

# Why Plan for Retail Expansion in a Recession?

Development and retail expansion have stalled. The economy won't be off the respirator for at least a year. So why plan for retail development—or redevelopment—in this kind of climate?

Because now is the time to do your homework to plan for the eventual recovery. Assess your market potential, take stock of what you currently have and what needs to be created or changed—and, most important, build consensus of your Community's vision and expectations for retail. In short, this is the time to create a retail strategy and game plan—because retail development is a long-term process. You want to be ready when the first signs of recovery appear and pent-up expansion is unleashed.

First, the retail market assessment will tell you if you need go no further and save your Community a lot of time and money. There may be better uses for current property or future development sites. If proceeding with retail is warranted, the findings will help you create specific strategies designed to lower your investment risk.

The assessment process considers the current market and estimates what the customers, the competition, and the trade area will be when it recovers. It will estimate how much new retail may be supportable and it provides a blueprint for specific types of tenants that match the targeted

customers. Most important, it defines specifically what has to happen before retail can succeed—these are the time-consuming tasks that Communities can get done now, even in this downturn. Here are just a few:

**1. Define the vision and expectations for retail** from the majority of Community leadership and stakeholders—and what they believe must happen first. Find out their tolerance for risk, their level of support, and their mental timeline for return on the Community's investment. Defining the majority consensus allows you to develop a consistent retail strategy and policies that will earn the confidence of the developers and retailers you will be trying to attract. It will allow you to develop consistent criteria by which to judge future development proposals. It will also help you target your own development partners. A published consensus retail vision and strategy will also put into perspective those 20 vocal objectors who nay-say at every public meeting, delaying progress.

**2. Determine what 'pre-retail' Community investment is required before retail can succeed.** Take stock of the physical site—whether it's your Central Business District or a stand-alone site outside of Downtown. Look at it through the eyes of the consumer and retailer: easy access and parking; strong visibility; a connected flow of stores unbroken by non-retail

uses; attractive streetscapes and calm crosswalks; directional signage, lighting and safety.

**3. Assemble enough land and/or acquire property to create a shopping destination.** The larger or more unique the cluster, the stronger the magnet. Retail scattered throughout the Downtown grid, on corridors, or in stand-alone mixed use properties, does not implant its identity on the consumer.

**4. Streamline your development approval processes.** Time is money to developers and retailers. Poll your current retailers and recent developers. Learn from them how business-friendly you really are. Then see how you can save them time and costs in the entitlement and permitting process; plan commission reviews; environmental, historic or other public policy approvals. Maybe the required scope is as large as revising the Master Plan, zoning, or building codes.

**5. Identify your financial incentive arsenal in advance.** Investigate incentives at local, county, regional, state, or quasi-governmental levels. Review guidelines and policies for TIF's and other financing vehicles. Finally, develop capital budget investment scenarios, predicated on stepped economic recovery levels in the next 2-3 years, so that you have some idea of the scope of your resources for



public/private partnerships, or necessary pre-retail infrastructure improvements, land assemblage, or property acquisition.

Yes, there are going to be changes in the market, the retail line-up, the competition and the consumer mindset over the next two years. By doing the market assessment and other necessary homework now, however, you can build a realistic foundation to be ready for the retail development that is appropriate *for your unique Community*—when the market recovers.



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