



# DOWNTOWN CITY CENTER DISTRICT

**Creating an Environment for Retail | January 2010**





**Downtown Durham, Inc., City of Durham Office of Economic & Workforce Development, and Parrish Street Advocacy Committee would like to thank the following people and organizations that made the City Center Retail Strategy possible:**

**Funding**

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Parrish Street Advocacy Committee

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**Special Thanks for Technical Assistance**

Rob Cushman  
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**Special Thanks for in-Kind Support**

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A final special thanks to all those who took the time to speak with the consultant team, including: current downtown retailers, commercial brokers, and property owners.



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# THE ROAD TO A RETAIL STRATEGY

*“Downtown will not be revitalized until the City Center is a vibrant 24-7 environment alive with people and shops.”*

How many times have people made this comment? The answer is “often,” and more importantly, these people are correct.

Over the last decade, downtown’s revitalization has been guided by the Downtown Master Plan adopted by the City Council and County Commission in 2000; and, more recently the Downtown Durham Master Plan: 7-Year Review and Updated Work Plan adopted by our elected officials in 2008.

The Updated Plan of 2008 noted as one of its main priorities the “City Center as a Focal Point.” Quoting from the document, “Though the City Center district has seen significant reinvestment in terms of renovations, retail (restaurant) recruitment, and streetscape projects, it needs to be clearly established as the “hub” or “centerpiece” of downtown, which is necessary to solidify its overall development and revitalization of downtown.” (*Master Plan Update*, Page 8).

Recommendation c-3 of the Updated Plan challenges our community to “Activate Street-level store fronts into a mix of restaurants, entertainment and retail... Downtown should strive to have interesting shops occupying the street-level storefronts and public art on the streets.” (*MPU*, Page 77)

Fortunately, the City Center District has seen an influx of really cool restaurants and retail stores over the past couple of years: Rue Cler, Revolution, Toast, Bull McCabes, Dos Perros, Teresa’s on Main, 105 West Main Street Gallery, Pinhook, Whiskey and Rock Paper Scissors Salon. These recent arrivals will shortly be joined by Beyu Café, the Republic, Eno Restaurant and Market, Carolina Business Interiors, a bakery store and others.

However, as the following consultant report accurately explains, the City Center District suffered from a severe decline that many other downtown core districts experienced in the 1960’s – 1980’s. And, in the case of our downtown, decisions that led to the creation of the Loop and the demolition of key properties on important streets left our community with significant and unique challenges for transforming the City Center into a vibrant shopping, entertainment, living and working environment.

## **Why was it decided that now is the time to undertake this consultant’s review and report about the City Center?**

First, over the past several years, thanks to significant transformative projects such as West Village, American Tobacco, the DBAP, the DPAC, Durham Central Park, the Farmers’ Market and others, a critical mass of people are beginning to live, work and visit downtown. Today, if an enterprising entrepreneur wishes to open a shop or restaurant in the City Center, because of our growing critical mass of people, he/she has a chance to succeed. We could not make this statement just several short years ago.

Second, as noted above, we have seen a number of exciting new restaurants, clubs and shops open in the City Center, and now is the time to develop a plan to build on this momentum.

Third, the City Center can be an enjoyable pedestrian environment. To fully achieve this vision, we must activate the street-level with interesting shops, public art, festivals, etc.

Fourth, when this recession ends, we need to be ready with a plan of action to take advantage of pent up demand for growth.

Finally, creating a vibrant City Center is a primary goal of our Downtown Master Plan.

## **Why was it decided that a consultant was necessary to help?**

DDI, OEWD, and PSAG staffs wanted to seek guidance from people who have experience studying challenges in other cities related to downtown retail revitalization and recommending viable solutions.

How was Retail Compass chosen as our consultant?

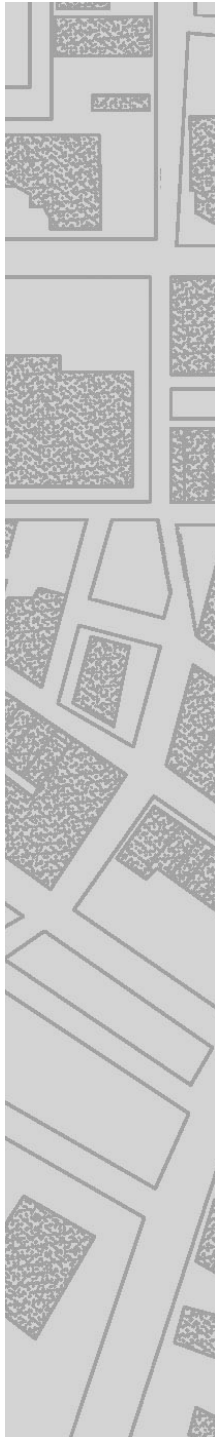
- DDI, OEWD, PSAG, and representatives of the downtown development community composed a Stakeholder Team.
- After broadly publicizing our request for proposals, the Stakeholder Team received 9 proposals from consultant firms.
- After a “paper review” by members of the Stakeholder Team, 3 consultant firms were invited to visit downtown and be interviewed.
- After interviews with the 3 consultant firms, the Stakeholder Team selected Retail Compass based upon the company’s retail experience and its willingness to “think out of the box.”

What follows is the report and recommendations of the Retail Compass team. Many of the observations and recommendations will be familiar to us, many will be new revelations. The Retail Compass team focused its efforts on the needs of retailers; and, on the many small steps, over a long period of time that will be needed to create a supportive environment for retail in the City Center.

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## EXECUTIVE SUMMARY

Historically, City Center was the retail heart of Durham. A series of events, demographic shifts and changing local shopping habits have resulted in the deterioration of its retail environment. This document is one component of the effort to regenerate storefronts “inside the Loop.”

Retail spaces, particularly in mixed-use, urban environments, generally endure for decades if not longer. The tenants in these spaces will most likely change many times. As a result, the sustainability of City Center’s retail environment will be determined primarily by the quality of its ground-level, retail-appropriate locations.

Within City Center, 112 ground-level, retail-appropriate locations were surveyed and recorded. This total included 39 retail-occupied and 83 retail-appropriate spaces that are currently vacant or occupied by a non-retail use.

The total amount of space currently occupied by retail establishments is approximately 64,949 square feet.

Too few people reside within City Center’s primary customer trade area to generate a measurable amount of retail demand.

The secondary and tertiary residential trade areas generate demand for approximately 45,000 square feet of retail. The workforce population contributes an additional 15,000 square feet of estimated retail demand. Visitors to City Center and the immediately surrounding area account for an estimated 21,000 square feet of retail demand.

Unmet retail demand for City Center totals approximately 16,100 square feet. This figure is distributed among Neighborhood Goods & Services (3,100 square feet), Food & Beverage (11,300 square feet) and General Merchandise, Apparel, Furnishings & Other (1,700 square feet).

As the unmet demand figures illustrate, the Food & Beverages retail category has the greatest amount of sales potential within City Center by a wide margin. Neighborhood Goods & Services has enough unmet demand to support approximately two additional stores, given City Center’s current primary trade area figures. GAFO retail demand for City Center is statistically “satisfied.”

The City Center Retail Strategy has three major components:

- 1) To invigorate and sustain retail growth that will revitalize sidewalks and storefronts, City Center’s retail environment must focus stores and restaurants into three retail nodes, at Five Points, West Main Street and Orange Street/East Chapel Hill Street.
- 2) The retail encouraged within these districts must be destination-driven and market-appropriate.
- 3) The timeline for measuring the successful implementation of this strategy must take a long-term outlook.

A central theme of this Retail Strategy is the creation of a Culinary Arts District encompassing all of downtown Durham, including City Center’s three retail nodes.

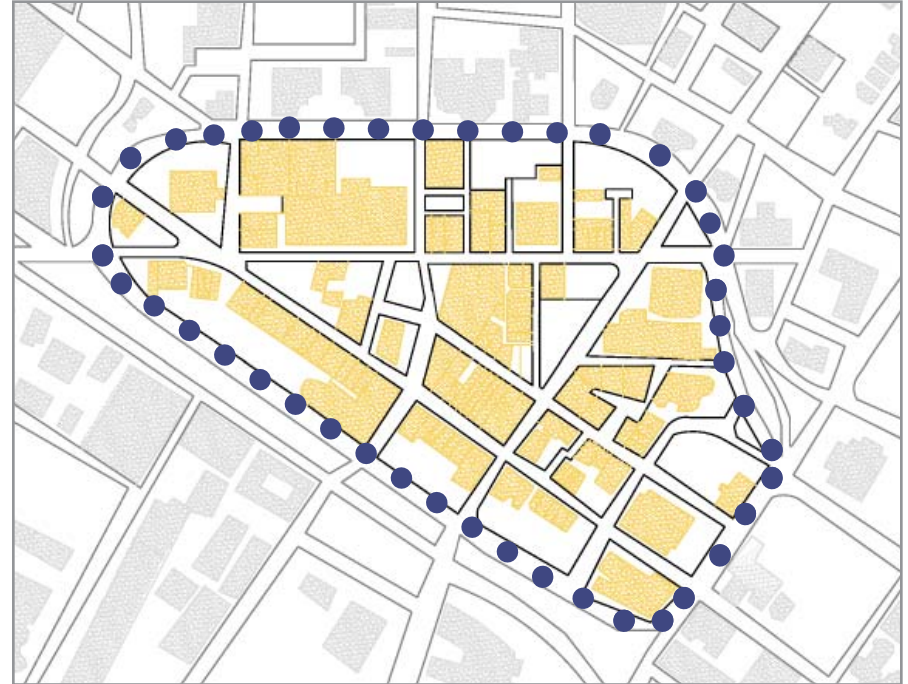
# INTRODUCTION

In recent years, a handful of new restaurants have opened in City Center. A few service retailers continue to attract customers from the local workforce. The list of tenants interested in a City Center location is growing. These promising first steps prompted new questions: How can disparate retail progress be channeled into real momentum? What has been holding back City Center's retail potential?

This City Center Retail Strategy was created to address those questions, using the following steps:

- Study the history of City Center's retail market and environment to better understand its present condition.
- Identify obstacles to continued retail growth. Investigate the adequacy of public infrastructure and locations for potential retail, the willingness of the local customer market to generate City Center retail demand, the effectiveness of incentive programs, the role of the local commercial brokerage community, and coordination between retail tenants and landowners.
- Recommend a comprehensive approach to maximize City Center's retail potential. Identify specific steps to address impediments. Assign responsible parties and priority levels to each task.

As this document will illustrate, a myriad of small, incremental and cumulative actions brought City Center's retail environment to its current state. Many similarly scaled tasks are necessary to realize its full potential. The path to a City Center known as place to dine and window shop, a pleasant place to stroll, an area to show out-of-town visitors, a location for new businesses, and a symbol of the Durham community consists of a thousand steps.



*The Downtown Loop served as the project boundary for the City Center Retail Strategy.*

## City Center's Retail History

Durham has a well-documented history as a railroad town that grew into a tobacco manufacturing center and, eventually, into the home of several notable universities. The story of downtown's past is more elusive, yet more dramatic.<sup>1</sup>

The following narrative is not intended to serve as a comprehensive history of Durham, but as a description of events that impacted and continue to affect City Center's retail environment today.

As the tobacco and textiles industries arrived and thrived after the Civil War, so did associated establishments in downtown Durham. Hotels, pharmacies, banks, five-and-dime stores, restaurants and apparel establishments could all be found in abundance along Main Street at the turn of the 20<sup>th</sup> century.

In the meantime, North Carolina Mutual Life Insurance Company, Mechanics and Farmers Bank, and Mutual Community Savings were building Parrish Street and an important sense of community. With the African-American community denied access to white-owned insurance and bank businesses, these institutions provided the foundation, sometimes literally, for black-owned enterprise in Durham and beyond. They anchored Parrish Street—"Black Wall Street"—by offering financing and a customer base (its staff and clients) to a collection of stores, restaurants and service establishments that formed a thriving, separate business district from Main Street. In an era when the competence and self-sufficiency of African-Americans were openly questioned, Parrish Street stood as a beacon of success, a testament to untapped potential.

<sup>1</sup> Sources for this section include: Jean Bradley Anderson, *Durham County*, 1990; Walter B. Weare, *Black Business in the New South: A Social History of the North Carolina Mutual Life Insurance Company*, 1973. Beth Teague, "Mutual Interest," *Our State*, November 2005; [www.ncmutuallife.com](http://www.ncmutuallife.com); [www.durham-nc.com](http://www.durham-nc.com); "Changes in the Downtown Landscape: 1950-2000," the North Carolina Collection, Durham Public Library; "Occupancy map, business section of Durham, North Carolina: 1972" (Allenton Realty and Insurance Company), Digital Durham, Duke University and the North Carolina State Library.

By mid-century, massive social and architectural changes had irretrievably altered City Center's retail character, with aftershocks that are still felt today. In Durham as elsewhere across the U.S., the 1954 Supreme Court decision in *Brown v. Board of Education* fueled "white flight" out of urban downtowns. The 1955 opening of Forest Hills Shopping Center offered a suburban alternative to City Center's department stores and shops. South Square Wellons Village, Lakewood and Northgate shopping centers followed. The failed promises of urban renewal led in 1962 to the displacement and demolition of a large section of the Hayti neighborhood—still an unconstructed area south of City Center. When Southern Railroad discontinued passenger service to Durham in 1966, it was difficult to distinguish if the decision was the final blow to City Center's heyday, or the first response to its demise.

Due to these factors and many others, Durham's downtown languished during the 1960s and 70s, as did most every other urban retail environment in the country. Unlike most areas, however, City Center faced intense competition for businesses and residents from an area that might be described as "the Super Suburb"—Research Triangle Park. The area brought two elements that City Center could not provide: affluent households and available land.

Retailers followed.

Discussions about what to do with the increasingly vacant City Center in the 1970s and 80s did not consider the possibility that its pedestrian-oriented, ground-floor retail space might one day be valuable again. Excitement caused by new bank, hotel and government-center construction left little room for concern about the abandoned storefronts that were lost in the process. City planners were not yet interested in accommodating retail space at ground level and creating 24/7, mixed-use urban neighborhoods.

## INTRODUCTION

At the conclusion of this era:

- The intersection of Main and Corcoran Streets, at City Center's historic retail center, is occupied on three corners by office buildings without appropriate ground-level retail space.
- Only two of "Five Points" corners remain. The other three consist of a public plaza, the South Bank parking lot, and an empty, privately owned parcel that functions as green space.
- The two retail "gateway" corners north of the intersection of Main and Mangum Streets no longer serve this role. The western corner is a pocket park created from the remains of demolition. The eastern corner is a Masonic Temple.
- Historic West Parrish Street has been left without retail-anchoring structures on any of its four corners. Currently, two are small parks, one is an empty redevelopment site, and one is a coffee shop.
- The Downtown Loop is completed, allowing potential customers to circumvent City Center and avoid its retail areas entirely.

The impact of City Center's mid-20th-century retail decline reverberates today. While surrounding retail areas have sprouted and prospered, Durham's downtown area has become "the hole in the donut," a void in the local retail market where demand for stores and restaurants is neither generated nor fulfilled.

During the past five years, City Center has started to show signs of life. Pioneering entrepreneurs have risked the unknown to establish businesses without the comforts of an established customer base or adjacent retailers. For several businesses – most notably, restaurants, bars and cafes – the risks are beginning to pay off as their reputations grow and customers seek them out.

In other communities with comparable ground-level vacancy rates and low population densities, these pioneering retailers would most likely have failed. The fact that they are experiencing success may be because Durham customers, many of whom have relocated from other urban areas, expect exceptional shopping and dining experiences and reward retailers that provide a high level of quality.

### PAST



*Five Points facing northeast toward the intersection of East Chapel Hill and Main Streets.*

### PRESENT



*Facing west along Mangum Street. East Chapel Hill Street is in the distance.*



*Northwest corner of Main and Mangum Streets.*





# RETAIL 101

Retail spaces, particularly in mixed-use, urban environments, generally endure for decades if not longer. The tenants in these spaces will most likely change many times. As a result, the sustainability of City Center's retail environment will be primarily determined by the quality of its ground-level, retail-appropriate locations.

## Retail Categories

### Neighborhood Goods and Services (NG&S)

This category includes establishments that depend upon the patronage of local residents and workers, such as grocery stores, drugstores, florists, bakeries, specialty food stores, delicatessens, butchers, dry cleaners, tailors, laundromats, hair salons, nail salons, day spas, printers, pet salons, machine repair shops, shoe repair and shine shops, hardware stores, gyms, and similar.

Neighborhood Goods & Services retailers rely on spending from a nearby residential and workforce customer base, generally within a ½ mile radius. NG&S is “convenience-based” retail – it must be close and easily accessible to its customers.

Existing examples of NG&S retailers in City Center include Speed Dee Que Printing, Scott Tailors, Main Street Pharmacy, Gurley's Pharmacy, Choice Cut, Inflight Salon, Ligo Dojo Karate, Main Street Shoe Repair, and Selam's Convenience.

**Food and Beverage (F&B)** This category includes establishments that serve food and/or alcohol consumed on premises. Tenant types

in the F&B category include sit-down restaurants, cafes, bars, coffee shops, sandwich shops, ice cream shops, “quick-bite” establishments, fast-food restaurants, and similar.

Food & Beverage establishments can attract customers from a larger trade area than NG&S retailers, especially when they are clustered. A greater number of patrons will be interested in a collection of F&B establishments that offer a variety of options.

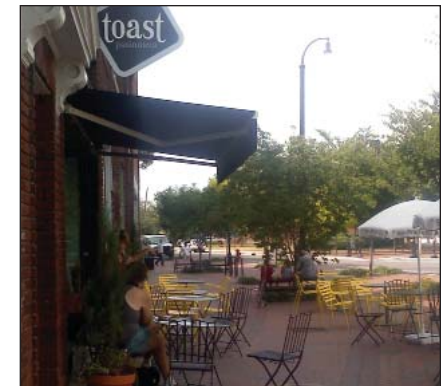
Existing examples of F&B retailers in City Center include Rue Cler, Blue Coffee, Locopops, Revolution, Parrish Street Takeout, Pinhook, Toast, Bull McCabe's, and Whiskey.

### General Merchandise, Apparel, Furnishings and Other (GAFO)

This category includes establishments such as clothing stores, furniture stores, bookstores, jewelry stores, stationery stores, gift boutiques, pet stores, sporting goods stores, home goods stores, craft stores, music stores, antique shops, camera stores, electronics stores, auto parts stores, and similar.

GAFO retailers face a tremendous amount of competition, both in stores and online, for a relatively small percentage of household expenditures. Successful GAFO stores attract customers from long-distances.

Existing examples of GAFO retailers in City Center include Through This Lens Gallery, Heather Garrett Interior Design, No Ordinary Place Thriftique, Exotique, Kimbrell's Furniture, and Ward Furniture.



City Center retailers representative of each retail category.

### Class of Space

#### Class A

Space that meets the requirement for a Class A rating typically has the following attributes:

- Located at an end-cap or prominently situated among in-line establishments
- Floor-to-ceiling clear height of 14 feet or more
- Storefront width of 20 feet or more
- Well-maintained
- Clearly visible from primary streets
- Constructed with quality materials
- Properly lit exterior and display spaces
- Clear pedestrian and vehicular access
- Associated or adjacent parking

#### Class B

Space that meets the requirements for a Class B rating typically has the following attributes:

- Well-situated among in-line establishments
- Floor-to-ceiling clear height of approximately 12 feet or more
- Storefront width of 15 feet or more
- Well-maintained
- Diminished representation of factors listed for Class A space

#### Class C

Space that meets the requirements for a Class C rating typically has the following attributes:

- Located among in-line establishments
- Floor-to-ceiling clear heights of less than 12 feet
- Storefront width of less than 15 feet
- Diminished representation of factors listed for Class B space

### What Do Retailers Need?

This Retail Strategy is focused primarily on the wants and needs of retailers rather than the wants and needs of local Durham customers. While this may seem counter-intuitive to some, there are two major reasons why a retailer-based strategy is preferred.

First, because there are bountiful shopping and dining options throughout other Downtown districts and across Durham, there is no certainty that Durham customers would patronize City Center establishments, even if all their stated retail “wants” existed there. Second, if retail tenants cannot locate and sustain their businesses in City Center, local customer desires are irrelevant.

#### Market Conditions

Without exception, every retailer prefers a nearby customer base (residential and/or workforce population) in sufficient numbers (density) and with spending capacity. These issues – population, density, and income – are sometimes referred to as “the Big Three Questions.” National retailers, in particular, will not consider an area that fails to meet their minimum requirements for these market criteria.

Market conditions are generally measured by determining the presence of a local residential and/or workforce population that is currently underserved in the tenant’s retail category. Preferably, this population is densely located, as measured by household units per acre or office occupancy rates. In regards to income, the median household income or salary of the local area must be higher for GAFO retailers, which rely on greater concentrations of disposable income. In contrast, grocery stores and dry cleaners can typically accept a lower number, since most everyone needs these establishments regardless of income level.

## Site-Selection Criteria

Savvy retailers analyze potential spaces based on a list of criteria for site selection. In general, retailers will seek the best location they can afford with the following attributes:

- *Accessibility to major streets and connecting travel routes.* One-way, dead-end, and pedestrian-only streets are considered much less “retailer-friendly” than a two-way street that passes through adjacent neighborhoods.
- *Visibility to vehicular and pedestrian traffic.* Vehicular traffic counts typically are provided by the local or state Department of Transportation (DOT). Pedestrian activity is often measured much less precisely, either through site observation or by evaluating nearby concentrations of office or residential development.
- *Commuter patterns.* Coffee cafes, doughnut shops and newsstands want locations on the “AM peak” side of commuter traffic; Starbucks, Dunkin Donuts, and Au Bon Pain require that they are located on the incoming-traffic side of the thoroughfare. Take-home prepared-foods stores, wine and liquor stores, and florists may prefer a “PM peak” site.

After appropriate options are narrowed by these macro-scale considerations, site-specific elements are evaluated. These items include:

- *Identifiable Entry*, with a clear path for pedestrian travel.
- *Adequate Utilities.* If existing gas, domestic water, sewer, and electricity do not meet the retailer’s minimum requirements, the retailer must consider whether enhancements can be brought to the site easily.
- *Compliance with Regulations.* This includes the Americans with Disabilities Act, as well as fire and safety separation regulations.

## Financial Calculations

Once a retailer has established that a location meets its standards for market conditions and site selection, a variety of financial calculations are performed based on the condition of the site and the terms of the landlord’s proposed lease agreement. Two “back of the envelope” cost-to-sales calculations offer prospective tenants their first indication of the possibility for success. In general, these industry standards include:

- The gross annual sales of a location need to exceed three times the cost of construction/build-out; and
- The gross annual sales must exceed ten times the annual rent.

If retailers find satisfactory answers to the above questions in City Center, not only will sites there become attractive, but the tenants who have completed this level of analysis with positive results will have a significantly greater chance of long-term viability.



# RETAIL MARKET ANALYSIS

The presence of (or lack of) unmet retail demand in any market is a function of whether current supply can meet current and projected retail demand. Consequently, a thorough evaluation of ground-level spaces was conducted to assess City Center's retail supply.

## “Retail Readiness” of Ground-Level Spaces

For the City Center Existing Retail Inventory, a total of 112 locations were surveyed and recorded in August and September 2009. This total included 39 retail establishments and 83 retail-appropriate spaces that are currently vacant or occupied by a non-retail use.

The total amount of retail-appropriate space in City Center is an estimated 203,217 square feet.

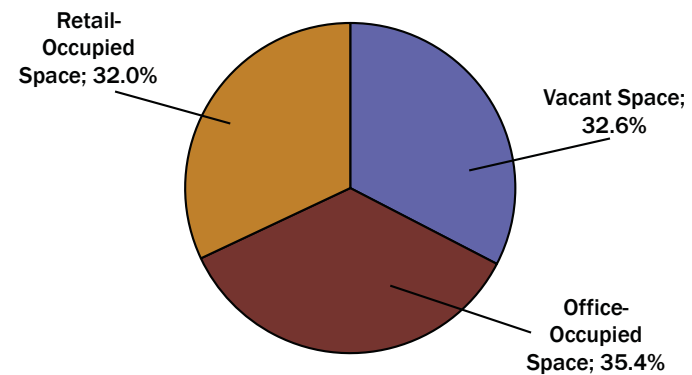
Of the total amount of retail-appropriate space, approximately 71,994 square feet (35 percent) is currently occupied by office users. An additional estimated 66,274 square feet (33 percent) is vacant. Combined, these two figures constitute an “underutilized space rate” of 68 percent. More precisely, approximately 138,268 square feet of retail-appropriate space located in City Center is not leased or owned by retail users.

This extraordinarily high underutilized space percentage for retail creates several difficulties in City Center. Existing retailers are essentially marooned in a sea of vacancies. Stores and restaurants are rarely discovered by customers drawn to the area by other retailers. City Center's retailers are scattered and therefore do not form a collective identity with a broad customer base.

Most significantly, this amount of underutilized space generates a sense of unease in a sidewalk pedestrian/potential customer. In an urban environment like City Center, stores, restaurants, cafes, and service retailers function as an extension of the public realm – everyone is welcome. Whereas retail space is “ours,” office space is

“theirs,” and vacant space is “no one’s.” Walking through City Center in its current state is unsettling because the rhythm of storefront uses alternates so frequently between spaces that can be, and spaces that might not be, open to all.

**Graph 1. Distribution of Retail-Appropriate Space**



*Source: City Center Retail Inventory (August/September 2009)*

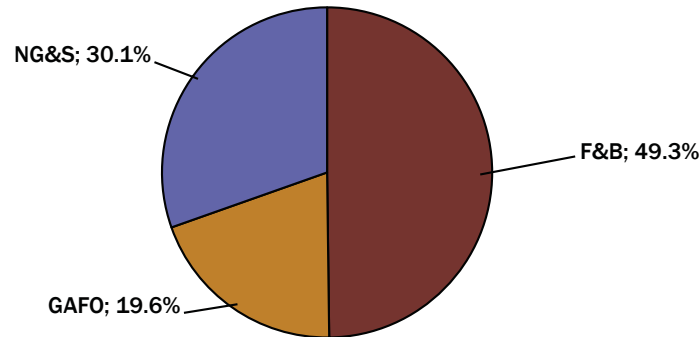
The total amount of space currently occupied by retail establishments is approximately 64,949 square feet.

Of the 39 retail-occupied spaces, 16 are in the F&B category. Contributing approximately 32,050 square feet, F&B retailers constitute 49 percent of the existing inventoried retail space.

In the GAFO category, eight establishments were identified. Accounting for approximately 12,782 square feet, GAFO retailers occupy 20 percent of existing inventoried retail space.

The NG&S category includes 15 retailers totaling approximately 20,117 square feet, or 31 percent of existing retail space.

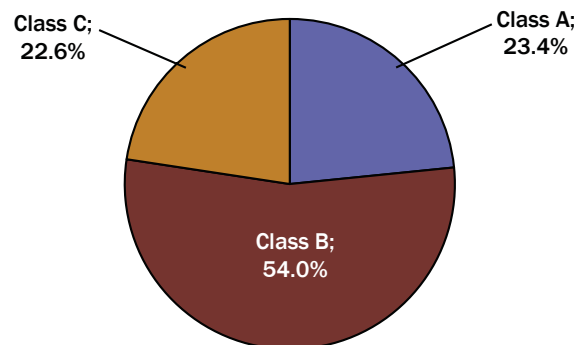
**Graph 2. Distribution of Retail Space by Retail Category**



Source: City Center Retail Inventory (August/September 2009)

Of the inventoried retail-occupied space, 15,183 square feet is rated Class A, 35,086 square feet is rated Class B, and 14,680 is rated Class C.

**Graph 3. Distribution of Retail Space by Class of Space**



Source: City Center Retail Inventory (August/September 2009)

## “Retail Readiness” of Public Infrastructure

The ability of City Center to support retail uses is only as strong as its public infrastructure. The quality and condition of streets, sidewalks and parking initially determine if developers, landowners and tenants will make their investments in City Center’s retail future.

### Streets

Several characteristics of the street infrastructure create accessibility challenges in reaching City Center’s retail, including:

- *Downtown Loop.* The Downtown Loop creates a moat that physically and psychologically separates the City Center from the surrounding neighborhoods—an area critical to sustaining downtown retail.
- *Wayfinding Signage.* The signage-identified travel route from Routes 85 and 147 to the City Center directs traffic to Roxboro Street/the Downtown Loop. Unless motorists know to turn left into City Center, they have little exposure to viable retail sites.
- *Street Trees.* Trees planted along the sidewalk edge, while creating a human scale and buffering vehicular traffic from pedestrians, block retail signage and storefronts with their leaves and branches, at current size and scale.

### Sidewalks

In successful retail districts, sidewalks are extensions of retail spaces. The following characteristics of good sidewalk design present challenges within the City Center district:

- *Wide Sidewalks.* Ideally, restaurant storefronts will have 16 feet of sidewalks. The width allows for a retail sales/identity area outside the interior space, a zone for pedestrians, and a planted area to buffer the vehicular traffic. West Main Street’s sidewalks are 12 feet at their widest point with no possibility for expansion, given the limitations caused by on-street parking and two-way traffic, neither of which should be altered.

## RETAIL MARKET ANALYSIS

- *Upper Floor Occupancy.* Retail spaces should help activate and enliven adjacent sidewalks and plazas. The impact of City Center office vacancies has hurt CCB Plaza, which has become an empty space.
- *Feeling of Enclosed Space.* A retail destination is well-defined when the surrounding architecture creates a feeling of enclosed space. As no buildings exist at three corners of Five Points, it essentially “leaks,” with no defined edge and no sense of space.

### Parking

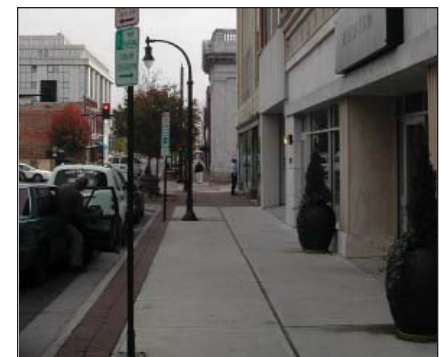
The majority of City Center’s retail parking is within structured parking lots along the southern edge of the Downtown Loop/railroad tracks. This creates challenges for its customer base from the surrounding suburban community.

- *Line-of-Sight to Retailer.* Suburban customers are accustomed to driving to their destination, parking in a surface parking lot and walking with a visual connection to their desired retailer.
- *Journey From Parking Deck to Retailer.* The location of the parking lots and the resulting path to the retail destinations challenge the comfort level of most retail customers.
- *Short-Term On-Street Parking.* On-street spaces limit parking to one hour during the business day. As City Center’s retail offerings increase, this amount of time will not allow a customer to combine a dining experience with shopping.

### Defensible Space Design

City Center must foster the enhancement of “defensible space” – creating an environment with physical characteristics that enable inhabitants to become key agents in ensuring their own security. This theory holds that an area is safer when people feel a sense of ownership and responsibility for their community.<sup>2</sup> The following impact City Center’s sense of “defensible space.”

- *Lack of Retail Clusters/ Consistent Street Activity.* Retail spaces need to be clustered with a level of density that creates an activated street life. Currently, City Center’s occupied retail spaces are too isolated to create a cohesive level of street activity. This results in customers feeling as if they are “on their own.”
- *Lighting.* Passageways from the parking structures to retail streets must be well-lit and well-maintained.
- *Clean & Maintained Environment.* City Center greatly benefits from the care of the City’s Department of General Services, retailers, and citizenry who keep the sidewalks and streets clear of trash and debris. It is important to continue to maintain this high standard.



TOP: Tree canopies at Five Points block retail signage; MIDDLE: Main Street’s sidewalks lack the necessary width to support outdoor seating safely; BOTTOM: City Center garages are not “shopper-friendly.”

<sup>2</sup> Oscar Newman pioneered the Defensible Space theory in his book *Defensible Space*, first published in 1972.



## Demand

Retail demand in City Center is measured by calculating the area's ability to attract existing and projected expenditures by residents, employees, and visitors that might reasonably and regularly patronize establishments there. This amount of spending is divided by expectations for sales per square foot by retail tenant type. The result of this calculation yields the total amount of demand for City Center for each retail category.

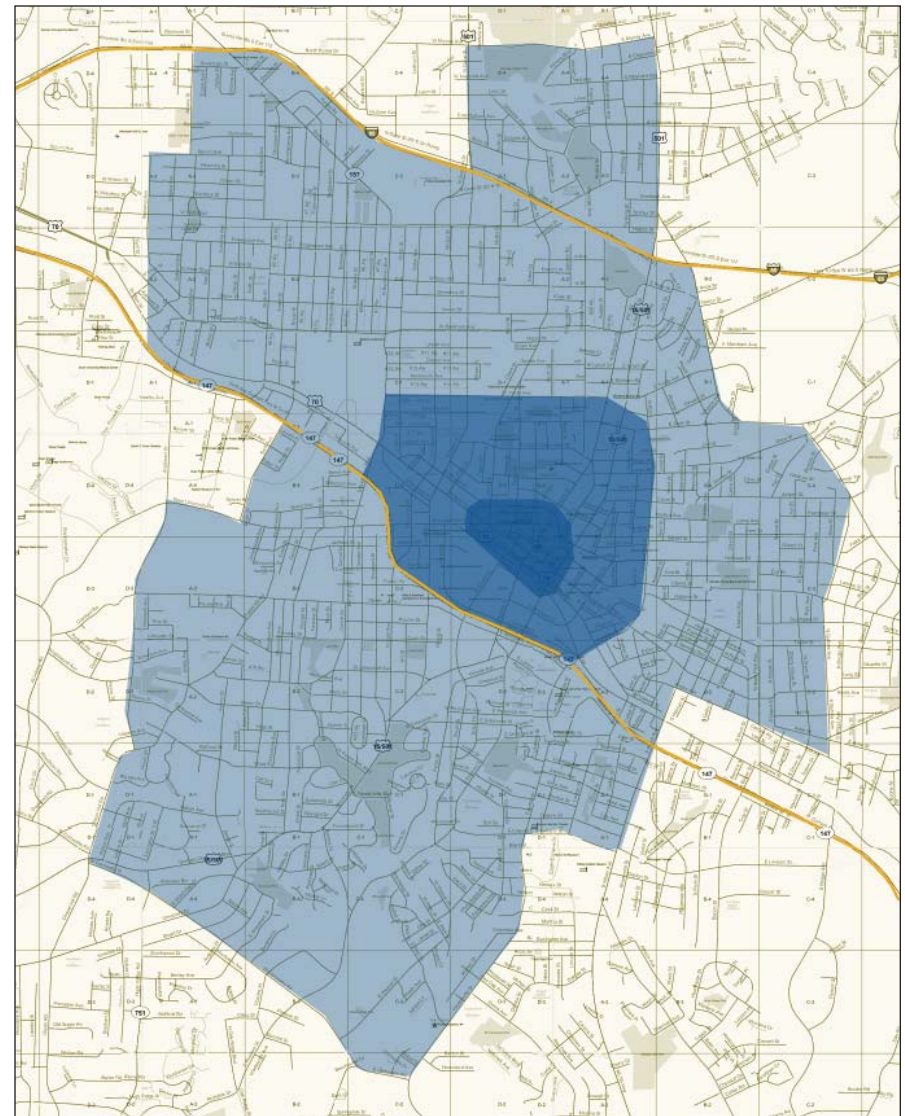
## Resident-Based Retail Demand

### Primary Trade Area

The primary trade area identifies the blocks from which City Center retail establishments are likely to draw a majority of their regular sales. Typically, the percentage of household expenditures procured by retailers is expected to be highest in the primary trade area.

City Center's primary trade area extends approximately one block outside the Downtown Loop in each direction. Several data sources were consulted and each produced the same conclusion: there are too few residents and households in City Center to generate any measurable amount of retail demand.<sup>3</sup>

The impact of this fact on City Center's retail potential is significant. The primary trade area is the most dependable source of sales in any retail market. Neighborhood Goods & Services retailers rely on expenditures from the primary trade area almost exclusively. Until its resident population increases considerably, City Center's retail environment will exist without the reassurance of an inhabited neighborhood to support it, especially in the evenings and on weekends.



*The primary customer trade area (darkest blue) for City Center's retail extends just beyond the Downtown Loop. The secondary trade area (medium blue) extends north to Trinity Street, east to Elizabeth Street, south to Route 147, and west to Duke University East Campus. The tertiary trade area (lightest blue) extends generally north to I-85, east to Guthrie Avenue, south to Cornwallis Road, and west to Watts Hospital-Hillandale.*

<sup>3</sup> Population and income statistics for primary, secondary and tertiary trade areas were generated by Claritas, Inc. for Retail Compass LLC (September 2009).

## RETAIL MARKET ANALYSIS

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### Secondary Trade Area

The secondary trade area is identified by neighborhoods with direct access to City Center, yet with a variety of competitive shopping alternatives that weaken the potential capture rate for their residents' expenditures.

For 2009, an estimated 4,143 people reside in 1,418 households. The median household income is \$27,937.<sup>4</sup>

### Tertiary Trade Area

The tertiary trade area consists of outlying households that spend a fraction of their retail dollars in City Center but are crucial to its retail strategy. For this reason, efforts to “brand” City Center’s retail districts need to focus, in part, on creating unique, destination-oriented, yet market-supportable retail districts. Residents in the tertiary trade area will not be attracted to City Center by convenience or discount retail, as these options are available to them in abundance nearby.

Currently, the tertiary trade area is home to 42,557 people in 16,118 households. The median household income is \$32,733.

Collectively, the secondary and tertiary residential trade areas generate demand for approximately 45,000 square feet of retail.

Please see Appendix A for additional information and data on Resident-Generated Retail Demand.

### Workforce-Based Retail Demand

City Center’s workforce contributes additional retail demand. Since shopping and eating by daytime employees is typically limited to lunch hours, breaks, and “quick trips” after work, only the employment base within the primary trade area is incorporated into retail demand calculations. Employees outside the primary trade area do not patronize City Center establishments often enough to affect the total amount of supportable retail supply.

The International Council of Shopping Centers estimates that workers with easy access to retail an average of \$2,350 annually near their workplaces. The majority of this spending, approximately 61 percent, is for Food & Beverage purchases. The remaining amount is divided between Neighborhood Goods & Services (34 percent) and GAFO retail (five percent).

There are an estimated 3,700 daytime employees in City Center.<sup>5</sup> Clusters of office workers are located in the Government Center, several high-rise buildings, law offices along East Main and Church Streets, and other office buildings on the periphery of City Center, such as Durham Centre. Other industries, including retail, health care and social services, transportation, construction, and laborers also contribute personnel to the daytime population calculation.

Durham’s executives and managers spend, on average, slightly below the national average, approximately \$2,000 annually. The two other categories of City Center employees—Administrative, Support, Retail and Government; and Trade and Labor—spend less near their workplaces than do Executives and Managers.

City Center’s workforce generates demand for approximately 15,000 square feet of retail.

Please see Appendix B for additional information and data on Workforce-Generated Retail Demand.

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<sup>4</sup> Data on population, number of households and income level is derived from information collected in the 2000 Census. Nine years old, these figures grow increasingly inaccurate as each year passes. With the completion of the 2010 Census, this data will be more reliable. However, it is important to note that prospective retailers will use the same information gathered for this report when analyzing site potential.

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<sup>5</sup> Workforce figures for City Center were derived from data collected from Claritas, Inc., ESRI, Traffic Analysis Zone data from NC-DOT, and Downtown Durham, Inc.

### Visitor-Based Retail Demand

The existing civic and cultural uses located in City Center attract audiences to the area, often at times when there are no other events in downtown to draw customers. The clustering of these civic and cultural uses in the City Center gives nearby restaurants and retail shops a broad-based market. In short, City Center's civic and cultural uses increase retail demand.

City Center offers a variety of events and desirable amenities for a visit to the area. The major catalyst activities that attract visitors include festivals, arts performances and exhibitions, and conferences/conventions. There also are external catalysts, those not within City Center boundaries.

Visitors are categorized by the length and purpose of their visit, which relate to specific spending patterns. Day-trippers are visitors who drive one to three hours from home and return the same day. As retail customers, day-trippers spend less than overnight tourists, who stay a night or more away from home and pay for lodging and additional meals.

Festivals and other events attract local residents as well as out-of-town visitors. Total annual attendance is estimated at more than 110,000, equating to more than 215,000 visitor days.<sup>6</sup> While this represents a strong base for retail demand, much of their spending is concentrated on the vendors and activities at the event or festival. A small percentage is translated into demand for permanent retail establishments.

Patrons of the arts are drawn to the City Center area by gallery openings and shows, live music and other performances, and other arts-related activities. These individuals live in the broad community but may not otherwise be engaged in City Center. After attending a program at Durham Performing Arts Center (DPAC), the Carolina

Theater, the Durham Arts Council or another nearby arts venue, patrons may include nearby dinner or drinks as part of their evening. This arts activity represents more than 500,000 visits per year.

Current planning efforts suggest the addition of more than 700 new hotel rooms by the end of 2012-2013. These new offerings will expand City Center's ability to attract out-of-town visitors. The limited existing conference and convention business in City Center should be enhanced by the hotel growth. Currently, this activity represents slightly less than 40,000 annual visitor days.

A series of activities just outside the City Center boundary represents more than 530,000 visitor days. Categorized as "external catalysts," DPAC, the Farmer's Market and Historic Durham Athletic Park serve as secondary sources that increase visitors' exposure to City Center and increase retail demand by a nominal amount.

American Tobacco and the Durham Bulls Athletic Park attract considerable numbers of local and out-of-town tourists to downtown. However, these venues do not generate a measurable amount of additional retail demand for City Center, as patrons to these facilities focus their retail activities there.

Visitors to City Center generate approximately 21,000 square feet of retail demand.

Please see Appendix C for additional information and data on Visitor-Based Retail Demand.

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<sup>6</sup> Visitor figures for City Center were derived from the Durham Convention and Visitors Bureau and Downtown Durham, Inc.

## RETAIL MARKET ANALYSIS

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### Cumulative Retail Demand

Each of the three major retail categories has distinctive characteristics that influence tenant location decisions and shopping patterns. These factors significantly affect City Center's capture rate for customer expenditures generated within the trade areas.

**Table 3: Unmet Retail Demand by Retail Category**

Retail Category	Existing Supply	Estimated Demand <sup>8</sup>	Unmet Demand
NG&S	20,100 sf	23,200 sf	3,100 sf
F&B	32,000 sf	43,300 sf	11,300 sf
GAFO	12,800 sf	14,499 sf	1,700 sf
Totals	64,900 sf	81,000 sf	16,100 sf

Source: U.S. Bureau of the Census, U.S. Bureau of Labor Statistics, Claritas, Inc., *Inventory of Existing Retail Establishments in City Center (2009)*, Retail Compass LLC

As the unmet demand figures illustrate, Food & Beverages retail has the greatest amount of sales potential within City Center by a wide margin. Neighborhood Goods & Services has enough unmet demand to support approximately two additional stores, given City Center's current primary trade area figures. GAFO retail demand for City Center is statistically "satisfied."

Please refer to the appendices for more detailed information about expenditures and total square feet of demand generated by residents, office workers, and visitors.

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<sup>7</sup> "Capture rate" is a term indicating the estimated percentage of expenditures that can be attracted to a given location. The potential capture rates for City Center are based on typical performance by establishments in each retail category and the strength of the competition posed in each retail category.

<sup>8</sup> Estimated demand is a calculation of the total amount of expenditures per retail category multiplied by an assigned capture rate for that category and divided by expected sales per square foot for that retail category, according to ULI standards and ICSC reports. For the purposes of this table, demand figures for "high productivity retail sales" as represented in the appendix are assigned.

## Incremental Demand Forecasts by Development Type

Changes in the local market caused by increased population, additions to the local workforce, and certain categories of new construction can trigger additional retail demand.

Possible Retail Catalysts	Potential Additional Retail Demand <sup>9</sup>
Each additional, occupied City Center household	Approx. 11 additional square feet of retail space within City Center
Each additional 1,000 square feet of commercial office space in City Center	Approx. 9 additional square feet of retail space within City Center
Each additional 5,000 visitor days to City Center	Approx. 400 additional square feet of retail space within City Center
Each additional hotel room within City Center	Approx. 18 additional square feet of retail space within City Center

The City Center projects proposed by Greenfire Development and scheduled for completion over the 15 years will greatly affect the area's retail potential – not only in terms of generating additional demand, but also by increasing the population and “sense of neighborhood” in the district. For potential retailers, the enhancement of a “built-in” customer base at City Center will have the most significant impact on the area's ability to attract new stores and restaurants. Efforts to create new opportunities for living, working and visiting should be strongly supported if a successful mix of retailers is an important objective for City Center's future.

<sup>9</sup> Additional retail demand figures were determined by dividing the total amount of retail demand currently generated in category by the number of current development units for each category in City Center's primary and secondary trade areas. Consideration was given for projected increases in income.

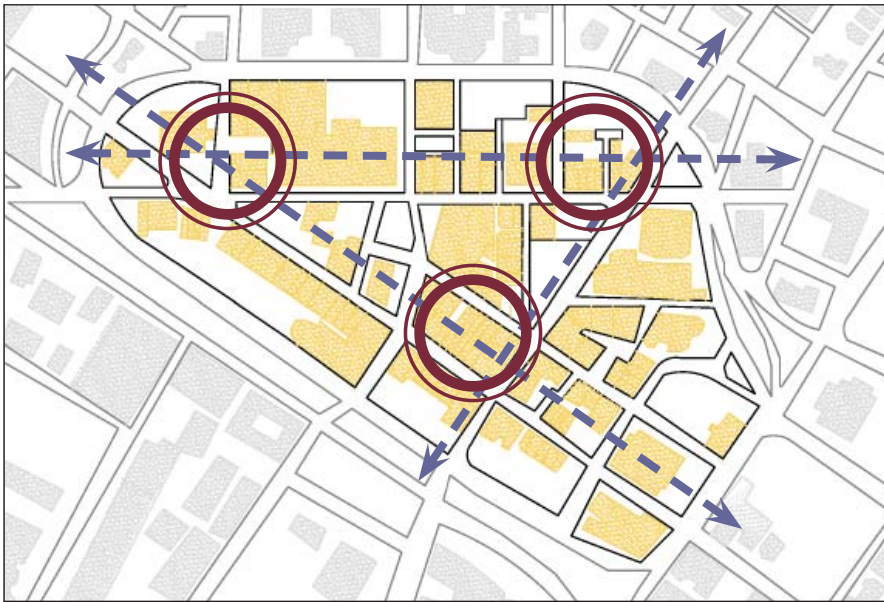


# CITY CENTER RETAIL STRATEGY

The recommended direction forward for City Center's retail strategy has many small facets, yet three overarching themes. To invigorate and sustain retail growth that will revitalize sidewalks and storefronts, City Center's retail environment must focus stores and restaurants into **RETAIL NODES**. The retail encouraged within these districts must be **DESTINATION-DRIVEN** and **MARKET-APPROPRIATE**. The timeline for measuring the successful implementation of this strategy must take a **LONG-TERM OUTLOOK**.

## Retail Nodes

Within City Center, three areas are beginning to establish themselves as nodes of retail activity. Although tenants are found outside these zones today, the retail nodes are distinguished by a density of retailers and a collection of high-quality available retail spaces.



*Retail nodes will best thrive at the intersections of City Center's "through-streets."*

These locations are:

- Five Points
- Main Street
- Orange Street/Rogers Alley/East Chapel Hill Street

Significantly, these retail nodes are located at the intersections of City Center's major through streets. This makes them easily accessible to neighborhoods outside the immediate City Center area, a crucial element in attracting residents from outlying trade areas.

As these nodes become established, fully occupied and recognized, Corcoran and Parrish Streets are positioned to become strong "secondary retail nodes." Corcoran and Parrish have more obstacles to retail tenancing and growth than do the primary nodes. To reflect the long-range retail potential, new development along Corcoran and Parrish, at the ground level, should be designed and constructed to accommodate the space requirements of shops and restaurants.

## Five Points

The strongest case for reinforcing the retail node at Five Points is that one already exists there. The most important recommendations for this district to reach its full potential involve:

- Activating the three "cornerless" points (page 26)
- Maintaining the street trees (page 31)
- Allowing alternative retail signage (page 31), and
- Encouraging pedestrian activity by heightening driver-awareness through the Five Points intersection (page 32).

As the district with City Center's highest concentration of Class A retail-appropriate space, Five Points should be the focus of any initiative that supports or encourages landlord participation in retail leasing programs.

## Main Street

Historically City Center's retail thoroughfare, Main Street continues to suffer greatly from the changes that occurred in its built environment after retail relocated to the suburbs in the late 1960s and early 1970s. Lost corner storefronts that were never rebuilt and intrusive structures that halt continuous retail blocks challenge Main Street's commercial rebirth.

However, while these obstacles persist, signs of hope have begun to emerge. A noteworthy restaurant, a hipster pub, and a reliable drugstore have found locations in the first two blocks of West Main Street.

## Orange Street/Rogers Alley/ East Chapel Hill Street

This node forms a triangle, created by Orange, East Chapel Hill and Mangum Streets. It frames the public parking garage and triangular park at its center and includes Rogers Alley as well as the Rue Cler block. One of the most significant elements about this district is the amount of retail-appropriate space that survived the demolition and destruction of the 1960s – the west side of Orange Street, Rogers Alley, the row of spaces that wrap the northern side of the East Chapel Hill and Mangum Streets intersection.

The infrastructure support for retail in this node is superb, from the parking garage to the adjacency of a state highway (Mangum Street). The Orange Street/Rogers Alley/Chapel Hill retail node is an appropriate target for encouraging and incentivizing additional stores and restaurants.

## Areas Outside of Nodes

For areas within City Center that are outside these three retail nodes, ground-level space should be targeted for tenancing by non-retail users, such as professional offices, government departments, and community services. These tenants should be incorporated into City Center's pedestrian environment in a manner that respects the semi-public nature of their locations.

## Destination-Driven/Market-Appropriate

Because City Center has an underdeveloped primary trade area, the tenancing strategy for the retail districts must be oriented toward attracting customers from the secondary and tertiary trade areas. Destination-driven retail is exceedingly more difficult to attract and sustain than convenience-based retail.

The following criteria inform a destination retail strategy for the City Center:

- Tenancing program for the nodes should focus on a type of retail that already has a foundation in City Center.
- The strategy should highlight something unique about City Center that cannot be replicated easily in another location.
- If possible, the targeted tenants for City Center should enhance downtown's "brand" and improve how the City Center area symbolizes Durham's residents and businesses.
- The strategy should also bolster a retail category (F&B) that has unmet demand.



*Revolution, the Pinhook, and Rue Cler are a few of the existing Food & Beverage retailers around which a Culinary Arts District may be formed.*

## CITY CENTER RETAIL STRATEGY

### City Center as “Foodie” Destination

Based on these criteria, a destination-driven yet market-appropriate retail tenanting approach for City Center is to pursue, attract and support restaurants, cafes and bars. Building on the success of the existing food and beverage establishments in City Center, the retail nodes must become known for their selection of fine eateries. Along with the Brightleaf Square/West Village area and the American Tobacco complex, City Center can become the third component of downtown’s efforts to attract customers for a dining experience.

To make this retail strategy truly unique to downtown Durham, it should encompass City Center-based elements other than stores and restaurants. The Durham Farmers’ Market has a valuable role to play in this approach, as does the Raleigh-Durham Art Institute’s Culinary Arts program located at American Tobacco.

As a focal point of “foodie”-oriented uses, downtown Durham is an appropriate location for a “Culinary Arts District.” While most arts districts concentrate on traditional art forms, such as painting, sculpture, music, and writing, Durham’s should and can celebrate the city’s passion for fine local food and produce, along with creative presentation and atmosphere.

The Culinary Arts District could serve as a framework for other aspects of downtown Durham’s promotions and efforts to attract non-food retail tenants. Marketing materials, streetscape furniture design, and special events such as a Restaurant Week and a Food and Arts Festival could all reflect the culinary theme.

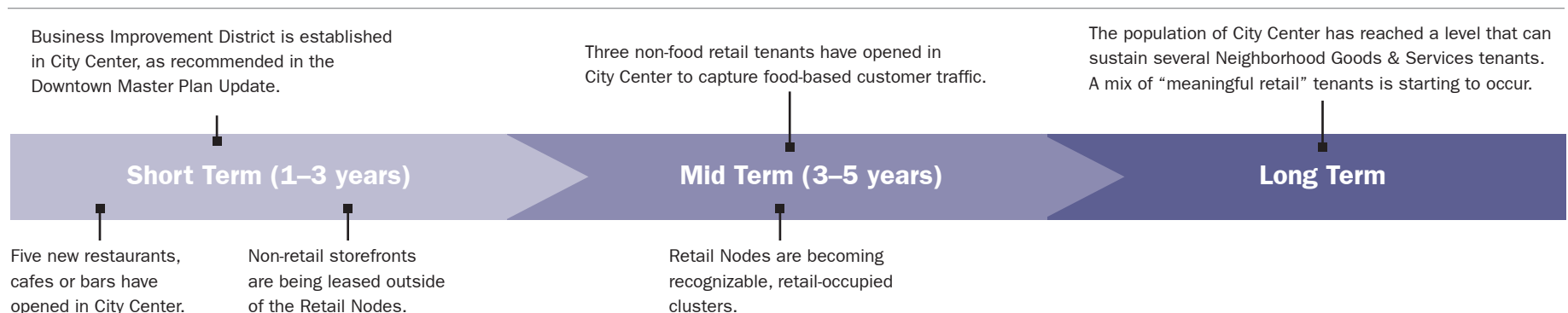
One of the advantages City Center can offer restaurants that traditional shopping centers cannot is a concentration of available and historic spaces that create a sense of character. Restaurants can more easily adapt to and capitalize on these conditions.

As a point of clarification, an appropriate destination-oriented retail strategy for City Center does not include tenants typically associated with the term “destination retail,” such as luxury boutiques, large-scale entertainment venues, national chains and department stores. Competitive sites for these uses are established, available and in a better format than City Center could ever provide.

### Long-Range Outlook

The reinvention of City Center’s retail environment will not take place over a short time. While many of the recommendations at the conclusion of this document will be quickly implemented, others will take years, if not decades.

The following timeline estimates when significant milestones are likely to occur:



## Encouraging a Vibrant Parrish Street

In 2006, the City of Durham's Office of Economic and Workforce Development issued *A New Era for Parrish Street* in conjunction with the Parrish Street Advocacy Group. This plan and development strategy set forth a vision for Parrish Street to respect and celebrate the history of this exceptional corridor and to motivate the private sector to activate dormant and underutilized spaces.

The Plan presented a “strategy for renewal (that) draws upon the celebration, exploration, and preservation of this street’s history to educate visitors, inspire businesses, and attract investment.” Using this statement as a marching order, the City Center Retail Strategy focused extensively on Parrish Street, asking the following questions:

- Does Parrish Street have ground-level spaces and supporting public infrastructure (parking, space for loading and servicing, lighting, streetscape) to attract and sustain retail tenants?
- Given modern retail requirements, current retail competition, and levels of City Center retail demand, is Parrish Street a market-supportable retail location today? In the future?

Regarding the first issue, Parrish Street has good-quality, ground-level spaces and necessary infrastructure to support viable retail. The corridor’s difficulty regarding retail attraction and sustainability is answered by the second question; local market conditions for retail along Parrish Street are not favorable...at least, not yet.

### Recommendation for Activating Parrish Street

Three years later, the retail corridor envisioned in the Parrish Street plan has not come to fruition. This lack of stores and restaurants is not a result of lack of effort. A retail solution has evaded Parrish Street for three primary reasons:

- *Not a Major Thoroughfare.* Parrish Street is a non-through street within City Center. It does not directly connect to outside neighborhoods and therefore does not have limited exposure to customers passing through or passing by.

- *More-Viable Alternatives.* The three proposed retail nodes offer opportunities for exposure, as well as available, good-quality retail space. As districts are occupied and activated, Parrish Street will benefit as the search for available space widens.
- *Upper-Floor Office Vacancies.* As with most streets in City Center, Parrish Street’s upper-floor vacancies make ground-level retail leasing exceedingly difficult.

Because of its historic significance and physical position in the heart of City Center, Parrish Street deserves an approach that can invigorate the storefronts, support everyday activity, spark sidewalk bustle, and inspire community pride. As this street cannot currently sustain continuous retail, a non-retail strategy is needed.

### Recommendations for Parrish Street

- Pursue a marketing and leasing effort to attract professional offices to Parrish Street’s storefronts. Minority-owned businesses, in particular, may feel a special connection to the street and its revival.
- Focus retail recruitment efforts on Orange Street and Rogers Alley to complement that node of activity.
- Implement specific recommendations of Parrish Street Plans to help make Parrish Street ready for future retail activity.

**Responsible Entities:** Parrish Street Advocacy Group, Office of Economic and Workforce Development, Downtown Durham, Inc.

**Priority Rating: 1**

By encouraging offices that draw visiting clients, Parrish Street can be activated for its next iteration as a source of continuing pride for Durham. Once the retail districts are established and potential tenants see its lively sidewalks, Parrish Street may again develop into a center for retail.



# EVALUATIONS AND RECOMMENDATIONS

## Architecture, Structure and Design

*Only two of the “points” at Five Points are occupied by buildings and uses that contribute to the area’s district-making ability.*

### Recommendations

- Install public art element on empty podium at the small public plaza in Five Points.
- Encourage redevelopment at South Bank site, as recommended in the 2008 *Master Plan Update* (page 58-59).
- Permit outdoor restaurant use in the green space adjacent to Bull McCabe’s to activate that “point.”
- Implement the incentive purchasing and redevelopment of the city-owned building on the corner of Morris & Chapel Hill Streets to expedite activation of that “point.”

### Responsible Entities

City of Durham, Office of Economic and Workforce Development, Greenfire Development (South Bank site), Arts Council & Cultural Master Plan, private sector, Preservation Durham, Downtown Durham, Inc.

### Priority Rating **1**

*Existing non-retail uses in City Center present blank facades (or closed blinds) to the sidewalk, undermining the sense of a cohesive retail district.*

### Recommendations

- Work with current property owners on creative solutions to activating storefronts.
- Prepare City Center-specific design guidelines for ground-level commercial space that address visibility into and public activation of non-retail space.

### Responsible Entities

Planning Department, Office of Economic and Workforce Development, Downtown Durham, Inc.

### Priority Rating **1**

*City Center retailers face uncertainty, due to inconsistent application of the Downtown Historic District Guidelines, when seeking to make alterations necessary to make ground-level spaces fit their modern needs.*

### Recommendation

- Revise the guidelines to better balance historic preservation goals with modern retail tenant requirements.

### Responsible Entities

Planning Department, Downtown Durham, Inc., Historic Commission, Preservation Durham

### Priority Rating **3**

*Many of City Center's prime corners for retail are occupied by non-retail structures ill-suited for conversion. These properties include the Masonic Temple, Old First Citizens' Bank, Sun Trust, Latino Credit Union Building, and Southbank. This condition reduces the locations available to site strong retail anchors that need high visibility and accessibility.*

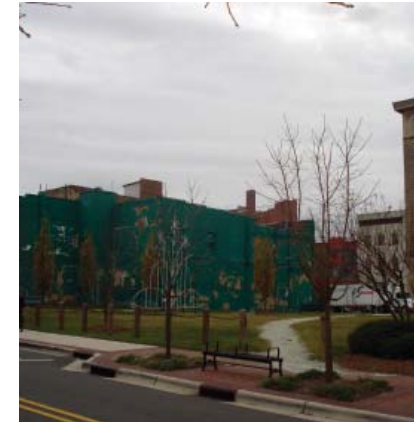
### Recommendations

- Target these parcels and others for building reuse programs that combine incentives for façade improvements (specifically targeted at creating window display space) with funding for costly yet necessary upgrades to fire-safety systems, egress, utility capacity and similar issues.
- Where appropriate, work with Planning Department and Historic Commission to accommodate provisions for signage and the creation of display space in historic structures.

### Responsible Entities

City of Durham, Office of Economic and Workforce Development, Private Sector Landlords and Developers, Planning Department, Downtown Durham, Inc., Historic Commission, Preservation Durham

**Priority Rating 4**



## EVALUATIONS AND RECOMMENDATIONS

### Tenant Attraction and Retention

*The costs of adapting retail facilities to the specific needs of new tenants are a common barrier to new businesses. Landlords are reluctant to fund improvements for tenants who may not have the financial capacity to be successful. Consequently, many landlords are likely to leave space vacant rather than enter into a risky lease – real or perceived.*

#### Recommendations

- Evaluate the fiscal impact of a property-tax break for landlords with a ground-level retail tenant. Consider expanding this program to landlords with any ground-level tenant that meets the storefront guidelines for non-retail uses.
- Develop incentives to attract retail businesses, including funding the Retail Merchandise-Based Incentive Program. This program offers grants for tenant improvements to create a space more appealing to retailers. By requiring a 50 percent match from tenants, the existing Retail Merchandise-Based Incentive Program limits participation. Reducing this required match to 25 percent of the total costs would increase participation throughout City Center.
- Expedite review for signage and building improvements as well as liquor licensing.

- Consider waiving business registration fees for the first year of new retailers' operations.
- Assemble a "preferred contractor" list (to be created and maintained by Downtown Durham, Inc.) for tenants and landlords to help set cost expectations.
- Educate landlords on alternative lease agreements (profit-sharing, etc.)
- Create incentives for property owners to bring their underutilized or vacant spaces up to "Vanilla Box" retail-readiness.

#### Responsible Entities

Office of Economic and Workforce Development, Downtown Durham, Inc., Durham commercial brokerage community, private sector development,

#### Priority Rating **1**

*Potential applicants for incentive programs are uncertain about whom to contact for specific programs. Existing and prospective City Center retailers cannot reasonably rely on funds from incentive programs, regardless of the strength of their qualifications.*

#### Recommendations

- Assign a single point of contact for retailers seeking to navigate the incentive programs that apply to City Center.
- Commit funding for incentive programs to an extended term (3, 5, or 10 years).

#### Responsible Entities

Office of Economic and Workforce Development, Downtown Durham, Inc.

#### Priority Rating **1**

*Retailers that request demographics and income data for City Center will be concerned about the reported number of residents and households inside and adjacent to the Downtown Loop. Because the information collected for the 2010 Census will provide the base materials for all data sources for the next ten years, it is critical that every City Center resident and household is counted.*

### **Recommendation**

- Distribute materials to every household in City Center and its surrounding neighborhoods encouraging their participation in the census count.
- Include a link to the 2010 Census Bureau website on City of Durham and Downtown Durham, Inc. websites.
- Coordinate with the Southern Coalition for Social Justice, a non-profit group that is monitoring census counting in underrepresented Southern counties.

### **Responsible Entities**

Office of Economic and Workforce Development, Downtown Durham, Inc.

### **Priority Rating 1**

*The commercial brokerage community, which relies on commissions for its income, has more viable sites that are easier to lease outside of City Center. As a result, brokers are less inclined to spend the time and effort necessary to lease City Center spaces with appropriate retail tenants.*

### **Recommendations**

- Create a financial incentive program that encourages brokers to present City Center as viable leasing option. Offer bonuses for brokers whose tenants reach key milestones: lease signing, grand opening, five-year anniversary, etc.
- Educate the brokerage community to the improvements and incentives offered.
- Assist commercial brokerage community by providing services (hosting open houses, producing marketing materials) for key available retail spaces.

### **Responsible Entities**

Office of Economic and Workforce Development, Downtown Durham, Inc.,  
Durham commercial brokerage community

### **Priority Rating 2**



## EVALUATIONS AND RECOMMENDATIONS

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### Streets, Sidewalks, Parking and Wayfinding

*The minimal sidewalk population along City Center streets means that retailers must rely heavily on destination-driven customers rather than walk-by, curiosity shoppers. City Center, as a neighborhood, needs more daytime, evening and weekend occupants to form a primary trade area for its retail market.*

#### **Recommendation**

- As recommended in the 2008 Master Plan Update (page 30), create opportunities for residential, office and hospitality development to increase retail demand and establish an “inhabited” retail environment.

#### **Responsible Entities**

Office of Economic and Workforce Development, Downtown Durham, Inc., private sector development

#### **Priority Rating 1**

*Two principal north-south streets, Mangum and Roxboro, are one-way, which limits retailer visibility and encourages fast driving. This compromises the leasability of retail spaces and customers’ sense of safety along these streets.*

#### **Recommendations**

- Study options regarding the conversion of Mangum and Roxboro Streets into two-way roads between Routes 85 and 147. This alteration will slow traffic, increase retail visibility and accessibility at the districts, and improve pedestrian activity across these streets.

#### **Responsible Entities**

City Manager, City DOT, NC DOT, elected officials

#### **Priority Rating 2**

*One-way Downtown Loop makes it difficult to navigate City Center and to “discover” retail.*

#### **Recommendation**

- Convert the Loop to a two-way street as recommended in the 2008 Master Plan Update (page 62-66).

#### **Responsible Entities**

Office of Economic and Workforce Development, Downtown Durham, Inc., City DOT, NC DOT, public sector

#### **Priority Rating 2**

Highway signs from Route NC 147, I-85, and 15-501 do not direct customers to center of City Center. Therefore, customers unfamiliar with the area have difficulty finding City Center's retailers.

### Recommendation

- Modify the wayfinding system to direct vehicular highway traffic to Main and Corcoran/Blackwell Street, rather than Roxboro Street/the Downtown Loop.

### Responsible Entities

City DOT, Downtown Durham, Inc.

### Priority Rating 2

Street trees currently block retail signage and awnings. Until they grow taller, the trees limit retailers' visibility, especially for vehicular travelers.

### Recommendations

- Request trained arborist trim the trees and keep them "limbed up" to a safe level.
- Include an annual allocation throughout the City Center's retail corridors from the City of Durham's Capital Improvement Program (CIP).
- Establish criteria for an innovative curb-oriented signage program that allows retailers a small, additional location for banner signs, sign posts, or sandwich board signs.
- Change the provisions of the existing zoning code to allow use of these types of signage and extend the City of Durham Merchandise-Based Retail Incentive Program to support these improvements.

### Responsible Entities

Planning Department, Office of Economic and Workforce Development, Downtown Durham, Inc., General Services

### Priority Rating 2



## EVALUATIONS AND RECOMMENDATIONS

### Streets, Sidewalks, Parking and Wayfinding

*Railway lines break connections between City Center and major catalyst sites, such as Durham Performing Arts Center and the Durham Bulls Athletic Park. Consequently, potential sales, especially for restaurants, from patrons of these catalyst uses are not maximized.*

#### Recommendations

- Duplicate pedestrian-friendly intersection paving already in place at Main Street through railroad crossings at Mangum and Corcoran Streets.
- Incorporate landscaping at these intersections.
- Consider pedestrian-level lighting, extending from catalyst uses to City Center along Mangum and Corcoran Streets, to create a visual connection between the two areas at night, as discussed in the 2008 Master Plan Update (page 32).

#### Responsible Entities

Office of Economic and Workforce Development, Downtown Durham, Inc., General Services, City DOT, NC DOT, NC Railroad, Elected Officials, City Manager, Capitol Broadcasting

#### Priority Rating 3

*The heavy concentration of sidewalk bollards, most notably at Five Points, creates a seemingly impenetrable physical and visual barrier for pedestrians. As such, the street design in Five Points places highest priority on vehicular travel to the detriment of pedestrian “cross-shopping” opportunities.*

#### Recommendations

- Remove a sufficient number of bollards to allow pedestrian mid-block crossing while still maintaining an acceptable level of safety.
- Consider reinstalling the paving system at Five Points to create a large speed table that would slow cars and emphasize the presence of pedestrians in this area.

#### Responsible Entities

General Services, Downtown Durham, Inc., Department of Transportation

#### Priority Rating 3



*The typical City Center customer is accustomed to retail-adjacent parking. Although the public garages and on-street parking provide sufficient space for customers, there is a perception of a parking problem.*

### Recommendations

- Improve signage for existing parking structures.
- Consider implementation of a “spaces available” lighting and signage program in the public parking garages.
- Coordinate a valet parking program with City Center restaurants.
- Increase the length of time permitted for on-street parking in City Center from one hour to two hours to allow additional time for shopping and eating, especially during the business day.

### Responsible Entities

General Services, Lanier Parking Management, Office of Economic and Workforce Development, Downtown Durham, Inc.

**Priority Rating 4**



*Downtown signage directs vehicular travelers to too many neighborhoods and destinations. Drivers do not have enough time to process or react to any additional alternatives, such as the three new retail districts.*

### Recommendation

- Entry into the retail districts should be conveyed in an innovative way, such as gateway signage, over-street lighting systems, unique streetscape furniture and lighting, or a banner system.

### Responsible Entities

Office of Economic and Workforce Development, Downtown Durham, Inc., General Services, NC DOT

**Priority Rating 4**

## EVALUATIONS AND RECOMMENDATIONS

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### City Center's Retail Environment

*Because they are distributed throughout City Center, existing retailers exist largely in isolation. They derive no benefit from a shared customer base and collectively have not established a City Center brand. Creating a brand means establishing a general reason for customers to go there: to buy a unique gift, to celebrate a special occasion, to run errands, to window shop, etc.*

#### Recommendations

- Focus retail nodes at Five Points, Main Street, and Orange/East Chapel Hill/City Hall Plaza.
- Determine and promote the brand identity associated with the City Center.
- Work with landowners in these districts to create short-term, favorable conditions for retail occupancy. As these areas become established, attracting and signing future generations of tenants will be considerably less difficult.
- In conjunction with incentive programs to attract new retailers, investigate the needs of existing retailers who have pioneered these areas.

#### Responsible Entities

Office of Economic and Workforce Development, Downtown Durham, Inc., private sector development, commercial brokerage community, existing City Center retailers

**Priority Rating 1**

*The first steps in City Center's Retail Strategy involve attracting destination-oriented tenants that draw customers from the secondary and tertiary trade areas.*

#### Recommendations

- Investigate the process required to become a designated Arts District on the local and state levels. The focus of this district should be the culinary arts.
- Discuss the possibility of creating an overlay zone to reward developers who include "culinary artists," such as restaurants, cafes, bars, food-oriented retail, and similar into new or existing buildings.
- Create a marketing and special events program around the culinary arts theme.
- Consider coordination with culinary and hospitality programs at nearby schools and universities to offer internships at downtown facilities.

#### Responsible Entities

Planning Department, Durham Arts Council, Office of Economic and Workforce Development, Downtown Durham, Inc.

**Priority Rating 2**

*Vacancy begets vacancy. Retailers want to be near other retail establishments to share sidewalk environments, customers, resources, and visibility. In the absence of adjacent stores or restaurants, an occupied space of almost any type of use is far more beneficial than empty space.*

### **Recommendations**

- Promote non-retail uses, such as professional office and government services, to occupy vacant spaces in City Center and to activate sidewalks. For the near-term, this strategy should be applied even in the retail districts.
- Require non-retail uses, especially in the retail districts, to follow guidelines (yet to be established) that will create storefronts that respect the retail environment. These requirements might include a mandatory awning, restrictions on window treatments, placement of visitor areas (such as waiting rooms) at the front of the spaces, etc.

### **Responsible Entities**

Planning Department, Office of Economic and Workforce Development, Downtown Durham, Inc., private sector development, commercial brokerage community, Parrish Street Advocacy Committee

### **Priority Rating 1**

## EVALUATIONS AND RECOMMENDATIONS

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### City Center's Retail Environment

*Throughout the Durham community, many have a perception that City Center is “unsafe.” Potential customers are deterred from City Center, especially in evenings and on weekends, when the notion of “safety in numbers” does not currently exist.*

#### **Recommendations**

- As markets permit, highly prioritize residential and hotel development in City Center.
- Establish a Business Improvement District, as recommended in the 2008 Master Plan Update (page 39).
- Make safety and maintenance as two of the BID's top priorities. As a component of this initiative, create a sidewalk ambassadors program.
- Encourage retailers, in retail districts especially, to maintain low-level lighting in their storefronts until a pre-determined time in the evening, regardless of closing time. Find ways to offset the energy used for this effort.

#### **Responsible Entities**

Office of Economic and Workforce Development, Downtown Durham, Inc., Police Department, Lanier Parking Management

#### **Priority Rating 1**

*As many available retail locations in City Center are non-traditional, potential tenants have difficult envisioning themselves in one of these sites.*

#### **Recommendations**

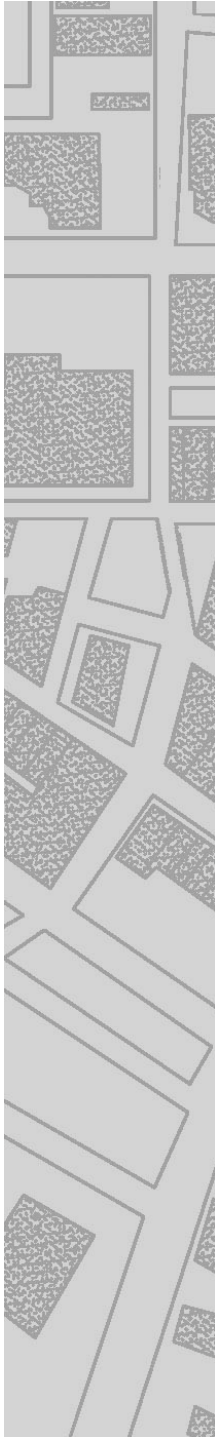
- Use computer imaging or other form of rendering to conceptualize an “after-build-out” scenario for key retail locations.
- Host open houses for key retail spaces that are ready or nearly ready for occupancy.

#### **Responsible Entities**

Downtown Durham, Inc., private sector landowners and development, commercial brokerage community

#### **Priority Rating 5**





## CONCLUSION

The path to a successful retail environment is not easy or direct. Best results will be achieved when a series of small initiatives produce larger, cumulative effects. Just as critical as attracting new businesses is supporting, with more than just words, the retailers that came to City Center with little or no assistance or encouragement. Their continued perseverance is the first step on this long road.

Before City Center's retail achievement can be measured, it must first be defined. Three key components will determine its success:

- Retail businesses will be concentrated into three recognizable districts at Five Points, West Main Street, and Orange Street/West Chapel Hill Street.
- Ground-level spaces outside these districts will be occupied by retail and non-retail users with storefront designs that respect the history of their retail environment and acknowledge their roles as activators of City Center's sidewalks.
- The vacancy rate in City Center will have dropped from 33 percent to less than 15 percent.

Do not be fooled by the simplicity of these objectives. A list of complicated tasks must be implemented to achieve each one. With a rebounding economy, continued prosperity in this region and relentless determination of responsible entities, these goals might be achieved within the next ten years.

The good news is that today's City Center retail environment is essentially a blank canvas. From the tenacity and hope of several pioneering retailers, an exciting collection of stores, restaurants and services can be built.



## APPENDIX A: Resident-Based Retail Demand

**TABLE 1: Retail Demand within Secondary Trade Area**

Category	Total Captured Expenditures <sup>10</sup>	Retail Sales per SF (Low) <sup>11</sup>	Total Demand-Low Productivity (SF)	Retail Sales per SF (High)	Total Demand-High Productivity (SF)
Groceries, Sundries and Similar	\$1,046,000	\$258	4,060	\$422	2,480
Prepared Foods	\$296,250	\$175	1,693	\$218	1,359
Alcohol at Home	\$195,600	\$185	1,055	\$283	692
Personal/Household Care Products and Services	\$473,200	\$190	2,491	\$243	1,944
<b>NG&amp;S SUBTOTAL</b>	<b>\$2,011,050</b>		<b>9,298</b>		<b>6,474</b>
Food Away from Home	\$586,300	\$225	2,606	\$329	1,782
Alcohol Away from Home	\$32,560	\$115	282	\$138	235
<b>F&amp;B SUBTOTAL</b>	<b>\$618,860</b>		<b>2,888</b>		<b>2,018</b>
Apparel, Accessories and Similar	\$225,150	\$200	1,126	\$269	838
Reading Materials, Music and Similar	\$11,650	\$161	72	\$204	57
Home Furnishings and Décor and Similar	\$82,500	\$163	505	\$205	402
Other GAFO	\$60,400	\$186	325	\$225	268
<b>GAFO SUBTOTAL</b>	<b>\$379,700</b>		<b>2,027</b>		<b>1,566</b>
<b>TOTAL DEMAND WITHIN SECONDARY TRADE AREA</b>	<b>\$3,009,610</b>		<b>14,214</b>		<b>10,058</b>

10 Total captured expenditures are calculated by multiplying the total expenditures for retail spending estimates within each trade area by an assigned capture rate. Capture rates are determined by evaluating the industry standards for each category within the context of the existing retail competition, established travel patterns and drive times.

11 Under the condition of “high productivity,” retail sales are high, thus consumer expenditures are concentrated on a smaller amount of total retail space. “Low productivity” conditions assign lower potential sales per square foot to each type of retail; therefore, a greater amount of retail space is supported but with significantly less profitability divided by expected sales per square foot for that retail category, according to ULI standards and ICSC reports. For the purposes of this table, demand figures for “high productivity retail sales” as represented in the appendix are assigned. Under the condition of “high productivity,” retail sales are high, thus consumer expenditures are concentrated on a smaller amount of total retail space. “Low productivity” conditions assign lower potential sales per square foot to each type of retail; therefore, a greater amount of retail space is supported but with significantly less profitability.

## APPENDIX A: Resident-Based Retail Demand

<b>TABLE 2: Retail Demand within Tertiary Trade Area</b>					
<b>Category</b>	<b>Total Captured Expenditures</b>	<b>Retail Sales per SF (Low)</b>	<b>Total Demand- Low Productivity (SF)</b>	<b>Retail Sales per SF (High)</b>	<b>Total Demand- High Productivity (SF)</b>
Groceries, Sundries and Similar	\$1,830,570	\$258	7,105	\$422	4,340
Prepared Foods	\$439,380	\$175	2,511	\$218	2,016
Alcohol at Home	\$467,145	\$185	2,520	\$283	1,652
Personal/Household Care Products and Services	\$842,600	\$190	4,435	\$243	3,461
<b>NG&amp;S SUBTOTAL</b>	<b>\$3,579,695</b>		<b>16,570</b>		<b>11,468</b>
Food Away from Home	\$3,155,220	\$225	14,023	\$329	9,592
Alcohol Away from Home	\$181,050	\$115	1,570	\$138	1,309
<b>F&amp;B SUBTOTAL</b>	<b>\$3,336,270</b>		<b>15,593</b>		<b>10,901</b>
Apparel, Accessories and Similar	\$1,556,580	\$200	7,783	\$269	5,794
Reading Materials, Music and Similar	\$132,510	\$161	822	\$204	649
Home Furnishings and Décor and Similar	\$733,425	\$163	4,486	\$205	3,578
Other GAFO	\$557,480	\$186	2,997	\$225	2,478
<b>GAFO SUBTOTAL</b>	<b>\$2,979,995</b>		<b>16,088</b>		<b>12,498</b>
<b>TOTAL DEMAND WITHIN TERTIARY TRADE AREA:</b>	<b>\$9,895,960</b>		<b>48,251</b>		<b>34,868</b>

## APPENDIX A: Resident-Based Retail Demand

<b>Table 3: Household-Based Retail Demand: Primary, Secondary and Tertiary</b>					
<b>Category</b>	<b>Total Captured Expenditures</b>	<b>Retail Sales per SF (Low)</b>	<b>Total Demand- Low Productivity (SF)</b>	<b>Retail Sales per SF (High)</b>	<b>Total Demand- High Productivity (SF)</b>
Groceries, Sundries and Similar	\$2,876,570	\$258	11,165	\$422	6,820
Prepared Foods	\$735,630	\$175	4,204	\$218	3,374
Alcohol at Home	\$662,745	\$185	3,575	\$283	2,343
Personal/Household Care Products and Services	\$1,315,800	\$190	6,925	\$243	5,404
<b>NG&amp;S SUBTOTAL</b>	<b>\$5,590,745</b>		<b>25,869</b>		<b>17,943</b>
Food Away from Home	\$3,741,520	\$225	16,629	\$329	11,375
Alcohol Away from Home	\$213,610	\$115	1,852	\$138	1,544
<b>F&amp;B SUBTOTAL</b>	<b>\$3,955,130</b>		<b>18,481</b>		<b>12,919</b>
Apparel, Accessories and Similar	\$1,781,730	\$200	8,909	\$269	6,632
Reading Materials, Music and Similar	\$144,160	\$161	894	\$204	706
Home Furnishings and Décor and Similar	\$815,925	\$163	4,991	\$205	3,980
Other GAFO	\$617,880	\$186	3,322	\$225	2,746
<b>GAFO SUBTOTAL</b>	<b>\$3,359,695</b>		<b>18,115</b>		<b>14,064</b>
<b>TOTAL HOUSEHOLD-BASED DEMAND:</b>	<b>\$12,905,570</b>		<b>62,465</b>		<b>44,926</b>

## APPENDIX B: Workforce-Based Retail Demand

<b>TABLE 4: Summary of Workforce-Based Retail Demand</b>			
<b>Category</b>	<b>Total Captured Expenditures</b>	<b>Total Demand- Low Productivity (SF)</b>	<b>Total Demand- High Productivity (SF)</b>
Neighborhood Goods and Services	\$1,102,668	5,226	3,489
Food and Alcohol Away from Home	\$2,635,836	15,505	11,264
GAFO	\$27,187	133	100
<b>TOTAL DEMAND BY OFFICE POPULATION:</b>	<b>\$3,765,692</b>	<b>20,863</b>	<b>14,854</b>

## APPENDIX C: Visitor-Based Retail Demand

<b>TABLE 5: Summary of Visitor-Based Retail Demand</b>			
<b>Category</b>	<b>Total Captured Expenditures</b>	<b>Total Demand- Low Productivity (SF)</b>	<b>Total Demand- High Productivity (SF)</b>
Neighborhood Goods and Services	\$568,421	2,694	1,799
Food and Beverages	\$4,468,026	26,283	19,094
GAFO	\$90,745	443	335
<b>TOTAL ESTIMATED VISITOR-BASED RETAIL DEMAND</b>	<b>\$5,127,192</b>	<b>29,419</b>	<b>21,228</b>



## APPENDIX D: City Center Durham Cumulative Retail Demand

TABLE 6: City Center Durham Cumulative Retail Demand		
Category	Total Demand- Low Productivity (SF)	Total Demand- High Productivity (SF)
Neighborhood Goods and Services	33,789	23,231
Food and Beverages	60,269	43,277
GAFO	18,690	14,499
TOTAL ESTIMATED RETAIL DEMAND	112,748	81,008