



## The Retail Chase By CHRISTOPHER SWOPE

Next month, legions of retailers, developers, bankers and brokers will descend on Las Vegas for one of the biggest schmooze fests in the world. It's the International Council of Shopping Centers' spring convention, and to anyone who hasn't been there, the scene —its literally a city under a roof. Exhibitors set up booths as wide as office buildings, and the aisles are platted into a sprawling street grid. At the corner of "38th Avenue & Q Street," mobs swarm the Cold Stone Creamery booth for free ice cream; a "block" away, they get free pretzels from Auntie Anne's.

### FADDISH BUSINESS

What's hot now is the "lifestyle center" — "an open-air mall, essentially, in which street-level shopping is mixed with housing, restaurants and public gathering spaces. And developers typically can't pull off these complex, mixed-use projects without some help from city hall on zoning, land assembly and parking. Meanwhile, the attitude of retailers toward central cities has changed. Now that they've tapped out all the easy development sites in the suburbs, many of the big companies desperately want to penetrate urban markets. "Even the big boxes have shown a willingness to tinker with their cookie-cutter store designs, to fit tight urban sites in ways that would have been unthinkable five years ago" according to Robert Gibbs of Gibbs Planning Group, a leading retail consultant based in Birmingham, Michigan.

Gibbs says: "Only two things are holding back urban retail now: the cumbersome permit process in many cities and a bias against chain stores that a growing number of cities are writing into law in the form of anti-big-box ordinances. "Cities have a supply problem, not a demand problem; there's a new willingness among retailers to flex their models, but cities for the most part aren't doing their part."

### ROMANCING THE STORE *Going shopping for retailers? Here are 10 things to know:*

1. Get your hands on the same detailed consumer data the retailers are using. Fill holes in that data with on-the-ground intelligence. If your community wants a hardware store, find out the number of home renovations and building permits that have been issued. "It's important to know what metrics these folks are using," says Alyssa Stewart Lee, head of the Urban Markets Initiative at the Brookings Institution. "What your ground truth says about a place can inform their decision matrix."
2. Time is money. Chains face tremendous pressure to expand locations quickly. They'll skip your town if the permitting process is too long and complicated. "Stores have to open to keep their stock prices rising," says retail consultant Robert Gibbs. "A development director for a chain is told to open five stores in a region by a certain date, and if they don't open he gets fired."
3. Be realistic. Retailers simply won't go where they can't find a critical mass of customers. It doesn't matter how much a few vocal people in the community may want them.
4. Make a retail master plan. Know what types of businesses your community can support (see No. 1), and have viable development sites ready to go. "Cities should have a written policy saying they want to be competitive and gain market share," says Gibbs. "And they have to have a public parking strategy."
5. Don't fight the chains. Instead, work with locally-owned stores to help them survive. If mom-and-pop can't afford high rents in a newly revitalized area, help them relocate to another part of town. Or, offer low-interest loans to help successful local retailers expand into chains themselves. Starbucks was once just a small Seattle coffee shop and Wal-Mart a single store in Rogers, Arkansas.
6. Mix uses. Retail often follows other functions and activities. So the best retail strategy sometimes has nothing to do with retail. It has to do with housing, entertainment and culture. "Stop thinking so much about sales tax dollars," says retail developer James Kaplan. "And think about ways and reasons to get people into town."
7. Invest in the public realm. Retailers may be leaving shopping malls for more urban settings, but they still want a predictably clean environment where their customers feel safe. Lighting is especially important: 70 percent of all sales occur after 5:30 p.m. "Cities need to have high design standards for signage, lighting and building design and be willing to enforce those standards," says Gibbs.
8. Consider incentives. Retailers won't go where their customers aren't — see No. 3. But many chains are risk-averse and are unwilling to locate in unproven markets without a little help. Plus, anchor stores are accustomed to cutting deals on rent at shopping malls. "Bigger-format retailers come with an expectation of lower rents," says Paul Levy, president of the Center City business improvement district in Philadelphia. "In most cities, they've been able to get their way. That's the reality of the marketplace."
9. Be patient. Although retailers are often looking for fast returns, many also plan for expansion several years out. Retail recruitment efforts may not pay immediate dividends, but relationships formed now may pay off five years from now.
10. Keep up with the times. Retail trends come and go like women's fashions. But you can't hide a dead Marshall Fields or Tower Records in the back of the closet. Enclosed malls are out. Lifestyle centers are in. What retail concept will be hot next?