

June 20, 2025

Sent via email only

Jackson Ewing
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Via email only:
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**RE: Proposed Text Amendments to OMC 18.05 – Villages and Centers
Applicant’s Response to March 17, 2025 Planning Commission
Recommendation**

Dear Mr. Ewing:

This firm represents Briggs RE Development LP and its principal, Gurdip Gill, regarding the above-referenced proposed text amendments to Olympia Municipal Code (“OMC”) 18.05 – Villages and Centers. This letter provides the Applicant’s response to the Planning Commission’s March 17, 2025 recommendations to the City Council.

History and Background

Briggs RE Development LP owns the remaining undeveloped property in Briggs Village. Briggs Village is the only “Urban Village” Master Plan under OMC 18.05 ever approved within City limits. Therefore, as a practical matter, any amendments to the “Urban Village” provisions in OMC 18.05 are likely to only be applied to Briggs Village.

The Olympia City Council approved the Briggs Village Master Plan on December 16, 2003 (Ord. 6299). The original Master Plan called for 810 residential units and 224,000 square feet of commercial and office space oriented in multi-story buildings with underground and surface parking situated around a Village Center.

The 2008 Great Recession significantly changed the real estate market, and Briggs Village ended up being sold to a California-based developer, which was Briggs RE Development LP’s predecessor-in-interest. By 2013, the Briggs YMCA, several hundred single-and multi-family units as well as some senior housing had been constructed, but no retail or office had been built, leaving the Village Center entirely undeveloped.

In response to changed market conditions, the developer applied for an amendment to the Briggs Village Master Plan to reduce the amount of required office and

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(206) 621-1110 1420 5th Ave #2000, Seattle, WA, 98101	(253) 572-1000 909 A Street, Ste. 900, Tacoma, WA, 98402	(360) 742-3500 111 21st Ave SW, Olympia, WA, 98501

retail space, with corresponding reductions in required parking spaces and building heights in the Village Center. On April 9, 2014, the Olympia City Council approved the developer's proposed amendments (Ord. 6896), which included the following changes:

- Reduced allowed office space from 113,850 SF to a range between 5,000 SF (minimum) and 31,000 SF (maximum);
- Reduced allowed retail space from 60,420 SF to a range between 33,700SF (minimum) and 60,700 SF (maximum), including a 30,285 SF grocery store, reflecting the size of the grocer which had then been permitted (but was never built);
- Eliminated 272 underground parking stalls and 30 off-street parking spaces.

Notably, the 2014 Master Plan amendment did not alter the maximum number of residential units, which remained at 810.

In December of 2015, Briggs RE Development LP purchased Briggs Village. Since then, Mr. Gill has diligently pursued development opportunities at Briggs, including retail for the Village Center. Despite the intervening COVID-19 pandemic, Mr. Gill has successfully developed 33 additional multi-family housing units as well as one 13,000 SF commercial building along Henderson Boulevard, which is currently home to four small businesses: a pediatric dentist, a fitness studio, an esthetician, and an ice cream parlor.

Unfortunately, retail , and particularly a grocery store, has remained challenging, if not impossible, to attract to the Briggs Village location in the post-pandemic market. As a result, the Village Center remains undeveloped some 22 years after the original Briggs Village Master Plan was approved. There is, however, significant ongoing demand in this area for new housing. When Mr. Gill approached City staff about further amending the Briggs Village Master Plan to eliminate the 810 maximum housing unit cap and adjust the mix of housing types, City staff determined that the proposed amendments could not be considered and approved without first amending certain provisions of OMC 18.05 for Urban Villages.

The Applicant's Proposal

On September 16, 2024, Mr. Gill applied to the City for text amendments to certain provisions of OMC 18.05. Following staff comments, the Applicant further revised the proposal on January 28, 2025. Regarding housing, the Applicant proposed to change the ratio in Table 5.03 addressing the mix of housing types to allow increased multi-family density with reduced single-family. Regarding commercial/office space, the Applicant proposed revising Table 5.02 to a fixed minimum (52,500 SF) and maximum (175,000 SF) instead of tying the minimum and maximum area formulas in the code to the total residential units. Notably, the 52,500 SF minimum reflected in the Applicant's proposal was higher than the 38,700 SF combined current minimum retail/office required in the current approved Briggs Village Master Plan.

Regarding the grocery store, the Applicant's proposed text amendments did not eliminate the grocery store as a required use in Table 5.01, but disclosed its intent to reduce the grocer from 30,285 SF to a size of 1,500 SF – 12,000 SF. Importantly, OMC 18.05 does not currently mandate a minimum grocer size – while the grocer is a required use, the code only sets a maximum of 50,000 SF, but no minimum. See OMC 18.05.060(C). The current approved Briggs Village Master Plan anticipated a 30,285 SF grocer as part of the overall retail square footage, but was not a specified minimum.

In support of the overall proposed commercial reductions, the Applicant provided a detailed Briggs Village Commercial Market Demand Study dated November 27, 2023, prepared by Community Attributes, Inc. ("CAI"), a nationally recognized market consultant. The CAI study concluded that even with the additional density contemplated by the future Master Plan amendment (1250 units) – not yet approved - Briggs Village could, at best, support a smaller, localized retail center and up to 9,000 SF of specialty-type grocery space. A copy of the CAI study is attached at **Tab A**.

Planning Commission Recommendation

Planning Commission public review of the proposed text amendments earlier this year generated significant public interest among the residents at Briggs Village. There were hundreds of public comments submitted, and the Planning Commission held two well-attended public hearings on February 24 and March 3, 2025. The overwhelming majority of public comments focused on the community's continued – strong - desire for Briggs Village to maintain a retail center and grocery store.

On March 17, 2025, following deliberation and review, the Planning Commission issued its recommendation to City Council, a copy of which is attached at **Tab B**. Ultimately, the Planning Commission recommended approval of the Applicant's proposed amendments, but with the following revisions:

- Set the minimum and maximum commercial space in Table 5.02 as a ratio of 500 SF (minimum) and 1,300 SF (maximum) per acre (rather than as fixed amounts);
- Add a required minimum grocery size of 12,000 SF; and
- Remove the maximum number of stores in Table 5.04, leaving only the maximum height limit.

Each of the Planning Commission recommendations is addressed below.

Commercial Ratio. The total site area of Briggs Village is 137.6 acres. Applying the 500 SF minimum recommended by the Planning Commission, that would yield a 68,800 SF minimum amount of commercial space applied to Briggs Village. However, OMC 18.05.080.B.1 excludes critical areas and the required minimum open space for the Village

Center from housing density calculations. The Applicant believes the same exclusions should be applied to calculate commercial density if the City Council chooses to adopt a ratio approach as the Planning Commission has recommended. By way of example, applying the OMC 18.05.080.B.1 exclusions to Briggs Village would remove 21.13 acres of critical areas and 13.1 acres of required minimum open space (see **Tab C**), for a total site area of 103.4 acres. That would yield a minimum commercial density of 500 SF x 103.4 acres or 51,850 SF – which is slightly less than the Applicant had proposed. Therefore, provided the same exclusions are made for commercial density as for housing density, the Applicant does not oppose the Planning Commission’s ratio approach.

Minimum Grocery Size. The Applicant understands and sincerely appreciates the community’s long-held desire for a grocery store; however, neither OMC 18.05 nor the approved Briggs Village Master Plan currently requires any specific minimum grocer size. More importantly, nothing in the 2023 CAI Market Demand Study suggests a minimum 12,000 SF grocer is viable at the Briggs Village location – indeed, the maximum potential size identified was 9,200 SF.

Following the Planning Commission’s recommendation the Applicant asked CAI to review its earlier study and evaluate the Planning Commission recommendation. The results of CAI’s review are found in an updated May 27, 2025 report attached at **Tab D**. CAI noted no changes in market data from its original study, and concluded that a far smaller footprint store of between 1,500 SF to 2,500 SF could serve Briggs Village’s neighborhood commercial needs. CAI’s conclusions regarding the suitability of a smaller footprint grocer at Briggs Village are further supported by opinion letters from local commercial brokers Joni Baker and Debbie Draper (**Tab E**) and a statement from local grocery operator Kevin Stormans (**Tab F**). The Applicant therefore respectfully requests that the City Council decline to adopt the Planning Commission’s 12,000 SF new mandatory minimum size grocer size, which is entirely unsupported by any market analysis. Adopting an unreasonable minimum ensures that it will either not be built, or that if it is built, that it could ultimately fail and leave a blighted large vacant space right in the middle of the Village Center.

Maximum Height. The Applicant does not oppose the Planning Commission’s recommendation regarding this amendment provided the maximum height limit of 45’ remains unchanged.

YMCA Parking

Public comment at the Planning Commission also included vocal opposition from the leadership of the YMCA who opposed the proposed reduction of the grocer size based on an assertion that the grocer’s parking lot was supposed to serve the YMCA with free, shared parking. Contrary to the YMCA’s public representations, the Applicant is under no legal obligation whatsoever to provide the YMCA with parking of any kind. On April 9, 2025,

our firm provided a written offer to the YMCA's counsel on the Applicant's behalf offering to sell the YMCA 11,000 SF of property for construction of an overflow parking lot, which the Applicant's layout showed could accommodate 34 parking stalls. The letter pointed out that the YMCA could accommodate an additional 14 stalls on its own lot by closing the exit to Henderson Blvd SE, which should have happened years ago once Mr. Gill constructed a \$30,000 driveway serving the YMCA from Maple Lane. As of today, over two months later, the YMCA has yet to respond to the Applicant's offer despite several requests for response from our office. Respectfully, where the YMCA does or does not park is that organization's problem to solve, and not the Applicant's.

Conclusion

The Applicant appreciates the City staff and Planning Commission's thoughtful consideration of the proposed amendments to OMC 18.05. With this proposal, Mr. Gill seeks nothing more than a pathway to amend the existing master plan and complete the buildup of the long-awaited Briggs Village Center in a way that meets 2025 market conditions, with increased housing density and focused, achievable retail development.

Thank you for your consideration of this response. If you require additional information, please do not hesitate to contact me directly at (360) 742-3500 or via email at hburgess@dfpblaw.com.

Very truly yours,



Heather L. Burgess

HLB/jw

Enclosures:

- Tab A** – November 27, 2023, CAI Briggs Village Commercial Market Demand Study
- Tab B** – March 17, 2025, City Council Recommendation to Olympia Planning Commission
- Tab C** – June 18, 2025 – Briggs Village Overall Area Calculations
- Tab D** - May 27, 2025, CAI Briggs Village Market Study Update
- Tab E** – June 2, 2025, Joni Baker Opinion Letter & April 29, 2025, Debbie Draper-Aikins Opinion Letter
- Tab F** – May 14, 2025, Statement from Kevin Stormans

cc:

Tim Smith, Deputy Director, Community Planning & Economic Development, via email only (tsmith@ci.olympia.wa.us)

Susan McClaughlin, Director, Community Planning & Economic Development, via email only (smclaugh@ci.olympia.wa.us)

David Schaffert, CEO, Thurston County Chamber of Commerce, via email only (dschaffert@thurstonchamber.com)

Michael Cade, Executive Director, Thurston County Economic Development Council, via email only (mcade@thurstonedc.com)

Bcc:

Client, Gurdip “Gordie” Gill, gordie@glenlyon.ca

Glenn Wells, glennwellsarchitect@gmail.com

Tab A

EXHIBIT TWO

Briggs Village Commercial Market Demand Study

November 27, 2023

KEY FINDINGS

- A population of **12,900 in the Briggs Village trade area** currently generates \$38.8 million annually in grocery spending.
- Competitive grocery supply exists primarily at Little Rock Road in Tumwater and Little Prairie Center in Lacey.
- Retail gap analysis indicates some grocery spending leakage in the Briggs Village area and potentially some demand for a specialty grocer; however, the quantifiable demand **falls well short of supporting a minimal amount of square feet** for a viable small grocery store.
- The trade area household composition of Briggs Village **does not align well with analogous trade areas** for other specialty grocery anchored retail developments.
- Prevailing sentiment among interviewed brokers and stakeholders with local knowledge of the Briggs Village market suggests that the trade area is not viable for a small grocery format and is challenging for retail uses more broadly.

INTRODUCTION

Background and Purpose

Briggs Town Square Holding Corp. seeks objective, third-party analysis of present demand for commercial space in Briggs Village, a planned development in Olympia, Washington. The analysis will inform discussions and deliberations regarding the density of development across Briggs Village, and the type of commercial businesses suitable to locate at Briggs Village. Density decisions will affect other land uses on-site, most notably parking requirements, which also tie to commercial demand considerations. Moreover, the City of Olympia has requested a grocery store as one of the commercial uses to include in Briggs Village. An assessment of market support for a small grocery at Briggs Village is included in this analysis.

Methods

This analysis draws on existing data sources to assess the demand for commercial services at Briggs Village. Data sources include published demographic and consumer behavior data from ESRI Business Analyst and

real estate market data from CoStar. Demand for various retail offerings is gauged via a gap analysis of retail demand and supply for a variety of retail types. An additional analog analysis also assesses the viability of a grocery store at Briggs Village based on comparable mixed-use developments with small-format specialty grocery stores in the state.

Organization of Report

- Briggs Village Development Plan
- Market Conditions for Commercial Development
- Demand Analysis

BRIGGS VILLAGE DEVELOPMENT PLAN

The following section provides an overview of the Briggs Village development plan. The location of Briggs Village within the Olympia market is detailed, followed by breakdowns of both residential and commercial space from the most current development plans.

Briggs Village: Apartments, Amenities, and Future Growth

Located at the southernmost edge of the city of Olympia, Washington, Briggs Village is a mixed-use development that sits at the junction of Henderson Boulevard and Yelm Highway, ideally positioned for residents to access a variety of local amenities, including Ward Lake, Hewitt Lake, Olympia Dog Park, Kettle View Park, and Pioneer Park. The development is located approximately 1.2 miles east of the I-5 corridor, 2.2 miles southeast of Downtown Olympia, and approximately 2.5 miles northeast of the Olympia Regional Airport.

The development plan for Briggs Village has gone through several iterations. The most current site plan specifies that the development will include 1,250 total residential units. Of these residential units, 223 will be single-family, with 135 detached units and 88 townhomes. Another 847 units will be multifamily, with 24 duplexes, 699 apartments, and 124 mixed-use units over commercial space. The remaining 180 units include 54 accessory dwellings and 126 multi-family units adjacent to the Village Square.

Current and Future Commercial Uses

Parking stalls have been allotted in the Briggs Village development plan for both residential and commercial space. A breakdown of these space allotments is provided in **Exhibit 1**. In total, Village Center parking will include 838 stalls. The majority of these stalls are allocated to off-street parking. Additional parking stalls are allotted to the YMCA and to the mixed-use district of the development.

Exhibit 1. Briggs Village Parking Allotments

Parking	Stalls
Village Center Off-Street	707
Village Center On-Street	131
YMCA	155
Mixed-Use District	580

Additional space within the development has been designated for commercial uses. A total of 52,500 square feet are allocated for community uses, and 49,700 square feet of this allotment has already been filled by a YMCA fitness club on site. A range of 1,500 to 12,000 square feet is allocated for a grocery store. Other retail and office uses be included as well. Total retail space may occupy between 15,000 and 54,485 square feet. Total office space may occupy between 5,000 and 31,000 square feet. In total, commercial space will total between 78,700 and 144,185 square feet in the Briggs Village development.

This abundance of commercial space warrants an analysis of which uses may be optimal for the Briggs Village development. The following section discusses the potential for office and retail uses to succeed at Briggs Village and informs a later analysis of retail leakage to identify how the Briggs Village trade area, and Thurston County at large, may be currently underserved based on retail supply and demand across a variety of sectors. Particular focus will be given to the potential for a new grocery store at the development.

MARKET CONDITIONS FOR COMMERCIAL DEVELOPMENT

The following section provides essential context for understanding the commercial real estate market surrounding Briggs Village. CoStar data is sourced to analyze real estate markets for retail and office spaces in Thurston County, Olympia, Tumwater, and Lacey.

Office Uses

The decline of office space in central business districts resulting from the COVID-19 pandemic and its aftereffects has been well-documented, both in

economic research^{1 2} and in mainstream media coverage^{3 4}. Workers who would previously commute into downtown areas have settled into new rhythms of productivity from the comfort of their homes, with little evidence suggesting they will return to the office anytime soon without a mandate from leadership. This seismic shift in where and how work is done has spurred the decline of office real estate in urban environments across the country. The Seattle region leads the country in reticence to return to the office⁵.

The adversities facing office real estate, by contrast, have been milder in the Olympia market. **Exhibit 2** shows quarterly office market rents and vacancy in both King County and Thurston County from 2007 to present. Though rents are, expectedly, much higher in King County than Thurston County, both counties exhibit an increasing trend in office rents, even in the midst of the COVID-19 pandemic. Where these markets differ directionally is in vacancy. Seattle has experienced exponentially increasing office vacancy over the course of the pandemic, driven by reactive work-from-home policies and, commensurately, decreased demand for space. Conversely, Thurston County has managed to keep office vacancies relatively low over the course of the pandemic.

¹ <https://siepr.stanford.edu/publications/policy-brief/donut-effect-how-covid-19-shapes-real-estate>

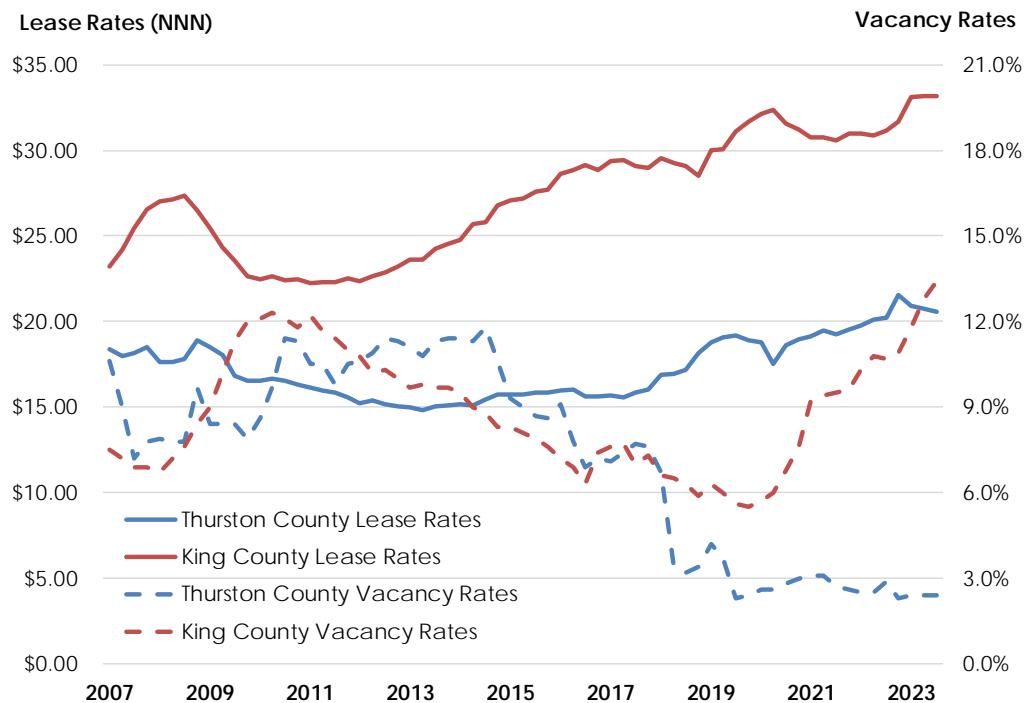
² <https://www.brookings.edu/articles/to-recover-from-covid-19-downtowns-must-adapt/>

³ <https://www.nytimes.com/2022/11/17/business/office-buildings-real-estate-vacancy.html>

⁴ <https://www.nbcnews.com/business/economy/empty-office-buildings-downtown-what-happened-rcna77443>

⁵ <https://www.seattletimes.com/business/seattle-area-office-market-makes-painful-adjustments-to-post-covid-normal/>

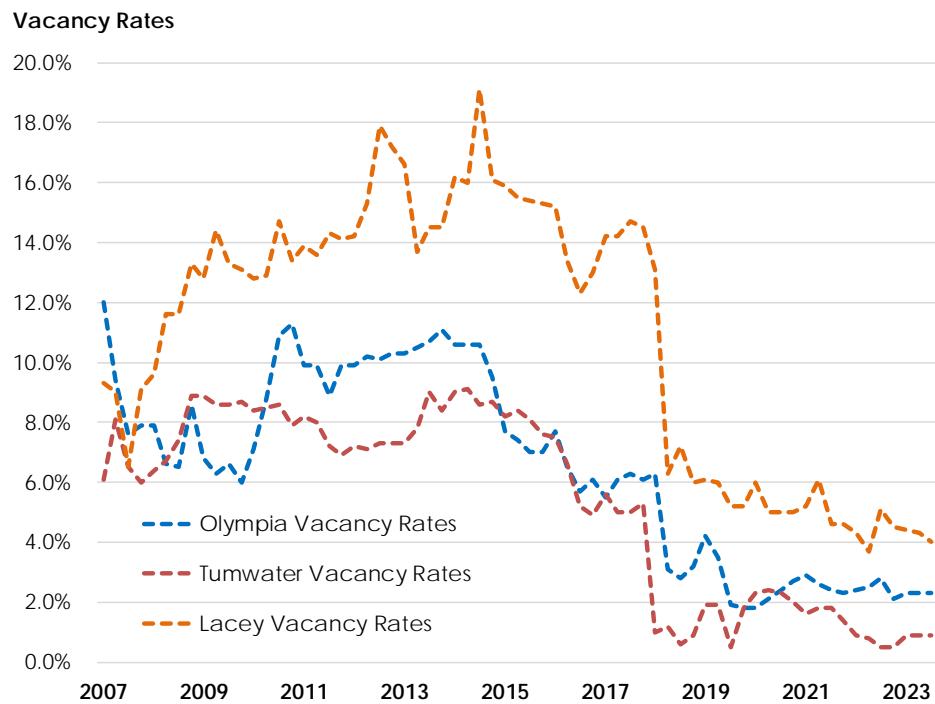
Exhibit 2. Office Vacancy & Rents: King County vs. Thurston County



Sources: CoStar, 2023; Community Attributes, 2023.

The apparently low office vacancy maintained by Thurston County is not attributable to the more exurban or rural parts of the county masking a declining narrative. In fact, breaking out office rents and vacancy for the three central cities in Thurston County: Olympia, Tumwater, and Lacey, reveals that these trends hold even for the more urbanized areas of the market. **Exhibit 3** shows office vacancy rates for Olympia, Tumwater, and Lacey from 2007 to present. Office vacancy in Olympia increased dramatically in the years following the 2008 financial crisis, but began a sharp downward trend after 2014. Tumwater's office vacancy dipped slightly in the early 2010s, but rose again before declining in tandem with Olympia after 2014. Office vacancy in Lacey spiked dramatically after the financial crisis, and exhibited dramatic volatility before beginning a general decline after 2014.

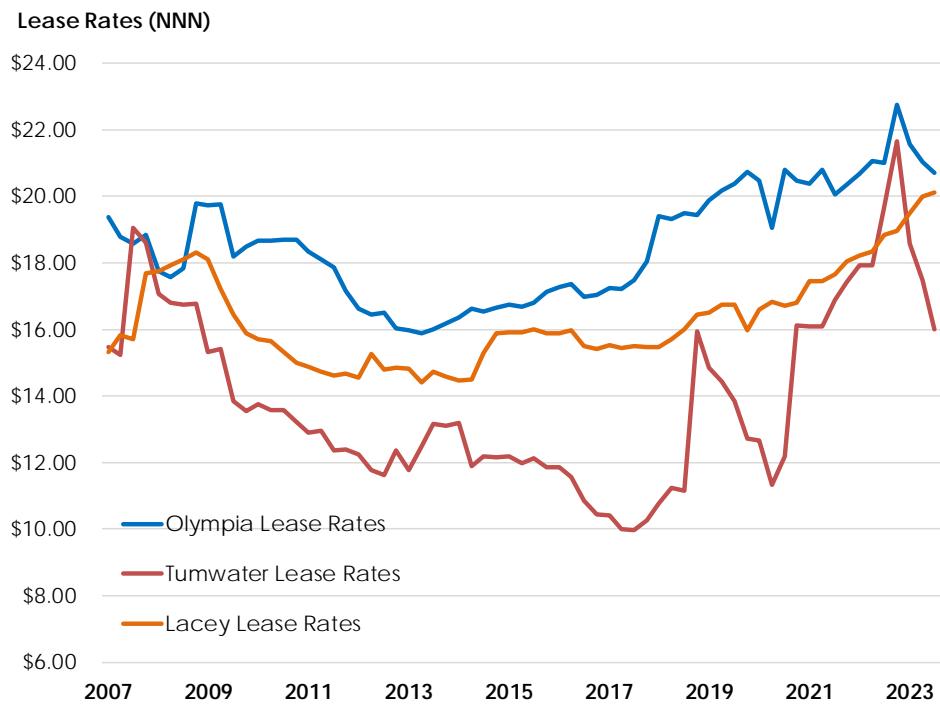
Exhibit 3. Office Vacancy Rates: Olympia, Tumwater, and Lacey



Sources: CoStar, 2023; Community Attributes, 2023.

Breaking out office space rents by city also reveals trends that were not present in the Thurston County data in aggregate. **Exhibit 4** shows office rents from 2007 to present for Olympia, Tumwater, and Lacey.

Exhibit 4. Office Rents: Olympia, Tumwater, and Lacey



Sources: CoStar, 2023; Community Attributes, 2023.

Rents across all three cities do appear to follow a general trend of decline through the early 2010s, with rents eventually increasing through the latter half of the decade through to 2023. Tumwater exhibits markedly greater volatility in rental rates than Olympia and Lacey, with substantial spikes and valleys in 2018, 2020, and 2022. All markets saw dips in rents during the pandemic, though all three cities have been quick to recover. Notably, since the fourth quarter of 2022, both Olympia and Tumwater have experienced substantial decline in office rents. This decline could signal the beginning of a period of low demand which may, in turn, impact future vacancy. In summation, prevailing trends in office space vacancy and rents paint a very different picture of Thurston County than King County and other cities across the country.

There are a variety of forces that may explain why Thurston County has appeared to be less susceptible to the effects of remote working on downtown office space. Olympia's market for office space is a natural outlier due to the density of government agencies and state organizations based in the city. The state government leases 32% of its office space in the Olympia market, a substantially higher figure than the overall metric of 11% statewide⁶. The

⁶ <https://news.theregistryps.com/washington-state-government-plans-significant-reduction-in-office-space-to-adapt-to-remote-work-trend/>

city has also made efforts to recycle old office buildings into mixed-use developments in recent years⁷.

Retail Uses

The following section defines neighborhood retail centers and presents preliminary data analysis to characterize the retail real estate market in Thurston County. Additional data related to the grocery market is also presented, along with a typology of the competitive grocery landscape.

Neighborhood Retail Centers

Both the city of Olympia and developers are keen to gauge the viability of a variety of retail uses at Briggs Village. Retail may serve as a preferable alternative to office space, as it is less likely to be affected by work-from-home policies outside of central business districts. Retail uses will also boost the gravity of the Briggs Village development, potentially attracting visitors beyond the immediate residents of the center.

Briggs Village may be classified as a neighborhood retail center. Per the Urban Land Institute's *Retail Development Handbook*⁸, neighborhood centers are characterized by an offering of convenience goods that meet the daily needs of a localized trade area. These needs may include foodstuffs, dining, drugs, dollar stores, or other services. Neighborhood retail centers typically range from 30,000 to 100,000 square feet, with a trade area approximated by a 5- to 10-minute drive time, serving between 3,000 and 40,000 people. Roughly half of all neighborhood centers in the country are anchored by a supermarket, and approximately one third are anchored by a drug store⁹. Neighborhood retail centers are also characterized by a noticeable lack of big box stores that tend to locate in power centers or malls to serve much larger trade areas. Neighborhood centers are more likely to feature local offerings to cater to a local market, making them ideal for smaller formats and new concepts. Certainly, with its current offering of fitness facilities, a coffee shop, a dentist office, a taphouse, and an ice cream shop, Briggs Village fits this retail center classification.

Retail Real Estate Market

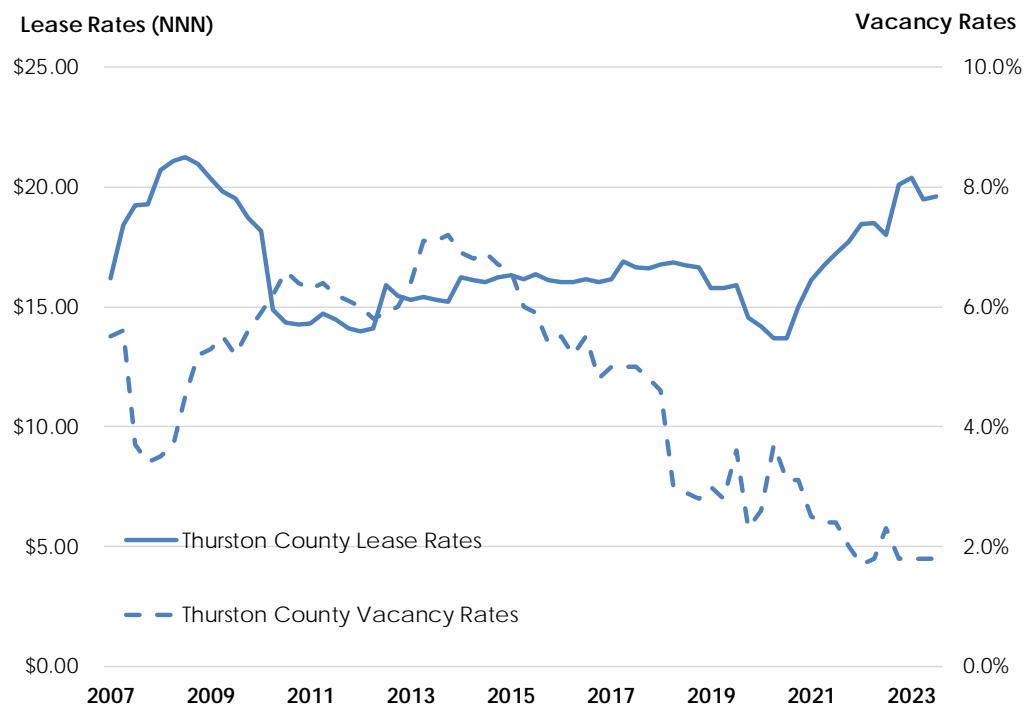
The market for retail real estate in Thurston County has begun to recover from the adverse effects of the COVID-19 pandemic. **Exhibit 5** shows both vacancy rates and rents in the retail real estate market from 2007 to present.

⁷ <https://www.thejoltnews.com/stories/old-building-in-review-for-a-mixed-use-commercial-space-capitol-way-in-olympia,7137>

⁸ Kramer, A. (2008). *Retail development*. Urban Land Institute. (p.10)

⁹ Thrall, G. I. (2002). *Business geography and new real estate market analysis*. Oxford University Press. (p.167)

Exhibit 5. Retail Rents & Vacancy: Thurston County

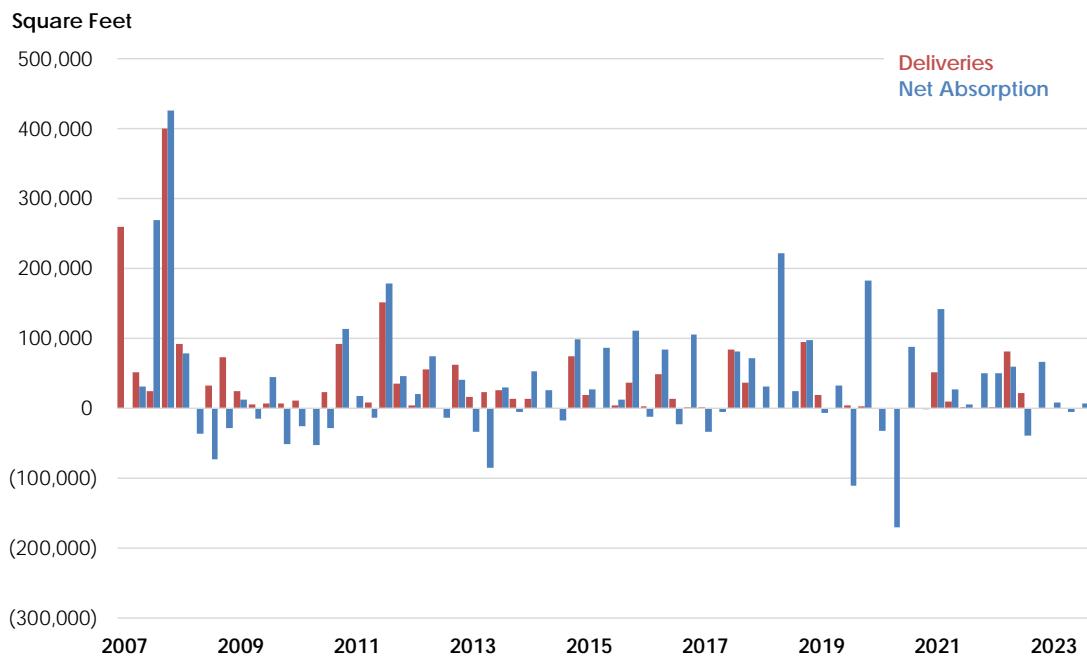


Sources: CoStar, 2023; Community Attributes, 2023.

Vacancy rates for retail properties in Thurston County spiked slightly in 2020 in response to lower traffic to many stores, resulting in closures. Vacancy rates, however, have continued a general decline through 2021 and into 2023. Commensurately, rents for retail properties fell during 2020 but have since recovered to their highest levels in over a decade. This signals that demand for retail space in the market is high, with high occupancy across retail centers and landlord's free to negotiate higher rents.

Analyzing net new deliveries and absorption over time further contextualizes the overall health of retail real estate in Thurston County. **Exhibit 6** provides both metrics from 2007 to present. Net new deliveries slowed down dramatically due to the pandemic, and the year 2020 saw no new retail real estate raised in the county. However, since 2022, over 100,000 square feet of retail space has been built. Net absorption was also negative for most of 2020, signaling that more retail space became vacant than occupied at the onset of the pandemic.

Exhibit 6: Retail Deliveries & Absorption: Thurston County



Sources: CoStar, 2023; Community Attributes, 2023.

The recovery of the retail market in Olympia, in particular, has been spurred by new private investment to bring new retail and service spaces to the downtown area. In 2022, The Rants Group oversaw numerous transactions in the downtown area to either break new ground or revitalize urban space to support new retail and service concepts¹⁰. In aggregate, real estate market data from CoStar demonstrates that the market for retail space in Thurston County, while still recovering, is generally healthy. Certainly, the future of retail real estate is more stable than office, as companies continue to allow their employees to work from home.

Retail at Briggs Village

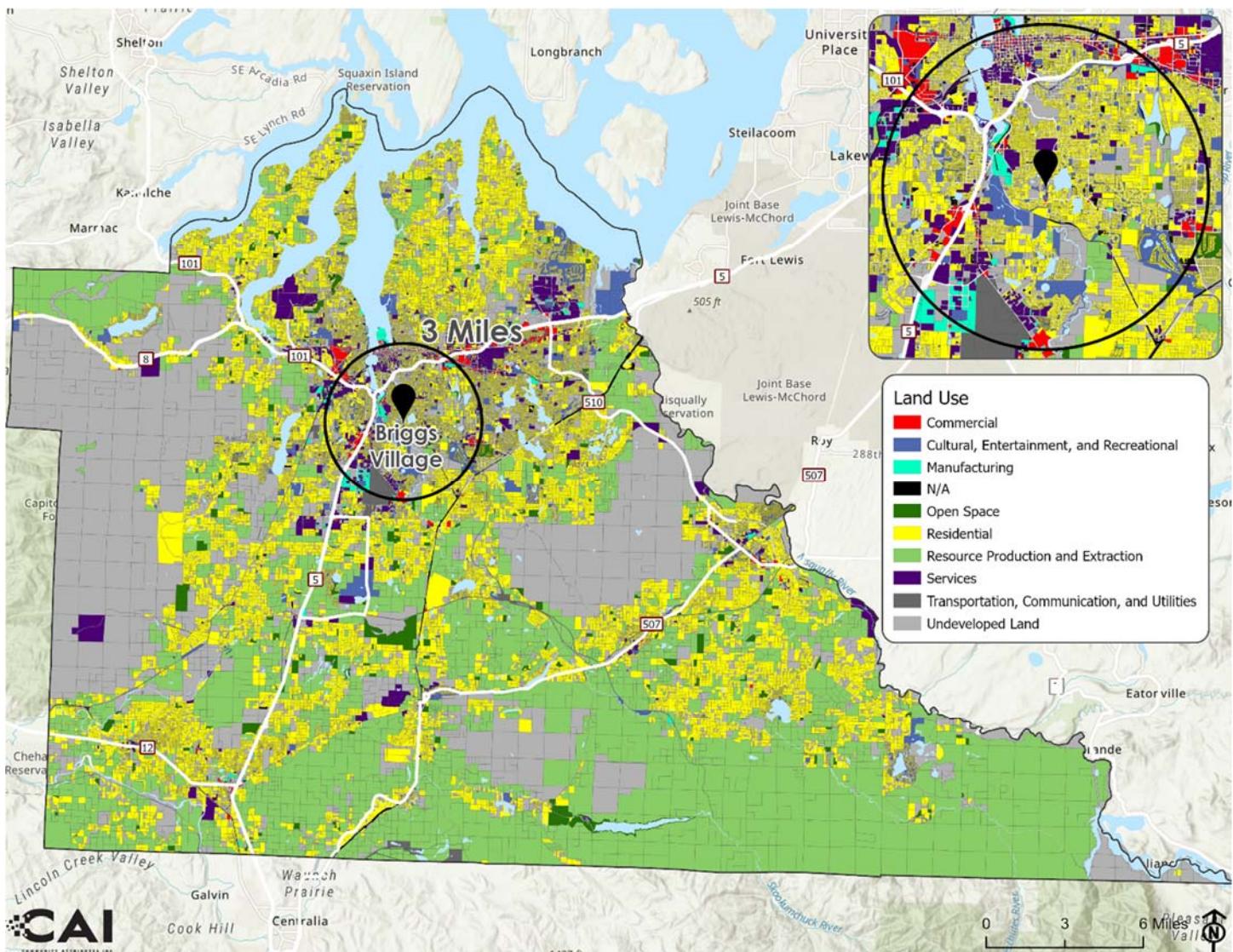
There are several key considerations when identifying new retail to introduce at Briggs Village. Ideally, new retail should appropriately compliment existing tenancy in the center to avoid redundancy in offerings. Some tenants may advocate for exclusions in lease agreements to prevent competitors from co-locating in the same development. Further, new retail at Briggs Village should serve to increase the overall gravity of the center and, by extension, provide an incremental lift in traffic to other stores at the site. Finally, new retailers at the site should cater appropriately to tastes and trends in the market. Careful consideration should be given to the demographics of Briggs

¹⁰ <https://www.thurstontalk.com/2022/09/12/downtown-olympia-flourishes-with-commercial-growth-and-development-from-support-of-the-rants-group/>

Village's retail trade area. The gap analysis provided in the subsequent section identifies key sectors of retailing that may be underserved in the Briggs Village trade area. Identifying these gaps in the market can inform tenant mix strategy for the development, but the presence of a gap alone does not mean that the space available at Briggs Village offers an appropriate site for in-demand retail.

The current retail landscape of Thurston County is organized into pockets of development concentrated around five centers of regional gravity: Capital Mall, just north of US-101, a regional node in Tumwater along the I-5 corridor, two additional interstate nodes in Lacey, and downtown Olympia. Additional smaller retail developments are scattered throughout the county in more localized neighborhood trade areas. The land use map provided in **Exhibit 7** shows these pockets of commercial activity within three miles of the Briggs Village site.

Exhibit 7. Thurston County Land Use Map



Sources: Thurston County Community Planning, 2023; Community Attributes, 2023.

Expectedly, some of the larger retail developments in the market offer a selection of big box stores. A large retail node along Little Rock Road, located adjacent to the I-5 corridor, 1.7 miles southwest of Briggs Village, includes a Walmart Supercenter, Costco, Fred Meyer, Safeway, auto dealerships, and other smaller retail formats. Capital Mall, the largest retail node in the county, includes traditional mall anchors such as J.C. Penney and Macy's. The development also features other big boxes such as Best Buy, T.J. Maxx, and Target. The larger regional retail centers to the northeast in Lacey offer a variety of big box department stores and grocers, including Target, Kohl's, Walmart, Home Depot, and Costco. Downtown Olympia includes a variety of smaller restaurant and retail concepts to service urban residents and drive

foot traffic from the greater city. In contrast to these larger centers of gravity, Briggs Village must offer amenities to serve a more localized neighborhood trade area, with emphasis on convenience and day-to-day needs rather than scale.

As mentioned previously, smaller retail centers can also serve as proving grounds for unique retail concepts that source local products and offer a unique shopping experience to both local residents and visitors. Sand Point Village in northeast Seattle serves as a compelling case study for this phenomenon. Nestled between Laurelhurst, Hawthorne Hills, and Windermere, less than a mile from Wolf Bay, Sand Point Village offers a variety of neighborhood amenities. Key anchors include City People's Mercantile and Ketterman's Sand Point Pharmacy. Both stores place an emphasis on catering to and serving their local neighborhood, with City People's Mercantile offering a boutique variety of home goods, hardware, and novelties. Sand Point Village is also bolstered by several local restaurants and shops, including winter sporting goods and wine. The retail node is surrounded by a mix of both single-family housing, and apartments and condos. This long-standing neighborhood center serves as a potential guidepost for the future development of Briggs Village into an equally vibrant, locally focused destination.

Grocers and Food-Related Retail

The City of Olympia has advocated for the development of a grocery store at the Briggs Village site. The closest grocery store is a 50,000 square foot Safeway at Tumwater Center, 1.1 miles northwest of Briggs Village. The remaining grocery stores in the market all require more than a 5-minute drive from Briggs Village to reach.

Thurston County is home to a diverse ecosystem of grocery stores. Each grocery type differs in its product assortment, footprint, trade area size, and value proposition. The largest grocery stores include supercenters and wholesale clubs such as Walmart and Costco. The second largest type are traditional supermarkets such as Albertson's and Safeway. Another type encompasses specialty chains, local co-ops, and farmstands. These grocers tend to be smaller in size, and emphasize locally and ethically sourced products, experiential retailing, and fresh organic produce. Another type of grocer is ethnic stores. Thurston County has several stores that cater specifically to Asian and Hispanic segments of the population. In this grocery typology, an "other" category includes discount grocers such as Grocery Outlet and restaurant supply outlets such as CHEF'STORE. These other formats are less frequent in the Thurston County grocery landscape. A complete review of the grocery ecosystem in Thurston County is provided in **Exhibit 8**.

Exhibit 8. Thurston County Grocery Landscape

Grocery Type	Units	Footprint	Median Footprint	Value Proposition	Banners
Supercenter or Wholesale club	9	94K - 200K ft ²	157K ft ²	<i>Buy-in-bulk discounts, massive selection, on-site service offerings – often found in regional power centers</i>	Costco, Walmart, Fred Meyer, Target
Traditional Supermarket	15	33K - 100K ft ²	50K ft ²	<i>Traditional produce, frozen, and dry goods offering – often found in neighborhood centers or regional power centers</i>	Safeway, Albertson's, Haggen, QFC
Specialty Grocer	7	3.3K – 16K ft ²	5.7K ft ²	<i>Specialized offering of local, ethically-sourced foods, emphasis on fresh, natural foods, typically higher price points</i>	Olympia Farmer's Market, Olympia Co-op, Spud's Produce, Trader Joe's
Ethnic Grocer	5	2.7K - 15K ft ²	8.3K ft ²	<i>Offering catering to prevailing demographics, import and specialty goods from specific nation or region</i>	Arirang Oriental Market, Hong Phat Market, Tenino Fresh Market
Other	6	1.6K - 30K ft ²	21K ft ²	<i>Includes restaurant supply stores, discount grocers, and a local convenience store</i>	CHEF'STORE, Grocery Outlet Short Stop

Sources: ESRI Business Analyst, 2023; Google Earth, 2023; Community Attributes, 2023.

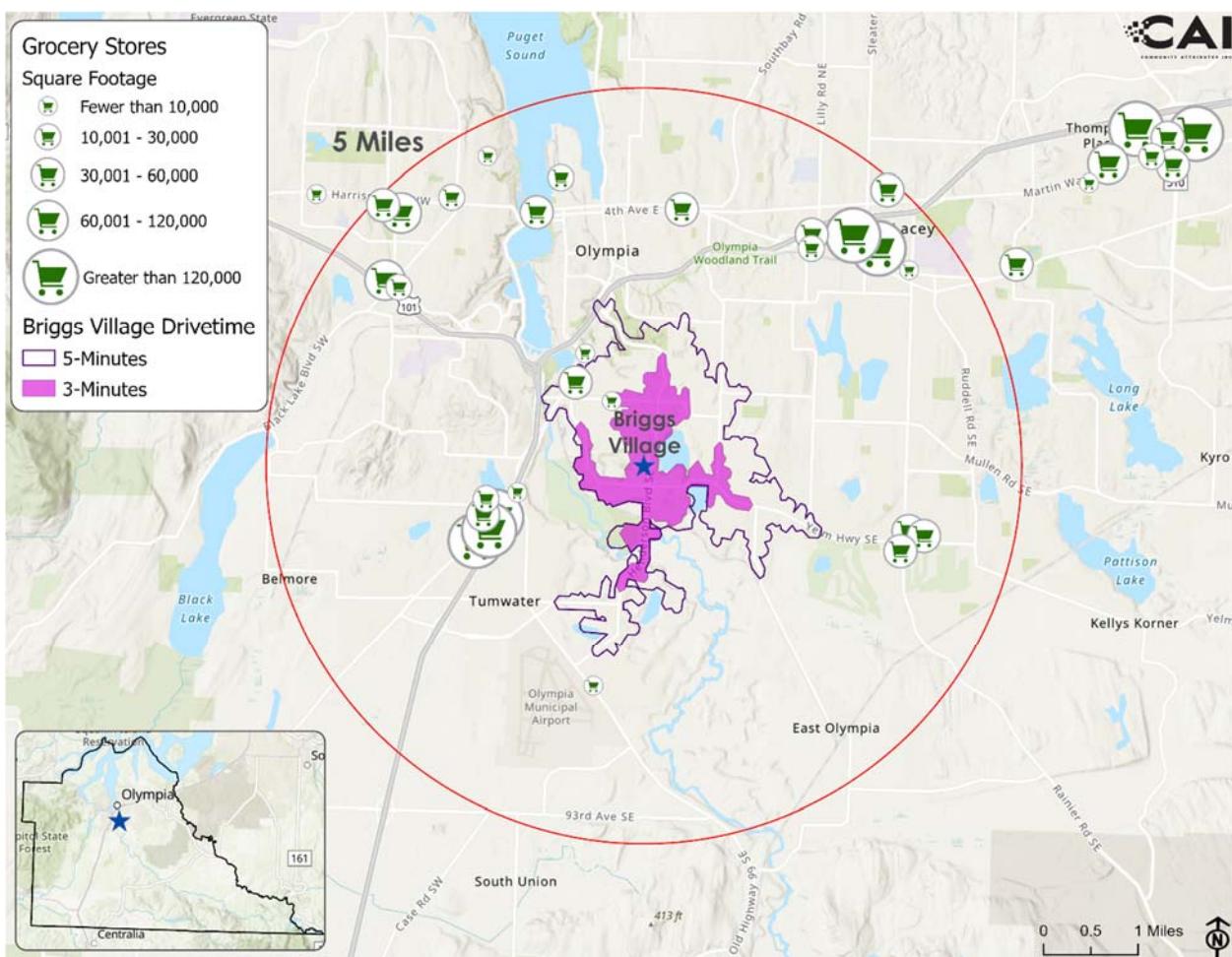
With the exception of supercenters and wholesale clubs, any of the above grocery types could serve as a neighborhood grocery for a localized trade area, assuming the footprint of the store is compatible with the site and the demographics and demand of the market will ensure acceptable store performance. While a neighborhood grocer may be assorbed to serve the grocery needs of a localized trade area population, it may, alternatively, serve as a compliment to an existing grocery offering. This is especially true for ethnic and specialty grocers. These formats are uniquely equipped to offer specialty products that may compliment the offerings of a larger supermarket or supercenter that already exists within the market. It is not uncommon to find specialty grocers like Trader Joe's near Costco locations¹¹. With this complimentary offering, customers are able to purchase essential goods and

¹¹ Reed et al. (2023). Evaluating the factors influencing the location strategies of specialty grocers versus traditional supermarkets in the United States. *Applied Geography*, 158, 103034.

general merchandise at the wholesale club, and additional specialty items at the specialty grocer.

The map provided in **Exhibit 9** shows Briggs Village's trade area, and the competitive supply of grocery stores surrounding the development. The Briggs Village trade area stretches to the north and the west, encompassing primarily residential neighborhoods. To the south and east, the trade area is cut by intervening physical geography. Tumwater Valley Golf Club and the Deschutes River create a natural border to the trade area, making it inconvenient for residents of Briggs Village to easily access the interstate. A single grocery store is located within the Briggs Village trade area, a 50,000 square foot Safeway supermarket at Tumwater Center. Five additional grocers are located at a large regional node along the I-5 corridor: CHEFSTORE, Costco, Walmart, Fred Meyer, and Safeway. An additional community retail node to the west offers a Safeway, Walmart Neighborhood Market, and QFC supermarket. Certainly, there are many food store options available to Briggs Village residents and surrounding neighborhoods, but only one supermarket is conveniently located within 5 minutes of the development. An additional convenience store, Short Stop, sits approximately 0.75 miles northwest of Briggs Village. This store is less than 2,000 square feet with a limited offering of convenience items.

Exhibit 9. Briggs Village Grocery Competitive Landscape

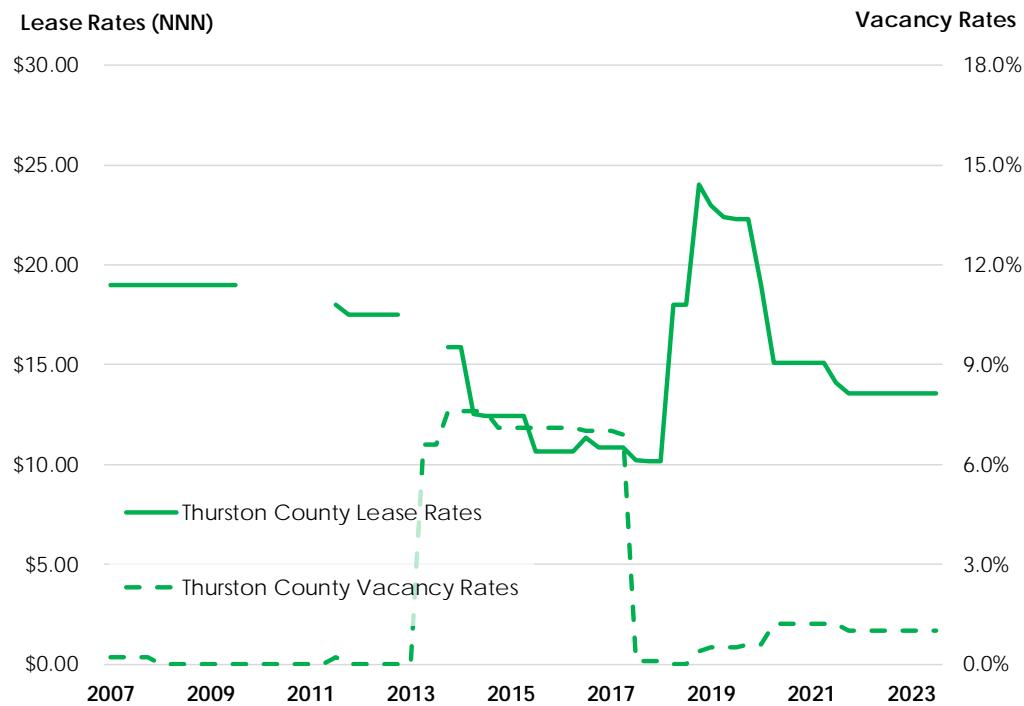


Sources: ESRI Business Analyst, 2023; Community Attributes, 2023.

Grocery Real Estate Market

CoStar real estate market data allows for the analysis of sub-types of retail real estate for certain retail uses. Data for supermarket real estate in Thurston County is available from 2007 to present. However, there are some gaps in the data. **Exhibit 10** provides lease rates and vacancy among Thurston County supermarkets.

Exhibit 10. Supermarket Rents & Vacancy: Thurston County



Sources: CoStar, 2023; Community Attributes, 2023.

Rent rates in Thurston County for supermarket spaces have followed a gradual decline after the 2008 financial crisis but spiked dramatically in 2018. Rents appear to decrease again in response to the COVID-19 pandemic and, potentially, in response to increased omni-channel activity in the grocery sector and retail at large. Vacancy rates in supermarket real estate have remained relatively low since 2007, signaling a market that is, for the most part, either adequately serviced or under-serviced, with a healthy grocery market where supermarkets are performing strongly.

DEMAND ANALYSIS

The following analysis section gauges the potential for a variety of retail types to succeed at Briggs Village based on a gap analysis of current retail supply and demand. An additional analysis of analogous neighborhood retail centers with grocery anchors is also provided to further analyze the potential for a grocery format at Briggs Village.

Stakeholder Perspective on Market Demand

CAI interviewed a licensed real estate broker to obtain a qualitative assessment of market conditions and potential support for various uses at the

Briggs Village site. The interviewee indicated that observed traffic counts are relatively low and limit exposure for tenants at Briggs Village. According to the interviewee, traffic counts along Yelm Highway are significantly higher, and yet would still offer limited support for a grocery or supermarket. The most visible site within the Briggs Village commercial area, and the site best-suited to retail activity, is already occupied by a YMCA. To the extent that the site could serve and support any food and beverage-related retail, the interviewee indicated that a smaller but established restaurant may be feasible, although these tenants typically prefer greater proximity to a regional mall (or similar retail anchor). Ultimately, the interviewee concluded that even if there is some unmet demand for a grocer or similar uses, the Briggs Village site is not a location that is well-suited to satisfy that demand.

Further discussion with stakeholders also revealed that a conventional 5-minute drive time trade area that may normally be appropriate for a neighborhood retail node like Briggs Village may not accurately reflect the market conditions and low gravity the of Briggs Village site.

Grocery

Gap Analysis

Gap analysis is designed to determine whether a given market or geographical area is underserved by its current retail offering. In this analysis, retail supply and demand are measured for various retail store or product types. Supply and demand are captured through retail sales and consumer expenditure, respectively. Retail sales by NAICS code for the Briggs Village trade area (5-minute drive time) and for Thurston County are sourced from ESRI Business Analyst. Consumer spending by product is also sourced from ESRI Business Analyst. CAI aggregated and analyzed this data for retail sectors in both market areas. A demographic overview of the Briggs Village trade area at various scales is provided in **Exhibit 11**.

Exhibit 11. Briggs Village Trade Area Composition

	3-Minute Drive Time	5-Minute Drive Time	Thurston County
<i>Total Population</i>	3,482	12,904	306,125
<i>Population Density (per acre)</i>	3.9	4.6	0.6
<i>Median Household Income</i>	\$107,891	\$96,240	\$83,130
<i>Median Home Value</i>	\$471,702	\$453,969	\$436,776
<i>Population Over 65</i>	21%	21%	19%
<i>Average Household Size</i>	2.63	2.55	2.51
<i>% Owner-Occupied Housing</i>	75%	74%	66%
<i>% Renter-Occupied Housing</i>	21%	23%	30%
<i>% Black Population</i>	1%	2%	3%
<i>% Hispanic Population</i>	7%	7%	11%
<i>% Asian Population</i>	9%	9%	6%

Sources: ESRI Business Analyst, 2023; Community Attributes, 2023.

The residential area surrounding the Briggs Village development has higher household incomes than Thurston County overall. As the trade area is reduced from 5-minutes to a more conservative 3-minute drive time polygon, household incomes continue to increase incrementally. Further, the Briggs Village trade area has a slightly higher senior population relative to the county overall. The majority of housing units in the trade area are owner-occupied, with pockets of both Asian and Hispanic consumers present in the trade area.

Retail demand (expenditure) and market supply (sales) data are provided in **Exhibit 12**. The Sector column provides a list of retail sectors within the market. The Sales column captures total retail sales reported by local retailers. The Spending column records how much consumers spent. The Gap field reports total surplus or shortage. Retail sectors are experiencing shortage (or leakage) when consumer demand exceeds market supply. Conversely, a sector is experiencing a surplus when market supply exceeds demand. Retail leakage indicates that consumers are travelling beyond the trade area or market boundary to consumer a particular good or service. Conversely, the incidence of surplus may signal that retail sales within the market are being generated beyond the trade area itself because spending exceeds what would be expected based on resident buying power alone.

Exhibit 12. Retail Gap Analysis

Sector	Briggs Village: 5-Minute Drivetime			Thurston County		
	Sales	Spending	Gap	Sales	Spending	Gap
Motor Vehicles/Parts	\$381,000	\$22,223,000	-\$21,842,000	\$1,139,243,000	\$478,802,000	\$660,441,000
Furniture	\$2,969,000	\$23,136,000	-\$20,167,000	\$92,527,000	\$478,623,000	-\$386,096,000
Electronics/Appliances	\$0	\$6,066,000	-\$6,066,000	\$105,524,000	\$127,694,000	-\$22,170,000
Building Materials/Gardening	\$1,307,000	\$14,745,000	-\$13,438,000	\$452,479,000	\$349,289,000	\$103,190,000
Food & Beverage	\$37,035,000	\$42,605,000	-\$5,570,000	\$756,758,000	\$901,602,000	-\$144,844,000
Health/Personal Care	\$2,025,000	\$48,917,000	-\$46,892,000	\$177,911,000	\$1,026,229,000	-\$848,318,000
Fuel Stations	\$8,029,000	\$13,284,000	-\$5,255,000	\$309,580,000	\$296,604,000	\$12,976,000
Clothing/Accessories	\$745,000	\$12,747,000	-\$12,002,000	\$108,722,000	\$264,052,000	-\$155,330,000
Sports/Hobby/Misc	\$2,397,000	\$3,117,000	-\$720,000	\$462,516,000	\$66,631,000	\$395,885,000
Arts/Entertainment/Rec	\$803,000	\$2,929,000	-\$2,126,000	\$187,330,000	\$55,490,000	\$131,840,000
Food/Drink Service	\$7,109,000	\$20,549,000	-\$13,440,000	\$376,346,000	\$437,614,000	-\$61,268,000
Total	\$62,800,000	\$210,318,000	-\$147,518,000	\$4,168,936,000	\$4,482,630,000	-\$313,694,000

Sources: *ESRI Business Analyst*, 2023; *Community Attributes*, 2023.

Retail demand and supply for the grocery sector is captured in the Food & Beverage row of **Exhibit 12**. The Briggs Village trade area exhibits a modest shortage of about \$5.6 million. This leakage is equivalent to 13% of total food and beverage spending, and is relatively small compared to other sectors captured in the analysis. It signals that the majority of consumers within the trade area are getting their grocery needs met by offerings within the trade area, presumably the Safeway supermarket at Tumwater Center.

We may gauge how much food store space could be supported by this \$5.6 million leakage using a key grocery statistic: sales per square foot. The average grocery (a supermarket) sees \$500 in sales per square foot^{12 13}. Assuming this metric holds for the Briggs Village trade area, \$5.2 million in leakage could, theoretically, support an 11,000 square foot supermarket (assuming no sales transfer from the Safeway at Tumwater Center and no incremental lift in spending). Even if those assumptions are relaxed, this footprint is not sustainable for a traditional supermarket, and is far smaller than most prototypes. It is possible, however, that the current retail leakage could support a smaller specialty grocery format, if the site met other locational criteria for the operator. Specialty grocery stores are assumed to make approximately \$600 per square foot^{14 15}. At this rate, Briggs Village could, theoretically, support a 9,200 square foot specialty grocery store. This footprint is reasonable for a specialty grocer. It should be noted that the presence of Short Stop on North Street less than a mile northwest of Briggs

¹² <https://progressivegrocer.com/jll-report-fresh-value-key-grocery-future>

¹³ <https://smallbusiness.chron.com/industry-standard-gross-margin-groceries-38121.html>

¹⁴ <https://www.glenview.il.us/Documents/Bess%20Site/10.a%20Bess%20Sale%20-%20PSA%20-%202006-19-18.pdf>

¹⁵ <https://www.downtownnorthville.com/download/7144/Retail%20Market%20Study.pdf>

village would hamper the potential market penetration of a small convenience store, cutting off the trade area substantially to the north.

While this analysis of supportable retail space is informative, it does little to account for the actual composition of the Briggs Village trade area. When assessing the viability of any store, geodemographics and analogs should be considered. The following analysis adds an additional level of nuance to the gap analysis by benchmarking the potential 9,200 square foot grocery location at Briggs Village against comparable neighborhood grocery nodes across the state that also feature a specialty grocer of specialty food store.

Analog Trade Area Analysis

While the gap analysis does point to retail leakage in the Briggs Village trade area that may support a 9,200 square foot specialty grocery store, further analysis is required to understand if the demographic composition of the trade area is appropriate to attract a specialty grocer to the Briggs Village site. To gauge this, analogous neighborhood retail centers featuring small specialty grocery stores were surveyed throughout the state of Washington. Three appropriate analogs were identified: Harbor Greens at University Place, Harbor Greens at Gig Harbor, and Trader Joe's in Spokane.

Harbor Greens, located on Bridgeport Way in University Place, serves as an appropriate analog to Briggs Village for this analysis due to its similar store size (10,300 square feet), its specialty grocery offering, and its small, localized retail trade area. The store is located near several apartment complexes, similar to Briggs Village. The Harbor Greens store in Gig Harbor sits along Olympic Drive in a small mixed-use development. The store is co-located with a coffee shop, gym, and dentist office – a very similar tenant mix to the current Briggs Village roster. At 11,000 square feet, this specialty grocery anchor is a potential guidepost for the kind of grocer that might succeed at Briggs Village. The final analog is a Trader Joe's location in Spokane. The store sits adjacent to several smaller apartment complexes, covers a trade area that is largely residential, and at 13,400 square feet, is one of the smaller stores in the Trader Joe's network.

Stacking the key characteristics of each of these trade areas (using the 5-minute drive time polygon for Briggs Village) will reveal how attractive Briggs Village may be as a trade area to a prospective specialty grocer tenant. **Exhibit 13** provides the population, income, and grocery spending per capita for each trade area.

Exhibit 13. Briggs Village Trade Area Analog Analysis

Trade Area*	Trade Area Population	Household Income	Consumer Expenditure (Food At Home)	Spending Per Capita
Briggs Village	12,900	\$96,200	\$38,898,000	\$3,000
Harbor Greens - University Place	33,400	\$83,500	\$106,528,000	\$3,200
Harbor Greens - Gig Harbor	8,400	\$104,000	\$32,196,000	\$3,800
Trader Joe's - Spokane	27,200	\$71,000	\$69,093,000	\$2,500
Average	23,000	\$81,100	\$82,685,100	\$3,600

*All trade areas based on 5-minute drive time polygons

Sources: ESRI Business Analyst, 2023; Community Attributes, 2023.

An analysis of analogous neighborhood retail developments anchored by small format specialty grocers reveals that the Briggs Village trade area has a population that is too small to support a small grocery store. Median household income levels in the Trader Joe's and University Place Harbor Greens trade areas are substantially lower than Briggs Village. However, these trade areas have much larger populations to offset this difference and drive sales volume.

Harbor Greens in Village Place shows slightly higher spending per capita than Briggs Village. The Harbor Greens location in Gig Harbor has a substantially smaller trade area than Briggs Village in terms of raw population. However, household incomes are almost \$10,000 higher in this trade area. The Gig Harbor location also enjoys seasonal incremental lifts in sales due to tourism and its convenient throughfare location.

In summation, while the gap analysis indicates some grocery spending leakage for the Briggs Village trade area that can potentially support a small specialty grocery footprint, the trade area composition of the Briggs Village development does not align closely enough with analogous developments in Washington to suggest that the development can successfully attract a specialty grocer tenant, or that the tenant will achieve acceptable store performance. This finding signals the need to consider alternative retail types that may succeed in the Briggs Village development.

Retail

Gap Analysis

Grocery notwithstanding, the gap analysis featured in **Exhibit 9** provides additional direction for which types of retail may be most sustainable for the Briggs Village trade area. Expectedly, all retail types are experiencing some degree of leakage in the Briggs Village trade area. This is due to the small size of the area and the limited retail nodes within. It is intuitive that consumers living in this area would need to look elsewhere for many of their

needs, and there are multiple high-gravity retail nodes less than 10 minutes away from the Briggs Village site to cater to those needs.

To accurately identify which leakages may be best filled by retail space at Briggs Village, it is important to consider how leakages shift at the county level. Motor vehicles and parts, building materials and gardening, fuel stations, sports/hobby/miscellaneous, and arts/entertainment and recreation are all sectors experiencing a surplus at the county level. These are types of retail that are unlikely to be underserved in the county. In fact, the analysis suggests consumers are travelling into Thurston County to spend in these sectors. Implicitly, consumers in the Briggs Village trade area may not have a pressing need for products/services in sectors experiencing leakage in the Briggs Village trade area that are still maintaining a retail surplus at the county level. There are retail offerings in these sectors available beyond the Briggs Village trade area in Thurston County.

What is of greater interest here are those retail sectors that are experiencing leakage within the Briggs Village trade area and at the county level. These sectors include furniture, electronics, healthcare and personal care, clothing, and dining. For these retail sectors, the gap analysis signals a more pressing need to increase retail offerings to serve not only Briggs Village consumers, but Thurston County as a whole. These sectors present a greater opportunity to boost the gravity of Briggs Village as a neighborhood retail center by offering stores and services that may potentially draw in consumers from beyond the Briggs Village trade area.

For each of these retail sectors, we may calculate the total square footage of retail space supportable by each shortage. **Exhibit 14** shows the footprint each leakage may support assuming no competitive sales transfer or incremental lift in spending.

Exhibit 14. Supportable Retail Space by Sector

Briggs Village: 5-Minute Drivetime

Sector	Establishments	Gap	Sales Per Square Feet	Supportable Retail Space
Furniture	2	-\$20,167,000	\$196	102,900
Electronics/Appliances	0	-\$6,066,000	\$387	15,700
Health/Personal Care	2	-\$46,892,000	\$347	135,100
Clothing/Accessories	2	-\$12,002,000	\$247	48,700
Food/Drink Service	14	-\$13,440,000	\$491	27,400

Sources: ESRI Business Analyst, 2023; International Council of Shopping Centers, 2021; Datex Property Solution, 2021; FurnitureToday, 2020; Community Attributes, 2023.

Health and personal care establishments make up the largest gap in the retail market and, commensurately, can support the most retail space in the Briggs Village trade area. This could include doctor's offices or other medical facilities. Furniture also has a large gap in spending that supports retail space equivalent to a large, big box store. However, Briggs Village does not have the capacity for a traditional big box furniture store. Additional gaps for clothing stores and restaurants signal that Briggs Village could allocate additional space to apparel retail or dining, though these stores may prefer a location with higher traffic and better visibility. Finally, a small gap remains in electronics and appliances that can support a small to medium retail footprint. While this footprint cannot support a large box like Best Buy, it certainly can accommodate a smaller electronics store. It should be acknowledged that several of these sectors, namely electronics and furniture, have been adversely affected by changes in consumption patterns driven by e-commerce and the COVID-19 pandemic. These are lines of products that consumers often purchase through digital channels to enjoy lower search costs and a wider variety of products to choose from. Additional research would be required to gauge whether a small furniture or electronics store could succeed at the Briggs Village development in the current retail economy.

FINDINGS & CONCLUSIONS

This report detailed an analysis of potential retail offerings for the Briggs Village development. Gap analysis identifies opportunities by retail type based on current retail supply and demand. While a grocery spending leakage in the Briggs Village trade area can potentially support 9,000 square feet of specialty grocery space, the composition of the Briggs Village trade area does not align well with analogous trade areas that are anchored by similar small specialty grocery stores. This signals the need for alternative types of retail. Based on retail gaps at the county level, the most feasible retail types to introduce at Briggs Village are identified as furniture, electronics/appliances, health and personal care, apparel, or dining. Current leakage in the Briggs Village trade area and prevailing sales per square foot metrics indicate different sustainable footprints for each type. Healthcare and personal care and furniture can support over 100,000 square feet. Apparel can support 48,000 square feet. Dining can support 27,000 square feet, and electronics/appliances can support 15,000 square feet.

Limitations

Retail gap analyses have some key limitations that should be considered. Importantly, the sales and spending data sourced from ESRI Business Analyst does not parse out sales made through online channels. Including this data in the analysis could change overall retail demand and supply in

the market. Gap analysis is also unable to identify the geographic origins of retail shortage or surplus. It is not possible to profile the consumers who are contributing to retail sales for a given market. Further, gap analysis assumes implicitly that all local consumer expenditure is self-contained within the geographic area of interest. For example, a consumer who purchases motor vehicle parts from a store in a neighboring county would still report their expenditure as a resident of Thurston County. This can potentially overinflate consumer demand metrics across retail sectors, particularly for goods that are often purchased on trips, such as dining, clothing, and fuel.

An additional important limitation to consider with regard to the above demand analysis is that, although the gap analysis may signal opportunities for stores in various retail sectors to succeed, the characteristics and composition of the Briggs Village trade area will not necessarily align with the real estate strategies of national banners. Many national and regional chains operate with specific site criteria which are applied to assess the overall viability of a particular location or market. These companies may also work with in-house or third-party analytics teams to model projected performance at prospective sites. Although outstanding retail demand in the Briggs Village trade area could be attractive for a retail chain in theory, there may be other attributes (co-tenancy, square footage, population density, income, competitive landscape, etc.) that will disincentivize chains to consider Briggs Village for a new location.

Finally, it is important to note that the completion of additional units will shift overall market demand and improve the viability of certain retail formats. Currently, Briggs Village is slated for a total of 1250 residential units. The lift in population density provided by these net new units at Briggs Village may yield a lift in demand that could attract a pizzeria, insurance agent, healthcare tenant, or a small food store.

Tab B

Olympia Planning Commission

March 17, 2025

Olympia City Council
PO Box 1967 Olympia
WA 98507-1967

SUBJECT: Proposed Amendments to OMC 18.05 – Villages and Centers

Dear Councilmembers:

The Olympia Planning Commission (OPC) held a public hearing on February 24 and March 3, 2025, regarding amendments to OMC 18.05. Subsequent deliberations were held on March 17, 2025.

The OPC voted unanimously, with one absence and two vacancies, to recommend the amendments to OMC 18.05 with revisions. The OPC recommendation includes the following suggestions for consideration by the City Council when reviewing the amendment application:

1. Table 5.02 revised commercial be between 500 square feet and 1,300 square feet per acre; “none” replaces Min/Max retail floor space and min/max combined office & services floor space.
2. Minimum grocery store size of 12,000 sq. ft.
3. Remove max stories in table 5.04 (only max height limit)

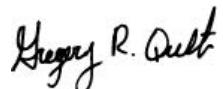
Additionally, consider the following:

- Revisit table 5.05 densities during code changes in response to Olympia 2045 Comprehensive planning effort to bring into alignment with changes to Urban Village.
- Revisit definitions of planned developments to ensure alignment with transportation priorities.
- Explore or identify a way to prioritize or incentivize commercial development that serves the village intent – i.e. a grocery store is an essential service of a livable/walkable village.

During deliberations, commissioners expressed support for providing zoning flexibility. This would allow for responsiveness to changing community needs and better support getting housing and commercial space built. However, the commission felt the definition of an Urban Village should include a higher than requested minimum amount of commercial square footage per Urban Village size (point 1 above).

We believe that this level of residential and commercial space better supports the mix that leads to a complete neighborhood. The grocery store should sell a wide range of goods that can support a person's regular shopping needs. While we did not find an easy definition for a "full service" grocery store, we suggest our revision of the grocery store requirement to include a minimum size (point 2 above).

Thank you for your consideration,

A handwritten signature in black ink that reads "Gregory R. Quetin".

Greg Quetin, Chair
Olympia Planning Commission

Tab C

LEGEND:

- POND (GIS)
- WETLAND AREA (GIS)
- STEEP SLOPE (GIS)
(>40% SLOPE)

UNUSABLE AREAS:

NORTH KETTLE:
WETLAND - 1.22 AC

NORTHWEST KETTLE:
WETLAND - 2.5 AC
LANDSLIDE HAZARD - 0.57 AC

CENTRAL KETTLE:
WETLAND - 4.18 AC
LANDSLIDE HAZARD - 3.24 AC

NORTHEAST KETTLE:
WETLAND - 1.60 AC
LANDSLIDE HAZARD - 0.55 AC

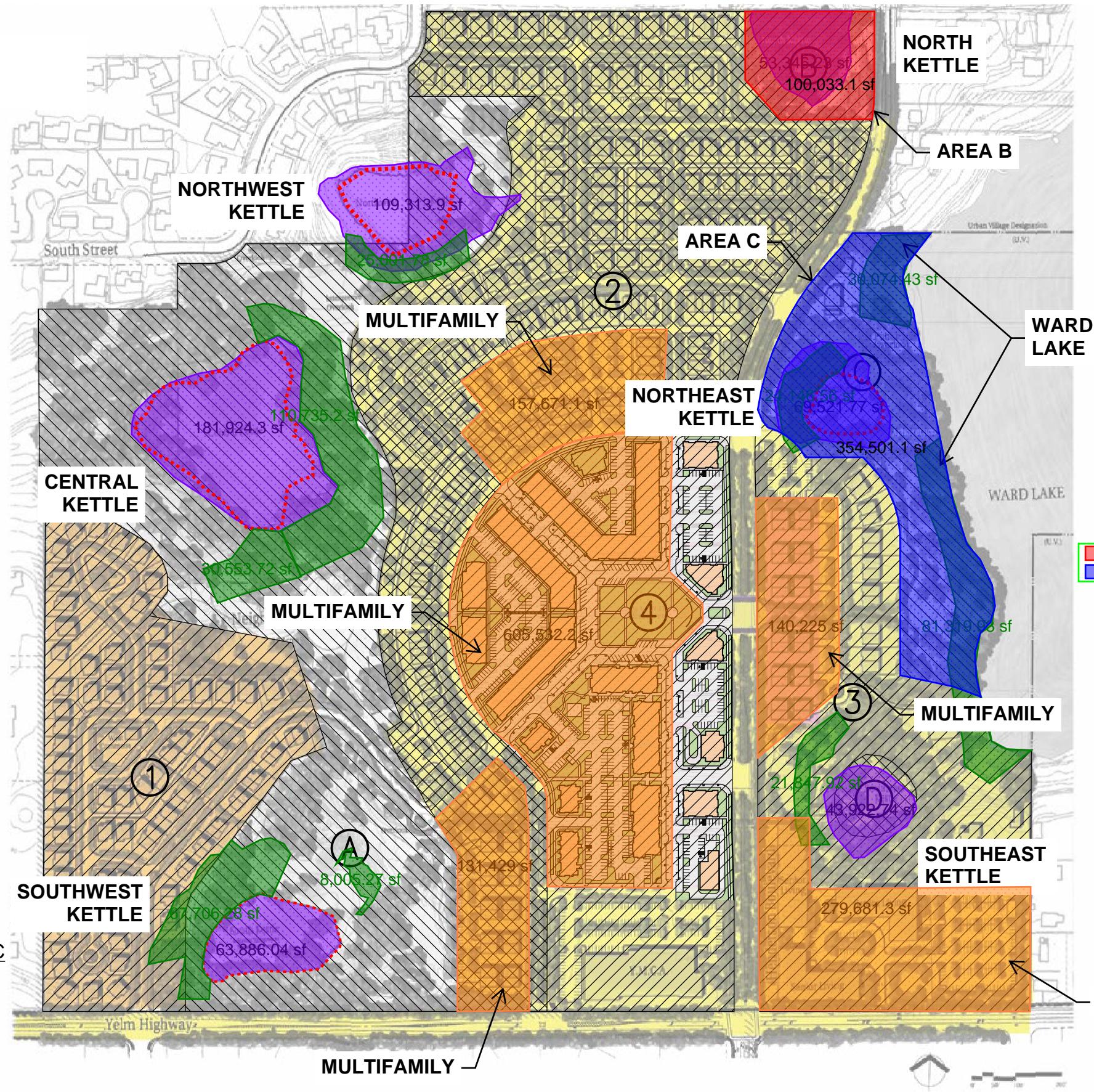
WARD LAKE:
LANDSLIDE HAZARD - 2.56 AC

SOUTHEAST KETTLE:
WETLAND - 1.00 AC
LANDSLIDE HAZARD - 0.50 AC

SOUTHWEST KETTLE:
WETLAND - 1.47 AC
LANDSLIDE HAZARD - 1.74 AC

TOTAL UNUSABLE AREA = 21.13 AC

NOTE:
AREAS SOURCED FROM
THURSTON COUNTY GIS DATA
AND ARE ARE APPROXIMATE



OPEN SPACE:

TOTAL AREA: 137.6 ACRES
TOTAL CRITICAL AREAS: 21.13 ACRES
AREA REMAINING: 116.47 ACRES

SINGLE FAMILY / COMMERCIAL: 86.29 ACRES
5% OPEN SPACE: 4.31 ACRES

MULTIFAMILY: 30.18 ACRES
30% OPEN SPACE: 9.05 ACRES

TOTAL OPEN SPACE REQ: 13.36 ACRES

AREA TOTALS

TOTAL PROJECT AREA: 137.6 ACRES

TOTAL OPEN SPACE: 44.8 ACRES

AREA (A) 33.5 ACRES

AREA (B) 2.3 ACRES

AREA (C) 8.1 ACRES

AREA (D) 0.9 ACRES

CRITICAL AREA: 9.0 ACRES

NET OPEN SPACE PROVIDED: 35.8 ACRES

TOTAL USABLE AREA: 92.8 ACRES

AREA (1): 15.6 ACRES

OPEN SPACE REQUIRED: 0.8 ACRES

AREA (2): 35.1 ACRES

OPEN SPACE REQUIRED: 1.8 ACRES

AREA (3): 19.7 ACRES

OPEN SPACE REQUIRED: 5.9 ACRES

AREA (4): 22.4 ACRES

OPEN SPACE REQUIRED: 6.7 ACRES

TOTAL OPEN SPACE REQUIRED: 15.2 ACRES

ADDITIONAL OPEN SPACE PROVIDED WITHIN MIXED-USE DISTRICT

2.2 ACRES

Tab D

To: LDR Corp; City of Olympia
From: Chris Mefford, Elliot Weiss, Community Attributes Inc., Seattle, WA
Date: May 27, 2025
Re: Briggs Village Grocery Considerations

INTRODUCTION

CAI prepared a Commercial Market Demand Study for Briggs Village dated November 27, 2023 which analyzed demand for commercial uses at Briggs Village, including a grocery store. On March 17, 2025, the Planning Commission recommended that amendments to OMC 18.05 include a requirement for a minimum grocery size of 12,000 SF.

MARKET CONDITIONS

Regarding grocery size, our 2023 report provided the following findings:

- Market data do not suggest a grocery store can succeed. We found \$37 million in sales within a five-minute drivetime area, relative to \$43 million in potential spending by area residents (residents in that five-minute radius). That is a very high capture rate within a larger area with many attractive grocery options. Residents in this area are most certainly accustomed to driving beyond five minutes to shop in areas of Thurston County where larger stores exist (more than \$300 million in food sales countywide).
- At most a 9,200 SF store could be sustainable at Briggs Village under the following assumptions:
 - The grocer succeeds in drawing shoppers to the store from within the five-minute drivetime area, thereby reducing their spending elsewhere (we find this unlikely, but it served the mathematical exercise)
 - The Briggs Village grocer succeeded in attracting shoppers providing sales on site at a rate of \$600 per SF (average for a small grocer; higher than grocery stores of a more typical size)
- The major risk to the developer and grocery operator is the ability to draw customers away from established grocers.

To our knowledge, there has been no material change in the number of households close-in to Briggs Village to the number of households or the competitive supply in the area to warrant additional technical analyses for longer-term planning consideration.

Near-term development and market conditions appear to increase the risk of the development. Uncertainty over the global and national economy looms large, and the threat of a national recession increases risk of financing and consumers' spending outlooks.

SMALL FORMAT GROCERS

The Briggs Village developers see an opportunity to provide a small footprint grocery store at Briggs Village (estimated 2,500 SF) modeled after smaller grocers across the U.S. and internationally. These smaller stores can in fact meet planners' vision to provide highly valued services to a livable/walkable village.

Square footage alone is an insufficient metric to gauge services render. Overbuilt stores with sparse inventories due to limited demand can be far less attractive aesthetically than a bustling store more appropriately sized for neighborhood commercial needs. As such, small grocers is a growing trend for mixed-use developments¹. Two worth noting as prospective comparables to Briggs are as follows:

- **Upper Village Market, Whistler, British Columbia.** In their own words, the Market is “a full line grocery offering fresh produce, dairy & cheeses, bakery goods and specialty and gourmet foods made locally. In addition to groceries we have hot coffee, snack foods, convenience items.”
- **SF OrganicaCA Grocery and Delicatessen, San Francisco.** This 1,500 SF store is densely stocked with fresh produce and kitchen staples. The business includes made-to-order deli products and coffee drinks. Photos from their web site are provided as an addendum.

SITE CONSIDERATIONS

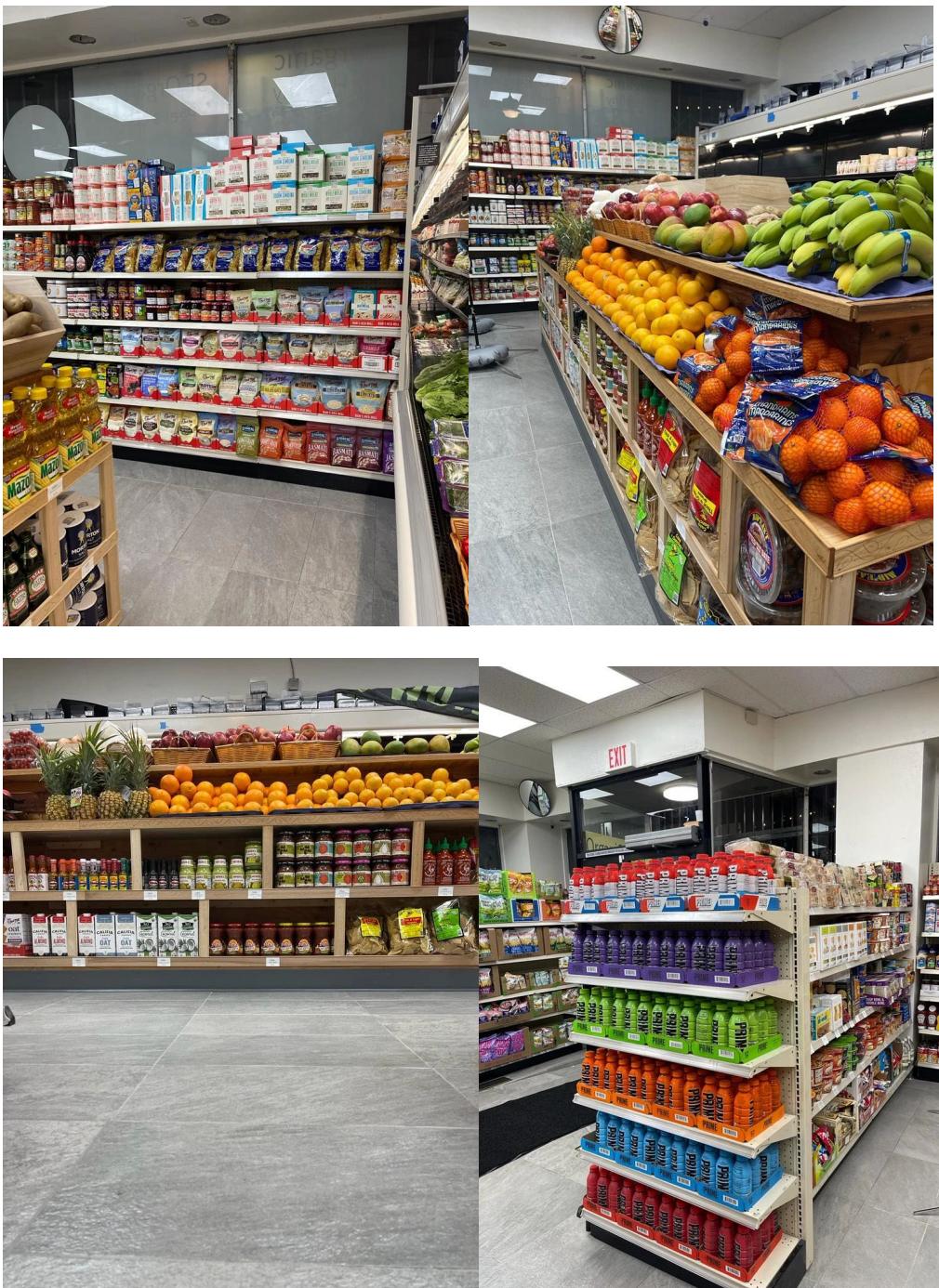
The YMCA located on the south end of the site along Yelm Highway is the optimal location for a grocer in this area, with its visibility to the highway. The Briggs Plan works with the YMCA in place, resulting in the grocery store located in the interior of the site. The interior location, of course, then orients the grocery exclusively to housing units in Briggs Village, further prescribing a smaller grocer format.

METHODOLOGY NOTES

Grocery stores come in all sizes, scaled to match the demand for the market area they are trying to serve. Different operators can serve the same market area with different SF ranges, depending on their product offerings and price points. For the Briggs development, a range of SF could be viable, depending on those variables (operator; product offerings). More SF is more cost and more risk; smaller SF allows for proof of market and sets up the potential for growth. However, nothing in our study of the Briggs site suggests that a minimum grocery of 12,000 SF can succeed in the market.

¹“Here Come Fancy Convenience Stores”; Eater.com; 2018;
<https://www.eater.com/2018/10/18/17990982/fancy-convenience-stores-bodega-mini-mart-clover-grocery-goods-mart>

ADDENDUM: SFORGANICA CA PHOTOS



Tab E



June 2, 2025

Dear Gordie: I have spent some time looking at this for you. Here are my thoughts on the placement of the grocer at Briggs.

In today's retail market in Thurston County, grocery stores cannot afford to operate without very good visibility and access. The ability to be seen, good ingress/egress and to be recognized and noticed by potential customers, plays a crucial role in the success of any grocery store. It is the lifeline for attracting customers, driving sales, and building sustainable growth.

Location and Exposure: A strategically located grocery store with clear signage ensures that it catches the eye of those passing by, whether they are on foot, driving, or commuting. Without adequate visibility all retail stores can suffer, but grocery in particular. Neighborhood foot traffic is essential, but in a community where most customers drive, the ability to be seen is also mandatory.

In this case, you are already trying to accomplish a 'neighborhood-market feel' which encourages repeat customers and loyalty. Since the YMCA was placed along the main arterial, it reduces the market for a grocery store to one that would serve primarily residents within the boundaries of the Briggs Village because they will all know about it, whereas the surrounding community would not know about it (except word of mouth) because of the lack of visibility from either Yelm Hwy or Henderson. Because of this dynamic, a smaller, 2,500 SF minimum size to serve this smaller market would be the recommendation for this development.

Any store that is too large and placed in a less than ideal visual location, will certainly suffer. Consistency in branding and visibility are key for small grocers to distinguish themselves from the larger competitors. In our market, there are countless options available, so customers need a good reason to choose the smaller neighborhood store. Visibility creates that, through aesthetics and unique offerings that can be seen from driving by. If a customer cannot see the store, they may drive on by rather than see something they notice and want to stop in. Examples are seasonal items and items they can clearly see advertised sitting outside.

Visibility also bridges the gap between physical and online presence. Grocery stores with a strong brick and mortar and online visibility—through social media, websites, and advertising—can attract customers who prefer shopping digitally while maintaining their relevance to offline shoppers. Competition is so much that they need the visibility to compete online as well. They must remain 'top of mind'.

Studies also show that visible grocery stores, especially in small neighborhoods, become landmarks in the community, fostering trust and familiarity. Residents will start to feel connected to stores that are accessible and seen. These stores often get involved in our community by way of programs and local events and also by supporting food banks, further creating goodwill and customers.

Visibility is not just an advantage for grocery stores—it is a necessity. From attracting foot traffic and establishing a brand identity to driving sales and building community connections, the ability to be seen and recognized plays an indispensable role in a store's success. In a marketplace where competition is fierce and customer preferences are ever-changing, grocery stores must prioritize visibility both in their physical locations and online platforms, ensuring that their presence is felt and valued by the community they serve. With the right strategies, grocery stores can turn visibility into a powerful tool for enduring growth and customer loyalty.

There is a reason, in our industry, the phrase 'location, location, location' is still the driving force for retail and grocers.

Please don't hesitate to reach out if you have questions or would like to discuss further.

Joni Baker

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April 29, 2025

Mr. Gordie Gill
Nextgen Offices, Inc.

RE: Briggs Commercial Real Estate

Hi Gordie,

I worked on trying to get commercial buyers and/or tenants at Briggs many years ago with the previous owner. Of course, the neighbors would love to have a large grocery store there, but that will never happen. I know that Spud's has also passed on Briggs, they would have been great there but they would also want to have a much smaller store, maybe 5,000 at the most.

I do think other restaurants or other retailers would consider Briggs, but most don't want over 3000-4000 square feet.

Please let me know if you have any questions for me.

Thanks,

A handwritten signature in black ink that reads 'Debbie'.

Debbie Draper-Aikins, J.D.
Coldwell Banker Commercial
Managing Broker

DEBBIE DRAPER-AIKINS

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Each Office Is Independently Owned And Operated

Tab F

THRIFTWAY

CONVERSATION WITH KEVIN STORMANS

MAY 14, 2025

- When the Owners of Thriftway committed to put a 30,000 SF grocery store in the Briggs Mixed-use district, the deal included language that protected the Stormans, making them the operators of the store, but not liable for the real estate cost. They had envisioned a 2,000 SF Starbucks and a 28,000 SF grocery store. When the real estate offer was withdrawn, they dropped out of the deal, because the Briggs Village market was untested and risky.
- The current state of the grocery industry shows that some of the large national stores are expanding, and some of the smaller independent grocery stores are looking to sell. The present-day political climate is concerning. During COVID, Thriftway had empty aisles due to supply chain issues and Kevin agrees that it wouldn't be ideal to open a grocery store at this time.
- Kevin believes that there would be value in developing new commercial space before building the grocery store but didn't believe the additional residential would be a significant benefit. This is because to make a grocery store of any size work, they would need to attract customers well past the boundaries of the Briggs Village and additional commercial could expand that market.
- When I mentioned we were advocating for a smaller grocery store, 5,000 SF and less that would rely primarily on the Briggs Village as its market, Kevin thought that might be more realistic. When I mentioned that the Owner of the Briggs Mixed-use district would dedicate as an amenity to the Briggs Village 2,500 SF towards a grocery store, Kevin thought that would be a significant incentive to a grocer and would be an appropriate size for the Briggs Village market.
- Under the context that the Briggs Village grocery store would not rely a great deal on the market beyond the Briggs boundaries, building additional residential units close by before constructing the grocery store would be a positive.
- Kevin agreed that locating the YMCA along Yelm Hwy was a detriment to a grocery tenant, because it blocked visibility to the high-volume Yelm Hwy.
- In reviewing the Thriftway floor plan and site plan, they had 33 residential units, 28,000 SF grocery store, 2,000 SF Starbucks store, and 179 parking stalls. Per the OMC, this layout would require 182 parking stalls, although the city regulations allowed a 10% variance. When asked about the Briggs deal with the YMCA where they could share 48 parking stalls with the grocery store, Kevin had no knowledge or recollection of it.



5-14-25

Kevin Stormans

Date