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BUSINESS online print edition



Surprise missing out on \$775 mil

Study: Retail gap an opportunity for new stores

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A study completed by the Surprise Economic Development Department says that the city is underserved in 11 key retail categories, and that the absence of stores suggests there is a retail opportunity gap of more than \$775 million each year.

The study was completed using estimates based on 2006 demographics, as well as retail information from the database service Claritas and from the city.

City officials attribute the underserved market to the city's explosive population growth, which went from 88,000 in 2005 to slightly more than 100,000 in November.

Large gaps remain in the categories of specialty food stores, gas stations, full-service restaurants and warehouse clubs. A Sprouts Farmers Market is one of the only specialty grocers in the city after Colorado-based Wild Oats shut down several of its Henry's Farmers Markets around the Valley, including a location that never opened in Surprise. Several residents have expressed an interest in getting either an AJ's Fine Foods or a Trader Joe's, but neither company has announced future openings in the city.

Despite a Sam's Club going in at the southeastern corner of Loop 303 and Bell Road, economic development specialist Megan Griego said the need for similar warehouse clubs remains. Discussions have taken place between city developers and Costco, but Costco representative Ron Vachris said the company has no immediate plans to build in Surprise.

To try to close the gaps, Griego is pursuing desired retailers that have been suggested to her by residents.

"We're going to the retailers and telling them what the facts are. I think the biggest attraction will be the study that shows the opportunities," she said. "We're researching each company that residents say they want in Surprise and looking at the different business factors to consider. Such as, are they even expanding in Arizona? We need to find out what their needs are and what their business plans are."

According to the study, the largest dollar gap was found in auto dealers, which suggests an annual market potential of more than

\$271 million.

However, that gap probably will close in 2008 when the first of 11 car dealerships opens for business at the 303 Auto Show, at Loop 303 and Cactus Road, said John Hagen, director of the city's Economic Development Department.