

LET'S TALK BUSINESS

Ideas for Expanding Retail and Services in Your Community

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Realistic Expectations for Downtown Retail

Shops and Residents Help Economy More Than Traditional Department Stores

From CUED Economic Developments*

After reading and hearing about economic development proposals for a while, one gets the impression that retail is often an automatic component of downtown development. If a major industry or company moves into downtown, merchants aren't too far behind. If a city engages in revitalization efforts or streetscaping projects, open-air cafes, taverns and clothes stores will follow. All of this done with the hope that more jobs and more revenue will be generated.

Christopher Boring knows it's a little more complex than that. He is the president of Boulevard Strategies, an economic development consulting firm with a specialization in retail development, based in Columbus, Ohio. Boring cautions against simplistic retail development strategies; essentially, what works in one area might not necessarily apply to another area. "No two downtowns are alike," Boring said. "[There's] a big difference between small city and big city downtowns."

Department Store Panaceas

Many small city representatives hope that they can "recruit" a department store to locate downtown, drawing in customers and other stores. This may have worked long ago, but it isn't realistic today; there are other factors to consider. For one, as the number of people living downtown has decreased over the years, department stores have followed their customers to the suburbs. Downtown supporters also, have found it hard to compete with the unlimited, and free, parking of green fields development. It is also difficult for department stores to compete downtown

with the cheaper land costs and cheaper goods of discount department stores. Overall, retail alone cannot spark development, nor should it, according to Boring.

"Retail is (intended) to serve the customers; it's not a catalyst," he said. "You can't put in retail if there isn't a market there. It also provides employment opportunity, but I would think it provides an amenity particularly for office workers."

Alternatives to Department Stores

Instead, Boring said cities and economic development organizations should put their initial focus on independently owned dining and entertainment venues. If these succeed in drawing in people, this could attract other small specialty shops, such as sporting goods stores and bookstores. Also useful are stores with merchandise that complements each other. Areas with an arts and crafts theme, such as art stores and galleries for example, can accentuate purchases made at home furnishing stores.



Photo Source: City of Lacrosse

According to Boring, in general, there are some stores that work better downtown than others. Market studies by consumers shows that fashion retail does not function as well downtown due to the lack of selection.

What does work are furniture stores. They need large facilities, which downtowns have. They do not require parking on weekdays; instead they need it during the evenings and weekends, when parking is usually available. And finally, people are more willing to drive farther, be it to the country or into cities, to make these "destination purchases."

One downtown location that seems to be successfully managing retail is the Columbus City Center in downtown Columbus, Ohio. The mall was built in 1989, bringing in about 80 specialty stores, including department stores such as Jacobson's, Lazarus and Marshall Field's. Boring said that one of the keys to the mall's success is the \$1 fee for three hours' parking in the mall's 4,700-space parking garage. It also helped that the City Center's vehicular access is enhanced by Columbus' 360-degree network of major highways.

Downtown retail can create vibrancy and activity, Boring said. "It's especially important to carry it past 5 p.m. and through the weekends." However, more downtown residents and housing are often needed to make it work.

Housing as a Component in Downtown Retail Revitalization

According to the National Main Street Center, residential areas in and around the downtown can provide businesses with a market for convenience items - foods, pharmaceuticals, dry cleaning service, etc. Many downtowns already have a few apartments; in some upper-floor spaces over storefronts that have been developed into luxury apartments and condominiums catering to single people, small families and retired individuals.

By increasing the number of people that live (and work) downtown, the market potential for dining and specialty stores also increases. Building the downtown economy in this way is usually more realistic than trying to recruit a new department store to turn things around.

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