

NEW STORE SALES & CANNIBALISM FORECAST

Project how the new store will affect sales performance at existing store locations.

	Century City 25 Minutes	Pasadena 25 Minutes	Beverly Hills 25 Minutes
Santa Monica 20 Minutes	-\$179,579	-\$354,608	-\$255,447
Newport Beach 20 Minutes	-\$589,971	-\$426,701	-\$414,739
West Hollywood 25 Minutes	-\$302,411	-\$173,673	-\$67,451
Total Estimated Sales Loss	-\$1,071,961	-\$954,982	-\$737,637
Total Estimated % Sales Loss	7.0%	-6.2%	-4.8%
Total Households	412,270	473,469	264,760
Total Population	1,145,259	1,316,965	734,679
Estimated New Store Sales	\$4,000,000	\$4,200,000	\$3,300,000
Net Sales Increase	\$2,928,039	\$3,245,018	\$2,562,363



REGRESSION AND CORRELATION FOR SALES FORECASTING

RETAILERS - Annual Sales	Annual Sales	Index Variance	Sales Projection	Cap Weight
Banana Republic	\$6,500,000	25	\$1,625,000	1.23
Gap	\$5,500,000	24	\$1,320,000	1.00
J Crew	\$5,500,000	30	\$1,650,000	1.25
Janie & Jack	\$750,000	152	\$1,140,000	0.87
Loft	\$1,700,000	57	\$969,000	0.74
Childrens Place	\$6,000,000	20	\$1,200,000	0.91

Annual Sales Weighted \$1,317,333 70%

RETAILERS - Sales PSF				
Banana Republic	\$518	117	\$1,344,847	0.91
J Crew	\$871	115	\$2,222,661	1.50
Loft	\$273	148	\$896,565	0.61
Center Average	\$731	89	\$1,443,659	0.98

Sales Weighted \$1,476,933 30%

Square Footage 2,219

Drive Time 12

Mature Draft Estimate		\$1,365,213
Adjust Square Footage	0.95	\$1,296,953
Adjust Regional Sales Index	IL	\$1,361,800
Direct Sales	503,846	.03
Age 25-44 \$150k+	13,102	.01
Total Worker Pop	333,578	0
HH \$100k+	74,515	.01
HH \$150k+	41,314	.01
Bachelor's Degree+	202,750	.01
Children Age 0-9	77,452	.02
Childrens & Infant Store \$\$	\$62,790,538	0
% HH Income \$150k+	15.2%	-.01
% African American (-)	4.7%	.02
Image Index Factor - Space/Tourism	100	0.10

Final Mature Sales Projection: \$1,497,980

Sales PSF \$675

High Scenario \$1,515,956

First Year Sales \$1,318,223

Low Scenario \$1,120,489

Square Footage	
1400	0.95
1500	0.98
1600	1.00
1700	1.00
1800	1.00
1900	1.00
2000	1.00
2100	0.98
2200	0.95
2300	0.92
2400	0.90
2500	0.85

Regional Sales	
ME	13%
NH	13%
MA	13%
CT	13%
RI	13%
VT	13%
NY	-2%
NJ	-2%
PA	-2%
DE	1%
MD	1%
DC	1%
IL	3%
MI	3%
OH	3%
IN	3%
WI	3%
WV	1%
KS	-6%
MN	10%
MO	-6%
IA	10%
NE	10%
SD	10%
ND	10%
GA	0%
VA	0%
NC	0%
SC	0%

Use comparable retailers' sales and client target customer demographics to forecast our new store's sales performance.



CENTER BASED SALES PROFORMA

Square Feet Constant At:	2,500
Rent Constant At:	\$50
Extra Charges Constant At:	\$18

ASSUMPTIONS:		
Leasehold Improvements	\$937,500	\$375 psf
Leasehold Improvement Life	10	
Tenant Allowance	\$100,000	\$40 psf
Annual Depreciation	\$83,750	
Inventory	\$200,000	
Percentage Rent	5.00%	
Breakpoint	\$2,500,000	
Payroll Expense	17.00%	
Advertising Expense	3.00%	
Miscellaneous Expense	5.00%	

Sales Scenarios	Low	Medium	High
SALES PER SQ. FT.	\$500	\$600	\$700
GROSS REVENUE:	\$1,250,000	\$1,500,000	\$1,750,000
Gross Profit Percentage:	65.00%	65.00%	65.00%
Gross Margin Dollars:	\$812,500	\$975,000	\$1,137,500
Payroll	\$212,500	\$255,000	\$297,500
Rent	\$125,000	\$125,000	\$125,000
Percentage Rent	-	-	-
Extra Charges	\$45,000	\$45,000	\$45,000
Advertising	\$37,500	\$45,000	\$52,500
Depreciation - Leasehold Imp.	\$83,750	\$83,750	\$83,750
Depreciation - Other	\$30,000	\$30,000	\$30,000
Miscellaneous	\$62,500	\$75,000	\$87,500
TOTAL EXPENSES:	\$596,250	\$658,750	\$721,250
Contribution	\$216,250	\$316,250	\$416,250
Contribution Percentage	17.3%	21.1%	23.8%
Occupancy Cost %	13.6%	11.3%	9.7%
Return On Investment	23.1%	33.7%	44.4%

Project the new store's financial performance based on negotiated lease terms.



ANALOGUE BASED SALES FORECASTING

Use client existing store target customer demographics and site criteria to forecast our new street and destination store sales performance.

NATURAL DRIVE TIME SALES FORECAST

South Street Seaport		Sales / Sq Ft		Womens Clothing Expenditures		Total Occupation: White collar		Total Daytime Population		Total Office Workers		Bachelor's Degree+		Females 25 to 44 years		Females 25-44 W/HH Income \$75k+		Single Females	
				Expenditures	Market Share	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita
NYC Model	Image Adjustment	125	1,755																
Tourism (+)	Weighting - Office Pop	\$1,273,607	\$1,314,812	\$1,437,017	20.0%	\$1,152,305	27.5%	\$1,325,616	15.0%	\$1,332,297	15.0%	\$1,044,219	2.5%	\$1,416,731	5.0%	\$1,155,774	10.0%	\$1,162,263	5.0%
	Weighting - Residential	\$1,241,923	\$1,282,103	\$1,437,017	25.0%	\$1,152,305	5.0%	\$1,325,616	5.0%	\$1,332,297	5.0%	\$1,044,219	25.0%	\$1,416,731	10.0%	\$1,155,774	17.5%	\$1,162,263	7.5%
	Final Sales Forecast		\$986,109	\$44,971,937		75,863		525,320		437,812		72,905		34,906		11,900		40,236	
	Drive Time Scenarios			\$1,537,671	\$1,437,017	\$1,232,311	\$1,152,305	\$1,445,024	\$1,325,616	\$1,490,595	\$1,332,297	\$1,146,454	\$1,044,219	\$1,527,388	\$1,416,731	\$1,293,122	\$1,155,774	\$1,213,477	\$1,162,263
	Drive Time Band - Non-NYC			\$1,469,741	3.3%	\$1,190,635	\$15.69	\$2,031,060	\$3.87	\$2,292,180	\$5.24	\$1,190,722	\$16.33	\$1,406,217	\$40.29	\$1,423,678	\$119.64	\$992,444	\$24.67
	Drive Time Band - NYC	1		\$1,149,395	2.6%	\$923,263	\$12.17	\$1,125,877	\$2.14	\$1,145,815	\$2.62	\$838,508	\$11.50	\$1,124,354	\$32.21	\$931,236	\$78.26	\$918,560	\$22.83
Drive Times	Analogue Stores			\$1,150,269	2.6%	\$917,587	\$12.10	\$864,339	\$1.65	\$825,908	\$1.89	\$825,977	\$11.33	\$1,160,475	\$33.25	\$904,770	\$76.03	\$963,561	\$23.95
4 Minute Heavy	Existing Upper West Side	\$2,245,255	\$1,021	\$88,377,885	2.0%	191,502	\$9.06	973,693	\$1.78	824,587	\$2.10	193,404	\$8.97	72,166	\$24.05	29,465	\$58.91	115,171	\$15.07
4 Minute Heavy	Existing Chelsea	\$1,571,157	\$1,190	\$80,803,731	2.5%	164,691	\$12.28	1,341,406	\$1.51	1,212,862	\$1.67	184,254	\$10.98	59,963	\$33.74	26,361	\$76.74	81,925	\$24.69
4 Minute Heavy	Existing Meatpacking	\$1,998,921	\$1,052	\$68,471,239	2.6%	150,197	\$11.91	1,418,451	\$1.26	1,312,120	\$1.36	153,122	\$11.68	54,601	\$32.75	23,744	\$75.32	85,717	\$20.86
4 Minute Heavy	Existing SoHo	\$2,027,887	\$1,172	\$71,919,230	2.8%	148,080	\$13.45	501,410	\$3.97	366,481	\$5.44	169,582	\$11.75	56,639	\$35.18	22,833	\$87.26	76,298	\$26.11
4 Minute Heavy	Existing East Village	\$1,941,252	\$1,078	\$58,901,781	3.1%	125,361	\$14.62	637,096	\$2.88	521,329	\$3.52	121,726	\$15.06	51,611	\$35.51	18,988	\$96.51	67,793	\$27.03
4 Minute Heavy	Existing Lower East Side	\$1,773,855	\$985	\$70,541,814	2.4%	143,204	\$11.69	1,148,712	\$1.46	1,036,752	\$1.62	158,408	\$10.57	52,267	\$32.04	22,390	\$74.79	72,170	\$23.20
	Average All	\$1,735,789	\$943	\$59,962,530	2.8%	126,095	\$13.34	778,468	\$2.72	676,041	\$3.49	131,913	\$13.11	47,934	\$34.90	19,228	\$92.05	70,180	\$23.44
	Median All	\$1,773,855	\$1,021	\$68,471,239	2.6%	143,204	\$12.28	637,096	\$2.24	521,329	\$2.59	153,122	\$11.68	52,267	\$33.74	22,390	\$76.74	72,170	\$24.39
	Average Except NYC	\$1,354,591	\$662	\$33,549,029	3.3%	70,607	\$15.69	328,483	\$3.87	270,079	\$5.24	68,907	\$16.33	28,054	\$40.29	9,756	\$119.64	44,183	\$24.67
	Median Except NYC	\$1,417,224	\$709	\$35,343,274	3.4%	66,681	\$19.08	321,169	\$4.26	267,561	\$6.12	66,512	\$19.47	28,675	\$50.06	10,455	\$141.74	47,139	\$24.39
	Average NYC	\$1,926,388	\$1,083	\$73,169,280	2.6%	153,839	\$12.17	1,003,461	\$2.14	879,022	\$2.62	163,416	\$11.50	57,875	\$32.21	23,964	\$78.26	83,179	\$22.83
	Median NYC	\$1,970,087	\$1,065	\$71,230,522	2.6%	149,139	\$12.10	1,061,203	\$1.65	930,670	\$1.89	163,995	\$11.33	55,620	\$33.25	23,289	\$76.03	79,112	\$23.95