


Professional Development Workshop #RECon16

RETAIL AS A CATALYST FOR ECONOMIC DEVELOPMENT

MAY 23, 2016
 11:00 – 12:30

Text your questions to 615-330-7987

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SESSION LEADERS



Lacy Beasley
 President
 Retail Strategies



retail strategies



Terrie Battuello, CEcD
 Chief of Business Development
 Port of Everett



Port of EVERETT
Creating Economic Opportunities


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ICSC P3 RETAIL LEADERSHIP



Cynthia Stewart
 Director of Community Development
 ICSC



Michael Cowden
 Community Outreach Manager
 ICSC


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TEXT QUESTIONS or COMMENTS
FOR DISCUSSION AT END OF
SESSION

Text (615) 330-7987

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WHY INVEST RESOURCES IN RETAIL DEVELOPMENT?

- Increase Tax Revenue
- Attract Business
- Improve Lifestyle
- Create Jobs

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RETAIL'S IMPACT
Retail supports 1 in 4 American jobs



United States | 3,793,621 Retail Establishments
42 Million Jobs Supported
\$2.6 Trillion in Total GDP Impact

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BUT AN INDUSTRY COMPARISON OF FULL-TIME AND STABLE WORKERS SHOWS RETAIL PAYS COMPETITIVE WAGES

◀ AVERAGE WAGE PER YEAR ▶

<p>FULL-TIME RETAIL WORKERS 25-54 YEARS OLD</p> <p>\$38,376</p>		<p>FULL-TIME NON-RETAIL WORKERS 25-54 YEARS OLD</p> <p>\$37,968</p>
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NRF NATIONAL RETAIL FEDERATION

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<p>\$3-\$6 Million 15-30 Jobs</p>	<p>\$1-\$3 Million 10-25 Jobs</p>
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<p>\$20-40 Million 150+ Jobs</p>	<p>\$15-30 Million 200+ Jobs</p>	<p>\$6-10 Million 30-50 Jobs</p>
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<p>\$45 Million 250+ Jobs</p> <p>TARGET</p>	<p>\$68 Million 300+ Jobs</p> <p>Walmart*</p>	<p>\$125 Million 350+ Jobs</p> <p>COSTCO WHOLESALE</p>
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78% OF CONSUMERS PREFER TO SHOP IN-STORE

Consumers purchase at online retail websites an average of 2.2 times per month

Average time spent in brick and mortar stores: 54 MIN

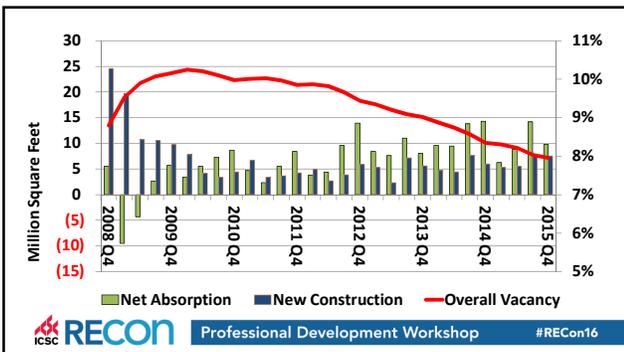
Average time spent on a single retail website: 38 MIN

Consumers purchase at shopping centers an average of 7.5 times per month

73% want to try on or touch merchandise before they make a purchase

Consumers spend significantly more per month in a physical store than online

Average monthly spend: \$1,710 (brick and mortar) vs \$247 (online)



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Traditional Employment Center – Office Park



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RETAIL MAXIMIZES DEVELOPMENT VALUE
Provides convenience, ambiance and experience



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RETAIL REFLECTS IMAGE

SELF COMMUNITY ENVIRONMENT



WE LOVE OUR EYE VALUES

- ANIMALS
- FAIRTRADE
- MYSELF
- PEOPLE
- EARTH

THE BODY SHOP

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THEREFORE YOUR RETAIL HELPS OR HINDERS

- Community desirability
- Employer recruitment
- Property value
- Community cohesion

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CASE STUDY: City of BOTHELL, WASHINGTON

- Thriving biomedical device start ups, but stabilized firms leak to active neighborhoods
- Housing stock aging and lower values than neighboring areas

Response: Town Center Revitalization



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CASE STUDY:

- 25 ac designed to catalyze a 400 acre sub area
- Major university campus
- 36 businesses relocated
- State highway moved
- EPA Brownfields Grants
- Historical building redeveloped as destination hotel, theater, restaurants

www.ci.bothell.wa.us

BOTHELL, WASHINGTON

- Entire city has become more **desirable** location
- House **sales** have soared
- New housing developments
- Businesses are **expanding**
- New retail and restaurants
- **Stronger** lease rates throughout the city

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OPPORTUNITIES FOR RETAIL?

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IN 2015: RETAILERS OPENED 42,000 NEW STORE LOCATIONS




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Retail Contraction

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- Bookstores
- Video Stores
- Do-It-Yourself Home Stores
- Mid-priced Apparel
- Mid-priced Grocery
- Office Supplies
- Consumer Electronics
- Stationery/Gift Shops
- Shipping/Postal Stores
- Casual Dining – Older Concepts



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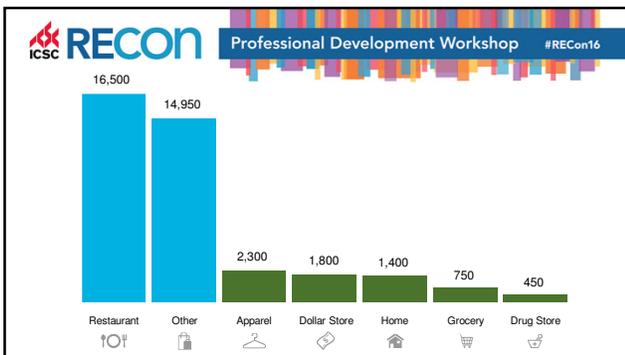
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Retail Growth ↑

- Automotive
- Discounters
- Dollar Stores
- Children's Apparel
- Off-Price Apparel
- Discount, Ethnic, Organic
- Fast Food
- Fast Casual (~40% of restaurant growth)
- Beauty/Cosmetics
- Pet Supplies
- Sporting Goods
- Wireless Stores
- Banks
- Home Improvement
- Pool
- Furniture
- Fitness/Health/Spa Concepts
- Drug Stores
- Thrift Stores
- Grocery

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QSR Planned Growth

130+ 75+ 50+



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Fast Casual Planned Growth

130+	75+	50+
     	   	   

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Sporting Goods Planned Growth

35-50+	20+	5+
 	 	   

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Hobby Planned Growth

40+	10+	5+
  <small>Where Creativity Happens™</small>		

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OTHER Planned Growth

pets, cell, automotive, fitness, discount, urgent care, bank, cosmetics, health, convenience

75+   	50+   	25+   
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Apparel Planned Growth

75+    	50+  MICHAEL KORS  	25+ SHOE CARNIVAL  FOREVER 21
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Dollar Stores Planned Growth

900+ 	250+ 	100+ 
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Home Planned Growth

40+	10+	3+
  	 	

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Grocery Planned Growth

40+	10+	5+
  	  	  

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RETAIL AMBITION: 6Ps

- Partners
- Place
- Permit
- Prospect
- Promote
- Pledge



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PARTNERS

ASSEMBLE A TEAM

- Community Leaders
- Property Owners
- Developers
- Bankers
- Brokers
- Tenant Representatives
- Trade Organizations

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CASE STUDY #2 PLACE

IDENTIFY CATALYST LOCATIONS

Port of Everett Washington

- 2nd Tier City North of Seattle
- EPA Brownfields
- Waterfront/ Mountain Views
- 65 acres
- 2300 slip marina
- Located in City Center
- Near major employers
- Near public transit

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CASE STUDY #2

Port of Everett Washington

Waterfront Place

Guidance from Community Provides Mandate for ACTION

- Synthesize water and uplands
- Create jobs
- Create a destination
- Assure early action development
- Create developer predictability

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CASE STUDY #2 Port of Everett Washington



KEY PLANNING ISSUES:
 Political Risk
 Assured Zoning
 Project Level EIS
 Utilities Plan
 Parking Plan
 Timing Certainty

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CASE STUDY #2 Port of Everett Washington



- Authenticity
- Story and Brand
- Developer Perspective
- Public Funding Certainty
- Thoughtful Use Mix Plan
- Signature Open Space
- Unique Features

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1	Market Analysis	<ul style="list-style-type: none"> • Market analysis • Critical path analysis • Retail peer identification & analysis
2	Strategic Planning	<ul style="list-style-type: none"> • Create available scenarios • Identify retail prospects • Develop recruitment plan
3	Proactive Retail Recruitment	<ul style="list-style-type: none"> • Develop marketing materials • Identify retail prospects • Identify recruiting strategy
4	Your Results	<ul style="list-style-type: none"> • Increased tax revenue • Job creation • Increased investment • Increased quality of life
5		<p>Retail recruitment and retention is a never-ending process, as things continue to change, your strategy must continue to adapt.</p>

TARGET

- Retail GAP
- Retail Peer ID/ Analysis
- Catalog Properties
- ID Retail Prospects
- Recruitment Plan
- Marketing Materials
- Report Progress/ Results
- Refine Plans

KEEP GOING!

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WHAT DRIVES LOCATION DECISION?

PROFIT, PROFIT, PROFIT

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WHAT RETAILERS WANT TO KNOW:
WILL MY NEW LOCATION BE PROFITABLE?

Sales - **Cost** = **Profit**

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Expansion Happens When

- Expanding Retail Concept
- New Location Will Not Cannibalize Existing Stores
- Estimated Profit is Higher than Competing Locations



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CASE STUDY #3: PROMOTE

Brand Story
Key Messages
Consistent Styles
Multiple Channels
Announcement
Timing



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PLEDGE RESOURCES

- Infrastructure Costs
- Priority Processing
- Delayed Assessment
- Tax Finance
- Direct Investment
- Federal Programs



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CASE STUDY #4: City of Onaga, Kansas

*Fire destroyed city's only grocery
No nearby distribution center
Necessity
Critical tax contributor*

- USDA construction finance
- County-backed Loan Guarantee
- Neighborhood Reinvestment Prog
- Anchors community/ emp. 18
- Facilitates other retail
- Healthy Food Options



CASE STUDY #5: New Orleans

*Hurricane Destroyed Commercial
District - Dormant Years*

- COSTCO bringing 200 jobs
- \$2.1 million annual tax revenues
- City infrastructure improvements
- Street improvements, signals
- Catch basin repair
- Community Development Grant
- Work force training (Job1)
- City paid for site w/ 5-yr tax reimbursement



CASE STUDY #6: Sugar Land TX



Sugar Land created its own destiny utilizing a tapestry of federal, state and local programs coupled with private investment. www.sugarlandcodev.com

Key Take Away

- VISION MATTERS** Create a vision and obtain community support
- Predicable** Be consistent and predicable in responses to permits and in supporting projects with P2 resources

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Key Take Away

- Recruitment a Marathon** Retail Recruitment is not an event. Manage expectations. This process takes time.
- Retailers Expanding** 70% of Retailers will expand this year. Get in the game!

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Key Take Away

- Research Isn't the End** Research is critical but Real Estate always wins
- Recruitment is Challenging** Retail Recruitment is Economic Development but it is a commercial Real Estate function. Enlist professionals to assist the community

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RESOURCES

- Retail as an Economic Development Catalyst: 2016 Edition (ICSC/IEDC)
- Retail Development (Urban Land Institute)
- Retail 1-2-3: U.S. Guide for Local Officials and Community Leaders (ICSC)
- Retail Development through Public Private Partnerships (ICSC)

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Course Evaluation

Please Complete Your Evaluation Now.

1. Take Out Your **Smartphone** or Tablet
2. Go to **survey.icsc.org/2016RECON**
3. Select this course:
Retail as a Catalyst for Economic Development



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