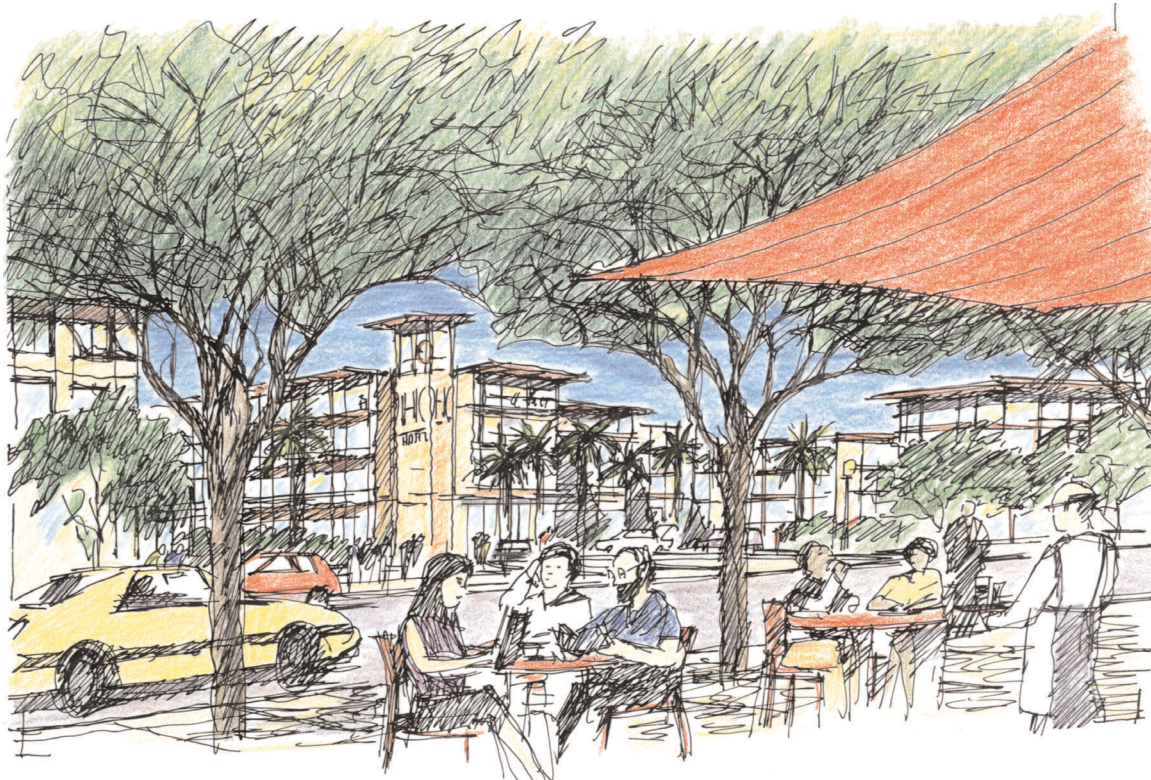


3 MARKET FEASIBILITY

This chapter summarizes a Market Feasibility Analysis prepared to assess the potential for new development in the Vision Plan Area. The feasibility study, which is available separately from the Vision Plan, draws upon information about demographic and economic trends to predict what types of land uses would be most successful and how much development it is reasonable to assume could be supported.

Demographic and Economic Trends

The Coachella Valley has experienced strong growth over the last 15 years. From a regional perspective, growth is moving eastward, with about 75 percent of the growth in the Coachella Valley attributed to the Eastern Coachella Valley. The City of Coachella has not shared fully in the commercial, entertainment and lodging growth that has occurred, but it is now in a position to capture a share of that



growth. This growth trend will provide continued support for local-serving and regional retail, entertainment, lodging and tourism-oriented development in the city.

Demographic Trends

The city's current demographic profile is generally different from the profiles of other Coachella Valley communities. Coachella's average household income in 2000 was \$41,745 (in constant 2005 dollars), compared to an average of \$70,931 in the Coachella Valley. The average household size was 4.85 persons per household, compared to an average of 2.17 in the Coachella Valley.

In 2000, about 68.1 percent of Coachella's population aged 25 years and older had no high school diploma. The city's population was primarily Hispanic, at 97.4 percent of the total population. The city's population is also relatively young, with a median age of 22.8.

The Coachella Valley's seasonal population of winter residents is a notable demographic feature that has experienced strong growth in recent years. In 2004, about half of the area's seasonal population was in the Eastern Coachella Valley. Virtually none of this growth has occurred in the City of Coachella. The city potentially could capture some of this seasonal population by providing entertainment, retail and recreational amenities in Coachella.

Coachella's population has grown by about 14,000 between 2000 and 2005. Retail development will occur more frequently as more permanent and seasonal housing development takes place over time.



Economic Trends

Taxable retail sales per capita in Coachella are quite low when compared to other communities in the Coachella Valley. The City's 2003 taxable retail sales per capita of \$5,276 (in constant 2005 dollars) was about 38 percent of the Coachella Valley average of \$13,747. It was also the second lowest of the Coachella Valley's cities; only Desert Hot Springs was lower.

There is not currently a strong industrial base in the city. However, due to the increased pace of industrial development in nearby Palm Desert and Indio, as well as the locational advantages of Coachella, the City should focus on attracting industrial and business park uses to appropriate locations in the CE District. Coachella has available land zoned for industrial development within its State Enterprise and Federal Empowerment Zones. In the long term, this sector will continue to grow.

Even as real estate values continue to climb in Southern California, many buyers will continue to move eastward, as land prices are likely to remain relatively low in the Eastern Coachella Valley. The

newer housing developments are attracting more affluent buyers, who want recreational, entertainment and retail amenities.

Retail development in other parts of the Eastern Coachella Valley presents a competitive environment for the city. Palm Desert has a strong concentration of regional retail that captures a large share of the Valley's purchasing power. La Quinta also has a strong retail presence, particularly with large-format retail along Highway 111, and Indio is starting to plan for regional retail north of Interstate 10. By establishing a retail and entertainment district, the City will be in a better position to capture more of the purchasing power of its residents and visitors.

Judging by Indio's recent success in attracting more resort- and golf-oriented residential development, as well as its plans to add new regional retail north of Interstate 10, Coachella could be viewed as being in the path of development and ready to capitalize on the eastward movement of growth.

Economic Opportunities and Potential Land Uses

A variety of land uses could be developed in the Vision Plan Area. The City should pursue a range of commercial opportunities, including retail that is attractive to the newer permanent and seasonal households moving into the area. In the longer term, hotels, convention centers and special events facilities could build upon this new commercial activity, and institutions of higher education could provide a base to train workers for a variety of jobs in the region, including jobs in the high-technology sector.



The Vision Plan Area’s recommended land uses include:

- ◆ **Retail.** The Interstate 10 corridor should have a strong regional retail focus in order to capitalize on the excellent visibility and accessibility from the freeway.
- ◆ **Industrial.** Due to the increased pace of industrial development in nearby Indio and the locational advantages of Coachella, the City should focus on attracting industrial and business park uses to appropriate locations in the Plan Area. In the long term, this sector will continue to grow.
- ◆ **Lodging.** There are currently no hotel rooms in the city. In order to attract hotels, there must be amenities such as golf courses, casinos, shopping and entertainment. The City should attract lodging that supports the visitor activity at its nearby casino, thereby enabling the city to benefit from the presence of casino visitors. Additional casino development could also attract new visitors and lodging facilities.
- ◆ **RV Park.** This use would attract recreational visitors who travel in recreational vehicles (RVs).



- ◆ **Golf.** Many visitors come to the Coachella Valley to play golf. Although there are already many golf courses in the Valley, a new golf course could attract hotel and resort development to the city.
- ◆ **Recreation and Entertainment.** There may be potential in Coachella for commercial recreational facilities, particularly those that are family-oriented. These facilities could range from sports complexes to bowling, tennis, skating or amphitheater venues. In particular, a soccer stadium was mentioned as a desirable facility.

Although they are not included in the economic projections, several other facilities were identified as having high support during the planning process:

- ◆ **Community College.** The City of Coachella has land available for either a satellite campus of an existing educational institution or a training or technical college. College of the Desert and California State University, San Bernardino both have campuses in nearby Palm Desert.
- ◆ **Conference Center.** There is potential for convention and special events facilities in the Coachella Valley, due to the large amount of business and tourist activity in the region year-round. This potential is supported by the increased growth of new permanent and seasonal households.



