Retail Information Series

Economic development can mean different things to different people, but more and more it seems to be associated with bringing new retail into town. Part of that reflects the fact that the days of mass production manufacturing seem to be numbered, but it's also a reflection of our consumer orientation that has seen retail grow in its importance to both the local economy and to resident's perception of quality of life. Retail matters more than ever before, so what are cities doing to attract retail? Here's the results of a survey of 4,000 communities that tries to answer that question.

Retail Development Survey Results

Retail development is becoming more widely accepted as an economic development strategy for communities. To better understand the levels of community retail activities, we sent this 2nd Annual survey to over 4,000 contacts. We appreciate you taking the time to answer the questions. Below you will find the survey results. Please visit our blog at http://communityid.buxtonco.com to learn more on retail economic development.

1. Eighty-five percent of the communities surveyed use retail as a component of their community's economic development strategy.

2. How do you market your community to retailers?

70%	Use your community website	36%	Publish retail-specific brochures
44%	Participate in ICSC Las Vegas	27%	Use paid advertising
42%	Participate in ICSC Regionals		

3. Fifty - nine percent of the communities surveyed have marketed directly to developers of retail centers.

4. Seventy-seven percent of the communities surveyed have marketed directly to commercial real estate brokers.

5. Sixty-nine percent of the communities surveyed have offered incentives to retailer.

6. Types of incentives offered by communities:

52%	Infrastructure assistance	25%	Sales tax rebates
42%	Tax increment finance district	21%	Grants
26%	Tax exemptions or abatements	18%	Tax credits
26%	Loans or loan gurantees		

7. Fifty-four percent of the communities surveyed have assembled sites for retail development.

8. What are the main reasons you would like more retail development?

86% Satisfy citizens desire to shop & dine at home	81% Increase sales tax revenues
85% Better quality of life	71% Stop leakage

9. These are the top five retailers communities said they would like to have:

1. Target
2. Kohl's
3. Costco
4. Trader Joe's
5. Lowe's

10. These are the top five restaurants communities said they would like to have:

1. Olive Garden
2. Applebee's
3. Red Lobster
4. Ruby Tuesday
5. Cracker Barrel

Survey "walk away" lessons:

1. Competition is fierce, so if you want to play that game, you have to be ready to get aggressive.

2. Web sites matter -- because the web site is often the first thing retailers will see about us (which is why we're expanding kent360.com this summer).

3. Incentives are necessary to close the deal -- different incentives are used to fit each situation, but with margins as slim as most retail has become, incentives can make or break a deal.

4. Land, Land, Land -- 1 out 2 communities use land assemblage to give retail a chance to succeed.

The Retail Chase

Cities will do almost anything to land the store of their dreams.

By CHRISTOPHER SWOPE , Governing Magazine,

Next month, legions of retailers, developers, bankers and brokers will descend on Las Vegas for one of the biggest schmooze fests in the world. It’s the International Council of Shopping Centers’ spring convention, and to anyone who hasn’t been there, the scene — literally a city under a roof — can be a bit overwhelming. Exhibitors set up booths as wide as office buildings, and the aisles are platted into a sprawling street grid. At the corner of “38th Avenue & Q Street,” mobs swarm the Cold Stone Creamery booth for free ice cream; a “block” away, they get free pretzels from Auntie Anne’s. But the real business happens behind closed doors, where the bigwigs of chain retail shake hands on hundreds of deals that decide where America will shop and eat for years to come.

Because the commercial stakes are so high, the ICSC conference isn’t just an affair for the industry anymore. It’s a big event for local government as well. Mayors, city council members, city managers and economic development officials have become regulars at this annual carnival of deal-making. Some 4,000 public-sector people are now members of ICSC, and they are one of the fastest-growing segments of the association. About 1,200 of them will be in Las Vegas May 20 to 23.

It’s easy to see why they feel the need to come. One out of every three retail real estate deals are either conceived at this meeting or completed there. “If you’re a retailer looking for 25 sites to expand to, the only place to do it under one roof is Las Vegas,” says Catherine Timko, a Washington, D.C.-based retail consultant who has accompanied a few big-city mayors to ICSC.

Many of the public officials who go are people like Wayne Seybold, the mayor of Marion, Indiana, who first went in 2004 and, despite his initial shock at the scale of the event, has been back every year since. “We’re a town of 33,000,” Seybold says. “There were 40,000 people at this convention. So our first year we were like deer in the headlights. OK, we’re here — what do we do now?”

Like everyone at ICSC’s convention, Seybold was looking for deals. He wanted to attract more retailers to Marion so that his constituents could enjoy a wider variety of places to shop without having to drive an hour to Indianapolis or Fort Wayne. That first year in Vegas, Seybold went home empty-handed. But he learned a few things about the retail business and how to go about romancing the chains. For example, he figured out that big retail companies usually prefer working with favorite developers. That meant he was better off talking to the developers rather than simply chasing around after familiar brand-names. Seybold also learned how crucial data is to retailers — not the Census Bureau stats that every mayor knows by heart but detailed spending patterns of Marion residents mined from their credit card accounts.

Seybold’s more recent outings to Las Vegas have been more productive. Now he goes with a group of local builders and a list of specific development sites he wants to discuss. Seybold also carries data compiled by a retail consultant showing that his small city actually anchors a respectable trade area of 250,000 people. “That really enabled us to change our marketing and our message,” Seybold says. “We can take that information and say to retailers that this is the reality of what’s going on in the city now. People are starved for certain types of retail.”

It’s taken a while, but Seybold’s Vegas trips seem close to paying off. Two large mixed-use retail projects are in the works in Marion, one near a local university and another near Interstate 69. What’s more, the town has its first Starbucks. That may not be a big deal in Seattle, but in Marion, 200 people showed up for the groundbreaking. “For a lot of people, going shopping or eating out has become their entertainment,” Seybold says. “I keep hearing people say there’s not a lot to do in this city. What they mean is that we don’t have enough retail. If you don’t have retail and restaurant choices, people look at that as the city not having such a great quality of life.”

FADDISH BUSINESS

Not every community sends its mayor to ICSC or goes about recruiting retailers in quite the way Marion does. Yet more and more cities are chasing after chain stores and restaurants these days as an explicit economic development strategy. Some do it solely to boost sales-tax revenue. Increasingly, however, they talk the way Seybold does — about the less tangible “quality-of-life” issue.

For cities, suburbs and small towns alike, retail presence has become closely intertwined with self-image. As the sociologist Sharon Zukin once wrote, we are where we shop. That’s more true than ever in a mobile country whose retail landscape is increasingly dominated by national brands. Mom-and-pop stores may provide local flavor, but chain stores are societal benchmarks. Mayors hear it from their constituents all the time: Why don’t we have a Trader Joe’s? Why don’t we have a Bass Pro Shops? What are we, some kind of backwater?

When local officials get into the retail chase, however, what they quickly find is a curious business that doesn’t follow the same rules that govern site selection in other industries. Most big corporations that governments recruit are interested in the quality of the local workforce. Chain retailers don’t worry much about that. They don’t need many highly educated employees. What they want to know is how many of their customers live nearby and how long it will take them to get to the store. Chains also want to locate near other stores that serve a similar clientele. Chico's, the women's clothing store, likes to be near Pottery Barn or Crate & Barrel. As Tim Angell, the head of economic development for Des Plaines, Illinois, says, if municipalities want to attract retailers, then "they have to think like a shopping center developer."

Retail is also a notoriously faddish business. Strangely, that's another reason why some older localities have become more visible players in recent years. Enclosed regional malls built in the suburbs are no longer much of a growth industry. In fact, many of them are dying — wounded fatally by consolidation of department store chains.

What's hot now is the "lifestyle center" — an open-air mall, essentially, in which street-level shopping is mixed with housing, restaurants and public gathering spaces. And developers typically can't pull off these complex, mixed-use projects without some help from city hall on zoning, land assembly and parking. So there's more reason than ever for local governments to gravitate toward ICSC and the deals that emerge from the massive annual meeting.

Meanwhile, the attitude of retailers toward central cities has changed. Now that they've tapped out all the easy development sites in the suburbs, many of the big companies desperately want to penetrate urban markets. Even the big boxes have shown a willingness to tinker with their cookie-cutter store designs, to fit tight urban sites in ways that would have been unthinkable five years ago.

Home Depot recently opened a store in the middle of Manhattan. It's pedestrian oriented — there's no parking — and located in a historic building. Target is experimenting with two-story formats in Southern California. According to Robert Gibbs, a retail consultant based in Birmingham, Michigan, only two things are holding back urban retail now: the cumbersome permit process in many cities and a bias against chain stores that a growing number of cities are writing into law in the form of anti-big-box ordinances. "Cities have a supply problem, not a demand problem," Gibbs says. "There's a new willingness among retailers to flex their models, but cities for the most part aren't doing their part."

Much of the change in the retail market is happening not just within cities but in the middle of downtown. All over the country, young professionals and empty nesters — people with disposable income to spare — are moving into new lofts and high-rise condos. Those new residents have to shop somewhere. In downtown Minneapolis, now home to 30,000 people, three grocery stores are coming, and not one of them requested government subsidies. "For years, all the cities in the Midwest wanted to have a Michigan Avenue," says Minneapolis Mayor R.T. Rybak, referring to Chicago's famous high-end shopping street. "Michigan Avenue is spectacular, but we're not all going to have a Michigan Avenue." What's evolving downtown now, in Rybak's view, is a hybrid retail model where destination shoppers can still buy $200 shoes, but where the people living upstairs can find a dry cleaner. “Focus on the housing first,” Rybak says, “and the retail will follow.”

WEBCAST WARNINGS

At the end of February, nearly 100 local government officials from around the country participated in an online webcast, called “Winning at ICSC,” advising them on how to get the most out of their visit to the conference. Some of what they heard wasn’t especially reassuring. Valerie Richardson, vice president of real estate for the Container Store, warned the group that if they hadn’t already made their appointments with the top retailers, it might be too late — three months before the conference even started. “We have folks calling now,” Richardson said. “Our schedules do book up very quickly.” What’s more, the officials were told, it might be a waste of time to show up unless they could bring with them a roster of developable sites on which they were ready to make deals. In the absence of such a list, developers often refuse even to talk.

The webcast had a cautionary tone all the way through. David Miller, the city manager of Forest Hill, Texas, told first-timers that it could take three years at ICSC just to make sense out of the chaos of the convention hall. “You’ll spend a lot of time learning the layout and how it works,” he said. “The second year you’ll be more productive because you’ll know how to deal with the intensity of the conference itself. By the third year, you’re a seasoned pro.”

”Winning at ICSC” was presented by The Buxton Co., a retail site selection consultant. There is, in fact, a whole cottage industry of consultants whose main line of work is helping retailers vet expansion sites but who have recently found a lucrative public-sector business on the other side of that equation. Companies such as Buxton, Claritas, ESRI and MapInfo use sophisticated data mining and mapping tools to help cities pinpoint customers and hone their pitch to retailers.

Buxton, for example, goes beyond demographics by drilling down into consumers’ credit card accounts and magazine subscriptions. In the industry, this kind of data is called “psychographics.” As Buxton vice president Joseph Fackel explains, “you and I could be the same age, both white males, educated and making the same amount of money. But you may be into traveling, collecting wine and subscribe to Gourmet magazine. Well, maybe I like to hunt and fish, I drive a pickup, I wear boots and I subscribe to Guns & Ammo. Bass Pro doesn’t need you, but they need me.” By running this kind of analysis, Fackel believes he can help cities determine what sorts of retailers their markets can support — and tell them which companies they shouldn’t even bother chasing.

According to Seybold, this kind of data has helped Marion make sense of its retail market. “They’re pinpointing customers as opposed to drawing circles,” the mayor says. “We were traditional: Here’s a point, and here’s a 15-mile circle around it, a 20-mile circle, and a 30-mile circle. They came in and said the way we do it today is with drive times — 10 minutes, 15 minutes, half an hour. Where we are in rural Indiana, there's not a lot of stoplights, so our market became a lot bigger."

Not everyone thinks the consultants are worth the money — Buxton's services cost $70,000, and some of the psychographic data is available more cheaply from other sources. Likewise, not everyone is convinced that jetting off to Vegas is what every mayor or economic development director needs to do. "Vegas has taken on a life of its own," says James Kaplan, a suburban Chicago shopping center developer. "But the developer that's going to work in your small town is the guy who's already within 25 miles of you. You're not going to go to Vegas and find someone from New York to go to your town of 15,000 people."

"I roll my eyes when I hear about another city running a team out to ICSC," says Brad Segal, a Denver consultant who helps cities plan for revitalizing their downtowns. Segal believes that the best retail strategy is not, per se, a retail strategy. He says smart businesses these days are looking for urban amenities that draw people for reasons other than shopping. "To me, a successful downtown is a multidimensional environment that includes housing, office workers, arts, culture and entertainment. And it includes retail. Retail is a means, not an end. Still, some old ways of thinking on retail leads us to the ICSC convention and trying to recruit the trophy."

CORRIDOR STRATEGY

Whether or not cities send delegations to Las Vegas for three days in May, recruiting retail is becoming a more time-consuming job. In Louisville, it consumes eight full-time jobs. A few years ago, Mayor Jerry Abramson began noticing how shabby some of Louisville's retail corridors were looking, especially where stores such as K-Mart had pulled out and left behind empty big-box buildings. So the mayor set up an economic development program focused entirely on retail attraction and growth. A few cities, such as Chicago and Philadelphia, have similar offices, but Louisville's effort is notably aggressive.

The "Corridors of Opportunity in Louisville" office is headed by John Fischer and consists of four economic development officers working for him. Each has responsibility for one quadrant of the city, and all share responsibility for promoting retail and restaurants downtown. Two staffers help with administration and one, a geographic information systems expert, runs psychographic analyses that Fischer's team can take to retailers and show where pockets of underserved customers are. At the end of February, Fischer was busy trying to convince Kohl's that the discount department store would do well in a location recently vacated by Dillard's.

Fischer’s office leans on city departments and utility companies to expedite permits and hookups, and brokers relationships between retailers, developers and landlords. The office has worked on over 200 deals. An early one involved the Bashford Manor Mall, an enclosed shopping center that was losing tenants, looking ragged and attracting criminals. The local neighborhood association wanted something done about those problems. So Fischer contacted the mall’s owners in Illinois and talked about finding a new direction for the site. The city offered a low-interest loan to help demolish the old mall and helped recruit a Wal-Mart SuperCenter and a Lowe’s.

HOME GROWN

Louisville’s model also pays attention to local mom-and-pop retailers. The thinking is that most successful chains started out as a single successful store — the first Starbucks in Seattle, for example. Abramson routinely approaches local businesses that are doing well in one location and asks the owners if they might be willing to open a second, third or fourth. That’s how Wick’s Pizza, a well-known establishment on Louisville’s east side, expanded into a strip center on the other side of town. “Those are easy,” Abramson says. “We go to the local businessmen and women who already have the cleaners or the shoe-repair shop, and we show them a strip center where they can get low rent and we help them out with a low-interest loan. We’re not asking for gifts or charity. We’re telling them we’ve run the numbers, and the neighborhood is willing to support the cleaners or the shoe-repair shop or the bookstore or the coffee shop. And we’ve done every one of those.”

Abramson and Fischer take pride in Louisville’s effort to generate a home-grown retail expansion. On the other hand, they see a combination of mom-and-pops and big national chains as the healthiest retail mix. Fischer, an ICSC veteran who knows the convention’s quirky rules, is headed to Las Vegas next month — he’s been lining up his appointments with developers and retailers for weeks. And for the first time this year, Abramson expects to join him. There may be hot deals available; there might not. Either way, they figure the mere possibility of rubbing shoulders with the right developer or retailer is too much to miss. As Fischer says, “The basis of everything we do is relationships.”

Walk Away Lessons Day Two

1. Downtowns are Back -- retailers and consumers are bored with malls, new growth is on Main Street. (this is great news for Kent)

2. Data Matters -- retailers have to expand to survive, the key is being a location where they will succeed. Data on local income and spending habits is critical to

making a good retail match. (that's why we hired Buxton Company to perform a retail assessment for Kent).

3. It's An Experience -- retail is more than just products and services, it's selling an "experience" that is multi-dimensional. Which is another way of saying, retail is a quality of life issue, that requires a mix of housing, entertainment, and dining to complement shopping.

STALKING STORES Q&A

Robert Gibbs

Robert Gibbs is a retail consultant based in Birmingham, Michigan, who works with cities as well as shopping center developers. I spoke with him about the future of downtown retail, what goes into a retail master plan and why Wal-Mart may be less evil than some people think it is.

What retail development trends should local officials know about?

First of all, the retailers for the most part have run out of sites. The easy suburban sites are for the most part picked over. And the code is that the strong national retailers have to grow at a certain percentage each year-Wall Street says that if they want to keep their stock prices going up, they have to open new stores. That means they have to penetrate new markets where they aren't now, or try new retail concepts.

It's generally agreed now that the underserved markets are urban markets. From inner cities with low-income populations to high-end wealthy cities, urban centers are vastly under-retailed for lots of reasons. If you're a retailer and you're growing your stores, you have to figure out how to get into urban locations. To do that retailers are doing things they never would have considered five years ago. They're modifying their old standards for store sizes in order to fit on smaller, more compact sites. They're lowering their parking standards. They're even changing the merchandising mix to fit the urban consumer. So there's a tremendous opportunity for cities to attract retail.

The problem is that the cities for the most part do everything possible to make it impossible for retailers to go there.

What do you mean?

Most cities either have a policy of not wanting national chains in their downtowns, or the planners have biases against national retailers. They're afraid chains will raise rents and displace the local candle shop or whatever. I hear it so often, where a city puts an artificial limit on the size of a store; they say they want nothing larger than 20,000 or 50,000 square feet, so it rules out department stores, furniture stores, and booksellers. Just blanketly rules them out.

Cities don't usually offer retailers predictability. If I do open a new store downtown, I can't predict whether the other stores around me will operate to my standard. I may be the only store with a $2 million storefront, or the only store open on Saturday and Sunday. Downtowns don't usually have the signage and lighting standards retailers want. There's usually not enough room downtown to create that two blocks of critical mass that retailers want.

On the other hand, if downtown could offer predictability, and you could assemble enough property, have parking available and create high design standards and enforce them, then retailers would go there.

Cities don't have to turn themselves into a mall, but they do have to do what shoppers want. Last year 70 percent of all sales occurred after 5:30 at night. If downtown is going to compete, it has to have stores open in the evenings or on Saturdays. It has to offer the goods that people want to buy at the prices people want to pay. Last year only 2 percent of all apparel sales occurred in downtowns. In that 1950s, that'd be more like 90 to 95 percent. Downtowns have lost almost all their market share. Most are either entertainment districts or they sell knick-knacks and antiques and other things we don't need.

So how should they go about turning that around?

Cities should have a master plan to show how they can accommodate modern retail. Cities should have a written policy saying they want to be competitive and gain market share. Cities need to have high design standards for signage, lighting and building design and be willing to enforce those standards. And they have to have a public parking strategy.

Cities can get back up to 30, 40 or 50 percent of market share with a policy. There's a demand for retailers. A lot of them want to locate in downtowns. A lot of cities don't know that.

The eight or ten cities we consult in have this huge unmet demand. Even a blue-collar town with modest income has a big demand for shoes and apparel. Urban consumers drive farther than normal to get goods and services, and the goods and services they do get downtown they overpay for. That's the norm. Old Navy knows that now. Target knows that. Wal-Mart is doing a series of urban stores to get into inner-ring cities. That's a huge growth market for Wal-Mart, to go into cities.

But doesn't Wal-Mart wipe out all the mom-and-pop shops?

Not necessarily. The small independent retailer has to be near a Wal-Mart or a J.C. Penny or a Sears because large anchors advertise heavily and run promotions and bring people to that location. So instead of having 100 people a day walking by your storefront, a Wal-Mart has 5,000 people a day going in. Well, not everyone walking into Wal-Mart to buy shoes will find what they like. So you can position a shoe store to specialize in children's shoes or odd-size shoes or sporting shoes-you can go much deeper into a category than a large department store can. Go to any regional mall with four department stores-how do you think the other small retailers make any money? They make money because they're between four department stores. They carve out niches department stores can't.

Wal-Mart may put some retailers out of business. But I don't believe Wal-Mart ever put out a viable business. It may put out of business the guy who closes at 4:30 p.m., when shoppers don't start shopping until 6.

What else should cities know about retail?

Time matters for retailers. Stores have to open to keep their stock prices rising. A development director for a chain is told to open five stores in a region by a certain date, and if they don't open he gets fired. So those people will go to a city only if the city can give them some assurance that the store can open by a certain date. That's hard to do. Even when the city owns the property, it can't always get the assurance that the fire marshal or mechanical inspector will sign off on the building, or that it will even get through the zoning. Sometimes that takes a year.

Timothy Angell

Timothy Angell is the deputy director for community and economic development in Des Plaines, Illinois. He also co-chairs an Illinois committee on public-private partnerships for the International Council of Shopping Centers. I spoke with him about mistakes municipalities make when talking to retailers, the do's and don'ts of ICSC's spring convention in Las Vegas, and why not every city can hope to get Trader Joe's..

—Governing *Associate Editor Christopher Swope*

Why are communities so interested in attracting retailers?

It brings the municipality sales tax revenue, in states where they can collect sales taxes. And it brings in property tax revenue. But the bottom line is quality of life. In Des Plaines, we just updated our comprehensive land use plan and a component of it is a market study. In terms of retail we looked at all the types of retailers in our community and surrounding communities, whether it's bed and bath stores, electronics stores, office supplies, books, groceries, what have you. We said, OK, where's the hole in the donut for us? What retail niches don't we have that we'd be very likely to fill? Our residents don't necessarily like to get in their cars and drive 30 minutes to pick up a book. They want a diversity of stores.

Why is doing that market analysis so critical?

In our area, every suburb wants a Trader Joe's. Doing a market analysis is crucial to answer the question: Here's why we don't have it. Or: Here's why we could have it.

Communities need to look at their demographics. The retailer or the shopping center owner or the commercial realtor may say, well, you don't have the average median income we'd like to see. Or we've got a store next door in another community and we don't want to cannibalize those sales. Or you don't have the daytime population we like to see.

Municipalities have really got to understand their town. They have to think like a shopping center developer. They have to think of their retail mix, the price of the land, the leasing costs, their consumers, how long it takes to get from one side of the community to the other.

Have you ever been to the ICSC's spring convention in Las Vegas? What's it like?

My lord. I went in 2001, then in 2005 and again last year. It's like no conference I've ever been to. As I was walking the trade-show floor last year, it was so crowded that if I'd tripped and fallen, someone would have stepped on me.

What local officials often do is they go to the show, like my first year, and they walk around-I'm not exaggerating, it takes a day to walk the show. They look at booths of retailers, shopping center developers, commercial realty and brokerage booths. So the first year I went that's what I did.

And I learned what I ought to do. Starting in February, communities going out there should start calling or e-mailing either the retailers they're trying to attract, or if the stores are represented by a commercial broker, call or e-mail those folks and set up a time to meet at the show. Because these trade show booths are immense. Some literally have a reception area, and you go to the receptionist and it's, "Hi, I have a 2 p.m. appointment with Jill Smith." And they literally have individual suites in the booth. So you go in and shut the door and have a conference right there. It's immense. It boggles the mind.

What are some mistakes cities make in thinking about retail?

A common mistake a lot of elected and appointed officials make is they're around their commercial cores or downtowns during the day and don't think about what it looks like at night. And if you want retailers to stay open past 5 p.m., if you want restaurants that serve dinner and not just lunch, if you want nightlife, then you have to be concerned about details like streetscape, landscape, signage and lighting.

Another mistake municipalities make is when the economic development department is trying to get a retailer to come in, and OK, the retailer commits. Now the planning department beats them up. Whether it's the faÇade or the setbacks or the parking spaces, they get beat up. So municipalities have to understand that if they're going to reach out to retailers and developers there's a balance they have to achieve between economic development and aesthetics. Not that those have to be exclusive of each other.

I'd say to retailers, do your due diligence ahead. If you want to put a location in our community, call us first. Understand that we've got rules-we want the parking lot in back of the building, or we're going to ask you to have that shopping center LEED certified as a green building. Know that ahead of time.

Walk Away Lessons From Day Three

1. Retail is Saturated (think Montrose) so it looking for Underserved Markets -- which is good for Kent because we are underserved.

2. Downtown Redevelopment Is Unpredictible, So Take the Guesswork Out of It (e.g., assembling land)

3. Retail Lives on Nighttime Sales -- A Vibrant Night Life Leads to Retail Success.

ROMANCING THE STORE , Governing Magazine

Going shopping for retailers? Here are 10 things to know:

1. Get your hands on the same **detailed consumer data** the retailers are using. Fill holes in that data with on-the-ground intelligence. If your community wants a hardware store, find out the number of home renovations and building permits that have been issued. “It’s important to know what metrics these folks are using,” says Alyssa Stewart Lee, head of the Urban Markets Initiative at the Brookings Institution. “What your ground truth says about a place can inform their decision matrix.”

In Kent, we hired Buxton Company to dig into our trade area data and do a better job of identifying who we are and what we have to offer prospective retailers. Buxton is one of the industry leaders in this type of data mining, and I've been pleased with their work. They'll be presenting their findings at City Council on April 11th, and I'll upload a copy of their Retail Assessment for Kent in the final installment of this retail series.

2. **Time is money.** Chains face tremendous pressure to expand locations quickly. They’ll skip your town if the permitting process is too long and complicated. “Stores have to open to keep their stock prices rising,” says retail consultant Robert Gibbs. “A development director for a chain is told to open five stores in a region by a certain date, and if they don’t open he gets fired.”

We make a point of advertising the fact that Kent is "right sized" which is our way of saying we're a medium sized city with small town convenience and access which is critical for expediting projects. Our staff is experienced and our processes are flexible enough to work at the speed of your business plan. And probably most importantly, acquiring land has been the greatest handicap for previous development projects in Kent, so the city is busy looking for opportunities to assemble land now, so that developers won't have to wait when they're ready to roll.

3. **Be realistic.** Retailers simply won’t go where they can’t find a critical mass of customers. It doesn’t matter how much a few vocal people in the community may want them. “At the end of the day for retailers, locations are data-driven decisions,” says Joseph Fackel, vice president of the Buxton Co. “If the data doesn’t line up, they don’t do the deal.”

That's why we hired Buxton (see item #1).

4. **Make a retail master plan.** Know what types of businesses your community can support (see No. 1), and have viable development sites ready to go. “Cities should have a written policy saying they want to be competitive and gain market share,” says Gibbs. “And they have to have a public parking strategy.”

The BiCentennial Plan laid out a great vision for what "could be" for downtown Kent Click Here. We're working now on operationalizing that vision into specific objectives, e.g., entertainment district, arts and culture, dining, niche retail, etc. In other words, we haven't done a formal retail master plan but we're definitely heading in that direction.

5. **Don’t fight the chains.** Instead, work with locally-owned stores to help them survive. If mom-and-pop can’t afford high rents in a newly revitalized area, help them relocate to another part of town. Or, offer low-interest loans to help successful local retailers expand into chains themselves. Don’t forget: Starbucks was once just a small Seattle coffee shop and Wal-Mart a single store in Rogers, Arkansas.

In both policy and practice the city has held firm to maintaining a good mix of local stores and national names. For example, the agreement with the last developer that tried to revitalize a block downtown required a minimum of 40% of the new development to be local stores. But this is more than just looking out for the "little guy," this is really the basis of Kent's retail niche. The thing that differentiates Kent retail from the strip malls in the suburbs around us is the fact that we have some unique stuff. Face it, if people want the big box stores there's more than enough of them around, but if they want something different, they come to Kent.

6. **Mix uses.** Retail often follows other functions and activities. So the best retail strategy sometimes has nothing to do with retail. It has to do with housing, entertainment and culture. “Stop thinking so much about sales tax dollars,” says retail developer James Kaplan. “And think about ways and reasons to get people into town.”

Here again, the premise of the city's revitalization strategy downtown is all about mixed use. It's taking the living center concept and putting it in a downtown square that mixes retail, dining, services, entertainment and housing. To succeed, downtowns have to be multi-dimensional and that's exactly what we're working towards. For example, take a look at the Right Dimensions concept Click Here or the promotional piece that we've tried to pitch to developers Click Here to get an idea of what we mean.

7. **Invest in the public realm.** Retailers may be leaving shopping malls for more urban settings, but they still want a predictably clean environment where their

customers feel safe. Lighting is especially important: 70 percent of all sales occur after 5:30 p.m. “Cities need to have high design standards for signage, lighting and building design and be willing to enforce those standards,” says Gibbs.

The City has been working for the last decade with property owners downtown to upgrade the streetscape (like the old style, pedestrian scale light posts, the trees, the flowers, the brick pavement, etc.). Even this past year we repaved alley 3 to cheers from the adjoining merchants. Plus, we continue to look for a more effective signage program and thanks in part to some of the classes at Kent State, there's a number of sign concepts out there that look great (the challenge now is figuring out how to afford them). And lastly, the City worked hard to create the Main Street Kent program, in part, because we believe it can provide the kind of focus and horsepower to actually lead more environmental improvements downtown.

8. **Consider incentives.** Retailers won’t go where their customers aren’t — see No. 3. But many chains are risk-averse and are unwilling to locate in unproven markets without a little help. Plus, anchor stores are accustomed to cutting deals on rent at shopping malls. “Bigger-format retailers come with an expectation of lower rents,” says Paul Levy, president of the Center City business improvement district in Philadelphia. “In most cities, they’ve been able to get their way. That’s the reality of the marketplace.”

We've worked hard in the last 10 years to make sure we have all the incentives in place so that we're ready when we have a chance to use them with a developer. From Tax Increment Financing, to facade grants, low interest loans and tax deferrals, the City has all the tools in the tool box, now we just need to find the right project to package them with.

9. **Be patient.** Although retailers are often looking for fast returns, many also plan for expansion several years out. Retail recruitment efforts may not pay immediate dividends, but relationships formed now may pay off five years from now.

We understand this, and that's why we continue to reach out to developers to talk about Kent. But I'll admit to being an impatient sort, I want to be working a project right now.

10. **Keep up with the times.** Retail trends come and go like women’s fashions. But you can’t hide a dead Marshall Fields or Tower Records in the back of the closet. Enclosed malls are out. Lifestyle centers are in. What retail concept will be hot next?

Lifestyle centers, main street, and university cities are "in" -- what more could we ask for? So now is clearly our window of opportunity to pull Kent out of transition and get it headed in an entirely new direction that is right in line with the times.

Kent Retail Assessment

CommunityID

City of Kent, Ohio

Conclusions

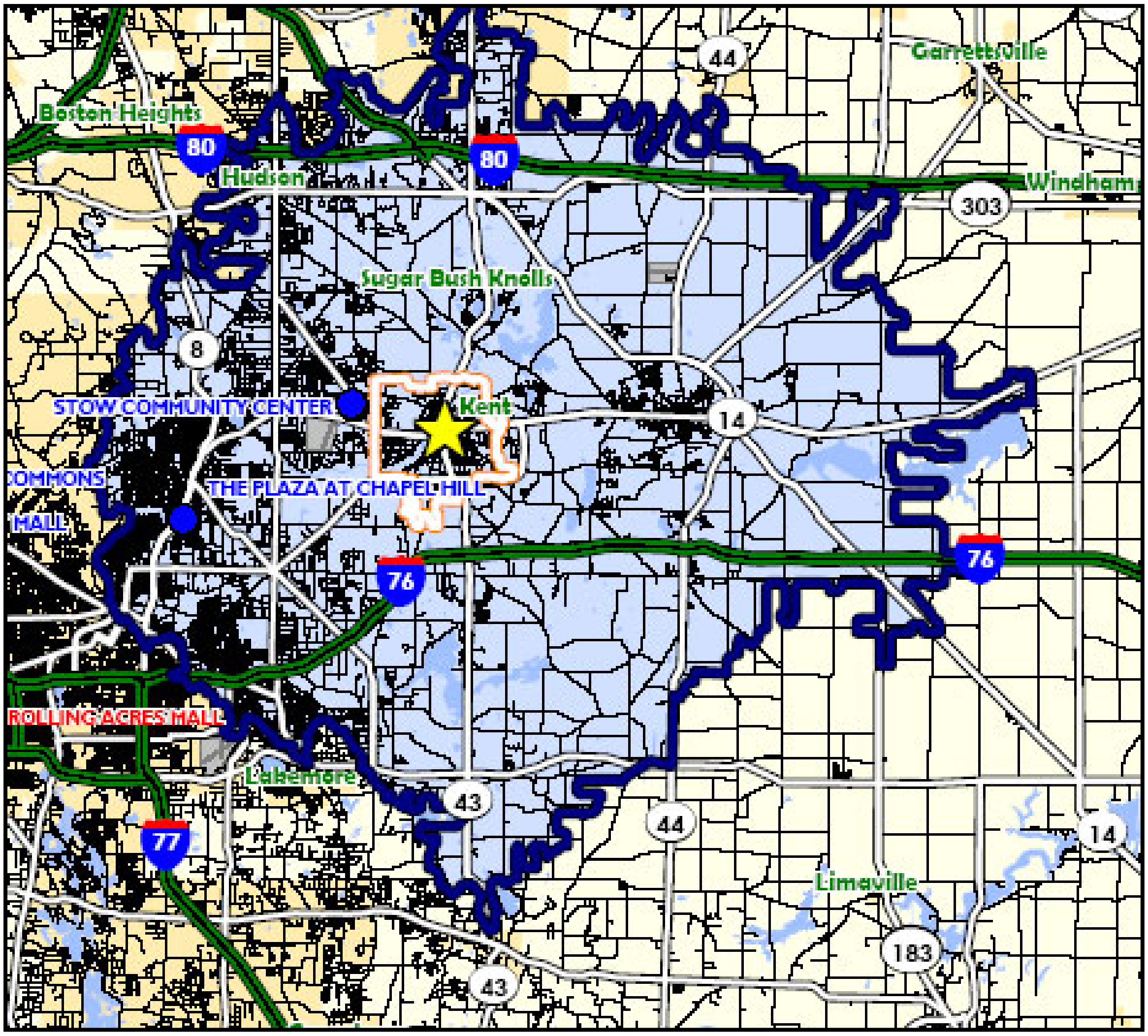
Buxton has reviewed the site provided by the City of Kent on the basis of retail recruitment potential. This Community Retail Assessment booklet features maps of the city's trade area and data contributing to this analysis.

To more fully understand the retail potential of Kent, Buxton conducted the following analyses:

- A primary trade area roughly equivalent to a fifteen-minute drive-time was delineated for the site
- The customers within the trade area were segmented according to buying habits and lifestyles
- A segmentation profile of Kent's customers within the trade area was developed
- Demographic Reports were compiled for the fifteen-minute drive-time trade area, city, county and in a 3, 5, and 10 mile radius
- A Benchmark Product Category Report was compiled to index the potential spending power of the households within the Kent's fifteen-minute drive-time trade area against the overall Akron Census Based Statistical Area (CBSA)
- Thematic Maps were created to illustrate Kent's population, population growth, median household income, property value and traffic counts

Kent offers ample opportunity for growth in its retail sector.

Kent Retail Trade Area (approximate 15 minute drive time in blue)



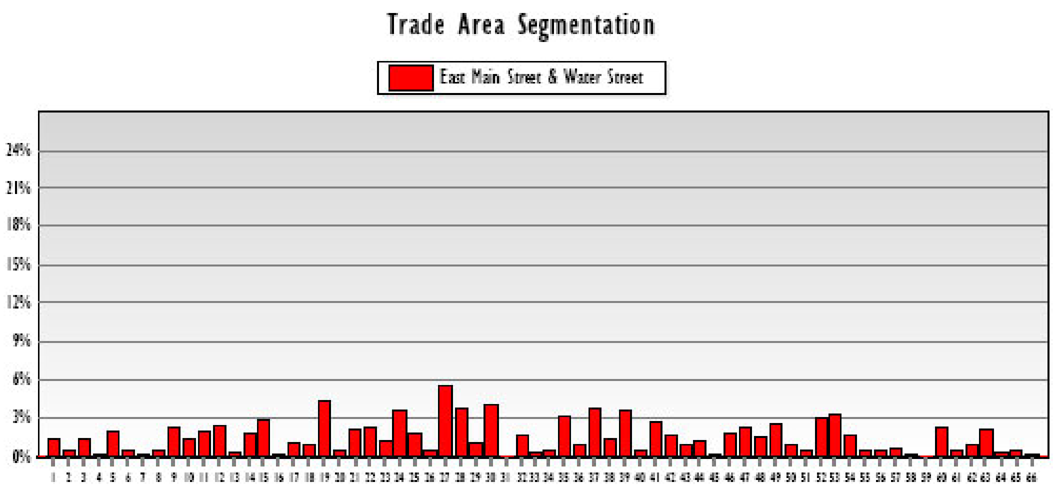
Trade Area Analysis: City of Kent

Drive-Time Trade Area

The map on the opposite page depicts the trade area for the selected site. The trade area consists of a fifteen-minute polygon, determined by Buxton's proprietary drive-time technology.

Psychographics

The psychographic profile of the households within a fifteen-minute drive-time of the selected site is presented below.



Source: Claritas, Inc, PRIZM® NE, © 2006

Dominant Segments

A segment that represents at least three percent of a trade area is a dominant segment. Following is a description of the dominant segments for the potential retail site.

Dominant Segments	Description	Households	% of All Households
19	HOME SWEET HOME	4,966	4.30%
24	UP-AND-COMERS	4,110	3.56%
27	MIDDLEBURG MANAGERS	6,448	5.58%
28	TRADITIONAL TIMES	4,346	3.76%
30	SUBURBAN SPRAWL	4,782	4.14%
35	BOOMTOWN SINGLES	3,644	3.16%
37	MAYBERRY-VILLE	4,201	3.64%
39	DOMESTIC DUOS	4,049	3.51%
52	SUBURBAN PIONEERS	3,539	3.06%
53	MOBILITY BLUES	3,767	3.26%

Source: Claritas, Inc, PRIZM® NE, © 2006

Buxton
iDentifying Customers

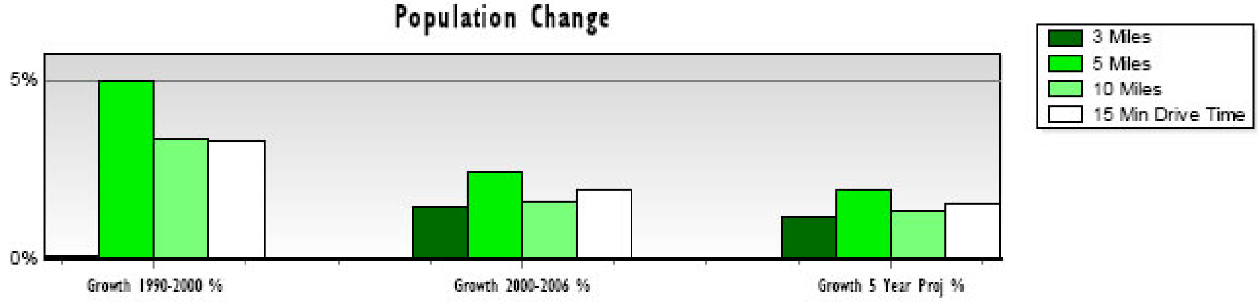
Demographics

Analysis Geography: East Main Street & Water Street
Kent, OH

Date: 1/17/2007

Population Profile	3 Miles	5 Miles	10 Miles	15 Min Drive Time
2011 Projection	42,146	88,610	335,567	295,275
2006 Estimate	41,663	86,916	331,176	290,625
2000 Census	41,071	84,817	325,881	285,011
1990 Census	41,021	80,765	315,226	275,843

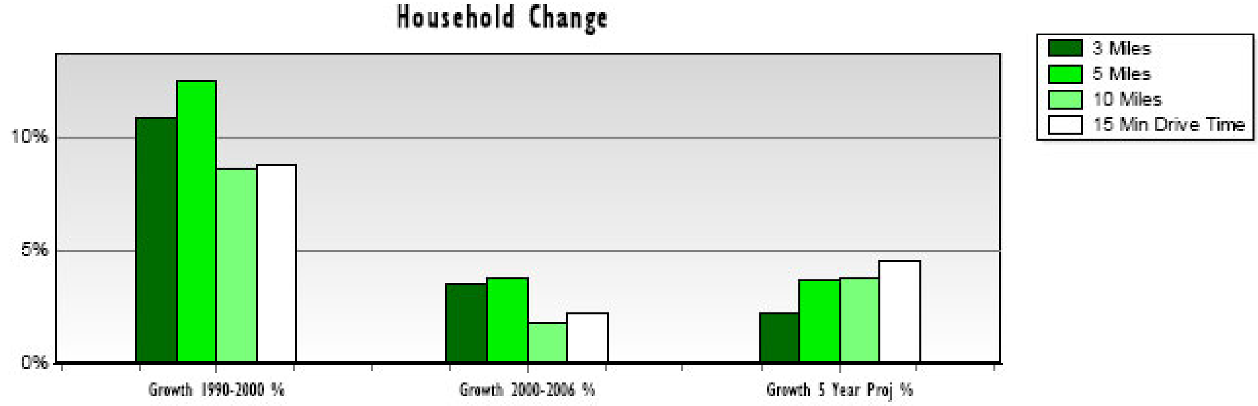
Population Change



Work Place Population	3 Miles	5 Miles	10 Miles	15 Min Drive Time
Total	18,039	32,606	202,613	150,093

Household Profile	3 Miles	5 Miles	10 Miles	15 Min Drive Time
2011 Projection	15,886	34,042	135,876	120,717
2006 Estimate	15,546	32,835	130,911	115,479
2000 Census	15,028	31,628	128,599	113,023
1990 Census	13,557	28,110	118,457	103,857

Household Change



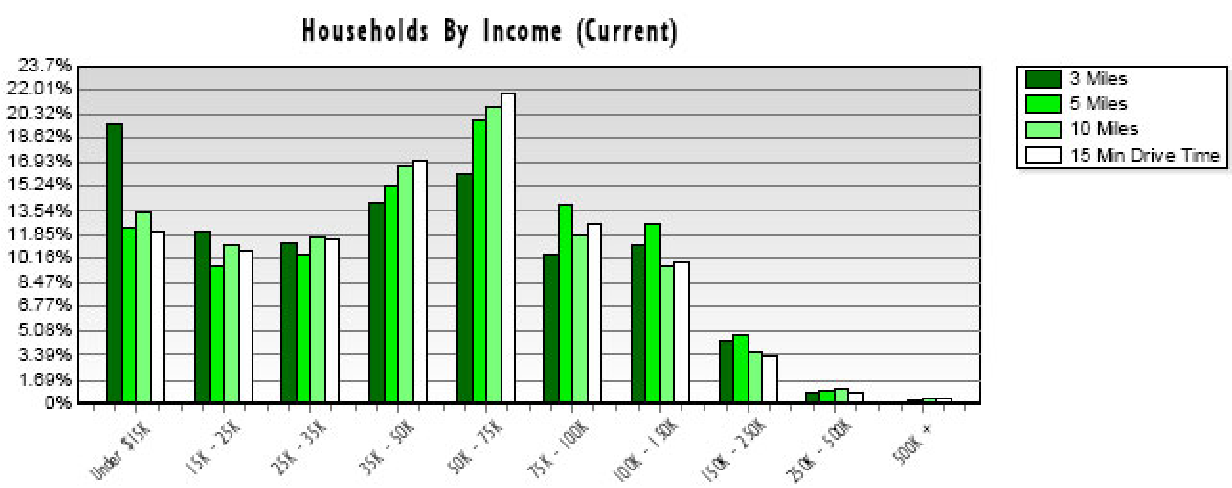
Buxton
iDentifying Customers

Demographics

Analysis Geography: East Main Street & Water Street
Kent, OH

Date: 1/17/2007

Households By Income (Current)	3 Miles	5 Miles	10 Miles	15 Min Drive Time
Under $15,000	3,038	4,086	17,783	14,287
$15,000 to $24,999	1,881	3,193	14,820	12,528
$25,000 to $34,999	1,742	3,449	15,392	13,535
$35,000 to $49,999	2,206	5,045	22,149	19,985
$50,000 to $74,999	2,505	6,592	27,633	25,635
$75,000 to $99,999	1,631	4,613	15,698	14,768
$100,000 to $149,999	1,733	4,157	12,860	11,699
$150,000 to $249,999	679	1,569	4,711	3,799
$250,000 to $499,999	113	271	1,306	921
$500,000 +	27	79	549	375
Total Households By Income	15,555	33,054	132,901	117,532
Average Household Income	$57,205	$65,025	$61,160	$60,844
Per Capita Income	$26,421	$28,246	$29,527	$28,533
Median Household Income	$45,966	$54,127	$50,839	$51,053



Hopefully, if you've been reading this extended series on retail growth (and don't worry it will eventually end), you're starting to get a better picture of how retail decisions are made and what we're doing to be competitive in that game.   I think most people know that it's been an uphill battle for us, but if you've been following what the professionals have been telling us in these articles, you may understand why it's been so hard. For what it's worth, I'd like to offer my take too.

Here's the way I see it. For the last 20 to 30 years, suburban malls and big box retail had home field advantage as consumers grew tired of traditional downtown shopping venues of their mom's and dad's (face it, every generation has to reject whatever their parent's made popular) and this enormous new demographic of mini-van driving suburban mom's fell in love with the convenience of one-stop shopping being sold at the new malls.

Malls were a perfect fit for the Zeitgeist of the times and their success soon spawned the emergence of super-sized mega-malls, on the premise that if big is good, bigger is even better still. (Texans must love malls.)

I'm no sociologist but you probably don't have to be one to see how malls changed our culture. From pop music diva Madonna and her material world, to movies that introduced a whole new valley-girl mall vocabulary, consumerism reached new highs thanks in large part to mall madness.

Sitting in Kent 20 years ago, it was probably hard to imagine that the tried-and-true retail formula that had made downtown Kent the place-to-be, was changing. So it's no wonder Kent felt confident in rejecting the mall project that was proposed on SR 261 in favor of honoring our downtown tradition.

In hindsight today, Kent was at a retail crossroads when it considered the mall project, and we chose the path that had been heavily traveled, perhaps not realizing the force that was to be the malling of America.

Like any new movement, malls and big box retail took some time to get rolling, but roll it did, all around Kent. Kent didn't sit idly by, it tried to buck the retail trend and keep downtown relevant, but slowly, piece by piece, the "mainstream" downtown stores followed the national trends and found new homes in stip malls and their mega-mall cousins.

So honestly, I don't see the last 20 years of Kent's retail experience as a surprise. We made a decision not to play the mall game and we just have to accept those consequences.

But what goes up, must come down, and I believe we're at another retail crossroad as a generation raised on malls is now entering it's prime spending years and they're looking for a new place to spend their money. To them shopping isn't so much about buying products, as much as it is buying a shopping experience.

They want more than the mundane, falsetto muzac pumped through mall speakers; they want something with some substance, with some history, something real. And guess who can offer that -- downtowns. So what was old can become new again.

Now don't get me wrong, it's not recreating exactly what we had before, it's taking the best of what we had and adapting it to today's consumers. That's what we're trying to do by seeking projects to revitalize downtown Kent.

To me, we're at another retail crossroads today. We can choose to play or pass at the downtown redevelopment game, it's up to us. We've seen what cities can do by choosing to play (look at Hudson or Medina for example) and we've already experienced first-hand what happens when you let retail trends pass you by.

Are we in or out? That's a decision we have to make as a community.