downtown works

Downtown Tacoma

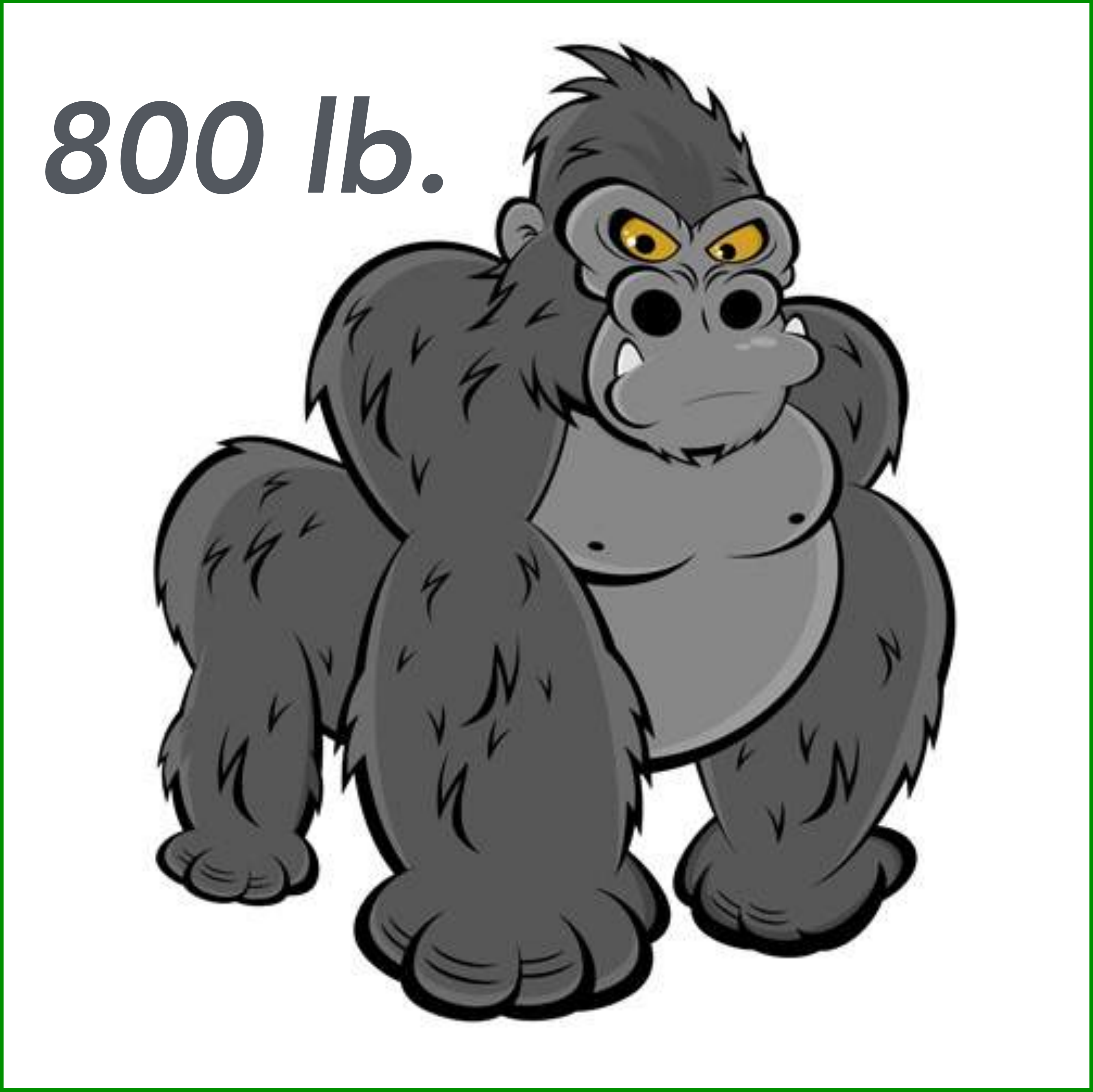
Retail Study

PRESENTED TO THE RETAIL STEERING COMMITTEE

(Lightly Edited)

- D/T Tacoma vs. Other Options
- *Stakeholder Interviews—recap*
- *Additional Thoughts—recap*
- *Trade Area/Target Market—recap*
- *Focus Area—recap*
- *Quanti/Quali-tative Assessment—recap*
- Merchandise Mix Plan
- Overarching Recommendations
- Measuring Progress

D/T Tacoma *vis-à-vis* Other Options


800 lb.

(e-commerce)

In 2017, US retail sales totaled roughly

$5.7 Trillion

Of this, **e-commerce** accounted for nearly

$500 Billion

Sales in **bricks'n'mortar** stores were

$5.2 Trillion

Stakeholder Interviews


The core has to
be better.

We ❤️ Tacoma.

Issues

1. Downtown is not an official neighborhood
2. City administration needs big wins; projects not well thought out
3. Homeless are a problem, deterrent to customers

"We have some great things happening in Tacoma, but most of it is outside the downtown core."

Enabling Environment

1. Business district is too spread out
2. Need more density of workers and residents
3. Many dead zones/ empty lots/gaps along pedestrian walkways

> *"Some lots have been sitting empty for years. Someone's got to take the first step."*

4. Need better wayfinding

5. Public transportation is good

6. Parking garages are uninviting, intimidating

7. High office vacancy rate (except class A is filled)

Retail Offerings

1. Lots of retail churn, they come and go
2. Important businesses have left downtown
3. Need more variety; too heavy on food, not enough stores
4. Spaceworks is terrific

Other

1. Fairly easy to do business in the city

2. Cultural institutions bring visitors, primarily daytime
3. Theaters = important driver of biz in evening

"We get lots of business from the Murano Hotel and from Theaters."

Additional Thoughts

- Cool factor
- Beautiful physical setting
- Authenticity, patina, charm
- Building stock

- Increasing housing stock
- 19,500 daytime workers downtown
- UWT downtown
- Cultural institutions

- Cluster of antiques/ collectibles
- New hotel space on the way
- McMenamins, Tree
- Murals!

- Linear core, many gaps
- Steep streets
- Convention center interrupts street grid

- Many buildings need extensive renovations, inside and out
- Dated storefronts in disrepair

- State farm leaving
- Just 2,299 people live downtown

- Too much retail space for the trade area, and new projects compete for same operators as downtown

Trade Area/Target Market

demographics + **psycho**graphics

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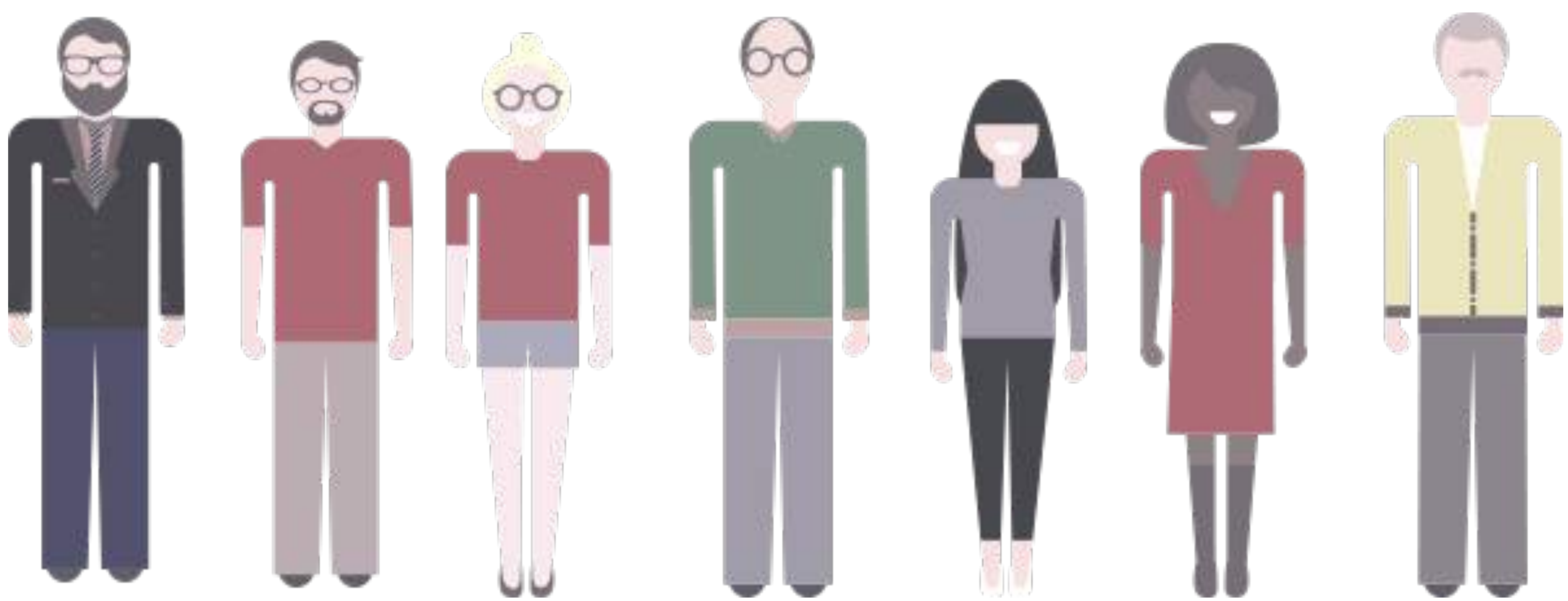
gender

income

activities

interests

time



age

style

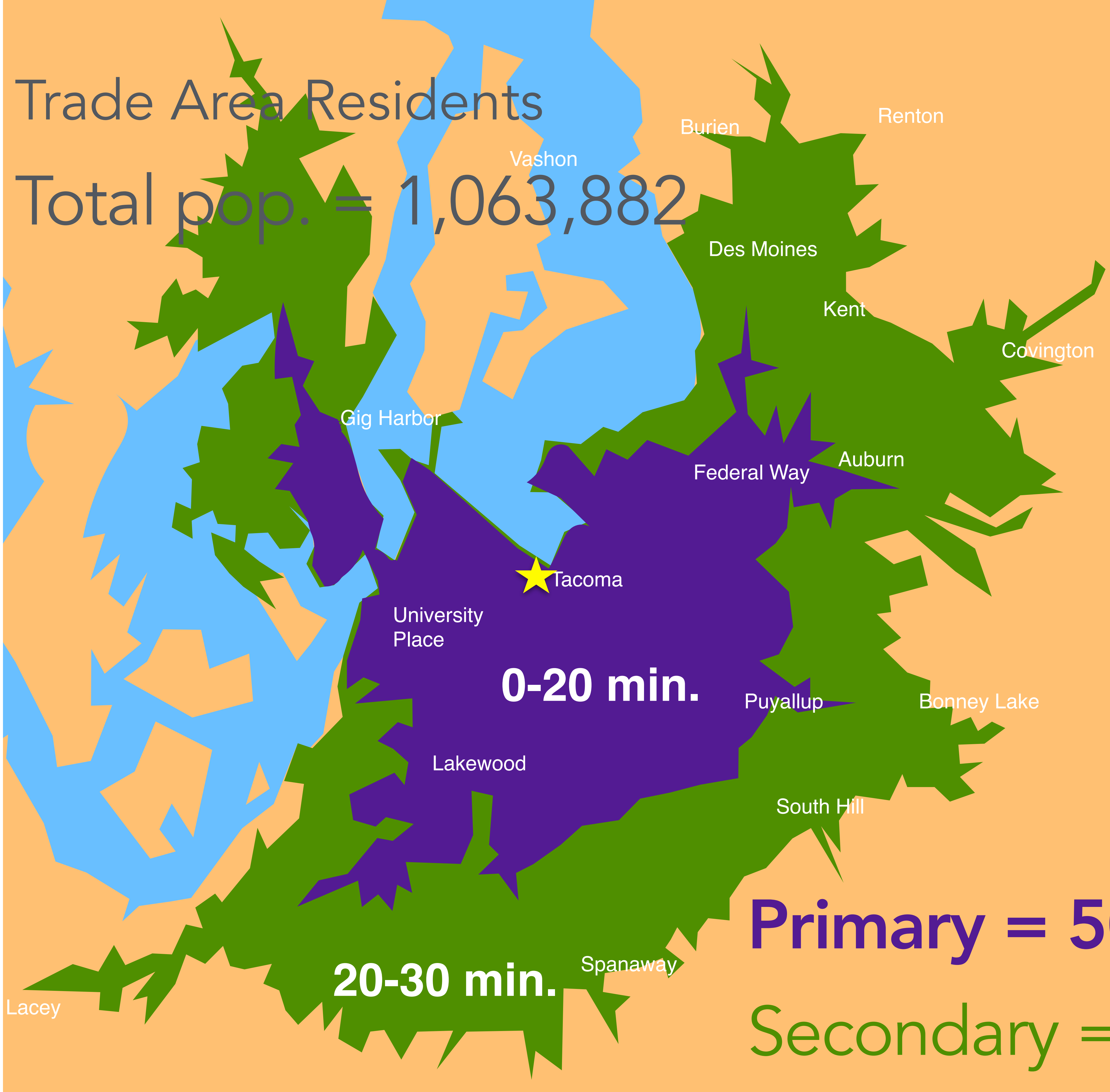
ethnicity

education

spending habits

Trade Area Residents

Total pop. = 1,063,882



Primary = 505,072

Secondary = 558,810

key demographic stats

- **15%** = **aged 25 to 34;** their consumer spending is rising

- **38%** = **aged 35 to 64**; high years for earnings + consumption

- **26%** = **BA degree or higher**

- Estimated 2017 **avg HH income = $75k** in Primary, **$87k** in Secondary *(for all US HH = $81k)*

- **21%** of households in Primary **earn $100k+,** annually; **25%** in Secondary do so psychographics

Data on **attitudes, lifestyles and habits—how people spend** their **time** and their **money**.

7 psychographic groups = Target Market

4% Young & Restless *15,795 adults*

3.9% In Style *15,272 adults*

2.7% Exurbanites *10,450 adults*

2.5% Emerald City *9,685 adults*

1.8% Savvy Suburbanites *6,946 adults*

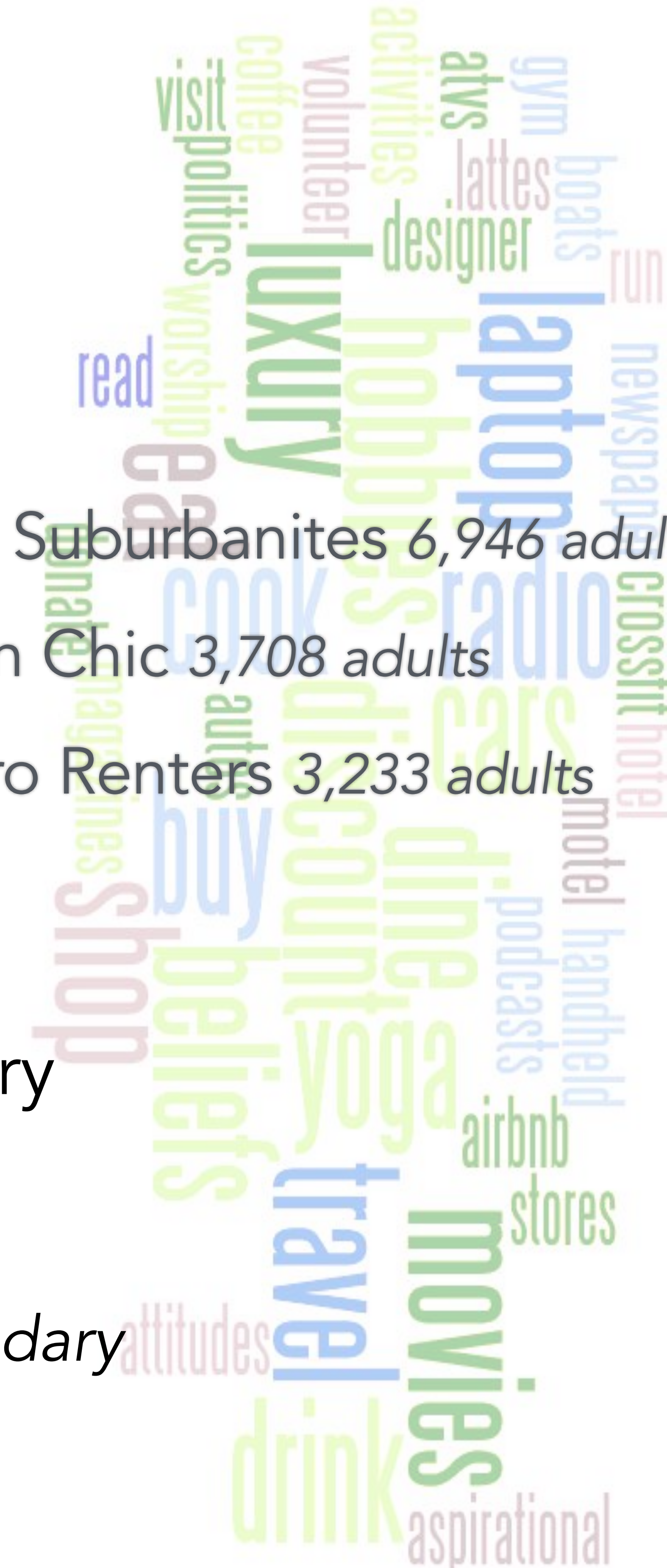
0.9% Urban Chic *3,708 adults*

0.8% Metro Renters *3,233 adults*

16.6% of adult pop. in the primary

13% in secondary

120k adults combined in primary+secondary



the 7 groups mostly share the following…

- lifestyles emphasize exercise and fitness, outdoors
- buy enviro-friendly and organic/natural products
- are well-educated, interested in culture, the arts, travel and books
- tend to eat out with frequency
- are interested in apparel, especially current fashion and athletic wear
- younger ones are very trend conscious

Focus Area


retail focus blocks
treat well/connector
S 6th St
S 7th St
S 9th St
S Baker St
St. Helens Ave
Court C
Opera Alley
Broadway
Market St
St. Helens Ave
Fawcett Ave
S Court D St
Commerce St
Pacific Ave
I705
Court C
Broadway

Q.A.

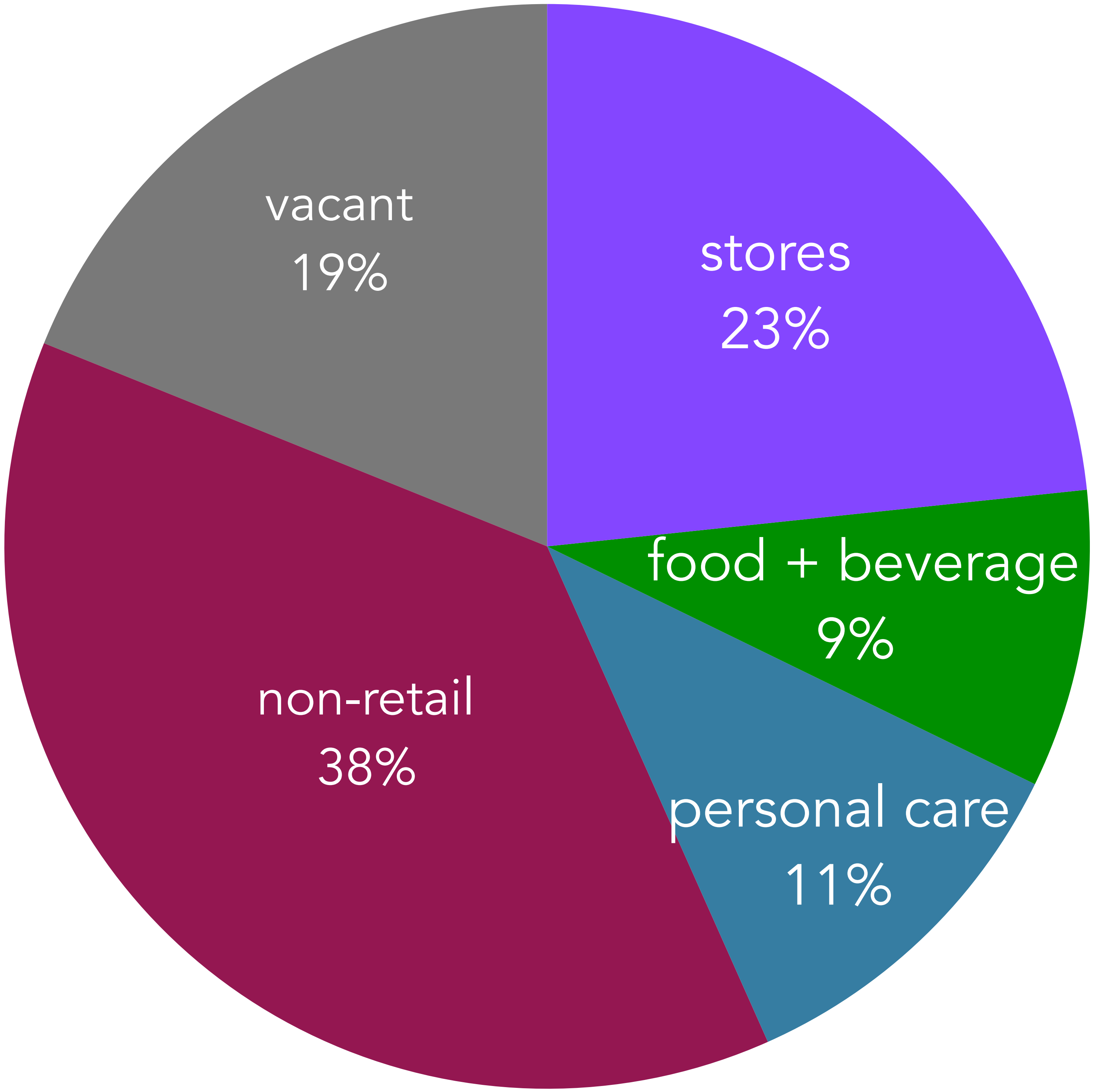
Quanti + **Quali**-tative Assessment

Quantitative Assessment

91 = street-level spaces/areas in Focus Area

39 = stores, F+B, personal services

on January 11, 2018



Taken as a whole, the **mix** and the **presentation/branding** of a district & operators provides an **_*experience*_** that can set a place apart—for <u>better</u> or <u>worse</u>.

What makes a great operator?

Clear identity. Good signage. Well-lit.

Well-stocked. Intentionally-displayed. Clean & tidy.

Qualitative Assessment

5 categories

Facade

Signage

Exterior maintenance

Window presence

Interior

4 point scale

1 = poor

2 = fair

3 = good

4 = excellent

20 = max possible

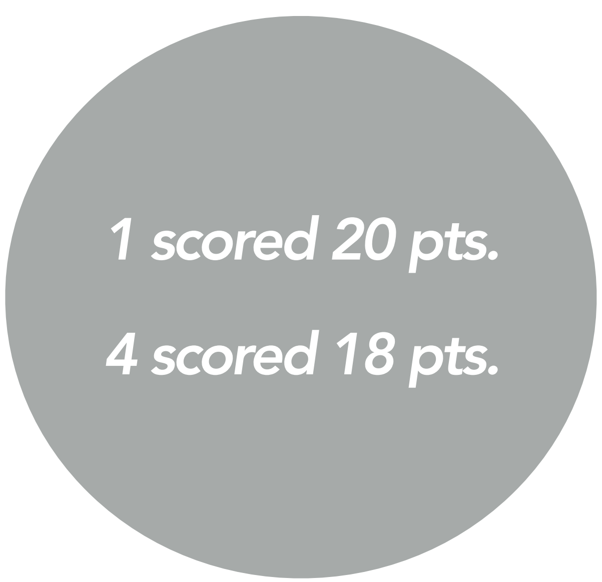
5 = s/b min possible

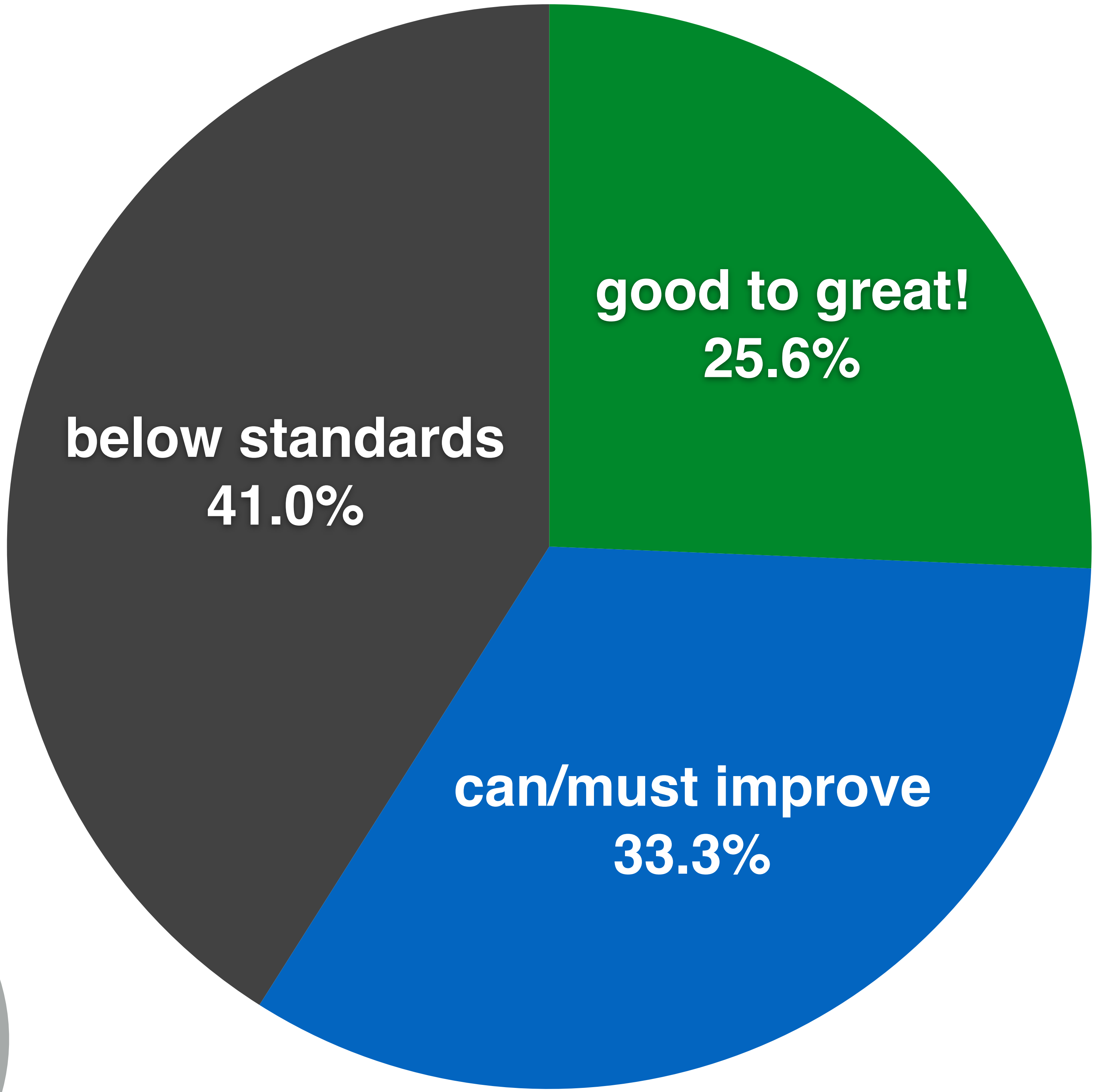
0 operations scored **0-5 pts**
= **far below standards**

16 operations scored **6-10 pts**
= **below standards**

13 operations scored **11-15 pts**
= **can & must improve**

10 operations scored **16-20 pts**
= **good to great!**





Average QA Scores

Average Total Score: 12.2 *out of 20*

Average scores by category *(of poss 4pts each)*:

3.1 Exterior maintenance

2.5 Interior

2.3 Facade

2.2 Signage

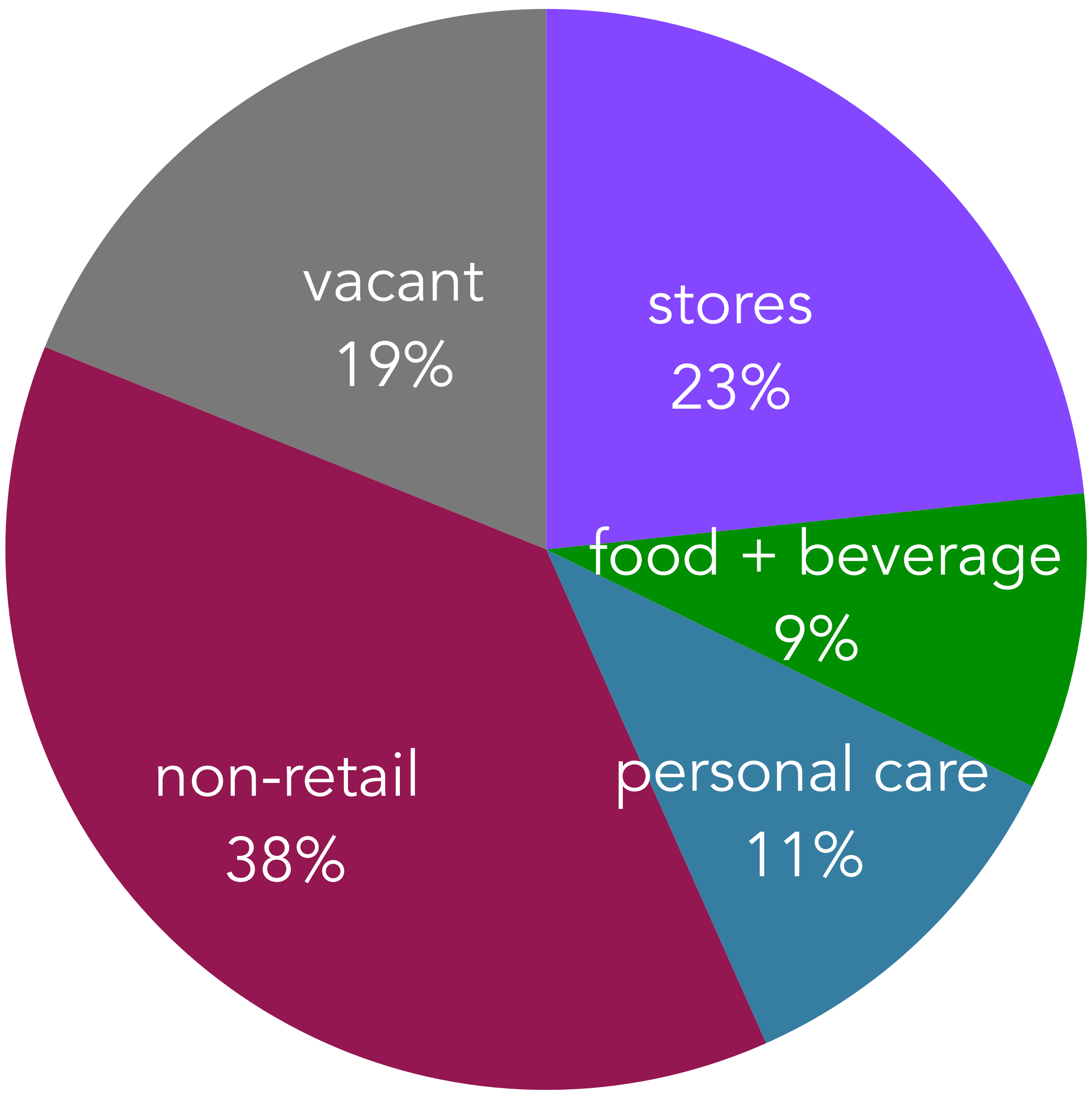
2.2 Window presence

QA Takeaways

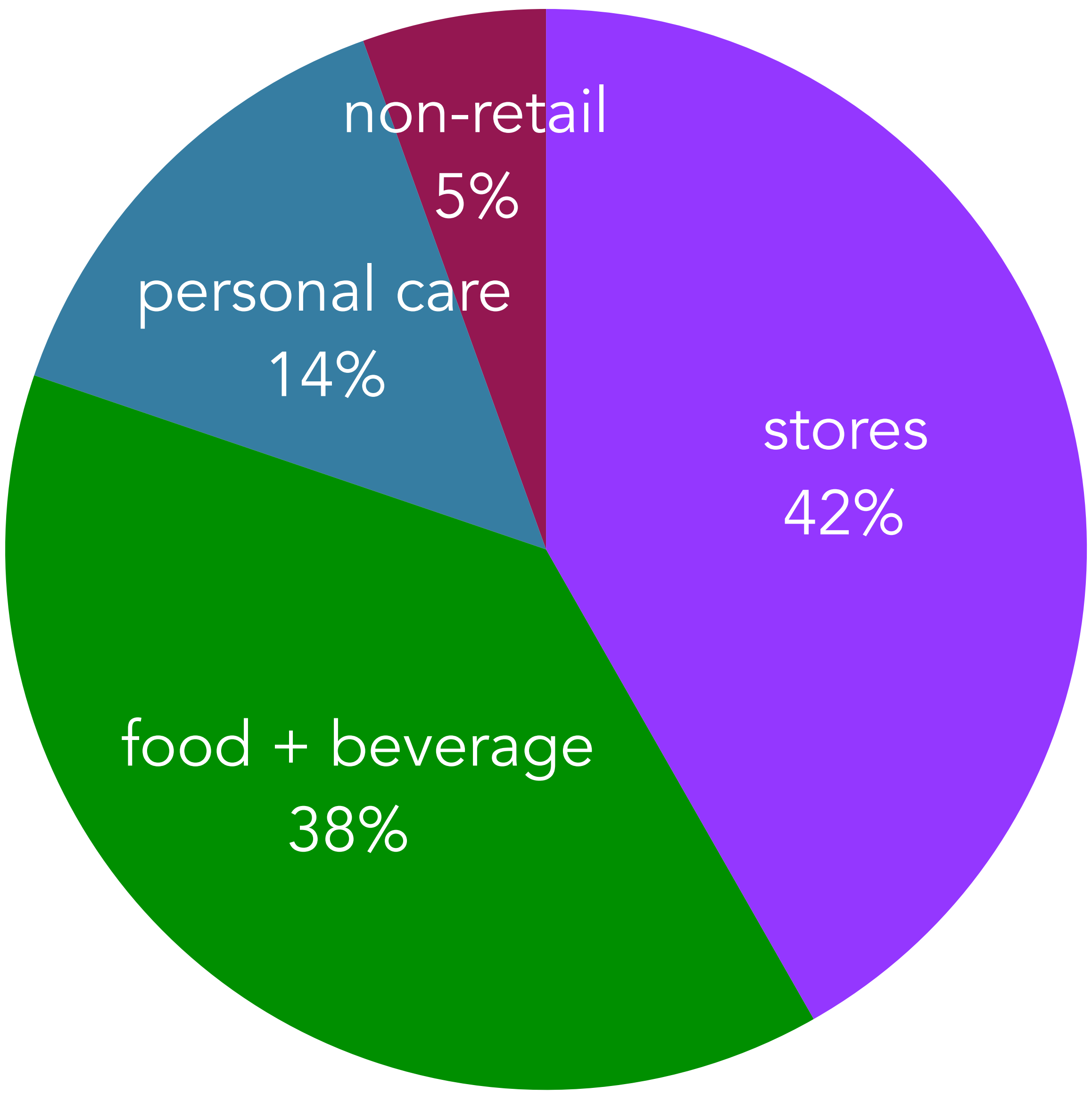
- Overall **branding** for many operators could be improved.
- Merchandising, particularly of windows, should be emphasized.
- Buildings are in need of maintenance/ improvements.

Merchandise Mix Plan

Merchandise Mix for the Focus Area



existing



ideal

Merchandise Mix for the Focus Blocks

- recruit food+beverage first and foremost!
- furniture, accessories, gifts, plants = complement existing cohort of home/antiques operators

F&B

- fresh/unique concepts
- not large; sweet spot is 2000-3500 s.f.
- varied cuisines
- chef-driven, full-service
- quality quick/casual operations
- coffee shops
- bakery
- delicatessen/cafe

Lifestyle

- home—furniture, accessories, kitchenware, gifts
- crafts, stationery
- garden
- art galleries
- lifestyle apparel/ accessories/shoes
- active/athleisure/outdoor apparel
- pet food/accessory
- gear/bags/travel
- tech/sound/office
- bike store/repair

Personal Care

- beauty/makeup
- hair salon/barber
- nail salon
- spa

- **quality** operations=**high standards** and explicit identity, well-branded, *experience*-oriented

- local, **unique**, independent operators more so than nationals

- more good operators will "up the ante"

- serve the varied customers markets—the mix of residents, downtown workers, visitors *(who like to go "where the locals go")*

each deal is **critical** • • •

magnets draw other quality operators to a district

neutrals neither leverage nor discourage deals

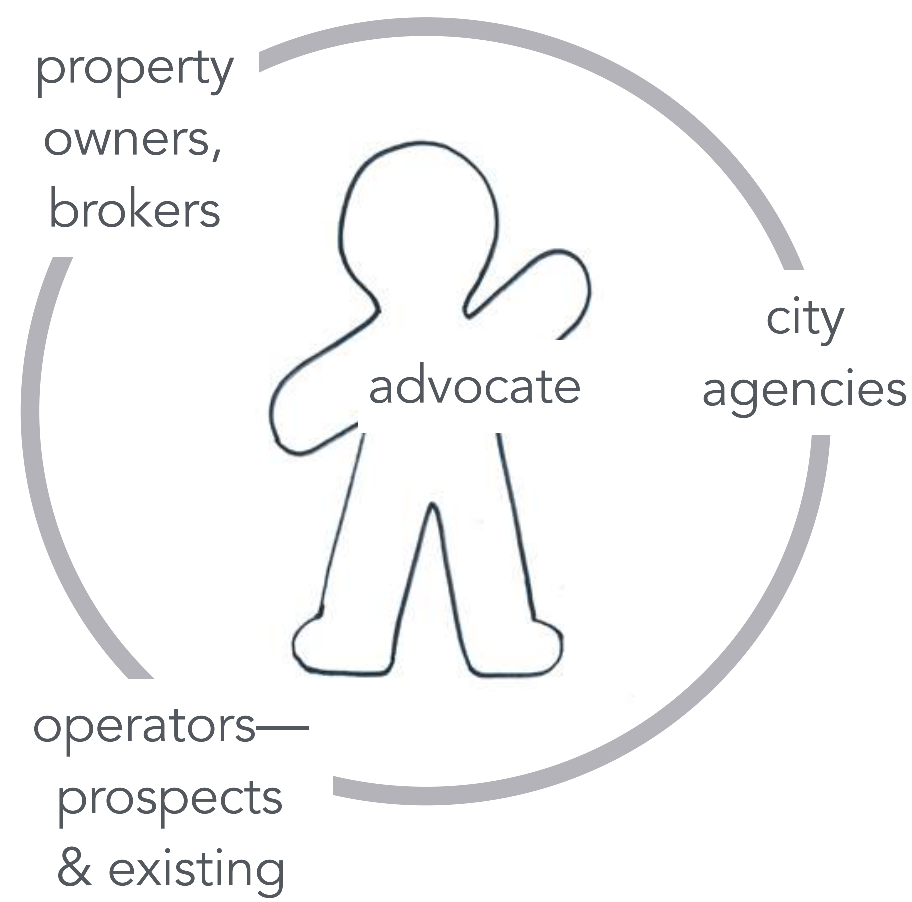
inhibitors repel quality operators from locating nearby

Recommendations

recommendation #1

Hire & Train a Retail Advocate

- prospects for operators (esp. *magnets*) consistent with merchandise mix plan
- salaried (<u>not</u> commission-based)
- builds relationships with landlords, brokers, existing operators
- tenacious, engaging; has good taste
- helps operators through to opening



Other recommendations

- Engage Top-Notch Developers
- Support Retail-Friendly Design
- Fund Improvements
- Support Existing Operators with Consulting
- Attract More Employers to Downtown
- Undertake a Retail Demand Analysis

vEnhance Connections Between Attractor

Measuring Progress

Be **patient**. *DECLINE* takes TIME,
so too does *IMPROVEMENT*.

early on:

- # of prospects generated
- # of prospect visits
- # of deals in negotiations

later:

- # of leases signed
- # of operations opened

over time:

- increase in rental rates
- growth in sales tax
- growth in property tax

THANK YOU

?s