore, the topography, development pattern, and street layouts add a perception of distance and separation. Therefore, it will be challenging to create synergy between the two areas of the NVSP. Site planning at Mammoth Crossing should therefore place high importance on pedestrian connectivity and signage to link the two ends of the North Village between Lake Mary Road and Hillside Drive. Because of the site challenges and separation from the Village, retail uses at Mammoth Crossing will have to be able to create their own draw.

The Mammoth Crossing sites have strong locational attributes of their own independent from the existing Village development. Sites One and Two front the intersection of Minaret and Lake Mary Drive, therefore they are gateway parcels to the existing and future development planned in the North Village. They also have excellent access to traffic on both arterials and can therefore attract auto and community oriented uses to the extent that parking and circulation can be accommodated. The site sizes, however, are a constraint and will provide only a limited area for retail development.

The Mammoth Crossing sites are therefore best suited to destination retail draws that can generate their own traffic and business and that can serve both a community and visitor customer base. If successful destination businesses can be located on these parcels, they can also serve as an anchor to the specialty retailers in the Village core only a short distance away.

### **ANCHOR USES**

Securing one or two anchor users would help to establish the Mammoth Crossing site and provide a sense of activity, which in turn would help support other retail uses on site. The best opportunities for anchor uses are a specialty or natural foods grocer and destination restaurants.

#### **Specialty Grocer**

A second supermarket is not expected to be developed in Mammoth for five to ten years. However, a smaller specialty foods market could complement the existing full service supermarket with a more specialized line of products including natural foods, prepared foods, deli items, and a full wine and cheese selection. This store category is growing rapidly and includes both national chains and independent local businesses.

Mammoth Crossing location is ideal because it can serve the larger permanent and visitor population with good auto access while also serving a large pedestrian visitor population within walking distance in the North Village area.

This market could be in the 7,500 to 15,000 square foot range including a beer, wine, and liquor section. The existing General Store in the Village at 2,585 square feet is too small to carry the desired range of goods and achieve operational efficiencies and sales volumes. The site plan should also anticipate accommodating easily accessible short-term and street parking for customers, a problem that has been identified at the Village.

The Dean and DeLuca chain is a national example of this type of store on the high end of the market. Trader Joe's is a California based national chain with extensive stores in the region. Another regional example is Oakville Grocers based in Napa, which has four stores in Napa and the Bay Area with typical sizes at 10,000 square feet or less. High quality meat and seafood markets can also be successful in resort settings.

Because Mammoth is an untested market for specialty markets, Mammoth Crossing may need to attract and even subsidize an independent store. The new 14,000 square foot Market at Mountain Village in Mountain Village, Colorado (Telluride) was provided a percentage rent-only lease by the developer to allow it to get up to operating levels. It has been very successful since opening.

### **Destination Restaurants**

Another anchor opportunity is to attract a destination restaurant. The Mammoth Crossing sites would be excellent locations for larger mainstream restaurants with appeal to both the visitor and local populations. There is an identified gap in the market between fast food and "bar food" on the low end and upscale high end tourist oriented restaurants.

This market niche is mid-upper market sit-down restaurants with broad appeal, but with reasonable prices for local residents and tourist families. Some of the "lifestyle restaurant" chains such as PF Chang's, Il Fornaio, McCormick and Schmidt's, California Pizza Kitchen, and Ted's Montana Grille would fit this niche. Intrawest pursued P.F. Chang's, a national Asian fusion restaurant chain, for the Village. Ethnic cuisine other than Mexican is also a market gap. Asian (fusion), Indian, and Middle East fare is popular in many markets. With the close ties between Mammoth and Los Angeles visitors, a regional southern California chain could potentially be attracted to locate in Mammoth and would require 5,000 to 10,000 square feet of space.

### **Other Potential Anchors**

While more difficult to attract, the potential for other junior anchors such as a bookstore (e.g., Barnes & Noble or Borders) should be investigated. Although typically found in larger urban/suburban retail projects, they have built individual stores in some smaller markets. Another potential opportunity could be a home furnishings store that is oriented to the second home market.

## ANCILLARY RETAIL SPACE

The use of the proposed ancillary retail space will be a function of any anchor signings. Lacking a major tenant, it will be difficult to market 12,000 to 15,000 square feet of small store space, as is shown on the preliminary site plan. Other retail uses at Mammoth Crossing would need to be able to stand on their own without the synergy of a larger retail district. This considerably narrows the pool of potential users. Niche specialty resort brand retailers such as Oakley, Patagonia, and Quicksilver can create a destination draw, but require a larger trade area than Mammoth Lakes. For example, Oakley has 65 stores worldwide, almost all of which are in regional mall locations. Patagonia has 22 stores worldwide, primarily in major urban centers such as Seattle, Denver, and Boston.

A smaller retail user that could stand on its own may be a low volume, high priced store, such as a high end fur, jewelry store, salon or spa, or a gallery that creates its own draw. Such stores are fairly small, ranging from less than 1,000 to 2,500 square feet.

## RETAIL DEVELOPMENT PROGRAM

The total recommended retail development program for Mammoth Crossing is 30,000 to 40,000 square feet of space. This would be enough to accommodate a mid-size destination restaurant, a specialty foods market, and a limited amount of small store and services space.

Since retail at Mammoth Crossing will rely heavily on population and visitors outside the North Village, it will be important to orient the retail on the site so that it is easily accessible by cars. Adequate street parking and onsite short-term parking will be needed. The retail should also be oriented to the street for maximum visibility and accessibility. While the European style courtyard or village center model is appealing from a design and placemaking perspective, it requires a larger critical mass of retail space and visitor traffic than the Mammoth Crossing project can provide on its own.