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ROBERT J. GIBBS

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ROBERT J. GIBBS, ASLA

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This book is dedicated to my mother and father.

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Foreword

The book you are about to begin reading is the most comprehensive and expansive ever written on the subject of retail real estate development. It is a testament to a lifelong patient search by its author Bob Gibbs, to first decipher contemporary retail theory in all its dimensions and complexities, and then to have it delivered as a series of new projects. It is organized in concise essays and accessible language, which together manage to capture the entire subject matter from retailing fundamentals and business models, to the architectural and urban design of shopping center types, to best practices in project financing, leasing, and operating. Case studies of successful recent examples of retail projects and places, in both historic city centers and new towns, validate his theoretical arguments.

A casual observation of the American landscape instantly conveys the contributions of the retail trade to making urban places beautiful, prosperous, and livable. On a daily basis, all of us visit the commercial centers of the cities where we live or visit, buying food at markets, patronizing stores, eating in restaurants, or just enjoying ourselves in public. The location of these retail places relative to our home base, the effortless serial presentation of their store offerings and the artfulness of their particular design, and the convenience of accessing them and parking near them encourage us to use them once and to continue using them over time. The more of us that visit these centers, and the more often, the more established they become, and the more essential to the economy of their cities. Commercial development has been, and continues to be, synonymous with the process of urbanization itself.

If privacy in cities is associated with a range of residential and neighborhood types, community is most often linked with districts and corridors, whose public realm is dominated by commercial interests. Together, these key ingredients of the American city have ensured the ongoing survival and prosperity of people on this continent. Our settlements were founded and continue to evolve their urban patterns according to a rational and efficient distribution of their residential and commercial urban patterns.

Hamlets and small towns are located closest to the land being used for agriculture and raising animals. Larger towns flourish among smaller settlements providing access to daily and weekly markets. Some of these have evolved into regional cities that offer advanced and unique products and services to sets of towns in their orbit. And finally, and as world trade and political power have been consolidated under the influence of larger nations, metropolitan centers grow in locations that maximize commercial exchange.

Crucially, every one of these settlement types includes a commercial dimension; the larger and more complex the settlement, the larger their markets are and the more extensive their commercial prominence. The residents of hamlets and small towns can sustain themselves by access to small local stores. Town stores serve the needs of their residents as well as those of smaller surrounding settlements. City stores service their residents and are available to fulfill the shopping needs of the residents of the towns surrounding them. Metropolitan centers cater to the tastes and needs of their citizens within their region, in consuming both local and imported goods from all over the world.

The influence of commercial and retail activity on the specific physical character of all of these traditional settlement types is pervasive. The retail trade thrives in locations that are accessible and visible. The transportation of goods to the market and of people to specific marketplaces demands appropriate transportation networks. Buying and selling is public space and mixed-use building sensitive. The dimensions, character, and scale of public space, including thoroughfares, attracts people to visit and to revisit, not only for the benefit of a purchase or two, but also to engage in social interaction and entertainment. Continuous ground floors of buildings presented as stores satiate the human need for convenience and variety. The act of buying and selling over time generates a highly entrepreneurial population. A successful commercial sector advances the prosperity of municipalities and the regions surrounding them.

This tried and true pattern of urbanism was challenged and heavily disturbed post-1945 by a novel theory of city making that emphasized the prominence of the automobile over pedestrians, the use of land by large swaths of isolated singular activities, the design of oversized buildings for single use, the erosion of public space, and the concentration of commercial activity in the hands of corporations over single store owners.

Over the next 50 years, this development theory, based on the modernist urbanism then in fashion, was implemented through two interrelated strategies: Large-scale, capital-intensive, brand store-centered shopping centers were located in open, suburban sites and precipitated a massive exodus of urbanites to the suburbs. They may not have been the root cause of sprawl, but certainly they became a key dimension of the vast scale and short-term economic success of "suburbia." Sprawl hastened the abandonment of Main Streets and City Centers with their small-scale, personal, and diverse retail and commercial offerings, in favor of peripheral chain store malls. The attempt to fix this decline through "urban renewal" turned out to be even more devastating. It resulted in the massive demolition of the traditional commercial centers and the economic collapse of the core of almost every major American city. Reconstruction according to the dictates and physical patterns of architectural modernism became the engine for the emergence of "slaburbia." During our lifetime, "suburbia" and "slaburbia" have together come close to destroying nearly 400 years of city making in the United States.

Since the early 1990s, a set of new ideas has come to dominate the American Planning and Development scene. Under a variety of names, the new urbanism, smart growth, livable cities, a small number of responsible professionals in many allied fields, have banded together to frame a new theory and practice for regenerating American cities and undoing the damage of modernist urbanism. According to this movement, stopping the patterns of sprawl development, safeguarding the open countryside, and infilling within existing metropolitan boundaries are their key objectives for maintaining the character, vitality, and economic prominence of cities.

Bob Gibbs has been a leader among new urbanists since the inception of the Congress for the New Urbanism. His contributions to this cause as an author and consultant have been remarkable. He is by far the most prominent advocate for reforming retail planning and development in order to return American cities to economic and physical prominence.

Three specific dimensions of his work in retail design and planning have also become general foundations of new urbanist thinking: people-centeredness, a focus on place-making, and an emphasis on implementation through the private market. Designing shopping districts that offer the goods and services sought out and desired by their communities. In an inspired urban and architectural form that people understand, are familiar with, and thrive in. Built and maintained by private interests, highly motivated to create and to maintain economic efficiency and value in the long term.

Whether you are an architect, engineer, planner, elected official, city staff member, or citizen-advocate, this book is essential reading for you. It may allow you to return your city to its prewar market prominence. It may help you decide on whether a forthcoming project diminishes or improves its economic performance. It may encourage you to improve your Main Streets and neighborhood or city centers. It may provide real help in framing new, profitable, and transformative projects into your community.

In all cases, and because of its emphasis on place-making, Bob Gibbs's insights on urban retail planning will certainly improve the quality of your community by enriching your shopping options and in places that attract you and your fellow citizens to live a richer and more pleasant life.

Stefanos Poloyzoides
Los Poblanos Inn
Albuquerque, NM

Preface

Over the course of the last three decades, the new urbanism movement has fundamentally altered the way we think about real estate development strategies, urban planning concepts, and municipal land use guidelines. New urbanist philosophies have reminded us of the power and potential of place-making, the value of diverse and sustainable communities, and the importance of dense mixed-use design and integrated, activated, and dynamic built environments.

With its emphasis on livable spaces and places, it is no surprise that the central focus of new urbanism has always been residential development. The new urbanist approach to retail environments, however, was—and all too often still is—based on romantic and outdated notions of retail. From retail concepts that do not exist, store sizes that are not feasible, and commercial and mixed-use centers that lack critical mass, too much of today's development conventional wisdom is based on ideas that do not correspond to modern retail realities. Quite frankly, that is is a problem. Place-making cannot transcend or replace the fundamental needs and economic considerations of retailers. Because, as we design and build the next generation of mixed-use environments, we need to understand that they cannot and will not unlock their full potential without the animating power of the retail component. As a charter member of the Congress for New Urbanism and a respected and successful urban planning professional himself, Bob Gibbs is in a unique position to remedy that retail disconnect, to fill in those gaps, and to reconcile those troubling contradictions.

In his remarkable *Principles of Urban Retail Planning and Development*, Bob does exactly that.

Both a how-to guide and a celebration of an evolving industry, *Principles of Urban Retail Planning and Development* is equal parts instruction manual and fascinating behind-the-scenes tell-all. A passionately eloquent exploration of a topic that is relevant to all of us, *Principles of Urban Retail Planning and Development* marks the first time that someone has seamlessly integrated the complex variables of modern retail into the place-making equation. As he walks readers through the contemporary landscape of mixed-use development, Bob uses that topography both to tell a story and to explain how the pieces of the retail design and development puzzle fit together. With clear, concise, and compelling language, he explains and explores development and design decisions that are sometimes instinctive and sometimes calculated but always strategic and always part of a cohesive whole. From design and construction to leasing, managing, and even branding, *Principles of Urban Retail Planning and Development* not only makes the intricate connections between place-making and retail development, but also digs into the brick-and-mortar realities of making them happen.

Along the way, Bob provides critically important context for all of this information. The book introduces historical perspectives and visionary glimpses into the future of retail development, in addition to dozens of case studies in which readers can see these ideas brought to life in a real-world context. He explores both the big themes and the fine print, taking us from the parking lot to the park bench and everything in between. Where else would you find entire sections devoted to exquisite details like "tree impacts on shopping" and "tree selection"?

What Bob has managed to do in this book is extraordinary: He has popped the hood and taken apart the engine of commercial design and development, showing us each individual part and explaining its fit, form, and function. But he goes a step further as well. He describes in visceral detail what the roar of that engine sounds like once we turn the key, and he takes us on a journey that leads the reader from a handful of nuts and bolts all the way to internal combustion. Ultimately, *Principles of Urban Retail Planning and Development* reminds us of the places we can go when we skillfully harness the horsepower of that retail engine.

As Bob writes, "Urban retail design and shopping center development constitute two of the most important, but least understood elements in both the real estate industry and urban planning practice." In *Principles of Urban Retail Planning and Development*, Bob does a masterful job of deepening that understanding. To me, perhaps the most exciting thing about the book is the way in which it reminds me of all the things that I love so much about this complex and fascinating industry: the people, places, and activities; the artistry, creativity, and ingenuity. It's a nuanced and engaging look at the developer's alchemy that borrows from such diverse fields as design, engineering, psychology, finance, and behavioral sociology. As Bob points out in the book, "It's not about lifestyle; it's about life." And, if there is one thing that *Principles of Urban Retail Planning and Development* reaffirms, it is that the bustling vitality of commerce and the energizing power of commercial activity are essential and enduring ingredients in the lives we lead and in the places where we choose to live them.

Yaromir Steiner
Founder, Chief Executiv Officer
Steiner + Associates

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My brother Jeffrey Gibbs, who has assisted me on many challenging projects.

Most importantly, to my loving wife, Elizabeth and our sons, John and Andrew, who have tirelessly provided me with encouragement and constructive criticism as well as joined me in endless explorations of cities and shopping centers around the world, I feel very blessed.

Robert J. Gibbs

Introduction

Urban retail design and shopping center development constitute two of the most important but least understood elements in both the real estate industry and urban planning practice. Shopping center owners, municipal authorities, city planners, and real estate developers have widely differing views on how best to implement new retail development. Although well intended, many public policies and private sector initiatives have resulted in hindering the viability and growth of commerce in historic cities and new towns. Unfortunately, such actions were based on gross misunderstandings of how commerce works in urban environments—the retail rules that often conflict with the accepted tenets of urban design and planning.

Written from an insider's perspective, this book reveals the retail industry's current principles and practices for implementing sustainable commerce—the knowledge needed to increase retail sales and market share in historic urban centers and ensure their viability in new ones (Figure I-1). Many of these retail rules and concepts have never been published before and are known and used by only a small number of specialists. Nonetheless, specific retailers and shopping center developers have their own rules for successfully implementing their business models, and any two retail consultants will surely offer at least four different opinions on any given retail topic.

Figure I-1
Rosemary Beach, Florida, Town Center's Main Street. A pioneering new urban community planned by DPZ Architects offers a collection of unique shops and restaurants clustered around Barrett Square; founded 1995.
Robert J. Gibbs

This book focuses on explicating the retail principles for restoring neighborhoods, villages, towns, and urban commercial districts to their traditional roles as the local and regional centers for commerce and trade.

Historically, American towns and cities served all the commercial needs of their residents, workers, and visitors (leisure and business) by providing a broad range of goods and services. At a minimum, a small town offered groceries, hardware, apparel, and home furnishings in stores lining its main street, eventually joined by a department store. These stores fostered sustainable urban centers within a comfortable walk for most residents and a short drive for others. In larger towns and cities, department stores occupied entire blocks and often swelled to hundreds of thousands of square feet each.

Today, shopping centers in suburban auto-oriented communities dominate the industry. In most regions, they attract the vast majority of consumer spending. In doing so, they are a major factor in the continued growth of suburban sprawl, a development pattern that is simply unsustainable. Most people who now reside in traditional neighborhoods, villages, towns, and even some cities must drive to suburban shopping centers for many of their basic goods and services. Not only does wasted time in the car contribute to a lower quality of life, but the dollars spent in the suburban stores encourage more retailers to locate beyond municipal boundaries. For convenience, homeowners relocate and sprawl continues unabated.

Though retailing in many downtowns is struggling, surveys and demographic trends indicate that more and more people now want to live in urban centers. Leading retailers have responded by opening new stores in urban locations. Their standard plans for suburban stores have been entirely reconceptualized into more flexible schemes that can be adapted to historic multistory buildings and to small blocks lined with parallel parking. Today historic downtowns and planned new towns have a brilliant opportunity to capitalize on these social and economic trends—a potential renaissance of urban centers as the regional focus for retail and commerce (Figure I-2).

The principles outlined in this book are not intended to replace proven urban planning and development practices. Rather, they constitute a guide to help planners, policymakers, and developers master basic yet essential retail principles that can have grave economic consequences when disregarded or misconstrued.

The techniques described can be applied to commercial centers in existing cities or proposed new towns. Each technique, however, is not applicable in all retail situations and conditions. For example, some shopping center developers refuse to install generous seating, clocks in view of shoppers, or large trees, believing that sitting reduces shopping and spending, clocks remind shoppers of passing time, and large trees block storefronts and signage. Research has indicated that publicly placed clocks remind customers that it may be time to return home to prepare meals or run errands. Trees can block views of storefront merchandise and signage, the retail visibility crucial to drawing in customers. Other retail developers resist including restaurants or installing public benches in their centers because visitors may spend time dining or resting rather than shopping. Though these rules may work in shopping malls, I have yet to find an urban commercial district without public clocks, tall trees, restaurants, or benches.

Figure I-2
Charleston, South Carolina.
Robert J. Gibbs

When I started research for this book a couple of years ago, common wisdom in the retail industry held that large fashion department stores were "dinosaurs" and enclosed regional shopping malls were dead. To replace them, developers favored building smaller, open-air "lifestyle centers," which were seen as more economically sustainable. Mixed-use town centers soon followed as the next new trend in retail development. Now, after attending the International Council of Shopping Centers 2010 Spring Convention in Las Vegas, it is apparent to me that the department store is making a comeback. Many moderately priced and upscale department stores have emerged from the recent economic crisis with strong sales and expect to open new stores in select locations.

In contrast, lifestyle centers have been closing or had "their keys turned back" to lenders (a pleasant euphemism for defaulting on loans). Many retailers and shopping center developers now consider lifestyle centers pariahs in the industry and avoid using the term at all costs. Further, shopping center owners have effectively countered and successfully usurped the appeal of lifestyle centers by retaining their most profitable retailers and by expanding their tenant mix to include popular discount department stores and overseas retailers. Despite the industry's constantly changing trends and practices, there are retail rules that have proven successful and become standard, which this book will explicate. Among them are the following:

- Sustainable shopping centers and urban centers should sell the goods and services (brands and price points) that people desire and need.
- Shoppers do not need to shop.
- Convenience retailing needs to be convenient.

- Street-front retailing requires on-street parking.
- Form follows freeway and finance.
- Shopping centers over 30,000 square feet in area require anchor stores.
- Parking must be well planned and convenient, but it does not need to dominate the center.
- Anchors are essential for downtowns and most shopping districts.
- Retailers must sell merchandise and earn profits.
- Time is the new luxury.

These retail principles have been gleaned from over thirty years of experience in advising shopping center developers and downtown commercial district representatives on the psychology of commerce—the practical art of analyzing and adjusting all elements known to affect a shopper's state of mind, from the location of parking to the level of store lighting. The rules are intended to help municipal authorities and private developers revive retailing in moribund downtowns and to instill successful commerce in new ones. Their purpose is not to turn existing or planned main streets into malls, but to give merchants on the street the same competitive advantage that those in the most profitable shopping centers enjoy.

Responsible land planning is not simply a matter of assembling picturesque urban villages or laying out well-designed high-density towns and urban districts. Rather, sustainable development and vibrant community life are only possible with a robust commercial life. Old and new towns alike need intelligent tactics and strategies for ensuring the survival and sustained growth of their commerce and trade.

Welcome to the challenging and ever-evolving world of retail planning and design!

Robert J. Gibbs, ASLA, CNU-A

PRINCIPLES OF URBAN RETAIL PLANNING AND DEVELOPMENT

Chapter 1
Retailing Fundamentals

1.1 Retail Theory

In a perfect commercial economy, retail offerings would balance consumer demand for those offerings. Retailers would sell their entire inventory at the ticketed price to eager shoppers, who would return on a regular basis to purchase more merchandise. Downtowns and shopping centers would provide the exact brands, goods, prices, and services desired and needed by their communities. Residents would have only a short walk or drive to most of their preferred stores. Many small European villages and towns come close to this ideal commercial balance, such as St. Andrews, Scotland (Figure 1-1), through strict land use regulations that limit suburban development.

Figure 1-1
St. Andrews, Scotland, is a sustainable city center with three shopping streets that provide a wide range of goods and services, including apparel, appliances, groceries, and restaurants, that meet many of the desires and needs of its community. ***Robert J. Gibbs***

However, people and commerce do not act rationally. Retailers and shopping districts are at the mercy of countless factors beyond their control. Consumer spending and behavior are influenced by numerous emotional and economic variables, resulting in drastic ebbs and flows of consumption. Busy family schedules, a lagging economy, shifts in fashion, new competition, traffic congestion, crime, and local, national, or world events can result in sharp declines in a store's performance.

People do not need to shop.

While families must frequently purchase groceries and basic staples (see Figure 1-2), they do not need to shop for most other items on a regular basis. For any number of reasons, visits to stores or shopping centers can be postponed or avoided (Figure 1-3). In many cases, individuals can suspend clothing and home-furnishing purchases for years—or at least until their wardrobes or furniture actually wear out. The retail and shopping center sector is the riskiest of all principal real estate sectors, among which are residential, office, and industrial uses.

In confronting this reality, the retail and shopping center industry depends on fast-changing cycles of color, style, or material to compel individuals to purchase items that they do not actually need. Who knew that we could not live without the Air Jordan sneaker or the Apple iPhone? Fashion magazines, the entertainment industry, and celebrities all help drive the purchasing cycle by creating and promoting new trends. To remain competitive and economically viable, shopping center owners and individual retailers must keep up with these changing trends by

Figure 1-2
A full range of groceries, meats, and baked goods is available in dozens of small specialty stores located throughout St. Andrews town center.
Robert J. Gibbs

Figure 1-3
Shoppers waiting to pay for parking in Anchorage, Alaska. Shopping is frequently an elective activity, and inconvenient parking often will discourage an initial or return visit to the center. *Robert J. Gibbs*

updating their built environments as well as their brands and styles. In the retail sector, image is everything.

Successful retailers and shopping centers must also pay attention to how their target demographic groups experience their stores and prefer to shop. All elements of the shopping environment, including lighting, color, merchandising, fixtures, and music, must be meticulously planned and designed to meet the expectations of customers and to increase the amount of time and money they are willing to spend in the store. A tattered, poorly maintained, or outdated store or shopping district conveys to shoppers that whatever they purchase at that location will soon be out of style, overpriced, and of questionable quality. Even worse, the shoppers may fear that the poorly presented merchandise will make them look dowdy or even unpopular among their friends and colleagues.

However, the real estate development process and the merchandise inventory supply chain cycle do not lend themselves easily to frequent changes in trends. Shopping centers take years of planning and construction to implement. Major shopping center renovations can only be capitalized every eight to ten years, at best. Historic downtowns usually have numerous individual property and business owners, each with buildings requiring different levels of improvement. Furthermore, municipalities are often challenged to provide the funds necessary for the maintenance and updates in the public realm that are common in leading shopping centers, which are improvements contemporary shoppers have come to expect.

Most retailers must purchase merchandise nearly a year before placing it on the shelves. This lengthy time frame requires business owners to have a combination of skill and luck. The store's buyer must have the foresight to select the

Figure 1-4
H&M sells high style at moderate prices, meeting the latest retailing trend: guilt-free shopping. *Gibbs Planning Group, Inc.*

exact brands, colors, styles, sizes, and price points that will be popular when offered to the shopper several seasons ahead. For example, in order to keep up with changing color trends in the 1980s, an international retailer ordered all-white sweaters and then had them dyed in the most popular colors just before delivery.

Sometimes, sophisticated retailers can establish trends. En route to the Paris Shoe Show a few years ago, representatives from a New Zealand–based footwear chain noted the popularity of a shoe style worn by teenagers in the Montrose section of Los Angeles. The chain purchased a large inventory of these shoes, which became the most popular footwear in New Zealand when introduced a year later.

Recently, some moderately priced apparel stores have shortened the runway-to-store cycle from months to weeks (Figure 1-4). When the latest fashions are worn at awards shows and in music videos, the design houses for these stores quickly reproduce them as inexpensive knockoffs in limited quantities. Sold while still popular, their limited supply can cause a rush to purchase before they become unavailable.

1.2 Shopping Center Business Models

Developing and managing retail centers remains one of the most financially risky of all real estate categories. In 2006, the United States had 20.22 gross leasable area (GLA) of retail space per capita,[1] far more than any other nation in the world.

Retailers must respond to ever-changing consumer trends and demands while constantly fending off new competition. As a result, the retail industry relies upon proven methods and techniques to minimize the risk and to earn a market rate of return on their investment. This risk is more acute in mixed-use urban areas, where vacant storefronts or undesirable retailers can significantly disrupt the quality of life for surrounding residents and nearby office workers.

Most of America's shopping centers fall into one of seven proven building types: the corner store, convenience center, neighborhood center, community center, regional center, lifestyle or town center, and outlet center. The GLA of each of these center types can be increased 30 to 50 percent to create supersized centers—for example, the super neighborhood center, super community center, or super regional mall.

Each type of center appeals to a distinct market segment and has specific tenant types, size ranges, location criteria, and site plan standards. Although there are always exceptions to these types, centers that deviate from these industry standards and sizes are often considered economically risky and thus difficult to finance or lease. For example, a 50,000-square-foot convenience center is generally too large to support 20 to 25 small stores without the pulling power of a supermarket. On the other hand, a 50,000-square-foot supermarket-anchored neighborhood center does not have enough GLA to support the below-market rents affordable to modern supermarket operators.

1.3 Corner Stores

The smallest and most useful retail type of center, the corner store, ranges from 1,500 to 3,000 square feet in GLA. The store can be sited as a stand-alone structure or built into a mixed-use building, in both cases preferably on a corner facing two streets. If possible, attics and basements should be provided for additional storage requirements. These small stores offer the beverages, food, and sundries most nearby residents, local workers, and travelers need on a regular basis (Figure 1-5). Beer, bread, cigarettes, prepared sandwiches, and snacks represent the bulk of their sales. These stores offer convenience over selection and value. Excluding dense urban locations, corner stores require convenient, nearby parking to allow for quick in-and-out shopping. If properly managed, off-street and on-street parking—alone or in combination—can meet the parking needs of the typical corner store.

The best locations for corner stores are on major local roads at the busiest entryway into the neighborhood. In densely populated traditional neighborhood developments (TNDs), a corner store can be economically sustainable within the neighborhood when sited on its primary street. When located adjacent to community buildings, parks, and schools, the store can benefit from the traffic generated by these uses. Because of their small sizes, corner stores must maintain extended hours, opening early and closing late, to maximize sales and to offset fixed expenses.

Approximately 800 to 1,000 households are necessary to support the average corner store, which equals the number of households in a 160-acre TND. The

Figure 1-5
Corner stores offer convenience foods, snacks, sundries, and prepared foods and are an amenity to neighborhoods and villages. Shown: The Franklin Village of Michigan. *Robert J. Gibbs*

number of required households can be reduced significantly if the store is located on a major road carrying 10,000 or more cars per day or if the store specializes in niche products, such as wines, package liquors, or baked goods.

Sufficient vehicular traffic allows corner stores that double as gasoline stations to be supportable without nearby residences. Moreover, while a neighborhood is being built, construction traffic can support corner stores before the critical number of occupied houses is met. However, workers in the construction trades tend to be price sensitive, often preferring inexpensive snacks, sandwiches, and beverages that may not necessarily appeal to future neighborhood residents.

1.4 Convenience Centers

Typically between 10,000 and 30,000 square feet in GLA, the convenience center offers an array of goods and services geared to the daily needs of its surrounding neighborhood. Often including a small specialty food market or pharmacy, a convenience center houses a limited number of tenants that offer a balance of food, personal, and professional services.

The convenience center's primary economic advantage is its close location to residences, allowing the time-pressed shopper to make a quick purchase on the way to or from home. Like corner stores, convenience center businesses do not always provide competitive prices, but focus on providing shoppers with quality goods and services that can be quickly purchased. Given their size and proximity to residences, these centers do not need the draw of a large anchor store, such as a supermarket or hardware store.

Typical convenience center tenants include bagel stores, bakeries, banks, coffee shops, delis, dry cleaners, tailors, financial services, florists, food markets, ice cream parlors, laundry centers, packing and shipping centers, package liquors, personal services, pharmacies, and real estate offices. Adjacent businesses support each other by attracting shoppers who prefer to make multiple store visits and purchases. For example, someone dropping off dry cleaning items on the way home from work may also wish to pick up a carry-out meal for dinner or fill a prescription at the pharmacy. Centers with numerous businesses offering diverse goods and services increase the likelihood that those businesses will be visited more frequently than as stand-alone proprietors.

Convenience centers are usually developed as linear freestanding buildings, but they can also be in the form of an L, U, or market square (see Chapter 6). Building depth can range from 20 to 60 feet, and the average sustainable tenant space is 1,000 to 1,500 square feet of GLA. Basements, attics, or off-site storage should be provided whenever possible; they allow businesses to make bulk purchases and thus reduce expenses. Convenience retailers can also be located on the first floor of a mixed-use building as long as they can be easily seen from the primary roadway. The storefront signage and displays that shop owners use to draw the attention of passing motorists is their principal means of advertising, so careful building placement is crucial. These businesses also rely on customers who make quick visits for planned and impulse purchases, so nearby surface parking is essential. Parking decks or underground parking lots are impractical for nearly all locations, excluding high-density urban areas. Surprisingly, convenience centers cannot be supported by transit stops alone. The typical commuter tends to be in too much of a hurry or simply unwilling to carry purchases to or from work.

The International Council of Shopping Centers (ICSC) defines a convenience center as follows:

> A Convenience Center provides for the sale of personal services and convenience goods similar to those of a neighborhood center. It contains a minimum of three stores, with a total gross leasable area of 30,000 square feet or less. Instead of being anchored by a supermarket, a convenience center usually is anchored by some type of personal/convenience services such as a minimarket.[2]

To be economically viable, a convenience center needs about 2,000 households—the equivalent of two TND neighborhoods. These centers should be located at the common entrance or intersection between two neighborhoods, preferably on the homebound side of the roadway. Locating a convenience center inside a neighborhood poses an economic challenge because of the smaller population and lower traffic levels unless the site is in a dense urban area. Rural centers should be located at the homebound side of primary crossroads. In suburban locations, the average primary trade area for a convenience center is a 1- to 1.5-mile radius. An urban convenience center may have a trade area of only several blocks, while a rural center may draw shoppers from up to 5 miles away (Figure 1-6).

Figure 1-6
Community centers typically range from 250,000 to 350,000 square feet and are anchored with large-format discount department or home improvement stores. The centers also include multiple junior anchors such as apparel, arts and crafts, office supplies, shoes, and sporting goods stores. *Gibbs Planning Group, Inc.*

1.5 Neighborhood Centers

The neighborhood center is considered the core of the traditional neighborhood and a staple of the shopping center industry. Anchored with a supermarket, pharmacy, and restaurant, a neighborhood center offers the complete array of goods and services needed by households on a regular basis but not available at smaller or larger centers (Figure 1-7).

The neighborhood center's primary anchor is a full-sized supermarket, typically 45,000 to 60,000 square feet in area. This anchor is the commercial engine that supports most of the center's other, smaller businesses, so much so that when a supermarket closes, many of those businesses will immediately suffer sharp declines in sales and be forced to close or relocate. National retailers often have opt-out clauses in their leases that allow them to leave the center if the anchor closes.

The ICSC and Urban Land Institute (ULI) define a neighborhood center as follows:

> A neighborhood center provides for the sale of convenience goods (foods, drugs, and sundries) and personal services (laundry and dry cleaning, barbering, shoe repairing, etc.) for the day-to-day living needs of the immediate neighborhood. It is built around a supermarket as the principal tenant and typically contains a gross leasable area of about 60,000 square feet. In practice, it may range in size from 30,000 to 100,000 square feet.[3]

Figure 1-7
Neighborhood centers are anchored with supermarkets and average 70,000 to 100,000 square feet. The supermarket serves as the center's primary anchor and drives shoppers to the rest of the smaller retailers and restaurants. Shown: River Oaks shopping center, Houston, Texas. *Robert J. Gibbs*

Most neighborhood centers are between 50,000 and 70,000 square feet in total area, which includes the supermarket. The center can be planned in a variety of formats, including the linear strip, L, U, double-reverse L, or market square plans (see Chapter 6). The depth of a center's inline retailers ranges from 30 to 80 feet, with most of the tenants requiring 1,200 square feet of GLA. A 20-foot-wide by 60-foot-deep module is the most commonly used store dimension. Neighborhood centers are almost always constructed on concrete slabs without basements or attics. The supermarket and other anchors are usually rectangular in plan, with their widest elevations facing the primary parking area. For example, a 50,000-square-foot supermarket is usually 180 feet deep and 280 feet wide. Recently, however, some supermarkets have been adopting less regularly shaped floor plans, such as Copps in Middleton Hills, Wisconsin. To generate pedestrian traffic throughout the center, the supermarket—whatever its floor plan—should be placed as close to the middle of the neighborhood center as possible. In most cases, however, supermarket management will insist on an edge location for better visibility and to reduce shared parking.

Except for dense urban centers, the economics of most suburban neighborhood centers presently require surface parking with an overall blended ratio of 4.0 to 4.5 cars per 1,000 square feet of the entire center's gross building area. Presently, supermarket anchors often require parking ratios of 4.5 to 5.0 cars per 1,000 square feet, with most of their parking located near their front entrance. Lower parking ratios may be sustainable in suburban locations in the future as land use and consumer trends evolve.

To be economically sustainable, a neighborhood center needs 6,000 to 8,000 households within its primary trade area. In a suburban setting, the trade area is within a 1- to 2-mile radius and its residents, on average, will shop at the center once or twice a week. In rural areas, the trade area is much larger, and it is not unusual for residents to drive over 25 miles once a week to shop at a neighborhood center. In high-density urban areas, neighborhood centers may have trade areas of less than half a mile or even a few blocks.

The center's primary anchor—the full-sized supermarket—usually pays lower rents than the inline smaller retailers. In exchange for the discounted occupancy costs, the anchor will purchase considerable media advertising to attract shoppers to the center.

Neighborhood centers have, on average, 10 to 15 smaller retailers, such as a bagel shop, bakery, bank, bike shop, card shop, restaurant, coffee shop, dollar store, dry cleaner, electronic stores, eyewear retailer, family restaurant, financial services office, florist, food market (Figure 1-8), frame shop, hardware store, home furnishings retailer, ice cream shop, jeweler, laundry center, mail center, package liquor store, personal services store, pharmacy, tanning salon, telephone store, and video rental shop. Recently, apparel, sporting goods, and shoe store chains have successfully opened stores in neighborhood centers.

Since the success of the neighborhood center depends upon the performance of the supermarket anchor, the site plan, location, and view sheds for the supermarket should be well planned. The center will be more sustainable and less susceptible to losing market share if it is located on the homebound side of the intersection of two major crossroads. In most locations, the supermarket should be easily visible from the primary roadway.

Figure 1-8
Year-round well-managed public markets can substitute for supermarkets. Individual vendors sell baked goods, cheese, produce, poultry, fish, meats, prepared foods, and wine and specialty items in public markets. The markets are open year round, six to seven days a week, and offer higher-quality foods and services when multiple vendors compete to sell similar products. Shown: London, Ontario, Canada, public market. *Gibbs Planning Group, Inc.*

In strong market areas, some supermarket owners will accept reduced primary-road visibility for their stores after an initial three- to five-year period. Supermarkets tend to specialize in specific market niches, such as low price, high quality, organic, or meat-oriented. This specialization can result in more than one supermarket locating and being sustainable at the same intersection.

Recently, community, regional, and lifestyle centers have started recruiting supermarkets to ensure a steady stream of shoppers and to mitigate the detrimental effects of economic downturns. In the past, well-known fashion and home furnishing retailers avoided co-tenancy with grocery stores out of fear that it would harm the quality of their brands. Grocery customers tend to shy away from extended apparel or gift shopping because of the perishable nature of groceries. This trend is beginning to change, and fashion and home furnishing stores now recognize the benefit of regular exposure to grocery shoppers, especially those who frequent upscale grocers such as Whole Foods.

1.6 Community Centers

The backbone of the shopping industry, community centers are larger than neighborhood centers but include many of the same tenants. Suburban community centers are typically 250,000 to 350,000 square feet in size and draw customers from within a 4- to 6-mile-radius trade area with populations of 50,000 or more. Unlike neighborhood centers, community centers have few small businesses. Their business model calls for inline tenants that are 10,000 to 20,000 square feet in size: junior anchors that are destinations in themselves. At times pejoratively described as "power centers" or "category killers" (power centers have at least 80 percent of their GLA developed as anchors), these large-format retailers include arts and crafts stores, booksellers, and electronics, pet supplies, office supplies, sporting goods, and toy stores. Community centers are anchored by major discount department stores, home improvement stores, supermarkets, or restaurant clusters. This type of center can exceed 500,000 square feet in size when more than one 100,000-square-foot or larger anchor is included.

As a rule of thumb, the larger the store is, the lower the rent (on a square foot basis). The economics of many community centers often require low-cost construction and surface parking lots, except in affluent suburbs or high-density urban areas.

Although most community centers are frequently developed as single-story linear buildings or L-shaped assemblages with large surface parking lots, walkable, more urban building types have proven sustainable. Main streets and vertically stacked community centers have been successfully developed in strong real estate markets. The Washingtonian Center in Gaithersburg, Maryland, and Zona Rosa in Kansas City, Missouri, pioneered the development of community center–type retailers into a lifestyle center format that incorporated large discount retailers into a walkable urban setting.

Developers prefer to locate community centers at major road intersections, but these centers can also be economically viable at other sites so long as they are easily visible and readily accessible. Community center developers often seek locations near a regional mall, which serves as the major anchor pulling shoppers to both it and the center on a regular basis.

1.7 Regional Centers

The largest shopping center type, regional centers concentrate numerous and variously sized apparel and department store retailers in one location (Figure 1-9). These centers are always anchored by at least two full-sized fashion department stores and often include 200,000 to 300,000 square feet of inline shops and restaurants. At a minimum, regional centers are 500,000 square feet in size, but they can reach more than 2 million square feet in area. They have 10- to 12-mile-radius trade areas in regions with suburban densities.

When and where a regional center opens is determined by its lead department stores, which require 150,000 people living within the primary trade area. Recently, discount department stores have been included in regional centers in response to consumer preferences and consolidation in the department store industry.

First developed as enclosed, self-contained malls in the mid-1950s, regional centers or regional malls must now compete with open-air lifestyle and town centers, which have slowed their growth. In response, new open-air Main Street formats for regional centers are being tested. Numerous regional malls have been converted into mixed-use open-air centers or hybrids with both enclosed and open-air components.

Figure 1-9
Regional malls and urban centers average 1 million square feet or larger and include numerous fashion department stores and a wide selection of retailers and restaurants. Shown: The Somerset Collection, Troy, Michigan, one of the premier luxury shopping destinations in the United States. *Gibbs Planning Group, Inc.*

The ICSC defines regional centers as follows:

> This center type provides general merchandise (a large percentage of which is apparel) and services in full depth and variety. Its main attractions are its anchors: traditional, mass merchant, or discount department stores or fashion specialty stores. A typical regional center is usually enclosed with an inward orientation of the stores connected by a common walkway and parking surrounds the outside perimeter.[4]

Regional centers need to be easily accessible to a large population base and are typically located along an interstate freeway. Developers seek locations for these centers near the intersection of multiple freeways and, optimally, where at least two separate freeway interchanges reduce traffic congestion. The center's generous size and numerous department stores create enough of an attraction that only the primary anchors require visibility from nearby freeways. The dominant department stores will often demand and usually succeed in securing the prime locations with the best visibility.

Regional centers have numerous mall layouts, ranging from the basic two-department-store dumbbell to the five-anchor W (see Chapter 6). When malls have had to expand because of population growth in their surrounding regions, their owners have responded with a variety of one-off formats.

The center commonly starts out in a fried-egg format, where the mall is surrounded by a parking field, in turn circumscribed by an oval ring road. However, as the center expands and property values increase, surface lots may eventually become filled in with parking decks, additional department stores, or small open-air Main Streets lined with restaurant clusters and specialty lifestyle retailers. As a rule of thumb, regional centers should be planned to accommodate at least one additional major department store and future parking decks. Many regional centers are now constructing open-air or lifestyle centers within their parking areas. These expand the center's appeal to retailers that prefer outside urban settings and provide customers expanded shopping and entertainment venues.

On average, multianchored enclosed centers tend to outperform all other shopping center types. When well managed, a regional center offers a variety of goods and services not commonly available anywhere else, and yields higher sales and rents than any other shopping center business model. Prior to the 1970s, many American cities functioned as regional shopping centers, with department stores and national chains that provided for most of the goods and services needed and desired by their communities.

1.8 Lifestyle Centers and Town Centers

First constructed in the mid-1980s, lifestyle and town centers constitute the newest type of shopping center format (Figure 1-10). They were created in an effort to offer upscale fashion and home furnishings without subsidized department stores. Initially, these open-air centers were very popular with busy shoppers who sought their favorite shops. These centers are built with and without streets; however, those with streets tend to be more economically sustainable.

Figure 1-10
Lifestyle centers can expand their trade area and retail sales with properly scaled and designed squares and plazas. Shown: Woodlands, Town Center, Woodlands, Texas. ***Robert J. Gibbs***

By definition, lifestyle centers only include retail and restaurant uses, while town centers incorporate office, residential, and civic uses as well. Nonetheless, not all developers and planners agree on the center's typologies, and the term "town center" or "towne centre" is frequently misapplied to unworthy strip centers. Recently, developers and retailers have discovered that the town center's mix of civic uses, such as libraries, can increase consumer traffic and improve overall economic performance.

With a 5- to 8-mile trade area, lifestyle centers can be sited between regional centers or between small niche markets. Surprisingly, lifestyle centers can be located nearly adjacent to regional centers. This proximity allows the center to use the regional center as a co-anchor, at times attracting otherwise mall-destined retailers by offering significantly lower rents and occupancy costs. In some cases, leading mall retailers will move to a new lifestyle center that offers a unique and more convenient shopping experience to their customers as well as lower overall occupancy costs.

The typical lifestyle or town center retailer seeks to capitalize on 75,000 households, each earning a minimum of $75,000 per year. Some retailers prefer to target fewer households, as few as 25,000, with higher average incomes, such as $100,000 or more. The lifestyle center format, however, has also proven to work for moderately priced retailers that have a broader consumer base.

Lifestyle and town centers can be planned in many configurations, including double-sided street, town square, half block, or in the shape of a U or double reverse L (see Chapter 6).

Open to the elements, both lifestyle and town centers are vulnerable to the fluctuations of climate, but not to the extent one might expect. Hot and humid climates, such as those in the Sunbelt, pose the greatest challenge to the open-air lifestyle center format, while colder temperate climates, and even snowy regions in the North, are more economically sustainable. The shopping center industry depends on the fall and holiday seasons for most of its sales and profits, while the summer and late winter seasons are considered bonuses. The cool fall and cold winter seasons encourage shopping for back-to-school apparel and holiday gifts, and consumers in both northern and southern regions seem to enjoy being outdoors during these periods, excluding bouts of extreme precipitation. In northern areas, cold weather likely encourages more purchases of sweaters and winter gear.

After the winter season, people in cold regions are eager to get outdoors and are inclined to shop in the warm summer season's open air rather than in an enclosed mall. In fact, during mild summers, northern shoppers rarely give up a nice day to visit an enclosed mall. In contrast, many southern regions have extremely hot, humid summers that are so unpleasant that shopping in an air-conditioned mall becomes nearly essential.

Developers of the first lifestyle centers grouped home furnishings, restaurants, and popular, moderately upscale apparel stores together in a semiurban outdoor environment. These centers accommodated retail stores and restaurants but did not include major department stores, partly to avoid the multi-million-dollar subsidy required by department stores and partly because of the reluctance of department stores to depart from the proven format of the enclosed regional center.

The unanchored format of the lifestyle center proved successful in the first decade of its development. The novelty of shopping in semiurban lifestyle centers generated significant consumer traffic and sales, often at the expense of nearby regional centers or historic downtowns. Many regional malls countered with a variety of marketing and leasing measures that achieved various levels of success. Nonetheless, an oversupply of lifestyle centers has occurred, often in weak markets or at poor locations. Combined with increasingly excessive and expensive site development and building designs, this has led to numerous underperforming lifestyle centers.

The new, generally accepted industry practice maintains that the lifestyle center model needs at least one full-sized department store, 80,000 to 120,000 square feet or more of office uses, a community use, such as a library, and strong inline retailers and restaurants to be economically sustainable. Hotels and residences also contribute to the vitality of the town center and should be included in as high a density as practical.

Lifestyle centers are among the many shopping venues that seek large multiplex cinemas as co-anchors (Figure 1-11). The impact of cinemas on shopping centers, however, is mixed. Though cinemas generate significant traffic, only restaurants receive any consequential boost in sales from moviegoers. With the exception of booksellers and art galleries, most retail categories are not positively influenced by movie theatres. Nevertheless, the cinema is often necessary for attracting many customers to restaurant venues, especially those far from major office markets. The restaurants can then, in turn, bring shoppers to the center. Because cinemas often require extensive surface or deck parking, their inclusion in a lifestyle or town center should be carefully evaluated before development. Many developers have concluded that department stores offer greater economic sustainability than cinemas.

Figure 1-11
Cinemas add evening and weekend traffic to commercial districts and help to support restaurants, bookstores, and art galleries. Shown: Woodlands, Town Center, Woodlands, Texas. *Robert J. Gibbs*

Lifestyle center operators must limit their overall development costs in order to charge realistic rents and ensure a market rate of return on their investment. In general, lifestyle centers require surface parking and single-story retail structures. Constructing multilevel buildings with residential or office uses above the first-floor retail level can increase building costs by up to 25 percent, an expense that cannot be offset by increased rents. In the boom days of the late 1980s and 1990s, many communities were willing to contribute land, parking decks, or direct public subsidies to compensate for the increased expenses required to build and maintain mixed-use town centers. Today such public assistance is seldom available in most regions, and the lifestyle or town center must be sustainable in its own right.

Although town centers have plans that reflect many smart growth and Congress for the New Urbanism (CNU) principles, these centers can pose a potential challenge to historic downtowns. The town center's main street, a collection of popular retailers and restaurants augmented by on-street and deck parking as well as modern retail management techniques, offers an experience that the typical shopper perceives as "urban enough," making a visit to the nearby downtown unnecessary.

An unintended consequence of this new format is that lifestyle and town centers may cause more harm to historic downtowns than the earlier-era regional centers that provided such a contrast to urban districts. Ideally, this popular shopping center model should be woven into the urban fabric of existing downtown commercial centers, such as the one built in Lake Forest's Market Square in 1916.

1.9 Outlet Centers

Outlet centers are programmed to allow select manufacturers of apparel, electronics, gifts, housewares, and other products to sell directly to the consumer. Originally, these centers focused on selling overstocked items or slightly damaged merchandise at deep discounts. Now they often sell products specially manufactured for specific outlet locations. This allows manufacturers of premium brands to offer goods of lower quality and price points and thus broaden their customer base without compromising their brand image. Typically, outlet centers contain large unanchored retailers or department stores, though some may have major sporting goods centers and, in rare cases, cinemas.

Due to the demand for low occupancy costs and rents, outlet centers are almost always developed on inexpensive real estate, and usually as open-air strip centers with surface parking. Recently, these centers have been planned as open-air malls, with stores grouped in blocks around pedestrian walkways. Outlet centers can range from 100,000 to 400,000 square feet in area, but they average 200,000 square feet in size.

The town of Freeport, Maine, is an attractive urban exception to the industry standard. Freeport contains over 200 retailers located in historical-period freestanding or attached buildings located along a historic main street. The town is anchored by the L.L. Bean outfitter's flagship store, whose more than 3.5 million annual visitors make it the state's largest tourist attraction. The Freeport outlet town model can be applied to similar urban centers with frequently visited tourist areas (Figure 1-12).

Figure 1-12
Outlet centers sell leading name brand merchandise at significantly discounted prices and are popular in tourist destinations. The centers are usually constructed as freestanding shopping centers, but they can also be integrated into historic downtowns. Shown: Freeport, Maine. *Robert J. Gibbs*

To avoid direct competition from department stores and conventional full-price retailers, the first outlet centers were located in rural areas at least 50 miles from major cities or regional centers. Recently, developers have located outlet centers within metropolitan areas, at times adjacent to regional malls. These centers are especially popular with tourists, who appreciate purchasing name brands at discounted prices.

1.10 Urban Transect: Hamlets, Villages, Towns, Cities, and Metropolises

Each type of retail center, from corner store to regional center, correlates with a market-based planned community that is appropriate to the size and scale of its commercial uses (Figures 1-13 and 1-14). There is no "one-size-fits-all" formula when it comes to retailers and shopping centers and their supporting communities. A 200,000-square-foot department store that can anchor and contribute to the sustainability of a major urban shopping district could wreak havoc in a small hamlet or village.

Unfortunately, many communities either allow or prohibit retailers of certain types and sizes without considering their possible positive influence on place-making and sustainability. In many cases, the maximum allowable store size is designed to discriminate against a specific national store or category. The small corner store or convenience center, for example, provides essential daily goods and services for

Figure 1-13
Villages are comprised of individual businesses that are often located in former houses. Shown: The American Spoon store, Harbor Springs, Michigan.
Robert J. Gibbs

Figure 1-14
Old Town Naples, Third Street (Naples, Florida), a historic town shopping district that offers a balance of local, regional, and national retailers. Urban shopping districts have various sizes: hamlets, villages, towns, cities, and metropolises. Each typology can accommodate shops, anchors, and employment centers of different sizes.
Robert J. Gibbs

a residential area, and should be allowed (or even required) to be located adjacent to neighborhoods and suburban subdivisions. Too often, residents must drive outside their community for even a gallon of milk or loaf of bread. This planning transit has been defined by DPZ Architects, the author, and others and can be found in the PlaceMakers SmartCode.

Chapter 2
Retailer Business Models

The goal of most retail and shopping center owners is to earn an above-market rate of return on their capital investments. This involves selling enough merchandise and services to pay for all expenses and realize a profit (Figure 2-1).

Most business owners can be classified into five primary groups: hobby retailers, small owner-operated businesses, primary owner businesses, and regional and national chains

2.1 Hobby Retailers

Opening a small boutique or restaurant that specializes in one's favorite activity or pastime is a lifelong dream for many small business owners. So-called hobby retail businesses are established primarily to create something rewarding and enjoyable for their owners rather than to provide a livelihood. Housewives, retirees, or independently wealthy

Figure 2-1
Small businesses that maintain extended hours and that sell the goods and services desired and needed by their community tend to be the most profitable and contribute to competitive business districts. Shown: a hardware and home supply store in St. Andrews, Scotland. *Robert J. Gibbs*

individuals with large amounts of free time tend to operate most of these boutiques. They frequently sell unique gifts, antiques, or products hand-selected by the owner to reflect his or her personal taste or a favorite vacation destination, such as a small French village in the south of France.

These businesses seldom earn enough sales revenue to cover their expenses or provide a living wage for their owners. In most cases, hobby retail outfits lose money and require a considerable cash infusion to remain open. Eventually, long hours and financial loss often interfere with the owner's other social activities, leading to shortened store hours, reduced staff, or even closing the business. It is not unusual for a hobby owner simply to leave his or her store in the middle of the day to play tennis or to close the shop for months to travel.

Hobby businesses generally do not contribute to a competitive shopping area as much as other stores with financially motivated owners. While specialty products can add variety and uniqueness to a downtown (who can resist cute hand-painted cat and dog salt and pepper shakers?), on the whole, limited store hours and lack of discipline will negatively impact the sales of surrounding retailers. Busy shoppers expect all stores in a retail area to be open when they need to shop or at least during normal business hours. Randomly open stores leave an impression of poor service and limited selection that permeates the entire area. Boutique stores usually appeal to recreational shoppers and tourists who enjoy browsing as a form of free entertainment. They pretend to shop while the hobbyist plays the role of the caring shopkeeper, creating a false and unsustainable commercial center.

On the other hand, unique shops are essential to today's competitive retail centers. Boutique retailers and restaurants should be encouraged to locate in centers if their business practices can be aligned with proven industry standards and the shopping needs and desires of the surrounding community. Many well-known and successful retail businesses were started by hobby retail owners who become engaged in the challenges of their businesses and expanded them into exciting and profitable enterprises.

Ideal storefront spaces for attracting hobby retailers to a downtown or shopping center are small incubator retail spaces and movable carts.

2.2 Small Owner-Operated Businesses

Small owner-operated businesses usually rely on the labor of their individual owners, their family members, or small staffs and on having low overhead expenses. Many of these owner operators own their properties or have below-market rents and operating expenses. Their businesses focus on market niches, such as specialty foods, jewelry, or floral arrangements, and have an established group of loyal clients who will make purpose-driven visits (Figure 2-2). Typically, the store owners are not associated with a franchise or national chain and retain most of their own revenue.

These businesses tend to generate a small to medium profit but may not be the owner's primary source of income, often relying on a second wage from a spouse or a pension for their primary income. Owner-operated businesses typically have limited daytime hours of operation and dated store interiors and fixtures.

Figure 2-2
Small owner-operated businesses tend to be most successful when they focus on specific market niches and keep their overhead low. Shown: a fish market in St. Andrews, Scotland.
Robert J. Gibbs

With small profit margins, the owners must rely on minimum losses in sales or increases in operating expenses—or both—to avoid going out of business.

These businesses provide needed goods and services and can attract visitors to a downtown or shopping center on a regular basis. However, with limited operating hours and generally out-of-date store fixtures, they should not be located at the primary locations. Side streets, the periphery of primary shopping areas, or upper levels are best suited for these businesses.

2.3 Income-Producing, Owner-Run Businesses

Income-producing, owner-run establishments are small to medium-sized businesses that generate a livelihood for the owner from store operations. These retailers and restaurants pay market-rate rents, have large payrolls, and incur large amounts of debt. The owners are hands-on and work extended hours, including weekends and evenings. These stores tend to be fresh, clean, well merchandised, and competitive with national chains. A wide range of businesses, including appliances, clothing, jewelry, home furnishings, shoes, sporting goods, and ethnic restaurants, are successfully operated this way. Their goods and services contribute to the economic vitality of shopping centers and downtown areas and should be located along primary commercial streets. Primary-owner businesses can usually be recruited to open a second or third store in a nearby shopping center or downtown.

Since many of these businesses are family owned and focused on day-to-day operations rather than the industry's latest trends, they are often just a little quirky.

The owner's personal taste makes the store unique. While this uniqueness can make the store interesting when compared to similar national chains, it sometimes results in less customer satisfaction and loss of sales. In many cases, these businesses could significantly increase their sales revenue with minor tweaks to store planning, enhanced fixtures, and management training. Sandwiching independent businesses between national retailers can positively influence their bottom line, as these owners will usually adopt the proven techniques of the larger chain.

2.4 Regional and National Chains

Chain retailers can range from tiny 400-square-foot specialty food shops to 250,000-square-foot major discount department stores stocking tens of thousands of items (Figures 2-3 and 2-4). Many chains have stocks that are publicly traded, and they are managed for steady growth and profits. Unlike most independently owned retailers, chains use highly focused research, planning, purchasing, and management strategies. The most successful chain retailers establish trust with their customers by delivering consistent levels of quality and service. Apple Computers, Crate and Barrel, H&M, Nordstrom, and Target, for example, have achieved the brand loyalty of their customers.

A vast number of locations and modern business practices allow chain stores to make discounted purchases and to conduct mass advertising campaigns that give them a considerable advantage over smaller stores. National stores offer merchandise, quality, and prices sought by today's consumers, typically resulting in sales

Figure 2-3
Leading national retailers are adapting flexible urban formats that are compatible with new urban and historic city centers. Shown: Victoria Gardens, Rancho Cucamonga, California. *Robert J. Gibbs*

Figure 2-4
The Starbucks Coffee House, near Harvard Square in Cambridge, Massachusetts, is located in a historic building and complements that area's businesses. *Robert J. Gibbs*

significantly higher than those of similar independent stores. Higher sales provide the ability to pay steeper rents, since commercial total occupancy costs (rent, utilities) are typically 8 to 10 percent of gross sales.

Prior to World War II, national retailers existed only in towns and central business districts, not in the suburbs. Brooks Brothers, Sears Roebuck, and Woolworth were among the hundreds of national retail chains that were located across the United States in both historic downtowns and central business districts. Today many city planners and policymakers discourage regional or national retailers from opening in their historic centers, especially in wealthy regions. They prefer instead to focus on unique stores that cannot be found at shopping malls. Often the premise of this logic is that chain retailers will spoil their town's unique character and charm. Some retailers are sympathetic to this concern and will modify their standard store formats to adapt to historic buildings and their distinctive characteristics.

2.5 Franchise Stores

Franchise businesses can offer the advantages of a chain with the personal touch of a local independent owner. These stores and restaurants provide the operator with a proven marketing business plan and a brand that can provide a solid income and wealth creation. Because the business is owned locally, the store can be influenced by characteristics unique to its community and not readily seen in large national chain stores. Franchises can include a wide variety of categories, including personal services, quick-service food, apparel, home furnishings, electronics, and sporting goods.

Chapter 3

Retail Anchors

Retail anchors are one of the most misunderstood and most critical components of a competitive shopping district. They are essential to most centers with over 30,000 square feet of retail space. Full-service anchors, such as department stores, can be responsible for generating up to 35 percent of the total traffic and annual sales in a shopping center or a downtown. Anchor stores purchase extensive and broadly targeted advertising that draws customers from long distances on a regular basis. This effectively expands the commercial center's trade area and benefits its smaller retailers as well. On average, suburban fashion department stores attract shoppers from within a trade-area radius of 10 to 15 miles. Some department stores are able to draw customers willing to drive one hour or longer. In turn, adjacent supporting retailers and restaurants make the anchor more attractive to shoppers. However, many anchor store owners dispute this contention and maintain that the surrounding retailers only take trade from their businesses.

Anchorless centers are considered very risky by financial institutions, leading retailers, and most developers. Community leaders and urban planners frequently focus on securing smaller specialty retailers for their commercial centers and downtowns rather than department or large-format anchor stores. Avoiding super-sized stores is understandable, given their conventionally large building footprint, market oversaturation, and large parking requirements.

Unfortunately, "big box" has become a derogatory reference to an anchor retailer, which often unfairly biases important policy decisions.

The ICSC defines an anchor store as "a major store (usually a chain store) in a shopping center having substantial economic strength and occupying a large square footage. A major department store branch in a shopping center. The stores and other uses that occupy the largest in a center serve as primary traffic generators. (Free standing anchors excluded).[1]

Anchors range from a 10,000-square-foot hardware store to a 160,000-square-foot fashion department store to a 220,000-square-foot discount department store. A community building, such as a city hall or library, or a cluster of specific businesses, such as restaurants, can also serve as a contributing anchor (Figure 3-1).

Figure 3-1
Department stores are the primary anchor for many shopping centers and are often one of the key determinants in opening or expanding a center. Shown: Waterside Shops, Naples, Florida. *Gibbs Planning Group, Inc.*

3.1 Form Follows Anchor

Whether opening a new retail center or revitalizing a historic downtown, securing an anchor tenant is the critical first step a developer or municipal authority must take (Figure 3-2). Many times, an anchor retailer will approach a trusted developer to identify a suitable location within a given market. After defining the anchor tenant's site-selection criteria and targeted demographic, the developer can scout the region for appropriate and available locations. Conversely, the developer may find a desirable anchor site and then market it to prime retailers and department stores. In either case, most of the leasing and planning for a commercial center is based upon the prior or anticipated approval of its anchor. Whether a cinema, discount department store, full-fashion department store, or supermarket, the anchor determines the shopping center's location, character, price points, and opening date.

Once an anchor makes a commitment, the developer can begin to set the theme, master plan, and architectural character for the center. A merchandising and tenant-mix plan follows, and key retail tenants are approached for inclusion. Should the anchor withdraw, many of these retailers will abandon the center, whether it is in the planning stage or fully built. National chains routinely demand leases that allow them to leave or renegotiate the terms if an anchor vacates the center.

In the mid-1980s, this author was a consultant for a major midwestern city that had refused to grant a national department store's request for a multi-million-dollar subsidy to refurbish its historic flagship downtown store. This department store co-anchored a major urban shopping center that included most of the preferred

Figure 3-2
Anchor retailers require large-format buildings to display a wide selection of their merchandise. Popular anchors are essential for competitive shopping districts, and well-designed large-format anchors should be encouraged to locate in downtowns and new town centers. Shown: Highland Village, Houston, Texas. *Gibbs Planning Group, Inc.*

upscale regional and national retailers. Although the department store's owners insisted that city funding was crucial to the store's survival, the request was denied by the mayor, who—on principle—opposed directing public funds to private commercial-sector development.

After learning of the potentially detrimental economic effect the department store's closure would have on the rest of the center, the mayor approached the retailer to negotiate public assistance. The offer, however, was too little, too late. After being initially turned down by the city, the department store's board of directors elected to close the downtown store and concentrate the company's resources in outlying suburban shopping centers. Shortly after the department store closed, many of the center's prime retailers, several of which were unique to the state, exercised the escape clauses in their leases and moved to surrounding malls, resulting in a failing downtown shopping district in less than six months. Repositioning the mostly vacant and single-anchored center would have been difficult and expensive, certainly many times the cost of the grant requested by the department store. In the end and to the mayor's chagrin, the surrounding suburban malls gained market share at the city's expense. The most popular retailers settled in suburban centers, while the downtown struggled to attract critical mass of retailers and restaurants.

3.2 Scale

Anchor retailers must be large enough to offer shoppers a full range of goods and services. The larger the anchor is, the greater its capacity to attract large numbers of customers from an expanded trade area. The breadth of merchandise offered—the range of brands, products, sizes, and styles—is directly proportional to the distance shoppers are willing to travel and the time they are willing to spend at the anchor.

For example, a fully stocked 80,000-square-foot outdoors outfitting goods store can offer backpackers a complete range of sleeping bags at all of the popular price points, brands, and sizes, each available for immediate purchase. Campers can also save time by making all related purchases—socks, boots, tent, and outerwear—at the same location. Such large specialty retailers can also offer consumers trained sales assistance. However, knowledgeable staff is becoming less common and less important as shoppers educate themselves with the help of consumer magazines and Internet reviews and get recommendations from friends.

3.3 Historic Downtowns

Decades ago, massive department stores, often more than three times the size of a modern 200,000-square-foot super Wal-Mart, were not only tolerated but also embraced by municipal leaders and citizens. Flagship stores, such as Chicago's 900,000-square-foot Marshall Field and New York's 1-million-square-foot Macy's, were not uncommon. In 1910, John Wanamaker constructed a 12-floor department store in central Philadelphia with almost 2 million square feet of space, the equivalent of two modern regional shopping malls or 10 super Wal-Marts.

Before World War II, department stores such as Bloomingdale's, Hudson's, Macy's, Selfridge's, Lord and Taylor (Figure 3-3), Sears Roebuck, and Canada's Hudson Bay Company were viewed as more than solely profit-oriented businesses. They were beloved regional destinations that formed a part of a community's identity and source of pride. These department stores, big boxes in modern terms, created magical window displays and sponsored Christmas parades and community events attracting—over generations—hundreds of thousands of people downtown. As mega-department stores, they offered almost every conceivable category of merchandise: apparel, appliances, automotive, jewelry, hardware, home furnishings, luggage, restaurants, shoes, sporting goods, and even groceries. Nonetheless, smaller retailers sought to be located as close as possible to their entrances. Rather than viewing the department store's immense size as a threat to their businesses, these smaller retailers realized that anchors attract shoppers who have to pass by their storefronts, which they could then target.

Similarly, today's small specialty retailer can capture market share by offering a wider selection, unique brands, better service, or a more favorable price point than the department store. Since these stores cannot possibly match the department store's resources for advertising, they can capitalize on shoppers drawn to the anchor. In turn, a collection of specialty retailers augments the department store's draw by offering shoppers a greater variety of goods and services.

Figure 3-3
Lord and Taylor's flagship 10-story department store on Fifth Avenue, New York City. Major department stores attract thousands of shoppers and were common in American downtowns prior to the 1970s. *Robert J. Gibbs*

During the 1960s, department stores started leaving downtown areas for the suburbs, which led to a major shift in regional retail market share. Department stores abandoned downtowns for various reasons, often unrelated to the market; many of them needed to be updated or replaced, and they frequently lacked the necessary parking or vehicular access. Surprisingly, department store owners were often overly protective of their markets and successfully lobbied against other department stores opening in their own downtowns. An unintended consequence of this protectionism was that new anchor stores chose to locate in areas surrounding downtown, closer to newly built residential suburbs. Eventually, these department stores anchored suburban shopping centers that outperformed the historic downtown districts and their department stores.

Once a department store leaves a downtown, a cascading chain of events ensues: midsize and small retailers move or go out of business, restaurants close, and eventually many office, residential, and governmental uses leave (Figure 3-4). Much of the remaining commercial area is either vacated or underused. Those retailers that survive are usually well-established, purpose-driven businesses that own their buildings and have low overhead. Others are controlled by well-heeled amateurs or hobbyists who want something "enjoyable to do" without needing to earn a market rate of return on their investment or even a living income. This pattern occurred in hundreds of American towns and cities during the second half of the twentieth century.

Figure 3-4
In the event of the closure of an anchor business, a replacement should be found to maintain a sustainable shopping district. A multiscreen cinema replaced a closed department store in Birmingham, Michigan. *Robert J. Gibbs*

So what happened? Why did municipal leaders and residents turn against large-format department stores and choose to support small, independent specialty stores over big-box retailers?

3.4 Anchor Business Models

Contrary to popular belief, shopping center anchors rarely pay the full market rate for land or rent. In reality, shopping center developers usually offer anchor retailers either free land or deeply discounted leases. Supermarkets, for example, generally hold leases that cover the developer's cost or yield a below-market rate of return. To lure a desirable department store to a shopping center, a common industry practice is to offer an incentive package that includes free land, a developed building pad, a parking lot, and a grant of $5 to $20 million. In exchange for the incentive package, the anchor shopping center purchases extensive advertising, which pulls shoppers into the center on a regular basis.

It is the lease income from the shopping center's smaller inline retailers that, in effect, subsidizes the anchor. If the anchor pays any rent, the smaller inline retailers almost always pay more on a square-foot basis. This business model is sustainable so long as the anchor successfully pulls enough shoppers into the center to generate substantial sales for the smaller retailers and restaurants. These smaller inline tenants are known as the center's "gross leasable area" (GLA). Most developers' return on investment comes from the revenue collected from the GLA and surrounding outparcels. Anchors are essential to most types of shopping centers over 30,000 square feet, and those without anchors require extraordinary conditions.

3.5 Anchor Placement

Given that the anchor tenant is often a loss leader to the developer, its placement and commercial success are key to the overall performance of the shopping center (Figure 3-5). As much as possible, the center must leverage the anchor's ability to attract long-distance customers, providing a steady stream of shoppers that smaller rent-paying tenants can capitalize on. The anchor's design and site planning details often result in heated negotiations between the anchor corporation and the developer. From the retailer's point of view, anchors are the primary purpose for the center and all other tenants are parasites, stealing sales directly from their bottom line. A full-fashion department store may view an adjacent small shoe store as appropriating market share with every pair of shoes the latter sells.

In reality, the anchor and the small retailer support each other and increase the draw of shoppers to the center. The anchor will demand and secure the most visible location, direct parking, and ample signage. Because of the anchor's significant economic contribution, in many cases it is beneficial to both the shopping center developer and all the inline retailers to give the anchor the prime location and other reasonable requested amenities.

3.6 Anchor Expansion

Because anchor tenants are the genesis of new retail centers or the revitalization of existing historic downtowns, they are highly prized in all market sectors. In

Figure 3-5
Anchor commercial and civic buildings must be carefully located to promote the most commerce without harming the center's urban character. Civic buildings become major traffic generators and contribute to a town center's economic sustainability. In Washington, the City of University Place's new city hall and library overlook a new market square. ***City of University Place, Washington***

Figure 3-6
A full-sized Marks and Spencer department store has been built inside a historic block in Dublin, Ireland. The store is a major destination for shoppers and one of the key anchors for the shopping district. The large size of the store is mitigated by its streetfront urbanism. *Gibbs Planning Group, Inc.*

planning a commercial center, it is important to allow for the addition of various mid-sized and full-sized anchors (Figure 3-6). Having a preapproved master plan with room for more anchors increases the center's ability to meet the required time constraints for opening a new anchor. Centers without the capacity to quickly accept additional anchor tenants are vulnerable to competition from nearby existing and newly created centers that can accommodate new anchors entering the region.

The master plan should also anticipate the possibility that the center's existing anchors and prime tenants may need to expand or contract during their commercial life cycles. Providing adequate room for growth and readily accommodating downsizing reduces the center's risk of anchor tenants moving elsewhere and contributing to future competition.

3.7 Anchor Replacement

If an anchor tenant leaves a shopping district, the center's owners must quickly secure a replacement. Typically, the vacated site is well positioned, prominently visible, and located near ample parking. Its building shell can be adapted to a new anchor or modified for a variety of mid-sized tenants that collectively serve as an anchor (Figure 3-4). If the replacement anchor's program requires new construction, the shell may have to be razed. It is frequently challenging to replace the anchor when a store owns its real estate. In some cases, anchors will place severe deed restrictions limiting the replacement stores' ability to sell competing goods and services.

3.8 Alternative Anchors

While leading retailers and department stores attract large numbers of customers to shopping centers or downtowns, noncommercial buildings can achieve similar results. City halls, courthouses, libraries, places of worship, post offices, performing arts centers, and universities can draw large numbers of people on a regular basis (Figures 3-7, 3-8, and 3-9).

A medium-sized library can attract more than 1,000 visitors a day. Many library users are young families who might also dine at restaurants and coffee shops as well as shop for gifts, toys, apparel, and sporting goods. Similarly, courthouses and other municipal buildings provide a steady stream of lunchtime diners for nearby restaurants and create a demand for supporting and complementary professional office space.

To be fully effective, a noncommercial anchor must be as carefully sited as a department store anchor. The ideal location for this alternative anchor is on the edge of the primary 500-foot-radius shopping district. Its pedestrian access must be easy and not require the crossing of major highways.

3.9 Shopping Center Anchor Types

Convenience Center Anchors

A convenience center has less than 30,000 square feet of building area and does not include a large retail anchor. A cluster of businesses that offer neighborhood goods

Figure 3-7
U.S. post offices were historically a contributing noncommercial anchor in most American downtowns. Many of these post offices have moved to industrial areas. Shown: Claremont, California, post office. *Gibbs Planning Group, Inc.*

Figure 3-8
U.S. post offices and private mail centers generate a considerable amount of pedestrian traffic that can support restaurants and retailers. *Robert J. Gibbs*

Figure 3-9
Places of worship can provide noncommercial anchors for town centers. Shown: Seaside Chapel, Seaside, Florida. *Robert J. Gibbs*

Figure 3-10
Whole Foods recently opened a full-sized supermarket on the lower level of a new mixed-use development in Chevy Chase, Maryland. All parking is located under the grocery in a parking structure. The area has favorable demographics and high densities. *Gibbs Planning Group, Inc.*

and services, such as dry cleaning, carryout foods, banking, and a small food market, comprise this type of center.

Neighborhood Center Anchors

A neighborhood center is anchored by a supermarket and is 40,000 or more square feet in size (Figure 3-10). The supermarket can be located in the middle or at the edge of the center, depending upon the view sheds. Locating the market in the middle of the center generates more customer traffic for its smaller retailers. These centers may also include smaller junior-anchor retailers, such as hardware stores, pharmacies, restaurants, and video stores. However, if the supermarket closes or moves out, the center can experience sharp declines in sales. Supermarkets will often demand direct visibility from the surrounding primary roadways to give them a competition advantage over other grocery stores.

Community Center Anchors

Community centers are a collection of 10,000- to 20,000-square-foot junior anchors that offer a wide range of goods and services, including office supplies, pet supplies, and sporting goods. This type of center is often also anchored by a 100,000- to 200,000-square-foot value discount department store, home improvement store, or warehouse store. The largest anchors prefer to be located at the center's edge.

Regional Center Anchors

Regional centers have been anchored by fashion department stores, such as Nordstrom and Marshall Field, since their inception. In recent years, value retailers, such as Target and Kohl's, have occasionally served as anchors. Ranging in size from

Figure 3-11
Macy's department store is one of several anchors at the City Place Town Center, West Palm Beach, Florida. The two-level store is located in the heart of the town center facing the plaza.
Robert J. Gibbs

80,000 to 200,000 square feet each, both types of anchors account for more than 60 percent of a center's total leasable area and are fundamental to its economic sustainability. They are strategically located at the ends of the center to promote cross-shopping and to balance the demands of the site. The department stores also vie for the most visible location near road intersections, and demand favorable parking and design standards.

Department stores establish the general demographic appeal and price points for the regional center and are responsible for up to 35 percent of its sales, as well as those of the smaller inline retailers (Figure 3-11). Regional centers can be developed as enclosed malls or as open-air lifestyle and town centers.

Lifestyle and Town Center Anchors

Recently, the need to include department stores in large shopping centers has been challenged by open-air lifestyle centers, a shopping center type that first appeared in the early 1980s. From the beginning, lifestyle center developers realized that they could avoid catering to the whims of major anchor stores by grouping together smaller highly desirable retailers; known as the "dirty dozen," these leading stores, including apparel and home furnishings stores, target a well-educated and moderate- to high-income demographic. When clustered, these tenants formed a virtual anchor, pulling shoppers into the center just as strongly as a premium fashion department store. Without having to construct a monolithic shopping center or give the anchor major subsidies, the developer could charge lower overall rents while allowing stores to enjoy strong sales (though not as strong those in a large enclosed mall).

New competition from open-air lifestyle centers and the recent reduction in conventional mall construction have forced some anchor retailers to accept open-air lifestyle centers. They have also become more flexible regarding site planning and building plans, including adopting multilevel stores. Nonetheless, visibility, parking, signage, and co-tenancy will continue to be their "deal make or break" issues.

3.10 New Design Trends

Most of today's discount big-box retail anchors are constructed in stand-alone single-use structures, each surrounded by a parking field. These large-format retailers generate significant volumes of customer traffic and internal sales but contribute little to the public realm. In addition, the stand-alone anchor does not support cross-shopping to smaller retailers, restaurants, or community services.

Recently, discount, big-box retailers have begun to adopt new design techniques that allow them to integrate into, and harmonize with, walkable urban centers. Multilevel stores, common among department stores, are now accepted by some discount value retailers, even though the buildings are larger and require more staff.

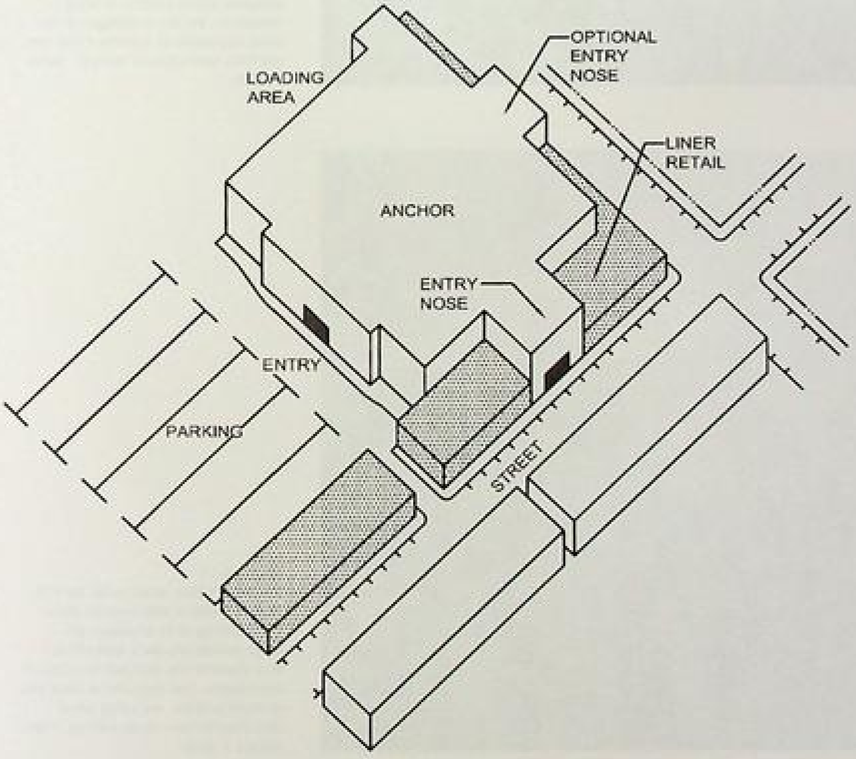


Figure 3-12
Large-format stores can be developed in historic downtowns and new shopping centers by wrapping the street frontages with shallow liner retailers. This format allows the anchor to have direct access to a parking lot or deck as well as the adjacent street. The liner shops can be as shallow as 20 feet and are ideal for jewelry, accessories, and small specialty retailers.
Robert J. Gibbs

Figure 3-13
A two-story Target discount department store anchors the Washingtonian Center in Gaithersburg, Maryland. Large-format retailers can be adapted to compact urban centers in some instances, but the buildings can be more expensive to construct and operate than conventional designs. *Robert J. Gibbs*

Figure 3-14
Robinson's May department store is wrapped with a liner jewelry store. The building wrap improves the large-format retailer's walkability and shortens the distance to adjacent businesses. The department store has multiple entries, including some that directly face large parking areas. *Robert J. Gibbs*

Recently opened Pier Park Center in Panama City, Florida, integrates three department stores—Dillard's, JC Penney, and Target—with small retailers lining the streets. In these centers, building depth is 50 to 120 feet for inline tenants and 180 to 200 feet for major anchors. Creative urban planning techniques and anchors capable of accommodating multiple store entrances make these more urban layouts for community centers possible.

To increase the sense of urbanism, multistory anchors are wrapped or lined with shallow retail shops. Only 20 to 40 feet deep, these shops line the anchor's street elevation between its entrances. The small retailers benefit from the anchor's high level of customer traffic and create an elevation of contiguous storefronts (Figures 3-12, 3-13, and 3-14).

Chapter 4

Downtown Commerce: Challenges and Opportunities

4.1 Market Shifts

American towns and cities traditionally provided for the majority of their communities' commercial needs and offered a wide range of goods and services, including groceries, hardware, apparel, and home furnishings, while including at least one department store. These stores contributed to sustainable urban centers that allowed residents to walk or take a short drive to acquire most of their desired goods and services. In larger towns and cities, department stores were often hundreds of thousands of square feet in size, covering entire blocks.

Retailers have always depended on the exposure of passing traffic for their livelihood. Whether a small hamlet nestled on rural crossroads or a major shopping center located at the intersection of two interstate highways, commerce needs both pedestrian and vehicular traffic to be economically viable. Villages, towns, and cities often developed at the crossings of major transportation systems—rivers, canals, railroads, or highways. Retailers, offices, and hotels provided goods and services for individuals passing along either route. On the other hand, entire towns quickly declined with the closure or rerouting of a railroad, port, or highway.

Many American towns and cities have ceded their historical role as their region's primary shopping destination to the suburbs. Cities are now ringed with shopping centers and big-box districts offering the name brands and prices that are no longer available in downtowns. The businesses that remain in many of our cities tend to be based on entertainment, dining, or tourism, or are so unique that they have limited appeal to local residents. Surprisingly, many well-intended public policymakers have promoted a "no national chain in my downtown" attitude, which has resulted in an undesirable situation: urban residents must now drive to the suburbs for most of their primary goods and services. Boston, Charleston, Chicago, Portland, and numerous other cities represent an exception to this pattern.

The success of suburban shopping centers profiting from these reverse commuters compels more downtown retailers to abandon the city for suburban locations. For convenience, urban residents, employment centers, and eventually government facilities follow and the cycle of suburban sprawl continues.

However, demographics indicate that more and more people prefer urban living; over 80 percent of Americans now reside in urbanized areas. Following this trend, many leading retailers have designed new, more flexible store formats that can be adapted to the historic buildings and smaller blocks found in traditional city centers (Figure 4-1). As a result, downtowns and other urban areas have an opportunity to experience a rebirth as the centers of regional commerce.

4.2 Peak Retail Market Share

During the peak commercial era of American cities, commonly acknowledged as the 1950s and 1960s, banks, cinemas, department stores, supermarkets, and even automobile dealerships thrived as anchors in central business districts. During this period, cities also accommodated large volumes of vehicular traffic, mass transportation, and plenty of on-street parking. It was not uncommon for 20,000 to 30,000 cars to travel the typical American main street each day (Figure 4-2).

City halls, courthouses, libraries, and post offices served as noncommercial anchors for communities, that is, as community anchors. Both public and private large-scale anchors brought considerable pedestrian and vehicular traffic downtown. They supplemented each other's functions and indirectly supported smaller independent retailers and chain stores. **Public and private anchors continue to be as essential to competitive urban shopping districts as they are to suburban shopping centers.**

Figure 4-1
Talbot's is located in a former house in the small coastal town of Essex, Connecticut. *Robert J. Gibbs*

Figure 4-2
During their prime, American cities were congested urban centers that included mammoth department stores and numerous local, regional, and national retailers. Until the mid-1970s, many city centers captured most of their region's retail market share. Note the minimal number of street trees in the photo. Shown: Detroit, Michigan. *From the personal collection of Robert Fishman*

During the most successful commercial period for cities, people were drawn downtown for a variety of reasons, such as to pick up packages at the post office and then purchase groceries for the evening. Churches, courthouses, and government office buildings created a demand for retailers, offices, and hotels. Office workers dined in restaurants and shopped near their offices. Residential buildings situated themselves near employment and shopping locations. Various land uses created a demand for each other by being located within a compact, walkable environment.

The thriving central business districts of this country's past were, by today's standards, fairly utilitarian. Massive billboards, overhead wires, and worn concrete sidewalks were the norm, which did not seem to matter to the tens of thousands of people who shopped or worked downtown.

4.3 Urban Market Share Decline

Between 1954 and 1977, the total retail market share in American city centers dropped by 77 percent. What happened? Why did so many central business districts lose their commercial market share to the suburbs? Were shopping malls entirely to blame for retail stores leaving downtowns? In actuality, many downtowns implemented a series of well-intended changes in policy planning and "improvements" that ended up negatively impacting their retail sales.

In many cases, a major shift in a transportation system, such as the construction of a bypass highway or the removal of an entire street, precipitated a sharp decline in traffic and commerce. From the 1950s to the 1990s, ring roads and bypass highways were built throughout American cities and towns, usually with devastating impacts on retailers. Bypass roads often reduced traffic on main streets by up to 85 percent, from the national average of 30,000 cars per day to less than 5,000. At that time, many urban planners theorized that reducing vehicular traffic would make downtowns more "pedestrian friendly." Unfortunately, as an unintended consequence, downtown retail sales plummeted and new shopping centers opened along the bypass roads, eventually creating commercial strips. Any downtown retailers who could relocate to new suburban shopping centers did so. Sadly, transportation policymakers continue to promote the bypass highway as the best way to increase downtown commerce by removing the car and making the downtown more pedestrian friendly and walkable.

4.4 Converting Downtowns to Malls: A Failed Experiment

After suffering the effects of poor planning and policy decisions, as well as losing most of their commerce to suburban centers, many cities attempted to revitalize themselves by turning their downtowns into facsimiles of the suburban malls with which they were competing. More than 200 cities closed their primary shopping streets entirely to automobiles and converted them into landscaped pedestrian-only malls. Some even placed roofs over the street. If pedestrian-only walks worked in the suburban shopping center, then why not in downtowns?

Downtowns with busy streets and on-street parking provided residents and commuters with convenient access to a wide range of businesses and government uses. Depriving motorists of the opportunity to drive through the streets of a shopping district and directing them to remote parking lots created barriers too great for busy shoppers.

While parking in a remote lot or garage may make sense for an office worker or someone planning an afternoon of shopping, most quick in-and-out visits to downtown shops do not warrant remote parking. One-million-square-foot suburban regional malls, on the other hand, provide enough shopping venues to justify the challenge of finding a parking space in a large lot and then walking through it to destination stores and back.

Urban pedestrian malls only quickened the demise of hundreds of struggling small towns and cities. Fewer than 20 of these malls have been successful in the United States. They are located mostly in college towns, such as Burlington, Vermont; Boulder, Colorado; and Charlottesville, Virginia. Other successful pedestrian malls, such as Denver, Colorado's 16th Street Mall and Santa Monica, California's 3rd Street Promenade, are either an exception to the rule or the result of extraordinary public-private partnerships. In most cases, the reopening of the street to vehicles and on-street parking, combined with modern retail management practices, is less expensive and more effective in achieving a sustainable commercial shopping district than the pedestrian mall.

Other factors, such as relocating a post office or courthouse, removing on-street parking, creating one-way streets, closure of a key retailer, or the opening of a new shopping center have directly caused sharp downward spirals for many urban shopping districts. As a result, a rash of violent crimes or a poorly maintained public realm has led to quick changes in consumer habits. Many thriving downtowns have been harmed by greedy department store managers who worked behind the scenes to keep new competing retailers and department stores from opening. This policy often backfired when these department stores found willing developers to build suburban shopping malls that eventually captured spending dollars from downtowns.

Today, this shortsighted approach has become public policy in many underserved city centers that refuse to allow leading national retailers or discount department stores to open new units within their central business districts. This has resulted in retail deserts in many major cities, where large populations of urban residents are denied basic shopping necessities and choices.

Rather than rejecting specific brands or store sizes, municipalities should focus on how these same retailers can enhance the urban quality of their downtowns by being housed in appropriate building types: multistory urban buildings fronting the street with sidewalk entries, ample glazing, and properly placed service entries. The retail consumer-based market will eventually prevail. If there is a strong enough demand for an unmet commercial good or service downtown, some developer or retailer will find a way to satisfy that need. Numerous municipal governments have prevented "undesirable" retail stores from opening downtown, only to have one or more of these same stores open just across the city lines in another community.

4.5 Urban Commercial Challenges

Opening a business in a historic urban area presents physical and political challenges not found in suburban shopping centers. Many small business owners self-finance their building improvements, reducing the need for public capital to fund operations, marketing, and inventory. Historic downtowns are not centrally managed business districts. Their stores have different hours of operation and overlapping services, and rarely implement effective marketing and promotional programs.

When a business decides to locate in an urban center, it must find a suitable building in an appropriate location. While any given downtown has numerous individual properties available, the buildings are usually too small for modern retailers or require significant improvements for their adaptation. Often, historic buildings are not structurally equipped for contemporary uses, with ceilings that are too low or an inability to accommodate modern electrical and HVAC systems.

4.6 Rents

Downtown rents and lease terms are frequently unreasonable, often resulting in inexperienced business owners committing to leases their businesses cannot support. Main streets rarely have central management organizations that coordinate storefront business hours, marketing, parking, levels of service, and business recruitment. In contrast, shopping centers are centrally managed, which appeals to value-conscious and time-stressed shoppers. As a result, operating a business is more challenging on a historic main street than in a well-managed shopping center.

The timeline for locating a space, negotiating a lease, obtaining the necessary government approvals, and coordinating the store's construction is too unpredictable for most small businesses. The uncertain and often subjective building permit process required in most cities is an unreasonable hardship for the independent and often undercapitalized store or restaurant owner. In many cases, the business owner must pay rent (with no sales revenue) for months while building a new store.

Unfortunately, this process favors large regional and national chains over small, innovative start-up retailers and restaurants.

Time is money, and new businesses find it hard to commit to an urban location without a guaranteed opening date. Shopping center developers minimize the risk of taking in a new business by establishing mandatory opening dates and tenant-funded improvements as part of the lease conditions. It is not unusual for shopping center owners to require leases with steep financial penalties if businesses miss their opening dates. **The leasing challenge for many downtowns and shopping centers is not a matter of demand, that is, attracting prime retailers, but rather of providing a sufficient supply of suitable spaces in a timely, predictable period.**

Fortunately, most cities have an untapped market demand that can potentially compensate for their real estate challenges.

4.7 Space Limitations

While many city centers have the demographics necessary to support the addition of thousands of square feet of new retail development, potentially generating millions of dollars in annual sales with consequent tax revenue, they often have an insufficient supply of suitable spaces and parking to accommodate such growth. Small historic buildings, numerous individual property owners, and relatively high development costs present challenges rarely found in commercial shopping centers.

The typical modern retailer or restaurant requires 5,000 to 10,000 square feet of area, 16-foot-high ceilings, and on-site parking. Nonetheless, many prime retailers will modify and downsize their store prototypes for sites in popular and commercially successful historic districts, such as Charleston, Georgetown, and Pioneer Square in Seattle. Smaller, multilevel stores, however, must yield higher sales to offset increased management and marketing expenses. **Getting prime businesses to locate in historic downtowns is more a matter of sufficient space—a supply issue—than of finding tenants—a demand issue.**

Appropriately sized spaces, within single buildings or assembled from parcels, can attract prime small department stores and large retailers to a historic downtown. To adapt to such a location—a historic building or an infill lot—these retailers must customize their standard architectural formats. For the successful implementation of such one-off stores, their owners must work with developers who are experienced in renovating old buildings and control enough spaces in the historic district to subsidize the higher construction costs for these stores.

To create a profitable balance of new retailers in a central business district, older buildings or underused or vacant parcels need to be filled with viable businesses. Extensive interior modifications are often required, such as aligning floor levels, removing floors to raise ceiling heights, and addressing deviations from current building codes. Many small to medium-sized local, regional, and national retailers can adapt their standard formats to buildings as shallow as 25 feet and as small as 200 square feet. These micro-stores should be grouped around anchor-type tenants capable of attracting shoppers from outside the area. City-owned surface parking lots and underused properties represent opportunities for building infill anchors, such as a small department store or larger retailer establishment.

Chapter 5

Economically Sustainable Commercial Urbanism

5.1 Advantages of Strong Retail Sales

Retailers and shopping centers are in business to earn a profit for their owners and an above-market rate of return on capital for their investors. They must sell enough merchandise to cover all of their labor, rent, operating costs, and other expenses. In general, successfully run businesses are able to offer better goods and services, maintain nicer stores, and contribute to a sustainable community than retailers that lose money or fail to provide a living wage for their owner. Such businesses can maintain extended hours, regularly update their physical spaces, and, more importantly, satisfy the commercial needs of the community. Profitability is good when combined with a concerned and caring business owner (Figure 5-1).

Figure 5-1
Strong retailers and restaurants can promote residential and office investment in city centers. Shown: Galway, Ireland. *Robert J. Gibbs*

Unlike conventional suburban shopping centers that are separated by substantial distances and wide swaths of parking and landscaping from surrounding residences and offices buildings, urban areas are, by definition, compact and have a mix of retail, office, and residential uses. A failing suburban shopping center usually has little impact on a surrounding subdivision. By contrast, a block of distressed or shuttered retailers will negatively affect its upper-level residences and offices, which adversely impacts the overall economic health and vitality of its urban area.

5.2 Consumer Demand and Preferences

One of the first steps in planning a new shopping center or revitalizing a historic downtown should be a comprehensive market-based analysis of the types of goods and services that could be supported in the study area's location. Such a study will reveal existing deficiencies in needed retail categories, such as apparel, books, groceries, home furnishings, or restaurants. Planners and policymakers can then use this information to determine if the types of supportable new businesses are in line with the values and desires of the community (Figure 5-2). For example, while assisting a small community in Maryland, the author found that a new 20-screen cinema was supportable in the area and that a national chain was looking to open one within a year. After learning of the news, however, the town officials concluded that such a large entertainment venue could spoil their community and quickly passed an ordinance prohibiting cinemas with more than four screens.

Successful retailers and shopping centers provide the goods and services that are desired and needed by their focus customers. Geographic markets consist of hundreds of subdemographic groups based on age, education, ethnicity,

Figure 5-2
Cities are most sustainable when they sell the goods, brands, and services that are desired and needed by their community as long as they maintain a walkable urban environment and respect the urban fabric. A big-box Best Buy store has been modified to adapt to a multilevel office building along Fifth Avenue in New York City.
Robert J. Gibbs

employment, family size, income, and lifestyle. Considerable market research is conducted to determine the specific brands, price points, quality, and physical environment that will best match the preferences of the given demographic. For example, one leading luxury retailer discovered that it would sell many more of its namesake casual shirts at $79 than it would at $39, even though the lower price would still earn a reasonable profit. Their customers equate price with quality and feel better buying the most expensive item available.

Some shoppers only seek low prices, while others place the highest value on good service or innovative design. Gender issues are also important. In spite of the male clothing industry's best efforts, many men are reluctant to enter a store. The most recent consumer trend is toward guilt-free shopping, where fashionable apparel and accessories are offered at low prices in a store with an exciting upscale interior.

Various supermarket brands are known to focus on offering one of the following: low prices, high quality, or excellent service. They may also highlight their specialty items, such as organic products. Consumers will often shop at three or four locations to purchase food: a convenience market for a gallon of milk and a loaf of bread on the way home; a supermarket for staples and weekly purchases; a club-type warehouse for large bulk food items; and a local bakery, fish market, or butcher for high-quality specialty items and service.

Often, inner-city populations with low to moderate incomes are significantly underserved in many retail categories, especially apparel, groceries, and dining. While the residents of these communities often have limited access to transportation, they must drive considerable distances for basic staples, value, and selection. Such findings are usually received with skepticism by local developers, retailers, and policymakers. "If a grocery store or restaurant is supportable, why isn't it already here?" is their typical response. The calculations and formulas that the shopping center industry uses to determine the location of new stores work to the disadvantage of inner-city populations. Leading retailers rarely drive around the countryside in search of downtowns suitable for selling their merchandise or services. More often, a savvy developer who has conducted sophisticated market research will offer enticing leasing terms to desirable and needed retailers.

Retailers have specific site location and planning standards that have proven profitable. Convenience or neighborhood center retailers require direct visibility from vehicles on an adjacent major roadway, one that carries at least 15,000 cars per day. These small businesses cannot afford large marketing campaigns and must rely on the impulse purchases of drive-by consumers for revenue. In contrast, lifestyle and regional center retailers can be located in downtowns or enclosed shopping malls without direct visual exposure to the highway. With 200,000 to 1 million square feet of GLA, these centers have the critical mass of retailers and enough marketing resources to attract customers on purpose-driven trips.

The location and layout of a shopping center, or the rebuilding of a downtown's commercial district, requires an understanding of what types of retail categories its market can support. Quite often, in planning a new community, the planner and developer mistakenly assume that its shopping street can be inwardly oriented, with decked or underground parking, only to learn later that the market warrants solely a neighborhood center with surface parking.

5.3 Market Research

Detailed market studies can forecast retail sales for each business type. Sales are the primary factor in determining the amount of rent that can be generated by the center, and rent revenue sets the sustainable building and development costs. Frequently, town centers are mistakenly programmed, planned, and designed without any real economic basis for the market demand to generate rents. For example, it is not uncommon for a developer to design two- to three-level mixed-use buildings along a walkable main street to maintain the quality of the urban environment. In most markets, these buildings can cost up to 20 to 25 percent more than conventional strip centers to develop, but they do not generate the equivalent increase in rent and are thus not sustainable. To a large degree, form follows rent.

As with any service, the quality of market studies can significantly vary. Recent advancements in Geographical Information Systems (GIS) have made it possible to produce seemingly competent spreadsheets and maps with just a few clicks of a mouse. However, these studies should be used with caution, and not as the sole basis for any public policy or private investment. Numerous commercial zoning standards have been implemented that either overly restrict or excessively expand commercial zoning because of incomplete market research.

A competent, well-documented market study provides policymakers or developers with a detailed account of the types and sizes of retail businesses likely to be supportable in a given area at present and for the next five years. To uncover the absence, scarcity, or surplus of a particular good or service, an analyst must visit the study area's shopping centers and retailers to make an independent evaluation of the quality of their service and merchandise.

The research should also include walking- and driving-time studies and provide a gravitational model for estimating the subject site's primary, secondary, and tertiary trade areas. Demographic data, including consumer expenditure potential by retail category, household income, education levels, percentage of various employment types, age, projected growth, and other factors, should be carefully analyzed. All primary retail categories, such as apparel, books, children's needs, department stores (discount and luxury), electronics, gifts, grocery, hardware, home furnishings, pharmacy, sporting goods, restaurants, and specialty foods, should be studied.

To ensure the accuracy of their study, market researchers should contact retail insiders, including tenant representatives, developers, and commercial real estate professionals, to gain real-time insight into existing business performance and new store deployment plans in the subject study area. The study should also provide the names of potential retail and restaurant tenants for the downtown or proposed shopping center.

A retail market study should include a summary of the relevant demographic characteristics for the trade area, including socioeconomic complexion, income levels, and buying patterns. Also, a written qualitative report on whether or not retail development is supportable in the study area should be included, with sales forecasts and size estimates of the retailers (if any) most likely to be supportable. A market-based list of possible local, regional, and national retail and entertainment businesses that could be installed at the site should be provided.

5.4 Worker Expenditures

Worker shopping and dining are major contributors to the shopping center industry. Retailers and restaurants receive a considerable share of their sales from the employees of nearby businesses, whether they are from the construction trades, clerical services, or corporate offices. Some regional shopping center managers estimate that up to 10 percent of their total sales come from the center's own store workers. During the building of a new large-scale community or commercial complex, construction workers can support an emerging corner store long before any planned residences or offices become occupied.

Interestingly, it is the office workers in both the suburbs and central business districts who generate the most sales in retail shopping and restaurant dining. A 2003 survey by the International Council of Shopping Centers (ICSC) found that the average office worker spends $7.10 per lunch.[1] The report stated that, "on average, office workers purchase lunch outside of their office three out of five days, with 44 percent purchasing lunch four or five days a week."[2]

The ICSC study also found that 62 percent of office workers shop during the workday: 31 percent during lunch and 47 percent after work.[3] Twenty percent of office workers reported shopping multiple times during the day.[4] The average office worker spent $96 per week during the weekday: $56 (58 percent) on apparel, home goods, gifts, and electronics; $24 (25 percent) on groceries; and $16 (17 percent) on personal-care goods and services.[5]

On average, each office worker can support approximately 7 square feet of restaurant space and 23 square feet of retail space. Given the average of 200 square feet of office space per worker, every 200 square feet of office space directly potentially supports up to 30 square feet of retail and restaurant development, or 15 percent of the gross office size. Additional retail and restaurant space can also be supported by residential areas, tourism, and the region as a whole. Most shopping centers need daytime employment centers to support their restaurants and shops. The importance of office development for sustainable retail centers cannot be overemphasized.

Surprisingly, in many cities, the author has found that office workers shy away from openly shopping during the day because of peer pressure and the perception that one will be seen as a slacker when carrying a shopping bag back to the office. Workers reveal that they prefer to place newly purchased items in their handbags or cars before returning to the office, which limits their time in the store. This is especially true for upper management. Potentially, retail sales could be significantly improved if the stigma of shopping during the workday were overcome.

Recommendations for Expanding Worker Retail Sales

- Cluster stores close to primary employment centers to conserve time.
- Position goods and services for worker tastes and affordability.
- Extend store hours to 7 P.M.
- Develop promotional campaigns for worker discounts.
- Launch a marketing campaign to popularize shopping by workers.

5.5 Tourist Expenditures

Shopping is the most popular activity for vacationing travelers (Figures 5-3 and 5-4). Sixty percent of American tourists and 89 percent of foreign visitors go shopping while on vacation.[6] More than half of adult American tourists cited shopping as their primary or secondary reason for traveling. Among these travelers, clothing and shoes were the most popular items purchased.

Shopping is the most popular activity of American tourists and foreign visitors in the United States.[7] Nationwide, one-third of the typical tourist's budget is spent on shopping. On average, each tourist spends $333 on shopping during each trip. Tourists shop for a variety of reasons: to search for regional or cultural authenticity, to relieve boredom, for personal needs, to augment the traveling experience, and for gifts. General Growth Properties, the largest U.S. shopping mall developer, reported that tourists were responsible for 31 percent of their 2001 total annual sales revenues.[8]

A person's shopping behavior while traveling is different than when that person is at home. As tourists, people tend to spend more money and look for the highest quality possible, whether for unique items or familiar name brands.[9]

Purchasing name brands for gifts also renders them less of a risk, since the items can be easily exchanged or returned at home. This is a relatively recent trend, a result of shopping's becoming a form of entertainment and a way for family and friends to spend time together. At home, most people are too busy with children, work, and other demanding activities to enjoy shopping, and it is transformed into a chore. In contrast, the relaxed atmosphere of a vacation makes shopping a desirable and pleasurable pastime. Surveys indicate that there is a direct relationship between tourist trip satisfaction and levels of spending.

Vacationers, especially business travelers and foreign tourists, enjoy finding their favorite upscale brands and stores in unique urban settings and outlet centers. Leading retailers have responded by adapting their standard formats to the unconventional or odd-shaped spaces often found in historic buildings. Tourist spending occurs in both conventional shopping centers and historical districts, such as Alexandria, Virginia's Old Town. Major European and American cities often balance small specialty shops with leading retailers such as Anthropologie, Brooks Brothers, Coach, and Ralph Lauren. Historic centers in New York, Boston, San Francisco, Miami Beach, Charleston, and other cities are now the preferred sites for leading national and international retailers to open new stores.

Vacationers, especially foreign tourists, enjoy finding their favorite upscale brands and stores in unique urban settings. In response, leading retailers have adapted their standard formats to the unconventional or odd-shaped spaces often found in historic buildings.

Tourist shopping alone cannot sustain commerce in a historic urban area. The commercial district must also serve the needs and preferences of nearby residents and the surrounding community. Unfortunately, most cities fail to meet both their visitors' and residents' dining and shopping needs. This deficiency provides a significant opportunity for a historic district to expand the range of goods and services it offers and increase its revenue.

Figures 5-3 and 5-4
Shopping is the primary activity for tourists. Most vacationers and business travelers prefer to purchase familiar brands in unique setting, such as historic downtowns. Shown: King Street, Charleston, South Carolina.
Robert J. Gibbs

Recommendations to Enhance Tourism Spending

- Expand marketing campaigns to include promoting the historic center as a shopping and dining destination for tourist groups.
- Assist small independent businesses in expanding their markets by offering goods and services that appeal to tourists as well as their existing customer base.
- Expand the marketing program for the historic center to target regional, national, and international hotel guests.
- Identify the purchasing preferences of the historic center's regional, national, and international tourists, including brands, stores, price points, and categories.
- Cross-reference the brands preferred by visitors with the stores also favored by local residents to determine which businesses have the broadest possible appeal.
- Implement a business recruitment strategy to approach preferred retailers and restaurants and to coordinate leasing.
- Feature leading national brands, retailers, and restaurants in marketing materials and promotional efforts.

Chapter 6

Shopping Center Built-Form Types

6.1 Strip Center

The format for strip centers is a simple single-level structure that has broad applications, especially in suburban settings. Although widely used, the strip center conjures up a negative image in the minds of the general public and design professionals alike—an unfortunate misunderstanding. Compared to other centers, strip centers have the advantage of low construction and maintenance costs and easy, flexible leasing. The major differences between a strip center and a main street are in the orientation of their inline storefronts to the street and the number of floor levels to their buildings. Conventional suburban strip centers are single story and set back from the street, with most of their parking located between the building and the street. Prototypical main streets are the opposite: multilevel buildings whose storefronts line streets with curbside parking. The strip center format, nonetheless, can be adapted to an urban setting with minimal modifications.

The ICSC defines strip centers as

> an attached row of at least three retail stores, managed as a coherent retail entity, with on-site parking in front of the stores. GLA (gross leasable area) for the center must be at least 10,000 square feet. Open canopies may connect the store fronts, but a strip center does not have enclosed walkways or malls linking the stores. A strip center may be configured in a straight line, or have an "L" or "U" shape.
>
> A straight line of stores with parking in front and a service lane in the rear with the anchor store, commonly a supermarket in small strip centers, is placed either at one end or in the center of the strip. A strip center is usually a small neighborhood center. And the[se] terms have come to be used interchangeably, although a strip may also be a large center.[1]

6.2 Linear Strip Center

The linear strip center represents the industry's most basic and common format (Figure 6-1). This type of center fits easily on a small site and is relatively simple to build. The center's primary challenge is that it only has two corner or "end-cap" spaces, leaving the majority of its retailers to compete for customers' attention.

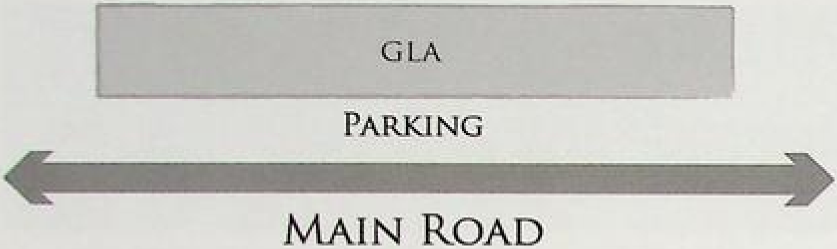


Figure 6-1
The strip shopping center in a linear row of businesses, typically one level. Parking can be located behind the shopping center or in front, depending on the setting. Many historic cities are made up of numerous strip center–formatted buildings that have been pulled to the street. On-street parking is essential for the street-fronting urban alignment. *Gibbs Planning Group, Inc.*

The strip center is ideal for small local businesses, such as florists, markets, and restaurants that cannot afford extensive advertising and must rely on exposure to large amounts of vehicular traffic.

Typically, strip centers are planned with one or two rows of surface parking between the building and the street and an alley in the rear for service. However, prior to World War II, strip centers were commonly built to the street edge, adjacent the sidewalk, which effectively created a Main Street–like business district (Figure 6-2). The 1999 edition of the Urban Land Institute's Community Builders Handbook recommended locating 10 percent of the strip center's parking behind the building.[2] A street-fronting strip center is economically sustainable if the street has sufficient parallel or diagonal parking and the rear parking lot is both easily visible and readily accessible from the street.

Strip centers are 40 to 80 feet deep, depending upon the location and tenant mix. On average, a 60-foot-deep by 20-foot-wide, 1,200-square-foot tenant space can accommodate the widest range of small retailer and restaurant business models.

Figure 6-2
Many downtowns were built using the single-level strip center format by pulling the building to the edge of the sidewalk (street right of way). Shown: Worth Avenue, Palm Beach, Florida. *Robert J. Gibbs*

Advantages

- Simple design and construction
- Adaptable to small sites
- Convenient parking
- Flexible tenant spaces
- Excellent visibility of all tenants
- Suitable for convenience, neighborhood, and community centers

Challenges

- Street-side parking lot, which sets retailers back from the street
- Limited walkability
- Does not contribute to place-making or urbanism

6.3 Single L Center

The single L center has two wings at a 90-degree angle. One wing parallels the street; the other is perpendicular to it. This alignment allows for unobstructed views between retailers and easy pedestrian access from the parking lot to both ends of the center than the linear center provides (Figure 6-3). If the center is properly sited, with its storefronts facing oncoming traffic, the perpendicular wing's retailers can stimulate impulse shopping by motorists. The center's clear visibility from the roadway provides the exposure needed for its small business owners, who have limited advertising budgets or rely on impulse buyers.

Although a streetside parking lot is not ideal in most urban settings, its negative aspects can be minimized if the end of the perpendicular wing abuts the street. This allows some retailers to have street frontage and permits the entire center to be accessible to pedestrians without traversing the parking lot.

The site plan for many L centers erroneously places the backside of one of the wings facing the right-side lane's oncoming traffic, effectively blocking the motorists' view of the retailers. Though retailers in these "backward" centers can be seen

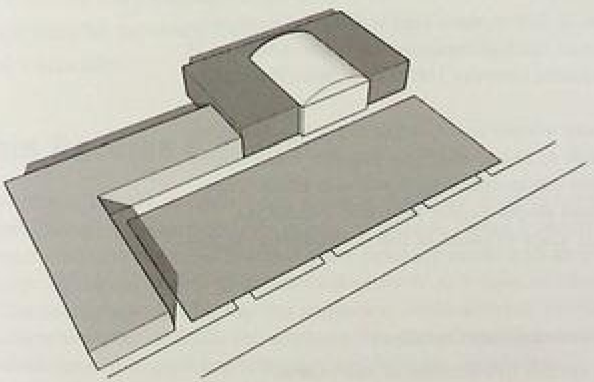


Figure 6-3
The L-shaped strip center is the industry's most popular format and allows easy parking and excellent visibility from the adjacent roadway. The format is suitable for suburban locations but has limited urban adaptability and walkability. *Gibbs Planning Group, Inc.*

by motorists in the opposing far-travel lane, these drivers must make left-hand turns across oncoming traffic to enter the center, a maneuver often considered not worth the trouble for many busy and preoccupied shoppers. Such a poorly sited center can result in underperforming retailers, a high rate of tenant turnover, and ultimately, financial failure of the shopping center.

Advantages

- Promotes better visibility between tenants, which encourages cross-shopping between retailers at the ends of the center
- Allows for some frontage along the street
- Allows some retailers to be visible from the adjacent street
- Pulls some retailers close to the street, improving their visibility
- Has a compact building footprint
- Suitable for convenience, neighborhood, and community centers

Challenges

- Requires a large parking lot between the center and the street
- Lacks a sense of urbanism
- Limited walkability
- Produces an inside corner of space that has limited commercial usefulness
- Cuts off adjacent land uses from the retailers

6.4 U Courtyard Center

Shopping center developers built the U courtyard center in response to the post–World War II explosion of suburban growth. The U-shaped center has three wings of commercial uses encircling a parking lot that abuts a roadway. Successful applications of this U format range from compact urban infill projects to large suburban community centers. The Del Mar Station, located in Pasadena, California (Figure 6-4) includes a small commercial courtyard surrounded by residential buildings and a rail stop.

The first U-shaped centers had less than 50,000 square feet in GLA and were located along the primary streets at the edge of central business districts. Modern U centers have been developed as large community centers 100,000 to 300,000 square feet in GLA, including two or three anchors.

The U-shaped plan gives pedestrians easy access to all areas in the center from anywhere in the parking lot. The exterior ends of the U can line the sidewalk with storefronts, which improves pedestrian access while defining the street edge. Passing motorists have unobstructed views of these street-lining retailers. Motorists have a difficult time, however, getting a clear view of most of the court-facing inline retailers.

Advantages

- Easily walkable from the street and between most retailers
- Central parking provides convenient access to all areas of the center

Figure 6-4
The Del Mar Station is a mixed-use transit development that includes 12,000 square feet of retail space and restaurants. Transit riders can support limited amounts of convenience retail shopping and restaurants. The station's residential and roadway frontage provides additional economic sustainability for the commercial district. Shown: Del Mar Station, Pasadena, California. *©Moule & Polyzoides, Architects and Urbanists*

- Creates spatial enclosure of the parking lot
- Places some retailers at the street edge
- Defines the street edge at its two ends
- Suitable for urban infill locations
- Suitable for convenience, neighborhood, and community centers

Challenges

- Limited views of retailers located at the back of the court
- Some retailers oriented away from oncoming vehicular traffic
- Limited expansion opportunities
- Restricts access from adjacent land uses
- Large parking lot between the center and street
- Limited walkability

6.5 Double Reverse L Center

Coupling two conventional L centers back to back creates a double reverse L center, which offers three major benefits: an urban, walkable street fronted by retail stores; maximum visibility for retailers lining the primary road; and ample parking behind buildings with easy access to retailers (Figure 6-5). Major anchor stores can be located in the center's wings facing the roadway, while smaller inline retailers form a perpendicular street or flank the anchors. Nearly all retailers are readily accessible to pedestrians from parking lots adjacent to their storefronts.

Figure 6-5
The double reverse L format creates a walkable main street lined with shops and large parking areas facing the highway and large-format anchors. This typology has been widely implemented in various forms. The plan relies on operating doors, large display windows, quality architecture, and urbanism along the shopping street. Rear-facing doors and windows along the parking lots can be optional. On-street parking is also essential for the shopping street retailers. The large parking fields are intended to serve as land banks for future infill development. Shown: 1999 proposal for the Woodfield Town Center, Grand Blanc, Michigan. The proposal was rejected by the township in favor of an industrial park. Michael Morrissey illustrator; Gibbs Planning Group Town Planner. *Gibbs Planning Group, Inc.*

If properly planned, the double reverse L center can form a walkable urban shopping street lined with small retailers and anchored by larger stores. This type of center can support a broad range of retail categories, including convenience, neighborhood, lifestyle, and community center retailers. The format works especially well when the main street includes a small square that fronts the primary highway, as shown in Shelby Town Center (Figure 6.6).

To form a main shopping street, this model employs a hierarchy of A and B zones. The B zone adopts the conventional strip center, with its large parking lot fronting the primary roadway. B zones can have the larger parking ratios and the plainly constructed and moderately priced buildings required by many retailers. Storefronts in this zone face the parking lot and have a service alley at the back of

Figure 6-6
Proposal for the Shelby Town Center based on the town square format. The square is lined with one-way lanes with on-street parking. Shelby Township, Michigan, 1996, Charles Barrett & Gibbs Planning Group, Inc. *Charles Barrett & Gibbs Planning Group, Inc.*

their building. Vehicular access is directly from the primary roadway or from the A zone via drives between buildings.

When properly designed, the A zone forms a walkable main street lined by smaller storefront retailers in multilevel buildings. All retailers facing this main street should have well-designed storefronts that open onto the A zone (street). These retailers may also have an additional door and storefront facing the large parking lot serving the B zone. However, it should be obvious to the shopper that the A-zone frontage facing the main street is the front of the store, while the frontage facing the B-zone parking lot is always the back. The rear frontages could face a service alley if future development replaces the parking lot with infill buildings.

Most of the financial resources of the center's developer should focus on the design and construction of high-quality A-zone street frontages, with the B-zone frontages built more plainly.

This author has seen numerous instances where public policy has mandated the development of retail centers with both the A and B sides of buildings treated with expensive materials. Though this may be well intended, such attempts to create buildings with two equal fronts often result in building costs unsustainable by the market or, as a compromise, second-rate building designs.

Advantages

- Walkable, open-air center
- Promotes easy cross-shopping between retailers
- Allows for direct frontage to the primary roadway for some retailers
- Can be developed with surface parking, reducing development costs
- Suitable for convenience, neighborhood, community, and hybrid lifestyle centers

Challenges

- Limited views of most of the retailers from the roadway.
- Potential double-frontage costs for retailers.
- Remote parking requires shoppers to walk farther than in strip centers.
- Surrounding parking lots may hinder pedestrian access from adjacent land uses.

6.6 Lifestyle or Main Street Centers

The newest town center shopping center type is based on the oldest model: Main Street. The lifestyle center format combines a strip center with a historic downtown main street, offering the busy shopper both convenient parking and a quasi-urban experience. The lifestyle or main street center provides an internal vehicular street or pedestrian way that is lined with shops on both sides (Figure 6-7).

Typical lifestyle centers are 200,000 to 300,000 square feet in size, offer excellent walkability, and have a sense of urbanism. However, these centers require large parking fields, often surrounding the center and thus isolating it from adjacent land uses.

Because the center is inward oriented and has limited access to nearby roads, it cannot support most convenience, neighborhood, or community center retailers who rely on being clearly visible to motorists passing by or on an impulse-shopping trip. These centers are best suited for proven lifestyle or regional stores and restaurants that can generate purpose-driven trips. Lifestyle centers developed without anchors, such as department stores, supermarkets, or community destinations, have recently proven to be vulnerable to regional malls and economic downturns.

Initially, many lifestyle centers were built with pedestrian-only streets. Contrary to their planners' intent, these auto-less centers made navigating them more difficult, an inconvenience to shoppers that often resulted in their economic underperformance. The introduction of a well-designed vehicular street lined with

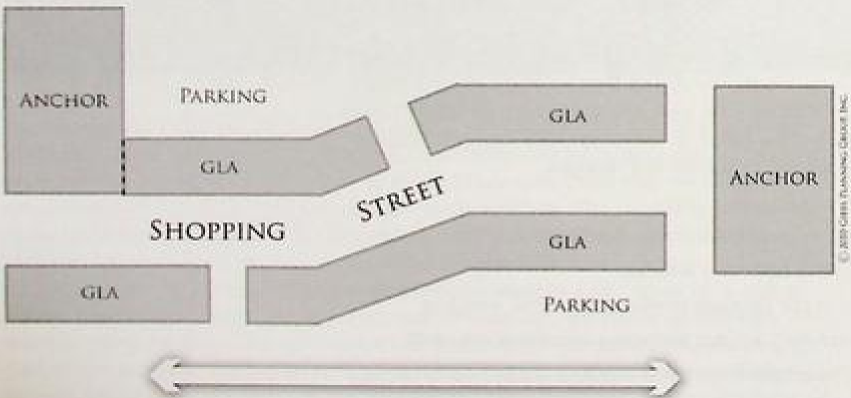


Figure 6-7
The basic lifestyle center clusters shops and anchors along a main street. These centers generally perform best when the street is two lanes wide with on-street parking. *Gibbs Planning Group, Inc.*

on-street parking and running the entire length of the center allows shoppers to conveniently drive to and park near their destination stores. Even if a large amount of on-street parking is not provided, drive-through traffic contributes to a lively center and allows motorists to window-shop numerous stores before parking.

The main street format can be configured in a variety of ways: it can be planned as a street or boulevard, or grouped around a square, and can have alignments that are linear, circular, or angular. Like the enclosed mall, the main street should generally be 1,000 feet or less in overall length.

Advantages

- Promotes easy cross-shopping between retailers
- Suitable for a variety of retailers and large anchors
- Central street allows for convenient parking when properly managed
- Allows for 50 percent or more of its retailers to be easily visible from the main roadway
- Creates a semiurban shopping environment that is often missing from many regions
- Can accommodate expansion into surface parking lots with the construction of parking decks
- Creates a shopping circulation "loop" that encourages walking the entire length of the center

Challenges

- Difficult to create a quality urban environment because of the limited building area and surrounding parking fields
- Many retailers not directly visible from the major roadway
- Necessary for pedestrians to walk around some of the stores to enter from parking lots

6.7 Dumbbell Center

First popularized in the late 1950s, the dumbbell is the most common format for enclosed shopping malls. Two or more department stores serve as anchors at the two ends of the dumbbell, usually at its site's preferred or highly trafficked locations, such as major thoroughfares. Sandwiched between the department store anchors are smaller inline GLA shops, either lining a pedestrian corridor or grouped around a central court. Surface parking usually surrounds the entire center (Figure 6-8).

Planners and developers of the dumbbell format assume that after parking, most customers will enter the center through one of its anchors, then pass by or shop at the inline smaller stores until they reach the center court or continue on to the second anchor. Similar to an urban plaza, the central court is located midway between the anchors and offers shoppers a chance for a rest (but, hopefully, not for too long) between store visits. It is designed with high ceilings, natural light, landscaping, and other compelling amenities that combine to make it an essential visit for all mall shoppers. The premise behind this type of layout is that once shoppers

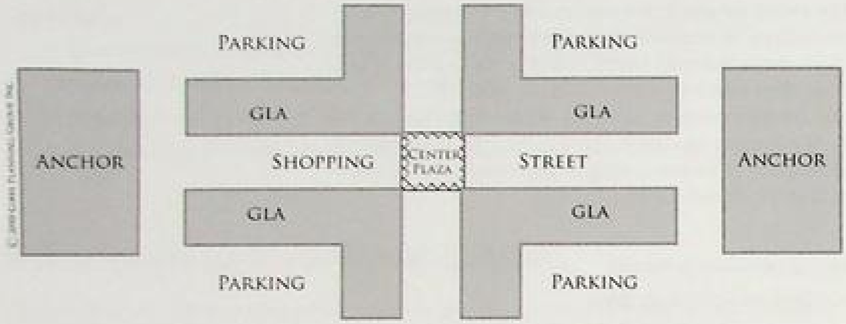


Figure 6-8
The single dumbbell integrates department stores with smaller retailers. The large anchors retain the best visibility and parking, while the smaller shops capture shoppers walking between the anchors. The single dumbbell can be built as an enclosed or open-air center and as pedestrian only or with a street. *Gibbs Planning Group, Inc.*

are in the center court they will continue on to the second anchor, passing by and possibly shopping at more inline retailers on the way.

The dumbbell center is oriented inward toward its main corridor and square, with the backs of its retailers and service areas defining the exterior elevation. Initially, many dumbbell center developers limited all retail signage, windows, and entryways to the center's interior in order to control pedestrian circulation for maximum store exposure. In the face of stiff competition from other retail center formats, these malls have begun to open up their exteriors by permitting key retailers and restaurants to have signage, glazing, and entryways facing the surrounding parking lots.

The dumbbell format can be built in a variety of configurations, such as the double dumbbell with four department stores, in a crescent shape, or with angled corridors (Figure 6-9). Whatever the plan, the industry standard for the length of

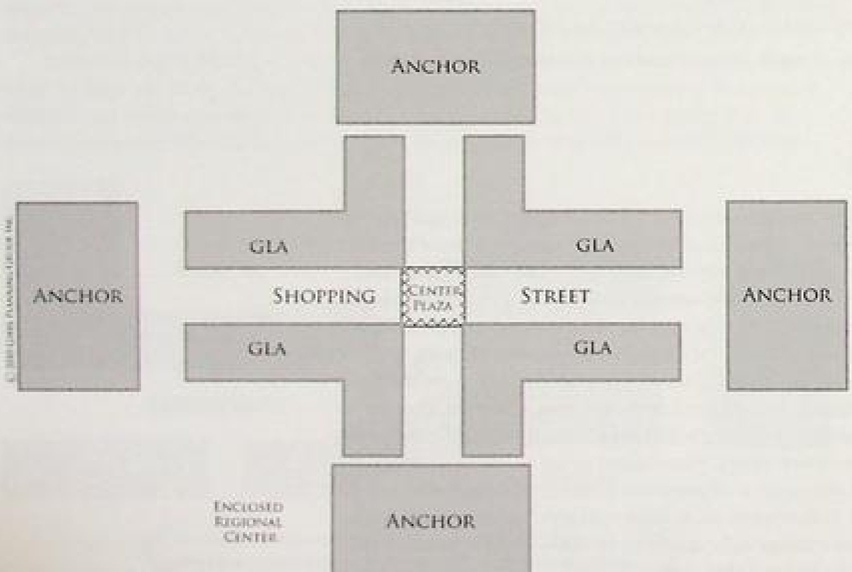


Figure 6-9
The single dumbbell can grow into a double-dumbbell shopping center to accommodate additional anchors and more shops. It can be developed enclosed or as an open-air center, with or without a street. *Gibbs Planning Group, Inc.*

the central corridor, as measured from the entrance of one department store to the other, is 1,000 feet or less. Even the most ardent shoppers can tire or run out of time or money after walking more than the 2,000 feet, that is, from one department store to the other and back.

Like the owners of other shopping centers, owners of the dumbbell center must reconcile the basic business conflict between the anchors and the inline retailers. Because anchor department stores usually own their own building, they do not pay rent to the developer. They do, however, purchase advertising that draws in up to 30 percent of the center's visitors. Rent revenue for the developer comes from the inline retailers or the GLA. To the anchors, the inline retailers are in direct competition for the shoppers' time and spending dollars. As a consequence, the developer wants shoppers to enter the mall directly from the parking area, whereas the department stores want to be the primary points of entry and exit for all mall visitors. Because of their economic importance to the center, the anchors usually prevail. Most site planning considerations and elements, such as parking alignments, road access, landscaping, and signage, are tailored to their preferences.

Advantages

- Simple linear format, making it easy for shoppers to comprehend and focus on shopping
- Allows for expansion of additional anchors
- Central court offers a high-traffic location
- Anchors visible from each other's front entry
- Internal layout encourages circulation and cross-shopping between retailers

Challenges

- Inward orientation makes it difficult to integrate the center into urban areas
- Limited external store frontages and large parking fields, which require a long time commitment for shoppers
- Difficult to retrofit for expansion or alternative uses

6.8 Market Square Center

The market square center groups shops around three sides of a small square or green whose fourth side fronts a lane with on-street parking. This type of center defines a three-sided exterior room, a spatially defined place that combines the roadway frontage necessary for commerce with an attractive urban setting. Because the square opens onto a primary roadway parallel to the lane, most of the center's shops are visible to passing motorists. The U shape also allows storefronts to be readily visible across the square, which facilitates cross-shopping (Figures 6-10 to 6-13).

Pedestrian circulation flows around the square, from storefront to storefront. Since people, in general, prefer not to walk along major roadways, crossing the square at its open end becomes problematic and limits cross-shopping at the center's ends.

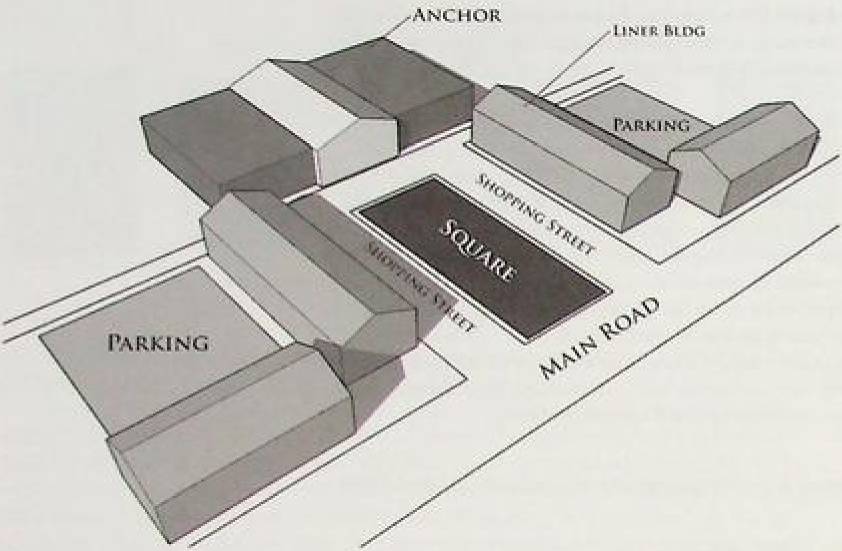


Figure 6-10
The Market Square at Lake Forest, Illinois (circa 1916), aligns retail shops in a U shape around a small town square. The center opens to a primary street and a commuter train station. *Gibbs Planning Group, Inc. 1999*

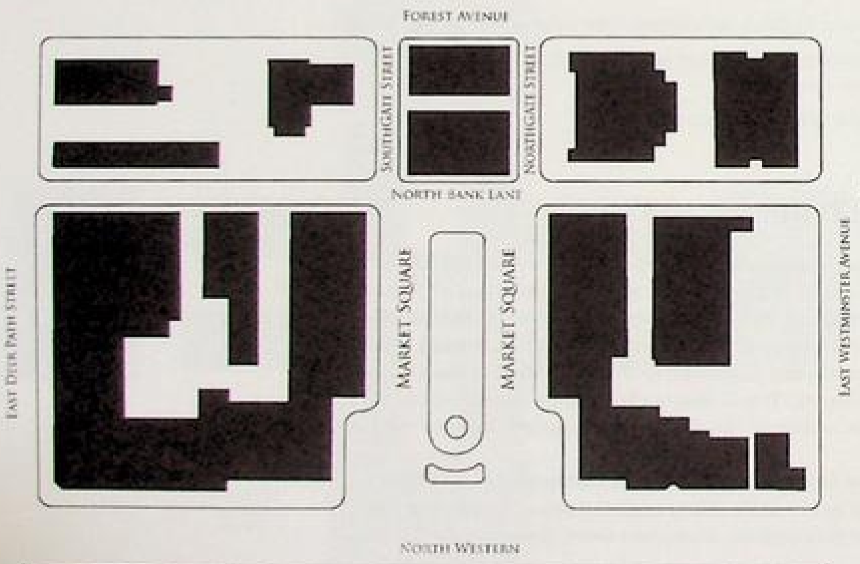


Figure 6-11
The Market Square at Lake Forest, Illinois. Note the saw-cut corners of the buildings facing the primary roadway, designed to provide for more storefronts and corners. *Gibbs Planning Group, Inc.*

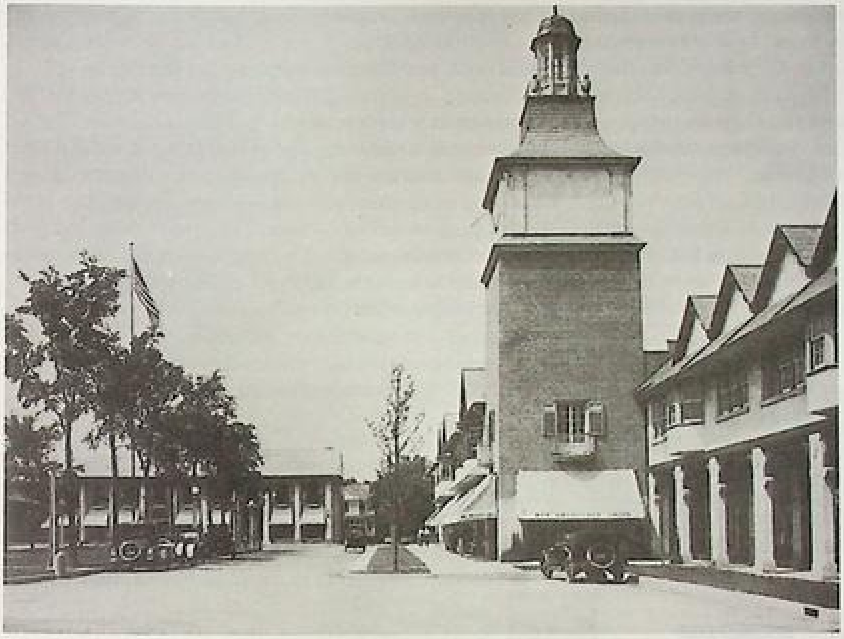


Figure 6-12
Market Square at Lake Forest, circa 1916, is considered the first designed American shopping center; Howard Shaw architect. The plan carefully integrated the automobile into the town. *Wikipedia*

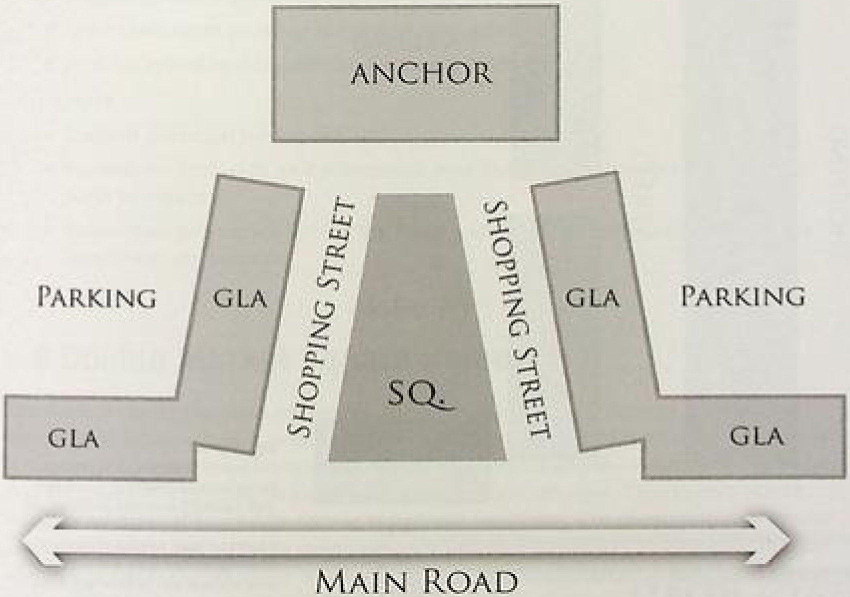


Figure 6-13
The trapezoid market square gives inline retailers better exposure from the adjacent roadway but compromises urbanism and walkability by increasing the distance between the two outside ends. *Gibbs Planning Group, Inc.*

The square is the central unifying amenity and should be planned as a simple lawn with walkways and canopy trees. Low ornamental trees or decorative structures can block essential views of storefronts across the square, as well as clutter its character (Figure 6-14).

Storefronts facing the square should be designed and constructed to a higher or A standard, while rear parking lot elevations can be built to a lower or B standard. All stores facing the square should have operating doors and large storefront windows. Rear doors facing the parking are optional, provided according to the needs of each tenant.

Staggering the setbacks of road-fronting buildings increases the number of building corners, affording more valuable retail visibility. The square's lane with its on-street parking provides convenient short-term parking, while longer-term

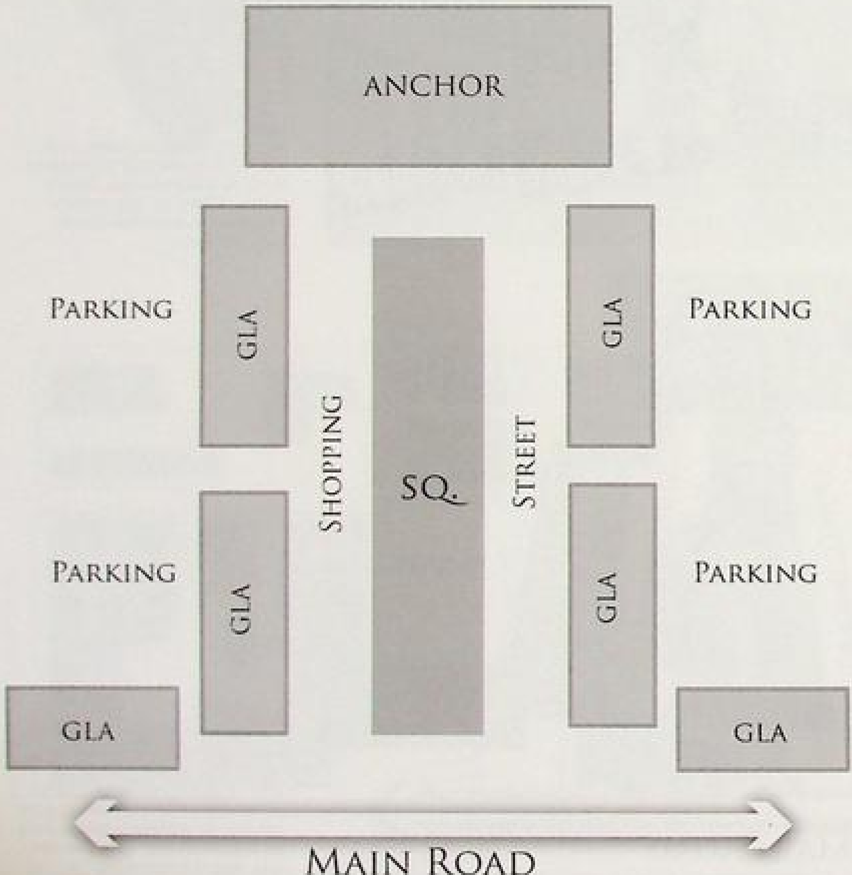


Figure 6-14
The market square can be extended for up to three blocks or 1,000 feet with carefully designed buildings and streetscape. In general, the longer squares should consist primarily of well-maintained lawn and street trees, with minimal site furnishings. *Gibbs Planning Group, Inc.*

parking, which is most of the parking, lies behind or beside the center on surface lots or in parking decks.

The size of the single square should be small; a maximum of 80 feet wide by 200 feet long is recommended. Within these dimensions, a length-to-width ratio of 2.5 to 1 creates a comfortable space. The market square plan can be extended up to three blocks or 1,000 feet in length with appropriate building and streetscape design. Buildings facing the square should be two to three stories high to contain the space and create a sense of enclosure. Towers or taller buildings should punctuate the place where the center meets the roadway, a means of formally delineating the space of the square in contrast to the openness of the road.

Extending the wings by constructing buildings parallel to the roadway will increase the center's prominence and reduce the need for large commercial signage. The market square plan can accommodate a variety of forms that open onto the roadway, including rectangular and trapezoidal arrangements. If a trapezoidal center is planned, its wings should be only slightly angled off or perpendicular to the street.

The first town square constructed in the United States was most likely the historic Market Square in Lake Forest, Illinois, which opened in 1916 and was designed by the architect Howard Van Doren Shaw. Development of this type of center can take several different forms. Seaside, Florida, for example, has a market square in the form of a large half octagon, while other communities have experimented with market squares as elongated multiple blocks.

Advantages

- Excellent views across the square of all retailers
- Easy short-term parking in front of most retailers
- Can be linked to adjacent land uses for walkability

Challenges

- Limited potential for expansion.
- Permits for curb cuts and driveways onto the primary roadway may be difficult to obtain.
- Pedestrian movement across the open end of the square can be difficult to encourage or maintain.

6.9 Double Market Square Center

The double market square center is composed of two town square centers that mirror each other across a primary roadway. This format not only doubles the size of the town square, but also creates a storefront-lined street—a commercial zone that vehicular traffic must drive through rather than around. This layout offers retailers many highly visible corner storefront locations. For shoppers, it provides a walkable town center with shops lining a primary roadway. The double market square has been successfully implemented in Rosemary Beach, Florida (Figures 6-15 and 6-16).

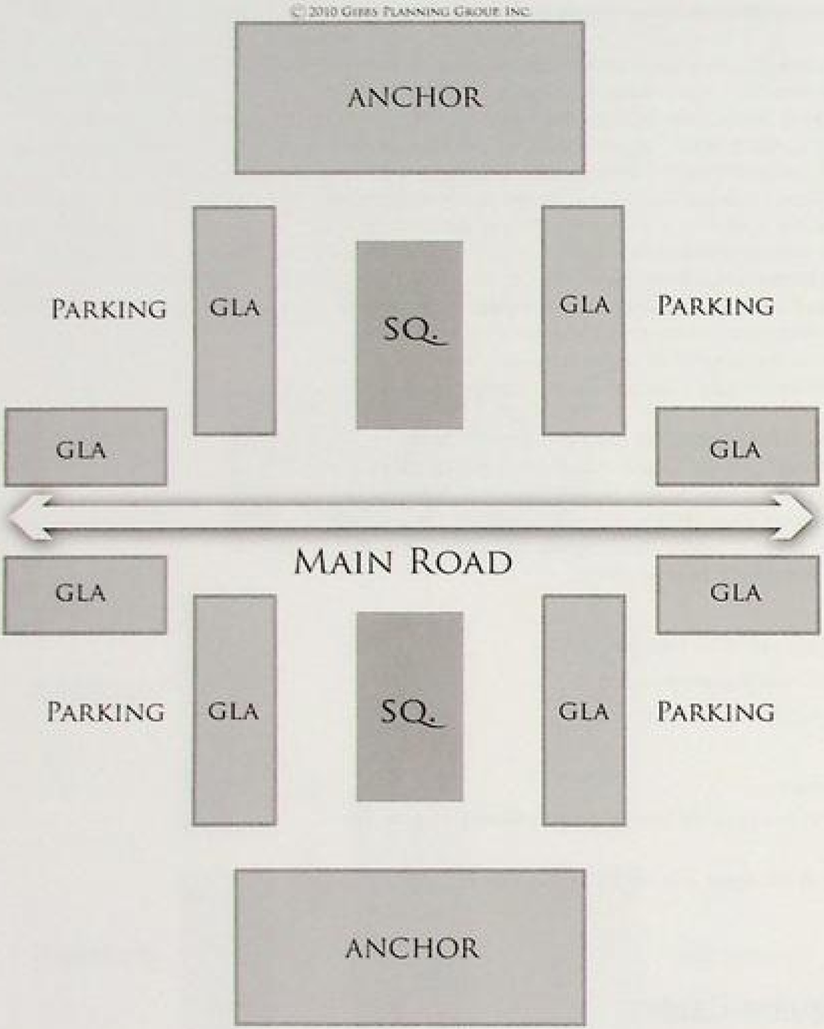


Figure 6-15
The market square format can be doubled as a mirror image. This arrangement provides for better place-making along the edge roadway. *Gibbs Planning Group, Inc.*

Advantages

- Creates a memorable place
- Offers numerous corner storefronts
- Excellent visibility along the primary roadway
- Links directly to adjacent land uses for easy walkabilty
- Accommodates medium-sized to large anchor retailers

Figure 6-16
Rosemary Beach, Florida, DPZ Architects has successfully implemented a double market square format around its Barrett Square. The square is divided by County Highway 30-A. *Gibbs Planning Group, Inc.*

Challenges

- Difficult to maintain walkability if the primary roadway is too wide or is designed for high-speed traffic.
- Must have traffic signals at the square's pedestrian crossing points.
- Permits for curb cuts and entry drives along the primary roadway may be difficult to obtain.
- May require multiple property purchases.

6.10 Floating Main Street

In an effort to build on the early success of the unanchored lifestyle or main street center, developers have begun to surround the main street with a U-shaped community center and large surface parking fields. This format provides needed anchors for the smaller main street shops and revenue-producing GLA for the developer (Figure 6-17). In theory, this hybrid format creates a win-win situation for the developer, the retailers, and ultimately the shopper. However, like many compromises, the floating main street format does not function as well as it should.

In this format, main street retailers block the visibility that most community center retailers need from the primary roadway. Situated in the middle of the large parking field, the main street retailers also obstruct the views between the larger community center retailers. In addition, large parking fields separate the main street retailers from the anchors. Main street retailers must also present two storefronts: one facing the main street, the other facing the parking lot.

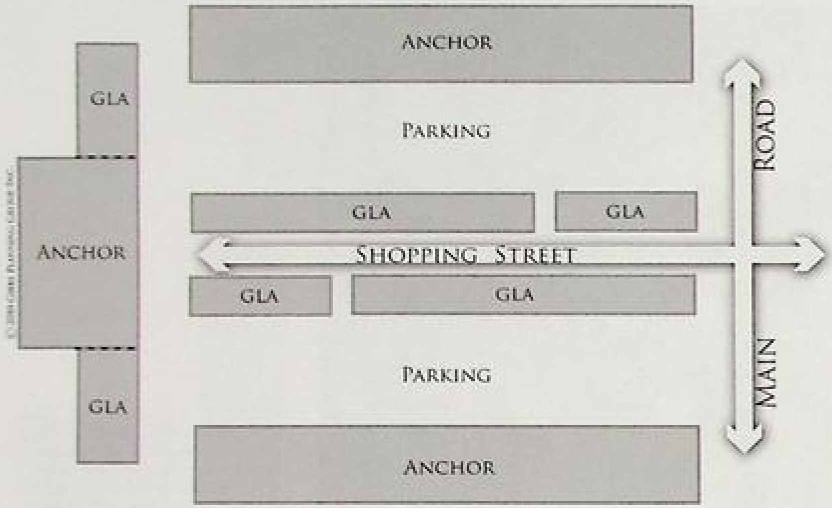


Figure 6-17
The floating main street combines a lifestyle center with a community center. However, both commercial clusters are separated by large parking lots, limiting walkability and potential cross-shopping. ***Gibbs Planning Group, Inc.***

In floating main street centers, vehicular traffic is often squeezed between the intersection of the main street and the anchor store at the end, creating congestion and potential conflicts with pedestrians. As a remedy, many of these centers have installed a roundabout at the intersection. However, while a roundabout may help move cars more efficiently, it makes the pedestrian crossing at the intersection more difficult and dangerous, since cars do not have to make a full stop.

In the connected main street format, the road is connected to the anchor retailers by creating streets whose blocks are lined by shallow storefronts (Figure 6-18). These stores can be as narrow as 20 feet and constructed as movable or temporary wood-frame buildings. The stores and streets also provide a framework for creating an urban center in the future, since the surface parking lots can be filled in with decked parking and high-density residential or commercial uses.

6.11 Linear Square Center

In 1991, two parallel linear blocks fronting an equally long square were combined to create Mizner Park, a 400,000-square-foot town center in Boca Raton, Florida. In this linear square center, the blocks are lined with storefronts facing streets between which lies the square. The streets are lined with on-street parking: four lanes of convenient parking that do not overwhelm the sense of urbanism. Long-term parking is provided in adjacent surface lots or decks outside the center (Figures 6-19 and 6-20).

While certainly attractive, the linear park discourages easy cross-shopping between the linear-block storefronts because of its generous width and landscaping.

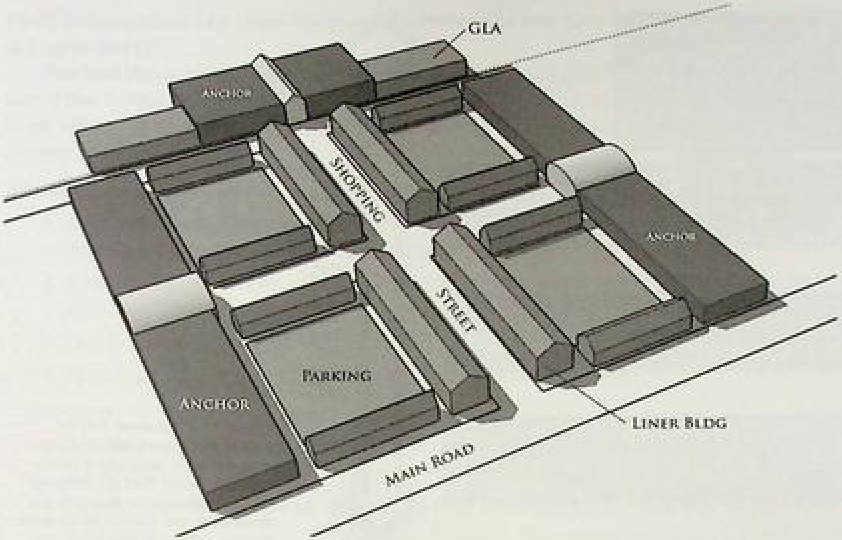


Figure 6-18
Liner retail buildings can be constructed as temporary place holders to allow for small independent or incubator retailers. *Gibbs Planning Group, Inc.*

Figure 6-19
Mizner Park, Boca Raton, Florida, opened in 1991 and is considered one of America's first post–World War II open-air main street town centers. Mizner Park was developed on the site of a former enclosed shopping mall. The attractive square is lined with vehicular lanes that provide four isles of essential impulse parking for busy shoppers who prefer to avoid parking structures. Cooper Cary Architects. *Gibbs Planning Group, Inc.*

6.13 Retail Crescent Center

The retail crescent center (also known as the "retail peel") is formed by a curving street, often a half-circle that diverges at an angle from the major roadway (Figure 6-22). It is designed for easy vehicular access, which encourages impulse shopping by motorists. The intersections of crescent roads and the primary roadways create triangular lots, "Flatiron Building" sites that are ideal for flagship anchor stores or restaurants.

The retail crescent format has wide applications in rural and suburban locations when on-street parking is not available along the main roadway. On-street parking is essential for storefront retail stores. When retailers along the main roadway lack on-street parking, they reverse their orientation: they seal their front doors and install new ones at the rear. The retail crescent alleviates this problem by creating a shopping street almost parallel to the main roadway.

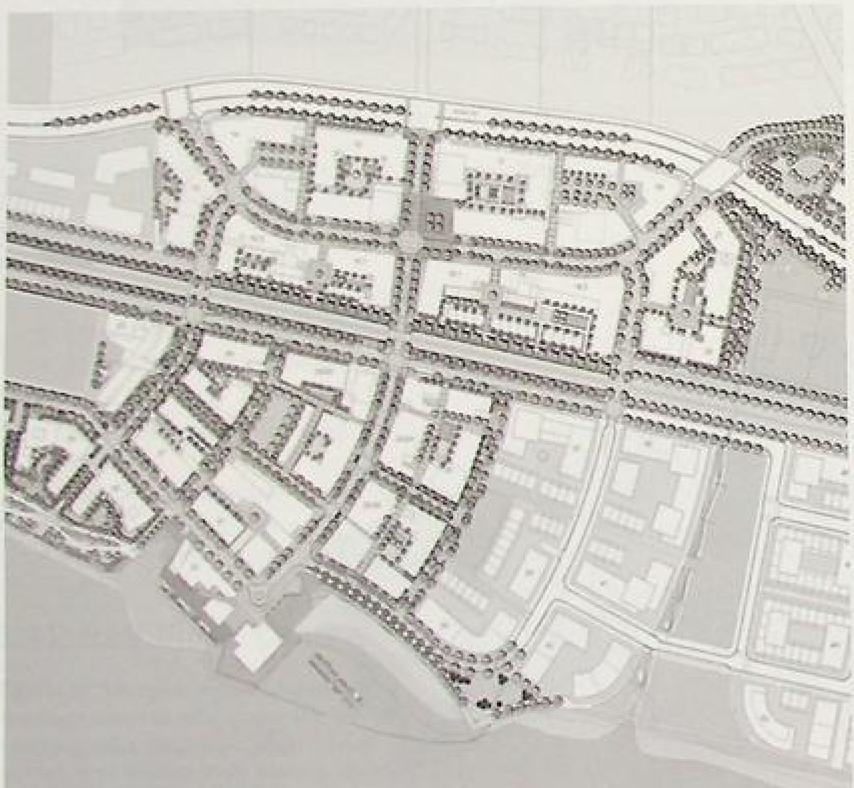


Figure 6-22
East Fraserlands, Vancouver, British Columbia: The plan, designed by DPZ Architects combines a retail peel shopping street with a deflected main street that connects the highway to the waterfront. The peel creates memorable building sites at both ends and allows for easy vehicular access to the retailers from the adjacent highway.
Gibbs Planning Group, Inc.

The key to the retail crescent is convenient vehicular access from the main roadway. Ease of vehicular access provides a significant advantage to crescent shops compared to centers that require hard 90-degree turns to enter, especially left turns across oncoming traffic. For this reason, and because they are confusing and slow traffic down, a traffic signal or roundabout should not be located at the intersection of the crescent road and the main roadway.

Many historic towns and cities have crescent-like roads in the form of highway bypasses initially intended to reduce traffic congestion in their respective central business districts. However, with limited on-street parking, minimal curb cuts, and restricted land use development, these bypasses fail to offer the advantages of crescent roads.

The modern retail crescent center format was first used in 2003 at the Glen Town Center in Glenview, Illinois; Oliver McMillan was the developer.

Advantages

- Convenient vehicular access to the primary shopping street
- Good views of numerous retailers along the main roadway
- Opportunity for landmark flagship anchor tenants

Challenges

- Potential for the backs of retailers or parking lots to face the primary roadway
- Must have carefully designed intersections with the primary roadway

Figure 6-23
Slight bends or deflections of the shopping street increase views of the retailers and tend to pull pedestrians around the curve. ***Gibbs Planning Group, Inc.***

6.14 Deflected Blocks Center

The deflected blocks center is made up of series of angled streets whose storefront-lined blocks form contiguous yet irregular open spaces. The resulting sequence of crooked open areas defines a retail street with deflected views and terminated vistas, which encourages shoppers to continue walking the entire length of the center (Figure 6-23). The variety of block sizes, street angles, and intersections creates a succession of locations for landmark buildings or place-making. These angular alignments were successfully implemented in numerous enclosed shopping malls built in the 1970s.

Without careful planning, the angled streets in a deflected blocks center may form complex intersections that cause traffic congestion and confuse motorists and pedestrians. Installing parallel shopping streets can disperse the center, causing disruption of common shopping patterns that has a negative effect on sales.

Advantages

- Potential for strong place-making that can become a regional draw.
- Creates prominent locations for flagship anchor retailers and civic buildings.
- Deflected views offer strategic viewpoints for visual merchandising and encourage cross-shopping.

Challenges

- Angled streets can cause traffic congestion and confuse motorists and pedestrians alike.
- Irregular block sizes and shapes may not have historic precedents in the local area and may produce a faux town-center character.

Chapter 7

Planning and Urban Design

7.1 Urban Merchandising Planning Theory

Visual merchandisers, store planners, and shopping center developers have created proven techniques for attracting the shopper's attention and directing his or her (mostly her) movement and behavior (Figure 7-1). Store location, stairs, sculptures, benches, lighting, circulation, and thousands of other details are precisely calculated and designed to extend the mall shopper's visit and increase his or her spending. For example, many malls do not install clocks, since they can readily remind shoppers that it is time to return home. Shopping center developer A. Alfred Taubman, a pioneer and leader in the industry, described these factors as "threshold resistance," a term he coined while working as a young store planner. Taubman defined threshold resistance as the following:

> The physical and psychological barriers that stand between your shoppers and your merchandise. It's the force that keeps your customer from opening your door and coming in over the threshold.[1]

Figure 7-1
The Mayflower General Store in Cape Cod is the benefactor of crosswalk striping that orients pedestrians directly to its storefront in Chatham, Massachusetts. ***Robert J. Gibbs***

Successfully designed enclosed shopping centers offer pleasant environments that both minimize shoppers' distractions and maximize their attention to the storefronts and merchandise.

Urban environments are, by definition, congested, noisy, and filled with distractions. The commingling of these elements, however, produces unique city centers that are rarely duplicated from scratch. They help give authenticity to the city and should be respected. Taken too far, modern retail planning practices can result in turning a city into a lifeless shopping center. In fact, this was often done with great fanfare, and later failure, in hundreds of cities during the 1960s and 1970s when streets were turned into pedestrian malls. In some cases, entire downtowns were torn down, forcing their businesses to relocate to new suburban shopping malls outside their city limits. Arlington, Texas, for example, replaced its historical commercial downtown with a city hall and library and moved most of its retailers to a new suburban mall in the 1970s.

The architectural character and traditional urbanism of a historic city should be treated as assets and thus as beneficial to the planning process. Combined with proven retailing principles, they can create a sustainable urban shopping district, one capable of providing the goods and services needed and preferred by residents and tourists alike.

7.2 Shopping and Weather

Even the best planned and managed shopping destinations are subject to weather conditions. Rain and extreme weather conditions directly influence the discretional shopping visit. An unusually warm fall or holiday season allows shoppers to postpone purchases of winter clothing and gifts. Most shoppers do not need to shop, and spending trends are influenced by weather as much as by any other single factor. In fact, same-store sales metrics include weather conditions as part of the database.

Shopping centers and downtowns can be planned to minimize the negative effects of severe weather and climate. Covered walks, well-designed streetscapes, street trees, and well-maintained walking surfaces and parking lots are essential. In colder climates, walks, drives, and parking lots should be kept free of ice and snow. In warmer climates, shade trees and water mist coolers can compensate for the heat. Every detail of the shopper's experience should be planned, including climate-controlled stairwells and elevators in parking decks, lighting, and walks planned to maximize the preferred subclimate.

It should not be assumed that local residents will avoid outside shopping during extreme conditions, as they tend to be fairly well acclimated to the region. Also, tourists often find relatively unseasonable cooler temperatures in the South acceptable compared to the temperatures at home. The author often notes midwestern families enjoying outside dining in Florida when locals consider it too cold. Celebrating the weather with festivals and seasonal decorations can make the most of a potential negative. The Winter Cities Institute offers numerous proven techniques and programs for cold-climate regions.

7.3 The Public Realm

The urban public realm constitutes the noncommercial parts of a historic center or commercial shopping center—its sidewalks, streets, plazas, and parking area. These public spaces are defined by the surrounding storefronts and buildings and can have a tremendous influence on commerce (Figure 7-2). Shopping center developers and urban designers have very different opinions regarding the planning and design of the public realm. Some developers and many urban designers believe that well-detailed public spaces will attract large numbers of shoppers who will remain for extended periods because of the center's sheer beauty (Figure 7-3). A few developers build simple public spaces with quality materials while focusing most of their resources on the storefront designs and visual merchandising displays.

Although up-to-date, well-designed, and maintained public spaces are essential to sustainable shopping areas, their contributions to retail sales are generally overrated. In reality, excessively detailed streetscapes, pavers, furnishings, banners, and lighting often distract the shopper's focus from storefronts and their window displays. It takes approximately eight seconds for the average shopper to walk past a 20-foot-wide storefront. This is known in the industry as the "eight-second rule." If the store's entry is centered, the shopper will reach it in four seconds and, once past it, will rarely backtrack to shop. This leaves only one to two seconds for an arresting storefront display to motivate the pedestrian to enter the store. Overly busy or fussy designs for walkway paving and furnishings can distract the pedestrian's attention from the store window, resulting in a missed opportunity for a visit and

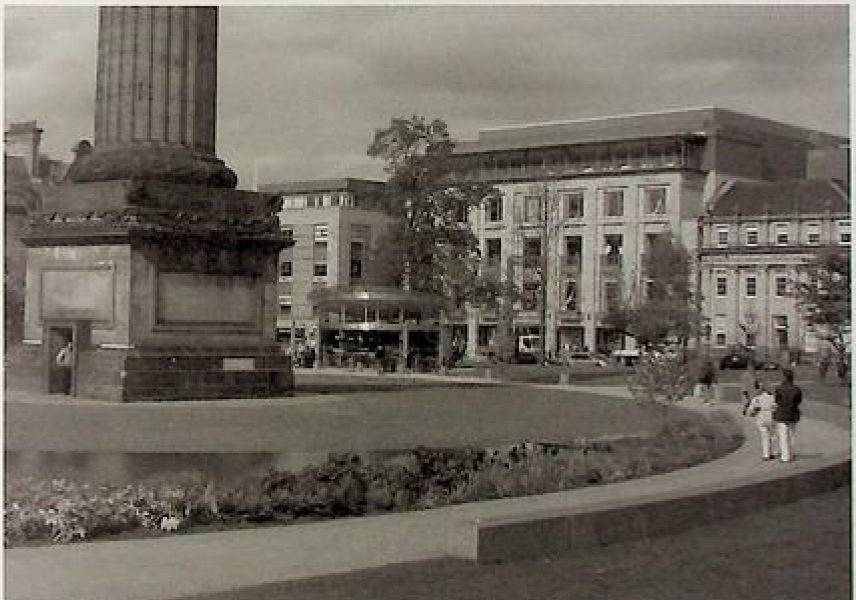


Figure 7-2
A well-designed and maintained public realm attracts shoppers and reinforces the quality of its goods and services. Shown: St Andrews Square, Edinburgh, Scotland. *Robert J. Gibbs*

Figure 7-3
Reston Town Center's commercial area is grouped around a regional civic square that includes fountains, plazas, and a covered pavilion used as a skating rink in the winter. Shoppers are drawn to its town squares, plazas, and mall center courts. Shown: Reston, Virginia. *Gibbs Planning Group, Inc.*

a potential sale. A split second's distraction can translate into thousands of dollars in lost sales. Too often municipal governments and shopping center developers squander their finite financial resources on the ground plane—sidewalks, curbs, and streets—and ignore the more commercially important vertical plane: the built environment of storefront design, signage, and visual merchandising.

At the height of urban commerce in America, from the late eighteenth to the mid-nineteenth century, most central business districts were tattered and cluttered. Street furnishings were rare or utilitarian at best. Overhead wires, large commercial signs, and congested streets were common in most cities until the mid-1960s. Today, many upscale shopping districts, including Rodeo Drive in Beverly Hills, California, and Worth Avenue in Palm Beach, Florida, have simple concrete sidewalks. However, these walks are well maintained, with daily cleaning and quick repairs.

7.4 Sidewalks

Sidewalks provide the first and last impression a shopper receives when visiting a downtown or commercial center. Shoppers spend a considerable amount of their time on sidewalks, weaving in and out of stores, and while these walkways should provide a comfortable and pleasant backdrop to the storefronts, they should not be the focus of the shopping area.

First and foremost, sidewalks should not distract shoppers from viewing storefront window displays. Nevertheless, their materials should be high in quality, their colors carefully selected, and their patterns well designed. For most open-air shopping districts, well-designed and detailed concrete is appropriate. Concrete is an underappreciated material: it can be saw-cut, textured, and colored into hundreds of creative patterns. Brick, cut stone, and precast pavers are also suitable, especially when the material is the norm and is expected by the community. For example, clay brick pavers with split granite curbs are common throughout New England, and the use of poured concrete would likely diminish the perceived overall quality of a downtown shopping district or town center. Likewise, simple decorative tiles are the norm throughout the Southeast, in which case simple concrete walks could become a distraction. Hamlets, towns, and villages may have sidewalks and walkways made of crushed limestone, concrete, or brick, and laid out in simple patterns. Well-designed cut granite may be more appropriate in a major shopping district, such as New York's Madison Avenue or Chicago's Miracle Mile.

Sidewalks should be wide enough to allow pedestrians to pass one another comfortably as well as to accommodate limited outside displays and dining. (Additional dining can be located in shared plazas or temporary dining platforms.) Walks should be designed to a scale and made of materials that reinforce the character of their locations. A small hamlet or village should have 5- to 8-foot-wide walks, often with a grass strip between the walk and the curb. A small town or city requires 8- to 16-foot-wide sidewalks. The high levels of pedestrian traffic in major urban centers, such as on Michigan Avenue in Chicago, require sidewalks 20 to 25 feet wide. Except in dense urban locations, widening sidewalks by removing on-street parking will adversely impact retail sales.

Whenever possible, town centers should be planned or retrofitted with sidewalks of different widths to take advantage of the local climate. For example, urban centers in hot climates should have wider walks along the shaded side of the street, while those in colder climates should have wider sidewalks along the sunny side. Climate-sensitive dimensioning of sidewalks makes more extensive shopping easier and more outside dining possible.

7.5 Site Furnishings

Numerous other streetscape factors can discourage pedestrian shoppers from entering stores. Teenagers loitering on a bench in front of a store can readily, and sometimes uncomfortably, divert the pedestrian's attention away from the window display. Planters or merchandise placed along the sidewalk edge at the street can direct the shopper far enough away from the storefront to reduce the likelihood of a visit. Poorly designed window displays, dirty glass, uneven sidewalks, accumulated snow or ice, litter, and excessively loud vehicles can all divert pedestrian attention away from the store.

Urban stores must work especially hard to overcome these challenges (Figure 7-4). These retailers need sidewalk pedestrians to focus their attention on store window displays and interiors. Unfortunately, many well-intended urban streetscape "improvements" make shopping more difficult. These include inappropriately sized and appointed walks and plazas, unsuitable furnishings, and poorly selected and placed trees, whose detrimental effects result in lower sales and unsustainable commercial districts.

The shopping center industry is, by its nature, trendy. Retailers must convince shoppers that fashion and other merchandise purchases are necessary to keep

Figure 7-4
Novelty site art can enhance placemaking and create an enjoyable character for shopping districts. Shown: The Downtown at the Gardens, Palm Beach Gardens, Florida. *Gibbs Planning Group, Inc.*

up-to-date or to enhance their quality of life. Shopping centers also must keep the design and appointment of their stores, common areas, and furnishings as contemporary as possible. While fashion houses can update styles constantly, shopping districts require longer periods to update streetscape designs and furnishings. And unfortunately, newly installed streetscape furnishings and detailing will inevitably become out-of-date. Even the most carefully designed and crafted bench will appear old-fashioned within ten years. Shopping districts should install moderately priced, quality furnishings that can be replaced every eight to ten years. Installing expensive yet durable streetscape furnishings may make sense to an urban designer on a long-term financial spreadsheet, but eventually, they will negatively influence the public's perception of a downtown or shopping center as a place to purchase up-to-date fashions and furnishings.

7.6 Street Trees

For most of the late nineteenth and early twentieth centuries, American cities prospered as their individual region's center of commerce without many street trees or expensive streetscape furnishings. Rather, central business districts thrived as shopping destinations by having densely populated cores, mass transportation, large employment centers, on-street parking, and numerous governmental and civic institutions. During the 1960s, America's larger cities began installing street trees and furnishings in an effort to revitalize downtowns in the wake of their loss of significant commercial market share to suburban shopping centers.

Even though they are a relatively recent phenomenon in many city centers, street trees enhance a downtown's uniqueness and authenticity. A well-planned, tree-lined urban street contributes to the shopper's perception that the downtown stores offer quality goods and services not commonly found in shopping malls (Figure 7-5). However, street trees alone cannot solve the problems and challenges that commercial urban areas face. Frequently, too much emphasis has been placed on planting street trees and installing decorative streetscape enhancements in an effort to improve retail sales in historic downtowns.

Retailers, shopping center developers, and planners have differing opinions regarding the layout and use of trees. Some shopping center developers even design by the "nine-inch rule": any tree is acceptable in any location as long as it is less than nine inches tall (a metaphor for no street trees of any type). In some cities, planners have installed short shrub-like trees that block motorists' and pedestrians' views of storefronts and signage but fail to provide useful canopies (Figure 7-6). In some newer and renovated urban centers, trees have either been organized around an abstract grid or randomly scattered according to a new design theory. In each case, trees have been sited without regard for the visibility of signage, storefronts, and civic buildings.

To enhance the sustainability of an urban commercial center, street trees should be carefully located to provide protection from extreme heat, reduce the scale of the street, mitigate the height of tall buildings, and improve the overall aesthetics of the shopping area. Shopping districts in cooler climates should plant trees to maximize sun exposure, while those in warm climates should provide as much shade as is practical. Rather than installing trees at regular intervals in a row, which may inadvertently align with and thus block the view of building entrances, street trees should be planted near or on common property lines, clustered where

Figure 7-5
Street trees can be invaluable in urban shopping districts when they are carefully planned, specified, and maintained. Shown: Fifth Avenue, Naples, Florida. *Robert J. Gibbs*

they can hide blank walls, or spaced to avoid blocking the view of retail entrances, storefront windows, signage, important architectural features, and civic buildings.

A common planning mistake is to remove on-street parking so that sidewalks can be widened to accommodate street trees and furnishings. The theory behind this practice is that wide tree-lined sidewalks enhance a downtown's walkability, thus increasing the number of pedestrian shoppers. While street trees are important, planting trees at the expense of on-street parking is almost always detrimental to the commerce of retailers and restaurants. Every on-street parking stall generates hundreds of thousands of retail dollars, which cannot be replaced by wide sidewalks and street trees alone.

7.7 Tree Impacts on Shopping

In general, street trees should not replace on-street parking stalls. Numerous studies, however, have documented the benefits of tree canopies: they can effectively humanize urban spaces by providing shade and a sense of scale, and with other streetscape enhancements, they can positively affect a shopper's mood and thus increase retail sales (Figure 7-6).

Studies dating back to the 1970s have documented the effects of greenery and other plant life on the "restorative experience," a concept advanced through two interpretations: Stress Reduction Theory (SRT) and Attention Restoration Theory (ART). The former theory contends that environments containing natural elements reduce levels of "physiological arousal" (stress) in the brain; the latter contends that the presence of vegetation in an environment is "uniquely capable" of

Figure 7-6
Small independent retailers depend on impulse shopping trips, and their business can be harmed by trees that block the view of their storefronts. Trees should be specified and maintained to allow for views of businesses as well as pedestrian comfort. Short, ornamental trees are better suited for parks and golf courses than for commercial urban settings. Shown: Reston Town Center, Reston, Virginia. *Gibbs Planning Group, Inc.*

effortlessly capturing attention, which allows those elements of the brain used for direct concentration to recuperate. This mitigates what is known as "directed attention fatigue" (DAF), or simply the depletion of the ability to focus on a directed task.

These findings have ramifications for urban retail areas. It has been proven that shopping, as a goal-oriented activity constrained by many external factors, can induce a stressed state in the consumer. Research has also documented a positive correlation between a shopper's "mood state" and his or her willingness to buy; further, the mood state of retail employees correlates with job performance. The vast array of merchandising techniques retailers employ, when aggregated across the urban or mall setting, can result in DAF, a form of "information overload" that affects the consumer. It has likewise been proven that DAF results in decreased consumer confidence because of poor or rushed purchasing decisions—which may translate into dissatisfaction with a specific store or the overall retail area.

Kathleen Wolf, a research social scientist at the University of Washington,[2] has completed several unique studies over the past decade concerning the effects of consumer responses on "forested retail settings," otherwise referred to as "Basophilic Store Design" (BSD).[3] A 2010 article published in the journal *Urban Forestry & Urban Greening*[4] provides an overview of these studies and includes an extensive literature review of previous findings that document the restorative effects of greenery in human-made environments (though not specifically retail environments). The article was summarized in *Landscape Architecture*,[5] which reported the principal finding: that the benefits of integrating BSD with commercial development outweigh the costs.[6]

Wolf's studies explored the interaction between natural elements in retail environments through extensive consumer surveys conducted at a range of retail settings across the United States. Notable findings include the following:

- Image preference ratings of different retail settings increased directly with the inclusion of natural elements in those settings. Depictions of high-quality settings, once greenery was removed, received scores comparable to those recorded for low-quality physical settings lacking vegetation.
- Simple inclusion of trees in depictions of retail settings provided a statistically significant increase in perceptions of maintenance and retailer quality when no other visual elements in the depictions were altered.
- Retail settings containing trees elicited more positive behavioral expectations on the part of respondents: they were willing to travel greater distances to those districts, willing to spend more time there, and willing to visit them more frequently.
- Trees correlated with a greater mean-price acceptance on the part of respondents: they provided an amenity margin of 9 to 12 percent.

7.8 Tree Selection

Indigenous and historically based trees of the region should be specified for urban shopping districts. For example, chestnuts (*Aesculus*), linden (*Tilia*), maples (*Acer*), and oaks (*Quercus*) should be prescribed for the Midwest and New England, whereas live oaks (rather than most palm species) are better suited for much of the Southeast. The elm trees (*Ulmus*) that once graced many northern American cities with their gothic-like branching have been lost to blight, but new disease-resistant species are now available and should be used where appropriate.

Many municipalities have resorted to specifying overused and exotic tree species to reduce maintenance, such as the honey locust (*Gleditsia*) with its small compound leaves. However, this locust tree has a meandering branching structure that lacks the character and beauty of hardwoods, such as maples and oaks. Short, bushy ornamental trees, such as crape myrtle (*Lagerstroemia*), crab apple (*Malus*), and pear (*Pyrus*) trees, do not provide the appropriate scale or shade for urban streets. In addition, these flowering trees can block sight lines to storefronts, window displays, and signage, hindering commerce. Recently, some urban foresters have been promoting extreme tree planting zones that, while ideal for the tree, are too restrictive for commerce and reasonable urban habitation by humans.

Recommendations

- Site and select trees to alleviate extreme climate conditions.
- Select tree species that are indigenous and historically appropriate for the region.
- Avoid short, bushy ornamental trees that block storefronts, window displays, and signage.
- Select tree locations that respect storefronts, signage, and important architectural features.
- Maintain or expand on-street parking stalls when installing new street tree plantings.
- Consult a qualified landscape architect or urban forester for streetscape planning and design services.

7.9 Street Lighting

Modern retailers and shopping center developers strive to create a compelling shopping experience by carefully calculating lighting levels to enhance the appearance of both their merchandise and visiting shoppers (Figure 7-7). With good lighting, not only do people look better, but the store itself and its merchandise look cleaner, fresher, and of higher quality. This phenomenon works so well that some off-price retailers went so far as to install poor lighting to ensure that their merchandise looked less expensive. This tactic eventually proved counterproductive. Most discount retailers have now upgraded their lighting fixtures and installed skylights to give their merchandise the impression of higher quality.

Although tailored, higher-quality lighting can be expensive, most retailers and restaurants realize that lighting can generate significantly higher sales, yielding a considerable return on the initial investment. Custom-designed

Figure 7-7
Lighting is designed and maintained to complement the pedestrian's appearance as well as to highlight the merchandise in modern shopping centers. Shown: the GardenWalk shopping center, Anaheim, California. *Gibbs Planning Group, Inc.*

combinations of halogen and low-energy light-emitting diode (LED) light sources can improve the entire shopping area's performance without creating glare or light pollution. In urban centers, light levels should be balanced between commercial and residential needs. If additional retail lighting is installed, it should be designed to have little or no negative effect (i.e., light pollution) on neighboring residences.

Many cities and older shopping centers have older high-pressure sodium fixtures that produce a bluish-green cast that washes out skin tones, giving people a ghost-like appearance. Such off-color skin tones tend to discourage dining or shopping and thus curtail most people's trips to the district.

Recently, many shopping centers have begun to coordinate electrical circuit boards so that all storefront windows remain lit until 11:00 P.M. Well-lit windows not only highlight window displays, they also create a warm glow along the sidewalk that encourages window shopping and enlivens the street. Small incandescent tree lights also create a warm streetscape, but they should be reserved for special events and holidays rather than lit year round (Figure 7-8).

Recommendations

- Encourage store owners to leave display window lighting on until 11:00 P.M. on weekdays and during the day and evening on weekends.
- Measure existing light levels throughout the shopping area and, if necessary, increase lighting to levels meeting or exceeding retail industry standards for urban centers.
- Replace existing street lighting with color-corrected light sources that complement skin tones and enhance the public realm.

Figure 7-8
Holiday lighting creates a magical aura in downtown Harbor Springs, Michigan. Surprisingly, many independent retailers are closed during most evenings, even during the peak holiday season. *Andrew Gibbs*

7.10 Outside Dining

Cafes and restaurants can extend downtown activities into the evenings and weekends. Permitting outside dining along sidewalks enlivens a shopping district's streets and can also help increase retail sales (Figure 7-9). Tables and chairs should be allowed on the sidewalk, provided that a 5- to 6-foot-wide clearance for a walking lane is maintained. Many older towns have narrow walks that cannot comfortably accommodate tables.

Outside dining areas can be expanded by allowing restaurants to build temporary dining platforms on curbside parking spots. These platforms typically measure 18 by 7 feet and can hold four to eight small café tables. Such platform seating increases restaurant revenue and enhances a downtown's walkability by increasing the number of people and activities in the public realm. The parking stalls can be leased to the restaurant at regular parking meter rates. A ten-hour daily meter at $1.00 per hour would cost a restaurant only $720 for a twelve-week season. However, cities should be cautioned against renting too many parking stalls for outside dining, since each occupied space deducts from valuable on-street parking, potentially weakening retail sales.

7.11 Plazas, Squares, Greens, and Courts

The central plaza or square not only provides a pleasant amenity for a city or town center, it also facilitates the movement of shoppers around the center, making it easier for them to extend their visit and potentially spend more money

Figure 7-9
Outside dining enlivens shopping districts and extends activity time periods to evenings and weekends. Shown: Easton Town Center, Columbus, Ohio. *Robert J. Gibbs*

(Figure 7-12). Shopping malls have always included centralized main courts. Such a court is designed to pull pedestrian shoppers from the outer edge of the mall to its middle. Often flooded with natural light, the court includes a special "must see" water feature or activity that makes the 300- to 400-foot walk worthwhile. Once a pedestrian reaches the center court, a second department store and other high-volume impulse-purchase-oriented retailers are within plain sight. Since the shopper is already halfway to the second department store, it is easy for him or her to walk to these other stores for "just a quick look." Surrounding the main court are "must have" retailer categories, such as coffee, cosmetics, jewelry, and shoes, which benefit from high shopper traffic.

Similar to a central court in a mall, an urban plaza or town square serves as both a public amenity and an important financial center in a central commercial district. A town square can attract pedestrians from a considerable distance. Once there, these pedestrians can shop in its surrounding stores and then filter out along connecting commercial streets. Many early town centers, such as the Market Square in Lake Forest, Illinois, lined shops around a square (Figure 7-11). The square also provides an open area that allows pedestrians to see all encircling retailers from a single vantage point.

Squares and plazas are often overly designed and filled with unnecessary furnishings and landscaping. The most effective squares tend to be the simplest in design: walkways and a lawn surrounded by canopy trees are all that is necessary (Figure 7-12). The trees help to enclose the space and mitigate the height of surrounding buildings, thus reducing the scale of the open area, while the lawn offers

Figure 7-10
Lake Anne was a pioneering mixed-use town center founded in 1964. The shopping area is clustered around a waterfront plaza, with parking located behind the shops. Shown: Lake Anne, Reston, Virginia. *Robert J. Gibbs*

Figure 7-11
A new plaza, based on the Lake Forest Market Square plan, was opened in 2009 as part of a new mixed-use town center in University Place, Washington. A new city hall and library face the square, and shops and cafes are planned in future phases. *City of University Place, Washington*

Figure 7-12
Town squares are ideal for a variety of activities and should be primarily lawn, edged with canopy trees and walks. Shown: Market Square, Lake Forest Illinois, 1916. *Robert J. Gibbs*

an area for multipurpose activities and relatively clear views of the surrounding storefronts.

Squares and plazas are most effective when they are sized in proportion to their urban setting. In small town centers, plazas 60 to 80 feet wide by 120 to 160 feet, or a one- to three-part width-to-length ratio, are common in some of the most successful urban shopping areas.

7.12 Way-Finding Signage

Getting visitors into and around the center of downtown with minimal confusion and duress is essential to creating a competitive shopping area. It requires three levels of way-finding signage. First, the shopping area needs to be identified from the surrounding highway or major roadway. These signs should include the name of the downtown area, such as "Shopping District" or "Historic Downtown," and indicate its direction with a simple arrow. The second signage system should direct visiting motorists to parking, preferably after they have driven past a small section of retailers. All garages and surface lots should be well marked as "Public Parking" with standardized signage (Figure 7-13).

Once the visitor is on foot, smaller pedestrian-scaled signs with the label or indication that "You are here" should be located near parking areas and throughout the commercial center. Such signs should map the existing layout of the downtown

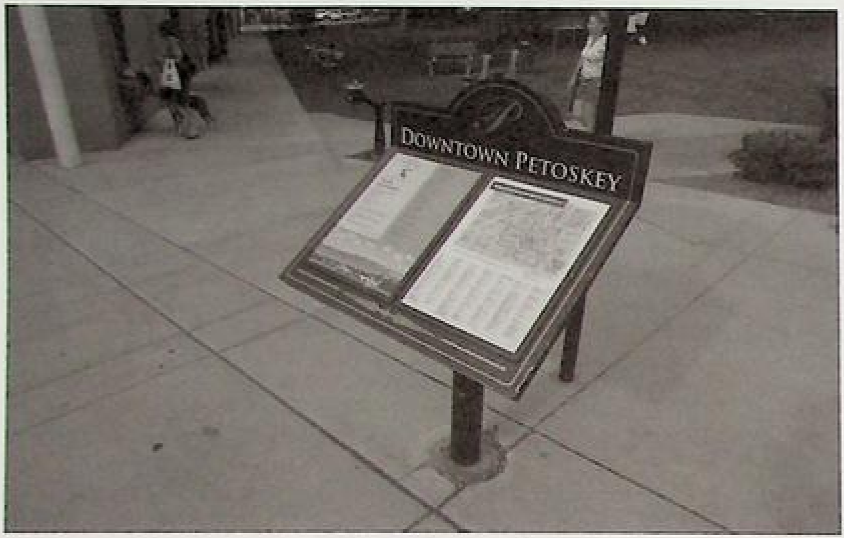


Figure 7-13
Way-finding signage helps pedestrians learn about unfamiliar shopping destinations. Businesses should be grouped according to type, and the information should be updated regularly. *The City of University Place, Washington*

or center and match its orientation. By listing and locating key retailers and restaurants with easy-to-read graphics, these signs can have a major influence on downtown commerce. They will, however, require considerable maintenance to keep the ever-changing list of retailers up-to-date and to repair any vandalism. The importance of keeping these local signs current and clean cannot be overemphasized. They often form the first and potentially most long-lasting impression a visitor has of a specific downtown or shopping district.

Pedestrian-oriented signs should have a horizontal format. Studies have shown that the average person can much more readily comprehend horizontal signs than vertical wall-mounted signs.

Chapter 8

Parking

8.1 Parking Demand

Parking is one of the most critical issues facing any retailer or shopping district today (Figure 8-1). Unlike work, school, or obligatory tasks, most shopping trips are elective activities. People do not have to shop and will often avoid downtown commercial districts or suburban shopping centers if parking is difficult to find or challenging. If parking is not readily available, potential customers will simply continue on their way, often to alternative shopping areas. If a street space or surface parking is available, even for a small fee, these customers will likely stop and shop.

Easy-to-use, clean, well-lit parking is essential to the sustainability of shopping districts and their individual stores. It should be logically organized, hassle-free, and nonthreatening to the consumer. Nonetheless, parking should not dominate the site plan for town centers or shopping centers. New town centers should be planned with storefronts lining pedestrian-oriented streets that have convenient on-street parking. Whenever possible, new shopping

Figure 8-1
Urban shopping villages and towns rely on convenient on-street parking and passing vehicular traffic for their livelihood. Shown: An active Irish town. *Robert J. Gibbs*

centers should be modeled on walkable, urban environments where retail stores are built near the sidewalk edge and parking is within an easy walk.

Parking—size, design, and layout—needs to be functionally appropriate to the retailers and the type of shopping center that it serves. There is a correlation between the time it takes for consumers to find a place to park and then walk to stores or restaurants and the amount of time they are willing to spend shopping or dining. If the search for parking takes longer than the actual store visit, consumers will consider parking inconvenient or too difficult. This is particularly true for the short shopping trip to a convenience store or a neighborhood retailer, such as a coffee shop, cleaner, florist, or carry-out restaurant.

Shoppers have a peculiar relationship to their parking spaces. They form habits, and most shoppers will seek the same aisle or stall they used on their first visit for all subsequent shopping trips. If they can see the entrance to the store or shopping center from their parking spot, people will consider that parking space as being convenient and close—though it may be hundreds of feet away. In standard suburban shopping centers, for example, the closest general parking stall is usually 100 feet from the entrance or the nearest store, which is equivalent to walking almost one-third of a typical city block.

In contrast, these same shoppers will demand parking directly in front of the destination store in a small town or convenience center. Their reluctance to park in remote lots diminishes when a shopping district reaches a critical mass of over 250,000 square feet of general-merchandise business, the minimum size for accommodating a broad range of desirable retailers. Lifestyle and regional centers, as well as large towns and cities, have the variety and breadth of retail activity to require both convenient on-street parking and more remote parking facilities.

In all cases, when the favored parking aisle becomes unavailable or when the view of the storefront becomes blocked, many shoppers will conclude that parking has become problematic and, at best, inconvenient. As a result, many of these shoppers will ignore the next impulse to visit that store or shopping area and explore alternatives. Such behavior may not seem fair or even logical, but it is practiced by most consumers—a reality that must be addressed in the planning and design of any commercial center.

8.2 Historical Information on Parking Ratios and Indices

In 1949, the ICSC first defined the metric of "parking ratio"[1] as *the relationship between space allotted for the parking and the space occupied by the building.*[2] Building space in this metric was determined in terms of gross floor area; building use was considered for planning purposes only. The parking ratio was calculated as a simple ratio, with a standard assumption given for the amount of space occupied by each car.

Initially called a parking index, the measure referred to today as a "parking ratio" is defined as the *number of parking spaces made available per 1,000 square feet of gross leasable area (GLA).*[3] Prior to 1954, this was computed as "the total area devoted to parking [compared with] the net retail area of the stores."[4] See Table 8-1.

Table 8-1

Year	Standard	Notes
1949	10 cars/1,000 sf GLA[a]	Equivalent to a 3:1 parking ratio with 300 sf/car assumed[b]
1960	6 cars/1,000 sf GLA	Said to be "ample provision" for regional centers; 5 cars/1,000 sf GLA was the low-end figure[c]
1965	5.5 cars/1,000 sf GLA	Recommended standard for all shopping centers[d]
1977	5 cars/1,000 sf GLA; 4 cars/1,000 sf GLA with off-site employee parking during peak sales days[e]	Study did not immediately change the ULI standard of 5.5 cars/1,000 sf GLA[f]
1982	5 cars/1,000 sf for GLA >600,000 sf 4.5 cars/1,000 sf for 400,000–600,000sf GLA[g]; 4 cars/1,000 sf GLA for 25,000–400,000 sf GLA	At a GLA >1.2 million sf, the ratio drops below 5 cars/1,000 sf. At the time, too few centers of this size existed to accurately quantify a precise figure[h]
1998	4.5 cars/1,000 sf for GLA >600,000 sf; 4.25 cars/1,000 sf for 400,000–600,000 sf GLA[i]; 4 cars/1,000 sf GLA for 25,000–400,000 sf GLA[j]	Figures are for centers with less than 20% of GLA devoted to restaurant, entertainment, or cinema space. If these uses constitute >20% of GLA, shared parking methodology is recommended for computation.[k]

[a]Expressed as "net retail area"; equivalent to GLA

[b]Ibid., p. 12.

[c]*Community Builders' Handbook* (Washington, DC: Urban Land Institute, 1960), p. 303.

[d]*Community Builders' Handbook* (Washington, DC: Urban Land Institute, 1968), p. 342.

[e]Technical Bulletin 53, *Parking Requirements for Shopping Centers* (Washington, DC: Urban Land Institute, 1965).

[f]R. C. Gem, "Parking Demand at the Regionals, "*Urban Land*, May 1977.

[g]Jean M. Keneipp, "Demand," in *The Dimensions of Parking* (Washington, DC: Urban Land Institute and National Parking Association, 1979), pp. 17–22.

[h]Average of 4.5 cars; standard was a linear progression ranging from 4.0 to 5.0 cars as GLA increased from 400,000 to 600,000 sf.

[i]*Parking Requirements for Shopping Centers* (Washington, DC: Urban Land Institute and International Council of Shopping Centers, 1982), pp. 14–15.

[j]Average of 4.25 cars; standard was a linear progression ranging from 4.0 to 4.5 cars as GLA increased from 400,000 to 600,000 sf.

[k]In those cases where centers had 11–20% GLA devoted to entertainment, restaurant, and cinema uses and the total center size ranged from 480,000 to 2.5 million sf GLA, recommended ratios ranged from 4.53 cars/1,000 sf GLA to 4.8 cars/1,000 sf GLA.

Accepted parking ratios for regional centers have declined from 10 cars per 1,000 square feet of building area during the 1960s to 4.0 to 4.5 per 1,000 square feet today (see Table 8-1). Industry leaders acknowledge that the current parking ratio is necessary only for the 20 most active shopping days of the year. Nonetheless, this nearly three-week period generates most of the annual revenue for regional centers and is considered crucial to their economic sustainability. It is plausible that as shopping centers continue to be developed in dense mixed-use areas, the required parking ratios will further decline.

A 2006 University of Connecticut parking study[5] found that peak demand for regional centers can be as low as 2.3 parking spaces per 1,000 square feet of occupied gross building area. However, the retail industry is presently implementing parking ratios of 4.0 to 4.5 as the minimum required for most shopping centers.

Corner Stores and Convenience Center Parking

Consumers have little patience when shopping at corner stores and convenience centers: they have come to expect quick, hassle-free parking. Corner stores and convenience centers (unanchored shopping centers with less than 30,000 square feet of building area each) provide shoppers with quick and easy access to a limited selection of food, sundries, personal services, and banking in exchange for convenience. Such stores offer expediency in use, not high levels of service or low prices. If milk, bread, or beer is needed at the last minute, the typical homemaker is willing to pay more within a smaller range of choices when the store is closer to home and parking is easier than at a full-service supermarket. Ironically, convenience centers are sometimes inconvenient. To be successful, convenience shopping must live up to its name.

CONVENIENCE SHOPPING MUST BE CONVENIENT

Most corner stores and convenience centers must have free parking near their entrances unless they are located in high-density, pedestrian-oriented urban areas. The parking can be on the street or in a small parking lot, so long as it is readily accessible and close to the store's entrance. If the location allows, such a business can have front and back entrances, with a small parking lot in the rear and on-street or frontage street parking along the storefront. In the case of national chains that rely on consumers to impulsively stop and shop, parking must be visible from the adjacent highway or street.

In general, corner stores and convenience centers require 3.5 to 4.0 parking spaces per 1,000 square feet of gross building area, including on-street parking. Each parking stall must have a high turnover rate, often 8 to 10 vehicular changes per hour. These busy surface parking lots require high levels of maintenance for trash removal and cleaning. Because the parking required for a convenience center is much smaller than for a shopping center, the parking lot can be designed to parallel the building footprint. In some cases, the parking demand for corner stores and convenience centers can be met with on-street stalls.

8.3 Neighborhood Center Parking

Incorporating 60,000 to 90,000 square feet of retail space anchored by a supermarket, neighborhood centers generate frequent visits from shoppers residing within a 1- to 2-mile trade-area radius in suburban areas. Although shoppers are willing to walk farther in neighborhood centers than in convenience centers, in most cases (and then in dense urban centers) they still expect to see the entrances to the center and its retailers from the place where they parked. Supermarket shoppers simply will not tolerate inconvenient parking (Figure 8-2).

Supermarkets have high sales volumes but often generate slim profit margins, forcing their operations to focus on attracting and drawing in every potential customer. The last thing a manager wants is for the parking lot to appear full, compelling potential shoppers to forego stopping and seek an alternative location, which could become a permanent switch for future purchases. As a result, supermarkets object to businesses that generate high volumes of parking from opening nearby. These businesses could be anything from a restaurant or coffee shop to a fitness club or pharmacy. For mutual economic viability, planners should place these businesses as far away as possible from supermarkets. Although a grocery trip can consume more than an hour of a shopper's time, most visits to a supermarket and its nearby businesses will be short and purpose-driven. In contrast to shopping in a downtown, lifestyle, or regional center, consumers frequenting neighborhood centers tend not to stroll casually between shops seeking to make an impulse purchase.

Planners need to be aware that the economics of neighborhood-center commerce requires the smaller inline retailers and restaurants to generate enough sales and dining revenue to subsidize the supermarket anchor. For its economic survival, the neighborhood center must be planned so that its building placement and parking design ensure that the entrances to inline businesses are visible from both the parking lot and the supermarket's entrance and exit. The parking-lot surface should be well lit for safety and visibility, and be level, dry, and ice-free for ease

Figure 8-2
Surface parking lots can be more walkable with landscaping and civic art. Shown: garden walkway, Wildwood, Missouri. *Gibbs Planning Group, Inc.*

of shopping cart use. The heavy use of shopping carts also requires wider parking stalls than in other types of retail centers.

Neighborhood centers should be planned to have parking ratios high enough to handle peak periods of use, which commonly occur on weekends. As a rule of thumb, a 50,000-square-foot supermarket requires 250 to 275 parking stalls within a 250-foot radius of its entrance, or a parking ratio of 4.5 to 5.0 cars per 1,000 square feet of gross building area (Figure 8-3). The balance of the neighborhood center's retailers can often be developed with as few as 3.5 cars per 1,000 square feet of gross building area. Together, this yields a blended ratio of 4.0 to 4.5 cars per 1,000 square feet of total neighborhood center building area.

In suburban locations, neighborhood centers with a supermarket, multiple sit-down restaurants, and two to three high-volume tenants may require parking ratios in excess of 5.0 cars per 1,000 square feet. High-volume restaurants frequently require up to 10 cars per 1,000 square feet of GLA. The supermarket and parking lot should be visible from the busiest street, and its aisles should be oriented to the supermarket's entrance.

In planning for future growth, especially for businesses not yet established, many developers prefer a parking ratio of 4.8 or higher to accommodate unforeseen industry trends and to ensure long-term financial sustainability for the center. In such cases of piecemeal growth, large underused parking fields can be avoided in markets with moderate land values by installing landscaped areas as placeholders for future parking and building development. Note that significantly lower parking ratios are sustainable in many urban locations.

Parking decks can be adapted to multilevel neighborhood centers by installing vertical circulation systems, such as sloped ramps or "cart-o-lators." In these

Figure 8-3
Most suburban and rural supermarkets require 250 or more parking stalls located adjacent to their front entry. Decked parking and smaller ratios can be supportable in dense urban locations. ***Robert J. Gibbs***

situations, the parking level with direct access to the supermarket should be designated for its shoppers. Like other retail garages, these garages must be well lit, clean, airy, and high-ceilinged.

8.4 Community Center Parking

Sized between neighborhood and regional centers, community centers average 250,000 to 350,000 square feet in total gross building space. Community centers include large-format anchors, such as home improvement and discount department stores, along with 8 to 12 large junior-anchor retailers, each averaging 10,000 to 20,000 square feet in size and selling crafts, electronics, office supplies, pet supplies, sporting goods, or groceries. Restaurants and smaller shops are usually located as one-acre parcels in parking lots.

Typical consumers of these centers make purpose-driven trips to one or two stores, often driving between them. For most suburban locations, large surface parking lots are necessary, with parking ratios ranging from 4.0 to 4.5 cars per 1,000 square feet of building area. Though these centers have a proven business format, they often lack all sense of pedestrian comfort and any semblance of urban form.

Developers and planners now have the opportunity to significantly improve the economic sustainability and walkability of the standard community center. They can do this by adopting new urbanist and smart growth planning, as well as design concepts for linking outparcel businesses with retailer-lined streets. Recently, new infill designs for community centers with adjacent parking decks have been built in high-density urban areas. In some of these developments, large-format retailers are stacked, allowing each one to have direct access to its designated level of parking.

8.5 Regional Center Parking

Averaging almost 1 million square feet of retail space, including several fashion department stores and a large variety of retailers and restaurants, regional centers attract shoppers from a considerable distance. Once they arrive, these shoppers tend to visit numerous stores, each for an extended period of time.

Unlike shoppers making a quick purpose-driven visit to a convenience, neighborhood, or community center, shoppers in regional malls or major central business districts park once and walk throughout the center before returning to their cars. In exchange for the greater variety of stores and merchandise these centers offer, consumers are willing to park farther away from storefronts than they would in smaller shopping or urban centers. On subsequent visits, they prefer to park in the same aisle they used on their initial shopping trip, similar to the pattern of shopping in other centers.

The layout and design of a regional center's parking lots and circulation roads are given considerable attention, often involving debates reflecting the conflicting interests of the developer and the anchor tenants. Shopping center developers receive little or no rent revenue from most department stores, and thus aim to have shoppers flow directly into the center's interior rather than through those anchor stores. Conversely, department store owners demand that parking placement and alignment be directed to the entrances of their stores. Given the importance of anchors to the overall productivity of a regional center, department stores' parking requirements and other demands usually prevail.

In the past, two-level regional centers struggled financially because shoppers resisted climbing stairs or riding escalators to enter at the second floor. To solve this problem, Taubman Centers introduced the graded parking lot in the early 1970s so that shoppers could enter at the second floor directly from their cars. Today, upper-level parking accounts for up to 60 percent of the surface parking in many of their regional centers.[6-8]

Suburban regional center parking fields are often laid out in a circular pattern resembling a fried egg, where the center is the yolk. Similar to other centers, all parking aisles should lie perpendicular to the center's entrances. Large parking fields should be broken into smaller parking areas separated by landscaped islands. Where entry roads meet the center's outer ring road, "T" intersections are formed with islands, called "canoes" because of their shape. The landscaped canoes direct traffic around parking isles to improve safety and vehicular flow.

8.6 Lifestyle Center Parking

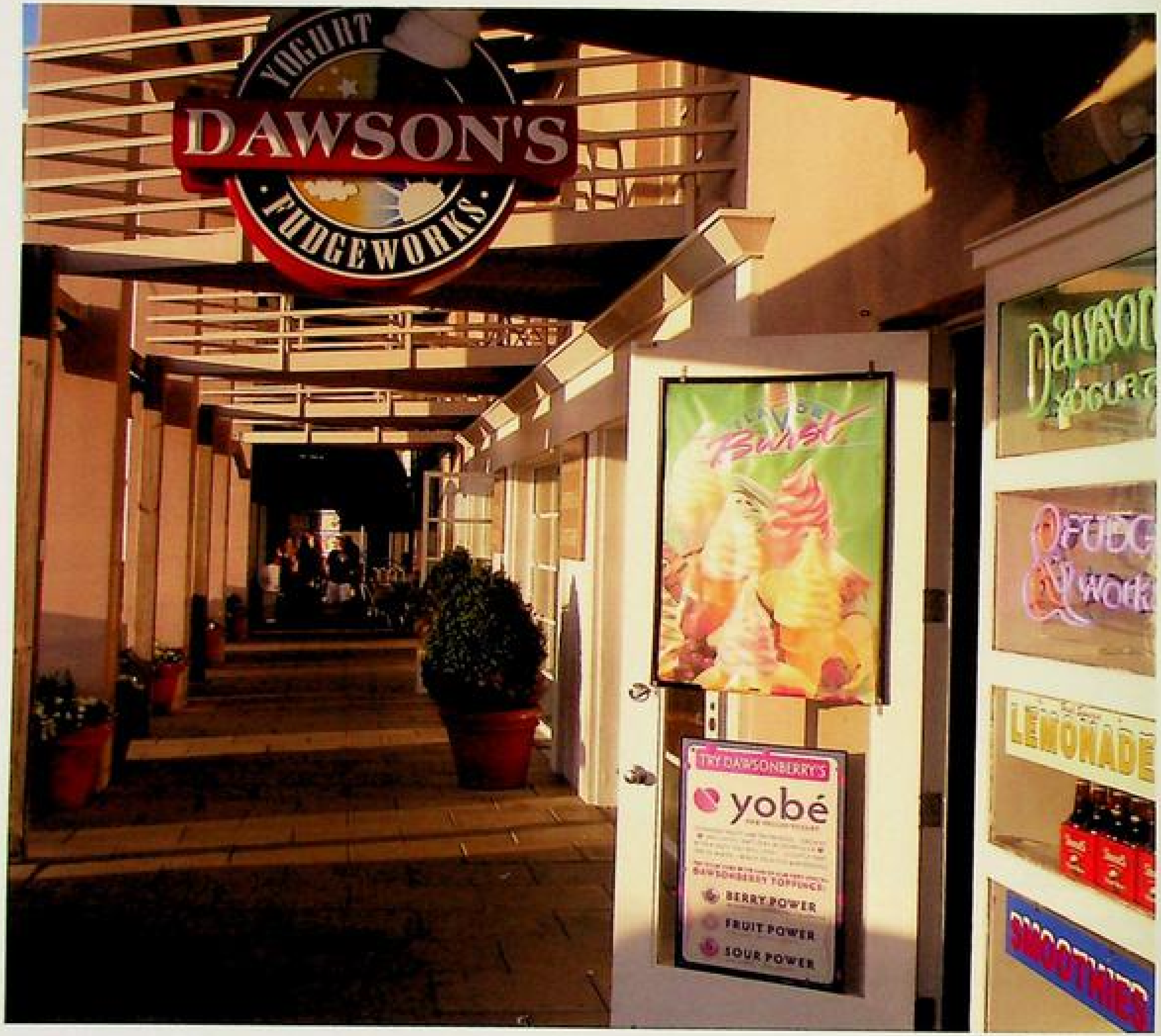
Lifestyle centers combine convenience and ample merchandise selection in open-air semiurban settings. Shoppers have the option of making a quick purchase or staying for longer periods to shop or dine.

A relatively new shopping center type, this center has succeeded in offering busy, time-pressed consumers the opportunity to purchase preferred national brands—soft goods and home furnishings—without having to wend their way through an entire shopping center or enclosed mall. Rather, they can run in and out of a targeted store in minutes, often on their way home from work or other activities. Lifestyle centers can accommodate these purpose-driven trips to a specific retailer by having an urban street pattern where buildings line streets with on-street parking. Such a layout offers the convenience of purchasing department store merchandise in smaller, easily accessible storefront shops.

Early lifestyle centers did not have department stores and were a fraction of the size of regional centers. Nonetheless, with 30 to 40 popular retailers and restaurants occupying 150,000 to 250,000 square feet of building space, these centers had and continue to have the critical mass of retailers necessary to serve as destination shopping districts. Modern lifestyle centers incorporate several department stores and a specialty grocery or supermarket to establish the essential retail critical mass and consequent shopper traffic.

Lifestyle centers are urban in form, with retail buildings grouped on blocks that face streets. Unlike conventional strip centers, they do not have large parking fields. Rather, most of the convenient storefront parking can be accommodated on streets (preferably metered), while the larger lots or decks can be hidden behind retailers. Some lifestyle center businesses, such as grocery stores, junior anchors, and, if included, department stores, may require large parking fields in front. If the

Color Plate 1 The Del Mar Station in Pasadena, California, is a mixed-use transit development that includes 12,000 square feet of retail stores and restaurants. Transit riders can support limited numbers of convenience retail stores and restaurants. The station's residential and roadway frontage provides additional sustainability for the commercial sector. Moule & Polyzoides, Architects and Urbanists. *©Moule & Polyzoides, Architects and Urbanists*



Color Plate 2 Seaside's town center is lined with small specialty shops that combine to form a small-town neighborhood character. *Robert J. Gibbs*

▲ **Color Plate 3** The 750,000-square-foot Easton Town Center opened in 1999 and is part of a larger mixed-use development that includes office space, residential areas, hotels, and large-format community centers. *Gibbs Planning Group, Inc.*

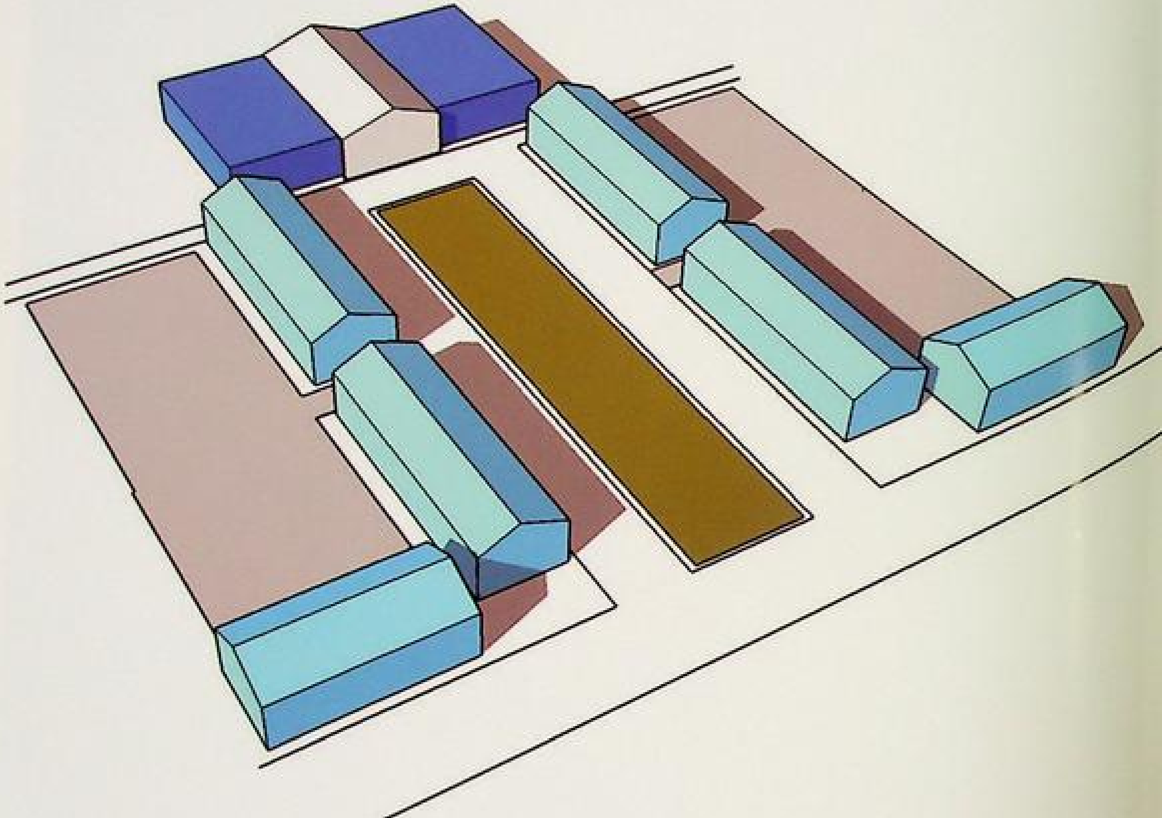
◀ **Color Plate 4** The International Council of Shopping Center's national trade show is held in Las Vegas each spring. The convention is one of the primary deal-making venues for developers, retailers, real estate brokers, and municipalities. *Gibbs Planning Group, Inc.*

Color Plate 5 Rosemary Beach's town center is comprised of dozens of individually owned and developed mixed-use buildings that were designed per a DPZ architect's pattern book. View from the Gulf of Mexico's beachfront toward Main Street. *Gibbs Planning Group, Inc.*

Color Plate 6 Stores rely on proven visual merchandising and store-planning techniques to achieve high sales. Shown: LL Bean Outfitters, Freeport, Maine. *Gibbs Planning Group, Inc.*

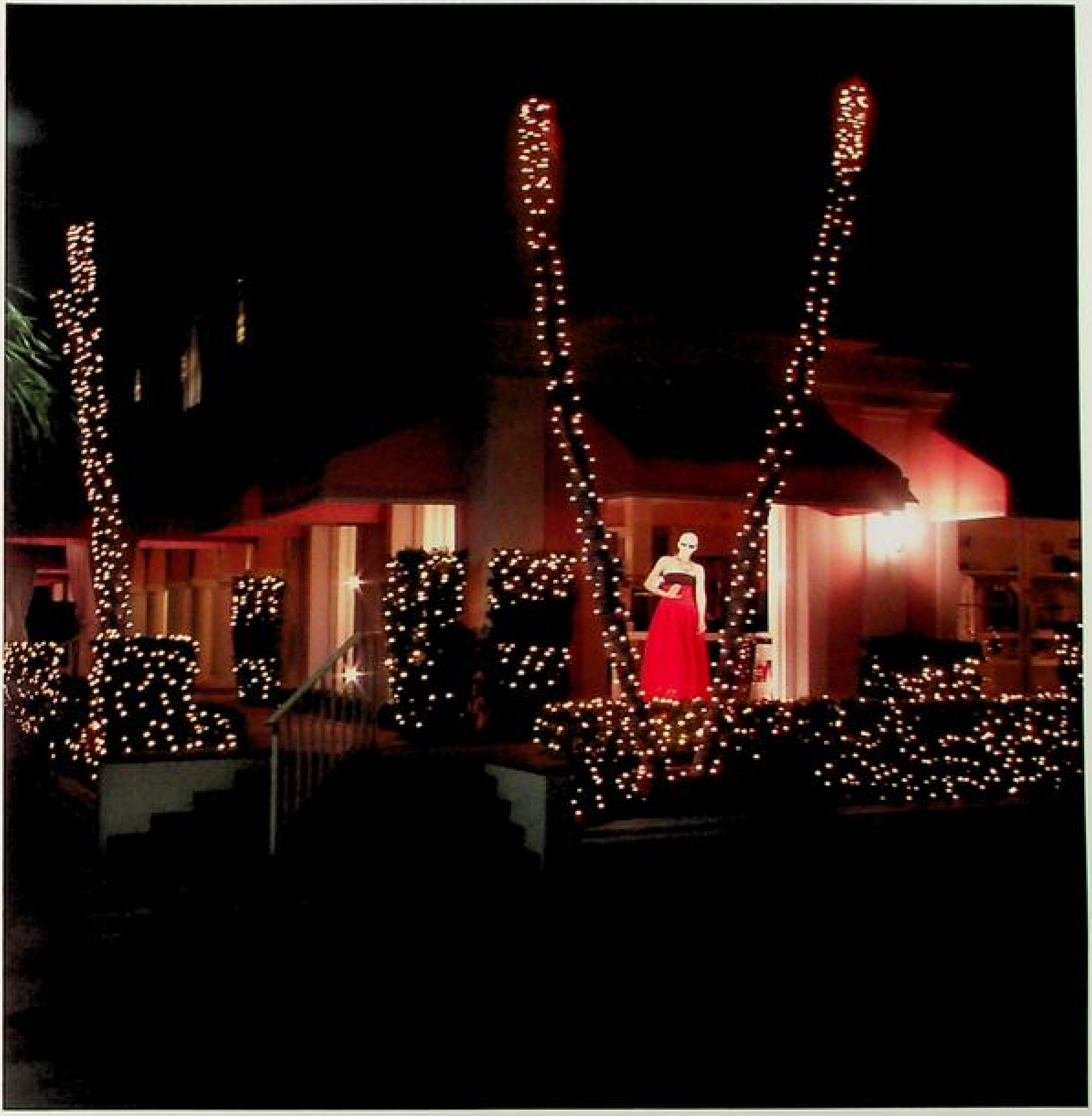
Color Plate 7 Universities can support a considerable amount of retail and restaurant development to serve the needs of both the surrounding residents and the campus community. *Gibbs Planning Group, Inc.*

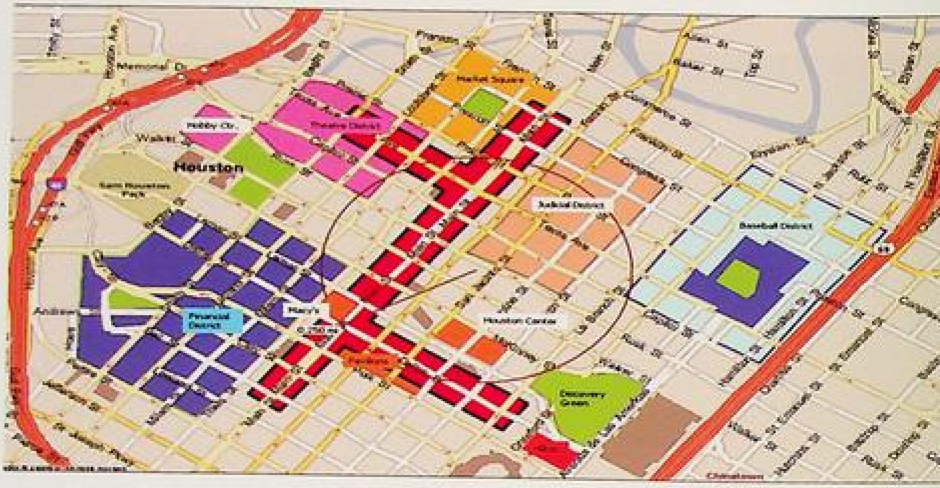
Color Plate 8 Restaurants are one of the major contributors to competitive shopping districts. However, they are challenging to program, design, and manage and require experienced development teams. Shown: the 20,000-square-foot Savaradios Restaurant, Linwood, New Jersey. The two-level restaurant has been designed with a Tuscan theme. SOSH Architects. *SOSH Architects*

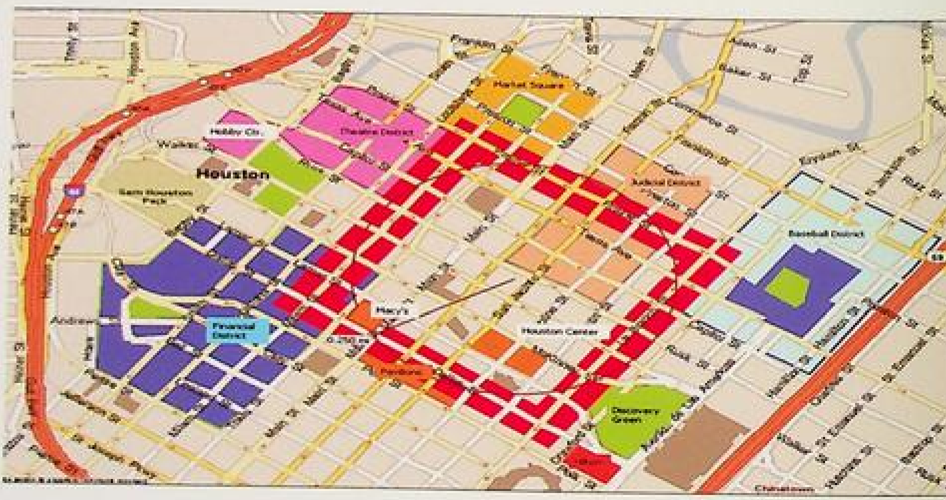


▲ **Color Plate 9** The market square format can be extended by many blocks. The plan allows for views into the shopping district from the adjacent roadway while maintaining a walkable space. Note the lane and parking fronting the retailers. *Gibbs Planning Group, Inc.*

▶ **Color Plate 10** An eye-catching lighting display for a luxury women's apparel store. Third Street, Old Naples, Florida. *Robert J. Gibbs*







Color Plates 11 and 12 Houston's proposed Main Street spinal plan, designed to link the downtown's five primary districts along Main Street, rather than using a circular connection. The plan recommends improved lighting and streetscape, storefront enhancements, extended on-street parking meter usage, and a relaxed commercial signage policy to increase pedestrian and vehicular traffic and improved commerce. *Gibbs Planning Group, Inc.*

Color Plate 13 St. Andrew's Square, Edinburgh, Scotland, is surrounded by leading retailers and restaurants.
Robert J. Gibbs

Color Plate 14 Middleton Hill's neighborhood center is based on the single reverse L format that allows the anchor and parking to face the primary roadway. Smaller liner retail shops face the walkable street. The large parking lot can be redeveloped with decked parking and more density in the future. *Middleton Hills, Inc.*

Color Plate 15 East Fraserlands will include three commercial areas: a waterfront district of specialty shops and cafes, a regional center grouped along a retail peel or crescent adjacent to the primary highway, and a high street that connects the town's retail areas. DPZ Architects. *Guanghao Qian/Parkland Homes*

Color Plate 16 Storefronts should be designed to reinforce the retailers' brand and merchandise. Shown: Kirkland Place, Kirkland, Washington. Touchstone Development, LMN Architects. *Gibbs Planning Group, Inc.*

Color Plate 20 751 is a model mixed-use town center that includes residential, office, retail, and civic areas. The commercial plan is based on a double reverse L format. Civitech, Inc., architects and planners; Gibbs Planning Group and Randall Arent, planning advisors. *Civitech, Inc.*

site allows, these businesses can be pulled off to the side and oriented to the busiest street.

Off-street parking lots and decks are necessary for long-term shoppers and employees. The economics of most lifestyle centers require surface lots rather than decks unless 50 percent or more of the total commercial space is for professional offices, which can share some of the parking.

Saving the consumers time is the key to the success of lifestyle centers. They require both convenient storefront parking and remote off-street surface lots or decks. For these centers to compete with large regional centers, 10 percent or more of their visitors—the short-term shoppers—must be able to find parking near or directly in front of their destinations. Long-term visitors will likely park once and cross-shop the entire center. These consumers can easily spend over two hours shopping, dining, or watching movies, and usually take more time to park and reach their first destination.

8.7 Village and Town Downtown Parking

Like the layout, location, and design of parking for shopping centers, sound parking strategies for a historic downtown depend upon its business mix. Retail shopping in hamlets, villages, and many small towns is often limited to neighborhood goods and services, such as hardware stores, small groceries, personal services, and specialty retailers. In most cases, these small to medium-sized businesses rely on purpose-driven shoppers and do not serve as general-shopping destinations. The typical shopper may drop by the hair salon, pick up flowers, stop at the bank, or call on the doctor without making any other visits (Figures 8-4 and 8-5).

Figure 8-4
Coastal towns frequently develop parking lots along their waterfront and orient their storefronts to the highway. Shown: Damariscotta, Maine. *Gibbs Planning Group, Inc.*

Figure 8-5
Damariscotta, Maine's commercial stores line its main street rather than the waterfront to take advantage of vehicular traffic and to offer its visitors convenience. *Gibbs Planning Group, Inc.*

Village and small-town shoppers expect to be able to park within a short distance of their destination, if not in front of it. In general, parking meters should not be installed in hamlets, villages, or towns with less than 50,000 square feet of commercial space unless on-street parking is consistently unavailable. On-street parking near or on the same block—and preferably on the same side—as a store or restaurant is essential to the economic sustainability of that establishment. Excluding major tourist-oriented regions, few small villages and towns have the critical mass of businesses necessary for a visitor to spend more than an hour shopping or dining. In these instances, downtown parking requirements are similar to those for convenience centers.

For most people visiting a small town, parking in remote off-street lots or decks requires too much time and effort if the visit is short. Not only does the visit seem less than worthwhile, it also creates a negative perception regarding the value of the town's goods and services. Remote parking areas are necessary, however, for long-term users, such as retail store and office employees. These surface lots can also serve as land banks for future parking decks or infill development.

8.8 Large Town and City Parking

Large towns and cities whose commercial centers offer the variety and critical mass of retail stores and entertainment necessary to occupy at least one hour of a consumer's time require both on-street and off-street parking. To serve as a shopping destination, a downtown commercial district must generally exceed 100,000 square feet of viable retail, restaurant, and office uses. In contrast, a suburban shopping center requires at least one anchor plus 150,000 square feet of retail stores and restaurants to become a viable shopping destination. Smaller downtowns without competitive retail stores can become destination-shopping districts through effective management, such as grouping popular restaurants and niche retailers.

Shoppers using convenient on-street parking will generate the bulk of retail sales for large downtown centers. Given their greater variety and breadth of shopping, dining, and entertainment selections, downtown centers will also draw visitors willing to take the time to use off-street parking lots and garages. In these cases, parking fees should be relative to a stall's convenience. Prime on-street spaces should be metered and more expensive than outlying on-street stalls, off-street surface lots, and parking garages. If possible, surface lots should be free or nearly free and garages entirely free during the first two hours of use. Though many shoppers are willing to pay a nominal fee ($1 to $2, for example) for the luxury of parking near their destinations, more frugal shoppers and employees should be rewarded for their extra walk.

8.9 On-Street Parking

On-street parking is the preferred parking location for most shoppers and employees. When metered and properly managed, each space can have a turnover of 18 to 22 cars per day, which is equivalent to three to five parking lot stalls (Figure 8-6).

Ideally, parallel parking spaces should line the primary streets serving downtown commercial districts and shopping centers. Although more difficult to navigate, parallel stalls are preferable to head-in parking, since they mask the front and

Figure 8-6
Parking meters are commonly installed in new shopping centers at prime locations to allow for easy parking by busy shoppers. Time is considered the new luxury by many young families and career builders. Shown: Woodlands Town Center, Houston, Texas. *Gibbs Planning Group, Inc.*

rear of vehicles while providing a solid shield between sidewalk pedestrians and vehicular traffic. Diagonal head-in parking should be located on less active side streets.

Many drivers avoid parallel parking because it is too challenging. Nonetheless, the benefits of parallel-parked cars to pedestrians outweigh any inconvenience to motorists. As an alternative, traffic planners have started to promote back-in parking stalls on urban streets. While these stalls are easy to negotiate when leaving the shopping district, they are much more difficult to enter than diagonal head-in stalls. Planners should concentrate on making it as easy as possible for shoppers to enter and park in retail centers, not on the ease of leaving once purchases have been made.

8.10 Parking Garages and Decks

Well-planned and well-managed garages are essential to the success of shopping districts in large towns and cities. Their decks provide parking for long-term shoppers and, more importantly, for retail employees, office workers, and patrons of major anchors, such as cinemas and restaurants. The decks also provide spaces for valet parking services.

Parking decks for shopping districts should be designed, constructed, and managed to a higher level than office or residential garages since most shopping visits are elective activities. Parking decks also represent a visitor's first and last impression of the shopping destination. A dirty, poorly lit, and confusing deck is not only threatening to shoppers, but also gives the impression that the goods and services offered at the center are low in value, poor in quality, and dated. This is especially true for downtown decks, which tend to be unsightly when compared to those in shopping centers.

Parking decks in downtowns and shopping centers should have floor-to-ceiling heights of 8 to 12 feet, painted surfaces, color-corrected lighting, logical signage and way-finding graphics, and office-quality finishes for elevators and stairwells. Although painted and finished surfaces require more maintenance than exposed concrete and steel, they are essential to giving new customers a positive first impression of the shopping destination (Figure 8-7).

Whenever possible, light wells should be designed to bring natural light into the deck's center and elevator areas. Motorists and pedestrians will be naturally drawn to these well-lit areas, making navigating the deck more intuitive and less confusing. In the evening, these light wells should be artificially illuminated to levels higher than those in surrounding deck areas.

To increase the sense of security, stairwells, elevator shafts, and all doors should be well lit and transparent or have ample clear glazing. Ticket booths should be manned during all hours of operation. Fully automated ticketing machines can be confusing and may malfunction, frustrating shoppers and likely discouraging them from returning (Figure 8-8).

Parking garages should be located adjacent to, or within a block of, the prime shopping destination. Located in midblock, garages can provide easy access to both primary stores and nearby restaurants. Ideally, the garage should be located so

Figure 8-7
Shopping district parking decks should be designed with high ceilings, good lighting, and clean painted surfaces. *Gibbs Planning Group, Inc.*

that motorists can enter with an easy right-hand turn. At the entrance, the garage should have large, illuminated signage that is coordinated with the municipal wayfinding system.

Parking decks have level floors connected by vehicular ramps, either spiral or straight. Parking ramps have sloped floors that provide both parking and vehicular

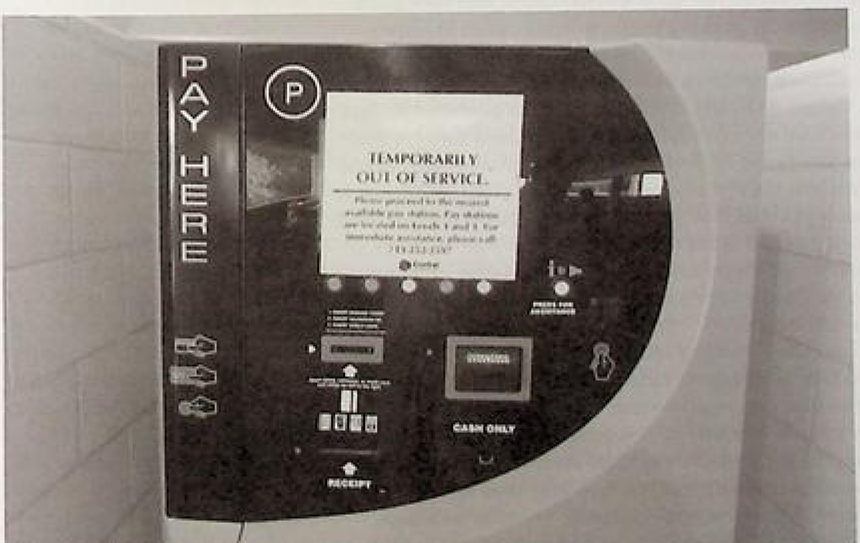


Figure 8-8
Parking machines often malfunction and should not be substituted for manned ticket booths in shopping center parking decks. *Gibbs Planning Group, Inc.*

circulation between floors. In shopping districts, decks are preferable, because level surfaces are easier for shoppers to maneuver and to orient themselves.

Since shoppers tend to become attached to their initial parking spot, replacing surface lots with decks—no matter how well designed and planned—can be a challenge. The author was surprised to discover this phenomenon in the mid-1990s while conducting focus group interviews regarding Rodeo Drive in Beverly Hills, California. Beverly Hills has some of most well-designed and well-managed garages in the world, with painted surfaces, excellent lighting, and coordinated graphics. Some of the garages could pass for finished commercial interiors. Nevertheless, focus group members complained about the Rodeo Drive garages but were content with nearby shopping centers' garages.

Compared to the Rodeo Drive garages, the competing centers' garages were dark, confusing, and poorly maintained. Why did the focus group prefer these older garages to the new ones in Beverly Hills? As it turned out, when those shoppers first visited the nearby center, they parked in its garages and, as a consequence, felt comfortable parking there on subsequent visits. They had become accustomed to using the surface lots the Rodeo Drive garages replaced. When compelled to use the new garages, these focus group members felt cheated and inconvenienced, no matter how nice the new city garages turned out to be.

This author has discovered that numerous cities have inadvertently suppressed market growth because their shopping districts either do not have enough parking garages or have none at all.

8.11 Parking Meters

Parking meters are a must for medium-sized to large towns, cities, and new town centers. The old-fashioned coin-operated parking meter is underrated in importance and is crucial to the success of a commercial center (Figure 8-9). Meters are familiar and easy to use, require little reading to understand, and tend to work in even the most severe weather. Coins are easily carried in pockets or stored in cars and can be exchanged for paper currency from sympathetic business owners and fellow shoppers. Modern meters have new technologies for accepting credit cards, prepaid cards, and wireless payments via cell phones, which are great attributes so long as the meters continue to accept coins. Meters that show expired minutes and allow for a grace period engender a sense of fairness.

Time is the new luxury. Most shoppers in medium-sized and large downtowns will gladly pay a reasonable fee for convenient metered parking. However, more frugal or long-term shoppers should be given an opportunity to park in more remote spaces. Ideally, preferred on-street parking spaces should cost twice as much as remotely located stalls. If possible, outlying surface parking lots should be very inexpensive or at least free for the first two hours of use.

Parking meters are the only proven method of deterring business owners and their employees from parking directly in front of their stores. Although occupying convenient customer parking is counterproductive and thus not rational, store owners and employees simply cannot help themselves. There is no known practical parking management method to deter self-centered employees or store

Figure 8-9
Computer-operated parking machines are too complicated for many users and contribute to a frustrating shopping experience. Some cities have removed the machines and replaced them with traditional coin-operated meters. *Robert J. Gibbs*

owners from using their preferred spots. Employees have been known to go to great lengths to protect their spaces, including coating their tires with chemicals to repel the meter patroller's chalk.

The city of Birmingham, Michigan, is a proven example of the potential economic stimulus that well-planned and managed parking decks can provide. Birmingham has a population of only 19,000, but over 1 million square feet of retail and restaurant space and 1.5 million square feet of office space, the result of having five parking decks dispersed along the edges of its central business district. The city offers free parking for the first two hours in all of its five decks. On-street parking is metered, expensive, and well policed. As a result, shoppers can almost always park near a destination if they are willing to pay for the convenience.

Recently, many downtowns have been replacing individual parking meters with clustered parking pay stations. These stations are reported to offer shoppers greater convenience because they can be programmed to accept credit cards and paper currency. City managers and urban designers prefer clustered meters because they eliminate the clutter of multiple meters, shortening the time needed for collections and enforcement.

Unfortunately, clustered parking meters are nearly impossible for some shoppers to use. Even well-designed pay stations require multiple steps and careful reading of detailed instructions. Elderly, visually impaired, or non-English-reading users may find the machines difficult to use. These machines also lengthen the duration of the parking event considerably: users must find their stall numbers, locate the pay station, and walk from their cars and then deal with the machine. In some cases, a pay receipt must be placed inside the vehicle, requiring users to return to their cars. If the station is located in the opposite direction from the desired retail store, the shopper may have to walk a considerable distance out of his or her way to pay for parking.

Although the time and distances required to pay at a remote station may be only minutes, the whole experience can be frustrating to many shoppers, exaggerating their perception of difficult-to-use or inconvenient parking in that downtown or shopping center. It cannot be overemphasized that *time is the new luxury*, and asking shoppers to pay for inconvenient parking is counterproductive and shortsighted. Municipal authorities would be wise to safely store the displaced old-fashioned coin meters for future use. Recently, Birmingham, Michigan, removed a test group of cluster parking meters because of frequent malfunctions and shopper complaints.

Chapter 9

Store Planning and Visual Merchandising

9.1 Storefront Design Theory

Successful shopping center developers retain firm control over all aspects of the programming, design, construction, and operation of the commercial center. Coordinating a variety of building functions and tenants is necessary to achieve innovative place-making as well as optimum financial performance. Allowing individual businesses to operate in a laissez-faire fashion will significantly harm the overall performance of the center. This is not to say, however, that an urban-focused commercial center should function as a mall, containing only national retailers and overly flashy displays.

Each commercial building in a new retail center should be designed and constructed to meet a predetermined standard—a baseline that preserves a degree of predictability in architectural form and development. Newly constructed buildings should have individual appearances while employing common architectural elements.

To ensure compliance with general design and construction standards, the master developer should prepare an architectural "pattern book" for individual retailers to consult and follow. (However, the individual storefronts should be the focal point of the entire center, rather than the building as a whole, the streetscape, or other site elements. The storefronts form the shopper's first impression of the business and should reinforce the merchant's unique goods and services (see Figure 9-1). As retailers move, new storefronts should be designed and implemented to reflect that store. Even long-term retailers should upgrade their storefronts at least every 6 to 8 years. The importance of the storefront for the overall performance of each business and the center as a whole cannot be overemphasized.

Frequently, mixed-use buildings are designed with uniform elevations from the ground floor through all of the upper levels. Such a single-plane façade treatment causes the upper levels to dominate the building's appearance while minimizing the presence of ground-floor retail stores. For example, a mixed-use glass curtain-wall tower will be perceived as solely an office building without first-floor retail stores. Ground-level retailers also get lost in all-brick mid-rise residential buildings. Sign bands above the first floor are an essential remedy to this problem. They provide a horizontal architectural element that separates a building's upper floors from its ground floor (see Figure 9-2). The sign band helps stop the pedestrian's eye from surveying the entire building's elevation, allowing more time for

Figure 9-1
Storefront design should reinforce the merchandise and the store's brand. This contemporary home furnishing store in London is known for its timeless designs. *Robert J. Gibbs*

him or her to focus on the storefront and its displayed merchandise. Accentuating the band with contrasting colors will make the signage more pronounced.

The sign band also serves an important function during a building's life cycle. The band provides physical delineation of the levels of the building. Above the band, the upper-floor elevations generally remain unchanged, while below, the storefront elevations are continually upgraded according to retailing trends and as architectural styles evolve.

Figure 9-2
Street-level retailers should have commercial elevations and horizontal sign bands that are distinct from those of upper- level residential or office uses. Shown: Plaza la Reina, Westwood, California; Moule & Polyzoides, Architects and Urbanists. *©Moule & Polyzoides, Architects and Urbanists*

9.2 Signage

Nothing contributes to strong retail sales and an attractive downtown as much as well-designed and properly scaled signage. Good commercial signage can reinforce the unique nature of a shopping district and generate the impression that its businesses offer true value as well as quality goods and services. Achieving effective commercial signage requires not only well-written codes and building standards, but also a regulator who is talented or a design review board whose members recognize when to grant variances for unique business circumstances or building conditions (Figure 9-3). Sign ordinances that are too restrictive limit creativity and have, at times, resulted in the "mallification" of a historic downtown (Figure 9-4).

Individually designed signs indicate that a shopping district offers a diversity of stores and breadth of merchandise. A common mistake of many shopping centers is to require all their businesses to use the same background color on signage.

While this practice creates visual continuity, it also produces a shopping atmosphere that eliminates the sense that unique items and a wide variety of merchandise are available. This is not to say that any design and color for signs should be allowed. Too much diversity in signs, including oversized signs, lowers the expectation that a commercial area offers quality goods and services, and replaces it with the assumption of low prices. Urban shopping districts are perceived (unfairly) by shoppers to be more expensive and to have less selection than suburban shopping centers.

As a rule of thumb, each business located in a pedestrian-oriented urban setting should be limited to 1 square foot of signage for each linear foot of storefront. For example, a 20-foot-wide store would be allowed 20 square feet of signage. The maximum height for letters should be 8 to 10 inches. Commercial signage along major road corridors should be double the area of signage in pedestrian-oriented urban areas, which is 2 square feet of sign area for each linear foot of storefront.

A sign's materials and details are also important. Internally illuminated box signs are inappropriate for most urban shopping districts and commercial road corridors and should be prohibited. The light from the box sign can produce glare that causes

Figure 9-3
Small projecting signs can effectively attract attention to small retailers, especially in walkable shopping districts. The signs should generally be limited to 4 square feet or less and should be hand-crafted or artistically designed. *Robert J. Gibbs*

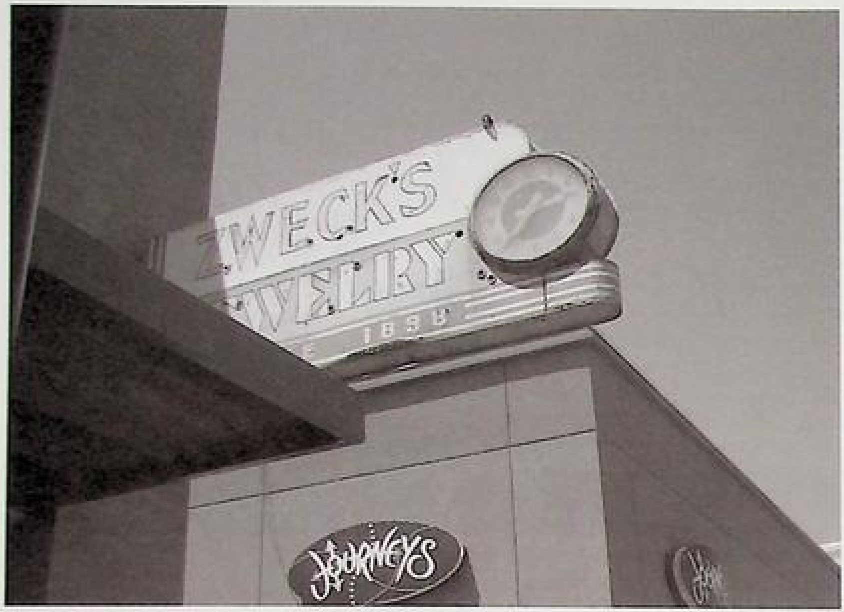


Figure 9-4
Vintage retail signs are often installed in new centers to increase their sense of history. Shown: Victoria Gardens, Rancho Cucamonga, California. *Gibbs Planning Group, Inc.*

the eye to squint, reducing its aperture and thus narrowing its view of the storefront. In addition, box signs are bulky and difficult to integrate into most building elevations, and often have a tacked-on appearance both distracting and unsightly.

Individual solid letters pinned to the sign band or floating above, with halo-like backlighting, give the impression that the retailer is upscale or sells merchandise of better value. If pinned to the sign band, the text can be illuminated with external light fixtures attached to the building, which minimizes glare. Except in rare circumstances, signs painted directly on buildings should not be permitted. These signs lack visual depth and tend to fade or peel, creating a future eyesore.

Signs should reflect the region as well as identify the business. For example, painted wooden signs with gold leaf lettering are common throughout New England but may seem out of character in other parts of the country. Some historic districts, such as Miami Beach's Art Deco District or Beal Street in Memphis, Tennessee, have successfully adopted signage standards that require specific period design and materials, such as art deco or retro neon.

Projecting signs, or blade signs, give stores on urban streets the visibility necessary for attracting pedestrian shoppers. A series of storefront projecting signs can effectively pull pedestrians along the sidewalk. These signs do not need to be large: 3 to 4 square feet of total area is more than adequate in most urban conditions.

The base of these signs should be at least 8 feet above the sidewalk, and their outer edge should project no more than 3 feet from the building façade. The signs should be located over their respective businesses and spaced a minimum of 15 feet apart to avoid being associated with other businesses. Businesses located in alleys and other remote areas should be permitted to install projecting signs on other buildings along busy walkways. To be effective, these signs should include directional arrows. Businesses above street level should also be permitted to install projecting signs on their exterior elevations. These upper-level signs should be limited to 2 square feet in total area and spaced at least 15 feet from other projecting signs.

A variance should be provided for the exceptionally creative landmark sign, such as a major piece of neon or a sculptural work of art that fails to comply with existing sign ordinances. In general, such variances should be permitted for anchor retailers or when a similar sign exists in the area. Size, color, materials, and lighting variances should be given for well-designed or historical landmark signs. Restricting landmark signs to one or two per block can create an incentive for businesses to invest in commissioning such signs without causing visual clutter. Most major anchor retailers, such as cinemas, department stores, and supermarkets, require monument signage along freeways or surrounding highways.

9.3 Awnings

Awnings do more than provide shade and shelter for pedestrians. They help define the first-level storefront, reinforce its brand, and, most importantly, get the business noticed. The awning material can be designed from canvas, cloth, steel, or glass, and should reflect the overall character of the business brand. Plastic, internally illuminated awnings cheapen shopping centers and cities and should not be permitted. Cloth awnings should appear to be a natural fabric and should be limited to two colors (Figure 9-5). Logos and large lettering change the awning into a sign

Figure 9-5
Awnings can complement the store's brand and architecture as well as provide shelter for pedestrians. Awnings should have a simple, slightly flat slope, should be constructed of a quality cloth-like fabric, and should have minimal graphics and signage. Shown: Banana Republic, King Street, Charleston, South Carolina. *Robert J. Gibbs*

and should be avoided. Generally, sign letters should be limited to 8 inches in height, and only allowed along the front flap rather than on the top-sloped awning surface. Shed-type awnings without side panels allow for air and light on the sidewalk and create the appearance of a lighter structure.

Awnings should be designed and located to complement the building's façade. They should not cover columns or other architectural elements. Awnings should be no more than 6 to 8 feet deep and have a pitch of no more than 25 degrees (3:12). Steeper awnings hide too much of the building and become billboards that distract the shopper.

Although canvas or cloth-type awnings require regular cleaning and have a relatively short (3- to 4-year) lifespan in most climates, they offer a handsome accessory for a well-designed storefront. Soiled and tattered awnings should be replaced as needed to maintain a fresh and well cared for appearance. Steel or glass awnings are more expensive to install but can last indefinitely. They can also enhance a building and create a unique and interesting streetscape.

It is not recommended that every storefront have an awning. Such a streetscape becomes monotonous and can create a dreary sidewalk.

9.4 Visual Merchandising

Urban retailers and restaurants can increase their sales by implementing proven store-planning and merchandising practices (Figures 9-6 and 9-7). Shoppers perceive, quite unfairly, that stores in urban shopping districts are more expensive and have fewer selections than stores in suburban shopping centers. Many urban stores

Figure 9-6
A well-planned store interior can attract impulse shoppers and reinforce the store's brand and the quality of its goods and services. Shown: a Gap Kids Store. *Gibbs Planning Group, Inc.*

Figure 9-7
Well-arranged, tasteful windows can reinforce the store's quality and lead to impulse shopping visits. *Gibbs Planning Group, Inc.*

have attractive exteriors, arresting signage, and interesting merchandise but fail to appeal to today's busy shoppers. Because of poor visual merchandising, shoppers assume that these stores will not meet their retail needs and desires.

To increase customer traffic and improve sales revenues, downtown retailers need to adopt proven visual merchandising practices. For example, most North American shoppers turn right upon entering a store and tend to walk counterclockwise around the store. To take advantage of this circulation pattern, prime merchandise should be displayed on tables arrayed down the middle of the store.

Modern shoppers want quality goods and services as well as value. Poorly organized, unclean, and difficult-to-navigate stores will give shoppers the impression of poor goods, bad service, and poor value.

Below is a summary of generally accepted modern visual merchandising principles:

- Window displays should be simple and easy to understand within a few seconds; do not attempt to load the display area with a sample of the store's entire stock.
- Create a "front-and-center" display table or fixture that is visible from the sidewalk and promotes holiday and seasonal goods; many national retailers generate 15 percent of their daily sales from this type of display.
- Change window displays weekly; borrow display props from other businesses (antiques, bicycles, barbeques, wheelbarrows, etc.).

- Keep the back of the display window open to allow most of the store's interior to be visible from the sidewalk.
- Keep the front-entry decompression zone open to allow shoppers to enter the store without feeling crowded or overwhelmed.
- Allow for movement toward the outer walls of the store; avoid dead-end cul-de-sac-type aisles; shoppers generally do not want to walk past the same merchandise twice.
- Locate the point of purchase in the middle of the store, preferably on the right-hand side.
- Locate larger merchandise on the back wall; paint the wall surface dark and brightly illuminate the merchandise.
- Offer sales and promotions for a select few items year-round; keep in-season and prime goods on a limited sale of 10 to 20 percent, which will reinforce the value of the store.
- Avoid handmade and taped signage; place signs in frames and utilize published advertisements for featured merchandise and services.
- Promote leading brands and list the nameplates in the store window and throughout the store.
- Promote the store owner: tell the owner's story with framed signs and explain why the owner and the store's offerings are unique.
- Broadcast aromas and music both inside and outside the store that reinforce the brand and the theme.
- Offer educational sessions to explain the store's special goods and services; many shoppers are seeking to continue their education and enjoy learning about new things.
- Constantly update the store: change finishes, colors, and fixtures as often as possible. Replace all interior surfaces (carpets, wall coverings, countertops) every three to five years.
- Retain professional independent advice; many shopkeepers maintain stores that appeal to their own taste rather than the taste of their customers.
- Display a small sample of store merchandise or theme (such as a holiday, sports team, or historical event) outside the store adjacent to the storefront.

9.5 Storefront Design Recommendations

Below is a summary of generally accepted storefront design standards:

- At least 60 percent of small to medium-sized retailers' first-level elevations facing primary sidewalks should be transparent glass, even if the first level is an office or nonretail use.
- Department stores and major anchors should maintain 25 percent minimum clear glazing and window displays along the primary sidewalks. Window boxes and glass doors can be included in this percentage calculation.

- A horizontal break between the first level and upper levels will help focus attention on the retailer.
- The storefront's signage, awnings, and materials should remain in character with the historic framework of the building; this does not suggest that all buildings should attempt to recreate nineteenth-century styles.
- Awnings should project no more than 6 feet and be at least 8 feet above the walk; to allow for more light, awnings should be a single plane rather than a curve and have no side panels; plastic and internally illuminated awnings should be prohibited.
- Upper-level businesses should be allowed to have window signage and projecting signs up to 24 square inches in area.
- Doors facing the street should be recessed into the building façade when practical.

9.6 Store Lighting

Appropriate and effective interior lighting is the single most important factor for enhancing the overall appeal of retailers and restaurants, as well as for improving their sales. Good lighting creates an atmosphere that reinforces the store's unique niche, highlights the quality of the merchandise, and even directs the movement of the shopper (Figures 9-8 and 9-9). Unfortunately, many retailers are inexperienced

Figure 9-8
Well-lit store windows enliven a streetscape, increase a store's performance, and contribute to the sustainability of the surrounding community. Shown: Naples, Florida.
Robert J. Gibbs

Figure 9-9
A well-appointed men's apparel store has an elevation and reinforces the merchant's specialty niche for quality and service. Shown: King Street, Charleston, South Carolina. *Robert J. Gibbs*

with modern store-planning and lighting techniques or do not have the capital to invest in necessary lighting and fixtures. Moreover, building owners are often unwilling to invest in the tenant improvements essential to competitive commerce because of the noncreditworthiness of the tenant's business.

While there have been extensive studies on the effects of illumination on various aspects of human behavior, relatively little research has focused on the retail context.[1] An often-cited study conducted by Heschong, Wright, and Okura focuses not on fluorescent or other artificial illumination, but on the significant positive effects that natural illumination in stores has on retail sales.[2]

This study analyzed a retail chain's 108 store locations over an eighteen-month period. As parts of a chain, the stores in the study group had similar operations, maintenance, layouts, architectural elements, and external climatic conditions. All locations were equipped with identical overhead fluorescent lighting systems, which sensors turned on and off as needed to achieve a targeted lighting level. One-third of the stores were dependent on artificial lighting; the other two-thirds were equipped with skylights, which allowed these stores to reach and, at times, surpass targeted lighting levels without using fluorescent lighting.

The sales figures from the store locations were given to the researchers in an indexed form in order to hide actual dollar amounts. A regression analysis was used in analyzing the sales data to limit any influence from uncontrollable external variables, such as the socioeconomic makeup of each store's trade area and the differences in hours of operation among the stores.

The researchers found a statistically significant (at the 99 percent level) positive relationship between higher sales figures and sky-lit stores. It was calculated that the addition of skylights to a fluorescent-lit store in the study group would increase sales by 31 to 49 percent. In other words, if a fluorescent-lit store added skylights, its average sales of $2 per square foot would be expected to increase by $0.61 to $0.98 per square foot. Alternatively, the difference between having no skylights in the study-group stores versus having skylights at every location translated into a 40 percent increase in gross sales across the group.

In addition, the treatment of lighting in retail settings may have psychological effects similar to those encountered when green vegetative elements are added to the environment.[3] While illumination is not treated in the studies conducted by Joye, Willems, Brengman, and Wolf,[4] researchers in the Heschong et al. group cite factors similar to those proved by Joye et al. in the Basophilic Store Design (BSD) context as hypotheses concerning the effect of skylights on consumer spending behavior in stores so equipped.[5]

9.7 Lighting Recommendations

- Business owners need to install the best lighting they can afford. A coordinated public-private program to offer low-interest loans or grants for store lighting and other store enhancements could potentially allow preferred independent retailers to remain sustainable.
- Prime merchandise should be illuminated with effective, quality fixtures.
- Display windows should be brightly illuminated to compensate for direct sun and to attract attention during the evening.
- Restaurants generally need three light sources: ceiling, wall, and tabletop; ceiling lighting should be soft and directed toward interior architectural features and tabletops.
- Retailers should highlight promotional and seasonal merchandise with focused, directed halogen-type lighting that orients the shopper from the street or upon entering the store.
- Energy savings can be achieved with skylights, windows, and motion detector lights; low-wattage fluorescent-type lighting has its place in ceiling fixtures and back-room areas but is not yet suitable to replace all other store lighting sources.

9.8 Specialty Niche Focus and Cross-Merchandising

It is difficult for small businesses to offer a wide range of goods and services with the appropriate depth of merchandise. Instead, small businesses can focus on a specialty niche of products or services (Figure 9-10). In offering a full selection of a specialty good or service, a niche business can be competitive with large-format discount retailers that usually have limited selections. For example, a small bookstore could focus on children's and teens' books rather than offer books in every category.

Figure 9-10
Specialty retailers can reinforce their unique brands and personable service with creative displays and merchandising. Shown: Galway, Ireland, store signage placed on a vintage bicycle.
Robert J. Gibbs

Recommendations

- Identify a specialty retail product or service category that has reasonable appeal and demand, such as collectibles, children's books, handmade cosmetics, or shoes.
- Determine the business branding, name, signage, colors, fixtures, music, marketing, and staff training that reinforce the brand; give the store the look and feel of the niche culture and characteristics appropriate to the product or service category.
- Update the store's name to match the business service.
- Maintain an extensive variety of merchandise in the selected niche—for example, a full selection of styles, colors, and sizes in a specific category.
- Hold seminars and educational sessions on the store's product or service; make the store the "go-to" place for a particular product or service. For example, a sporting goods store can provide fishing seminars.
- Individual businesses should seek out each other, promote cross-merchandising, and establish a lending network for promotional displays. For example, a men's apparel store can borrow bicycles, sporting goods, or hardware equipment such as a wheelbarrow. Art galleries can lend to specialty retailers, restaurants, and home furnishing stores. Antiques such as automotive or sporting (trophy cups), bicycles, or architectural elements are suitable for displays of most business types.

9.9 Store Maintenance

There is a direct correlation between the goods and services sold and the quality of the store's maintenance (Figure 9-11). A dirty, cheap-looking store does not suggest good value—in fact, it suggests just the opposite.

Recommendations

- All surfaces, windows, and fixtures should be kept clean. Display windows and the front door should be cleaned daily.
- The front door and storefront should be freshly painted and clean; front doors often need painting monthly.
- Interiors should be carpeted, and the walls and countertops should be cleaned daily.

Figure 9-11
Storefronts, signage, and displays, as well as the general streetscape, should be clean and updated. Shown: a street in Dublin, Ireland. *Robert J. Gibbs*

Chapter 10

Retail Development Finance

by Mark Bulmash

The economics and development of shopping centers and urban retail districts are interrelated with their programming, planning, and design. Simply, retailers and shopping center developers must earn a market rate of return or higher on their capital investment and operating expenses. The industry relies on proven methods for analyzing and implementing real estate development. This discussion is not a substitute for more in-depth exploration of each topic and is in no way all-inclusive. Rather, it is intended to sensitize public officials to some of the financial challenges that developers face when developing retail and mixed-use projects in urban contexts. Many of these items transcend project size, but it is important to understand that each project will have its own unique sets of facts and issues.

10.1 Methods for Analyzing Real Estate Development

With the advent of public-private partnerships to create destination urban and suburban retail and mixed-use projects, it is helpful to have an understanding of how the developers of these projects approach the process of creating pro formas and valuing the opportunity. Developing and operating shopping centers can be a very risky investment. As with any other business, real estate developers need to earn a return commensurate with the risk they take in completing a project. All developers prepare some type of project pro forma to calculate total development costs and analyze project cash flows. While state-of-the-art financial analysis often determines a project's value using net present value (NPV) or internal rate of return (IRR), the vast majority of real estate developers use simpler metrics for determining the viability of their potential projects. Many developers evaluate their investments by dividing the net operating income (NOI) that a project generates by the project's net total development costs. This method is known as "cash-on-cost" or "cash-on-cash analysis." This assumes the first year that the project is substantially leased up. Traditionally, this is the year after opening the project. NOI refers to subtracting gross operating expenses from gross operating revenues. "Gross revenues" refer to the total of all rents, reimbursed expenses, and other income collected. "Gross operating expenses" are comprised of real estate taxes, utilities, maintenance, management, insurance, promotional/merchant association fees, supplies, and debt service. "Total development costs" include land; infrastructure (both on- and off-site); site work; building hard costs; contractors' fees; general conditions; architecture, planning, geotechnical, and engineering fees; legal fees; financing fees; taxes during construction; insurance; tenant improvement allowances; developer payroll (sometimes labeled the "development fee") and travel; brokerage and leasing fees; approval application fees; and permit, impact, and connection fees. Public subsidies and land sales during the development process are subtracted from total development costs to obtain the net total.

Typically, more sophisticated developers will try to generate a cash-on-cost return that is at least two percentage points above their cost of money to compensate them for their considerable risk in developing new projects. If their blended cost of money is 8 percent, the developer will want at least a 10 percent cash-on-cost return to compensate for the risks of developing a new project. A "blended cost" is the weighted average of the developer's debt and equity costs in percentage terms. As interest rates rise, the required return needs to rise in order to compensate for taking on higher costs and risk. Note that the cash-on-cost method does not take into consideration the time value of money and, therefore, should not be used for long-term project valuation.

By contrast, NPV evaluates a project by discounting its projected net cash flows (NOI minus annual debt service) using a blended required rate of return (debt and equity). This method does take into consideration the time value of money; the concept is that a dollar is worth more now than a year from now because it loses some of its value to inflation. NPV factors in the risk of completing the project by revising the discount rate up or down; riskier projects require higher rates of return. If the analysis yields a positive value, the developer should pursue the project if he or she has the capital. This method looks at a project operating over a specific time frame, sometimes as short as five years but more often ten to twenty years. NPV is particularly good for capital budgeting, especially when comparing projects of different sizes, risks, and time frames to determine which investment to pursue. The downside of this method is that a significant portion of the project's value is predicated on assumptions regarding the sale of the asset at the end of the investment period. Developers are notoriously optimistic about what they can sell their property for, and this belief often skews the overall projected value of the project. Meanwhile, the cash-on-cost method focuses on cash flow in the early years, when a project is most at risk.

IRR analysis is an easy way to determine the expected rate of return based on cash flow during a project's operation and its ultimate disposition. Most developers need a project IRR in excess of 20 to 25 percent to justify going forward. This rate is highly variable and changes with the developer and the project. IRR also suffers from the assumptions for selling a project, which can vary significantly depending on the marketplace and the economy in the distant future. Also, IRR does not serve as a good basis for comparing projects with significantly different scales. Which is better: a 25 percent IRR on a $10 million project or a 20 percent IRR on a $100 million project? An NPV analysis may show that the $100 million project is worth pursuing because it yields a higher absolute return.

Another metric that real estate developers use is capitalization rates, often known as "cap rates." A cap rate can be determined by dividing a project's NOI by its total project costs. Because NOI is a measure of a specific property's income-earning ability, it does not include depreciation, income taxes, or debt service (interest or principal), which are all aspects that can vary with the asset's ownership.

Cap rates are also simple. The lower the cap rate, the more expensive the real estate is. Lower cap rates imply more stable and predictable NOI and thus more stable and valuable properties. A creditworthy national pharmacy chain store in a 20,000-square-foot building with an annual rent of $300,000 may be worth $4 million, because it garners a 7.5 percent cap rate, while a similarly sized neighborhood center with the same rent may be worth only $2,857,000 because it only merits a 10.5 percent cap rate. In the early to mid-2000s, the best properties in the United States garnered cap rates of 5 or 6 percent, sometimes even less. Cap rates are also good for comparing property sales. They serve as a yardstick for determining how much to pay when buying a property or how much to charge when selling a property given the overall market for similar properties. Cap rates can vary by geographic location and property type. Finally, small differences in cap rate assumptions can lead to large changes in projected property value. With a property that has $10 million in NOI, the difference in assuming a 7 percent cap rate instead of 8 percent can mean a difference in value of $17,860,000, which is a swing of 14.3 percent!

10.2 Parking Structures

Understandably, many planners and communities are strongly encouraging developers to build parking decks in urban and suburban locations to create compact, walkable communities by eliminating large surface parking fields. While this has many desirable land use and planning impacts, adding decked parking often significantly impacts the economic sustainability of urban retail and mixed-use projects in a negative way. Depending on how elaborate the parking deck is, going from surface to structured parking adds at least $12,000 and typically $15,000 per parking space in construction costs to a project. This premium can be as much as $30,000 to $50,000 more per space should that parking need to be put underground in situations where there is a high water table that needs to be contained. Assuming that surface parking costs $3,000 per space to construct and a developer can fit 100 cars per acre for surface parking, the developer would have to pay at least $1,200,000 per acre of land in order to break even on building structured parking versus simply building at grade. This is quite a jump, considering that most large-scale retail projects' land costs run from $87,000 to $218,000 per acre ($2 to $5 per square foot of land) in well-located suburban areas. For a typical 250,000-square-foot urban project that needs four parking spaces per 1,000 square feet of retail space and builds 1,000 parking spaces (two 500-car decks, with 200 of those spaces being at grade), the cost of a deck may be $12,600,000. Even though a typical similarly sized suburban project may require 4.5 parking spaces per 1,000 square foot of retail space, the cost for building only surface parking would be $3,375,000. The premium for building deck parking in the urban scenario is $9,225,000, or about $37 per square foot of retail space. In urban settings, structured parking becomes a necessity, either because of high land costs or scarcity of land; however, in many suburban situations, the project developer does not necessarily collect more rent to make up for this increase in project costs. Operating costs are higher as well. Without a public subsidy to cover the costs of vertical parking, this extra fee may be a significant barrier to creating the compact project that a community desires.

10.3 Vertical Stacking of Mixed-Use Projects

Many new planning policies have pushed for the creation of vertical mixed-use and retail projects because they lead to lower consumption of land and more desirable massing for buildings. In the aggregate, this type of development allows for more efficient public transportation and more pedestrian-friendly streets. In existing urban situations, it is often necessary to increase density to be able to afford the high cost of land. Nonetheless, even in urban situations, stacking different uses costs extra when trying to connect one structural grid system to another. On tower projects, designers often have to create large structural transfer beams at considerable cost to take a typical residential structural column layout and place it above the retail column grid. Sometimes developers compromise on the dimensions of the retail grid system to accommodate the structure above by creating shallower, ineffective retail spaces. In suburban locations, developers are increasingly building a podium from which the residential units can be constructed. Many developers anecdotally report that stacking residential uses over retail uses in a suburban context adds 20 to 25 percent to the cost of those residential units because it forces them to pay higher costs for construction (concrete or steel frame versus stick-built), vertical transportation (elevators and escalators), and fire protection/suppression systems, as well as adding more common area space. Experienced multifamily residential developers note that stacking residential units over retail space in suburban settings leads to more inefficient floor plans. For example, many suburban residential developers do not provide elevators and would never design single-loaded hallways, as the developers of more urban-style units often do. Again, this unfortunately increases operating expenses. Residents may not be willing to pay rent premiums in sufficient numbers to justify living over retail projects in suburban settings. From the retail development standpoint, HVAC rooftop units often need to be relocated and duct mains need to be extended to accommodate building above the roof of the retailer. Developers do not always garner correspondingly higher rents for these changes.

10.4 The Push for Local Retailers

There has been a trend over the last several years for communities to encourage developers to lease to local retailers. Much of this push has been an overreaction to the establishment of big discount retailers in their communities. Many residents have feared—and, in some cases, justifiably—that these large national tenants will kill off local retailers, particularly in small communities. There is also a backlash against the large retailers due to their poor planning, unattractive buildings, and general lack of walkability. At the same time, many communities around the country still want to increase their tax base by encouraging new retail and mixed-use development. Public policymakers need to understand that the financial institutions that fund new development lend against the projected project cash flows to the degree that this income is predictable. Some lenders will only fund developers for credit tenant cash flow. Other lenders will finance noncredit tenants, but will significantly discount that cash flow and/or penalize the developer with higher interest rates on the money lent to the project. Credit tenants tend to be sophisticated regional and national tenants that have established and well-thought-out buying, merchandising, store design, build-out, training, and accounting systems. These methods have been proven over time. Credit tenants have a low risk of going bankrupt. By contrast, many local retailers have a limited operating history and tight finances. While there are certainly many instances of small family retail businesses having lasted for three or four generations, the vast majority of small local retailers fail quickly. According to a study by the U.S. Small Business Administration, only 13.5 percent of small retail businesses remain in business for more than four years.[1]

To finance retail projects, larger developers typically have needed to borrow 70 to 75 percent of the total development costs. Smaller, less substantial developers often need much more debt, sometimes as much as 90 to 95 percent of a project's value. Smaller developers often use mezzanine lenders that charge much higher interest rates for additional layers of debt to close financing gaps. Traditional lenders usually establish a myriad of metrics that set the project's value and, therefore, how much they will lend. These include maximum loan-to-value metrics and minimum coverage ratios to meet annual debt service. Debt coverage ratios are calculated by dividing a project's NOI by its debt service, which may include some principal as well as interest, depending on the type of loan.

When a community requires a developer to lease a minimum amount of space or a minimum percentage of space to local retailers, it may be inadvertently preventing the developer from securing enough market-rate financing to develop a viable project. In the worst-case scenario, requiring a developer to lease at least 25 percent of its space to local tenants may reduce the amount of debt that it can borrow to 56 percent of project costs, assuming that these tenants could generate sales comparable to those of national tenants in that space. This could force the developer to find an additional $19 million of equity on a $100 million project. Most likely the developer will get more financing, but not the full amount. The developer will also pay higher interest rates. Combined with the potential need to release vacant space due to the failure of inexperienced retailers, this is a heavy burden that many experienced developers may not accept.

10.5 Elements of Making Deals with Retail Tenants

There are many different issues that developers must negotiate with retailers in order to complete retail leases. When making a decision to build a store in a particular project at a specific location, most sophisticated retailers will estimate how much business they can achieve based on the demographics of the project's trade area, the traffic in and around the center, and the project's competition. Market research and sales projections ultimately drive decisions for locating to a specific area and for determining how much rent a retailer can afford to pay. When trying to decide how much rent they can pay, most retailers add up all occupancy costs and calculate them as a percentage of their projected sales. Tenant occupancy costs include base rent, percentage rent, common area maintenance (CAM) costs, real estate taxes, and insurance and merchant association/promotion fund fees. In many cases, CAM, taxes, and insurance costs are prorated against the center's gross leaseable square footage or gross leased square footage, depending on how the lease was set up. A number of developers have fixed CAM costs over the past few years as a way to provide more certainty and less variability in those costs to tenants.

The maximum percentage of occupancy costs to sales that a retailer can afford to pay varies with the type of retail business because different market segments have different gross margins on their business. As a rule of thumb, the most that a typical retailer can pay for occupancy costs as a percentage of sales is around 18 percent in a successful superregional mall setting; this percentage is likely much less for smaller centers because of lower overall sales productivity. Beyond that threshold, many retailers start losing money at those locations.

Occupancy costs are highly negotiated points in the lease. They vary by how desirable the retailers are and how much leverage a developer has in the negotiation. Store size and location also factor into these numbers. Larger stores will typically pay less rent per square foot than smaller stores. Stores that want better locations within a project will pay a rent premium for better visibility and greater foot traffic. A retailer may be willing to spend more on a project and location that it finds highly desirable and hard to replicate than it would where there are many alternative locations.

Eventually, all centers require updating to remain competitive. As many existing enclosed malls became tired facilities, a number of retailers began to relocate to, or focus their new store openings in, open-air lifestyle projects. In many respects, this relocation was due to the opportunity for lower total occupancy costs. It was to be located in new, differentiated, open-air formats. Lifestyle projects offered lower rents, CAM, and taxes than comparable existing malls, as well as an exciting new type of shopping.

The International Council of Shopping Centers (ICSC) defines the super regional center as "offer[ing] extensive variety in general merchandise, apparel, furniture, and home furnishings, as well as a variety of services and recreational facilities. It is built around three or more full-line department stores generally of not less than 75,000 square feet. The typical size of a super regional center is about 1,000,000 square feet of gross leasable area. In practice, the size ranges from about 500,000 square feet to more than 1,500,000 square feet."[2] In 2008, super regional shopping centers in the United States charged a median rent of $28.42 per square foot and $13.60 per square foot in median reimbursable expenses.[3] Today, it is not unusual for successful super regional centers to charge upwards of $65.00 per square foot as average rent for the center, with the average for better malls being around $50.00 per square foot.

The ICSC defines a lifestyle center as "typically contain[ing] upscale national chain stores, specialty stores, dining and entertainment in an open air setting. It is not usually anchored by a single large tenant but by a grouping of highly branded stores along with such tenants as a bookstore and/or a cinema. There usually is an emphasis on design, landscaping, and outdoor amenities."[4] To date, the ICSC has not broken out national data on lifestyle centers, but anecdotal evidence suggests that better lifestyle centers obtain project average rents ranging from $28 to $35 per square foot, with project-reimbursable expenses of $6 to $10 per square foot. In some cases, well-located and well-leased lifestyle centers have garnered strong sales and productivity and lower costs. The upper decile of U.S. open-air centers, which includes lifestyle centers, have garnered average sales per square foot of $514.06,[5] which was not as good as the upper decile of super regional malls' nondepartment store sales of $563.06 but better than the median of $346.05[6,7] per square foot for all super regional malls surveyed. Some industry market researchers have a rule of thumb that healthy lifestyle centers have occupancy costs ratios of 10 percent, while those of regional and super regional malls are around 14 to16 percent. These numbers vary by project, location, and developer.

Nonetheless, many lifestyle centers were not executed well. Some were too small and lacked strong anchor tenants to create a regional customer draw. Also, a number of new lifestyle centers were not developed in locations that could attract customer traffic from a wide enough trade area. Many retailers in these centers experienced big drop-offs in sales productivity due to competition from established and well-located enclosed super regional malls. The trade-off of lower costs did not always compensate retailers for the lower sales that many lesser lifestyle centers experienced.

The amount of build-out allowance that a landlord provides to a tenant as part of opening up at the project is a highly negotiated issue. Tenant improvements (TI), or tenant allowances, vary widely by the identity of the tenant and the type of retailer it is. There is a high correlation between a tenant's exclusivity, its destination appeal, its sales productivity and projected store build-out cost, and the amount of tenant allowance that a developer is willing to pay. For example, highly desirable restaurants may receive in excess of $1 million to open in a new and existing property. A developer may even completely build out a tenant space for a best-in-class retailer. On the other hand, less sought-after tenants may get no allowance and have to finance their own store construction. Finally, there is usually a strong correlation between rent and how much a developer is willing to give to a tenant in build-out allowance.

10.6 Purpose of Public Subsidy

Public subsidies have become relied on for many complex shopping centers and urban redevelopment projects. These subsidies can occur in many ways: tax increment financing (TIF—based on property tax and/or sales tax increases); community development districts (CDDs); tax-exempt bonds; community block development grants; tax abatements; public fee ownership in land or improvements in conjunction with ground leases; and public construction of supporting infrastructure (parking, utilities, and roads), to name just a few. The purpose of a public subsidy is to encourage and to leverage private investment in order to create unique public-private places with an economic development component. Typically, public subsidies pay for parking garages, land assemblage, new streets, street lighting and furniture, and utilities, as well as civic buildings, such as city halls or libraries that may be a part of the overall development plan. In many cases, a public subsidy levels the playing field to bring private development to places it would not normally go due to increased project costs and risks. A public subsidy may bring about specific changes to a project that the public desires and compensates the developer for the extra costs related to obtaining these changes. Granting public subsidies requires thoughtful consideration to balance public and private needs. To really comprehend the issues, it is incumbent on public policymakers to understand the financial as well as the planning aspects of real estate development.

Chapter 11

Leasing—The Lifeblood of the Deal

by J. Adam Rothstein, Esq. and Emily A. Minns

A shopping center is the product of many ingredients, but it begins with the delicate balancing of the complex and interdependent relationships between the landlord and its tenants, and the landlord and its lender. The process is one of common interests and shared purpose, but each actor contributes its own editorial perspective to the story and its own ideas on how to reach the goal. As with any real estate project, the potential for great success of a shopping center brings with it a distinct element of risk. The fundamental question underlying all negotiations between landlord and tenant, and between owner[1] and lender, is how to allocate that risk.

While some retail real estate transactions involve a deep-pocketed developer who supplies its own cash to fund an acquisition or development, financing such a project is a much more common practice. Real estate developers will turn to a bank, a pension fund, an insurance company, or a Wall-Street-type private equity firm to obtain the vast bulk of the cash needed to acquire a retail real estate project or to fund its development. In this way, the developer stands as a middleman between the tenants and the lender, taking the risk of a tenant default but yielding the upside of the spread between the cost of financing and the rents obtained from the development.

For a retail real estate project to qualify for funding from an institutional lender, typically a certain number of leases with rent-paying tenants must be in place (and most lenders scrupulously evaluate the credit of each of those tenants), or, with respect to a development transaction, a certain amount of preconstruction "lease- up" must occur before money will become available to the developer. In a sense, then, the leasing of a project will be its lifeblood, as the income to be generated from the project will come from rents and other charges paid by the tenants of the project (Figure 11-1). An owner seeks to maximize that income by developing highly sought-after real estate (the old adage "location, location, location" comes to mind) and creating a shopping center project featuring a tenant mix that will maximize sales for the retailers[2] and, thus, maximize the income to the owner.

Because a retail project is quite different from an office building, an apartment complex, or other commonly leased multitenant real estate, the retail lease has many nuanced facets not seen in leases for other types of real estate. This chapter will examine some of the concepts that are specific to the shopping center situation and regularly addressed in

Figure 11-1
Retail leasing is one of the most important phases of shopping center development. *Gibbs Planning Group, Inc.*

shopping center leases,[3] the typical negotiation of each concept, and the perspectives on each such concept often brought to the negotiating table by the landlord and the tenant.

11.1 Operating Covenants

The success of the shopping center depends on the ring of the cash register. Without sales, the center will fail. The lenders will not lend and the tenants will not lease. The continuous operation of business by each tenant in the shopping center is critical to the shopping center owner. The typical retail lease requires from the tenant a covenant, or promise, to continuously operate its specific business in the leased premises, and imposes strict economic sanctions (e.g., double rent) if the tenant fails to live up to this promise. The lease will appoint the landlord as the arbiter of shopping center hours, and the tenant will be required to adhere to such hours or face the consequences. And the scrutiny does not end there.

The operations clause in a retail lease often allows the landlord to regulate not only the days and hours of operation, but the quality of operation as well, including merchandising, interior signage, staffing, and even the conduct of the tenant's employees. The tenant might be prohibited from operating in a manner that "may injure the reputation" of the center, may disturb other tenants, or is deemed (by the landlord) to be immoral or objectionable. While many tenants chafe against this type of regulation and go to great lengths during the lease negotiation to loosen its grip, most understand its value to the overall cohesive operation of the center, and some even demand that the landlord take such steps with respect to controlling other tenants in order to maintain the center's high quality and reputation.

11.2 Permitted Use and Exclusive Use

Related to the tenant's continuous operation for business is the lease's permitted use clause. Not only must the tenant operate continuously during all of the days and hours established by the landlord, and not only must the tenant's operation be of high quality and in compliance with all of the landlord's standards (some of which may seem downright arbitrary to the average tenant), but each tenant must also adhere to a use clause drawn precisely for its particular business, which reflects the way in which the landlord sees that business operating in its shopping center. And, as if the expressed words of the strictly drawn use clause are not enough, quite often the provision will end with the phrase "and for no other use or purpose whatsoever," driving home the point that no deviation from the expressed permitted use, however immaterial it may seem, will be tolerated.

The reasons for the stringency are many. The balancing of the proper tenant mix in a shopping center is more art than science. The landlord is the expert at knowing what retail uses complement others, what restaurants work in the market, and what entertainment uses will draw patrons to the center. The landlord alone must control the number of businesses operating in a particular category. In order to ensure that the integrity of the tenant mix is not breached, the landlord must see to it that each tenant operates within the confines of its use clause (drafted as narrowly as the negotiation will allow). There can be no greater overlap between the different uses actually operated by the various tenants than that amount of overlap that the landlord, by virtue of each precisely drawn use clause, deems appropriate.

Not surprisingly, tenants fight for greater flexibility in their use clauses. A typical shopping center lease is for a term of at least ten years, and in certain retail categories, products and merchandise will certainly evolve over the course of a lease period.[4] The tenant wants the ability to move with the times. The tenant also wants to avoid having to come back to the landlord a few years down the road to ask permission to sell a hot new item that may not have been contemplated when the lease was in negotiation and the sale of which would be a violation of the existing use clause. And what the tenant wishes to avoid is exactly the type of control the landlord wishes to maintain.

Related to the use clause is a provision, somewhat troublesome to the landlord, commonly referred to as an "exclusive use" provision. Tenants with greater bargaining power might require the landlord to grant them the exclusive or preferred right to sell a particular product or service or to operate a particular use in the shopping center. The consequences for the landlord's breach can be significant, so, from the landlord's perspective, the exclusive must be drafted as precisely and narrowly as possible. A broad exclusive can tie the landlord's hands when it comes to future leasing of the center—even, in some cases, compelling the landlord to go back, hat in hand, to the tenant and ask for an exception. With the grant of an exclusive, the landlord's oversight of the specific use of every tenant takes on a greatly enhanced importance. The tenant's remedies for the landlord's breach of an exclusive may be a reduction in the tenant's rent or termination of the lease, and effective administration by the landlord of the various exclusives in a shopping center can be challenging. Thus, it is critical that landlords dispense exclusives very sparingly. The landlord cannot consider granting such a right without being committed to maintaining the strictest control over how the rest of the shopping center is being used at any given time. The more restrictive the use clause in each tenant's lease, the more freedom the landlord reserves to itself to lease up the remainder of the shopping center and grant exclusives to those more sought-after tenants if it needs to do so. Being stingy, in general, in granting exclusives allows the landlord to retain the ability to lease its center the way it believes will maximize the value of that real estate.

11.3 Co-tenancy Clauses

A tenant may choose to locate in a shopping center for several reasons. One is the increased level of convenience a shopping center provides to customers. The concept of a shopping center—a clustering together on a single site of many retail uses surrounded by abundant, convenient parking—allows customers, in theory, to satisfy all their retail needs with one trip to a single primary location. Foot traffic, much greater than would result from a business operated in a single-tenant building, is generated, and each tenant gains the opportunity to interface with a far larger pool of potential customers than it would have had it been operating in a stand-alone location. The synergy created by this critical mass of tenants is undeniable. There is also a synergy created by the harmony of uses in a shopping center. With the traditional department stores, smaller apparel sellers, bookstores, shoe stores, computer stores, restaurants, nail salons, and even movie theaters, there seems to be something for every taste. The blending of multiple shopping options draws a broad spectrum of shoppers to the center. Without it, customer interest wanes, as does the tenants' opportunities for sales. Because a healthy co-tenancy is intrinsic to the success of the shopping center and the business of each individual tenant, many tenants negotiate for co-tenancy protection.

The basic co-tenancy clause is tied to the occupancy level of the center and provides that if the percentage of the shopping center floor area occupied by operating stores drops below a certain level, the tenant will be entitled to exercise certain rights. These rights range from the right to pay reduced rent to the right to pay rent calculated as a percentage of sales to the right to terminate the lease should the situation persists. The required occupancy level may also be described as a minimum number of anchor stores plus a percentage of the nonanchor store floor area being open and operating for business. A co-tenancy clause may even require that certain retailers specifically identified by trade name must be operating in the shopping center, although this type of agreement poses a high risk of failure to the landlord, as recent retailer bankruptcies demonstrate.

Landlords prefer to describe co-tenancy requirements in terms as general as possible and will negotiate for adequate cure time before the remedies are triggered. Once a tenant closes its store, the landlord requires time and effort to find a replacement, so few landlords agree with any enthusiasm to the immediate triggering of remedies. The more specific the requirements of any co-tenancy, the more difficult the failure of the co-tenancy is for the landlord to cure. Sometimes the landlord will require a showing of harm to the tenant resulting from the reduced occupancy—for example, evidence that the tenant's sales have been adversely impacted by the co-tenancy failure. However the parties structure the clause, it is viewed by tenants as a way of shifting the risk of shopping center occupancy (something that is near to the hearts of all tenants) to the party that, of the two, seems to have more control over the situation.

11.4 Sales-Driven Provisions: Percentage Rent, Radius Clauses, and Early Termination

The interests of the shopping center landlord and its tenant are tied together in ways that set their relationship apart from any other landlord-tenant relationship. This is demonstrated no more clearly than in the area of percentage rent. A percentage rent agreement provides that, in addition to a fixed amount of minimum rent, if the tenant's sales in the shopping center exceed a certain figure, usually referred to as the "breakpoint," the landlord is entitled to a percentage of those sales. In a sense, percentage rent allows an adjustment to the total rent if, in fact, the real estate proves to be more valuable (as measured by the tenant's sales) than the landlord and tenant originally thought. In a situation where percentage rent is part of the economic package, the fixed rent stream, in theory, is intended to cover the landlord's debt service, and the percentage rent is "gravy." It is the premium paid to the landlord in exchange for the extra effort invested by the landlord in the project toward creating the most appealing tenant mix, attracting the top tenants, and promoting the center to optimize its reputation and its sales.

The concept of percentage rent highlights the importance of maintaining the proper balance among the various use categories in the shopping center. If a category is overrepresented in the center, given the market demand for the products or services of that particular category, the tenants of that category will ultimately cannibalize each other's sales. Imagine a shopping center consisting of 20 store spaces, 10 of which are operated as children's apparel stores. Will any of the shoe stores generate the level of sales needed to reach its breakpoint? Assuming that there are only so many dollars in sales from a single category that will flow into any retail project, it is unlikely that any tenant will reach its breakpoint if there are too many stores in the same category operating at the same time. And, sadly, as a result, there will be no percentage rent for the landlord.

Once the landlord convinces the tenant to agree to pay percentage rent, the landlord needs to take steps to protect and promote the tenant's ability to reach the breakpoint. One part of this effort is to get the tenant on board with an operating covenant, discussed earlier. The other part is the concept of restricting the tenant's right to open a store in another location, or in a competing retail project, located within a certain distance, often described as a "radius" of miles, from the shopping center. This concept not only targets the tenant's activities, but also provides the added benefit to the landlord of discouraging competition from other developers who might otherwise consider building shopping centers nearby. If enough tenants are subject to radius clauses preventing them from opening stores within the radius, the plans of other developers to build shopping centers in the area may well be adversely impacted. Under a radius clause, a tenant will agree that the landlord is entitled to certain remedies if the tenant opens another store within the agreed-upon distance from the center. The remedy is usually that the tenant's sales from the other store will be counted with the sales from the premises (the theory being that the sales from the other store would have been generated in the premises had the tenant not opened the competing location), which, in effect, will cause the tenant to reach its breakpoint sooner.[5]

In recent years, the idea of an early termination right for the tenant, if its sales during a specified measuring period do not reach a certain level, has gained momentum. The landlord resists sharing this risk for a variety of reasons. Lenders frown on early termination rights, the lease comes with no guarantee of success, and there are factors affecting the tenant's sales that are entirely out of the landlord's control (a general downturn in the economy being just one timely example). The tenant's position is that the amount of rent it agrees to pay is based, in part, on a projection of sales figures. If the sales are not there, then the business is not viable. The landlord may find that it can agree to the idea by conditioning the right on the tenant's having continuously operated its business each day of the particular measuring period, fully staffed and stocked, in an effort to maximize its sales. The landlord may also require the tenant to pay a termination fee, which is intended to help the landlord recoup some of its original costs in leasing the space. An increase in the rent in the early years of the term may also help soften some of the economic blow of losing the tenant prematurely.

11.5 Maintenance

As discussed earlier, part of the shopping center's appeal to a tenant is the comfort and convenience the center provides to customers. In a successful town center or in an enclosed mall, well-planned parking and other amenities all figure into the analysis done by nearly all retail tenants as to whether to lease space at one center or another. Balancing the desire for a well-maintained shopping center facility with the need to keep their premises open, operating, visible, and accessible by customers, tenants will commonly negotiate provisions to address both sides of the concern. The landlord must keep up the center and do the work that needs to be done, but all of this must be done in a manner that minimizes any interference with the tenant's use of the premises, which includes ingress, egress, and visibility of the storefront and its signage to foot and vehicle traffic. If the tenant's business operations are impaired, if repair work takes too long, or if the landlord has failed to commence a required repair and such failure impairs the tenant's ability to operate, rent abatement is the common solution.

11.6 Signage

The successful center will have thousands of customers on any given day. Each tenant will want to take advantage as much as possible of this opportunity to promote its business and to raise its public profile. This means negotiating with the landlord the right to include its trade name and logo on as many shopping center signs as might be available, including pylons, monument signs, directional signs, or the tenant's own storefront. The degree of visibility and sign prominence a landlord is typically willing to concede directly corresponds to the prominence and desirability of the particular tenant with which the landlord is negotiating. It is in the landlord's interest to reserve the most prominent signage locations for these most-sought-after tenants, because those are the tenants whose names draw the crowds to the center.

In addition to sign placement, the issue of sign design is often negotiated. Landlords commonly develop detailed sign criteria for use by all tenants of the center. Without regulation by the landlord, multiple tenants, each with its own idea of what appropriate signage looks like, can create a dissonant hodgepodge of styles, colors, and designs. With tenant signage as the face the public sees when it enters the shopping center, uniformity in the form of required sign criteria is an aesthetic must.

11.7 Assignment

The importance of the quality of the occupants of a landlord's property cannot be overstated. The landlord is concerned not only with the capacity of the tenant to pay the rent, but also with each tenant's skill at operating a first-class business in the landlord's shopping center. However, the ability of the tenant to transfer its interest in the lease, whether to exit from the market area, to sell its business, or to finance its operation, is every bit as important to the tenant. Therefore, one of the most heavily negotiated areas of the shopping center lease is the assignment clause.

After the rent, the second most important bottom line for the landlord is the identity of the occupants of its property. If the tenant proposes to assign the lease as collateral for a loan, the landlord's concern goes immediately to whether the tenant's lender, in the event of a foreclosure, is an appropriate operator of the premises. If the tenant proposes to sell its store, the landlord worries about becoming stuck with an operator in the premises with whom the landlord may have not wanted to do business in the first place. The common negotiation of this issue is one in which the tenant, on the one hand, seeks to preserve the alienability of its interest while the landlord, on the other hand, seeks to condition any transfer in enough ways so that it can be assured that life in the premises posttransfer will remain as close as possible to what it was before the transfer occurred. As examples of some common conditions, the landlord may (1) refuse to allow a release of the tenant from the obligations under the lease, (2) require that a minimum net worth be met by the transferee, (3) demand proof of the transferee's experience in operating the type of business it is taking over from the tenant, and (4) insist that the posttransfer minimum rent be increased by adding to it any percentage rent the original tenant might have previously paid.

This last condition, often referred to as "stabilizing" the rent, serves to protect the landlord against any drop-off in business that might occur due to the transfer. As a last resort, the landlord may insist on the right to recapture the premises and terminate the lease rather than accept a new tenant. This resolution, while it costs the tenant the right to sell the particular location, might nonetheless be acceptable to the tenant because it preserves the tenant's use of the assignment clause as an exit strategy.

During the negotiation of a shopping center lease, many issues arise that clearly distinguish this type of lease from any other. In all lease situations, the landlord has an interest in the tenant's viability, primarily to the extent that such viability ensures that the rent continues to be paid. This interest is greatly amplified in the retail setting. Whether the landlord is promoting the project as collateral to a prospective lender or trying to convince a hot new retailer to open a store at the center court, the quality of the product that the landlord has to "sell"—that is, the shopping center—depends heavily on the identities of the tenants and the manner in which each is permitted to use its premises. The tenants, their stores, and the services and merchandise they offer project the public image and character of the shopping center. A lender's valuation of a shopping center, to a large extent, is tied to the leases and the tenants. The shopping center landlord's concern for the manner in which each tenant conducts business runs deep and leads to strict regulation by the landlord, through its leases, of the tenant's day-to-day operations.

On the other side of the negotiating table sits the tenant, with its interest (consistent with the landlord's) lodged firmly in the concepts of maximizing sales and protecting its investment in the location. The tenant comes to the shopping center to achieve the benefits and efficiencies created by the retail community and the critical mass of tenancies the landlord has carefully assembled. Just as the landlord does, the tenant will use its lease to make sure that if its reasons for leasing space in the shopping center seem to have disappeared or if other circumstances arise that are perceived as deleterious to its sales or harmful to its business, it is entitled to take remedial action.

Though they approach it from opposing directions, the shopping center landlord and its tenant undoubtedly share a vision and a goal. Each has a significant investment in the success of the other's business. Neither flourishes without the other. The issues and nuances discussed above, found only in a retail setting, are just a few examples of areas where careful balancing of those interests and allocation of risks, unique in the shopping center realm, are addressed in a retail lease.

Chapter 12
Management and Operations

12.1 Central Management

Physical character alone will not ensure the economic sustainability of any urban shopping district. On their own, most small retailers and restaurants do not have the resources to compete with major shopping centers and districts. Just having a unique store selling desired goods and services is not enough for a small-business owner to earn a reasonable living or for larger stores to produce the necessary sales. Centralized management, leasing, and marketing are largely responsible for the modern shopping center's dominance of rich market share (Figure 12-1).

A major weakness of many city centers and planned communities is a lack of modern business practices and management. In some cases, retailers have been left to fend for themselves, with little or no required participation in management and organization. These practices can result in low sales, high turnover, and eventually a failed shopping district. Even small conveniences, such as clean public restrooms, can have a big impact on a

Figure 12-1
Competitive shopping districts maintain the public realm on a regular basis. Shoppers equate cleanliness with service and quality. *Gibbs Planning Group, Inc.*

shopper's perception of the commercial district's value, quality, and service, leading to higher overall sales (Figure 12-2).

Merchants and property owners also need professional marketing as well as an organized advocate to promote the best interests of the business district to the community and region. Important disputes over signage rights, the entitlement process, parking, special events, maintenance, and security need to be addressed carefully, with the businesses' point of view effectively represented.

A business improvement district (BID) is an organization of property owners in a commercial district who tax themselves to raise money for neighborhood improvement.[1] BIDs have a clear appeal to their economic stakeholders as devices for controlling and enhancing areas in which they have a common economic interest by setting and implementing their own priorities.[2] The BID can focus on specific objectives deemed by its members to improve business within the commercial area. In essence, those who benefit pay all the costs; those who do not benefit pay nothing.

Property assessments of BID members are by far the most important determinant of funding for operations. The cost of a BID for commercial space can be assessed on a building per square foot basis or by other methods. Typically, upper levels are assessed less than first floors.

New York City has been a pioneer in using BIDs to improve urban neighborhoods. The 34th Street Partnership BID spearheaded an impressive turnaround resulting in an upgraded streetscape, the absence of graffiti and litter, a distinctive and orderly appearance, masses of people on the sidewalks, and the transformation

Figure 12-2
Public restrooms are more than a convenience for shoppers. Facilities should be clean and safe. Shown: public restrooms in St. Andrews, Scotland. The facility is owned by the city, and users are charged 50 cents by an attendant. *Robert J. Gibbs*

of two parks as "oases of quiet" for the area's workers, visitors, and residents.[3] The recent revitalization of Times Square illustrates the success of BIDs in creating sustainable and competitive urban shopping districts.

BID expert and scholar Lorlene Hoyt has noted that increased security, thanks to BIDs in Philadelphia, has lowered property crime rates (which not only differentiated but also distinguished BID areas from non-BID areas), and the lower crime rates are not matched in surrounding blocks. Thus, local business activity has increased markedly.[4]

BIDs have also been successfully implemented in numerous other urban areas, including Baltimore, Maryland; West Palm Beach, Florida; and Washington, D.C. The downtown Washington, D.C., BID area, once perceived as "dull, dirty and dangerous,"[5] now reigns as the cultural and entertainment center of the region. The 138 blocks of this BID, which includes Penn Quarter, have nearly 100 restaurants, along with boutiques, art galleries, museums, and theaters. The BID focuses on providing a wide range of services—from maintenance and beautification to support services for the homeless. The BID has also initiated a bus circulator service and manages special events such as the National Cherry Blossom Festival. The city and the BID developers are working to iron out conflicts between commercial occupants and residents over such issues as better street lighting and time restrictions on construction and trash collection. BID employees provide extra sanitation and street services, and plans are in place for opening a Safeway supermarket as part of CityVista, a new complex of retail shops, rental apartments, and condominiums. Because of the lack of a central shopping district, the BID is working to create several contiguous blocks of retail shopping to help restore the downtown's shopping core and give a sense of coherence to the stores now sporadically occupying the ground floors of office buildings. Three large retailers—clothiers H&M and Zara and furniture retailer West Elm—have taken ground-floor space in the restored Woodward & Lothrop building on F Street, the heart of the city's traditional retail area.

According to the *U.S. Conference of Mayors' Report* of 2000, after Denver's economic collapse in the mid-1980s, the revitalization of the city's downtown was seen as critical to rebuilding the regional economy. Through an effective partnership between the Downtown Denver BID, the City of Denver, Keep Denver Beautiful, and volunteers from the community, downtown areas have been significantly improved by beautification projects and a proactive and consistent response to litter, graffiti, and trash removal—all of which works to create an attractive business district. This partnership has helped to attract outside investment and stimulate economic development in the city. Furthermore, it has contributed to a clean, safe environment that has both enhanced tourism and created incentives for residents to move back to the city and do business in downtown Denver. According to public surveys, residents are reporting additional visits to the downtown area for reasons other than business, including attending sporting events and concerts, shopping, and dining out.

12.2 Cost-Benefit Metrics

Competitive shopping centers and urban districts are for-profit businesses, and they must monitor the effectiveness of various capital improvements, programs, and policies to gauge their effectiveness. Although this may seem self-evident, few downtowns conduct studies using long-term, objective, cost-benefit metrics. Maintenance, parking, promotions, streetscape enhancements, and the opening or closing of major business or government offices can significantly impact commerce.

Many of the most successful shopping centers maintain long-term baseline records of all aspects of their centers' performance and correlate those records with holidays, local and national economic events, news reports, weather, and other factors. Some shopping centers conduct daily pedestrian, car, and parking counts, even placing electronic sensors in each parking stall. Business decisions regarding almost all operations, including advertising, leasing, maintenance, and staffing, are based in part on the cost-benefit ratios derived from these metrics.

For example, many downtowns have perceived parking shortages, especially when they lack parking meters along their primary shopping streets. Recommendations by the author to consider the installation of new meters are almost always quickly dismissed by a reminder that the meters were removed decades earlier for reasons that no one can recall. Consumer trends change frequently. Parking meters can almost always free up prime spaces.

Instead of basing important parking policies on anecdotal feelings, baseline metrics should be recorded to provide retail sales, pedestrian counts, parking space turnover, and other relevant data. Temporary meters should be installed along a test block, and their impact on sales and shopper traffic should be measured and an appropriate policy implemented. If the data do not support the installation, then the meters should be removed. Basing present-day policy on decades-old lifestyles is risky and should be avoided.

Accurate retail sales figures are sensitive and difficult for public agencies to collect. An independent, out-of-town (or out-of-state) third party, such as a certified public accounting firm, can be retained to collect representative sales data and release summaries in an accurate and confidential manor.

Metric Measurement Recommendations

1. Determine the purpose of the data.
2. Collect data from readily available sources first: parking violations, traffic counts, store vacancies, appraised property values, and so on.
3. Maintain a journal of news, weather, economic, and political events.
4. Retain an independent third party to collect data on retail, restaurant, and service business sales.
5. Compare the records with the effectiveness of changes, enhancements, and other policy actions.

12.3 Special Events: How Do They Impact Sales?

Shopping center developers, retailers, and downtown agencies have widely divergent opinions and policies regarding special events such as free concerts and art fairs. Anecdotally, special events have been shown to pack a shopping area with people, many for their first visit. But do these people return to shop on a regular basis? Many shopping center managers believe that they do not, and they assume that people who attend free events are cheapskates or freeloaders and not potential customers. Of even greater concern to retailers is that their core customers will avoid the center because of an event's crowds (and consequent lack of parking) and choose to shop at a competing center that day and possibly in the future.

In other cases, many downtown retail districts use a variety of special events, such as art fairs, farmer's markets, and car shows, to build a sense of community and increase retail revenues. Successfully executing such special events requires considerable time and resources, and there is no empirical evidence that these events directly boost retail sales. Local retailers and service businesses usually report that during special events their sales decline: parking is tied up, and their regular customers cannot visit. However, most special events improve local restaurant sales, especially if the number of temporary food vendors for these activities is limited.

An increasing number of studies measuring the likely economic impact of special events on communities have been conducted.[6] Although these studies acknowledge residents' perception that special events contribute to their quality of life and community pride, evidence that they provide significant economic benefits to the community beyond the costs that they incur is often inconclusive.[7] In "Measuring the Economic Impact of Festivals and Events: Some Myths, Misapplications and Ethical Dilemmas," John L. Compton and Stacey L. McKay argue that these studies are all too often biased reports based on dubious claims that these events appear to have economic benefits to the community, a misconstruing of data used to validate tax dollars and increase public support.[8] Further, there is a scarcity of quantitative studies examining the direct impact of special events on retail sales in shopping centers or downtown retail districts.

The National Trust Main Street Center recommends that downtown retail districts follow a promotional strategy consisting of advertising and marketing efforts called "Selling the Image," as well as promotional initiatives, including retail events and special events.[9] Retail events are promotions focused on helping individual merchants attract retail customers and increase sales. Special events are less direct-dollar, outcome-oriented promotions that focus on increasing traffic and familiarizing people with the retail district as a whole.[10]

To determine the costs and benefits of special events to retailers, further research is needed to get accurate empirical data regarding their effect on shopping centers and downtown retail districts. In addition, since each retail district is unique, it is essential that individual districts collect quantitative data regarding pedestrian and vehicular traffic, parking, and sales before, during, and after every special event. This information will permit trade organizations, nonprofit organizations, and government agencies to determine if the costs in terms of time, labor, and resources are justified compared to the actual benefits to the district's retailers.

While special events contribute to community-building and often attract hundreds or thousands of visitors to a shopping area, their impact on sales needs to be measured to fully appreciate the benefit of the expenditure.

Recommendations for Special Events

- Establish specific goals for the event's purpose: social, economic, and cultural.
- Conduct baseline measurements of sales, pedestrian counts, traffic, parking, and so on, before, during, and after the event.
- Maintain an open mind and monitor alternatives to the special events.
- Assess and acknowledge the event's noneconomic value to community-building.

12.4 Business Recruitment and Leasing

Cities can significantly improve their business recruitment and retaining efforts by creating a database of existing commercial spaces and making it available to the public as a brochure or on the Web. In Alexandria, Virginia, for example, the Alexandria Economic Development Partnership, Inc. (AEDP) publishes a detailed brochure illustrating all available retail spaces, including their building locations, square footages, zoning, current rents, and broker contact information. The publication is informative and easy to use, and it helps preserve the city's high occupancy levels of leading retailers and restaurants. The AEDP's Web site provides numerous helpful business resources, including seminars, lending guides, and small-business resource assistance.

In most cities, no single real estate broker represents all or even most of the property owners. When a commercially unlisted space becomes available for lease, prospective business owners must work with a cadre of agents or directly with the building owner to secure the space. Leading regional and national retailers simply do not have the financial resources and personnel necessary to find and investigate individually owned properties. Much of their leasing activity occurs at the spring ICSC RECon leasing convention in Las Vegas, Nevada, and the winter conference in New York City. At these shows, thousands of retailers, brokers, and developers converge for intense deal-making meetings, similar to speed dating. The ICSC also sponsors regional leasing conferences that can be as effective for smaller centers and downtowns (see Figure 12-3). As a result, many of the most sought-after retailers bypass urban areas and choose to locate in shopping centers that recruit with modern, sophisticated leasing plans.

For example, in 2008, Apple Computer attempted to open a store on King Street in the Old Town area of Alexandria, Virginia, but was unable to negotiate a lease and obtain the space. The owner eventually leased to a national drugstore chain. Apple has extremely precise and rigorous site selection criteria, and Old Town missed an opportunity to secure a prime anchor that surely would have contributed to the commercial area's economic and social sustainability. (Note: This is not to criticize the value of locating a drugstore in a city center.)

12.5 Pop-up Stores

Retailers are now experimenting with "pop-up" stores in city centers, shopping malls, and tourist locations. Pop-up stores are located in movable containers or

Figure 12-3
Many of the leading retailers and restaurants begin their store-leasing activity at regional and national International Council of Shopping Center (ICSC) conferences. Shown: ICSC Spring RECon Conference, Las Vegas, Nevada. *Robert J. Gibbs*

vacant storefronts and are open only during the primary shopping season. They provide venues for stores to experiment with retail styles and trends that are neither proven nor ready for permanent locations.

The Gap, JC Penney, Sears, Target, and the Japanese retailer Uninqio, as well as dozens of other companies, are experimenting with different concepts for urban pop-up stores. Ideal locations for seasonal pop-ups are surface parking lots and underused public spaces. In Seaside, Florida, these micro-stores have been successful for more than 20 years (Figure 12-4). In Canada, Sears has opened temporary pop-up stores in college towns during the fall. This venue limits the financial exposure of the retailers while allowing them to test a new potential market or capture strong seasonal sales in resort communities. The obvious potential drawback is that the seasonal store will remain vacant during the off-season for months.

12.6 Defensive Management Practices

An effective defensive plan is as important as any other aspect of the shopping center development process. Defensive planning is the method of protecting a commercial district from inevitable inventible attacks from other centers. Given the temporary nature of all leases, a newer, better-positioned development can pull retailers or anchors from an older center. The retail industry typically employs a variety of defensive tactics, ranging from effective center management techniques to underhanded political manipulation.

Figure 12-4
Temporary "pop-up" retailers can complement existing larger merchants and expand the center's critical mass. Seaside, Florida, has a variety of simple, small pop-up stores, including some in vintage Airstream trailers.
Robert J. Gibbs

The need for defensive measures is often created by an overabundance of commercially zoned land or the implementation of new roads and interchanges that make older commercial locations obsolete. Often an older shopping center's problems are self-inflicted, a result of poor management and maintenance or a lack of investment. In some cases, strong locations lose key retailers because there is no opportunity to expand. The lack of expansion potential was largely responsible for the rapid decline of many commercial centers in American cities because their department stores could not grow or accommodate new parking demands.

One of the most effective defensive measures available to commercial centers is to plan for orderly expansion over time. This flexibility will allow the center to accommodate the expansion of existing retailers, as well as to accept new anchors that may seek to enter the market. The inability to accept new anchors and retailers quickly will push them to open elsewhere in the market area and create new threats of economic attack.

Expansion planning is best accomplished by designating all property for its ultimate highest and best use in a master plan. A long-range plan such as this should anticipate parking decks as well as multiuse and multilevel buildings. The long-range plan should be broken down into various phases, including an initial phase. Typically, the first several phases will only have a need for surface parking. These lots should be considered a form of land banking to be saved and utilized during future expansions.

Depending on the specific market conditions, buildings constructed during the initial phase may be smaller one-level structures and could be subsequently replaced with permanent multistory buildings. Although this process may seem wasteful and unsustainable, it's actually how successful urban centers evolve from villages to towns to cities and ultimately to metropolises.

Seaside, Florida, has successfully implemented this method by moving existing older houses to the town center and converting them into shops and restaurants. During its second phase, Seaside built small temporary sheds and commercial structures until the market would support the construction of permanent multilevel buildings. Some temporary commercial buildings were designed to become future schools. This allowed the town center to have an expanding form with limited financial exposure. Ultimately, expansion and growth are necessary for shopping centers to remain competitive.

Providing for a commercial center's primary needs, including leasing, maintenance, marketing, operations, and security, will go a long way toward keeping retailers' sales at necessary levels. Nothing motivates a tenant to start searching for a new location more than a center that is poorly lit, dirty, and rundown in appearance.

The center's management team must also conduct regular meetings with individual retailers and attempt to gain a firsthand understanding of their sales and their concerns about the center. In some cases, retail center managers make daily visits to each retailer. These meetings create a valuable dialogue and prevent minor issues from boiling over into broken or nonrenewed leases. Center management can often gain insight into tenants' potential expansion or relocation needs through such regular contact as well.

In addition to providing competent facilities and tenant management, the shopping center's ownership team should constantly monitor all surrounding existing competition as well as all new centers likely to enter their market. Such research includes keeping track of potential development sites, zoning changes, property listings, and sales of commercial property. This may include keeping abreast of news concerning adjacent properties that could be combined with the existing center for future expansion. This knowledge base is essential to keep a shopping center competitive.

Surprisingly, however, many shopping center managers and downtowns learn of new competition only after a proposed development has been publicly announced. By then it is too late to take effective action in order to retain prime retailers and restaurants and keep them from moving to the new location. Even worse, the commitment to the proposed center from a new department store or popular retailers that are unique to the market represents a missed leasing opportunity. Furthermore, it could lead to the creation of a new critical mass of retailers that permanently shifts shoppers' habits and pushes more retailers to move to the new destination.

In any case, an existing shopping center or district must implement extensive countermeasures such as capital improvements, lease concessions, and rebranding campaigns to offset any new competition. Up-to-date knowledge of potential competition, while expensive in the short run, can be a bargain compared to the expense of repositioning an underperforming center or downtown.

Although not widely publicized, many shopping center owners will not hesitate to institute expensive public relations campaigns or legal actions to stop new competitive retail centers from entering their market. These defensive actions can range from so-called grassroots neighborhood campaigns, to legal zoning lawsuits, or, in some extreme cases, to the outright purchase of potentially competitive sites. In some instances, homeowner associations and local grassroots organizations have been encouraged to lobby local governments to stop a new center's rezoning or a highway improvement necessary for development.

Known as "torpedoing," these defensive actions are often handled quietly behind the scenes, frequently with public relations firms. Sometimes they take the form of a sudden down-zoning or, in extreme cases, an unfavorable ruling during the required entitlement process.

12.7 General Guidelines for Commercial Center Management

General guidelines for commercial center management are as follows:

- Implement a business recruitment strategy to identify and persuade leading local, regional, and national businesses to relocate or open a branch office or store downtown.
- Create a centralized database of available commercial properties that includes square footages, physical conditions, photographs, architectural plans, lease terms, brokers, and the improvements required to meet applicable building codes.
- Sponsor small-business resource aids such as seminars and a Web site or brochure listing available retail spaces. Consider implementing a 1-800 "For Rent" contact number and a Web site that will direct prospective businesses to the appropriate real estate broker or property owner.
- Implement an effective BID or equivalent organization for marketing and managing the downtown business area. Alternatives to the BID include the National Trust for Historic Preservation's National Main Street Program and increased funding for existing local agencies.
- Find a database of historic buildings that have been successfully adapted for use by leading retailers and restaurants.
- Visit and meet with the municipal authorities responsible for historic downtowns that have successfully implemented the adaptive reuse of historic buildings for commercial uses: Charleston, Miami Beach, Nantucket, Old Town Alexandria, Pasadena, Portland, and Seattle.
- Publish a booklet illustrating proven principles and examples of adaptive reuse of historic buildings by leading retailers, department stores, and restaurants.
- Maintain minimal hours to 6:00 P.M. on weekdays and to 9:00 P.M. at least one evening per week. Require 10:00 A.M. to 5:00 P.M. Saturday hours.
- Establish a required CAM fee as part of the tenant base rent. This fee is to be used by the shopping center management for marketing and maintenance of the center's common area.
- Businesses should be encouraged to differentiate themselves with signage, color, and façade alterations. Allowing them to reinforce their brand also emphasizes the downtown's wide selection of goods and services. Avoid an overemphasis on uniformity of color and form.
- Develop a business mix plan that limits overlapping goods and services while still maintaining healthy competition.

- Encourage cross-merchandising with other downtown merchants by sharing window space and interior display props.
- Highlight holidays and seasons with prominent displays located at the front and center of stores.
- Keep all streetscape fixtures, signage, and paving surfaces clean and well maintained. A tattered and dirty public realm conveys that the business district is overpriced and provides poor goods and services (see Figures 12-5 and 12-6).
- Paint storefronts and interiors on a regular (one to two years) basis.
- Clean and paint front doors and windows three to four times per year. Wash store doors four to five times daily.
- Maintain control over interior store plans, merchandising, lighting, and displays.
- Require storefront window displays to be updated monthly.
- Keep all storefront lights on a central timer to remain illuminated until 10:00 P.M.
- Locate large common trash cans in alleys or at the rear of buildings. Keep trash containers closed if possible, clean, and free of pests and odors. Food-service trash containers should remain cool and free of odors through warm-weather months.
- Implement a common marketing campaign for the center and its merchants.

Figure 12-5
Shopping district signage and streetscape fixtures should be clean and well maintained. Sticky and broken signage distracts from the shopping experience and harms the merchant's brands. *Gibbs Planning Group, Inc.*

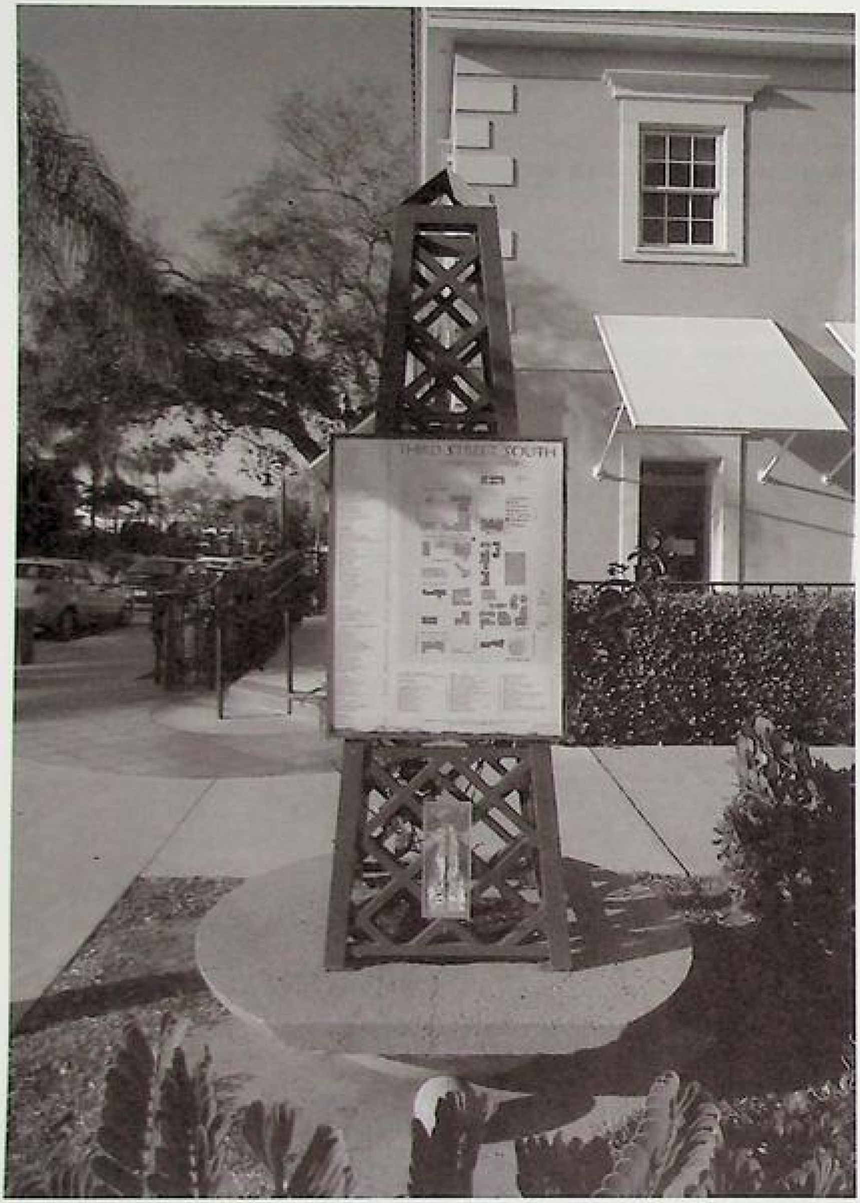


Figure 12-6
Business directional signage can assist visitors in finding businesses and improve the overall sales of a commercial district. Individual businesses should be allowed to display logos and names. *Gibbs Planning Group, Inc.*

Chapter 13

Platted Town Centers

13.1 Background

One of the simplest, financially risk-adverse, and democratic techniques for creating multi-story, mixed-use developments is also one of the oldest. Historically, American cities were platted (divided) by government entities and land developers, with the lots then sold to individuals who built residential or commercial buildings (Figure 13-1). In 1791, Andrew Ellicott and Benjamin Banneker platted Washington, D.C., into 15,000 lots based on Pierre (Peter) Charles L'Enfant's plan. Once the platted lots were surveyed, they were auctioned, and their revenue helped subsidize the cost of building the streets and infrastructure for the nation's new capital city. Cities around the world have adopted this practice for hundreds of years.

Historically, commercial lots in small American cities were platted 20 to 50 feet wide and 80 to 120 feet deep. These lots fronted public streets and had service alleys at the back.

Figure 13-1
Cities are comprised of small platted commercial lots that are developed by individuals. Shown: King Street, Charleston, South Carolina. *Robert J. Gibbs*

Single lots accommodated individual buildings or were combined to house larger commercial structures. Often the original structure may have been a single residence, later converted into a place for a business and then replaced with a larger commercial building.

Subdividing a proposed commercial area into smaller, more affordable plots or condominium sites brings property ownership within the reach of aspiring entrepreneurs. Smaller sites not only increase the pool of potential commercial buyers, they also reduce the master developer's capital investment and financial risk. At 2010 land costs and development prices, platted lots can be sold for less than $50,000 each while still earning the developer a market rate of return. In urban infill locations where land can be discounted and existing streets and utilities are in place, commercial lots could potentially be sold for even less.

Start-up businesses can find it a challenge to secure appropriate spaces to establish their stores, restaurants, or offices. Often landlords are unwilling to fund the capital improvements necessary in older commercial buildings, such as upgraded electrical wiring, plumbing, and HVAC systems. Leaving these expenses to those who are renting or leasing can require an influx of cash beyond the means of first-time business owners. Moreover, many enterprising businesses would rather invest in a building they own, allowing them to amortize capital improvements over time. For them, building improvements become an investment by increasing the value of the property in the long run.

Urban redevelopment and town center projects can be enormous in size and complexity, making their development a potentially long, drawn-out process. Assembling property, creating the plan, specifying the architectural design, establishing entitlements, securing financing, determining leasing, and managing construction for even the smallest mixed-use project is risky, and can take years as well as a considerable amount of capital. Integrating mixed uses, such as residences or offices above retail stores, requires a developer experienced in all of these categories.

Moreover, the mixed-use developer must be able to accurately forecast the exact types of commercial spaces or residential units that can and will be absorbed over several market cycles. Very few developers have the requisite knowledge, experience, and perseverance to construct large multiuse centers. Without this expertise, a town center project usually ends up stalled or protracted in development, or takes the form of a monolithic building.

Even successfully implemented platted town centers have a downside for developers. Unlike shopping center developers who receive long-term returns on their initial investment, developers selling commercial land in small plots limit their capital gains to one-time profits. In exchange for reducing their initial financial risk, they forego the realization of long-term asset appreciation. Rather, individual property owners reap the rewards of investing in real estate. In many cases, small-business owners can sell their appreciated property to finance their retirement or pass it on to their children.

13.2 Land Speculation

Many land speculators attempt to generate short-term profits by selling or "flipping" their properties rather than constructing buildings to house their own businesses or lease to others. Lot speculation was a recurring challenge in the 1790s for President George Washington while building the nation's capital city, later named after him. These speculators can cause property values to quickly rise beyond the range of small-business owners, creating an impasse in which commercial properties remain vacant and unproductive. This type of speculation can contribute to the decline and decay of city centers as well. To avoid both situations, land sales agreements should include deed restrictions mandating the construction of structures within two to three years of their purchase.

To minimize excessive speculation, the towns of Rosemary Beach and Seaside, Florida, adopted required building schedules for lots sold.

13.3 Building Standards

High-quality building design should be encouraged for all types of businesses. Well-designed buildings reinforce both the uniqueness of a commercial district and the quality and value of the goods and services its various businesses offer. To some degree, the quality of individual building design and materials will depend on the strength of the district's market. Wealthier communities tend to support higher volumes of sales, allowing property owners to command higher rents than those in middle-income communities. On the other hand, spending large amounts of money on commercial buildings does not necessarily equate to well-proportioned and arresting architecture. Mandating high-quality building materials and construction has a long history in America. For example, President Washington required all buildings in the District of Columbia to be constructed of brick or stone.[1]

To maintain control of building quality, developers should require architectural standards that regulate design and building materials. As an alternative, the lot sale price could include a set of architectural drawings. To create variety on commercial streets, developers should also assemble a collection of different, yet compatible, storefront designs for lot owners to select from. Seaside and Rosemary Beach have implemented commercial building design standards that resulted in individual yet architecturally harmonious commercial buildings (Figure 13-2).

New town centers should adopt the following minimal building standards:

- Design: Buildings should be well designed.
- Build-to line: Buildings should be built to a common frontage line, either at the property line or at an established distance from it. In villages and small towns, a variance for up to a 10-foot setback should be considered for buildings with restaurants planning to provide sidewalk dining.
- First-level glazing: The first-floor façade of each building, as measured from its base at the sidewalk to 10 feet above, should have a minimum of 60 percent of its surface area in clear glass, including doors. Doors, however, should not be required to be glass.
- Building eave: Buildings located in large towns and cities should be required to maintain a common line for eaves to avoid irregular rooflines, which distract the eye from storefronts.

Figure 13-2
Ruskin Place is surrounded by individually constructed live-work town homes. Each unit is required to maintain a business focused on the arts on its first level facing the square. Shown, Ruskin Place, Seaside, Florida, DPZ Architects. *Gibbs Planning Group, Inc.*

- Materials: Street frontage should be well designed and built with long-lasting, low-maintenance materials. Some building walls will be contiguous with adjacent building walls or facing an alley, requiring basic masonry construction, such as concrete block.
- Signage: Signage size, location, materials, and quality should be regulated as outlined.

13.4 Management

While individual lot ownership will expedite the town center's development, adopting successful business practices pioneered by shopping center developers will make the individual businesses more sustainable. This includes establishing a business association with the authority to collect dues from each property owner. Controlled by a board of association members, this fund should be allocated for the promotion of the center and for the maintenance of its common areas. The board should also consider imposing common business hours and minimum business practice standards.

13.5 Parking

Sufficient parking for a one- to two-story mixed-use town center is a blended ratio of 3.5 to 4.0 stalls per 1,000 square feet of commercial building area. A 20-foot-wide lot can accommodate up to five parking spaces each: two to four parking spaces off the alley and one on-street space in front of the building. Because of its additional street frontage, a corner lot includes two to three more on-street spaces. For overflow and employee parking, the municipal authority or developer should consider installing common surface parking lots on the periphery of the town center. Each building should be required to provide at least two parking spaces accessible from the rear alley. If the local building code permits, the building could cantilever over these stalls.

13.6 Alleys

Alleys provide needed service access and parking behind commercial buildings and should not be gentrified or built to street standards. They are for functional purposes and should be constructed as inexpensively as is reasonable. Limiting alleys to surface drainage, and eliminating curbs and overhead power lines, allows more resources to be spent on the streetscape and the public realm.

13.7 Regulated Use

Ideally, restaurants and specialty shops will occupy most of the first floors in a platted town center. Mandating such first-floor uses is nearly impossible to enforce in weak commercial markets and, at times, even in strong ones. The platted town concept is designed to offer an entry venue for start-up businesses and to minimize the capital investment the developer must provide. If specific commercial building-use regulations are adopted, only the primary commercial frontages and corner sites should be controlled (Figure 13-3). The side and back streets are better suited for offices, hobby retailers, or restaurants. Also, grouping similar businesses provides the critical mass necessary to create a unique off-street destination. Clusters of ethnic restaurants, antiques stores, or booksellers have proven to work as purpose-driven or niche destinations.

13.8 Operating Standards

To be competitive with stores in surrounding shopping areas, the store owners in a platted town center must abide by minimal retail business practices. A few underperforming or distasteful retailers can lower the standard of an entire shopping area. A poorly merchandised retailer or a rude salesperson can cause shoppers (and their friends) not to return. Likewise, allowing construction to drag out for years will discourage shopping and suppress sales.

One of the most important phases of a retail center's life is its opening. Ideally, a retail center should have a major "Grand Opening" during which all retailers and restaurants are open to shoppers. This option is not likely, however, in a platted town center with dozens of individual store owners. Instead, the center's master developer should carefully plan and program commercial lot sales to allow for a minimum sustainable size during each development phase. In addition, all commercial lot purchasers should be required to complete their buildings within a predetermined time frame.

Figure 13-3
The Rosemary Beach town center, DPZ Architects, was divided into small lots and developed by individuals in a manner similar to that of cities. This method minimizes the risk of the master developer and creates more interesting commercial centers. Platted town centers are composed of numerous individual property and business owners, and it is difficult to maintain strict use requirements. The community or developer should be willing to accept inconsistent business hours and a mixture of office, retail, and residential locations along the shopping street. *Robert J. Gibbs*

13.9 Recommended Minimum Operating Standards

The recommended minimum operating standards for a platted town center are as follows:

- Building construction must be completed according to a predetermined deadline, typically two years after the lot sale.
- Retail, restaurant, or key service businesses are required on the ground floor.
- Design standards for layout, finishes, colors, furnishings, lighting, and signage should be enforced in first-floor store interiors.
- Retail interiors and window displays should conform to a baseline of merchandising standards.
- All businesses must be in operation from at least 10:00 A.M. to 5:00 P.M.
- All businesses must contribute to a common fund for the center's maintenance, management, security, and special events.

13.10 Developer Responsibilities

A competent developer is essential for a successful platted commercial center. The master developer must be able to implement a vision or must have a legal and policy mechanism to enforce design and operating standards.

The master developer's responsibilities include the following:

- For a sustainable platted town center, the developer should create a vision or brand for its character, scale, and retail categories, such as neighborhood, community, regional, and so forth. Creates a vision for the town center's character, scale, and retail categories
- Obtaining appropriate entitlements for the town center's commercial properties
- Designing and implementing a quality public realm: streets, walks, parks, signage, lighting, and so on
- Pursuing businesses that reinforce the town center's goals
- Setting up the management team that oversees the center's maintenance, security, operations, marketing, and, when necessary, consultants
- Enforcing codes and standards fairly but firmly
- Establishing an intuitive exit plan to transfer management to property owners

Chapter 14

Case Studies: Historic City Centers

During the past thirty years of practice, the author has realized that most American city centers have not offered many of the goods, brands, and services that are desired or needed by their communities. Although in most cases American cities have the market demand to significantly expand their number of retailers and restaurants, these businesses are not being established for various nonmarket reasons. Stubborn landlords, unreasonable real estate values, or well-intended but counterproductive public policies often prevent the private sector from meeting pent-up commercial demands. The following case studies illustrate lessons learned by the author during recent consulting activities.

14.1 Bay City, Michigan

Bay City, Michigan, is a mid-sized industrial city located in Michigan's "thumb" on the eastern shore of Saginaw Bay. Before 1957, the city was the hub for three state highways that met in its downtown central business district and then crossed the Saginaw River. In 1957, approximately 25,000 cars per day were redirected away from the city's main-main intersection downtown to a new bridge and bypass road three blocks to the south (Figure 14-1). As a consequence, Sears and other major downtown retailers relocated to new, larger freestanding buildings along the bypass that same year, causing a major loss of market share for the remaining downtown businesses. Later efforts to revitalize the downtown with streetscape and façade enhancements improved its physical appearance but failed to compensate for the city's lack of vehicular traffic. Eventually, the freestanding Sears and other retailers left the bypass road for the new enclosed shopping centers north of the city.

In the 1990s, a proposal to reroute traffic back through downtown precipitated interest in leasing underused commercial spaces at market-rate rents. However, the idea of bringing 20,000 cars per day back into the center of town proved unappealing to many policymakers and some retailers, which killed the plan. Increased traffic alone would not have returned Bay City's downtown to its earlier role as the region's primary shopping destination. Other factors, including a declining population base, job losses, and competition from outlying shopping centers, contributed to the city's downturn. Nevertheless, if traffic had not been directed away from Bay City's downtown, and if Sears and other large retailers had been allowed to expand, then there would have been a good chance that the area could have preserved its original market share.

McKenna Associates, planning consultant; Gibbs Planning Group, retail market research and planner.

Figure 14-1
Bay City, Michigan's historical main-main cross streets lost most of their vehicular traffic and retail commerce after implementing a by-pass highway system in 1957. *Gibbs Planning Group, Inc.*

14.2 Alexandria, Virginia's Old Town

The King Street commercial area in Old Town, Alexandria, Virginia, is both an amenity for the surrounding neighborhoods and a leading destination for regional and national tourists. Old Town's unique urbanism and historic architecture have attracted residents, retailers, and businesses for years. Local realtors often cite these characteristics as the key to the area's desirability among prospective homeowners and businesses. The colonial-era buildings, waterfront access, quaint shops, and sidewalk restaurants provide goods and services nestled in a historic urban setting otherwise unavailable in the Washington, D.C., region. Although Old Town is a vibrant shopping destination, King Street's business potential is being artificially suppressed by a confluence of correctable nonmarket factors (Figures 14-2 and 14-3).

Tourists and regional shoppers are a primary revenue source for the city of Alexandria. In 2007, total visitor expenditure in the city topped $584 million, generating $19.5 million in municipal revenue. The tourism industry also supported 5,600 jobs in the city. In 2008, tourists spent $192.8 million in retail stores and restaurants in Old Town. Of this total, tourists spent an estimated $121 million on dining and $20 million on apparel, shoes, and accessories on King Street.

Shopping is the fourth most popular activity among Old Town's 3.3 million annual visitors (29 percent of tourist spending is on fine dining, 27 percent on museums, 26 percent on historic sites, and 25 percent on shopping). Old Town can improve its tourist shopping with more extensive marketing and by expanding its retail offerings to include the same leading brands that visitors shop for at home. While this may seem counterintuitive, vacationers generally prefer to spend more time shopping and dining than on any other activity, including taking part in

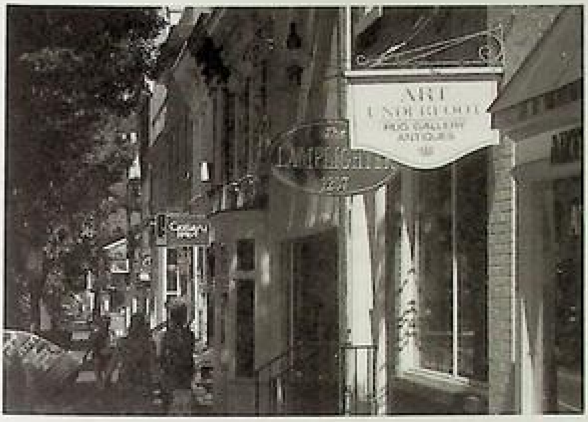


Figure 14-2
Old Town Alexandria's King Street is lined with hundreds of businesses, including unique shops, restaurants, hotels, offices, and civic buildings. *Gibbs Planning Group, Inc.*

cultural events, visiting historic sites, museums, and parks, and attending sporting activities.

Old Town has the opportunity to increase its current market share of retail and restaurant sales by expanding its business mix and by implementing a series of policy, marketing, architectural, and streetscape enhancements. Even during the 2009 recession, Old Town was capable of supporting 250,000 square feet of additional retail and restaurant space, which would have generated more than $100 million in additional annual sales revenue. These gains could have been achieved by capturing local and regional spending that was occurring elsewhere. In addition, expanding King Street's business mix to meet tourists' shopping needs and expectations would increase the nearly $600 million that visitors spend annually in Alexandria.

Old Town businesses could capture this additional spending by implementing modern merchandising and business practices. This growth also requires effective

Figure 14-3
Old Town Alexandria is a thriving historical commercial district that appeals to thousands of tourists, workers, and local residents. Alexandria, VA *Gibbs Planning Group, Inc.*

marketing, a business improvement district (BID), and greater cooperation between the public and private sectors. Improvements in parking, lighting, management, and signage would also enhance King Street's commercial sustainability.

While King Street and the surrounding neighborhoods represent one of America's most picturesque urban historical settings, maintaining its commercial viability in the future will be a challenge. High real estate costs and steep rents, combined with fluctuating sales, make it difficult for some landlords and businesses to earn a market rate of return on their investments. Recently, a number of popular local and national retailers have closed in Old Town. These closures have occurred for a variety of market and nonmarket reasons. Many other retailers, including antique shops and boutiques, are considering closing or vacating Old Town.

Alexandria has many fine antique, boutique, and specialty shops selling distinctive merchandise and services. These merchants are grouped into three primary zones that define King Street's mile-long commercial area. Upper King, located between the Metrorail station and Payne Street, consists mostly of smaller independent businesses that service the local community. Middle King, located between Payne and Royal Streets, has national retailers and appeals to the greater regional market. Lower King, located between the waterfront and City Hall, has restaurants and retailers geared to visitors and tourists. Old Town's side streets have many smaller shops, restaurants, and services, most of which serve the local economy.

King Street has a high rate of business turnover and commercial vacancies compared to nearby shopping areas. The relevance of many of King Street's businesses to the day-to-day needs of its neighborhoods and the city at large has diminished to such an extent that neighboring residents now rely on suburban shopping centers for most of their primary retail, restaurant, and grocery needs.

Suburban developers have proven more than willing to provide for this unmet commercial demand. The region has an abundance of attractive shopping centers, such as Pentagon Row, The Clarendon Market Common, Potomac Mills, Tyson's Corner, Georgetown, and Reston Town Center. Additional retail shopping is planned at the National Harbor and at the expanded Potomac Yard Shopping Center, which will total more than 1.5 million square feet of space.

Numerous well-intended private sector actions, community pressures, and public policies have led to an ironic condition: local residents must drive to suburban strip centers and malls for most of their essential goods and services. Many King Street businesses depend on tourism or purpose-driven shoppers for their livelihood. As a result, Old Town fails to provide for many of the primary commercial needs and desires of its community. The dependence on individual shopping trips and large numbers of tourists is an unsustainable condition for one of America's first and finest cities.

King Street's more than 60 restaurants offer a wide range of dining experiences that appeal to tourists, workers, local inhabitants, and regional residents. Restaurants represent approximately 22 percent of this street's businesses by number and are the second largest use, followed by office space. These restaurants offer everything from a quick snack to a fine gourmet experience. Recently, many of King's Street's restaurants have received noteworthy reviews from respected critics.

On the whole, dining is one of King Street's strengths and a unifier for the historic district's various users, providing a special place where both visitors and locals can meet. The restaurants also contribute to Old Town's nightlife and provide a needed amenity for the office and hospitality markets. Recently permitted sidewalk dining has given Old Town a livelier streetscape and provided restaurants with needed table space.

A recent market study conducted by the author revealed that King Street is capable of supporting up to 80,000 square feet of additional restaurant space by 2013. This growth could be accommodated with 10 to 20 new restaurants or with substantial increases in sales at existing dining establishments. Such an expansion is sustainable even if a proposed nearby community shopping center is built. If the center is not developed, King Street could support 107,000 square feet of new restaurants by 2020.

These new restaurants would improve the economic sustainability of Old Town by drawing dining visits and dollars now spent in surrounding shopping centers. More King Street restaurants would also encourage neighboring residents who wish to dine out to walk rather than to drive. Walking to dine not only reduces vehicular usage, it also provides an opportunity for window shopping and impulse purchases. The businesses that profit most from pedestrian dining trips are art galleries, bookstores, home-furnishing shops, jewelry stores, shoe stores, and specialty stores. Expanding the number and variety of restaurants on King Street would increase its nighttime pedestrian and vehicular traffic and help fulfill the demand that nearby residents have expressed for more family-friendly dining establishments.

During the author's interviews, many business and property owners stated that Old Town could support numerous additional retailers and restaurants, but they complained that community pressure and city policy are suppressing growth. Residential and employee focus groups felt that King Street needed more family-type, affordable restaurants, especially leading national chains that offer moderately priced meals.

King Street entertainment venues are currently limited to musicians performing either in a restaurant or on the street. Only 2 percent of the street's first-level businesses are entertainment based. In response to pressure by surrounding residential groups, the city has tightly controlled the number and types of King Street entertainment venues to preclude their potential negative impact on nearby residents. Given Old Town's growing market potential and increasing visitor and tourist numbers, the author found that King Street could accommodate a 30 to 35 percent increase in entertainment and recreational venues.

Today, most of the town's nightlife is concentrated along Lower King, while Upper King is relatively quiet. Ten to fifteen boutique nightclubs, comedy clubs, performing-arts venues, and family-oriented recreational activities, such as bowling, could supplement the emerging businesses and planned hotels on Upper King. Entertainment and recreational activities contribute to an active streetscape, but their direct impact on improved retail sales cannot be clearly documented. Some commercial districts and developers encourage entertainment uses, while others minimize nonretail uses. Additional entertainment activities need to be balanced with preserving the quality of life of Old Town's residential areas.

Proposed Merchandising Strategy

King Street's mile-long commercial corridor is divided functionally into smaller subareas of business activity. Some retailers rely on purpose-driven visits from existing customers, while others benefit from casual impulse purchases by locals and tourists.

- *Waterfront:* The popular waterfront is a recreational destination and port of entry for the National Harbor water taxi. However, this regional amenity has limited dining and shopping opportunities. Additional dining and shopping could enhance the waterfront experience and expand its appeal. A public market could be installed on one of the vacant lots or in underused structures along the waterfront. Pop-up stores could also be installed during peak shopping seasons.
- *Lower King:* The busiest commercial area, Lower King extends from the waterfront to City Hall. Its numerous restaurants and retailers cater to the tourist and business traveler, a focus that should be maintained. This area can support more high-volume restaurants, specialty foods stores (ice cream, coffee, etc.), galleries, gift and souvenir shops, shoe stores, and other visitor-oriented businesses.
- *Middle King:* A regional shopping destination, Middle King offers numerous apparel stores, home furnishings stores, and restaurants that appeal to the general public. Extending over nine blocks, it includes national chain stores like Ann Taylor, Chico's, Banana Republic, Gap, and Restoration Hardware. In the future, Middle King will likely need a parking structure to reach its full commercial potential.

The Middle King Street area should continue to focus on department store goods, such as apparel, home furnishings, gifts, sporting goods, shoes, and toys. Local, regional, and national retailers should be sought, including a 20,000- to 60,000-square-foot junior anchor. A city-owned surface parking lot on the 900 block presents an opportunity for developing a small department store or larger retailer as an infill building. Small- to medium-sized restaurants oriented to families or office workers should be encouraged to open in the Middle King area. These restaurants would supplement the retail stores without letting the area become an entertainment or restaurant district, which should be discouraged.

- *Upper King Street:* An emerging business area, Upper King is host to numerous new hotels and a popular new farmer's market. Major employment centers surround the five-block-long area and could support additional restaurant development within it. Currently, the area consists of mostly small independent businesses and, as a consequence, has the least amount of pedestrian and tourist traffic in Old Town. There is not even enough traffic to warrant the city's installation of parking meters along all five of its blocks. Numerous Upper King business owners endorse the implementation of new programs for increasing the area's commerce, including the creation of a BID. It's possible that a BID could be formed only for Upper King Street. Upper King has the potential to expand its unique brands and its collection of appealing one-of-a-kind shops and restaurants. Many businesses owners claim that the city's requirement to obtain a Special Use Permit is too expensive and time consuming to make it plausible to open a small business. They argue that landlords require full rent payments during the permitting process that can at times take several months. Granting Upper King a limited number of exceptions to the Special Use Permit process would encourage the development of small, independent bistros, cafes, and clubs. In addition, several larger destination restaurants could meet the office-worker demand and serve as anchors for the area. Adopting a BID would significantly improve the odds of recruiting anchor restaurants and achieving the desired development.

No single business type should dominate King Street. Its three primary commercial districts are the product of market demand. King Street does not need any more tourist-oriented gift shops or quick-service food and snack shops. Rather, the area should make available the goods and services Alexandria's residents now purchase in surrounding shopping centers. The city should recruit additional soft-goods stores, restaurants, and neighborhood service stores that offer the price point and regional and national brands the Old Town community prefers.

King Street's ideal retail mix is one that meets the primary needs and desires of its residents, workers, and visitors. Historically, Old Town serviced these commercial demands. Unfortunately, King Street now falls short of this goal. If Old Town fails to expand its retail offerings beyond unique stores and restaurants that service a minor niche market segment, its commerce will be unsustainable in the long term.

14.3 Ballwin, Missouri

Located on the southwest edge of St. Louis, Ballwin, Missouri, is a suburban community that experienced considerable growth between the 1970s and 1980s. Ballwin's primary commercial corridor is facing significant competition from new shopping centers located in the surrounding and rapidly expanding suburbs. As a result, Ballwin is in the early stages of a gradual decline in its role as a commercial center in the region. Because the city heavily depends on the retail sales tax for revenue, the potential loss of this commerce poses a serious challenge to the city's financial sustainability.

Despite growing competition from surrounding shopping areas, however, Ballwin can continue to be a viable retail district. This author found that it could support 175,000 square feet of retail development by 2010, which could produce up to $4.5 million in additional annual sales. Supportable square footage would include 51,500 square feet of apparel, shoes, and accessories space; 65,000 square feet of restaurant space; 14,000 square feet of drugstore space; 12,500 square feet of furniture, home decor, and accessories space; and 31,000 additional square feet of total other retail space.

The Ballwin corridor enjoys some of greater St. Louis's most desirable demographics: the western suburbs with well-established neighborhoods, higher-than-average incomes, and moderate growth. Ballwin offers a fill-in location for many retailers in the corridor market. The city's retail stores could yield over $81 million in annual sales in 2010, supported by 12,650 households or nearly 53,000 persons earning a median household income of $87,200.

The Ballwin trade area had an estimated 2006 population of 32,300, which is projected to grow to 33,050 by 2011, a 2.4 percent projected increase over the previous five-year period. The primary trade area is projected to grow to 52,800 persons by 2011. Given the area's numerous existing suburban-style shopping centers and lack of walkable urban areas, Ballwin could potentially reverse its loss of retail market share if it could support a quality but moderately priced mixed-use main street center, such as Kansas City's Zona Rosa.

Ballwin's challenges to expanding its tax base through private sector commercial development are common in many areas, especially in states that allow local governments to capture all retail sales tax revenue.

14.4 Birmingham and Pontiac, Michigan

Adjacent cities in Michigan, Birmingham and Pontiac demonstrate both the productive and counterproductive influences that urban planning can have on commerce. Only 7 miles apart, both communities are located in Oakland County, one of the wealthiest in the United States. The county seat, Pontiac, had a population of 60,000 in 2010, while Birmingham had a population of 20,000 in that year.

At its peak during the early 1960s, Pontiac was the county's center of commerce, with numerous office buildings, department stores, municipal buildings, hospitals, and popular residential neighborhoods. In contrast, Birmingham, while pleasant, was simply a small town.

Today, Birmingham can boast of having over 3 million square feet of tony retail and restaurants, as well as some of the highest rents and property values in the Midwest, while Pontiac's downtown has languished and become severely challenged in attracting new commerce.

What happened? How did the two cities reverse their roles?

More than any single factor, well-intended urban planning contributed to Pontiac's economic decline. A 1963 master plan proposed severing Woodward Avenue from the city center by rerouting vehicular traffic onto a new six-lane, one-way ring road circumventing the central business district.

The plan also called for removing all vehicular traffic from downtown and constructing parking decks along its edge, a proposal based on the theory that shoppers would park and then walk to a pedestrian-only shopping district.

When the plan was implemented in 1964, the ring road—named Wide Track Drive after a Pontiac Motors marketing campaign—diverted almost all of the city's through-traffic around its downtown. Concurrently, and coincidentally, the county moved the courthouse and county offices from the central business district to a new campus in Waterford Township, 2 miles west of the city. Shortly thereafter, Sears and many other leading retailers followed when a new enclosed mall opened near the county facilities.

The combined loss of the courthouse and county offices, a major employment center, most vehicular traffic, and anchor retailers contributed to Pontiac's quick decline. Within five years, Pontiac lost its earlier vibrancy, and eventually most of its retail, office, and civic uses. Wide Track Drive had become a metaphorical noose choking the life out of the downtown, and eventually the surrounding neighborhoods.

In 1967, a similar pedestrian-only master plan and ring road were proposed for Birmingham. Fortunately, and unlike Pontiac, the city ignored many of the plan's recommendations and preserved vehicular traffic downtown. Today, more than

40,000 cars pass through the city's primary or "main-main" intersection of Old Woodworth Avenue and Maple Road each day.

Birmingham did implement the ring road using existing streets, but the road is optional and mostly used by truckers, while motorists prefer to drive through the street grid into the shopping district. Vehicular traffic, on-street parking, and the construction of five parking decks (as well as other factors) have made it possible for the city center to thrive.

In the ensuing years, Birmingham adopted a series of zoning and building codes that unintentionally suppressed development and created new competition from a nearby luxury shopping mall. To remedy the situation, the city retained DPZ Architects in 1996 to develop a new twenty-year master plan intended to encourage market-based sustainable growth. The Downtown Birmingham 2016 Plan proposed a form-based code (one of the first in the U.S.) that offered development incentives in exchange for strict building standards. Once adopted, the plan resulted in the development of over 1 million square feet of new commercial and residential land within five years. The DPZ plan also tamed traffic on the 1960s ring road by adding on-street parking and modifying oversized streets with traffic-calming measures, which made the downtown more walkable (Figure 14-4).

Birmingham is now ranked as one of America's most livable cities, while Pontiac is headed in the other direction and severely challenged in their efforts to improve. Urban planning can only do so much damage or good, and there are surely many other significant factors that contributed to Pontiac's decline and Birmingham's ascent. However, even with Michigan's severe recession, Pontiac could begin a steady road to recovery by implementing proven market-based planning and management practices, and by reconnecting Woodward Avenue to its

Figure 14-4
The crossroads of Maple Road and Old Woodward Avenue accommodate over 40,000 cars per day and form the middle of the City of Birmingham's walkable central shopping district. The traffic, combined with well-managed on-street parking, five public parking structures, and a Duany Plater-Zyberk Architects DPZ form-based plan, have contributed to the 19,000-person town's commercial sustainability. The city has over 3 million square feet of commercial space and some of the highest rents in the Midwest. *Robert J. Gibbs*

Figure 14-5
Pontiac has recently completed attractive new streetscape enhancements and building façade improvements in its historic downtown. *Robert J. Gibbs*

downtown, reconnecting the neighborhoods to the downtown and by redesigning Wide Track Drive into a narrower two-way street (Figure 14-5).

The author has lived in both cities for most of his life and has participated in the Birmingham master planning charrette as the commercial planning consultant.

Birmingham 2016 Master Plan: DPZ Architects, Gibbs Planning Group, McKenna Associates.

14.5 Charleston, South Carolina

Under the leadership of Mayor Joseph P. Riley, the City of Charleston, South Carolina, has undergone an unprecedented rebirth over the last thirty years. A neglected Navy town when it was destroyed by Hurricane Hugo in 1989, Charleston is now one of the country's most popular historic cities and tourist destinations (Figure 14-6). To achieve this result, Mayor Riley initiated and supported a long-term master plan that set high standards for the design of buildings and the public realm. These standards, coupled with sound economic redevelopment, meticulous historic preservation, and extensive waterfront parks, have made Charleston a model sustainable city.

Charleston Place, one of the first major private projects implemented according to the new plan, reconnected the city's historic market with an established antiques district and the King Street shopping district. Built by the Taubman Company, this flagship mixed-use development, which included a deluxe hotel and a collection of luxury shops such as Gucci and St. John, proved that Charleston's historic downtown could support leading international retailers.

One of Mayor Riley's primary objectives was to return Charleston's King Street to its traditional role as the primary shopping destination for the region. The city successfully persuaded prime national retailers, which had become accustomed to

Figure 14-6
Historic Charleston, South Carolina, has one of American's most sustainable historical commercial districts. The city has a balance of local, regional, and leading national retailers, restaurants, and hotels with a proven trade area of over 200 miles. *Robert J. Gibbs*

locating only in the area's surrounding malls, to open stores downtown. Furthermore, the mayor wanted to make the peninsula's neighborhoods more popular and sustainable by providing the goods and services that their residents needed and desired within walking distance or a short drive from their neighborhoods. To meet this need, the city recruited popular retailers, restaurants, and supermarkets.

Charleston is now one of the most walkable cities in the United States. Its distinct pedestrian-oriented areas include the French Quarter; the antiques district; the College of Charleston campus; the historic public market; and Upper, Middle, and Lower King Street. These districts offer a wide range of goods and services ranging from unique one-of-a-kind apparel and collectables to smart business wear. One can purchase shoes, slacks, jewelry, furnishings, groceries, and almost everything else in hundreds of local shops or national stores. Because of their immense draw, the author discovered that Charleston's trade area extends over 300 miles. Suburban soccer moms, young families, and empty nesters frequently drive past their own local shopping malls to purchase similar brands in Charleston's historic setting.

Charleston continues to successfully implement this sustainable commercial policy. Dozens of local, regional, and national stores have opened on King Street, including Brooks Brothers, Louis Vuitton, and, most recently, Apple Computer. The city has found that these popular retailers have helped increase sales at smaller independent businesses and restaurants and at many antique shops and art galleries. Recently, the city announced that Saks Fifth Avenue will be closing its small urban store (which was the first of its kind) and will be replaced by the popular Forever 21 apparel store, a change that underscores King Street's role as the region's primary shopping destination (Figure 14-7).

Figure 14-7
Charleston's King Street is the region's commercial center. *Robert J. Gibbs*

14.6 Damariscotta, Maine

Damariscotta is a picturesque New England community that has an historic downtown filled with attractive locally owned shops and restaurants. This coastal town provides a quaint setting for well-heeled residents and tourists to enjoy fine dining, as well as unique specialty shops for browsing and recreational shopping (Figure 14-8).

The town, which is home to only 2,000 year-round residents, is a popular resort and second-home destination for vacationers and retirees. Many of its downtown businesses offer upscale dining and merchandise that are primarily geared for the vacationers, many of whom drive over an hour to shop and dine in its attractive waterfront setting.

Most of Damariscotta's commercial uses hug its Main Street, with parking provided on the street and on surface lots behind the stores and along the waterfront. Only one business, a restaurant, directly overlooks the harbor. Small-town commerce, especially struggling independent businesses, must rely on impulse or destination shopping from passing motorists, so storefront visibility from the road is crucial. In this sense, it's better for the store to be viewed than to have a view.

Anchoring downtown Damariscotta is the main post office, a drug store, a bookstore with a constant stream of local and vacationing customers, and Reny's, a unique local general store that sells almost everything to almost everyone. However, despite having these anchors and several attractive upscale businesses, many of Damariscotta's year-round residents must drive nearly an hour to meet their primary shopping needs. This is especially true for young families and middle-income households, which represents a considerable unmet demand and potential for new retail downtown.

Figure 14-8
Damariscotta, Maine, is a picturesque New England resort town that is anchored with a small department store, an independent book seller, a post office, a pharmacy, and several nice restaurants. *Gibbs Planning Group, Inc.*

Surrounding Damariscotta are commercial areas in Newcastle, a nearby sister city to the south, and in small freestanding strip centers, fast-food restaurants, and a supermarket to the north—all attracting shoppers from throughout the region (Figure 14-9). Recently, Wal-Mart failed to get approval to open a store on farmland north of the downtown, where Main Street and the bypass Highway I intersect.

Figure 14-9
Many of Damariscotta's year-round residents shop outside of the historic downtown in strip shopping centers. *Gibbs Planning Group, Inc.*

Wal-Mart's proposal indicates that the local retail market may be significantly underserved by its existing businesses.

As part of a new master plan developed in 2009, the author conducted a market study indicating that there is enough demand to support the development of over 90,000 square feet of retail space—the equivalent of 25 to 30 new stores and restaurants—in Damariscotta by 2014, including the following:

- 27,000 square feet of full-service and limited-service restaurants
- 22,300 square feet of health care and personal services
- 21,600 square feet of apparel and accessories stores
- 12,000 square feet of home furnishings and furniture retail stores
- 5,000 square feet of miscellaneous retail stores (office supply, florist, and card/gift stores)
- 2,000 square feet of general merchandise retailing (general store, junior/discount department store)
- 1,800 square feet of hardware and lawn care retail stores

As in many resort communities, the businesses in Damariscotta benefit from its attractive historic character rather than the familiarity of name brand chain stores or competitive pricing. Damariscotta typifies an unsustainable community in which most of its residents must drive a considerable distance to surrounding centers for their shopping and dining, while affluent tourists and regional residents drive to its historic downtown for recreational shopping and entertainment.

The 2009 master planning charrette was led by Bill Dennis, Architect. Rick Chellman was the traffic engineer, and Gibbs Planning Group was the retail planning consultant.

14.7 Fresno, California

Located in central California's fertile San Joaquin Valley, Fresno is a medium-sized city of 500,000 people and serves as the Fresno County seat. Fairly isolated and distant from other major urban centers, Fresno has faced little competition from other cities for retail shopping and commerce. Until the 1960s, its downtown had been the region's primary commercial center, with hundreds of thousands of retail and office uses.

In 1964, Fresno adopted an urban renewal plan proposed by the architect Victor Gruen, who pioneered the design of open-air shopping malls. With federal government funding, the city faithfully implemented most of Gruen's recommendations and replaced six blocks of its main shopping street, Fulton Avenue, with a pedestrian-only landscaped mall. The city rejected, however, Gruen's recommendation to close all intersections where streets cross Fulton because such an interruption in traffic would have wreaked havoc with the region's transportation network.

Hailed as the urban solution to the competition posed by new suburban shopping centers, the pedestrian mall would draw people to the city's downtown by providing remote lots or decks where they could park and then walk to the mall to shop or dine. Or so the planners and municipal authorities assumed. Their rationale: if pedestrian streets worked in Europe and in the new American regional malls, then why not on the American main street?

Gruen worked with noted landscape architect Garrett Eckbo to make Fulton Mall an artfully designed pedestrian street appointed with dozens of beautiful sculptures and fountains. Nevertheless, the absence of vehicular traffic and convenient parking compelled local shoppers to quickly reject the Fulton Mall and shift their spending to nearby suburban shopping centers. In effect, the closure of Fulton Street to vehicular traffic made the development of more community and regional centers possible.

For the past fifty years, the half-mile-long Fulton Mall has been mostly underutilized, with many vacancies and low property values. Fulton's businesses only captured 1 percent of the city's total retail sales in 2010. Fresno's central business district, nonetheless, has continued to serve as the region's employment hub, and has attracted thousands of new public and private sector office workers. It is still possible for Fresno to be the retail center as well.

The Fulton Mall remains a tribute to the unintended consequences of well-intended but misguided urban plans. Hundreds of similar pedestrian malls were opened across the United States, in most cases with the same devastating results.

During a 2010 planning charrette led by architect Stefanos Polyzoides, the author examined alternatives that could restore market-based retailing along Fulton Avenue. Polyzoides proposed nine options for restoring the central business district, ranging from restoring the mall to the original Gruen and Eckbo design (since opening, it had been modified by others) to the complete reopening of Fulton Avenue with vehicular lanes and on-street parking. The community is divided on the issue, with some promoting strict preservation and enhancement and others, notably property and business owners, advocating the restoration of the street to its pre-1964 conditions. (In a recent study, the author has found that returning the mall to a traditional city street with on-street parking could potentially produce $47 million in additional retail and restaurant sales, more than double the existing revenue.)

Fresno Master Plan: Architect-Planner: Moule & Polyzoides, Architects and Urbanists; Retail Consultant: Gibbs Planning Group; Preservationist: Cultural Landscapes.

14.8 Houston, Texas

Houston is a "can-do" city in the midst of a decade-long renaissance that has been led by the Houston Downtown Management District (HDMD). Today approximately 140,000 people work in its downtown, which has a full-sized Macy's department store, a new Pavilions mixed-use center, and a 13,000-seat theater district that attracts 2 million visitors a year. Downtown Houston also features a major league baseball stadium, a professional basketball arena, a convention center, a new urban park, and a light rail network scheduled for expansion (Figure 14-10). Many of the downtown's office buildings and retailers are linked by an extensive underground tunnel and an elevated skywalk pedestrian network. Residential, office, and hotel towers continue to be developed, even during the recent economic downturn.

Figure 14-10
Houston's Main Street is lined with office, residential, and retail buildings. On Main Street, the recently installed METRORail transit system helps to link the downtown to the surrounding communities. On-street parking was removed to accommodate the rail and wider walks. METRORail is presently being expanded. *Gibbs Planning Group, Inc.*

As in many major cities, most downtown residents and retail businesses moved to the suburbs during the 1960s and 1970s. The central business district is ringed with freeways that siphon off traffic and real estate development. The downtown is also challenged by many unique urban planning conditions, including the tunnel and skywalk network that diverts tens of thousands of pedestrians from the sidewalks. The city's minimal zoning codes and design guidelines have yielded dozens of high-rise buildings that ignore the sidewalk and parking that is mostly privately controlled, which has adversely affected customer convenience and retail shopping.

In spite of the region's many upscale suburban shopping centers, this author found that downtown Houston can currently absorb up to 400,000 square feet of additional retail and restaurant space. This new commercial business could generate up to $120 million in annual gross sales during 2010 and grow to $230.7 million by 2014, which equates to 75 to 100 new stores and restaurants.

To encourage businesses to locate downtown, the city should revise certain policies and implement physical enhancements to rectify those elements that are adversely affecting its consumer appeal, ease of shopping, and overall commerce. Modifying downtown street lighting, parking policies, mobility lane hours, sign code, and building design standards could improve the area's physical appeal while addressing the nuisance of widespread panhandling, and establishing business recruitment initiatives could restore the downtown to the competitive and lively shopping district it once was.

In addition to its employment and residential base, the downtown's businesses have the potential to appeal to a cross section of Houston's demographic groups living in three distinct trade areas: local, primary, and tertiary. These trade areas range from a 1-mile-radius local trade area that includes 30,000 people to the tertiary area that extends over 30 miles from east to west and includes 2.7 million residents with an average household income of $66,000. This tertiary trade area generated a gross commercial demand of $19.2 billion in 2009 and is expected grow to $22.3 billion by 2014. The primary trade area's 500,000 residents generate approximately 60 percent of the downtown's retail and restaurant commerce each year.

One of the primary challenges to downtown Houston's retail sustainability is parking. Statistically, the downtown has an adequate amount of parking, but the city owns and operates only two public parking structures. Most downtown parking is supplied by privately owned parking structures and surface lots that are expensive and thus unappealing to most shoppers, especially when compared to the free parking offered in decks and on lots at suburban shopping centers.

Only 5 percent of downtown's 79,000 parking spaces are located on streets, many of which become unavailable during the rush hour, converted instead to traffic lanes. Free on-street parking after 6:00 P.M. and on Sundays results in heavy employee usage that denies shoppers the most preferred stalls during these periods. For example, one evening, the author drove throughout downtown for nearly an hour in search of an on-street parking stall near the Pavilions center. After paying $10 and parking on the upper level of a privately owned deck, the author walked to his preferred restaurant, only to find that it had just closed. To avoid such an unpleasant experience, many suburbanites avoid going downtown and drive to suburban shopping centers where parking is more available and predictable.

Many other Houston policies whittle away at its downtown retail sustainability. For example, downtown merchants and restaurant owners find the existing sign regulations cumbersome and a major obstacle to achieving effective signage. While Houston does not have a detailed zoning ordinance code, it has a 140-page sign code that stifles the creative signage design crucial to commerce.

The local trade area includes 30,000 people with an average household income of $58,500, with an average annual household expenditure of $20,200 on retail goods and restaurant dining. For many nearby residents, the downtown shops and restaurants are a convenient amenity that contributes to the enjoyment of living in the downtown area. These residents divide much of their local shopping and dining time between the Midtown Neighborhood and downtown Houston.

The downtown has a stable core of office workers who are projected to spend $900 million on goods and services in 2010. It is estimated that, on average, each worker spent over $6,400 at retailers and restaurants in 2009 before, during, and after work.

In 2007, 31.4 million tourists and other visitors came to greater Houston and spent $10.8 billion in its economy. As a business destination, Houston hosted 256 conventions in 2008, with over 550,000 delegates spending over $550 million. Two national franchise sports facilities are downtown: the Toyota Center, which hosts the Houston Rockets, and Minute Maid Park, which is home to the Houston Astros. The combined attendance of both teams in their 2008–2009 seasons was 3.2 million. During that time, tourism generated over $276 million in local taxes and approximately $660 million in state taxes.

Total consumer spending on retail and restaurant uses in the combined local, primary, and tertiary downtown trade areas was $19.2 billion in 2009. Tourism expenditure in 2008 in the Houston metropolitan statistical area was $11.7 billion. Of this total, $1.5 billion was spent on at-destination retail goods, $2.1 billion on dining, and $383 million at food stores.

Houston's downtown is fortunate to have a full-sized Macy's department store on Main Street and connected to the underground tunnel network. Macy's offers complete lines of moderate- and moderate- to upper-priced apparel, cosmetics, housewares, shoes, and other department store–type goods. Macy's serves as one of downtown's most important retail anchors, and its contribution to downtown's sustainability cannot be overemphasized.

The Houston Pavilions is a new three-block-long lifestyle-type retail and office project downtown. The project, which opened in October 2008, consists of 280,000 square feet of retail space and substantial office area. The HDMD granted the Pavilions $1 million, and the city contributed $14 million for various construction and streetscape improvements.

Although the Houston Pavilions has been open for more than 3 years and its office space is 100 percent leased, its retail space has a number of vacancies. The retail leasing of this project has likely been a victim of unfortunate timing. The center opened during the Wall Street financial crisis of fall 2008, a time when retail sales plummeted nationally and most retailers suspended all expansion plans. The Pavilions' current tenant mix centers on entertainment and restaurant uses. Entertainment venues feature the House of Blues and Lucky Strike Lanes Bowling Center, while restaurant offerings are upscale, such as McCormick & Schmick's Seafood, III Forks Steakhouse, and Guadalajara del Centro. Currently, there are three major retailers in the project: Books-a-Million and Forever 21 at the western end of the project near the METRORail stop and BCBG in the center of the project. The Pavilions has become one of Houston's leading anchors and is well positioned to capture much of the region's potential entertainment and soft-goods demand.

Key Recommendations

- ***Parking:*** Implement consumer-friendly parking policies, including the following: acquire three additional parking structures or lots; offer free parking for the first two hours in public structures and lots; extend on-street metered charge times; install freestanding smart meters along Dallas, Main, and Texas Streets; improve parking structure common areas along the focused shopping zones; and install additional parallel on-street metered parking spaces along Main Street between Commerce and Jefferson Streets where practical (note: this parking is essential for sustainable street-level retail businesses and will require narrowing the existing sidewalks).
- ***Private Realm Lighting:*** In focused areas, work with private property owners to repair nonfunctioning store-window and exterior lighting. Install new fixtures where warranted.
- ***Building Design Standards:*** Implement building design standards that require street-level commercial frontages and other urban design standards similar to those adopted by leading cities throughout the world.
- ***Signage:*** Modify commercial signage standards for street-level and anchor businesses to allow for more visibility and to match modern industry standards (as is common in the greater Houston region).

Already commercially successful relative to many other major American cities, Houston has the desirable market demand to continue to attract a considerable number of new retailers and restaurants, which can be done by adopting shopper-friendly policy and planning measures.

Houston's rigorous downtown revitalization is a model for how a public-private partnership can successfully implement and invest in major entertainment, employment, residential, transportation, and civic improvements in a major city center. Houston continues to serve as the business and professional center for the region and is reemerging as a preferred residential and hospitality location.

14.9 Naples, Florida

During the mid-1980s, Naples's historic downtown, Old Naples, had a tired appearance, which did not reflect the attitude and lifestyle of its predominantly upscale residents. The city's two primary commercial streets, Fifth Avenue and Third Street, were mostly lined with dated single-story shops. Both commercial areas essentially shut down by 5:00 P.M. As a result, residents and visitors had to drive to newer strip malls, shopping centers, and enclosed malls for most of their shopping. Local country clubs were the primary hubs for fine dining. Almost all leading restaurants and retailers chose to locate outside of the downtown in suburban shopping centers.

A group of concerned citizens, led by a local banker, commissioned Duany Plater-Zyberk Architects (DPZ) to develop a master plan that would turn downtown Naples into a more vibrant mixed-use city center. The team's research uncovered a significant pent-up demand for upscale stores, restaurants, offices, and residences in the Naples region. This demand was being suppressed by lack of parking, ineffective local zoning codes, and nominal incentives for property owners to redevelop. Learning of this potential demand, the community elected to increase the density downtown, raise building heights, and expand the town's commercial area. The community also decided to try to attract more diverse retail stores and restaurants to the downtown area.

DPZ developed a new master plan and building design standards in 1993. Taller mixed-use buildings were allowed under an optional or overlay zoning code. The existing code remained for those property owners that did not wish to improve their buildings. A key implementation tool was the addition of over 200 new parking stalls that DPZ created by restriping existing public parking lots and on-street stalls into more efficient sizes. Essentially, for the price of a new optional zoning code and the price of paint, the city was able to provide enough parking to support thousands of square feet of new residential and office development. The new parking stalls were offered to downtown property owners as a free incentive on a first-come, first-served basis for new development as prescribed by the DPZ plan. The city also streamlined the approval process for new buildings that closely adhered to the new building design standards. These market-based incentives became key contributing motivations for major private investment along Fifth Avenue.

This incentive-based plan caused a rush of property owners to develop new mixed-use buildings along Fifth Avenue. Some development plans were submitted within weeks of the planning effort. The successful new construction confirmed the demand for new urban residential and commercial properties in Naples. During

Figure 14-11
Old Town Naples's Fifth Avenue offers an attractive walkable shopping area. The city implemented a DPZ Architects 1995 master plan that resulted in rapid residential, civic, office, retail, and restaurant development. *Robert J. Gibbs*

later phases, the city also built two parking garages and a performing arts center. The Naples plan was almost completely implemented within four years of its creation (see Figure 14-11).

Unlike Charleston, Naples' property owners did not actively recruit leading national retailers and restaurants since most were already located in surrounding shopping centers. The downtown became so successful and lively in such a short time that Naples rehired the DPZ team to investigate how to decelerate its commercial growth. Naples is now one of the most popular downtowns in Florida and has contributed to an improved quality of life for its surrounding neighborhoods as well as the region.

Fifth Avenue Master Plan: Master Planner: DPZ Architects; Retail Consultant: Gibbs Planning Group, Inc.

14.10 Oxford, Mississippi

A quintessential small southern college town, Oxford, Mississippi, combines fine dining and unique shopping with a traditional historic town square. The town's functional public realm does not overshadow its attractive one- and two-story buildings or the elegant Italianate and white stucco Lafayette County Courthouse. Numerous restaurants, nightclubs, and retailers surround the town square, including the 171-year-old family-run Neilson's Department Store (Figures 14-12 and 14-13).

Although its 1960s-era streetscape is worn and cars speed around the square, Oxford's small-town urbanism is compelling and apparently economically sustainable. The square's shops and restaurants are thriving. Hotel rooms and restaurant reservations are often difficult to get. The downtown has survived the opening and closing of a nearby shopping mall and the construction of two bypass highways that diverted traffic to its east and south. The square's commercial area has no vacancies and has recently seen the development of numerous mixed-use buildings.

Figure 14-12
The University of Mississippi is located within a short walk of downtown Oxford. *Gibbs Planning Group, Inc.*

Figure 14-13
Oxford is an active historic downtown with dozens of restaurants and retailers grouped around a courthouse square. The public realm and streetscape are pleasant but have not been overly gentrified. *Robert J. Gibbs*

The downtown has maintained its historic role as the commercial center for the 19,000-resident community.

Oxford demonstrates that less can be more. Modern, expensive, and elaborately detailed streetscapes are not always necessary for sustainable urban commercial centers. Hopefully, Oxford will avoid implementing the well-intended cookie-cutter urban design "improvements" that have frequently destroyed so many American towns and cities.

14.11 Santa Ana, California

Downtown Santa Ana, California, is a thriving historic urban commercial district that offers a broad range of goods and services focused on the Hispanic community. Many of the downtown businesses sell the goods and services needed and desired by its surrounding residents. The downtown is centrally located in Orange County, one of the wealthiest counties in the country (Figure 14-14).

Although many downtown merchants report strong sales, a 2005 planning study led by Moule & Polyzoides, Architects and Urbanists, revealed that the business district could expand its market share considerably. The plan found that Santa Ana residents spent 72 percent of their total retail expenditures in stores beyond the city limits. Additional store types and national brands, as well as the implementation of modern business practices, could broaden the downtown's appeal. Many downtown office workers and local residents reported that they would shop or dine

Figure 14-14
Santa Ana, California, has a vibrant downtown shopping district. Its businesses provide many of the goods and services needed and desired by its 325,000 residents. The city is the county seat for Orange County and includes a wide selection of grocery stores, retailers, and restaurants, many of which focus on the community's large Hispanic and Latino market. The city has recently implemented a master plan by Moule & Polyzoides Architects. *Moule & Polyzoides, Architects*

downtown more often if the business mix expanded and its quality improved. For example, the new demand for an upscale green grocery could be met by existing food markets expanding their goods and services.

Downtown Santa Ana has the potential to significantly expand its restaurants and retailer size and quality. Moule & Polyzoides found that the downtown area could support 150,000 to 250,000 square feet of additional regional and national retailers and restaurants. However, this expansion could ruin the existing local-business character if not thoughtfully implemented. Great attention should be given to preserving much of the downtown's unique business mix and architectural context.

Santa Ana is the ninth most populated California city, larger than Pittsburgh and equal in size to St. Louis. The 2010 U.S. Census reports that Santa Ana's population is 324,500. Moule & Polyzoides also found that the actual household income is higher than the Census reported and that many residents do not have credit histories or banking accounts.

Santa Ana has a wide range of demographics. Over 20 percent of its households have an average annual income of over $100,000 per year. More than 675,000 people live and more than 350,000 people work within a 5-mile radius of downtown Santa Ana.

Santa Ana has a historic downtown whose architecture and commercial character are both popular and unique to the greater Orange County region. The overall shopping district is compact and walkable. Historic two- to three-story brick or stone buildings line its attractive shopping streets. Generous public parking is available in parking decks and in metered on-street diagonal stalls. The city has easy local, regional, and freeway access. However, the downtown's numerous one-way streets and limited left turns restrict local accessibility and likely frustrate potential shoppers. The northeast quadrant of the city has frontage on the Interstate 5 Freeway and the Santa Ana interchange, which would be attractive to regional and national retailers.

Although it has potential to capture additional retail market share, the Forth Street commercial district is presently a fully functional and viable working retail center. The vast majority of the downtown's businesses offer the goods and services needed and desired by the surrounding community. These businesses include apparel, shoes, home furnishings, groceries, restaurants, electronics, and general merchandise stores. In addition, the downtown is anchored by a first-run multiscreen cinema, a large supermarket neighborhood center, two pharmacies, and a regional arts district.

The entire length of downtown Forth Street is lined with retailers, restaurants, and service businesses. The intersection of Forth and Sycamore Streets is the "main-main" corner, with numerous jewelry, retailer, and service businesses. Forth Street's success is due, in part, to its updated and attractive streetscape enhancements and its on-street metered parking. In contrast, Main Street's retail area is hampered by its lack of on-street parking. Although the historic downtown continues to attract popular new restaurants and retailers, it has not yet fully reached its potential as an attractive shopping and dining destination.

Moule & Polyzoides stated that Santa Ana's downtown commercial district has the option of adopting one of three economic development expansion models: status quo, maximum growth, or moderate growth, as outlined below:

Status Quo Option

The status quo option assumes that most variables influencing the downtown will remain unchanged, including zoning codes, prices, residential growth, Orange County economic trends, and so on. Under this model, many of Forth Street's properties will most likely be purchased during the next ten years by regional or national developers seeking to take advantage of Santa's Ana's undervalued properties.

The downtown will likely see a widely expanded variety of small to medium-sized goods and services stores, including leading apparel and home-furnishing stores as well as restaurants. This model assumes that the city will continue its policy of encouraging full-sized department stores and large-format retailers (with over 50,000 square feet) to locate in the surrounding shopping centers and malls.

Finally, this model estimates that most of the new stores will be built by small local or regional developers. Without a carefully planned and implemented policy, land prices and rents may rise to levels that will motivate or require many existing businesses to close or relocate to surrounding strip centers.

Maximum Growth Option

Given the pressures for growth in the region and Santa Ana's relatively undervalued properties, the maximum growth option assumes that the commercial market would find the downtown attractive for major retail development. If the private sector could build with little or no government control, the downtown would likely attract up to 350,000–550,000 square feet of new community-level retail construction. A large portion of this construction would be located along I-5 and on Main and First Streets.

The new development would include moderately priced popular retailers and department stores that offer apparel, home improvement items, office supplies, sporting goods, and discounted items. Although this retail area would be tailored to the existing demographic profile, most of the existing small independent retailers would be displaced. The large-format retail area could be developed as a walkable urban environment should the city implement strict planning and zoning codes.

Moderate Growth Option

The moderate growth option is designed to expand the downtown's market appeal with minimal displacement of Santa Ana's unique local retailers. This expansion would encourage new restaurants and specialty retailers with moderate to upscale appeal to open along Forth Street and in the Arts District. A program for retaining existing local businesses would need to be implemented so that the smaller existing retailers could remain, expand, or relocate in the downtown. This business-retaining policy could include assistance with property purchases, visual merchandising, and store planning, as well as a marketing plan and a relocation assistance program.

Under this model, the city would need to take an active role in retaining, recruiting, and planning businesses. To prevent the new higher-end businesses from dominating and changing the existing character of the area, they should be encouraged to locate in small groups and select locations. New anchor retailers that have broad community appeal could help both the existing and new businesses and should be located near the center of Forth Street (near Main Street). The local business areas should be planned to expand their current sizes by at least 25 percent.

Urban Planner: Moule & Polyzoides, Architects and Urbanists; Retail consultant: Gibbs Planning Group, Inc.

14.12 Santa Cruz, California

Santa Cruz, located on Monterey Bay, just 60 miles south of San Francisco, is a popular beachfront community, as well as one of the surfing capitals of the world (it was mentioned in the Beach Boys' 1963 hit song "Surfing in the USA"). The city's commerce is focused on the 10-block-long Pacific Avenue, as well as in east and west side neighborhood commercial areas. The entire downtown was destroyed in a 1989 earthquake that resulted in the rebuilding of all of its buildings to modern commercial specifications (Figure 14-15). The combination of a moderate climate, a state university, and favorable income and educational demographics with updated market rate commercial buildings resulted in a relatively rapid rebirth of the downtown.

Unlike almost any other city of its size, Santa Cruz's downtown has several quality supermarkets, a multiplex modern cinema, and numerous leading local, regional, and national retailers and restaurants, such as American Apparel, the Gap, and Urban Outfitters. However, like many other cities, Santa Cruz's downtown captures only a small fraction of the region's retail spending.

Figure 14-15
Santa Cruz, California rebuilt its downtown after a 1989 earthquake and has a balance of commercial and residential buildings, including numerous leading local, regional, and national retailers, a cinema, and several supermarkets. *Gibbs Planning Group, Inc.*

During a 2011workshop, the author learned that many of the region's population segments avoid visiting the downtown area for various reasons, including the perception of difficult parking, aggressive panhandling, and limited brand selection. Young families, office workers, and empty nesters prefer shopping outside downtown Santa Cruz, some even regularly driving 30 miles "over the hill" to San Jose. Several class A office and retail buildings are vacant. Some of Santa Cruz's residents have an unusually adamant antinational retail chain culture resulting in physical vandalism of national retailer stores and threats to business owners that support pro-business views. Some of its commerce is also hampered by an attractive streetscape that hides many of the storefronts. While Santa Cruz enjoys some of the most desirable market conditions and a walkable urban environment, its Pacific Avenue central business district is not providing the goods and services desired and needed by the majority of the community.

Minor modifications in city policies and a coordinated business recruitment program can expand the downtown's appeal to broader segments of its community, leading to a more sustainable commercial district.

14.13 St. Andrews, Scotland

The small town of St. Andrews, Scotland, serves as a model for implementing planning policies that can successfully create a compact, sustainable downtown.

Its downtown commercial area now provides many of the goods and services desired and needed by its visitors and its permanent community of 14,000 people. Concentrated along three busy shopping streets and operating from small historic buildings, the town's commerce includes retailers that provide a wide selection of goods and services, including apparel, appliances, groceries, hardware, shoes, and sporting goods (Figure 14-16). The city center also has a broad range of entertainment, from live theater to a multiplex cinema and restaurants that offer a wide variety of cuisines and fares, from Subway sandwiches to fine seafood. The region is also served by two small neighborhood shopping centers located outside of town.

In addition to its planning policies, the vitality of St. Andrews's downtown commerce can be attributed to a combination of several factors, including robust tourism, a major university, and one of the world's most famous golf courses (Figure 14-17).

While settlement in the area occupied by St. Andrews has taken place since the Roman invasion, the modern town's history began around 1140 AD along three principal axes: North, Market, and South Streets.

By the fifteenth century, individual merchants had opened shops southward along Church Street from the marketplace to South Street: this became St. Andrews's first shopping street.

St. Andrews's commercial compactness is largely a function of national policy. Scottish planning practice operates on three levels: the National Planning Framework (NPF), the Structure Plan for a region, and the Local Plan for a community (or group of communities).[1] Local Plans are the most detailed but must adhere to regional and national frameworks, which are progressively more general. Furthermore, zoning per se is functionally incorporated into the planning document for

Figure 14-16
Most of St. Andrews's commerce is clustered along three high streets in its downtown area and in two small neighborhood shopping centers. *Gibbs Planning Group, Inc.*

Figure 14-17
The town of St. Andrews surrounds the 18th green of its namesake golf course. *Robert J. Gibbs.*

Local Plans. In the case of St. Andrews, the Fife Regional Council developed its Local Plan to incorporate specific policies of the Fife Structure Plan at the local level.[2]

The policy regarding retail development in St. Andrews can be traced back to the Fife Structure Plans of the 1980s. As noted in the 1996 St. Andrews Local Plan, the Structure Plan's policy on retailing (which had been in place for at least twenty years[3]) is as follows:

> The continuation and existing scale and range of retail provision in St. Andrews is considered important and the modernization of retail units in the town centre is encouraged provided it will not adversely affect the town's historical and architectural quality. It is considered that *any retail development in this area should be located within St. Andrews,* in order to maintain a strong retail function in the interests of all sections of the community (emphasis added).[4]

The Structure Plan's policy, however, did not completely rule out the idea of new retail development elsewhere in St. Andrews. Rather, new retail development would be considered, but with scrutiny:

> The retail element of the [Structure Plan] strategy is one of protecting the viability and vitality [of the] town centre but also responding to changing patterns of shopping by allowing retail development in areas currently underprovided for, *so long as these areas complement and do not undermine the town centre's retail function.* Where the [Fife] Council feels there are clear risks that existing retail centers will cease or fail to provide locally required facilities or functions as a direct result of new retail proposals, a Retail Impact Assessment[5,6] will be called for (emphasis added).[7]

The detailed retail policy in the 1996 Local Plan further elucidates these overriding principles by declaring the following objectives:

- To maintain a strong retailing function within St. Andrews's defined commercial centre
- To safeguard existing shopping centers from new retail development likely to lead to a net reduction in the range and quality of retail facilities in urban and rural areas[8]

In addition, the retail policy stated that new retail developments could only occur in a limited area west of St. Andrews, and further, that all proposed development greater than 10,000 square feet must undergo the Retail Impact Assessment.[9]

The 2009 Local Plan

The release of the finalized St. Andrews & East Fife Local Plan in December 2009 was not without controversy.[10] Objections were focused on the allocation of new housing development for the western edge of St. Andrews and the provision for a technology park in this area. The Fife Council is in the process of consolidating Local Plan areas, and the 2009 Local Plan for St. Andrews includes the entire East Fife region.[11]

Retail policy in the 2009 Local Plan and the corresponding Fife Structure Plan closely mirrors that of previous plans. Because of the deemphasis on St. Andrews in the updated plan, the policy is stated in more generalized terms as follows:

i Within the network of centers, proposals for retail floor space in the form of new development, extensions or redevelopment will be supported providing that they are located in town centers. A retail impact assessment will not normally be required for these proposals. For other locations, a retail impact assessment will be required for developments of 1,000 square meters gross floor space or more. For all locations without town centers, the sequential test will be applied.[12]

ii The loss or change of use of retail premises in town centers and secondary shopping areas/neighborhood centers to non-retail uses will only be supported where:

a. There is a clear community need for the proposed use which outweighs the retailing need; or
b. If part of a group of shops, the loss would not adversely affect the character, vitality and viability of that group; or
c. The proposed use would be an acceptable complementary use to the retail role of the centre; or
d. The premises are vacant with no demand for other retail use.[13]

Two other retail policies in this document restate the above principle in relation to convenience retail and "comparison retail," that is, retail uses that duplicate those existing in the town center. Permission to develop either type of retail area is contingent upon a strict burden of proof that the development will have no "detrimental effects, either cumulatively or individually, on the vitality and viability of town centers."[14] Further, in cases in which it has been decided that no detrimental effects exist, determining retail locations must follow the "sequential test," which makes locating retail areas outside the town an absolutely last resort and must also follow the requirements of Retail Impact Assessment studies. These policies have extremely rigorous standards for the types of goods and the amount of floor space devoted to them in different retail environments.[15]

Land use policy has been successful in maintaining St. Andrews's walkable urban shopping district(s). The town's many amenities, combined with the world's most famous golf course and a prominent university, form an almost idyllic setting to reside in and shop. Numerous other European cities also benefit from such public planning policy. However, this reliance on nonmarket factors is not easily transferable to the United States or to many other regions, where land rights and heavy favoritism support suburban sprawl. Historic downtowns can approach St. Andrews's urbanism by blending modern commercial planning and development standards with traditional urbanism.

14.14 Wasilla, Alaska

Settled as a railroad drop-off point for miners, Wasilla, Alaska, was platted as a grid of 50-foot-wide lots in 1916. These lots were auctioned by the Railroad Commission for $250 each, with the most expensive lots located along the city's Main Street near the train station. Today, many downtown lots are vacant or underused, resulting in a city without a traditional commercial core. Nevertheless, greater Wasilla is thriving as a city of nearly 8,000 people, many of whom commute 40 miles to work in Anchorage. The city has over 600,000 square feet of new retail development, including most major big-box retailers: Lowes, Sears, Target, and Wal-Mart. For most of its revenue, the city relies on a retail sales tax and, as a consequence, encourages new commercial growth.

Wasilla is located at the base of the Matanuska and Susitna Valleys. Beginning with the opening of the train station, Wasilla's growth has been tied to its geographic location. Post–World War II commercial growth was generated by its crossroads location of the valley's north and south thoroughfares: the Parks Highway, Palmer-Wasilla Highway, and Kink-Goose Road. Until recently, these highways handled all east–west and south–north traffic, including all Anchorage-bound traffic. The Parks Highway borders the historic downtown's southern edge, and the Kink-Goose Road travels north–south directly through the city's Main Street. These highways carry most of the region's traffic through downtown Wasilla, which merchants can capitalize on. Expansion of Wasilla's 90-acre historic downtown is constrained by two lakes, railroad tracks, and a 20-acre park (Figure 14-18).

As the home of the 2008 Republican vice presidential candidate, Sarah Palin, Wasilla received extensive international media coverage during the presidential campaign. Much of the media's attention focused on the city's lack of a central main street lined with shops and restaurants. The city's elected officials and staff were repeatedly asked to point to its downtown and soon realized that the absence of a core commercial center was atypical. Mayor Verne Rupright selected a planning team to conduct a week-long charrette to create a master plan for a traditional downtown in Wasilla.

Figure 14-18
Wasilla, Alaska, is located at a crossroads of central Alaska and has a variety of shopping districts, including an historic downtown, community centers, and large-format discount anchors. *Gibbs Planning Group*

Downtown Wasilla has held on to most of its civic and cultural anchors, including a city hall, fire station, library, museum, post office, places of worship, a performing arts center, and middle and high schools. Only the police station and sports arena have relocated outside the downtown area. The downtown is also anchored by a large neighborhood shopping center that was built in the 1970s and has a full-sized supermarket, pharmacy, restaurants, a video store, a coffee shop, and the secretary of state's office.

Recently, commercial developers have chosen to build on the east end of the city limits, not downtown. Fred Meyer, Home Depot, Lowe's, Sports Authority, Sports Warehouse, Target, Wal-Mart, and numerous smaller national retailers and restaurants have located 3 miles east of downtown, near the new Glenn Highway (A-1). Commercial developers are attracted to this area's large parcels of available land and easy access to the improved highway.

Before developing the master plan, the author conducted market research, which indicated a strong demand for additional hospitality, office, and retail uses in Wasilla. The city's trade area extends over 100 miles west and north, a region that includes a population of 87,000 that is expected to reach 105,000 by 2014. The region can support a new hotel and 50,000 square feet of professional office development.

Wasilla has outgrown all of its civic facilities and has been planning to build a new city hall, library, museum, and post office. In addition, the performing arts center is seeking a new, larger venue.

Given the current commercial shift to Wasilla's eastern edge, the planning team recommended that the city establish as many public and private anchors as possible within a 5-minute walk of downtown.

The downtown master plan anticipates a public-private partnership in which the city implements needed improvements in the public realm. Building a new library, city hall, and other civic anchors in the downtown area will meet existing community demands and add value to the privately owned lots within the 1916 grid. Families visiting the library or post office could easily walk to shops and restaurants downtown. This additional pedestrian traffic will create a demand for private sector investment and will support the downtown's existing businesses, such as those within the neighborhood center. Studies have shown that stores, hotels, and other retail businesses are more competitive when located within walkable commercial districts and historic downtowns.

The city has four parks and playgrounds around the edges of its downtown, but it does not have a town square in its historic center. City residents expressed overwhelming support for building a central town square and often cited the town square in Jackson Hole, Wyoming, as a model. Three alternative sites were proposed, each surrounded with historic buildings that would house civic, commercial, and residential uses. The plan proposes bordering the square with one or more civic buildings, such as a library, museum, or new city hall. Also recommended are a hotel and some mixed-use buildings, with restaurants and retail stores on the ground floor and residences and offices on the floors above.

The city has recently completed its first public parking lot but, surprisingly, does not have on-street parking downtown. Most of the streets that are 36 feet wide have two-way traffic with a center turn lane. Removing their turn lanes provides enough space for these roads to be restriped for parallel parking. The downtown's light traffic volumes will readily accommodate on-street parking, including along the new couplets. Moreover, installing on-street parking will stimulate downtown commerce significantly. Most of the downtown's parking demand will be met by these on-street spaces. If major anchors and mid-rise developments are constructed downtown, additional off-street lots or underground parking will be required.

Wasilla is bounded by majestic mountains to its north and east and by an expansive valley to its south. The city has recently removed all height limits on new building construction (subject to fire safety standards). During the charrette, citizens and city officials expressed a desire to protect scenic views without placing overly burdensome restrictions on new development. The planning team determined that most of the important views will be preserved within the corridors of the existing street grid and recommended increasing the allowable building height for interior blocks. The master plan proposes that a new civic building replace the existing post office at the north edge of Boundary Street. The postal service is planning to vacate its existing facility, which provides an opportunity for a new civic structure to terminate the northern view down Boundary Street.

The plan anticipates that some of Wasilla's original strip shopping centers will eventually be redeveloped into taller mixed-use buildings, since large retail anchors are locating farther east. The plan also recommends the construction of medium-density, mixed-use residential buildings around the downtown. These new residences will both contribute to and benefit from the new commercial and civic improvements (Figure 14-19).

At the end of the public charrette, business leaders, citizens, and elected officials embraced the master plan and its principles. In particular, the public supported building a town square surrounded by civic and commercial buildings. Elected

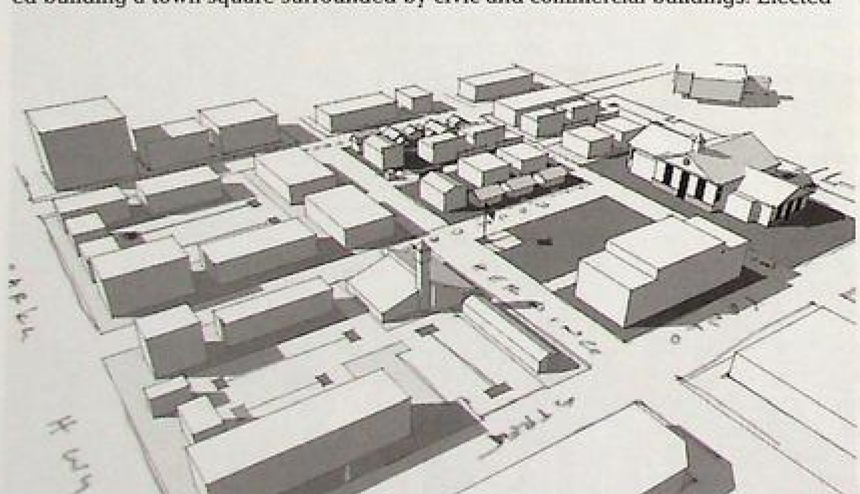


Figure 14-19
A new town square proposed by the author for Wasilla's historic grid generated considerable interest for private commercial investment by local businesses. The plan also recommended a new library, a performing arts center, and a city hall to front the square. The proposed civic uses would anchor retail and restaurants that would create a walkable town center for both residents and tourists. *Gibbs Planning Group, Inc. and USKH, Inc.*

officials realized the economic potential of community buildings and began the process of selecting downtown sites for a new city hall, library, museum, performing arts center, police station, and post office. The city began to implement on-street parking and initiated the process of establishing an historic district with building design guidelines. Several local developers and institutions inquired about building new restaurants, hotels, offices, and stores around the proposed square. The master plan has been recognized as essential to implementing a sustainable urban core for the community—a paradigm changer for the entire community.

Chapter 15

Case Studies: New Town Centers

15.1 Birkdale Village, Huntersville, North Carolina

Birkdale Village combines lifestyle and community center retailers with rental residential areas into a walkable town center that has proven to be a practical market-based model for new urban communities (Figure 15-1). Opened in 2002, the town center has 360,000 square feet of retailers, restaurants, a multiplex cinema, and 320 market rate apartments. Over 80 percent of the residential property is built above retail stores. The commercial area is all surface parked in small lots and with on-street stalls. The residential units have a separated parking deck that is surrounded by commercial property.

The 52-acre town center is oriented along a linear market square that is fronted with streets and on-street parking. Larger-format community retailers front the adjacent

Figure 15-1
Birkdale Village combines lifestyle retailers, a cinema, and residential into a walkable town center. Birkdale Village, Huntersville, North Carolina. Shook-Kelley Architects, master planners, and conceptual artists. ***Patrick Schneider***

highway, with surface parking fields. The parking fields were planned as future city blocks to allow for expansion of the center with dense mixed-use development. Birkdale Village is noteworthy as one of the first town centers to integrate market rate residential areas with some of the most sought-out lifestyle retailers. It was also one of the first centers that located prime retailers away from the highway and directly along the internal square. Uncommon for its time, the entire development was privately funded, including the parking deck. The overall center is well designed in a New England Nantucket character, and its public spaces have become favorite destinations for the surrounding community.

Owner: Developer's Diversified Realty; Master Planning and Conceptual Design: Shook Kelley Architects.

15.2 Daybreak Village, South Jordan, Utah

A 4,100-acre master-planned sustainable community located 15 miles southeast of Salt Lake, Daybreak Village will include over 1 million total square feet of commercial real estate and 12,000 residential dwellings. A light rail transportation line is presently under construction at Daybreak Village and a major regional highway, the Mountain View Corridor, is planned to provide a north–south regional highway through its western sections. The community's retail area has been planned in the form of multiple villages, based on the shopping center industry's formats of corner stores and convenience, neighborhood, community, and regional centers. The community and the regional retail villages will be located along the proposed Mountain View Corridor.

SoDa Row is Daybreak Village's first retail village and is located along a main shopping street that links two one-way road couplets (Figure 15-2). The village's phase I includes 67,000 square feet of retail space and 175,000 square feet for the Daybreak corporate office center. An additional 100,000 square feet of commercial space is planned in phase II. SoDa Row's planned 35,000-square-foot supermarket is presently a fitness center, and the balance of the center includes restaurants and specialty shops. A large community and lifestyle center has been constructed by others off-property, adjacent to Daybreak's southeastern entry.

Developer: Kennecott Land; Calthorpe Associates, Master Planner; Gibbs Planning Group, Market Study and Retail consultant.

15.3 East Fraserlands, Vancouver, British Columbia

East Fraserlands is planned on a 129-acre former lumber mill waterfront site located approximately 10 kilometers east of downtown Vancouver. The area has favorable demographics and a demand for a considerable amount of new development. Based on the principles of new urbanism, DPZ Architects developed a new master plan that includes a variety of low-, mid-, and high-rise residential, office, retail, and civic uses grouped along streets and blocks.

The commercial challenge was to develop a retail town center that took advantage of its North Fraserway Highway frontage, as well as the waterfront. The two areas were separated by an active rail line, a slight incline, and more than

Figure 15-2
Daybreak Village's first commercial area is SoDa Row, a neighborhood town center located between two one-way road couplets. SoDA includes several exciting specialty restaurants and retailers that offer commercial businesses for the surrounding neighborhoods. Planner: Calthorpe Associates. *Gibbs Planning Group, Inc.*

150 meters (500 feet). Most of the commercial developers preferred the highway frontage, while the community sought a waterfront village of shops and restaurants. The author introduced a retail crescent commercial street that peeled off of the highway into the center of the proposed community. This proposed crescent commercial street peel will pull the town center's commercial area closer to the waterfront while maintaining critical roadway visibility and access (Figure 15-3). The two commercial areas will become more walkable and co-anchor each other along a third shopping street, improving their sustainability.

When complete, East Fraserlands commerce will be clustered in three areas: a town square that faces the primary roadway to the north, a waterfront plaza, and a linear high street linking the two. The north town square's crescent street allows homebound drivers to make an easy right-hand turn into the commercial area from

Figure 15-3
East Fraserlands will have a commercial shopping street located along a retail peel or a crescent street that allows easy access from the adjacent highway. *Guanghao Qian/Parklane Homes*

the North Fraserway Highway. Once commuters have made the detour into the town square, it is more likely that they will also visit the other two shopping areas before continuing to their destination. The town square will include local and national retailers that require proximity to the major roadway. The waterfront plaza is planned to include restaurants and specialty retailers.

Developer: Parklane Homes, Planner: DPZ Architects, Retail Consultant: Gibbs Planning Group.

15.4 Easton Town Center, Columbus, Ohio

Easton Town Center was one of America's first post-World War II mixed-use town centers developed in a cold northern climate, demonstrating that carefully planned open-air centers could achieve strong sales outside of the southern Sunbelt region (Figure 15-4). The 750,000-square-foot town center, located within a 1.7-million-square-foot commercial center, was laid out as individual blocks on a rectangular street grid surrounding a central square. The plan is based on a combination of an enclosed town square center on one side and attached half-wide blocks on the other side. Parking is plentiful and shopper friendly without dominating the center's urban character. Easton was one of the first town centers to install parking meters along most streets to allow for convenient, shopper-friendly parking. Over 7,000 parking stalls are located in four structures and in private on-street metered stalls. Of the revenue collected by the parking meters, $2.4 million is shared with charities.

Figure 15-4
Opened in 1999, the Easton Town Center demonstrated the sustainability of open-air main street-type shopping in cold northern climates. Easton's Town Center's primary shopping street is anchored by a full-sized department store that has been integrated into its block pattern. *Gibbs Planning Group, Inc.*

Easton Town Center features one- and two-story traditional and modern buildings occupied by leading regional and national retailers and restaurants, including two major department stores. The center's buildings also provide space for offices, hotels, cinemas, and residences. The town center is surrounded by two large community shopping centers that include Target and Wal-Mart. These community and town centers co-anchor each other and expand Easton's overall trade area.

Easton Town Center demonstrates the potential elasticity of conventional trade-area boundaries when innovative traditional planning principles are combined with modern retail techniques. With a trade area reportedly encompassing most of Ohio, the center has consistently realized high retail sales and attracted high shopper traffic. In its inaugural year (1999), over 9 million people visited the center.

Easton Town Center has established the benchmark for sustainable commercial planning and design and should be visited by anyone considering implementing urban retail development or historic revitalization.

15.5 Middleton Hills, Middleton Hills, Wisconsin

The community of Middleton Hills combines the best practices of traditional town planning with the requirements of modern shopping center development. In 1993 Marshall Erdman, a builder and designer who worked with architect Frank Lloyd Wright, retained the renowned new urban firm Duany Plater-Zyberk & Company to work with him to create a Prairie-style neighborhood as an alternative to suburban sprawl.

Situated within 150 acres of rolling hillside, Middleton Hills has 339 single-family houses, 204 multifamily units, and 102,800 square feet of commercial space. The layout of the neighborhood's commercial center was modified several times before being built as a single reverse "L" center, anchored by a 44,000-square-foot Copps supermarket. The commercial neighborhood center has both on-street and off-street surface parking. The supermarket's 200-car parking lot fronts the area's primary roadway, Century Avenue, which gives it the visible exposure necessary to attract passing motorists while still providing convenient parking for customers. The supermarket also has two shopper entries, one facing its large parking lot and a second, more pedestrian door fronting Frank Lloyd Wright Avenue, which significantly enhances its walkability from surrounding neighborhoods (Figure 15-5).

Copps supermarket is wrapped by a two-story retail and residential building that fronts an adjacent neighborhood street. The rest of the neighborhood center's GLA is located in 28- to 30-foot-deep retail shops that line Frank Lloyd Wright Avenue, the main access road into the Middleton Hills neighborhood. These smaller retailers are clearly visible from the Copps supermarket parking lot. Residential and commercial building construction began in 1996, with most of the neighborhood completed by 2009.

Implementing the neighborhood center required seven years to overcome a series of government, market, and homeowner's association–related challenges. The developer's need to scout for a supermarket anchor and the government's protracted process for approving revisions to the original submittal caused many delays. The initial proposal for the town center specified small to medium-sized neighborhood retailers

Figure 15-5
Copps supermarket has an entry that faces Middleton's Frank Lloyd Wright Drive as well as its primary entry that fronts directly onto the parking lot. The two entries create A and B zones that allow for easy walkability from the surrounding neighborhoods. *Middleton Hills, Inc.*

and no large supermarket anchor. To attract a 2,000-square-foot grocery in 1996, the developer agreed to provide a "temporary" financial subsidy until the community was substantially built. Despite this grant, the small grocery proved to be unsustainable and closed in less than two years, its space replaced by a small cafe and a mail center.

After Copps opened in 2005, several small neighborhood businesses, including a coffee shop, sports bar, barbershop, restaurant, and dry cleaners, quickly followed, which underscored the importance of the supermarket as an anchor for the neighborhood center. Though Copps is largely responsible for the sustainability of the neighborhood center's other businesses, many Middleton Hills residents considered it a big-box commercial building inappropriate for a pioneering new urban community. A small group of homeowners even filed a lawsuit to stop Copps from opening. Unfortunately, lack of understanding of the importance of anchors to the economic sustainability of new urban communities is common among laypeople and design professionals. Modern anchors are an essential component of neighborhood centers and can be adapted to any proposed or existing urban format with creative planning and visionary development.

The Middleton Hills neighborhood town center is now considered an amenity to the community. It represents one of the best examples of an economically sustainable, pedestrian-oriented neighborhood center.

15.6 The Glen Town Center, Glenview, Illinois

The Glen Town Center in Glenview, Illinois, is an adaptive reuse that transformed the Glenview Naval Air Tower into a 1,121-acre mixed-use community. Its 43-acre commercial center includes 473,000 square feet of retail space grouped along a crescent center shopping street, Tower Drive, or a trapezoidal market square. Within this commercial center are a major two-level Von Maur Department Store, a multiplex cinema, decked parking, and 335 residential dwellings (Figure 15-6).

Tower Drive forms an urban shopping street that diverges from and then reconnects to Patriot Boulevard, the primary north collector street for the Glenview community. The slight angle allows southbound Tower Drive drivers to make a soft

Figure 15-6
The Glen Town Center's square is planned around a historic naval airport tower and is lined with stores and residential buildings. The 473,000-square-foot center pioneered the use of the retail peel/crescent drive and opened in 1999. The Glen is anchored by a fashion department store, residential buildings, a multi-screen cinema, and numerous leading retailers and restaurants. *Gibbs Planning Group, Inc.*

right-hand turn directly into the north side of the town center. Unfortunately, the easy turn is complicated by the presence of a third east–west street and a traffic signal that can cause a long delay.

In the original master plan, Patriot Boulevard was designated as one of the Glen Town Center's shopping streets. However, Patriot Boulevard cannot accommodate on-street parking, which is essential to street-front retailers. As an alternative, the commercial planning team proposed a Crescent Center shopping street, Tower Drive, which was planned with wide sidewalks and diagonal on-street parking. The Glenn Town Center's architecture, mixed uses, streetscape, and numerous details offer useful planning and development models with broad applications for other town centers (Figures 15-7 and 15-8).

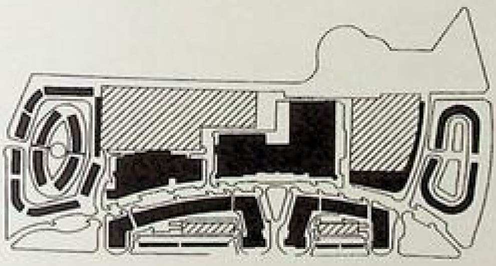


Figure 15-7
Figure ground plan of the Glen's retail peel shopping street and trapezoidal market square. The peel allows for southbound traffic to quickly make an easy right-hand turn off of the adjacent primary roadway into the center's shopping street, where cars can conveniently park along the street or in parking structures. *Gibbs Planning Group, Inc.*

Figure 15-8
Easton Town Center, Columbus, Ohio, is anchored with multiple full-sized department stores, a multiplex cinema, and several large-format discount retailers. *Gibbs Planning Group, Inc.*

The Glen Town Center was developed in 1998 by Oliver McMillan; Elkus Manfredi, architect; Gibbs Planning Group, retail consultant.

15.7 The Grove, Los Angeles, California

Built in a densely populated area of west Los Angeles, the Grove has become one of the region's most popular destinations, with more than 18 million visitors reported during its first year. Unlike many similar lifestyle centers, the Grove is designed as a pedestrian-only open-air center with an electric trolley line running along its main street. Opened in 2002, the center is anchored by the historic Los Angeles Farmer's Market as well as Nordstrom's department store, a multiplex cinema, and numerous restaurants and popular upscale retailers. The market adds authenticity to the center and broadens its appeal to wider demographic segments than is common for most upscale lifestyle centers.

Most of the center's parking is located in a multilevel parking structure that is especially well designed and user friendly. The 575,000-square-foot Grove is noteworthy for its exceptional design and its actively used spaces. Its retailers and

Figure 15-9
Visitors are offered a view of the Grove from the parking deck as they wait for the elevator or take the escalator, allowing them to survey the center before they start shopping. *Gibbs Planning Group, Inc.*

restaurants have unique individually designed storefronts that are exemplary for the industry (Figures 15-9 and 15-10).

The Grove has its critics, and its inward orientation is awkward. However, it demonstrates that a well-planned and managed center can be sustainable even in a crowded commercial real estate market.

Developer: Caruso Affiliated, Architect: Elkus Manfredi Architect.

Figure 15-10
The historic farmer's market is adjacent to the Grove and includes a wide selection of unique foods that complement the national retailers and restaurants. *Gibbs Planning Group, Inc.*

15.8 Mashpee Commons, Mashpee (Cape Cod), Massachusetts

Mashpee Commons was one of the first mixed-use town centers planned according to new urbanist principles. In 1986, its first phase of development opened on the site of a former neighborhood shopping center. Today the commons includes over 90 prime local and national retailers that occupy over 250,000 square feet of space. A post office, cinema, senior center, residential areas, and 30,000 square feet of office space comprise the balance of the center.

Mashpee Commons was planned to have streets and small blocks grouped around squares and plazas. Its layout includes deflected streets, pinwheel squares, and a single reverse "L" neighborhood center. Shoppers have plenty of convenient parking to choose from, either on street or in surface lots located around the perimeter of the retail center.

Mashpee Commons has been highly successful economically and as a model for compact urban planning. The center reports sales that are well above industry standards and draws shoppers from as far away as Rhode Island and much of Massachusetts. Mashpee is especially noteworthy for its pioneering new urbanism adaptation of an existing strip shopping center into a walkable mixed-use town center, as well as for its authentic vernacular architectural design.

Mashpee Commons was developed by Cornish Associates and master planned by DPZ Architects.

15.9 San Elijo Hills Town Center, San Marcos, California

Located 40 miles north of San Diego, the new community of San Elijo Hills sits on nearly 2,000 acres of hillside overlooking the Pacific Ocean. First opened in 2000, the development includes both conventionally planned residential neighborhoods and a mixed-use town center based on new urbanism principles and an innovative traffic-calming arrangement. The town center also includes a public middle school and a neighborhood shopping center anchored by a 49,000-square-foot Albertson's supermarket.

One of the primary challenges for the planner, Peter Calthorpe, was to maintain a walkable commercial town center while accommodating an anticipated 35,000 to 40,000 cars per day of through traffic.

Typically, such traffic volumes require five- to eight-lane highways, with the shopping center, office, and residential land uses clustered in disjointed groups at each quadrant of an unwalkable intersection. Although each of the corners may be developed as a walkable town center in its own right, their separation by a major thoroughfare or highway creates an unsustainable region that requires people to drive between each land-use area, further increasing the traffic congestion. In response to the highway's harshness, each of the quadrant developers too often locates the parking lots or out parcels along the highway, compounding the area's auto-centricity. This arrangement is one of the root causes of suburban sprawl and can be seen across the United States in thousands of suburbs and cities.

Calthorpe's bold proposal reduced the required number of highways to pairs of two-lane streets that formed one-way couplets, which combined to form a town square at their intersection. The couplets carry regional levels of traffic through the pedestrian-oriented town center at posted speeds of only 25 miles per hour, slow enough to allow for parallel on-street parking, which is crucial to street-front retail and residential uses. Except for major urban city centers such as New York City's Fifth Avenue and Chicago's Michigan Avenue, on-street retailing requires on-street parking. The Calthorpe couplets give the smaller retailer both exposure to high traffic volumes and convenient on-street parking (Figure 15-11).

San Elijo Hills demonstrates an innovative method for developing a new market-based, large-scale commercial center in a semirural setting. The couplets have wide applications that allow for the creation of a walkable town center as an alternative to the typical rural commercial center, usually consisting of strip centers, divided by an automobile-oriented four-lane highway.

San Elijo Hills was developed by the HomeFed Corporation, and its first phase opened in 2000. The community is now fully built out.

Calthorpe Associates, architect and town planner; Gibbs Planning Group, market research and retail planning advisor.

15.10 Rosemary Beach, Fort Walton County, Florida

Founded in 1995, Rosemary Beach is a resort community located along Florida's Scenic Highway 30-A between Seaside and Panama City. West Indies architecture inspired the design of the DPZ Architects–planned town. As it is laid out, 500 houses surround a three-story picturesque long town center that includes a hotel, small specialty retailers, restaurants, and residences.

The commercial center lines Barrett Square, an elongated two-block market square named after the late noted architect Charles Barrett. The square straddles Highway 30-A, which provides the visibility, traffic, and easy access necessary to many of its small retailers. At the south end of the square, a short shopping street leads to the beach. Parking is convenient, with on-street stalls throughout most of the town.

Many of Rosemary Beach's commercial buildings are built on individually owned small lots or as a platted town model. Carefully crafted design standards govern the architectural design and placement of all of the community's commercial buildings and residences. Administered and enforced by a town architect and the developer, these standards have given Rosemary Beach both cohesion and variety in its architecture (Figure 15-12).

Unlike nearby Seaside's semipublic water access, Rosemary Beach's beachfront is gated and access is limited to the residents. This likely reduces the number of people who frequent its businesses and restaurants, but the extent of this reduction has not been measured by the author. Nevertheless, the town center has a nice collection of small businesses and a lively street scene.

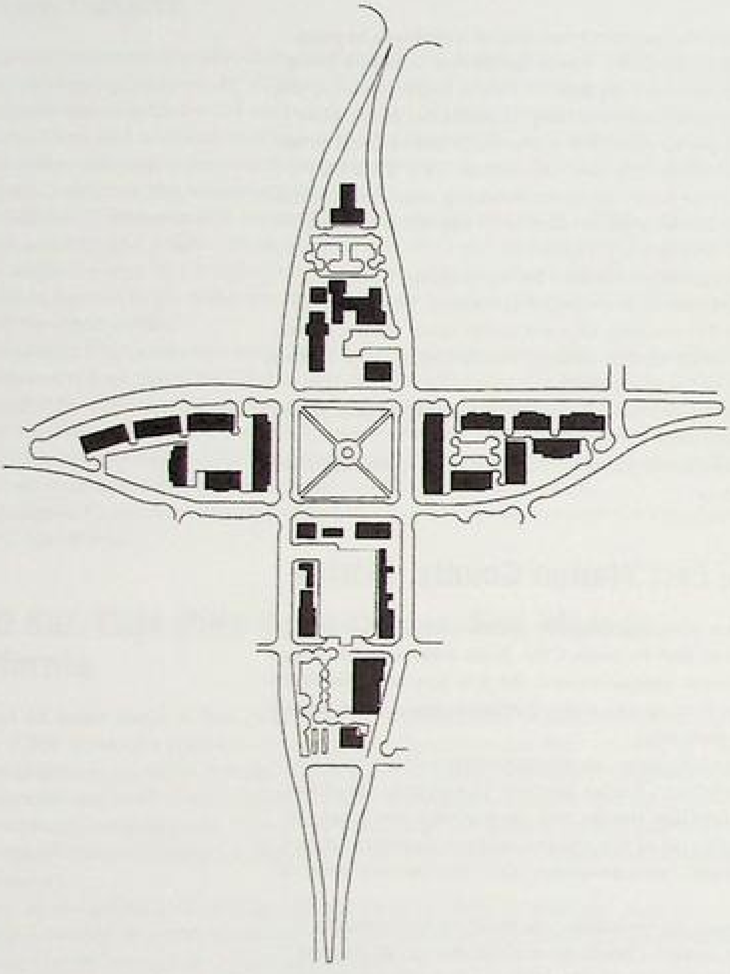


Figure 15-11
The San Elijo Hills town center has creatively developed around a busy regional roadway by installing a pair of one-way couplets through the commercial center. The couplets allow for on-street parking and are essential for substantial on-street retail. Planner: Calthorpe Associates. *Gibbs Planning Group, Inc.*

Rosemary Beach offers a practical process for developing a new town center or revitalizing an existing city center by selling individual commercial parcels to numerous micro-developers rather than relying on the resources of one major master developer.

Figure 15-12
Rosemary Beach combined a double market square plan with a deflected main street that leads to the beach. Much of the commercial area was developed using the platted town center method. View looking from the beach (north) toward the town center. Planner: DPZ Architects. *Robert J. Gibbs*

Rosemary Beach was developed by the Home Fed Corporation and master planned by DPZ Architects; Gibbs Planning Group, retail consultant.

15.11 Seabrook, Washington

Located on a wooded bluff overlooking the Pacific Ocean, Seabrook is a midsized beach town that has a hamlet-sized commercial main street. Its commerce is located near the town's center and adjacent to a two-lane state highway with average daily traffic of about 2,000 vehicles. As planned, the main street's retail area will include small independently owned shops and restaurants and a small boutique hotel. To date, 200 houses have been constructed as well as buildings for a restaurant and a food market. When completed, Seabrook will include approximately 450 homes, 50,000 square feet of commercial space, and an organic farm farther inland.

Seabrook is located on a relatively remote stretch of the Washington coast, within a two-and-a-half-hour drive from Seattle and a three-and-a-half-hour drive from Portland. The new beach town has outpaced its competition in the region by continuing to build and sell homes throughout the recent recession, even selling more homes in 2010 than in any previous year. As a destination, its success can be partially attributed to its spectacular natural setting, but Seabrook's sense of community may be its greatest amenity. The fact that 95 percent of its houses are located 500 to 1,000 feet from the beach and have limited ocean views is a testament to the value of a well-designed town. Its residents are quite content with owning a home in a beach town rather than owning a home on the beach itself. Seabrook can serve as a model for a well-planned resort community whose well-designed houses and commercial buildings are inspired by the architecture of its region. During its initial phases, its commercial center has served more as a resource for selling residential real estate than as a profit center in its own right.

Developer: Seabrook Land Company; Town Planner Laurence Qamar, Architecture & Town Planning Co.

15.12 Seaside, Florida

While Seaside, Florida, is often cited as the prototypical new urban community, its commerce is also one of the movement's most successful. Seaside's half octagon-shaped town center forms a wide market square that is bisected by Highway 30-A, a primary coastal road. Many of the town's 70 small retailers and restaurants rely on the highway's traffic for exposure to potential customers (Figure 15-13). The highway's two narrow lanes, on-street parking, and several stop signs force pass-through motorists to drive at a crawl, increasing the likelihood of their stopping to shop or dine (Figure 15-14).

When it opened in 1982, Seaside's 80-acre site was so remote that it lacked sufficient demographics to statistically support any commercial activity. To compensate, numerous programming and planning initiatives were implemented to create a lively and enjoyable commercial area, which underlies the town's popularity and success.

Master planned by DPZ Architects, Seaside benefits from having an attractive white quartz sand beach that is the recreational destination for thousands of tourists and local residents. For its first commercial phase, developers Robert and Daryl Davis created a simple but elegant shopping market on the beach side of the highway

Figure 15-13
Seaside's town center is designed as a half-octagon market square fronting Highway 30-A. The plan allows direct views of the retailers by drivers on the highway and forms a square or central gathering destination for the town.
Robert J. Gibbs

Figure 15-14
Seaside's retailers have a street lined with two rows of head-in on-street parking located directly adjacent to their front entry. As in many shopping centers, street-front parking is essential for retail sustainability. *Robert J. Gibbs*

(Figure 15-15). The town has a tasteful collection of unique businesses and venues for cultural events that appeal to residents and vacationers alike.

The management of the town center balances a casual resort atmosphere with the best merchandising and businesses practices the shopping center industry offers. Seaside's first businesses, including the Sundog bookstore and the

Figure 15-15
Seaside's half-mile-wide Gulf of Mexico beach functions as one of its anchors, attracting visitors to its restaurants and shops. *Gibbs Planning Group, Inc.*

award-winning Bud & Alley's restaurant, opened in historic structures that were moved to the town center from off site. Intended to serve as temporary placeholders, these structures are now in their 25th season. West of the town center is Ruskin Place, a small cluster of individually built and owned live-work artists' studios and townhouses based on the platted town center model. Almost everyone's first stop is the popular family-run grocer Modica's Market. The market not only provides tasty foods and sundries, but is also the unofficial cultural "feel-good" center of the town. The Modica market and its friendly and warm family may be as responsible as any other single factor for Seaside's overwhelming success.

Many developers of new urban towns have attempted to emulate Seaside's commercial charm and sustainability but have failed. They did not realize that although Seaside's town center does not look like a shopping center, it employs the same retail fundamentals: highway frontage, modern management, good design, and strong anchor tenants.

Seaside developer: Robert and Daryl Davis, DPZ Architects, town planner; Gibbs Planning Group, (very limited) retail advisor.

15.13 University Place Town Center, University Place, Washington

In 2006, under the leadership of elected officials and city staff, the City of University Place planned and began construction of a visionary mixed-use town center to complement its established residential neighborhoods and commercial corridors. The plan for the University Place Town Center combines the retail crescent and market square schemes into a mixed-use development anchored by a new city hall and library building (Figures 15-16 and 15-17). When completed, the center will include 200,000 square feet of commercial space, a hotel, and 200 residential dwellings. Public parking will be provided in a 550-stall parking structure beneath the 60,000-square-foot city hall and a library building. At build-out, over 1,000 parking stalls, both on the street and in city and privately built decks, will service the project.

The city took many bold actions to create this pedestrian-oriented commercial center, such as employing on-street parking to calm traffic on the four-lane highway that bisects the center. On-street parking will make street-front retailing more sustainable, as well as facilitate pedestrian activity.

University Place serves as a model of how, under strong public leadership (overcoming numerous setbacks), a public-private partnership can successfully plan and implement a new market-based town center in a suburban setting. With $17 million, the city purchased 18 acres between 1995 and 2006 and funded all of the planning, design, and engineering of the center's civic buildings, infrastructure, and parking. The retail, residential, and hotel components will be financed and developed privately and must adhere to the city's master plan and design guidelines.

Master developer: City of University Place; Gibbs Planning Group, retail consultant.

Figure 15-16
The new City of University Place Town Center is a combined market square and retail peel street. The main shopping street forms a tangent from the adjacent prime roadway. The entire town center is constructed on top of a parking deck. *The City of University Place, Washington*

Figure 15-17
The new city hall and library are located at the end of the market square. *The City of University Place, Washington*

15.14 The Village of Rochester Hills, Rochester Hills, Michigan

Developed to replace a 1970s-era enclosed mini mall, the new open-air Village of Rochester lifestyle center attracted the same regional and national retailers that otherwise would not consider locating in the older enclosed mall. Once opened, the open-air village became popular and exceeded projections, demonstrating that a cold climate alone does not hamper outdoor shopping when basic industry practices are applied.

Why was the new Village of Rochester able to lease space and then retain stores with strong sales? First, the developer realized that having both a full-sized fashion department store and a supermarket was essential. At the time, most lifestyle-center owners focused on securing only the most popular smaller national retailers and resisted paying the multi-million-dollar subsidies demanded by nearly all department stores. Second, the developer had the foresight to recognize that grocery store visitors also shopped in the upscale fashion stores, and even if they did not look for clothing while grocery shopping, they would likely return for apparel and other department-store merchandise. At the time, the better fashion retailers objected to having grocery stores as co-tenants because these customers were too busy purchasing perishable goods to shop for apparel or shoes. Many premier retailers even had lease restrictions precluding supermarkets from opening nearby.

At the Village of Rochester, the department store anchors one end and the supermarket the other, each with an adjacent parking lot (Figure 15-18). Both the department store and the supermarket refused to locate an entry facing the shopping

Figure 15-18
The 375,000 square foot Village of Rochester, Michigan, was one of the first lifestyle centers anchored with a full-size department store and supermarket. Opened in 2002, the pioneering center replaced an enclosed mall with a vibrant shopping street and small town square. Planner: Gibbs Planning Group, Inc. *Gibbs Planning Group, Inc.*

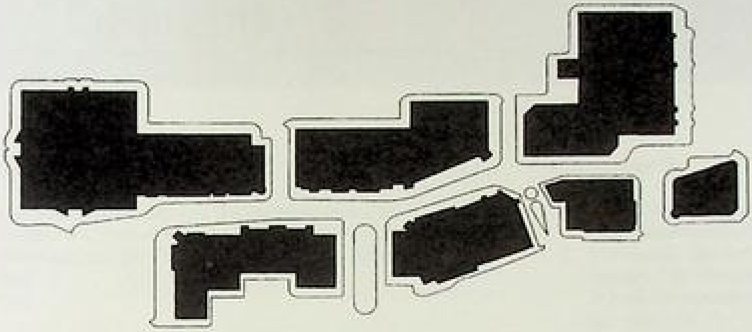


Figure 15-19
The figure ground plane diagram illustrates the Village of Rochester, Michigan's double deflected shopping street flanked by anchors at both ends of the shopping street. The street's bends increase exposure of store fronts and encourage shoppers to walk from end to end. A small market square fronts the adjacent roadway to increase visibility for the retailers. Proposed upper levels and liner retailers were not implemented. Master Planner: Gibbs Planning Group, Inc. *Gibbs Planning Group*

street, precluding cross-shopping with smaller retailers that would have been mutually beneficial. Current industry standards prescribe anchors with ingress points on the primary shopping street and larger parking fields.

The Village of Rochester is planned around a double-deflected shopping street lined with parallel parking (Figure 15-19). The entire center is ringed with surface parking that could house parking decks should the center expand. The author's recommended upper-level residences and offices were not implemented.

When built, the overall construction costs of the lifestyle center were competitive with those of strip shopping centers. The Village of Rochester has proven to be economically sustainable—a successful model for redeveloping an enclosed mall into a vibrant open-air commercial center.

Village of Rochester Developer: Robert B. Aikens Associates; JPRA Architects; Gibbs Planning Group, master town planner; Grissim-Metz, landscape architect.

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Chapter 11

1. The terms "owner," "developer," and "landlord" are used interchangeably in this discussion.
2. For convenience, we have used the terms "retail" and "retailer" to refer to all uses and operators found in the typical shopping center, such as apparel stores, restaurants, movie theaters, etc., though the specific definition of "retail" is the nonwholesale sale of goods.
3. The various clauses, provisions, and negotiations discussed in this chapter are typical of leases with a nonanchor store. Because the anchor store is the cornerstone of the shopping center community, the landlord has far less latitude in negotiating an anchor store lease. Many of the issues discussed in this chapter are still present to some degree in an anchor store lease, but they will invariably be resolved in a manner far more favorable to the anchor tenant.
4. Electronics is one such category where rapidly evolving technology seems to result in the development of products not previously envisioned.
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4. Ibid., §3.7.
5. Defined as "a detailed appraisal of the effects of a proposed retail development on the existing shopping facilities within the catchment of the proposal."
6. See St. Andrews Area Local Plan, Appendix I, for a detailed flowchart of the process. Factors weighing on the assessment include the probability of the loss or relocation of "major anchor" stores and other retailers from the town center.
7. Ibid., §4.14.
8. Ibid., §8.4.
9. Ibid., §8.5–8.9.
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11. See http://www.fifedirect.org.uk/uploadfiles/publications/c64_NewFifeLocalPlanAreas.pdf
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Policy R2
Convenience Retail Outwith Town or Local Centres
Convenience retail development outwith defined town centres will only be supported where:
(a) it can be demonstrated to the Council's satisfaction that capacity does not exist in the existing town centre; and
(b) it will not have a detrimental effect, either cumulatively or individually, on the vitality and viability of town and to a lesser extent local centres; and
(c) it will not undermine the viability of proposed town centre developments, including schemes under construction; and
(d) the scale and character of the development is in keeping with the location or role of the settlement; and
(e) it provides consumer benefits in terms of choice, quality, minimising the need to travel, accessibility and convenience.

Where it can be proved to the Council's satisfaction that no equivalent capacity exists within the town centre then a sequential approach will be used favouring firstly, local centres, edge of centre locations, followed by neighbourhood centres, other commercial centres and finally out of centre locations. Proposals for convenience shopping development should be well located in relation to the communities they are intended to serve, should be accessible by public transport, and should minimise the need for travel between settlements. They should be informed by the most up-to-date retail capacity study. Relocation of existing town centre stores over 1,000 sq m gross floorspace to locations outwith town centres will not generally be supported.

Policy R3
Comparison Retail Outwith Town or Local Centres
Town centre locations will be the preferred location for comparison retailing, especially personal goods. Proposals for comparison floorspace outwith these locations, will only be supported where:
(a) it can be demonstrated to the Council's satisfaction that capacity does not exist in the existing town centre; and
(b) it will not have a detrimental effect on the vitality and viability, either cumulatively or individually, of town centres; and
(c) it provides consumer benefits in terms of choice, quality, accessibility and convenience; and
(d) the scale and character of the development is compatible with the location.

The sequential approach to capacity will be adopted, irrespective of site ownership. Town centre sites will be strongly preferred. If no such opportunities exist then local centre sites will be given preference over edge of centre sites which will be given preference over other commercial

centres which in turn will be given preference over out of centre locations. Modern superstores now provide a range of goods including comparison goods to complement their convenience offering. *New superstore proposals outwith town centres will require to demonstrate to the Council's satisfaction that the levels of both convenience and comparison impact on established town centres do not harm their vitality and viability. The size of such stores may be restricted. Although a limited display of comparison goods is acceptable to reflect modern retailing trends, the Council will seek to set a 30% limit on the percentage of floorspace devoted to such goods in edge of centre locations and a 25% limit in out of town centre locations in order to support Fife's town centres. Retail parks will focus on the provision of bulky goods and twin trading may only be permitted where the nature of the goods to be sold is not the same as those available in town centres.*

Index

Architecture/Urban and Land Use Planning

CREATE AND SUSTAIN RETAIL COMMERCE IN URBAN ENVIRONMENTS

Downtown shopping areas are making a comeback. Economics and demographics have shifted in favor of smaller, smarter, more walkable, and more sustainable retail locations, whether they are in historic downtowns or new urban communities. However, despite this positive outlook, these downtown areas still present numerous challenges as retail centers.

Principles of Urban Retail Planning and Development offers urban planners, urban designers, and architects a comprehensive and current guide for meeting these challenges. With coverage ranging from psychographics to shopper behavior to building design types, and much more, this resource lays out all the retail concepts and best practices needed to create, revitalize, and sustain urban shopping districts. Written by a leading expert on the topic, this book helps professionals:

- Promote community building by making urban investment more attractive to the shopping center industry
- Balance the years of planning needed for commercial development with rapidly shifting retail trends
- Eliminate conflicts between retail rules and urban planning approaches that can hamper development efforts
- Remove barriers to growth in historic downtowns
- Understand real-life problems and solutions with case studies that profile both historic downtowns and new town centers all over the country

Filled with insights into how retail commerce works in urban environments, *Principles of Urban Retail Planning and Development* will prove essential to all those who are building and sustaining tomorrow's most thriving communities.

ROBERT J. GIBBS, ASLA, is considered a leading urban retail planning consultant by some of the most respected mayors, architects, and real estate developers in America. He is President of Gibbs Planning Group and a pioneering member of the Congress for New Urbanism. Profiled in the *Atlantic Monthly*, Gibbs is said to have "an urban planning sensibility unlike anything possessed by the urban planners who usually design downtown renewal efforts." He has consulted on more than 500 public and private town centers around the world. His services have been sought out by many leading real estate developers and institutions. Gibbs is a frequent public speaker and teaches the course "Retail Planning and Design Principles" for Harvard University's Executive Education Program.

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