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To the Graduate Council:

I am submitting herewith a thesis written by William Archibald Albaugh entitled "A current analysis of retail provision within metropolitan areas of the southeastern United States." I have examined the final electronic copy of this thesis for form and content and recommend that it be accepted in partial fulfillment of the requirements for the degree of Master of Science, with a major in Geography.

Thomas L. Bell, Major Professor

We have read this thesis and recommend its acceptance:

Accepted for the Council:
Carolyn R. Hodges

Vice Provost and Dean of the Graduate School

(Original signatures are on file with official student records.)

To the Graduate Council:

I am submitting herewith a thesis written by William Archibald Albaugh V entitled "A Current Analysis of Retail Provision Within Metropolitan Areas of the Southeastern United States." I have examined the final paper copy of this thesis for form and content and recommend that it be accepted in partial fulfillment of the requirements for the degree of Master of Science, with a major in Geography.

Thomas L Bell

Thomas L. Bell, Major Professor

We have read this thesis
and recommend its acceptance:

Charles S. Aiken

R. Fanente

Accepted for the Council:

Vice Provost and Dean of Graduate Studies

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2003
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A Current Analysis of Retail Provision Within Metropolitan Areas of the Southeastern United States

A Thesis
Presented for the
Master of Science
Degree
The University of Tennessee, Knoxville

William Archibald Albaugh V
December 2003

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Abstract

The purpose of this thesis was to ascertain the factors governing a metropolitan area's (MSA's) retail provision and to determine the degree of influence these factors imposed upon the particular metropolitan area. This thesis was an extension of earlier research performed on randomly selected cities throughout the United States. For this analysis, I selected 78 metropolitan areas, comprising all census-designated Metropolitan Statistical Areas (MSAs) in the Southeastern states of Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee. I utilized the National Research Bureau's *2003 Shopping Center Directory* as the predominant source of data to determine each MSA's aggregate retail shopping center square footage. The total area of an MSA devoted to retailing is not available in a comprehensive and consistent format.

Using central place theory and marketing principles as guidelines, I first hypothesized that the total amount of retail square footage in a city is an approximate function of that city's population. I performed a simple ordinary least squares (OLS) regression analysis with 2000 MSA Population as the independent variable and MSA Total Retail Square Footage as the dependent variable to test this initial hypothesis. This regression yielded an extremely high coefficient of determination of 0.95 between the two variables. Larger cities obviously have more retail selection than smaller ones. The amount of retail space per person, however, will not necessarily be higher in the larger metropolises.

I then focused the remainder of my study on retail square footage per capita in order to understand what dynamic forces other than population affected the number of square feet of retail space allotted to the average resident within an MSA. Using descriptive statistics, I sorted the MSAs on the basis of each area's Gross Leasable Area (GLA) per capita and selected those areas deviating by more or less than two standard deviations from the aggregate Southeastern MSA mean of 20.26 square feet per capita for further in-depth analysis.

Before investigating the individual MSAs that were categorized as outliers, I attempted to understand the underlying trends within the aggregate data. Performing more single regression analyses with MSA Population, 1990-2000 Population Change, and Median Household Income as the independent variables and MSA GLA per capita as the dependent variable yielded few conclusive correlations. I next entered the three independent variables simultaneously in a multiple regression analysis to explain statistically variation in the dependent variable GLA per capita. This analysis yielded a multiple coefficient of determination of 0.45. More qualitative factors, such as tourism influences, proximity to larger markets, presence of major employers or universities, transportation infrastructure, and governmental policies and restrictions, were then used to understand the remaining 55% of variation left unaccounted for by the three independent variables. These catalysts or inhibitors, along with other non-quantifiable ones, occurred, to some extent, in every MSA and were not well-predicted by the multiple regression analysis.

Certain overall trends were evident. Median household income, growth rate, and the effects of outside tourism contributed the most in explicating an individual area's retail dearth or excess. These trends translated into major causes for retail growth or contraction on the individual level. I detected the presence of one or more of these previously unmeasured factors in all eleven MSAs that were deemed to be vastly under- or over-performing on the initial GLA per capita analysis. The five "true" overperforming MSAs (Myrtle Beach, SC; Fort Myers-Cape Coral, FL; Naples, FL; Raleigh-Durham-Chapel Hill, NC; and Atlanta, GA) have all enjoyed high growth rates, continuous inflow of outside tourism-based revenues, and overall higher-than-average income levels, thus allowing the retail stock within their MSAs to thrive and expand. The other slightly overperforming MSA (Knoxville, TN) conquered the hindrance of a linear spatial configuration, which would normally bring a city's GLA per capita score down, by having high levels of tourism (e.g., Great Smoky Mountains National Park and Dollywood) and the lack of viable retail alternatives within reasonable driving distances.

Those MSAs displaying below average GLA per capita (Anniston, AL; Sumter, SC; Johnson City, Kingsport, Bristol, TN-VA; Fayetteville, Springdale, Rogers, AR; New Orleans, LA) were also influenced by many of the same factors as the high-scoring ones, but these factors acted as inhibitors rather than catalysts. These areas lacked most of the GLA per capita-raising factors such as elevated household income or a large tourist base and, thus, were kept from sufficiently expanding their respective trade areas and retail bases.

The final chapter of the thesis focuses on the shopping center and its place in contemporary and future United States society. The construction of smaller open-air centers, referred to as lifestyle centers, and larger, but also unenclosed, power centers continues as Americans seem to have tired of cookie-cutter antiquated indoor malls. The fates of many smaller regional and inner city malls appear uncertain, and possibly sealed as they become renovated as office buildings or erode into vacant, uninhabited structures, while most suburban super-regional centers will continue to thrive. The overall number of these sometimes-overwhelming giants, however, is expected to increase only marginally. There is no territory left for them to conquer.

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Chapter 1

Introduction

The transformation of the post World War II American city from a previously compact, concentrated activity center into its current sprawling, decentralized multi-nucleated form has had profound effects on most aspects of American civilization. Transportation networks, employment and housing concentrations, domestic policy, spending patterns, and numerous other strands of American life have had to be rewoven because of this shift in population and overall importance away from the older central business district (CBD) to the newer suburban foci. As residential patterns shifted away from the traditional downtown and inner city ring to previously rural farmlands and open fringes up to thirty miles away, retailers and commercial business owners followed suit. At present a majority of many American cities' retail and commercial provision in terms of total square footage is consequently located in the suburbs, not the CBD. This retailing generally comes in the form of massive enclosed and strip shopping centers, freestanding chain stores, and a few successful locally-owned establishments. As cities and metropolitan areas continue to grow, the amount of retail goods offered to them and their neighboring suburban communities increases as well. The actual quantity of retail space allotted to each person, on the other hand, sometimes does not keep up with current population trends. This fact implies that something other than simple population numbers must drive retailers to expand (or contract) in different metropolitan areas.

America is a consumer society. From the richest CEO to the poorest fast food employee, all Americans spend money or consume. One must understand that consumption is by both the rich and the poor. The places at which this income is spent will obviously differ depending upon the amount of disposable income available to the individual consumer, but in the American retail society, few people are truly marginalized from being consumers simply because of their financial status. This economic maxim serves as evidence that population will determine a majority of the commercial allotment for an city or region. Other factors will, of course, supplement this assertion. As an individual's income rises, for example, so will his or her consumer demand. A person's ability to purchase more expensive wares leads the retail industry to provide merchandisers who cater toward this class of consumer while other retailers orient themselves around those classes who are less affluent. The purpose of this project is to determine what factors best explain retail growth and decline in U.S. metropolitan areas in the Southeastern region (Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, North and South Carolina, and Tennessee) and the relative influence these factors, including population size, retail sales, household income, and others, have on the absolute amount of total retail square footage for a metropolitan area. The rationale for selecting these states will be provided in the Methodology chapter.

Drawing upon the previous assumption of total consuming power being a function of population, I first hypothesized that one major factor, total metropolitan population, would account for an overwhelming majority of the total freestanding and shopping center square footage in any metropolitan statistical area (MSA) in the United States. In other words, to explain statistical variance in the total retail area square footage treated as the dependent variable, a simple ordinary least-squares (OLS) regression analysis using metropolitan population as the independent variable should yield a regression line with a positive slope and a strong positive correlation. If so, the predicted value of total retail area per capita for each MSA could be used in further analyses as a comparative benchmark upon which to determine outliers. Those MSAs which proved to be residuals from this overall regression between metropolitan area population and retail space should be able to be explained statistically by previously unmeasured factors such as metropolitan growth rate, retail sales per capita, relative proximity to a larger MSA, the nature of the transportation infrastructure, or per capita income. Major fluctuations in the degree of variance based upon the ordinary least squares (OLS) regression between (MSA population) and (total retail area square footage) will be addressed on a case-by-case basis. Relying also upon central place theory as the basis for my hypotheses, I believe that population ultimately drives retail. Retail should, therefore, respond accordingly to fluctuations in aggregate population and, to a lesser extent, those factors associated with population (e.g., growth and decline rates, income, economic stimuli). These secondary contingencies should vary in their degree of importance on the individual MSA's retail area per capita. The significance of outside tourism on the MSA's economy, the presence of major league sports franchises, the presence of a much larger city nearby, the proximity of natural or historical features, and the proximity of an interstate or major highway are among several factors that might cause an MSA to have a higher or lower retail area per capita than average. Ascertaining the degree of importance each of these additional factors other than simple population has on the MSA's retail climate will be the purpose of identifying outliers from the initial regression analysis. Aggregate analyses and forecasting of the data will also be conducted in order to explain these anomalies and overall data trends.

Chapter 2

Literature and Background

The Theory of Central Places

The focus of my study involves retailing and its place in the present day metropolitan statistical areas of the Southeastern United States. The crux of my research, including many inferences, hypotheses, and conclusions, will be based upon principles derived from central place theory. This theory provides the backbone for my assumptions involving the placement and frequency of commercial structures and consumer shopping behavior. The German geographer Walter Christaller originally introduced the theory in 1933 to explain the location of towns and cities in southern Germany (Scott 1970, 12). This basic theory has proven to be more influential in explaining the optimal locations for American (particularly Midwestern) cities, towns, and villages and the goods and services therein than any subsequent speculation, although the theory has been continuously modified to account for changes in the retail landscape. Other geographers and economists have made changes and refinements in certain aspects of Christaller's assumptions and analytical techniques since his initial publication of the theory as his Ph.D. dissertation. But, it is fair to say that the overall framework has remained an important and insightful guide in explaining and understanding the geography of retailing.

"Central place theory provides a conceptual mechanism for understanding the role of the city as a service center" (Hartshorn 1992, 137). Christaller first stated that an urban center, whether city or town, exists primarily to furnish goods and services to the surrounding area. The urban center's trade (or market) area depends upon the order of good or service desired. Lower order goods and services, such as convenience goods (e.g., groceries, gas), will have very limited trade areas. Most communities will contain at least one of these low order establishments. Higher order goods and services (e.g., dry cleaners, banks, apparel outlets, attorneys) demand larger trade areas because the frequencies of their purchase will be less (See Table 1). As a result, only more populated centers will contain these goods and services as consumers are willing to travel further distances for these activities.

"The threshold concept introduced by geographers Brian Berry and William L. Garrison has a spatial corollary in Christaller's notion of the range of a good. The inner range refers to the market area needed for the good to meet its threshold demand requirements. The outer range of the good, on the other hand, is the distance people are willing to travel to purchase a good. Travel distances to purchase lower order goods are generally much shorter than those for higher order goods" (Hartshorn 1992, 139). Threshold, in turn, refers to minimum level of demand necessary to support a business activity, usually calculated as the number of consumers needed in order for a business to break even (Davies 1976, 27). Goods with higher thresholds require larger trade areas because more population is needed for their support. The larger the city, the more diverse and extensive its selection of goods and services will be because those activities demanding higher thresholds will be adequately supported.

Although Christaller defined seven levels of an urban hierarchy, five generic categories of urban centers will suffice. These levels are known generically as hamlets,

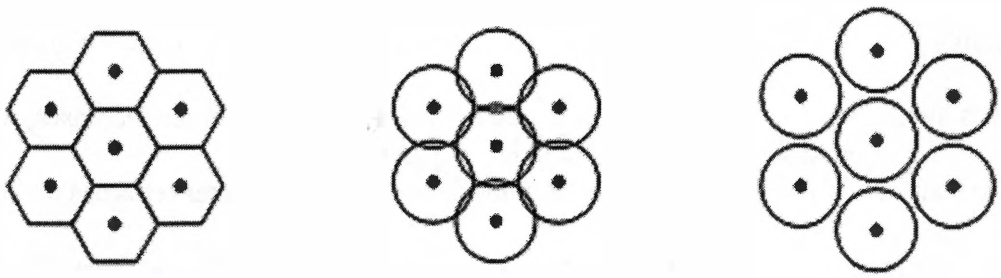
TABLE 1: Central Functions and Threshold Sizes.

Group	Central Function	Thd. Size	Group	Central Function	Thd. Size
1	Filing Stations	196	2 con'd.	Freight lines and storage	567
	Food Stores	254		Veterinarians	579
	Churches	265		Apparel stores	590
	Restaurants and snack bars	276		Lumberyards	598
	Taverns	282		Banks	610
	Elementary schools	322		Farm implements	650
				Electric repair shops	693
2	Physicians	380		Florists	729
	Real estate agencies	384		High schools	732
	Appliance stores	385		Dry cleaners	754
	Barbershops	386		Local taxi services	762
	Auto dealers	398		Billiard halls and bowling	789
	Insurance agencies	409		Jewelry stores	827
	Fuel oil dealers	419		Hotels	846
	Dentists	426		Shoe repair shops	896
	Motels	430		Sporting goods stores	928
	Hardware stores	431		Frozen food lockers	938
	Auto repair shops	435			
	Fuel dealers (coal, etc.)	453	3	Sheet metal works	1076
	Drugstores	458		Department stores	1083
	Beauticians	480		Optometrists	1140
	Auto parts dealers	488		Hospitals and clinics	1159
	Meeting halls	525		Undertakers	1214
	Feed stores	526		Photographers	1243
	Lawyers	528		Public aaccountants	1300
	Furniture stores	546		Laundries and laundromats	1307
	Variety stores (5 & 10)	549		Health practitioners	1424

Source: Brian J.L. Berry and W.L. Garrison,
"Functional Basis of the Central Place Hierarchy." (1958).

villages, towns, cities, and regional capitals (Berry 1967, 5). Hamlets occur the most frequently and, therefore, have the smallest market areas and lowest order of goods and services available. The size and market area of each successive center increases, with the regional capital containing the largest population and the largest market areas for the highest orders of goods and services. And, since these are nested hierarchies, Christaller also argued for a regular functional hierarchy in which a center of a given hierarchical level would contain all the goods found in the next lower order center plus some others. The bundle of goods and services that differentiated two adjacent levels of the hierarchy was called the hierarchical marginal goods (Lösch 1954). Christaller argued that the real outer range of these market areas would be hexagonal in shape because of spatial competition among centers at any level of the urban hierarchy surrounding each variant of urban center. Hexagons minimize market center overlap or unserved territory among centers of the same hierarchical order when compared to ideally shaped circular market areas (Figure 1).

Christaller formulated three arrangements of market areas in order to best explain the buying patterns of consumers in the central place hierarchy. The first order follows a marketing principle because each trade area of every center is as small as possible (Hartshorn 142, 1992). The marketing principle arrangement is also referred to as the K=3 system, K being a constant ratio of the number of centers at each level. For example, if there is one regional capital in a particular economic region, there should be three cities, nine towns, 27 villages, and so on. Likewise, market areas of each class of center are successively three times larger than the market areas of the next lowest class. For example, based upon this arrangement, three different city market areas are actually



(A) (B) (C)

The hexagon offers the best balance of geometric packing properties (A), while the circle poses problems of either overlap (B) or underlap (C).
Source: Hartshorn 1992, 141.

FIGURE 1: Comparison of Circular and Hexagonal Trade Areas.

present within the regional capital's own area (one-third of each of the six cities' areas and the regional capital's own city market area). The successive order of market areas follows multiples of three. In some instances, however, the marketing principle arrangement is not always the most suitable one that evolved. Christaller's two other ordering arrangements exist to account for certain extraneous (i.e., non-market driven) factors.

The transportation or traffic principle (K=4) appears optimal when the minimization of major transportation corridors connecting larger places is imperative. In this system, the higher order centers are arranged in linear fashion to make the most of road networks. Central places in this system have slightly larger market areas than those regions conforming to the marketing principle. Larger places influenced in their location by transportation considerations will have 4 next-lowest order market areas within its own market area, 16 of the next lowest level's, and so forth.

The administrative principle (K=7) follows the same rationale, but is based upon multiples of seven. This arrangement primarily results from governmental, religious, or political policies to maximize the number of lower order centers under the control of a higher order center (Hartshorn 1992, 144-145). These arrangements, although instrumental in understanding the core facets of central place theory in general, are not relevant in my course of research, except to introduce the concept of trade areas in relation to the purchase of goods and services. This application of central place principles in this research is at the intraurban city or MSA level, as opposed to Christaller's broader regional approach.

German economist August Lösch, the other influential figure in central place theory's formulation, disagreed with certain characteristics of Christaller's theory. "Christaller's rigid hierarchical arrangement of central places led to a condition in which entrepreneurs engaged in the distribution of particular goods or services could accrue excess profits solely because of their location within the settlement fabric. Lösch assumed that excess profits for entrepreneurs were inconsistent with the goal of consumer welfare maximization. He did not attempt to describe the actual pattern of central places in an economic landscape, but formulated a theory that would describe an ideal landscape. In this ideal environment, consumer travel required to obtain needed central goods and services would be minimized, while business profits would simultaneously be held to a level that returned only a normal profit from investment" (Hartshorn 1992, 142).

Lösch contended that more than one K-system could exist in a landscape. He allowed one urban place to possess all of the retail and service functions extant with the economic landscape. All goods and services on every level were present in this so-called "metropolis," and each K arrangement would originate from this central place. In addition, this place and other higher order places like it would command higher K systems, such as K=9, K=12, K=13, which would have higher thresholds, higher conditions of entry, and larger market areas (Hartshorn 1992, 145).

Because Lösch asserted that each function could be present anywhere within a central place hierarchy, the inflexibility of Christaller's system was unsuitable, and the predictability of what goods and services would be offered was extremely complicated. Some higher order places, for example, might not contain some of the lower functions offered in surrounding lower order places because of their presence within those aforementioned places. "The area-serving principle of Lösch may minimize excess profits, but it also discourages consumers from making multi-purpose shopping trips" (Hartshorn 1992, 146). Lösch's affirmations concerning central place theory is, in general, more applicable to a description of the spatial distribution of agricultural services in the Midwest, while Christaller's outlook is more relevant to both the purchase of lower order convenience goods, such as groceries and gas, and higher order goods and services offered almost exclusively in high order centers.

Applying either version of central place theory in its pure form to current retail behavior is not entirely appropriate given outside forces such as transportation constraints, individual preference, natural barriers, price concerns, and even commercial anomalies. In the aggregate, however, the theory's tenets are useful for my overall goal of effectively explaining the reasons for the allotment of retail space per person for metropolitan areas in the Southeastern United States. Both Christaller's and Lösch's establishment of the hierarchical principle is quite useful in determining the relative amount of and variation in retailing within different levels of urban areas.

An Example of Central Place Hierarchy

One nearby example of the hierarchy of population size coinciding with commercial offering is found in middle Tennessee and northern Alabama (See Figure 2). Although not as rigidly conformal to a particular K arrangement as southern Iowa might be, this region formed by the two states still exhibits very distinct shopping and commuting patterns similar to those dictated by Christaller and Lösch. Nashville and Chattanooga, Tennessee, and Huntsville, Alabama serve as the outlying regional centers

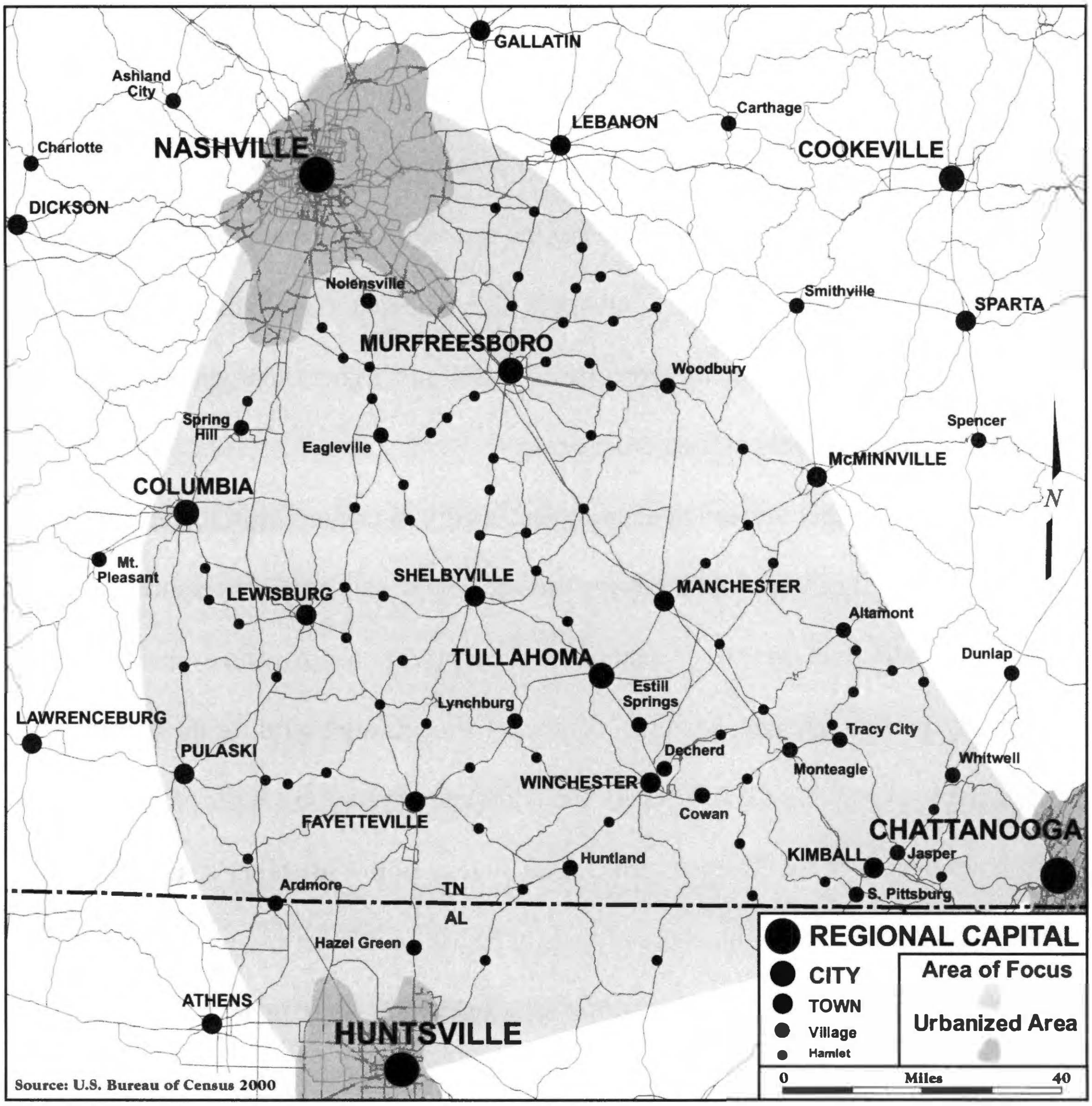


FIGURE 2: Central Place Hierarchy in Middle Tennessee and Northern Alabama.

used by the populace for major commercial purchases, medical procedures, and recreational excursions. They, furthermore, form the vertices for the loosely triangular region, which is evident by the viewing the map. Murfreesboro (although officially part of the Nashville MSA), Columbia, and Tullahoma, Tennessee all play the role of cities, with the next largest populations and overall selection of commercial stock. These three urban areas of 17,994 to 68,816 inhabitants all contain small enclosed malls, numerous restaurant franchises, hotels, and regional hospitals not found in the lower order areas (U.S. Bureau of Census 2000). Franklin, Tennessee, although having a larger commercial area in terms of total square footage than the three aforementioned cities, is often viewed locally as part of the Nashville suburbs with regard to shopping behavior because of its proximity to, and dependence upon, the latter. This is primarily due to the presence of the MSA's largest enclosed mall (Cool Springs Galleria) and resultant strip center buildup.

Following these three cities are numerous towns such as Winchester, Manchester, Pulaski, Shelbyville, and Fayetteville, Tennessee. This middle tier within the central place hierarchy is typically comprised of the county seats, which will house a large discount department store (e.g., Wal Mart), one to three grocery outlets (e.g., Kroger, Bi-Lo, Food Lion), and a limited assortment of fast food restaurants. Their populations typically range from around 6,000 to 20,000. Kimball, with a population of only 1,312, is the exception and functions as a city because of its close proximity of two other similar-sized locales, South Pittsburg and Jasper, and the absence of any major populated places along this stretch of Interstate 24 between Manchester and Chattanooga.

One step down the hierarchical progression is the so-called village level consisting of Estill Springs, Lynchburg, Huntland, Chapel Hill, and others. These places typically contain a couple of stoplights, a smaller independent grocery store, and a few gas stations or convenience stores. Their sizes average 1,000 to 2,000 inhabitants.

The final rung of the hierarchical ladder in southern middle Tennessee is the hamlet level. These tiny burgs of 1,000 residents or less may or may not be incorporated, are often located at crossroads, contain one or two gas stations, and are scattered throughout the awkwardly-formed triangle of Huntsville, Nashville, and Chattanooga. The urban patterns of southern middle Tennessee display a hierarchical arrangement of settlement patterns consistent with those in central place theory. Determining market area capitalization and hinterlands for consumer shopping behavior can, consequently, be based upon these occurrences of central place systems. Central place theory's overall prediction of shopping preference is still applicable today in terms of determining the provisioning of goods and services.

Extensions of Classical Central Place Theory

Geographers other than Christaller and Lösch have contributed many aspects of the theory that I have found most applicable. Brian Berry is one such geographer mentioned earlier. Berry's work in 1958, in conjunction with William L. Garrison, involving the duplication ratio of a business, plays a very pivotal role in explaining the absence of a second or third supplier of a good or service within a particular MSA, even though the size of the population might suggest apparent need for more retail offering.

More than a simple doubling of the overall population is typically required in order to necessitate the presence of a second supplier of a given central place good or service. This is because the trade area of the initial business will enlarge to incorporate the additional population. The additional consumers may influence the entrepreneur to expand at the existing location in size and/or offering in order to act as a barrier to entry to other potential similar businesses. This expansion provides a blockade of sorts against other suppliers of the same goods or services and against the need for another location of the same supplier. Many times, the population of a city will have to triple or even quadruple before the original supplier will see the need to add a second outlet for its wares in a given central place. This is often seen in the dynamics involving enclosed mall, discount department store, and grocery store expansion within an MSA or smaller community.

For example, a city of 10,000 residents may well contain a small 200,000 square foot enclosed mall, a large 100,000 square foot discount department store (e.g., Wal Mart), and a large full-line grocery store (e.g., Kroger). When the city reaches 20,000 in population, however, the arrival of a second mall, Wal Mart, or Kroger will most likely not take place. The arrival of a Target (or, in past years, a K Mart) is entirely possible should the existing Wal Mart not expand to the present caché Supercenter status to provide a barrier to entry, but no monumental construction will probably ensue. Should this city, on the other hand, grow to 40,000 or 50,000, extensive changes will then, most likely, occur. A much larger enclosed center of approximately 500,000 square feet containing a wider selection of stores and more national chains would almost undoubtedly be constructed, pending the non-expansion of the existing mall.

Complementary strip centers, additional restaurants, secondary Wal Marts, Krogers, and the like will arise to support this new commercial threshold arrived at by the burgeoning populace. Notice, however, that the population had increased four to five fold, and not simply by 100%.

Another contemporary premise of central place theory involves its influence in the placement of shopping centers. Enclosed shopping centers contain numerous variations of retailers offering the highest orders of goods and services (upscale clothiers, jewelers, niche retailers); consequently, these massive centers have the largest thresholds and will contain the most expansive trade areas of any business or business agglomeration. Their trade areas could potentially extend over 70 miles, depending upon the location of competing centers and neighboring population centers. Super-regional enclosed malls command the largest influence over the surrounding commercial landscape of any retail complex. This includes travel patterns, consumption habits, and revenue generation. For this reason, their correct placement is imperative in order to ensure the best probability for maximum revenue generation, not only for the center itself, but also for the inevitable buildup that often arises shortly after the center's completion. The increased congestion in surrounding areas, the vast amounts of deforestation needed for their construction, and their uncanny ability to drive locally-owned establishments out of business often place them at the peripheries of development in most MSAs today, particularly those areas with the highest growth rates or highest potentiality for growth. Central place principles are utilized in contemplating these super-regional centers' locations in order to ensure their sustainability for as long as possible. For example, the placement of a large shopping center in the relatively rural areas between two large MSAs is now commonplace. This centralized location effectively draws upon the buying power of both cities and thereby increases the trade area of the center greater than normal to provide a strong barrier to entry for other competing centers.

One of the foremost practitioners in the application of central place logic is the pioneer of marketing geography William Applebaum. He discusses most aspects involved in the planning and site selection of a proposed regional shopping center (Applebaum 1970). Although published in 1970, Applebaum's research involving central place principles in regards to population, local merchant opposition, competing center cannibalization, and the selection of an appropriate tenant mix. All of these factors should be addressed and are relevant in today's contemporary MSA retailing environment.

Based upon my research and comprehension of the central place literature, I propose that population is what ultimately drives retail trade. Other factors such as household income, growth rate, transportation infrastructure, and ethnic breakdown, are all subsidiary and dependent upon "population" for their viability. The other facets potentially affecting the decision-making processes of retailers would not exist or be warranted if sufficient threshold population could be obtained. Consequently, population acts as the primary catalyst for the generation of additional retail; the same conclusion reached by central place theory. The decision to construct a business within a given place will ultimately hinge upon the availability of a minimally profitable market size (threshold); other extraneous considerations come secondarily (Berry et al. 1988, 20). I am not, however, downplaying the importance of the type of population present within a potential business's trade area. The ethnicity, median income, age breakdown, and historical shopping patterns, all demographic indicators pertaining to population of a given market, may be used to further refine a retailer's locational resolve and profitability.

The Influence of Marketing Concepts

Key marketing principles will also play a pivotal role in my research, analyses, and conclusions. The concepts of market segmentation (dividing a market into distinct groups of buyers with different needs, characteristics, or behavior who might require separate products) and target marketing (specifically selecting a certain demographic, class, or income group of a population toward which a business markets its goods or services) are extremely influential in understanding why certain businesses or entire shopping centers behave the way they do (Kotler et al. 1997, 203). These strategies determine the presence of not only a specified business in general, but also what type of business or what segment of the population that business is trying to capture. In other words, what tenant mix a center contains is dependent upon its overall target marketing strategy. Take an enclosed super-regional mall, for example. Should it be trying to attract middle income shoppers, its resultant tenant and anchor mix would probably be something like that shown in the accompanying table (Table 2). Conversely, if the center wishes to be regarded as more upscale or selective, it might choose retailers with a higher image or brand-recognition. Finally, if the mall is targeting the working class or value shopper who usually does not have adequate disposable income to frequent the aforementioned elite shopping center, a marketing strategy that includes off-price

TABLE 2: Typical Enclosed Center Tenancy.

Higher Tier Market:	Middle Tier Market:	Lower Tier Market:
Anchors	**Anchors**	**Anchors**
Bloomingdale's	Belk	Dawahares
Filenes	Bon Ton	Goody's
Lord & Taylor	Burdines	Old Navy
Macy's	Dillards	Sears
Neiman Marcus	Elder-Beerman	Service Merchandise
Nordstrom	Famous-Barr	
Parisian	Foley's	
Saks Fifth Avenue	Goldsmith's	
Strawbridge & Clothier	Hecht's	
	JC Penney	
	Lazarus	
	Marshall Fields	
	Proffitts	
	Rich's	
	The Bon Marché	
	Younkers	
In-Line Tenants	**In-Line Tenants**	**In-Line Tenants**
Abercrombie & Fitch	Aeropostale	Aladdin's Castle
Armani Exchange	American Eagle	Bath & Body Works
Banana Republic	B. Dalton	Cato
Burberrys	Disney Store	Champs Sports
Cartier	Express	Chick-Fil-A
Chanel	Express Men's	Claire's Accessories
Charlotte Russe	Gadzooks	Disc Jockey
Crate & Barrel	Gap	Dollar Tree
Eddie Bauer	Guess?	Foot Locker
Gucci	Gymboree	FYE-For Your Entertainment
Loius Vuitton	Hollister	GNC
The Bombay Company	Journeys	KB Toys
Tiffany's	Lerner New York	LensCrafters
Tommy Hilfiger	Pacific Sunwear	Maurices
Williams-Sonoma	Spencer Gifts	Piercing Pagoda
	Talbots	Radio Shack
	The Limited	Waldenbooks
	Victoria's Secret	

Note: Anchors and in-line tenants of a lesser tier can often be found in an enclosed center of a higher tier, but higher tier anchors and in-line tenants are not typically found in an enclosed center of a lower tier.

variants of traditionally higher tier retailers might work best. Examples of all three of these types of malls can be found within the same MSA; each, however, will be targeting a different segment of the population. In certain instances, off-price and fashion centers have even located next to one another. Such co-location is feasible because the centers are attracting quite disparate clienteles. The tenants must be careful not to cannibalize their own stores as normal outlets and their off-price variants will sometimes attract the same customer base and cut into the company's overall profitability. That is why some upscale retailers that also support off-price outlets will not allow these two store types within 25-30 miles of each other.

The target market of a particular business or entire center is not static. Depending on the decline or increase in the relative affluence of the surrounding trade area, the proximity of the business or center to existing or proposed arterial highways and interstates, the construction of competing or complementary businesses or centers, and even seemingly random fluctuations in consumer fad and fashion effects can lead to a reevaluation of the chosen location. Locations of the business or center could change in order to maximize profits and maintain an acceptable threshold for survival. Certain centers may add target market components to their existing tenant mix in order to entice another possible market segment, such as adding a carousel or amusement aspect along with an upscale department store, effectively drawing from two separate consumer bases.

Whatever the reason, having a segment or even niche (small division of a market segment with similar buying needs) of the population upon which to base one's marketing and advertising tactics generally results in better performance and efficiency in the long run, vis-à-vis more generic marketing techniques. These generalized marketing methodologies, ‘more generic strategies,’ may incur less costs in the beginning, but greater overhead and maintenance expenses overall. Targeting a specific consumer base should ultimately result in higher sales generation increasing the return on investment and creating a greater profitability index, assuming the company can survive the initial outlay expenses of collecting, sorting, and implementing the consumer data needed to identify the best long-run target market.

Marketing research is also instrumental in the success or failure of a business or center. In order to enter a market, the business should know exactly who it is attempting to attract. By studying the demographics of the different sections of an MSA, a business will more adequately understand the type of residents in each sector, on both a socio-economic and human level. For example, designing a less boxy, more unique, pedestrian-friendly building in terms of floor plan and façade can have a tremendous impact on the community’s attitude toward the fledgling store. Understanding the community’s wants, needs, expectations, and purchasing abilities are essential to establishing an aura of goodwill and benevolence between the retailer and targeted consumer. If consumers believe the merchant is sincere, honest, and actually cares about individual customers instead of just the bottom line, the likelihood for success will be much greater.

Employing marketing research is especially important in the regional and super-regional center realm where consumer perception can make or break a center. Northridge Mall in suburban Milwaukee recently closed its doors after a long period of decline because of the mall’s location. This location was in a reportedly high growth area. When this inflow of higher income residents to the northern Milwaukee suburbs began to fade due to a large black in-migration, however, the mall began to witness a gradual rise in its vacancy rate. The mall failed to adequately reevaluate its trade area demographics and house tenants more compatible with its increasingly African-American clientele. Compounded with this error in accurate marketing research was the mall owner's inability to adequately promote the center, another core facet essential for a business's or center's survival.

An isolated murder in the mall's parking lot in April of 1992 left the general public with a soured attitude toward the mall, and it acquired the image as an unsafe, crime-ridden place (Milwaukee Journal-Sentinel Online 2003). The inability of Northridge Mall to rid itself of the negative publicity created by the murder and the deteriorating neighborhoods west along Brown Deer Road (the major east-west arterial in the area) played a major role in its demise. With no comprehensive promotional effort emphasizing the mall and surrounding area's strong points, the initially-thriving 1,017,674 super-regional center was inevitably doomed (National Research Bureau 2003).

Promotion and publicity figures prominently in how a business or center is perceived by the consumer. Publicity, unfortunately, cannot be controlled. Promotion, on the other hand, can be. The desire of a center to be viewed as upscale, middle class, or value-oriented often depends upon how the building appears, the image of its tenants, the proximity to other businesses of the same stature, and the demographics of the surrounding area. These promotional factors in retail center construction decision-making do not necessarily coincide with simple population statistics, but still can contribute to the excess or deficiency of retail within an MSA. Many centers in Florida, for example, make good use of the relative affluence in their respective communities to market themselves as upscale or fashion centers. In other cases, the large influence of tourism in the local economy will be used to promote and position the center as entertainment or festival-oriented. The presence of water parks, large IMAX theaters, and extensive arcades act as promotional magnets for out-of-town families who wish to shop and play at the same time.

Core concepts drawn from both the central place and marketing literatures allow me to present a geographical, human perspective as to why cities and commercial establishments behave as they do. By incorporating these two bodies of literature that address retail behavior and human consumption patterns, my assertions and conclusions regarding total retail square footage in relation to total MSA population are thereby strengthened and more compelling.

Chapter 3

History

The Origins of the Shopping Center

The conception of the shopping center began in 1907 when Edward H. Bouton constructed a line of interconnected stores in Baltimore, Maryland with parking provided for horse-drawn carriages. This unification of buildings is generally considered the first "true" shopping center (McKeever et al. 1977, 13). Roland Park Shopping Center unofficially marked the beginning of the retail transformation from the traditional central business district (CBD) to the current incarnation of shopping center oriented retailing format.

In the 1920s, upscale Country Club Plaza opened in Kansas City, Missouri. This open-air center, which targeted Kansas City's upper class, is alive today and still heralded as one of the most prosperous and exciting centers to frequent. With a sales per square foot of $400 compared to the US average of $219 per square foot and Eddie Bauer, Hall's, and Saks Fifth Avenue as anchors, the second officially recognized shopping center has withstood the test of time (Newspaper Association of America 2003).

Soon after the opening and subsequent success of Country Club Plaza, centers began to arise in Houston, Los Angeles, and numerous other cities around the country. Because the automobile was now positioning itself as the primary form of transportation, centers were gradually located further and further away from the central business district of the city. It was not until the mass exodus of people to suburbia during the late 1940s and early 1950s, however, that the saturation of the shopping center began to occur in earnest.

Resulting from the large amount of cheap and unused land available at a distance from cities, retailers and developers began to focus their efforts on the outer fringes of cities and metropolitan areas, where much of the population was relocating. Centers grew larger and more elaborate, and traditional downtown department stores made the transition from city to suburb to help support these massive complexes. Along with innovations in size came new features in the centers themselves. "In 1953 the first enclosed shopping center was planned and then opened three years later. Southdale, located in Edina, a southwestern suburb of Minneapolis, Minnesota, instituted weatherproofed shopping on two levels surrounding a 'garden court,' all enclosed and under the same roof" (McKeever et al. 1977, 16). This mall helped to usher in the era of the modern shopping center.

The (Over)Malling of America

Since 1953 more than 2,000 enclosed shopping centers, or malls, have opened around America (Global Strategic Real Estate Research Group 2001). Most developed along major arterial highways or at interstate interchanges in suburban areas of large cities. These malls were marketed as the ultimate in consumer convenience. There would no longer be a need to make four or five separate stops for persons to do their shopping when one stop at the mall would take care of it all. Major department stores, previously found almost exclusively in decaying downtown areas, were relocating as anchor stores in shopping malls. Some of these enclosed shopping mall behemoths exceeded 1,000,000 square feet of gross leasable area (GLA).

As the popularity of malls caught on, so did their number. During the 1970s and 1980s, malls were constructed not only in larger cities, but also in many smaller towns with populations of at least 10,000. Inner-ring suburban malls built during the 1960s now faced competition from newer outer-fringe suburban malls constructed a few miles away just a decade later. The majority of malls in America were completed during this time period. By the end of the 1980s, America became "overmalled." The previous formula of 400,000 to 2,000,000 square feet, two-to-five anchor stores, and an assorted tenant mix was not working anymore. Shoppers were becoming tired of the same selection and format, no matter which mall he or she visited. The mall had to reinvent itself, and it did.

Variations on a (Shopping) Theme

In 1969, the Galleria in the affluent suburbs of western Houston, Texas opened as the first mall hybrid, the mixed-use center[1] (Hartshorn 1992, 370). This upscale complex, which presently contains the upscale line-up of Lord & Taylor, Macy's, Neiman Marcus, and Saks Fifth Avenue as anchors, effectively combines retail, office, and hotel functions into one integrated complex (Hartshorn 1992, 372). Constructing this form of shopping center is now very popular as a revitalization tactic for ailing CBDs and inner suburban areas. Multi-storied buildings house retail on the first two or three floors with office and residential space occupying the remaining upper floors. Water Tower

[1] This disregards the completion of San Francisco's Ghirardeli Square in 1964, which is viewed as more of a festival or entertainment-themed marketplace, as opposed to an actual mall hybrid.

Place in Chicago, Illinois and Riverwalk in New Orleans, Louisiana are other examples of this often-profitable retail venture.

Another variation on the enclosed mall's traditional format is the town center/entertainment concept. This crossbreed became popular with malls erected during the early and mid 1990s. Enclosed centers began to reposition themselves as gathering places, places where the entire community could come together (i.e., a "town center"). People do not just come to shop, but rather to shop and mingle. This form of interaction had, of course, been occurring informally for some time anyway. The mall now focused not only on shopping, but also on holding events such as pageants, car shows, and traveling picture galleries. Malls built during this 1990s period sometimes employed more exotic names, such as Town Center at Boca Raton and Cool Springs Galleria, as opposed to the more traditional West Town or East Towne nomenclatures. Malls, furthermore, now placed non-retail establishments within their walls. Hotels, ice hockey rinks, water parks, massive movie theater complexes, and other tourist attractions were installed at various centers around the country in order to increase attendance. Now a family could make an entire day (or night) out of going to the mall.

Pretenders to the (Shopping) Throne

In the late 1990s, the retail winds shifted yet again, and malls became faced with three new competitors. The first was the supercenter concept. The supercenter is also referred to as the hypermarket (Hartshorn 1992, 385). During the early 1990s, Wal Mart had begun experimenting with a larger store concept called the Supercenter. It was much larger than the original Wal Mart store, often 150,000 to 200,000 square feet. This format had a full-line grocery store, tube and lube express, dental office, and even a bakery. The Supercenter idea took off, and the other major discount retailers soon followed Wal Mart's lead with Big K Mart and Super Target. These gigantic commercial establishments required a large amount of land, so many were constructed near previously-built suburban malls. Little by little these "mega-retail" stores drew customers away from the enclosed centers. Consequently, many such supercenters are now becoming incorporated as an additional anchor store for certain super-regional malls.

A second prime competitor of the traditional enclosed mall is the power center. These regional or super-regional unenclosed centers often emphasize 80/20 anchor/in-line tenant space assignment compared to 60/40 for the typical community or regional strip center (Hartshorn 385, 1992). Most Southeastern MSAs have or soon will have one or more of these massive retailing venues in their suburban extremities. By definition, power centers are large non-enclosed strip centers with a total square footage of 300,000 to over 1,000,000. "Big box" retailers typically anchor the center and comprise a majority of its gross leasable area, or GLA. The term "big box" is a commonly cited name in reference to both the overall store size of the retailer and its ability to effectively dominate its targeted market. This genre of store began in mid 1980s and has grown enormously over the past twenty years both in terms of profitability and sheer number (Hartshorn 386, 1992). Today there are four primary types of "big box" retailers: discount department stores, "category killers," outlet stores, and warehouse clubs.

Discount department stores usually have at least 80,000 square feet and offer a wide assortment of items at reduced prices. This subgroup includes Wal Mart, K Mart, Target, and Kohl's.

Category killers offer a wide selection of merchandise within a particular product category at lower prices than smaller, independent retailers. They often range in size from 20,000 to 120,000 square feet. Home Depot, Toys R Us, Circuit City, and Media Play are all examples of category killers.

Outlet stores are a third type of big box merchant. This genre is composed of off-price variants of major department stores, such as Nordstrom Rack and Off-Price Saks Fifth Avenue, and individual manufacturers, Nike and Burlington Coat Factory for example. These stores typically range from 20,000 to 80,000 square feet and are not located near large enclosed malls because of the possible cannibalization of their own trade areas.

The last “big box” subgroup is the warehouse club, which will have at least 100,000 square feet of GLA. Warehouse clubs offer goods in bulk at wholesaler prices and typically locate near discount department stores for complementary reasons, e.g., Wal Mart and Sam’s Club. Warehouse clubs include aforementioned Sam’s Club, BJ’s Wholesale Club, and Costco Wholesale (Maryland Department of Planning 2001).

The idea of combining these individual stores into one large agglomeration caught on in the early 1990s. See Table 3 for a more extensive list of typical power center anchor tenants. These centers are often about the same size in square footage as regional and super-regional malls, but are not enclosed and do not contain the assorted small retailers. As mentioned earlier, they require numerous acres of open land for construction, so they, too, are often placed near large prominent suburban regional and super-regional malls. Both power centers and the previously discussed supercenters have historically been indirect forms of competition to the malls themselves. Both of these

TABLE 3: Common Power Center Anchor Tenants

Category and Examples	
Family Clothing	**Food**
T.J. Maxx	Kroger
Marshalls	Albertson's
Ross Dress for Less	Winn Dixie
Goody's	Ralph's
Old Navy	**Home Furnishings**
Electronics/Appliance	Waccamaw
Circuit City	Linens N Things
Best Buy	Bed, Bath & Beyond
Books, Music	**Warehouse Centers**
Media Play	Sam's Club
Border's	Costco
Barnes & Noble	**Sporting Goods**
Home Improvement Centers	Dick's
Lowe's	**Office Supplies**
Home Depot	Office Max
Discount Department Stores	Office Depot
Wal Mart	**Theaters**
K Mart	Wynnsong
Target	AMC
Kohl's	Carmike
Drugs	Regal
CVS	**Toys**
Walgreen's	Toys R Us
Phar Mor	

retail forms have also proven to be more detrimental to small local retailers in the area than they have toward traditional mall tenants. On the other hand, current trends appear to pit some of the power centers directly against the enclosed malls by positioning them in separate locations and not in the previous mall and surrounding strip center (i.e., outparcel) spatial configuration. In many cases, this market-positioning move is working and causing traditional enclosed malls to reevaluate their own marketing strategies.

A third enclosed center competitor had always competed directly against the mall, but was now beginning to win. That new antagonist was public opinion. For years many people had opposed shopping centers, specifically the enclosed mall. "They kill local business. They kill the downtown. They create traffic jams. They're too closed-in. They're all the same." These rantings are some of the commonly cited criticisms for not frequenting the local mall. The people harboring these resentments had previously constituted a small percentage of the population. In the 1990s, however, new ideas concerning responsible downtown and inner city revitalization coupled with smarter suburban growth sprouted throughout America.

The "New Urbanism" movement, taking its roots from beliefs of such urbanists as Jane Jacobs and Howard Kunsler, became a major thorn in the side of previously-unabashed shopping center developers. "New Urbanism" focuses on the reuse of older central city structures and the structured planning and development of the outer city. Major proponents of this methodology include the architectural firm of Andres Duany and Elizabeth Plater-Zyberk, whose principles reflect many of the movement's beliefs. These two, along with Robert Davis, planned the new communities of Seaside and Celebration, Florida. These new towns have been touted as the antidote to traditional developers and planners (Marshall 2001). Duany and Plater-Zyberk argue that power brokers such as Robert Moses created the sprawl development that has plagued the suburbs for decades (Caro 1975). Now their qualms about traditional sprawled development were being heard. As America became more ecologically conscious, the inner city and old CBD became areas which no longer needed leveling and rebuilding, but rather renovating, both aesthetically and functionally. Downtowns were once again viewed as places of shopping, entertainment, and habitation, not merely as centers of financial or office employment. This new school of thought did not bode well for the extensive suburban shopping center.

As public opinion began to turn against the traditional enclosed center, malls began actively trying to take on a dual role: as a traditional shopping complex and the new public town center of a community. And yet malls provided only the illusion of a public center culture. In actuality, they were quasi-public, privately-owned entities (Goss 1993). Malls positioned themselves not only as places to shop, but also as places to meet and interact. Teenagers frequented malls continuously to pass the time on weekend nights, while the elderly utilized the long indoor corridors as exercise centers in the mornings. Many enclosed centers, both large and small, had instituted Mallwalker programs to increase pedestrian traffic in the slow morning hours. Regardless of this change in marketing strategy implemented by numerous malls throughout the country, certain sects of the public were still turning against them.

The Resurgence of the Downtown Challenge

This notion of the suburban mall reinventing itself as the new downtown or town center of the city was often not taken lightly by actual CBDs. The original downtowns began to take back their identities and draw in specialty retailers as well as a few common mall tenants. Examples of this resurgence in central city retailing have been evident throughout the country. Trendy Newport, Rhode Island has no enclosed mall within 20 miles of its city limits, but the city still has numerous traditional in-line retailers. Gap, Abercrombie & Fitch, and others have locations here, but not in an enclosed mall or even outdoor lifestyle center. They are, instead, meshed with local boutiques and dining establishments along Newport Harbor in downtown as common merchants. These businesses are, by the way, flourishing.

With all of the mundane, pre-formed, cookie-cutter mall building taking place, more and more people became opposed to yet another enclosed center just like all of the other ones going up. By the late 1990s, public sentiment had soured toward mall expansion in general. It was not that people suddenly hated malls, but rather that no more massive super-regional centers needed to be constructed. The market was saturated with malls, so developers reinvented malls once again.

The Latest (Re)Incarnation of the Mall

The lifestyle center concept is now the current vogue for “mallesque” construction in the United States. The lifestyle center is typically much smaller (about 400,000 square feet), has more independent and local retailers on average than a regional mall, and is open-air rather than enclosed (National Research Bureau 2003). The influence of New Urbanism and its responsible "smart growth" philosophies are very apparent in the layout, aesthetics, and tenant mix of the lifestyle center. These new centers are predominantly upscale and are located in middle to upper class suburban communities. Some of the most notable and profitable lifestyle centers are Easton Town Center in Columbus, Ohio and the Summit shopping centers in Birmingham, Alabama and Louisville, Kentucky. The tree-lined walkways, traffic-softening roundabouts and speed bumps, and similarity of building façade and design throughout these complexes echo Jane Jacobs' vision of the ideal American city. The lifestyle center provides an alternative destination for those who desire the selection of a mall with more of a personalized, pedestrian-friendly, almost Main Street-like setting. Even previously-abandoned factories and warehouses are being resurrected as shopping destinations. Bend, Oregon recently opened The Shops at the Old Mill in 2001, a lifestyle center constructed around the abandoned milling district along the Deschutes River. Every building has been refurbished in the modern industrial architectural design, maintaining the rugged and weathered look of past use while respecting the natural environment. Now, however, the warehouses and sawmills house shops such as Eddie Bauer and Pacific Sunwear instead of machinery and timber. The entire neighborhood has been revitalized, as unused industrial buildings are being converted into commercial and office space (www.theoldmill.com 2003). This ingenious inner-city redevelopment tactic has, unfortunately, not been beneficial for all businesses in Bend. The Shops at the Old Mill has, consequently, all but eliminated the city's two older enclosed malls.

The Dark Future of the Enclosed Shopping Mall?

Enclosed malls are still being "manufactured, " but with much less frequency than in the past. Currently, the lifestyle center and other related hybrids are proving to be profitable ventures for those developers who hope to avoid erecting another stereotypical mall. What enclosed malls are being built will now often include a lifestyle component to them to avoid being viewed as intrusive and unoriginal. In other words, these new centers include an enclosed portion with an accessible outdoor section so that consumers can easily transition between the two. This new form of mall hybrid has currently been able to keep the old enclosed design alive and kicking for the time being. As the smaller outdoor centers continue to be in vogue, however, this small tweak on the traditional mall design blueprint may have to be reevaluated as more and more enclosed malls go dark when confronted with newer, trendier outdoor centers. This premise holds especially true for the older, inner suburban centers with declining sales per square foot and occupancy rates to go along with the often deteriorating, surrounding neighborhoods. These "ancient" centers, although putting up a struggle, may be fighting a losing battle.

Chapter 4

Methodology

Finding a Suitable Data Source

The first major obstacle faced in the initial data acquisition stage was finding appropriate and consistent data for many metropolitan areas. I soon learned that there was no one all-inclusive, comprehensive source which listed total retail square footage or selling area devoted to retail activities for metropolitan areas. What is needed is a consistent source of data on free-standing and adjoined structure square footage devoted to retailing. It would seem that this sort of information would be pivotal in many real estate developers' and individual companies' decisions about and future retail location decisions. One source (the U.S. Shopping Center Directory) published by the National Research Bureau collects data on total GLA for every metropolitan area of the US. This, however, was not inclusive of all space devoted to retailing. GLA typically refers to the total leasable area for tenant occupancy occupied by neighborhood, community, regional, and super-regional shopping centers, but can include free-standing structures as well (CB Richard Ellis 2003). A shopping center is defined as a group of three or more adjoined stores with a square footage totaling at least 25,000 square feet and one of the stores occupying at least 10,000 square feet (International Council of Shopping Centers 2003). Unfortunately the US Shopping Center Directory did not include any freestanding, owner-occupied retail structures. Such structures range from the 2,000 square foot corner downtown deli to the 200,000 square foot stand-alone Wal-Mart Supercenter in the suburbs. Depending upon the degree of "big box" suburban buildup, major retail arterial free-standing buildup, and downtown retail vitality, at least 37% of the total retail area for a city and its surrounding hinterlands may not be listed in the directory (Eppli et al. 1997). These percentages are based on retail stock counts of construction starts in major Southeastern cities from 1970 to 1996 and, accordingly, would not include any previously-constructed buildings. The directory gives an accurate depiction of the adjoined retail space in an MSA, but not the "total" retail space.

I then searched through individual MSA core city Chamber of Commerce websites in the hope of coming across the needed data. This method yielded few direct results. I was, however, able to locate a few major consulting companies and real estate developers that do compile total retail market reports for cities on an individual, case-by-case basis. Because of this, I would have been able to gather certain metropolitan area data, but would have become constrained by each company's case study list and been able to only use the city or metropolitan area data available. In consequence, had I proceeded in this manner, the selection of cities for this study would be spotty and opportunistic; based upon someone else's unknown selection methods, rather than upon data that are systematically recorded. In addition, most attention in the retail realm is given to shopping center complexes, rather than individual structures. The NRB data were, therefore, determined to be the best option in order to ensure homogeneity in the data collection procedure, to reduce subjectivity as much as possible given the aforementioned limitations of even this data source, and to have an accurate source for the most recognizable and discussed sources of retail space, shopping centers.

Defining a Region of Study

As mentioned in the Introduction, my region of investigation is the United States' Southeastern region as defined by the NRB 2003 Shopping Center Directory Southeastern Edition. This region includes the following states: Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee. All of their respective Metropolitan Statistical Areas and Primary Metropolitan Statistical Areas (Miami and Fort Lauderdale, Florida will be listed as two PMSAs, rather than one CMSA), 78 in total, are used as the entries for the thesis (Figure 3). These nine states were chosen because of their relative cohesiveness and similarity as a bona fide distinct region in the eyes of most Americans. The degree of conflict concerning these Southeastern states' population organization, political structure and thought, and MSA layout would hopefully occur to a lesser extent versus utilizing Western and Midwestern US states'. These states typically maintain a more liberal, less Biblical-based mindset and MSAs developed almost entirely on a grid network versus the Bible Belt's characteristic hub-and-spoke city layout. By choosing one commonly-known region with which to work, I could avoid haphazardly including various states from the Mid-Atlantic, Midwest, or Great Plains regions which might bring with them extraneous factors (e.g., more extreme climatic changes, less historically racist cultural influences) not experienced by most Southern states.

I originally considered adding the states of Kentucky, Texas, and Virginia and their individual MSAs, but eventually decided against it for a number of reasons. The

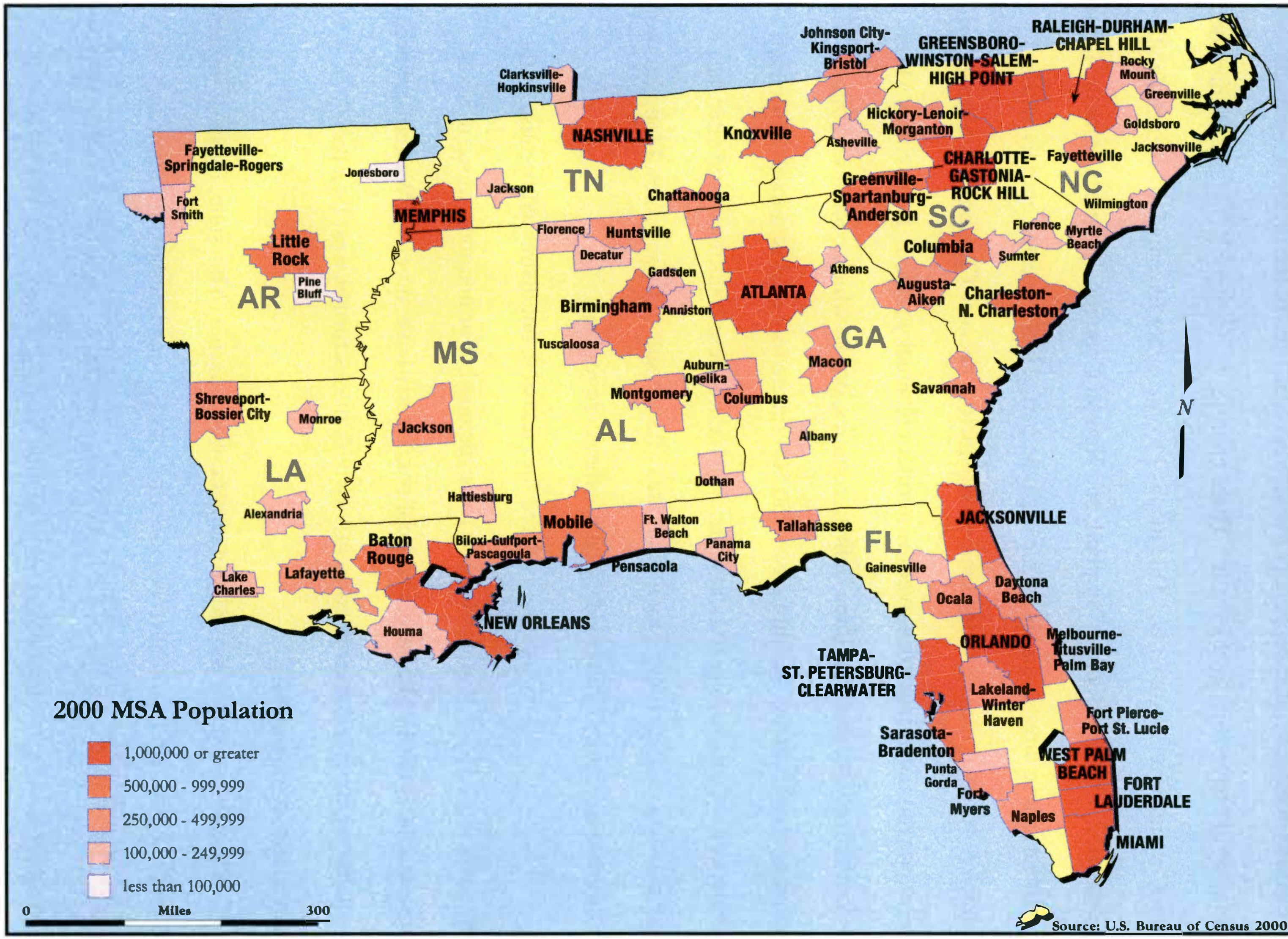


FIGURE 3: 2000 Southeastern US Metropolitan Statistical Areas.

inclusion of Kentucky, and especially the metropolitan area of the greater Cincinnati region, would have been problematic. Three counties of northern Kentucky are included in the Cincinnati retail statistics. This means I would either have had to: 1) include all of Cincinnati, 2) exclude Boone, Campbell, and Kenton Counties, Kentucky from the list, or 3) delineate these three counties as one separate partial MSA located entirely within Kentucky. None of these options seemed satisfactory because Cincinnati (a Midwestern city) exerts too much influence over the northern Kentucky region. Louisville's MSA boundary, likewise, includes three Indiana counties, one of which contains a large amount of retail buildup, including two 750,000 square foot enclosed malls associated with the county's proximity to Louisville. Excluding these counties would alter the aggregate data on Louisville's total retail area. As a result of these issues, I found it best to eliminate Kentucky from my defined Southeastern region.

Texas, too, was initially considered for inclusion, but dismissed because of the sheer number of MSAs that would have to be included. Furthermore, western Texas cities, such as Amarillo, El Paso, and Lubbock, clearly have more of a Western culture, layout, atmosphere, and overall connectivity with places further west than their Southeastern counterparts.

The final state that proved problematic was Virginia. This state, for most intents and purposes, should be included because of its still-strong Southern tradition and heritage. After all, the capital of the Confederacy was here. On the other hand, parts of the Washington D.C. Consolidated Metropolitan Statistical Area, or CMSA, are also here. I found no truly justifiable method for separating northern Virginia from the rest of D.C.'s statistics without tainting or biasing the results. Including the entire CMSA, however, would constitute adding Maryland and West Virginia, so I reluctantly omitted Virginia.

The Shopping Center Hierarchy

The data utilized include only retailers located within the recognized shopping center categorization classification, which includes the sub-categories of neighborhood, community, regional, and super-regional. Each shopping center type serves a different function, and numerous variations and combinations of the four broad, simplified classifications exist, which can greatly influence the development or deterioration of the surrounding area.

The most numerous of the four types serving the smallest clientele is the neighborhood center. This center typically handles the day-to-day basic needs of local neighborhood residents, such as food, drugs, movie rental, and other services. Neighborhood centers have an average GLA of 30,000 to 100,000 square feet, occupy 3 to 10 acres, and serve a population of 2,500 to 40,000 (McKeever et al. 1977, 4). The primary raisond'tre of the neighborhood center is convenience, with a small supermarket or pharmacy usually being one of its tenants.

The next level up the shopping center hierarchy is the community center (Berry 1967, 33). This complex will contain a greater depth and breadth of merchandise than the neighborhood center and possibly an anchor store. An anchor store is a larger retailer, often a regionally or nationally-recognized chain, which accounts for a major portion of the center's overall sales volume and large percentage of the its total GLA. The average dimensions of a community shopping center are 100,000 to 300,000 square feet, 10 to 30 acres of land, and 40,000 to 150,000 people in the trade area (McKeever et al. 1977, 4). A typical anchor store in this type of development will be a larger grocery, home improvement, low-price department, or chain drug store. Wal Mart, Lowe's, Kroger, and Walgreen's often locate in community shopping centers within small to medium-sized cities and can easily generate a majority of the center's total sales. Some of the larger versions of these establishments, such as Wal Mart Supercenters or Target Greatlands, may, however, be constructed separately or in regional centers.

The regional center of the retail hierarchy is primarily found in suburban areas of larger cities along or at intersections of major arterial roads and freeways. Many regional centers are built in the form of enclosed malls, which can draw customers from over 10 miles away. By using the term "enclosed mall," I am referring to a shopping complex with its stores contained under the same roof and not a line of retail outlets with individual outdoor entrances. These large shopping centers contain at least one large anchor store of at least 100,000 square feet, and can have up to three. They generally have a GLA of 400,000 square feet; although, some have up to 750,000. The usual minimum site requirement is at least 30 acres, and a customer base of at least 150,000 (McKeever et al. 1977, 7). Regional shopping centers establish their pull by providing the customer with an extensive line of goods and services not found in smaller centers, such as upscale clothiers and movie theaters. Foothills Mall in Maryville, Tennessee and College Square Mall in Morristown, Tennessee are two nearby examples of regional malls. For a number of years, this classification was regarded as the largest form of shopping center; however, in the past twenty-five years, another type of center has arisen to overtake the regional center in size and importance.

The final center of the hierarchy, the super-regional center, has a least three department stores anchoring it and a GLA of over 750,000 square feet (McKeever et al. 1977, 7). Many of the large suburban shopping malls today are classified as super-regional because of their incredible size and large trade area from which they draw customers. Some are able to draw shoppers from over 50 miles away. One of the reasons for this drawing power is that these centers often house more than just shops. Amusement centers, convention halls, ice rinks, and hotels (mentioned in the previous chapter) are found in many super-regional malls in major metropolitan areas today. Another factor controlling the immense number of customers attracted to these suburban giants is the number of unique shops and boutiques found under their roofs. Upscale department stores, such as Macy's, Bloomingdale's, and Saks Fifth Avenue, can no longer be found in the central business districts of many metropolitan areas, but have instead relocated to the largest peripheral super-regional centers. Furthermore, smaller, middle- and high-end clothing retailers, such as The Gap, Eddie Bauer, and Abercrombie and Fitch, have foregone starting off in downtowns altogether and have positioned themselves almost exclusively as high-profile mall tenant stores. This genre of shopping center has become like a new suburban central city, sometimes replacing the older CBD as the focal point of commerce and entertainment in a city, and has almost always come in the form of a mall with most stores enclosed under the same roof. Over the past ten years, on the other hand, the magnitude of the power center and lifestyle center, has grown accordingly and challenged the traditional enclosed mall to continually reinvent itself.

A Brief Overview of the Data and Study Region

The nine states and seventy-eight MSAs selected for analysis have 2000 MSA populations ranging from 82,148 (Pine Bluff, Arkansas) to 4,112,198 (Atlanta, Georgia). Their populations will serve as the primary independent variable for the first statistical test. Three MSAs do cross into non-selected states: Clarksville-Hopkinsville, Tennessee-Kentucky, Fort Smith, Arkansas-Oklahoma, and Johnson City-Kingsport-Bristol, Tennessee-Virginia. The retail activity located within the Kentucky, Oklahoma, and Virginia portions of the aforementioned MSAs was simply added to the original MSA statistics and included. Total square footage of shopping center retail space in these MSAs ranges from 996,845 (Anniston, Alabama) to 116,709,767 (Atlanta, Georgia) square feet and will be used as the dependent variable for the initial analysis comparing population to gross leasable area.

Chapter 5

Preliminary Analysis

I proved my initial hypothesis that there is a high positive association between MSA population and retail GLA by using the total retail area in square feet for the 78 Southeastern MSAs and cross-referencing these data with the individual area's 2000 population. Each MSA's 2000 population was divided by its total square footage to find GLA per capita number, which would be employed as the dependent variable for further analysis. The data were sorted in ascending order based upon this derived measure in order to determine an aggregate mean. The resultant figure was 20.26 square feet of GLA per person. This number is almost identical to the United States average of 20 to 22 square feet of GLA per person amount quoted by NRB and numerous other developers and statistical-gathering agencies[1] (University of Cincinnati Real Estate Program 2000). 20.26 is, furthermore, quite similar to an earlier figure of 23.26 square feet per person that I calculated for the assessment of a sample of U.S. metropolitan areas. The previous research investigated the effects of both free-standing and adjoined retail in randomly-selected U.S. cities. Eliminating the free-standing retail data from the aggregate total would undoubtedly drop my past work's per capita total to a figure closer to that obtained in the present study (Table 4).

After obtaining the GLA per capita measure with a mean of 20.26 and a standard deviation of 5.22, a frequency distribution curve was constructed. The resultant frequency distribution demonstrates that the data appear to be leptokurtic though close to a normal

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[1] 21.84 is the average given by the Mark Eppli and John Benjamin of the Journal of Real Estate Research for Gross Leasable Area per Capita for All Retail Space by Center Size and Metropolitan Area, 1997.

distribution with a slight degree of positive skewness (Figure 4). The proximity of the mean (20.26), median (19.12), and mode (18.00-19.00), all of which occur near the zenith of the curve, reinforce the normalizing tendencies of the frequency distribution.

I next performed an ordinary least squares (OLS) regression with 2000 MSA Population and Gross Leasable Area as the independent (X) and dependent (Y) variables, respectively (Figure 5). This produced a coefficient of determination, r-squared, of .95. A coefficient of determination this close to 1.0 is a very close correlation between total GLA and total population. Ninety-five percent of the variation in Y (Gross Leasable Area) is statistically “explained” by variation in X (2000 MSA Population). Because of this inordinately high correlation, retail GLA per person could legitimately be used as the benchmark for comparison and identification of outliers.

In order to determine which MSAs should be further scrutinized, every entry was categorized as follows: 1] well-predicted (>-1 standard deviational unit, but <+1); 2] a mild outlier (≥|1| standard deviational unit, but <|2|), 3] a moderate outlier (≥|2| standard deviational units, but<|3|), or 4] an extreme outlier (>|3| standard deviations). All MSAs determined to be moderate or extreme outliers above or below 2 standard deviations (N=4) were chosen for in-depth evaluation along with other superlative over- or under-performing mild outliers (those MSAs closest to two standard deviations away from the mean in the mild outlier category). Based upon past research and personal experience, I also arbitrarily chose other MSAs which ranked higher or lower than I would initially expect, but which were not necessarily outliers. As a result, 11 MSAs were ultimately

TABLE 4: MSA Data Spreadsheet.

MSA	Classification	GLA per Capita	Total Square Footage	2000 MSA Population	1990 MSA Population	% Pop. Change	Median Household Income	
Anniston, AL	Moderate Outlier (-)	**8.88**	996,845	112,249	116,032	-3.3	31,768	2 Negative Standard Deviations
Sumter, SC	Mild Outlier (-)	**10.10**	1,056,947	104,646	101,276	3.3	33,278	
Fayetteville-Springdale-Rogers, AR	Mild Outlier (-)	**11.11**	3,455,427	311,121	210,939	47.5	37,322	
Johnson City-Kingsport-Bristol, TN-VA	Mild Outlier (-)	**12.03**	5,777,013	480,091	436,068	10.1	31,596	
Lafayette, LA	Mild Outlier (-)	**12.06**	4,652,003	385,647	345,053	11.8	30,998	
Jacksonville, NC	Mild Outlier (-)	**12.16**	1,828,287	150,355	149,838	0.3	33,756	
Dothan, AL	Mild Outlier (-)	**12.26**	1,690,924	137,916	130,964	5.3	33,455	
Pine Bluff, AR	Mild Outlier (-)	**13.61**	1,147,323	84,278	85,487	-1.4	31,327	
Decatur, AL	Mild Outlier (-)	**13.75**	2,005,698	145,867	131,556	10.9	36,299	
Gadsden, AL	Mild Outlier (-)	**14.11**	1,459,560	103,459	99,840	3.6	31,170	
Clarksville-Hopkinsville, TN-KY	Mild Outlier (-)	**14.30**	2,961,082	207,033	169,439	22.2	36,313	1 Negative Standard Deviation
Houma, LA	Well-predicted (-)	**15.07**	2,931,207	194,477	184,842	5.2	35,089	
Biloxi-Gulfport-Pascagoula, MS	Well-predicted (-)	**15.09**	5,491,497	363,988	312,368	16.5	36,662	
Fort Smith, AR-OK	Well-predicted (-)	**15.23**	3,157,658	207,290	175,911	17.8	32,399	
Tuscaloosa, AL	Well-predicted (-)	**15.32**	2,526,076	164,875	150,500	9.6	34,436	
Panama City, FL	Well-predicted (-)	**15.49**	2,295,745	148,217	126,994	16.7	36,092	
Auburn-Opelika, AL	Well-predicted (-)	**15.66**	1,802,018	115,092	87,146	32.1	30,952	
New Orleans, LA	Well-predicted (-)	**15.68**	20,972,089	1,337,726	1,285,262	4.1	35,317	
Florence, AL	Well-predicted (-)	**16.12**	2,304,619	142,950	131,327	8.9	32,704	
Ocala, FL	Well-predicted (-)	**16.44**	4,257,124	258,916	194,835	32.9	31,944	
Albany, GA	Well-predicted (-)	**16.67**	2,013,858	120,822	112,571	7.3	34,829	
Lakeland-Winter Haven, FL	Well-predicted (-)	**16.78**	8,118,733	483,924	405,382	19.4	36,036	
Fayetteville, NC	Well-predicted (-)	**17.12**	5,187,123	302,963	274,713	10.3	37,466	
Lake Charles, LA	Well-predicted (-)	**17.17**	3,151,808	183,577	168,134	9.2	35,372	
Shreveport-Bossier City, LA	Well-predicted (-)	**17.34**	6,801,337	392,302	376,330	4.2	32,558	
Greenville, NC	Well-predicted (-)	**17.34**	2,319,679	133,798	108,480	23.3	32,868	
Miami, FL	Well-predicted (-)	**17.63**	39,731,246	2,253,362	1,937,194	16.3	35,966	
Goldsboro, NC	Well-predicted (-)	**17.77**	2,013,759	113,329	104,666	8.3	33,942	
Baton Rouge, LA	Well-predicted (-)	**18.16**	10,945,806	602,894	528,261	14.1	38,438	
Daytona Beach, FL	Well-predicted (-)	**18.25**	8,998,034	493,175	399,438	23.5	35,722	
Mobile, AL	Well-predicted (-)	**18.49**	9,987,851	540,258	476,923	13.3	35,629	
Jackson, TN	Well-predicted (-)	**18.54**	1,990,509	107,377	90,801	18.3	36,649	
Hickory-Lenoir-Morganton, NC	Well-predicted (-)	**18.56**	6,343,874	341,851	292,405	16.9	37,818	
Jonesboro, AR	Well-predicted (-)	**18.60**	1,527,626	82,148	68,956	19.1	32,425	
Hattiesburg,MS	Well-predicted (-)	**18.65**	2,082,995	111,674	98,738	13.1	30,981	
Jackson, MS	Well-predicted (-)	**18.74**	8,259,097	440,801	395,396	11.5	38,887	
Monroe, LA	Well-predicted (-)	**18.75**	2,760,565	147,250	142,191	3.6	32,047	
Birmingham, AL	Well-predicted (-)	**19.08**	17,578,125	921,106	839,942	9.7	39,278	
Little Rock-North Little Rock, AR	Well-predicted (-)	**19.12**	11,163,047	583,845	513,026	13.8	39,145	
Tallahassee, FL	Well-predicted (-)	**19.55**	5,563,640	284,539	233,609	21.8	36,441	
Florence, SC	Well-predicted (-)	**19.70**	2,477,470	125,761	114,344	10.0	35,144	
Columbus, GA-AL	Well-predicted (-)	**19.89**	5,462,955	274,624	260,862	5.3	34,512	
Greenville-Spartanburg Anderson, SC	Well-predicted (-)	**20.20**	19,446,092	962,441	830,499	15.9	38,458	0 Standard Deviations
Pensacola, FL	Well-predicted(+)	**20.29**	8,363,029	412,153	344,406	19.7	36,975	
Rocky Mount, NC	Well-predicted(+)	**20.35**	2,911,211	143,026	133,369	7.2	34,795	
Savannah, GA	Well-predicted (+)	**20.68**	6,059,193	293,000	257,899	13.6	39,622	
Alexandria, LA	Well-predicted (+)	**20.89**	2,638,650	126,337	131,556	-4.0	29,856	
Greensboro-Winston-Salem-High Point, NC	Well-predicted (+)	**20.91**	26,164,196	1,251,509	1,050,304	19.2	40,913	
Knoxville, TN	Well-predicted (+)	**21.73**	14,931,363	687,249	585,960	17.3	36,874	
Chattanooga, TN	Well-predicted (+)	**21.92**	10,196,423	465,161	424,176	9.7	37,411	
Wilmington, NC	Well-predicted(+)	**22.05**	5,147,711	233,450	171,269	36.3	38,632	
Nashville, TN	Well-predicted (+)	**22.10**	27,217,499	1,231,311	985,026	25.0	44,223	
Asheville, NC	Well-predicted (+)	**22.31**	5,041,753	225,965	191,310	18.1	36,179	
Montgomery, AL	Well-predicted (+)	**22.36**	7,447,376	333,055	292,517	13.9	37,619	
Tampa-St. Petersburg-Clearwater, FL	Well-predicted (+)	**22.74**	54,492,545	2,395,997	2,067,959	15.9	37,406	
Punta Gorda, FL	Well-predicted (+)	**22.77**	3,224,840	141,627	110,975	27.6	36,379	
Fort Pierce-Port St. Lucie, FL	Well-predicted (+)	**23.20**	7,411,475	319,426	251,071	27.2	38,724	
Augusta-Aiken, GA-SC	Well-predicted (+)	**23.45**	11,193,862	477,441	415,220	15.0	38,103	
Gainesville, FL	Well-predicted (+)	**23.45**	5,110,804	217,955	181,596	20.0	31,426	
Athens, GA	Well-predicted (+)	**23.67**	3,632,050	153,444	126,262	21.5	33,416	
Memphis, TN-AR-MS	Well-predicted (+)	**24.17**	27,445,385	1,135,614	1,007,306	12.7	40,201	
Columbia, SC	Well-predicted(+)	**24.38**	13,082,537	536,691	453,847	18.3	41,677	
Charleston, SC	Well-predicted (+)	**24.42**	13,408,266	549,033	506,877	8.3	39,491	
Huntsville, AL	Well-predicted (+)	**24.54**	8,402,024	342,376	293,047	16.8	43,104	
Jacksonville, FL	Well-predicted (+)	**25.19**	27,718,448	1,100,491	906,727	21.4	42,439	
Charlotte-Gastonia-Rock Hill, NC-SC	Well-predicted (+)	**25.40**	38,077,675	1,499,293	1,161,546	29.1	46,119	1 Positive Standard Deviation
Sarasota-Bradenton, FL	Mild Outlier (+)	**25.78**	15,211,372	589,959	489,483	20.5	40,649	
Melbourne-Titusville-Palm Bay, FL	Mild Outlier (+)	**26.20**	12,479,246	476,230	398,978	19.4	40,099	
Macon, GA	Mild Outlier (+)	**26.56**	8,567,295	322,549	291,079	10.8	38,565	
Fort Walton Beach, FL	Mild Outlier (+)	**28.11**	4,793,413	170,498	143,777	18.6	41,474	
Atlanta, GA	Mild Outlier (+)	**28.38**	116,709,767	4,112,198	2,959,500	38.9	51,948	
Orlando, FL	Mild Outlier (+)	**29.01**	47,713,205	1,644,561	1,224,844	34.3	41,871	
Fort Lauderdale, FL	Mild Outlier (+)	**29.05**	47,144,214	1,623,018	1,255,531	29.3	41,691	
West Palm Beach-Boca Raton, FL	Mild Outlier (+)	**29.72**	33,618,441	1,131,184	863,503	31.0	45,062	
Raleigh-Durham-Chapel Hill, NC	Mild Outlier (+)	**30.27**	35,961,814	1,187,941	858,516	38.4	48,845	2 Positive Standard Deviations
Naples, FL	Moderate Outlier (+)	**31.38**	7,888,410	251,377	152,099	65.3	48,289	
Fort Myers-Cape Coral, FL	Moderate Outlier (+)	**32.09**	14,147,760	440,888	335,113	31.6	40,319	3 Positive Standard Deviations
[illegible]	Extreme Outlier (+)	**44.56**	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Total Pop. And Sq. Ft.			939,009,084	41,578,650	**Aver. Pop. Ch. And Med. Income**	17.3	37,056	
Average GLA per Capita		20.26						
Standard Deviation		5.22						

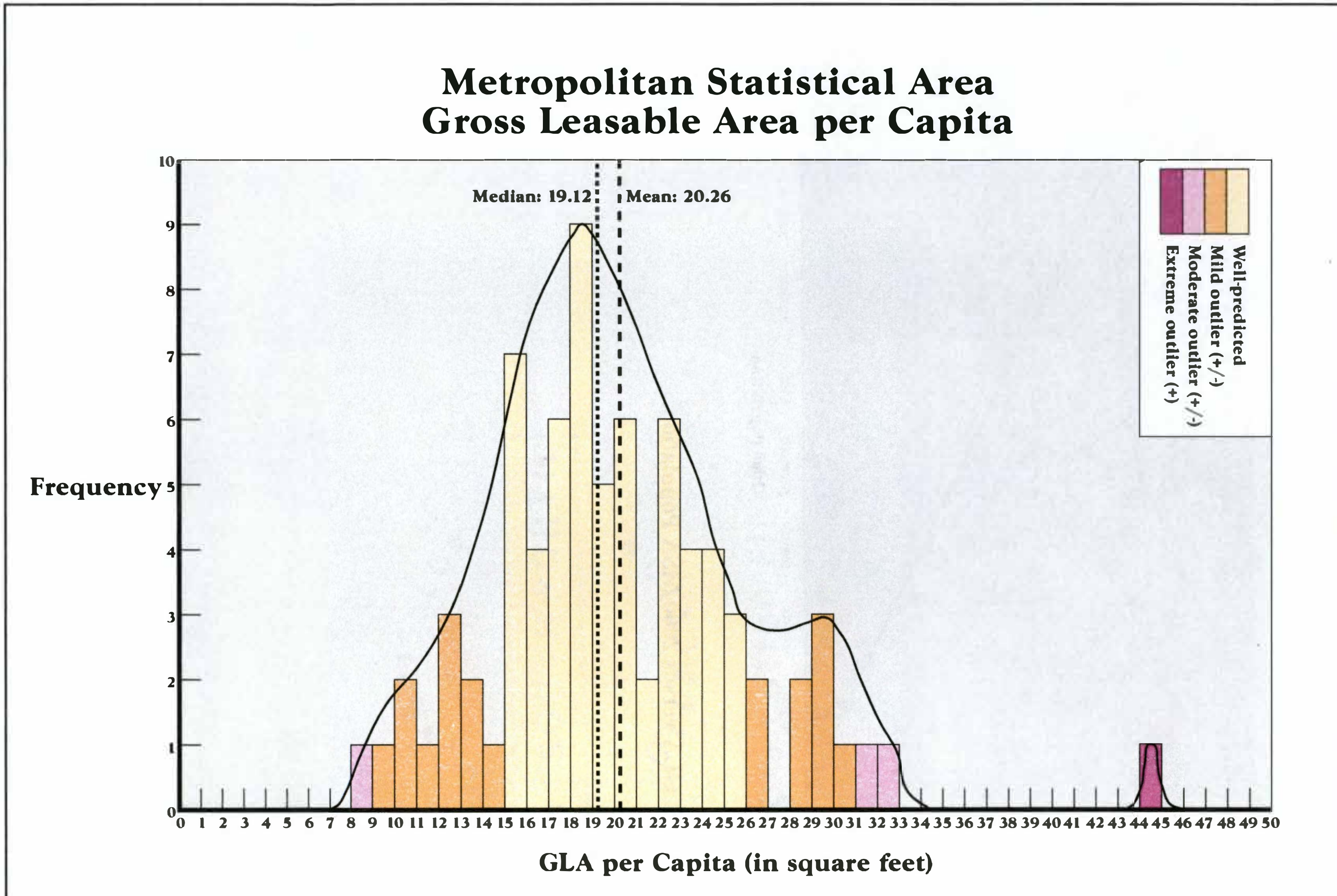

FIGURE 4: GLA per Capita Frequency Distribution.

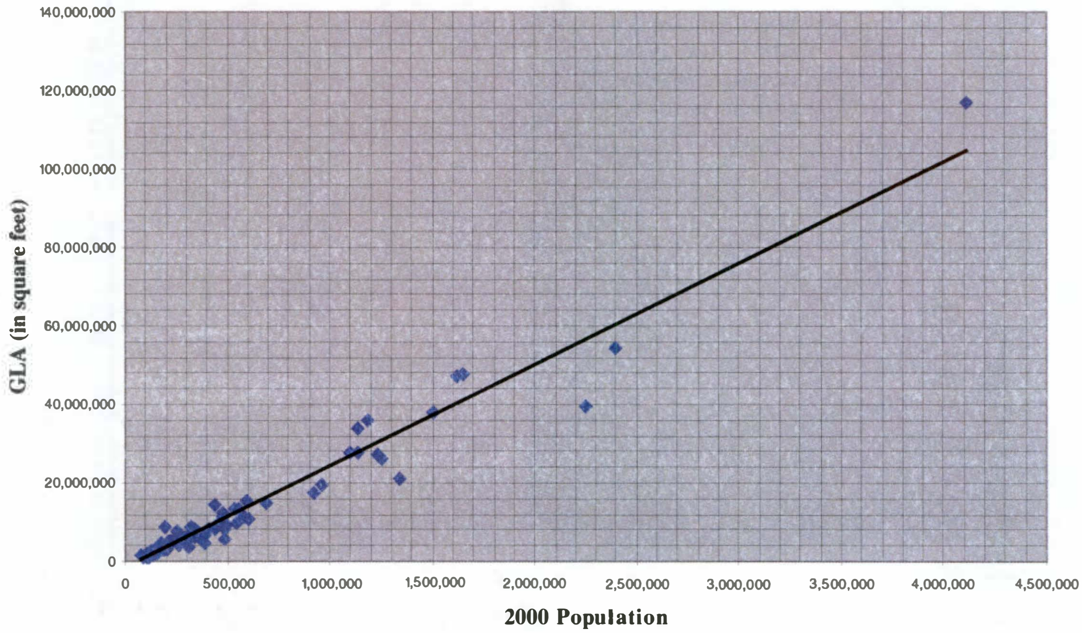

FIGURE 5: GLA versus 2000 MSA Population.

selected for in-depth analysis based upon their GLA per capita distribution. Those MSAs chosen for their positive deviations (i.e., underpredicted) are as follows: 1) Myrtle Beach, South Carolina with 44.56 square feet per capita (the only extreme outlier); 2) Fort Myers, Florida with 32.09 square feet per capita (moderate outlier); 3) Naples, Florida with 31.38 square feet per capita (moderate outlier); 4) Raleigh-Durham-Chapel Hill, North Carolina with 30.27 square feet per capita (mild outlier), and 5) Atlanta, Georgia with 28.38 square feet per capita (mild outlier). MSAs included because they exhibited negative deviations from the average GLA per capita (i.e., overpredicted) are the following: 1) Anniston, Alabama with 8.88 square feet per capita (moderate outlier); 2) Sumter, South Carolina with 10.10 square feet per capita (mild outlier); 3) Fayetteville-Springdale-Rogers, Arkansas with 11.11 square feet per capita (mild outlier); and 4) Johnson City-Kingsport-Bristol, Tennessee-Virginia with 12.03 square feet per capita (mild outlier). Although it qualified as well-predicted, New Orleans, Louisiana, with 15.68 square feet per capita, was chosen for further analysis because it was the largest metropolitan area to place so low out of the 78 MSAs. Knoxville, Tennessee with 21.73 square feet per capita was the 11th and final MSA selected for scrutiny. This was due to the fact that the study originated in the Knoxville MSA, and I was curious about its status. Although GLA per capita alone was ultimately used to identify these individual outliers, a multitude of factors will be involved in explaining the retail excesses or deficiencies, on both the individual and aggregate levels. The aggregate analysis will be presented first, followed by the individual analyses.

Chapter 6

Aggregate Analysis

Single Regression Analyses

I regressed GLA per capita as the dependent variable against 2000 MSA population as the independent variable to search for possible relationships (Figure 6). The graph displays a negligible relationship between the two variables. The coefficient of determination is only .11, signifying no compelling relationship between the two variables[2]. I had expected a much higher correlation between the two, particularly because of central place principles. Larger cities should receive a much higher proportion of retail with respect to population than the smaller MSAs. In effect, some of these premiere cities would have to have high GLA per capita figures simply because there are no other retail options available. I assumed that large metropolitan areas of over, say, 500,000, would draw in enough outside consumers as well as their own to sustain a higher than average GLA per capita. This was not, however, the case. MSAs such as Atlanta, Georgia; Memphis, Tennessee-Arkansas-Mississippi; Charlotte-Gastonia-Rock Hill, North Carolina-South Carolina, and Jacksonville, Florida did score high in per capita statistics. On the other hand, New Orleans, Louisiana; Mobile, Alabama; and Birmingham, Alabama are all located away from other major MSAs and, yet, scored well below the mean of 20.26 square feet per person. My initial assumption concerning relative MSA size and GLA per capita was very weakly supported.

[2] The trendline equation for GLA per capita versus 2000 MSA population is y = 3E-06x + 18.64.

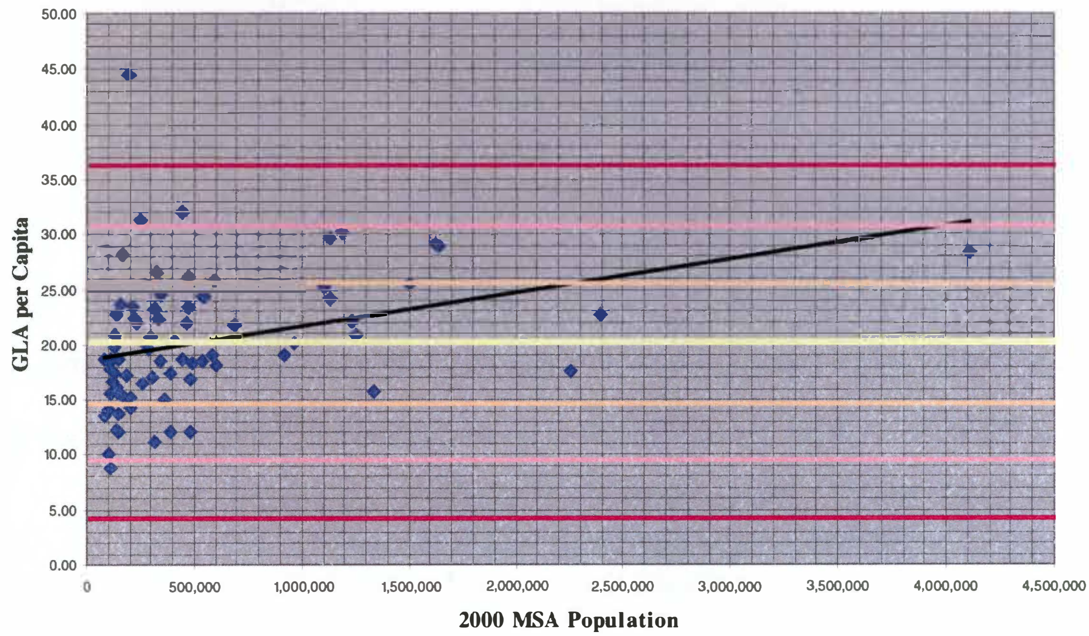

Figure 6: GLA per Capita versus 2000 MSA Population.

MSA population alone, obviously, cannot explain the large variance of 8.88 to 44.56 square feet per person, so I then gathered median household income statistics for each MSA and performed a regression analysis based upon GLA per capita as the dependent variable and median household income as the independent variable (Figure 7). The resultant scatterplot displayed a modest positive coefficient of determination (r-squared = .41)[3]. This result yields the probable conclusion that as personal income rises, so does average GLA per capita. This trend is clearly shown in Table 4, where only three of the top eighteen entries have a median household income of less than $40,000. Furthermore, all eighteen top-ranked MSAs, excluding Myrtle Beach, South Carolina, are above the mean Southeastern household income of $37,056 (U.S. Bureau of Census 2000). This reinforces the common wisdom that as wealth and spending power increase, the availability and frequency of retail, particularly upper echelon retail, rises. Eight of the twelve top-ranking MSAs in GLA per capita are located in Florida. The fact that Florida is increasingly becoming a wealthy retirement haven has brought on waves of development in almost all of its metropolitan areas. This proliferation of retail space involves more than just ordinary strip center development. Saks Fifth Avenue and other high-end commercial retailers have positioned themselves in certain Floridian small and middle markets, such as Fort Myers, Naples, and Melbourne, at open-air lifestyle centers and smaller, trendier malls. Income definitely helps to guide when and where additional retail will be constructed, but it, too, must rely on the aid of other forces to bring in and keep the stores.

[3] The trendline equation for GLA per capita versus median household income is $y = .0009x - 11.379$.

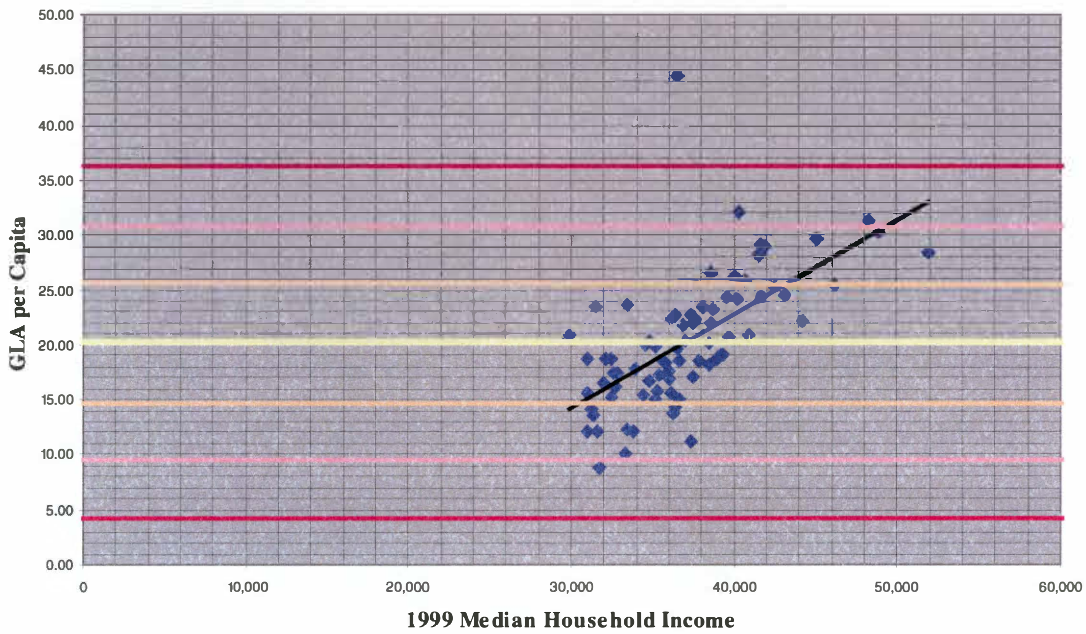

Figure 7: GLA per Capita versus 1999 Median Household Income.

Another factor expected to be related to GLA per capita should be growth rate of the metropolitan area. As a region gains population and expands, more commercial development should be needed in order to accommodate the burgeoning population. An analysis regressing the dependent variable, GLA per capita, against the independent variable, 1990-2000 population change, was conducted (Figure 8). Again a positive correlation was obtained between the two variables. The coefficient of determination, (r-squared = .31) indicates that the relationship between population growth and retail GLA per capita is not as strong as is the one between GLA per capita and median household income[4]. A definite relationship between the two variables is, however, apparent. Thirteen of the top fourteen MSAs in terms of GLA per capita have a ten-year growth rate higher than the Southeastern average of 17.3% (U.S. Bureau of Census 2000). Naples, Florida, with the highest growth rate of any United States MSA over the past ten years, is experiencing a multitude of new strip centers, restaurants, and high-end shops open at an almost continuous pace (U.S. Bureau of Census 2000). Another resultant hypothesis is formulated; GLA per capita will rise as growth rate increases.

Multiple Regression Analysis

When the three individual simple regression analyses yielded no definitive results, I performed a multiple regression analysis. Treating GLA per capita as the dependent variable, I regressed this measure against the three previous independent variables treated simultaneously. This multiple regression produced better results, with a coefficient of determination of .46. That is, approximately 46% of the aggregate

[4] The trendline equation for GLA per capita versus 1990-2000 population change is $y = .2761x + 15.498$.

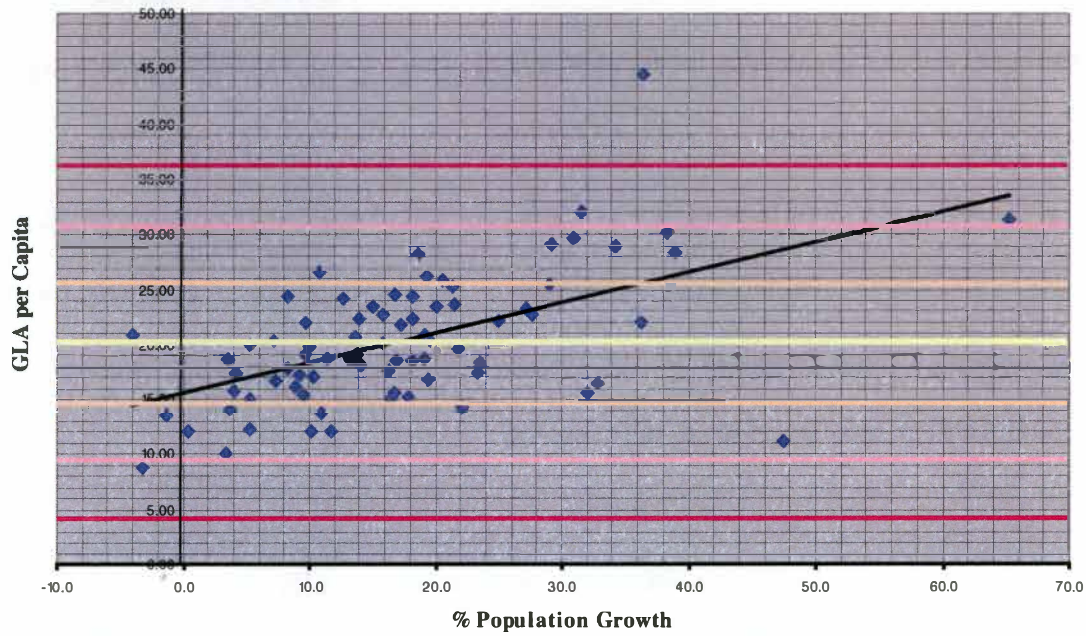

Figure 8: GLA per Capita versus 1990-2000 Percent Population Change.

variation in Y (GLA per capita) could be statistically explained by the combination of 1990-2000 population change, median household income, and 2000 MSA population. Standardized residuals from this multiple regression analysis were calculated to ascertain those individual MSAs whose predicted GLA per capita values were significantly higher or lower than their actual GLA per capita values. For these significant residuals, factors other than population growth or decline, average income, or total population must account for their retail excesses or deficiencies.

Interpreting the Multiple Regression Analysis Results

I plotted the locations of all Southeastern MSAs that were over- or underpredicted by at least one standard deviation from the multiple regression analysis. The resulting new map (Figure 9) displays a number of explainable patterns. Many of the underpredicted MSAs (i.e., those MSAs whose actual GLA per capita values are 'higher' than their statistically predicted GLA per capita values) are in coastal areas and are marketed as major tourist destinations.

Conversely, the overpredicted MSAs (those MSAs whose actual GLA per capita values are 'lower' than their statistically predicted GLA per capita values) display another common characteristic, their proximity to much larger markets. The nearby metropolises of Huntsville, Alabama and Nashville, Tennessee dwarf the selection of retail offered by places such as Decatur, Alabama and Clarksville-Hopkinsville, Tennessee-Kentucky. Others, such as Biloxi-Gulfport-Pascagoula, Mississippi, are pinched in between more populated places (in this instance, New Orleans, Louisiana and Mobile, Alabama,) on both sides.

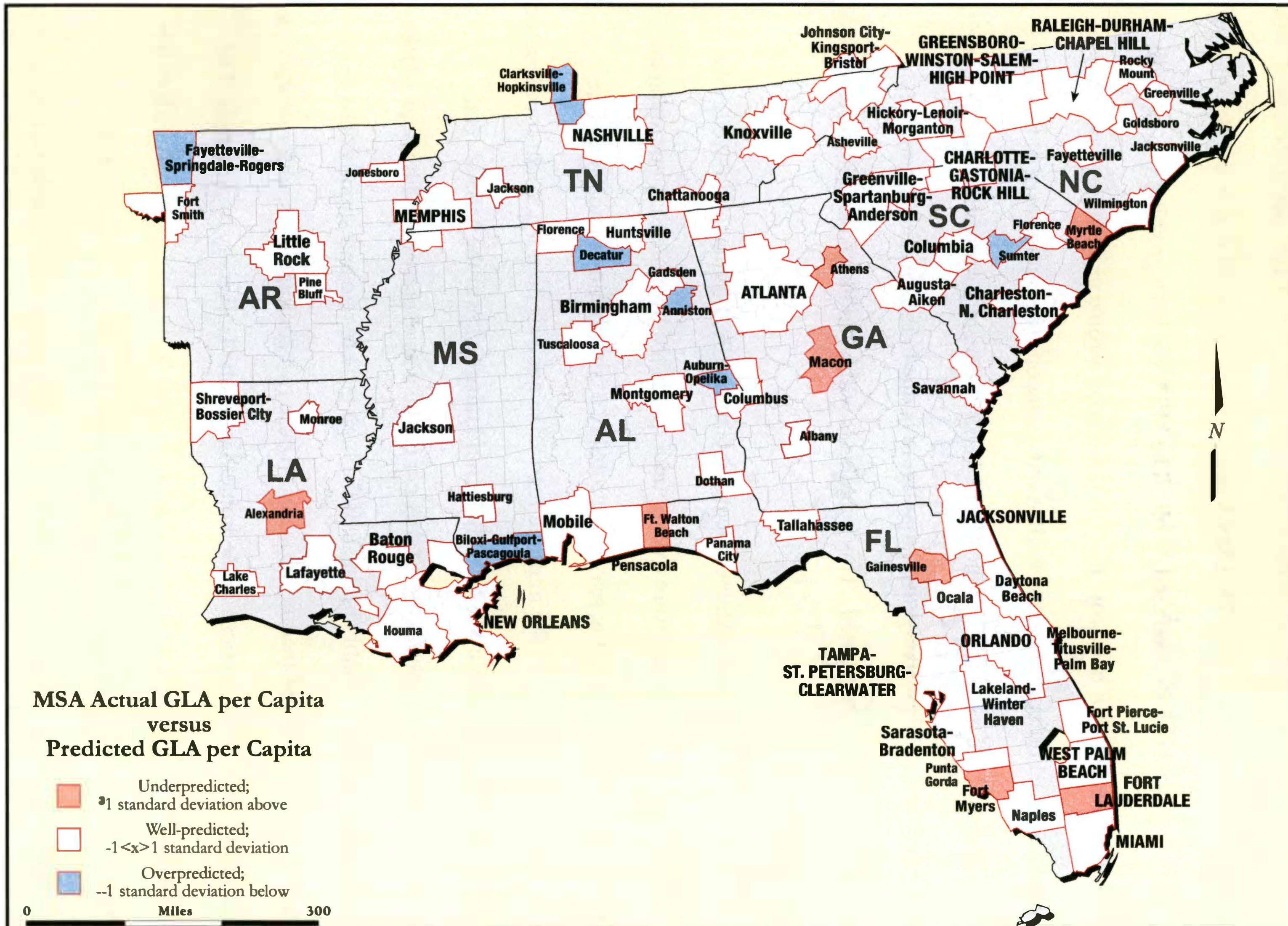

FIGURE 9: MSA Multiple Regression Analysis Residuals.

The largest deviation from the expected Y value (GLA per capita) occurred with Myrtle Beach, South Carolina. That MSA was so underpredicted that it was 5.1 standard deviational units above its predicted result. The MSA has been growing quite rapidly over the past decade, but has a low median household income and a minute population compared to most other Southeastern MSAs. Extraneous (i.e., unmeasured) factors obviously contribute to its astronomical actual GLA per capita statistic of 44.56 square feet of retail space. Most likely, this large figure is due to the tourist economy upon which the city is primarily based. This hypothesis will be addressed specifically in the following chapter.

Three other residuals, Athens, Georgia; Gainesville, Florida; and Fayetteville-Springdale-Rogers, Arkansas, were over or underpredicted by more than one standard deviation. The same underlying reason is probably a contributing factor in all three cases. The three variables in the multiple regression analysis do not account for presence of major universities in these MSAs, which could raise or lower the MSAs' retail statistics dramatically. Fayetteville's GLA per capita was overestimated by over 121%, or 13.4 square feet, presumably because of the high growth rate and slightly above average median household income variables. These two contingencies, unfortunately, do not account for the MSA's status as the hometown of the University of Arkansas. The transient student population of such a large public university would typically reduce the need for a larger base of permanent retail establishments. Because many of the students officially reside outside the MSA boundaries, this extra pool of disposable income would only be available when classes are in session (i.e., retailing would experience seasonal fluctuations). This large semi-residence base, in addition to a number of other factors, is detailed in the subsequent Fayetteville-Springdale-Rogers section.

While Fayetteville's GLA per capita was overpredicted, Gainesville's score was underestimated by almost 30%, perhaps partly due to its low median household income of $31,426 (U.S. Bureau of Census 2000). Gainesville is home to the University of Florida and has apparently capitalized on its large transient populace by orienting many of its restaurants and smaller retail offerings toward the young adult clientele, who, otherwise, would be forced to travel to Jacksonville or Orlando for many of their retail purchases. Smaller neighborhood centers housing independent clothiers, music stores, and the like often thrive near universities campuses, and Gainesville has many of them.

Athens, Georgia, home of the University of Georgia, is underrepresented by five square feet per person. Athens falls victim to the same factors that affect Gainesville, a very small permanent population, but an exceptionally large young semi-permanent consumer base, to which its retailers must cater. Should Athens, moreover, not be within an hour's drive of Atlanta with all of its commercial appeal, its GLA per capita figure would, undoubtedly, be even more underestimated.

Conquering the Lack of Quantifiable Data Dilemma

The absence of a consistent or reliable data source has limited what other retail-related information I was able to gather. The availability of tourism-based data would, obviously, have been advantageous in my research and for analyses. But most tourist receipt information is a closely guarded secret. Tax revenue generation figures from lodging and dining establishments were, likewise, judged to be an unacceptable surrogate, as their services are frequently utilized by those other than tourists, e.g., those traveling for business purposes or locals eating out.

Even had the needed MSA level data on retail receipts in tourist-oriented categories been available, problems would have arisen pertaining to the data's overall reliability. Using MSA level data means that all counties and cities within a given MSA are treated as equals in respect to their attractiveness as a tourist destination. Knoxville, Tennessee may be used as an example to illustrate the fallacy of this data gathering method. Almost the entire economy of Sevier County, one of the MSA's counties, is built upon tourism. It is regarded as one of the top tourist destinations in the state. This is primarily due to the presence of the Great Smoky Mountains National Park, which has enjoyed over 9,000,000 visitors annually in the past few years, making it the top visited park in the nation (National Park Service 2003). Other less "attractive" counties within the MSA, such as Loudon and Union, unfortunately have no real outside drawing power and offset the high ranking of Sevier County on tourist-related activities thus depressing the aggregate score of the MSA. Because most multi-county MSAs that contain both more and less tourist-friendly areas, it is difficult to adequately measure the overall effect of tourist-generated revenue at the MSA level. Tourism revenue, therefore, was judged unusable as a quantitative variable. It can, however, be incorporated as an explanatory qualitative factor in specified circumstances.

Another possible determinant of GLA per capita is proximity to interstate access. This factor was initially considered for inclusion, but a suitable surrogate could not be developed. *The Places Rated Almanac* by David Savageau, Richard Boyer, and Ralph D'Agostino publishes MSA data on the presence of interstates within MSAs in the

Southeast. The Almanac, however, leaves out all three-digit interstates, such as beltways and spurs, as well as other major unsigned limited access highways. The highways which are unaccounted for by their measure can be as equally important to the development of major super-regional retail centers as official two-digit thoroughfares. The omission of these routeways could drastically affect the results of many MSAs that rely upon freeways, tollways, and expressways that are not explicitly signed as interstates. Places such as Orlando, Florida would be vastly underrepresented in terms of interstate accessibility because only one official interstate (I-4) passes through its boundaries. The MSA, on the other hand, is littered with numerous limited-access tollways, expressways, and a soon-to-be-completed beltway. None of these Florida state roads would appear in the data on road transportation used by the *Places Rated Almanac*, which could give the impression of Orlando's transportation infrastructure as being inadequate or deficient. As a result, highway access was not measured for all MSAs, but rather might contribute to the explanation of GLA per capita in particular cases.

Another potentially pertinent variable would be governmental policy and restrictions on retail location. Portland, Oregon has been traditionally known as the city with the most vibrant downtown for its size. This, in part, emanates from the local government's strict opposition to the construction of massive super-regional suburban malls and sprawl development. There are three enclosed super-regional centers in Portland that are not located within the central city (Washington Square, Clackamas Town Center, Westfield Shoppingtown Vancouver) (National Research Bureau 2003). These three pale, however, in comparison to the average number of centers found in the suburban regions of other MSAs this size (2,265,223 including entire CMSA), which might have six or seven such centers (US Bureau of Census 2000). By keeping a large number of retailers closer to the CBD, the propensity of residents to locate near the CBD increases, thereby improving the quality and atmosphere of the downtown. Although the state's image has recently become somewhat tarnished by the national recession, fallout of the Internet "dot.coms," and state budget crisis. Portland's policies are still commonly cited as one way to successfully rejuvenate a city's downtown. The city continues to grow (Spring Downtown Portland Residential Occupancy Report 2003).

The problem with quantifying governmental policy on the MSA level is the inherent qualitative, unstructured nature of the data. Again, no comprehensive list of factors potentially affecting retail provision exists. Even if such a list did exist, however, the data would undoubtedly have to be qualitative, and could be used only on a case-by-case basis to explain particular variations in GLA per capita scores. The investigation of the aforementioned GLA per capita anomalies will continue as the main focus of the remainder of this thesis. These residuals will be addressed in the following two chapters by descending numerical order from largest positive deviation to smallest positive deviation, then largest negative deviation to smallest negative deviation. This organizational arrangement places the focus upon those MSAs with the largest net deviations from the 20.26 square feet per capita mean first and is considered to be the most cogent method of arranging the individual MSAs.

Chapter 7

Individual Positive Outlier Analyses

The order of analysis for the six positive outliers will be as follows: Myrtle Beach, South Carolina; Fort Myers-Cape Coral, Florida; Naples, Florida; Raleigh-Durham-Chapel Hill, North Carolina; Atlanta, Georgia, and Knoxville, Tennessee. Each MSA has a corresponding map that identifies all major shopping centers and their anchor tenants. These centers are listed in order to convey the spatial patterns of major retail complexes within each outlier and provide a visual aide to the accompanying text. The MSA Outlier Map Legend will follow this page (Figure 10). Refer back to it for symbol explanations in subsequent outlier maps.

Myrtle Beach, South Carolina

Population: 196,629
Total Retail Square Footage: 8,761,461
GLA per Capita: 44.56
MSA Rank: 1
Figure 11

The Myrtle Beach, South Carolina MSA has the highest GLA per capita among the 78 Southeastern MSAs analyzed with an astonishing 44.56 square feet per person. This measure is not only significantly higher than any other metropolitan area in the Southeast (Fort Myers, Florida being the next highest entry with 32.09 feet per person), but it also ranks first in the entire United States for retail space per capita (Veatch 2000). The MSA has a rapidly growing population of 196,629, a 36.5% increase since 1990 (U.S Bureau of Census 2000). While the city proper contains a mere 22,759 inhabitants, the total square footage

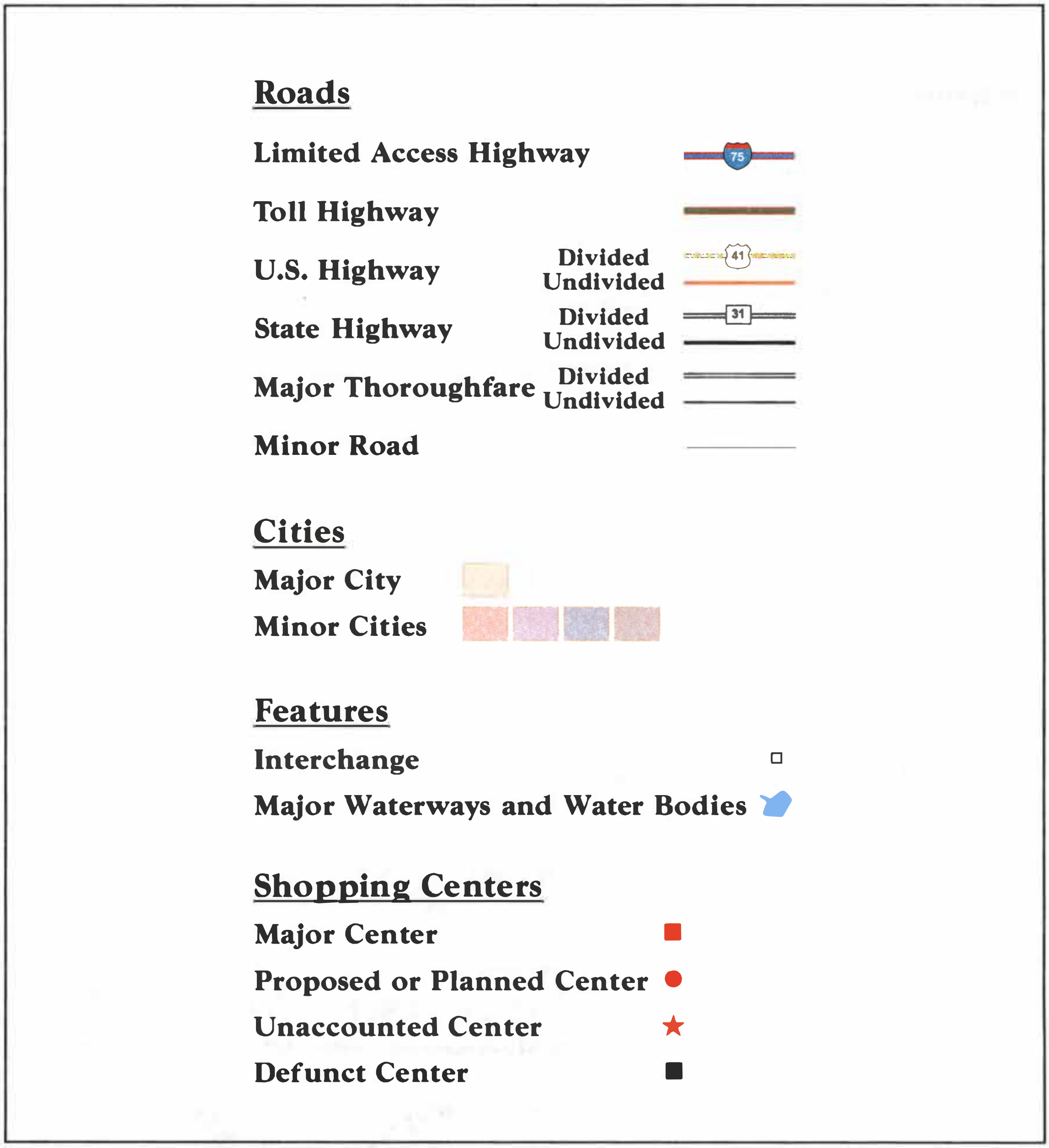

FIGURE 10: MSA Outlier Maps Legend.

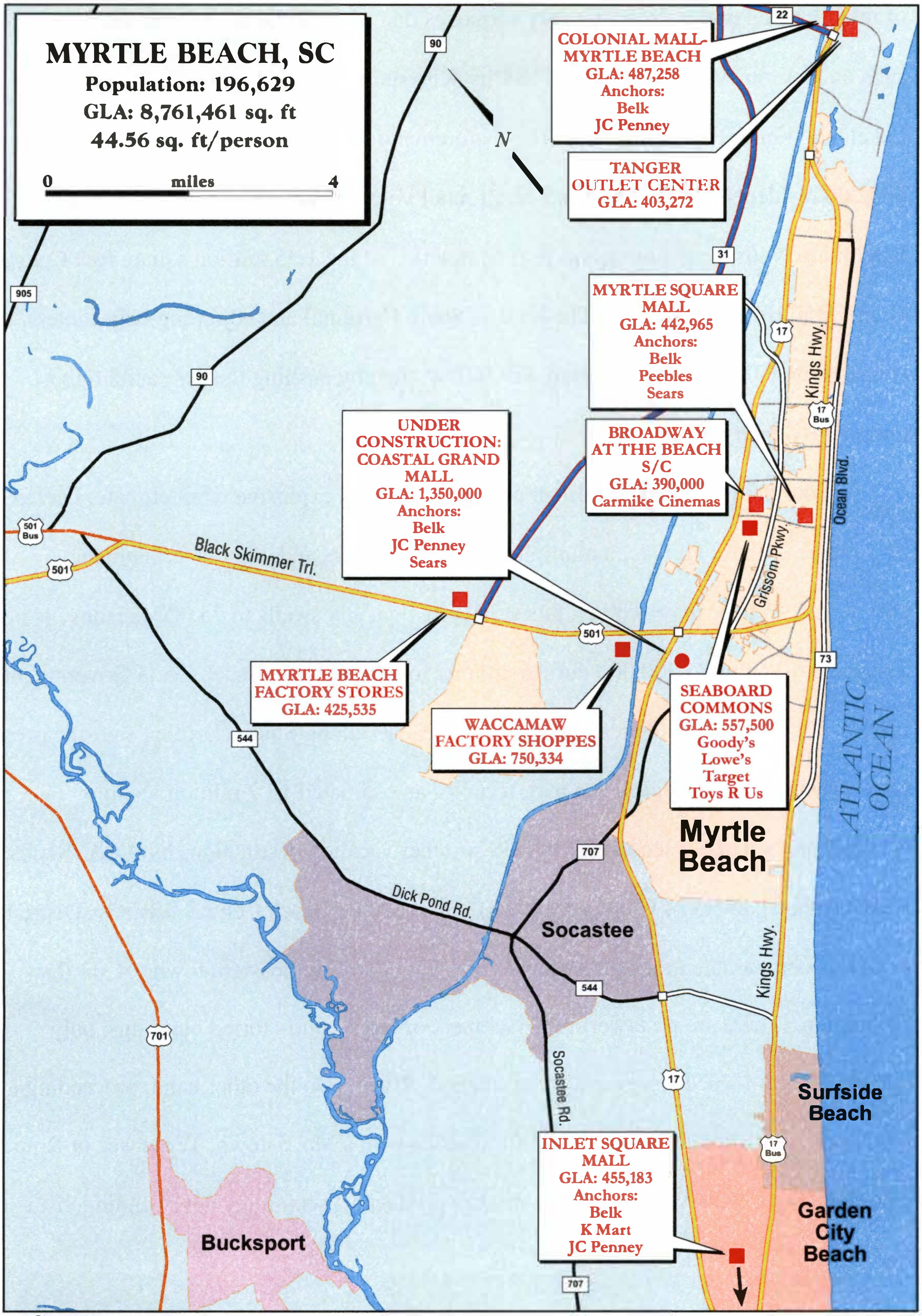

FIGURE 11: Myrtle Beach, South Carolina.

of retail located within Horry County surpasses that of much larger metropolitan areas such as Jackson, Mississippi; Johnson City-Kingsport-Bristol, Tennessee-Virginia, or Lakeland-Winter Haven, Florida. These aforementioned MSAs contain well over 400,000 residents, but fall short in overall retail volume in comparison to Myrtle Beach. In addition, with the planning and near completion of the 1.35 million square foot Coastal Grand Mall (formerly deemed The Mall of South Carolina) and adjoining strip centers, it is almost inevitable that more retail will follow, thereby pushing the per capita figure temporarily even higher.

Tourism is the primary driver of Myrtle Beach's explosive retail climate. Fueled by a relatively mild climate, a multiplicity of golf courses and other entertainment complexes, and ocean proximity, this small city typically swells to 75,000 persons on an average day and up to 300,000 during summer months (Myrtle Beach Local Government 2003). The Grand Strand area, the stretch of beaches along South Carolina's northeastern coast of which Myrtle Beach is a part, receives an estimated 13.7 million visitors annually and is ranked second for top US summer vacation destinations by AAA (Myrtle Beach Area Chamber of Commerce 2003)[1]. The Myrtle Beach Central Business District (CBD) is comparable in most respects to those of other Southeastern towns of similar population. There are no towering skyscrapers or large multi-storied buildings, only smaller locally-owned stores and governmental offices. On the other hand, proceeding a few blocks eastward ends any further similarities with a Morristown, Tennessee or Rome, Georgia. The explosive tourism industry has produced a seemingly never-ending vista of

[1] Orlando ranks first with over 45 million visitors per year (Orlando Tourism Information Bureau 2003).

hotels, high rises, and resorts paralleling the beachfront for miles. The prolonged sustainability of this area as a tourist destination is almost certain, which gives most retailers and developers an air of security when deciding on whether or not to enter the Myrtle Beach market. Although the area is growing and expanding rapidly from a retail and residential standpoint, the transportation infrastructure of the MSA has been slow to keep up.

The current road network of the Myrtle Beach MSA is inadequate, considering the total volume of daily traffic moving through the area. During peak vacation periods, the major thoroughfares of US Highways 17 Bypass, 17 Business, and 501 are often at capacity, thus resulting in long backups and traffic snarls. Myrtle Beach, in addition, has no direct interstate access. Both of these dilemmas are, however, being addressed with the planning and erection of two limited-access highways and Interstates 73 and 74. The Carolina Bays Parkway (SC 31) is currently under construction and runs parallel to the beach to alleviate congestion on the heavily traveled US 17 Bypass and 17 Business. The Parkway is slated to become part of I-74 (SC State House Bill 4826). The recently completed Conway Bypass, now designated as SC 22, is also in consideration for an upgrade to interstate standards for the arrival of I-73, or NHS High Priority Corridor 5 (AA Roads 2003). The purpose of these interstates is to provide a more direct transportation route to the North and stimulate the economically depressed area of Appalachia, through which the highways will pass. With the southern termini of I-73 and I-74 scheduled for a location just south of Myrtle Beach proper, it is certain that traffic counts will increase throughout the area; however, this increase will not be based upon local and tourist traffic alone.

The completion of interstates 73 and 74 will also bring about a change in the trucking industry from a logistics and transportation standpoint. A large percentage of the northbound traffic leaving the northern and eastern Charleston suburbs would most likely be diverted up US 17 to I-73 or 74, as opposed to using I-26 and I-95. This rerouting adds yet another previously unfaced challenge for the region of handling large volumes of commercial truck traffic. The construction of these interstates will undoubtedly bring with it increased linear development along each interchange, as well as more through traffic bound for other locales.

Myrtle Beach is bisected by Highway 501 from the west, and a predominance of the area's shopping centers and retail structures is found along this arterial and U.S. Highways 17 Bypass and 17 Business. Three regional enclosed shopping malls serve the area: Myrtle Square, Inlet Square, and Colonial Mall: Myrtle Beach. Each is approximately 400,000 to 500,000 square feet containing a tenant mix which serves a middle income clientele. In addition, a number of outlet centers are present, which house off-price versions of upscale retailers, such as Saks Fifth Avenue. In general, the northern half of Myrtle Beach is much more developed from a retail and residential standpoint than the southern half. Present retail expansion tends to be most intense in two concentrations, the U.S. 17/U.S. 501 interchange and the US 17/Conway Bypass area of North Myrtle Beach. The U.S. 17/U.S. 501 intersection, in particular, is experiencing tremendous growth primarily due to the soon-to-be completed Coastal Grand Mall and its various land outparcels. This CBL-owned 1.35 million square foot super-regional center will be the largest enclosed mall in South Carolina and within a 200 mile radius (National Research Bureau 2003). It will target the middle income shopper by ultimately housing five intermediate-level anchors. J.C. Penney, Sears, and Belk are the three currently-named anchors. The center, in addition, will have a strong entertainment orientation to capture the numerous tourists who pass by the site heading toward the beach. Subsequent nearby strip centers and power centers have already arisen or are under construction in anticipation of the mall's opening. This massive influx of retail may, however, cause problems as to the vitality of present stores and centers in the area.

With the opening of the mall in early 2004, the question arises of its effect on the three existing enclosed malls in the region, particularly Myrtle Square. This center would be in the most direct competition with Coastal Grand Mall. There has been discussion of converting Myrtle Square Mall from a retail venue to an addition onto the Myrtle Beach Convention Center, thereby expanding the Convention Center's total floorspace to over 1,000,000 square feet. This option would alleviate the probable outcome of Myrtle Square's gradual demise into a vacant 442,965 square foot cavern. This possibility also appears to be the most favorable for Belk Department Stores, which would avoid having 4 branches in such a small market. The two other existing malls, Inlet Square and Colonial Mall: Myrtle Beach, will undoubtedly feel the presence of a newer, larger competitor. These effects will, on the other hand, most likely occur to a much lesser extent because of the greater distances these centers are from Coastal Grand Mall.

The resultant impact on the surrounding outlet centers should be minimal to none due to differing target market and market positioning strategies. The outlet centers' primary target market of middle-to-lower income money-conscious bargain hunters will most likely continue to frequent those locations because of the cheaper prices for slightly used or overstocked name-brand merchandise. Less income-sensitive shoppers will, conversely, probably choose the new mall's locale because of the better selection and quality of products. The middle market positioning strategy taken by Coastal Grand Mall will allow for little overlap between its customer base and that of the outlet center, while also including middle-to-upper income tourists and residents by housing such stores as Eddie Bauer and Abercrombie and Fitch. The coexistence of outlet centers and traditional enclosed malls offering some of the same stores is only possible in certain markets, primarily those with large numbers of different classes of consumers. Usually tourist destinations, such as Naples, Florida or Napa Valley, California are best suited for this type of venture.

The US 17/SC 22 area of North Myrtle Beach is also experiencing a surge of retail strip and big box development. The typical players, such as Wal Mart and K Mart, have stores in the area, as well as grocery stores and franchise restaurants lined along US 17 southward toward the city proper. This sight contrasts dramatically with the southern section of Horry County and Georgetown County, which, although growing, are primarily residential and retirement areas. Inlet Square Mall, which sits on the fringe of tourist-based development in southern Horry County, now functions as the major shopping venue for southern Horry County retirees and Georgetown County residents. It serves as the last major retail development heading southward into rural Georgetown County.

The Myrtle Beach area appears prime for further development, pending the completion of interstates 73 and 74 and no other extraneous factors. Long-term concerns might be the increased beach erosion and rise of current sea levels because of global warming. Unfortunately, in today's society which focuses on the short-term, I doubt that these potential problems are being seriously addressed. Although the current retail base is expanding, it may be slowly phased out and replaced by newer and larger outlets, thus resulting in only a locational shift in the total provision, and not a major aggregate increase. Tourism, regardless, has been the wave that has carried Myrtle Beach this far, and it shows no signs of subsiding.

Fort Myers-Cape Coral, Florida

Population: 440,888
Total Retail Square Footage: 14,147,760
GLA per Capita: 32.09
MSA Rank: 2
Figure 12

Fort Myers, with a GLA per capita of 32.09 square feet per person, is positioned second out of the 78 MSAs, lagging behind only Myrtle Beach, South Carolina. This region of 440,888 people supports a retail structure of over 14,000,000 square feet of GLA, a number averaged by many cities twice Fort Myers' size (U.S. Bureau of Census 2000). Although less than half as high as nearby Naples' phenomenal ten-year growth rate of 65.3%, Fort Myers' own ten-year growth rate of 31.6 % places it in the top ten among all 78 Southeastern MSAs. Fort Myers has experienced many of the same phenomena and, therefore, is in a similar situation as its southern neighbor, Naples.

Separated by thirty-five miles and threaded together by Interstate 75 and U.S. Highway 41, Fort Myers and Naples have drawn off of each other's strengths and their respective prime locations to succeed in attracting a myriad of different shops and restaurants. Most of these retailers focus on an older clientele, which makes up a majority of the local population. Whereas Naples has gone virtually unnoticed by

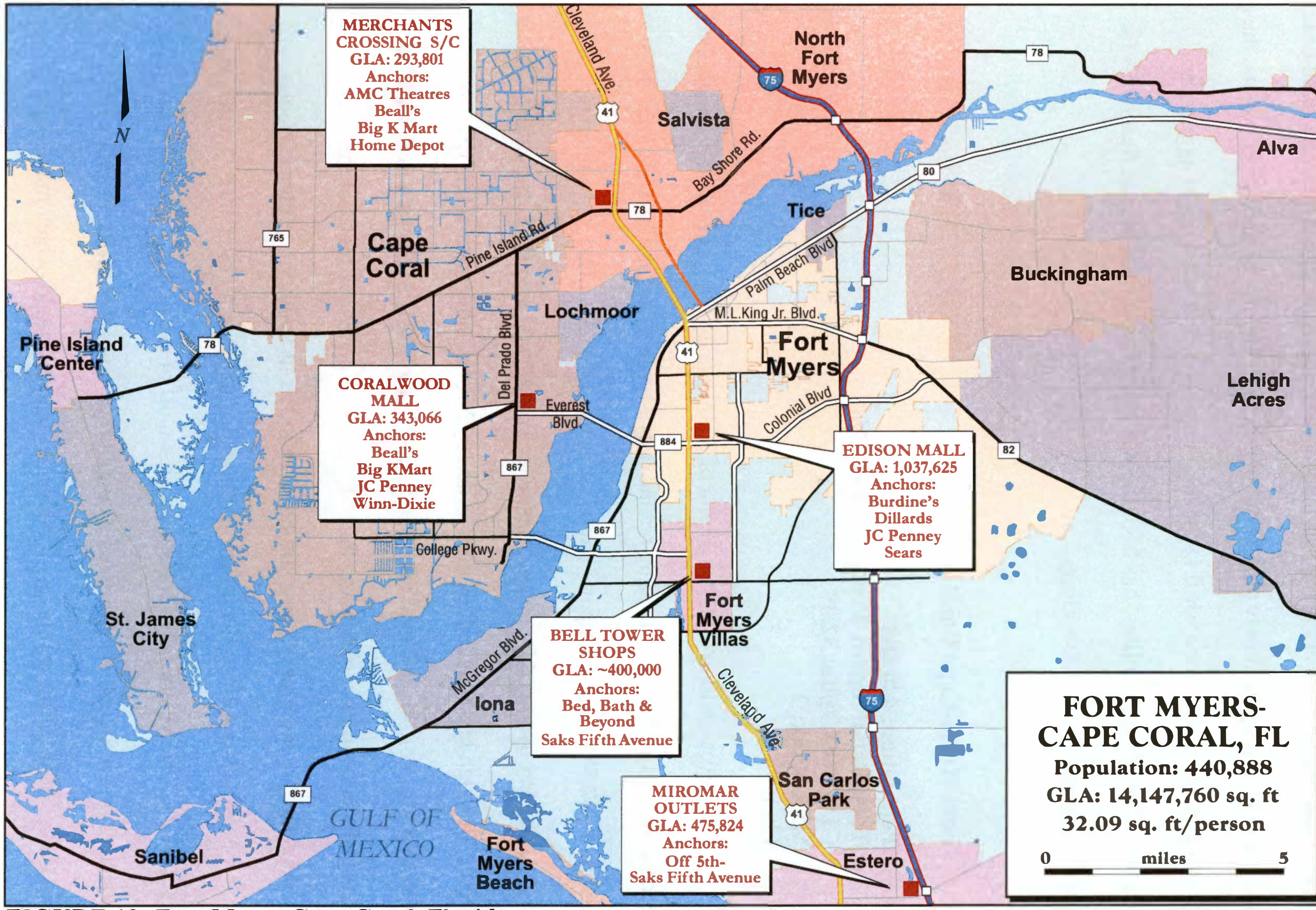

FIGURE 12: Fort Myers-Cape Coral, Florida.

younger vacationers and Spring Break college crowds, Fort Myers has, however, been able to lure a few more young visitors away from Clearwater, Daytona Beach, Panama City, and Miami. This attraction might be attributed to the city's larger population and longer stretch of beaches and inlets. Naples, on the other hand, has a minute city population and small line of sand. Naples is essentially a very small city (20,976) surrounded by numerous retirement villas and communities. Most activities are geared toward the affluent retirees living or vacationing in the area. Few, if any, dance clubs, bars, surf shops, and topless beaches exist. This obviously acts as a major deterrent to those under 35 when deciding upon where to spend a free week. Fort Myers, although by no means in competition with South Beach, is livelier. It is, however, also family-oriented in terms of amusement offerings and overall area atmosphere. While both house countless golf courses and conveniently-located grocery stores, Fort Myers leans toward a combination of miniature golf courses, nightclubs, and ABC package stores. Tourism, from younger and older generations, plays a much more central role in Fort Myers's image than that of Naples.

Most of the Fort Myers area retail buildup occurs along Cleveland Avenue (U.S. 41 or Tamiami Trail) south of central Fort Myers. This major thoroughfare runs parallel to the beach about five miles inland and serves as the address for many strip centers, big box retailers, and franchise eateries. The region's only enclosed mall, Edison Mall, fronts Cleveland Avenue and Colonial Boulevard, one of the two streets crossing over the Intracoastal Waterway into more prosperous Cape Coral. This 1,000,000 square foot, 147 tenant, four anchor (Burdines, Dillards, JC Penney, Sears) center has been the true commercial downtown for the MSA and still remains the sole locale for finding many well-known retailers in the city (National Research Bureau 2003). In much the same respect that Naples' enclosed mall (Coastland Center) is currently under attack from nearby upscale strip centers and sprawling power centers, Edison Mall is now facing intense competition from the Cleveland Avenue/Daniels Parkway intersection retail buildup. A Wal Mart Supercenter, K Mart, Target, renovated open-air/lifestyle center complex (Bell Tower Shops), and high quality dining establishments all call this area, four miles south of Edison Mall, home. The Bell Tower Shops, in particular, with its renovation in 1997 and major expansion in 2001, includes high-end department store, Saks Fifth Avenue, as one of its anchors. In addition, Bed, Bath, and Beyond and a twenty-screen movie theater can also be found there (National Research Bureau 2003). Upper echelon tenants such as Ann Taylor, Banana Republic, Brookstone, and Williams-Sonoma have made this development a very popular destination for retailers profiting from sales to nearby residents and tourists alike. This retail center functions in much the same manner as the elegant Waterside Shops at Pelican Bay in nearby Naples. It offers consumers an attractive alternative to the enclosed, artificially lit, conformal mall.

Outlet shopping is also becoming an increasingly viable option for those wishing to avoid the beach altogether or simply combine their beach experience with shopping. The Miromar Outlet Shops comprises 475,824 square feet of off-price merchandise and serves as the only major outlet center between Bradenton and Miami. Naples does have a small outlet complex, Prime Outlets at Naples, but it is much smaller and more limited in terms of square footage and overall selection.

The city of Cape Coral west of Fort Myers proper functions primarily as a wealthy residential community with a small degree of commercial outgrowth. Most of its commercial activity lies along Del Prado Boulevard and Pine Island Road in the form of neighborhood strip centers. Coralwood Mall is presently the lone substantial regional center, with a GLA of 343,066 square feet and Beall's, Big K Mart, JC Penney, and Winn-Dixie as anchors.

Many of the same paramount drivers, e.g., warm climate and coastal proximity, directing the Fort Myers-Cape Coral region's commercial success are in the Naples region, as well[2]. Fort Myers enjoys a slightly higher per capita retail figure than Naples (32.09 versus 31.38 square feet per capita, respectively) and a much higher aggregate amount of square footage because of larger population and degree of suburban buildup. The area, furthermore, far outranks its adjacent northern MSA, Punta Gorda, in terms of per capita retail and median household income. The Punta Gorda MSA, with a population of 141,627, lies wedged between Fort Myers to the south and Sarasota-Bradenton to the north. These much larger and wealthier cities on either side of Punta Gorda and Port Charlotte, the MSAs largest municipality, have kept many retailers from locating in the Punta Gorda area. Just as New Jersey was described by James Madison as "a barrel tapped at both ends" because of the competing influences of New York City and Philadelphia, Punta Gorda's retailing development is stunted because of the competition any potential retailers would face from Sarasota-Bradenton to the north and Fort Myers to the south. Fort Myers has capitalized on its smaller neighbor's retailing need, and this has most likely been another impetus for the larger than normal retail space of the city.

[2] A more in-depth explanation of these factors will be given in the subsequent discussion of Naples that follows the present narrative.

Naples, Florida

Population: 251,377
Total Retail Square Footage: 7,888,410
GLA per Capita: 31.38
MSA Rank: 3
Figure 13

Naples proper has a permanent population of only 20,976, making it the third-smallest central city for an MSA in the Southeastern region. Punta Gorda, Florida currently has the dubious distinction of having the smallest central city population with 14,344 inhabitants; although Port Charlotte, a suburb within the Punta Gorda MSA, contains 46,451, but is not considered the central city. In 1990 the Naples MSA, nevertheless, had a resident population of 152,099. By 2000 that figure had jumped to 251,377 (U.S. Bureau of Census 2000). This translates into a growth rate of 6.53% per year. This astonishing statistic is higher than any other metropolitan area in the Southeastern Region and ranks second in the total U.S. behind the thriving desert metropolis of Las Vegas, which boasted a growth rate of 8.33% per year over the 1990s (U.S. Bureau of Census 2000). Albeit small in population, Naples offers an extensive selection of commercial opportunities, ranging from the traditional mall to the new, caché lifestyle center. A plethora of reasons can, consequently, be posited for Naples' good retailing fortune.

Naples's explosive growth rate has become somewhat of a catalyst for fueling the city's rapid transition from a sleepy almost-overlooked community into a chic, sophisticated resort hotspot for an older populace. As the influx of Northern retirees continues, the supporting retail infrastructure has grown accordingly. This expansion of

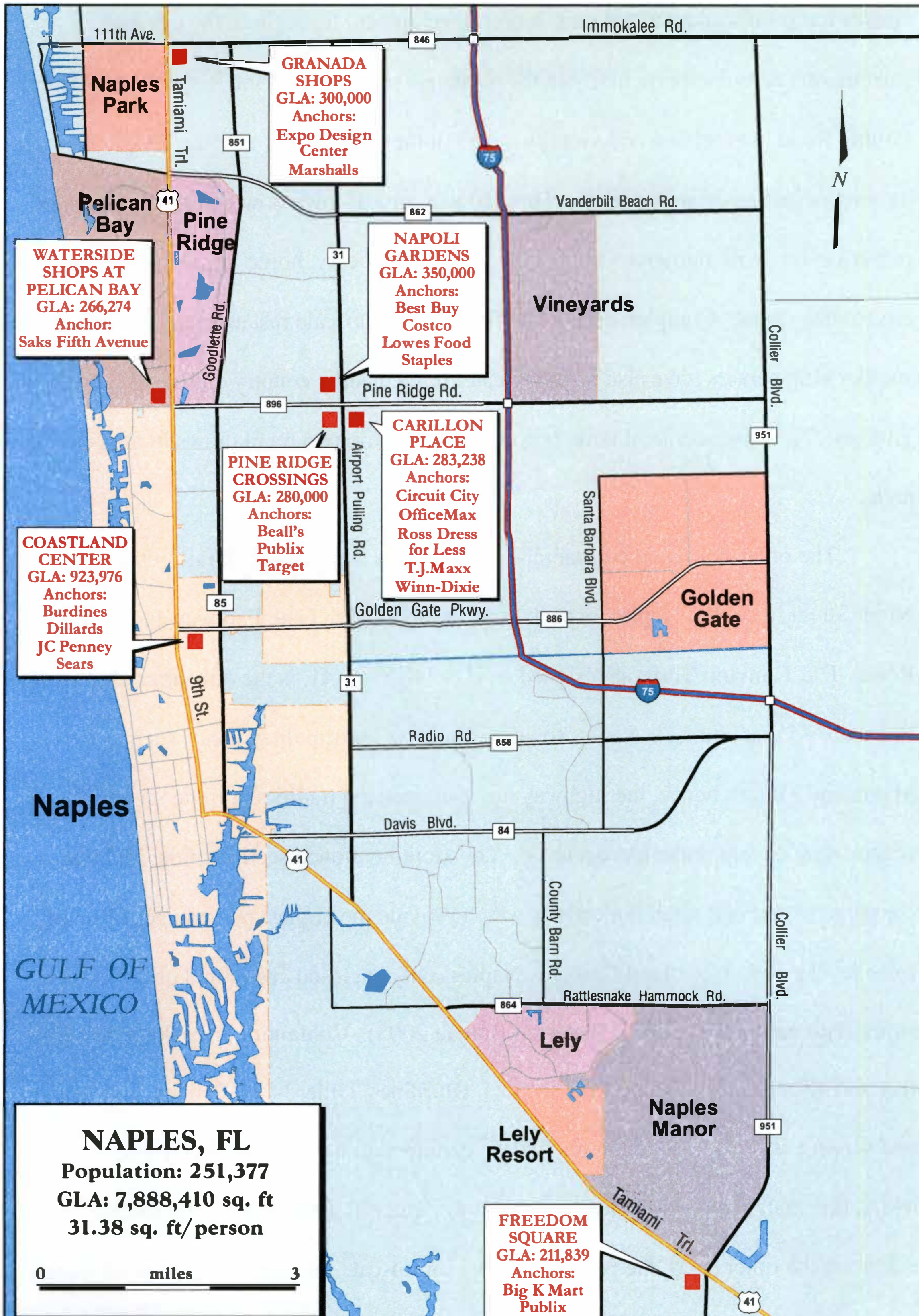

FIGURE 13: Naples, Florida.

Naples has produced resultant strip center development throughout the city and surrounding suburbs, particularly in the northeast sector. The Pine Ridge Road/Airport Pulling Road intersection and vicinity have felt the influence of another 100,000 residents moving in just in the past decade. This affluent area of town now harbors three major power centers with numerous big box department, grocery, home improvement, and electronics stores. Complementary fast food chains, upscale restaurants, gas stations, and smaller strip centers have also arisen to cater to the nearby country clubs and retirement villages. This intersectional node is now one of the top two retail draws in the Naples area.

The other dominant commercial area is along the Tamiami Trail, referred to as Ninth Street in central Naples, especially between Golden Gate Parkway and Pine Ridge Road. The Tamiami Trail, also signed as U.S. Highway 41, is the only arterial other than Interstate 75 that connects Naples to other Floridian metropolitan areas, such as Fort Myers and Miami; hence, the highway has remained the traditional route on which commercial development has occurred. The aforementioned section of the highway contains two pivotal retail collections which provide the highest percentages of retail sales for the city. Coastland Center is Naples' only enclosed center and qualifies as a super-regional mall (National Research Bureau 2003). Containing over 900,000 square feet and 150 tenants, housing four anchors (Burdines, Dillards, JC Penney, and Sears), and serving as the sole location for finding certain nationally-recognized retailers in the MSA, this mall serves as the leading shopping center in pedestrian traffic for Naples. It is not, on the other hand, the principal center for upscale retailers or by sales per square foot profitability statistics. That honor goes to The Waterside Shops at Pelican Bay.

The Waterside Shops at Pelican Bay, mentioned in the discussion of Fort Myers, may only occupy 266,000 square feet of land, but it quashes any other competing center in the region in sales per square foot with an astronomical $500 per square foot (National Research Bureau 2003). This center was constructed in 1992 as a predecessor to the current upscale lifestyle centers that are being built across the nation. Its marketing strategy was to attract the large middle and upper class population in Naples, which had previously been untargeted, and it worked. Saks Fifth Avenue stands as the lone anchor, and upper-tier retailers such as Ann Taylor, Banana Republic, The Bombay Company, Caché, Polo/Ralph Lauren, and Williams-Sonoma, collectively provide the most elegant and eclectic mix of shops; an “island” in a “sea” of almost endless disposable income, 30 miles in radius.

A logical rationale for Naples’ blossoming retail and commercial base is, therefore, its high median household income. With an average income of $48,289 per home, Naples ranks third in this category for the Southeastern study region, lagging behind only Atlanta, Georgia and Raleigh-Durham-Chapel Hill, North Carolina (U.S. Bureau of Census 2000). An excess in discretionary income translates into an above average ability to afford the luxuries of American society. In addition, because of the high proportion of retirees in the area, most retailers and developers understand that shopping can be likened to recreation, a commonly-chosen way to spend an afternoon or evening. Based upon these assumptions, new retail establishments have sprouted like weeds around Naples’ retirement neighborhoods, golf courses, elder resorts, and elite gated communities. All of these centers yield a total of 7,888,410 square feet, a statistic greater than many other above-average income coastal MSAs, such as Wilmington, North Carolina or Fort Pierce-Port St. Lucie, Florida.

By merely glancing at a Florida road map, one can discern another of Naples' major advantages and assumed reasons for having an elevated retail GLA per capita. Naples is the last city along Interstate 75 before its 80-mile sojourn across the Florida Everglades towards the Miami-Fort Lauderdale area. I am referring to the term (city) in its broadest sense; not just urbanized areas, any cluster of measurable population might be included in this definition. There simply are none. Interstate 75 becomes a toll-access highway shortly after the Collier Boulevard interchange and remains as such until 74 miles later when it meets with U.S. Highway 27. Along this corridor lie no fast food establishments, grocery stores, shopping centers, or homes, only adjacent marshlands on either side of the interstate with fences erected to prevent wildlife from being run over by passing vehicles. Two exits serve as the only means on or off the road during this stretch of highway.

Deciding to travel along the U.S. Highway 41 (Tamiami Trail) to visit Miami is not really a better choice. This half two lane/half four lane road is much slower and, aside from a couple locally-named crossroads with a gas station or two, has no discernable development along this transect either. In consequence, trucks, families, and the elderly must stock up on food, gas, and supplies before leaving the Naples area. Naples is, therefore, a sort of solitary outpost to travelers heading south towards Miami, and this geographic positioning undoubtedly boosts Naples' retail sales.

As a result of its almost tropical climate, laid-back pace of life, and non-Spring Break destination status, a multitude of older vacationers and well-to-do retired couples have flocked to this small city and its surroundings, giving it the growth and wealth it needs in order to maintain a high quality and quantity of retail, not only for its citizens, but also for the passerby. Barring any unanticipated inhibitors, this region, affectionately known by locals as the Gold Coast, should continue to thrive.

Raleigh-Durham-Chapel Hill, North Carolina

Population: 1,187,941
Total Retail Square Footage: 35,961,814
GLA per Capita: 30.27
MSA Rank: 4
Figure 14

The Raleigh-Durham-Chapel Hill, North Carolina MSA is positioned fourth in the Southeastern region in GLA per capita with 30.27 square feet per person. This MSA is the highest ranked entry whose economy is not primarily reliant upon tourism for a majority of its sales revenue[3]. Raleigh-Durham-Chapel Hill is also the only MSA out of the top 12 not located within Florida or Georgia. This region, also known as the Research Triangle, contains 1,187,941 inhabitants and has witnessed a growth rate of 38.4 % over the past decade (U.S. Bureau of Census 2000). The growth of retail has responded to this population increase during the 1990s and early 2000s, especially this

[3] Myrtle Beach, Fort-Myers-Cape Coral, and Naples all depend heavily upon outside populations and the resultant revenues for their vitalities.)

past year. Despite the ailing national economy, the retail climate of the Research Triangle has continued to thrive and expand.

Raleigh-Durham-Chapel Hill was the only MSA in the United States in 2002 to experience the opening of two super-regional malls, Triangle Town Center and the Streets at Southpoint. Each of these centers contain over 1,000,000 square feet and were predicted to solidify the Research Triangle as the premiere shopping destination in the Carolinas with the most diversified mix of merchants. The Streets at Southpoint opened in southeastern Durham last March with 1.3 million square feet of retail on two levels with five anchors (Hecht's, Hudson-Belk, JC Penney, Sears, and North Carolina's first Nordstrom). This mall hybrid combines the traditional indoor shopping center with an outdoor component, a Main Street village concept replicated fairly successfully by other mall hybrids such as The Galleria at Roseville outside of Sacramento, California and Westfield Shoppingtown Citrus Park in Tampa, Florida. The center is, furthermore, bringing in over 40 retailers new to the Raleigh-Durham-Chapel Hill metropolitan area, such as Coldwater Creek and Pottery Barn Kids (International Council of Shopping Centers 2002). Unfortunately, however, its recent presence in the Durham and Chapel Hill markets has been very detrimental to other centers in its overall trade area.
South Square Mall, the 758,445 square foot enclosed center historically serving the southern Durham market, has been most directly affected by the new mall's conception and opening. I visited the mall in May of 2002 and noticed only ten operating stores. The sole anchor, Dillards, closed shortly thereafter. After fighting a losing battle to retaining its in-line tenants and anchors for almost two years, the mall finally shut its doors for good. It was demolished in February of this year to make way for a 480,000

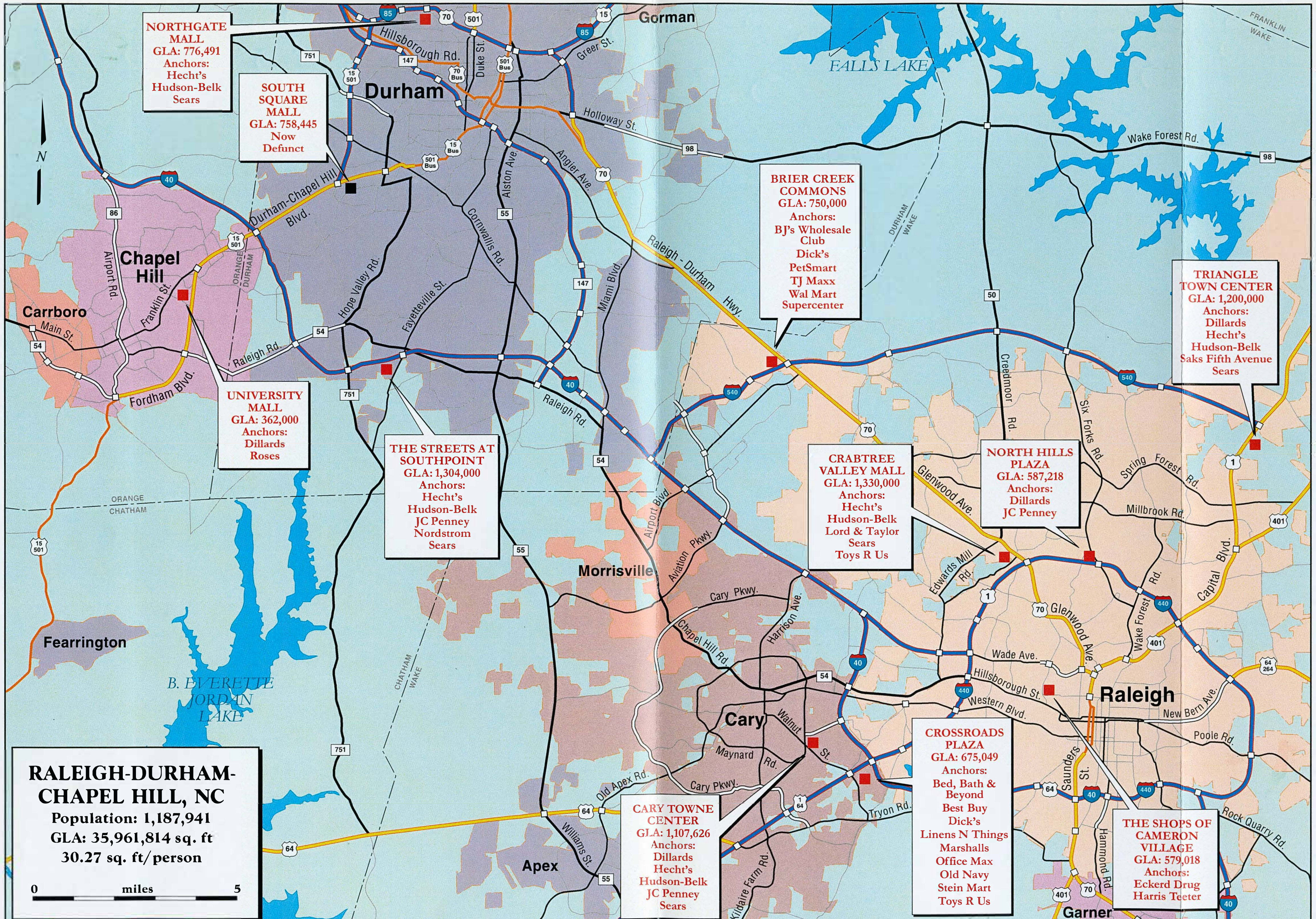

FIGURE 14: Raleigh-Durham-Chapel Hill, North Carolina.

square foot strip center set to open in 2004 with a Super Target and Sam's Club as anchors (Karnes Research Company 2002).

Chapel Hill's 362,000 square foot University Mall is another local enclosed center which has felt the loss of business and revenue due to the Streets at Southpoint's presence. With Dillards as its only true anchor, this small regional mall serving the University of North Carolina-Chapel Hill clientele is struggling to reinvent itself as more of a specialty or boutique center primarily focusing upon smaller, local tenants instead of the more nationally recognizable ones. Whether or not this marketing strategy will ultimately work has yet to be seen. I visited this center the past May and noticed that mall pedestrian traffic was almost non-existent. As one bookstore worker there explained to me, "They all go to Southpoint now."

The 776,491 square foot Northgate Mall is the other enclosed center in the Durham market that could be affected by the existence of the Streets at Southpoint, although upon personal inspection, the mall still appeared to be viable. Using a sales per square foot of $340 as an indicator, Northgate's distance from the Streets at Southpoint approximately 9 miles to the south must be great enough not to directly encroach upon the other center's primary trade area. The 70% occupancy rate of Northgate, conversely, indicates some sort of looming distress (National Research Bureau 2003). Whether or not this high vacancy rate is due to the newer center's erection is unclear.

The arrival of the Streets at Southpoint and its adjacent strip center development has definitely brought about difficulty to the south Durham and Chapel Hill retail markets, particularly along Durham-Chapel Hill Boulevard. U.S. Highway 15/501 (Durham-Chapel Hill Blvd.) is slowly losing its status as the location of the prominent retail centers in the area. This major arterial connecting Durham to Chapel Hill, on the other hand, continues to maintain the densest levels of commercialization in the western Research Triangle region. In 1995 New Hope Commons, a 470,015 square foot power center with Barnes & Noble, Best Buy, Linens N Things, Marshalls, Michaels, Office Max, Old Navy, Wal Mart, and Zany Brainy as anchors, was completed. Located at the Interstate 40 interchange, the Commons has helped to connect the Chapel Hill urbanized area with that of Durham and form one continuous ribbon of retailing between the two cities (National Research Bureau 2003). The aforementioned construction of a strip center where South Square Mall once stood should also aid the area in retaining most of its remaining merchants.

While Durham and Chapel Hill have been fighting to keep their malls afloat, the Raleigh area has been dealing with its own commercial struggles. The opening of another super-regional center in the MSA, the 1.2 million square foot Triangle Town Center, has finally given the burgeoning affluent population of northern and eastern Raleigh a major outlet for their shopping needs without having to travel across town to the heavily-congested Crabtree Valley area. In addition, the location of Triangle Town Center on Capital Boulevard (U.S. Highway 1) has further established that artery as the most commercially developed in the entire MSA, with the possible exception of Glenwood Avenue (U.S. Highway 70). Triangle Town Center currently houses four anchors (Dillards, Hecht's, Hudson-Belk, and Sears) and will acquire the state's first Saks Fifth Avenue in 2004[4]. In the same manner as the Streets at Southpoint, Triangle

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[4] Charlotte's upscale Southpark Mall was also originally vying for a Saks store in 2004, but a final agreement could not be reached (Gibson 2003).

Town Center has constructed a lifestyle component, or outdoor shopping section, to the mall. This currently fashionable trend in shopping center design is assisting the two centers in quickly becoming the prominent malls of the Research Triangle region.

Just as the Streets at Southpoint is having adverse effects on the older existing centers in the Durham and Chapel Hill, Triangle Town Center, too, is causing concern among the managers of Raleigh's existing enclosed centers. The current top-performing center, the 1,330,000 square foot trendy Crabtree Valley Mall with a sales per square foot of $460, has undoubtedly felt the presence of its newest neighbor as more and more of the upper class residents of north Raleigh and Wake Forest now have an alternative to its retail offerings (National Research Bureau 2003). Crabtree currently retains one of two Lord & Taylor stores between Atlanta and Washington, D.C. and should be able to withstand the presence of both Triangle Town Center and the Streets at Southpoint[5]. Other less prominent centers may, however, fall victim and be swept away by the three larger centers.

Cary Towne Center has historically finished second to Crabtree Valley in the Raleigh mall race. This 1,107,626 square foot center houses a middle tier tenant mix and five anchors (Dillards, Hecht's, Hudson-Belk, JC Penney, Sears) and serves the suburb of Cary and southwestern Raleigh. Located along the same arterial as Crossroads Plaza, a popular 628,000 square foot power center, and numerous other strip centers, restaurant franchises, and commercial establishments, this enclosed mall will also benefit by being located almost 15 miles away from Triangle Town Center and 20 miles from The Streets

[5] Lord & Taylor's second location is at Lynnhaven Mall in Virginia Beach, VA.

at Southpoint. As a result, it, too, will most likely survive, but slip below the others in overall measurable mall performance indicators, such as occupancy rates and sales per square foot.

As mentioned previously, not every center should be able to withstand the addition of over two-and-a-half million square feet of retail selling space at one time. North Hills Mall and Plaza is one such center whose future appears uncertain. North Hills Mall and Plaza has been suffering from its location, sandwiched in between the trade areas of Crabtree Valley Mall and Triangle Town Center, not to mention the simple presence of The Streets at Southpoint in the vicinity. This 587,218 square foot enclosed center lost one of its last two anchors (Dillards) to "Triangle" when it opened in August of 2002. For those reasons, the mall interior was recently demolished, leaving the only remaining anchor, J.C. Penney, standing. The idea is to redevelop the plot as a type of lifestyle center, with J.C. Penney and a proposed Target as anchors. The center will take on a festival/entertainment theme with numerous eateries, bars, a theater, and local retailers intermixed with more notable ones. The completion date is slated for October 2004. Kane Realty Corporation, the current owner and developer, is counting on strong local demographics (middle to upper incomes and large trade area) and good visibility from the Beltline (Interstate 440, Raleigh's beltway) for the center's success and longevity (International Council of Shopping Centers 2003).

In addition to the plethora of enclosed malls operating in the Raleigh-Durham-Chapel Hill MSA, a number of large regional and super-regional power centers have recently been constructed, reflecting the availability of disposable income and wealth in the area coupled with numerous tracts of developable land. There are currently at least ten of these centers constructed within the MSA, and a number of others planned for the near future. These open-air retail establishments contain about the same GLA as most regional malls, but offer a different tenant mix from their enclosed counterparts (See Tables 2 and 3). Most are being erected near tthe Streets at Southpoint or along Durham-Chapel Hill Boulevard, Raleigh-Durham Highway, Walnut Street in Cary, newly-completed sections of Interstate 540, or Capital Boulevard near Triangle Town Center. With so many new shopping centers and retailers migrating to the Raleigh-Durham-Chapel Hill area (more than any other Southeastern MSA of comparable size), there must be some major pull mechanism or mechanisms present to account for this phenomenon.

The presence of three major accredited Carnegie Research I universities (University of North Carolina-Chapel Hill, Duke University, and North Carolina State University) certainly comes across as a "plus" for many developers when deciding on whether or not to construct another major center in the region. This perennial base of approximately 90,000 "parentally-affluent" college students constantly pumps much disposable income into the local economy. Coupled with this benefit is the higher-than-average education level of the MSA because of these research universities. Median household incomes, as a result, are also high. Raleigh-Durham-Chapel Hill ranks second out of all 78 Southeastern MSAs in median household income with $48,845, over $11,000 above the Southeastern mean and about $3000 less than front-runner Atlanta, Georgia (U.S. Bureau of Census 2000).

This statistic is high not only due to the presence of available higher education, but also because of the abundance of major top-ranking employers throughout the region. The proximity of the Research Triangle Park, the aforementioned universities, and the

Raleigh-Durham International Airport have made the Raleigh-Durham-Chapel Hill MSA appealing to businesses from across the country and around the globe giving it a strong job market (Harnett County Economic Development 2003). The local industrial community focuses upon computer software and technology, pharmaceuticals, medical equipment, communications, transportation, environmental research, and high-tech manufacturing. Such world-renowned companies with headquarters in the Research Triangle include IBM, SAS Institute, Holiday Inn, Austin Quality Foods, Buehler Products, Union Carbide Corporation, and Oxford University Press (Cary Chamber of Commerce 2003). Research Triangle Park, located directly in the middle of the three primary cities, is the largest research park in the United States and is home to roughly 140 organizations. Recognized internationally as a center for cutting-edge research and development, the Park has around 38,500 full-time employees and is owned by Triangle Research Institute, the nation's fourth largest nonprofit contract research organization (Research Triangle Park 2003, Cary Chamber of Commerce 2003). Despite the current recession, the metropolis maintained a February 2003 unemployment rate of only 4.7%, compared to a national rate of 5.8% and the state of North Carolina's 6% figure for March 2003 (Harnett County Economic Development 2003). A less recognizable indicator of the Raleigh area's economic vitality could be the acquisition of its first major league sports franchise, a National Hockey League team, the Carolina Hurricanes. This relocation of the former Hartford Whalers to the Raleigh suburbs is a subtle, but nonetheless positive, sign of a healthy local economy.

The strong job market of Raleigh-Durham-Chapel Hill has led to high population growth over the past decade, ranking the MSA fourth in the Southeast with a 38.4%

increase behind Naples, Florida; Atlanta, Georgia; and Fayetteville-Springdale-Rogers, Arkansas (U.S. Bureau of Census 2000). This residential expansion has prompted the need for an outer beltway surrounding Raleigh and its suburbs. Interstate 540, also designated as the Northern Wake Expressway, is currently about 25% complete connecting Interstate 40 to U.S. Highway 1 (Capital Boulevard) and enclosing the northern suburbs. Residential and commercial development has exploded along I-540's interchanges, particularly at its two most congested, Raleigh-Durham Highway and Capital Boulevard. The crossing of Raleigh's two prominent arterial roads with the Northern Wake Expressway has led to extensive subdivision building nearby. It has also spurred the recent construction of the Triangle Town Center at the Capital Boulevard interchange and the 750,000 square foot Brier Creek Commons power center at the Raleigh-Durham Highway exit (National Research Bureau 2003). Upon further completion, the new beltway will, it is expected, bring more suburban sprawl development out from central Raleigh.

The exceptionally strong economy of Raleigh-Durham-Chapel Hill should remain so, barring any unforeseen externalities. The region has several solid bases that serve as a foundation for future development -- high education, income, and employment opportunities. The two major problems with this fast-paced suburban growth are the transformation of the central cities, especially Raleigh, into dilapidated, barren cores with no identities, except those of crime and poverty, and the aforementioned closings of older, inner-suburban centers. This same scenario has already transpired in places such as Atlanta and Detroit, and it appears as if the same trend is danger of occurring here.

Smarter suburban growth and a comprehensive downtown redevelopment plan must be priorities in order to save Raleigh from becoming a hollowed-out, donut city.

Atlanta, Georgia

Population: 4,112,198
Total Retail Square Footage: 116,709,767
GLA per Capita: 28.38
MSA Rank: 8
Figure 15

Atlanta, Georgia is the most populated and influential MSA in the Southeastern region. It has been referred to on numerous occasions as the New York of the South. With a population of over 4,000,000 and a growth rate of 38.9% over the past ten years, the Atlanta metropolitan area is massive in size, extending into 20 north-central Georgia counties. A median household income of $51,948 (ranking it first in the Southeast and almost $15,000 above the average for the region) gives the impression of extensive opulence, which does exist in parts of the MSA, but is totally absent in others (U.S. Bureau of Census 2000). Atlanta's total retail area statistic is a remarkable 116,709,767 square feet. This number is, far and away, the highest of all 78 Southeastern MSAs and ranks third for the entire U.S. behind Chicago, Illinois and Los Angeles, California (National Research Bureau 2000). These favorable indicators, however, only tell half of Atlanta's total story. The true account of Atlanta must be told as a tale of two separate cities, the majority-black, poor one and the majority-white, wealthy one.

The majority-white, wealthy Atlanta, which refers to the northern suburbs of the city because of its high proportion of white upper class residents, is extremely affluent and receives a predominance of the incoming sales revenues and tax dollars. Interstate

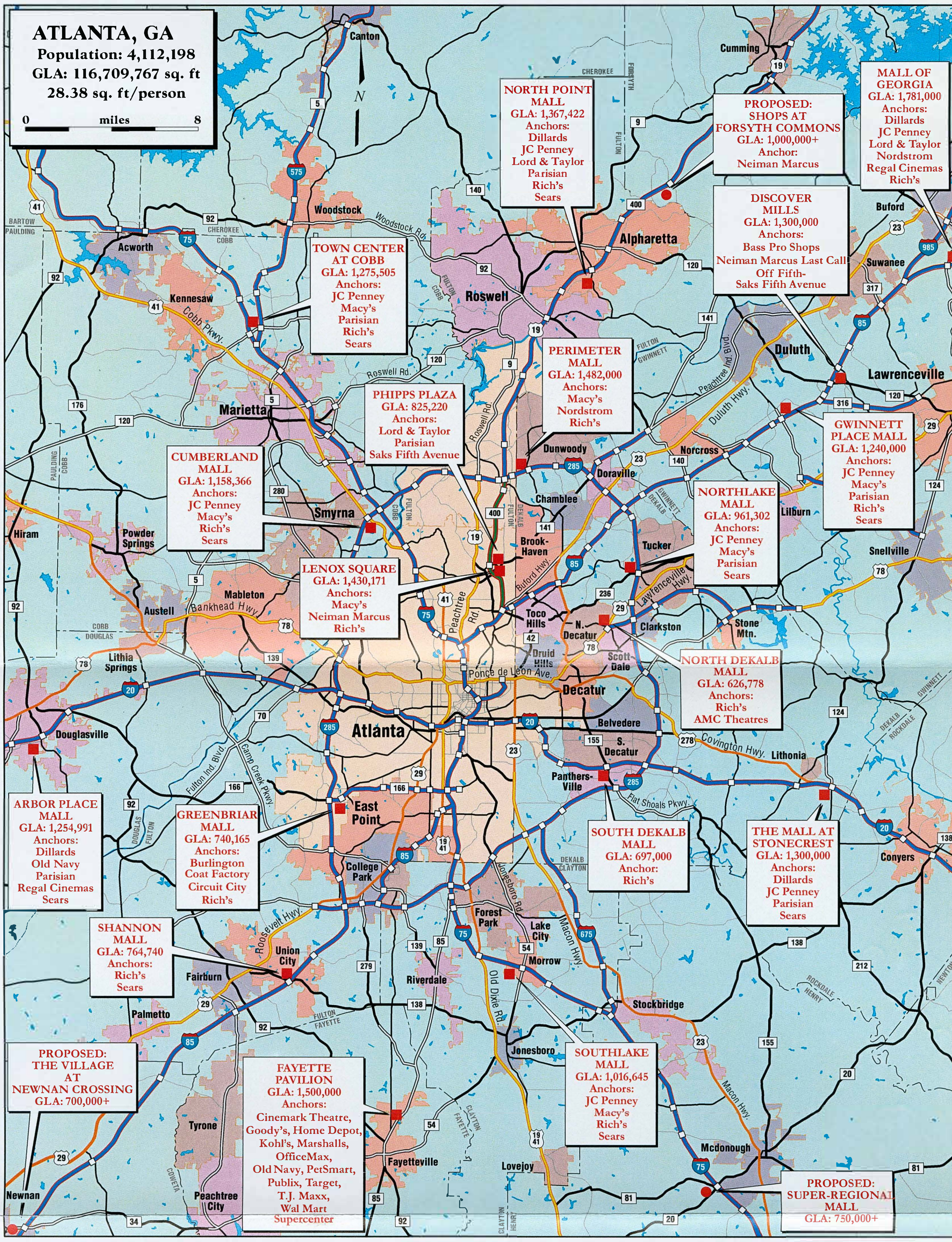

FIGURE 15: Atlanta, Georgia.

20 forms the unofficial north-south dividing line for income and ethnicity in the MSA. All high-end retailers and most upper-income residential communities in the city are located north of this boundary. Within the past 30 years, however, the region has been subdivided even further by the appearance of Interstate 285, or the Perimeter as locals refer to it, which delimits the inner suburbs from the outer suburban ring. Property values and telephone area codes can differ depending upon which side of Interstate 285 a structure is located. Being positioned outside of the Perimeter typically results in a much higher perceived status, although there are prestigious upscale neighborhoods inside the beltway as well. A historically expensive housing stock inside the wedge formed by the Perimeter, Interstate 75, and Interstate 85 exists in north Atlanta, whereas housing values are depressed in the close-in southern suburbs. The scarcity of affordable residential property in the inner northern suburbs created a middle-class housing shortage and ushered development out into the northern urban fringe beyond the beltway. This housing deficit has increased the demand for more affordable single-family homes further out into formerly rural lands. In job-rich neighborhoods of north Atlanta and the northern suburbs, the median home price is now in excess of $120,000, among the highest in the MSA (Brookings Institution Center on Urban and Metropolitan Policy 2003). Buckhead, the city's old elite neighborhood and current nightlife hot spot, is one of the historical areas of intense wealth inside of the Perimeter. Because of the enormous upscale suburbanization throughout the northern regions of the MSA, most of Atlanta's upper echelon shopping centers can be found only on the north side of Interstate 285. Two notable exceptions to this rule are Lenox Square and Phipps Plaza. These 1,430,171 and 825,220 square foot enclosed centers effectively serve the chic Buckhead clientele and

Midtown executives. In tandem, they offer Macy's, Neiman Marcus, Rich's, Lord & Taylor, Parisian, and Saks Fifth Avenue as anchors and over 330 retailers (National Research Bureau 2003). These two centers together form the largest and most eclectic mix of tenants in the Atlanta metropolitan area and are the sole locations for the elite merchants, Lord & Taylor, Neiman Marcus, and Saks Fifth Avenue, inside of the Perimeter.

The Atlanta outside of Interstate 285 is a completely different city than the one inside of the freeway. The agglomeration of suburban subdivisions, commercial thoroughfares, and overall sprawl extends as far as 30 miles out from the CBD in all directions. Because the MSA has developed in the classic wheel-and-spoke pattern, most major corridors of commercialization have progressed along the city's freeway and U.S. highway arterials. Again focusing upon northern Atlanta because of its increased importance to the overall region, Interstates 75 and 85 form the sides of a wedge of extreme development unparalleled by any other MSA in the Southeast. This sector of classic suburbanization houses a majority of the wealth and influence in the Atlanta region. In addition to this abundance of luxury homes, retail complexes, and suburban office towers, one will find the highest degree of congestion and traffic snarls in the MSA, or the state for that matter.

Interstate 85 is the corridor of most intense retail provision in the MSA. This freeway bisects Gwinnett County, one of the fastest-growing counties in the country and a zone of extensive wealth in the Atlanta region. Based upon this fact, three super-regional, 1.2 million square foot-plus, enclosed malls lie along a ten-mile stretch of the arterial (Mall of Georgia, Gwinnett Place, and Discover Mills). All three are thriving, due to the Mall of Georgia and Gwinnett Place capitalizing on different market areas, although similar in status[6]. These three massive centers and surrounding strip developments have given northeastern suburban Atlanta residents almost every possible commercial option available. On the down side, this overmalled sector of the MSA has witnessed the virtual demise of every non-franchised or locally-owned merchant as the area has transformed itself into a name-brand, strip mall and 'big box" paradise.

Another ribbon of recent wealth and sprawl extends along Georgia State Route 400, Atlanta's primary northern expressway/toll road serving Roswell, Alpharetta, and Cumming. This is the fastest growing region of the MSA in terms of office market space and upscale commercial clientele. Glitzy Northpoint and Perimeter Malls, 1,367,422 and 1,482,000 square feet, respectively, serve as elegant foci for massive suburban downtowns over 10 miles away from central Atlanta (National Research Bureau 2003). The interchange of GA 400 and I-285 now contains the largest aggregate amount of office space in a one-mile radius other than the Atlanta CBD and is a constant traffic nightmare. Further out along GA 400 is previously rural, tremendously wealthy, and historically racist Forsyth County. No African-Americans reside permanently within the county boundaries (U.S. Bureau of Census 2000). This small now-suburban county has recently become flooded with upper class whites who wish to avoid the congestion of inner suburban Atlanta. The county seat of Cumming (population 4,220) has witnessed unprecedented growth and development around its fringes as more and more elites flocks to its supposed "country living" atmosphere (U.S. Bureau of Census 2000). The small

[6] The Mall of Georgia serves northern Gwinnett County and those areas further north and east, while Gwinnett Place's trade area is comprised of southern Gwinnett and northeastern Dekalb Counties.

town charm of Cumming and its southern extremities is all but gone as Wal Mart, Target, Lowe's, and the proposed fashion center, The Shops at Forsyth Commons, have overtaken local merchants as the mainstays of retail.

This scenario of the sudden change from rural to suburban is quite common throughout the Atlanta metropolitan area. As the inner suburban counties of Fulton, Dekalb, Cobb, Clayton, and Gwinnett become saturated with subdivisions and strip malls, many middle and upper class residents are opting to move further and further away from the disintegrating Atlanta core to the vast open spaces of Cherokee, Paulding, Henry, Fayette, Coweta, Douglas, Rockdale, and Forsyth Counties. Some of these counties are over 40 miles away from central Atlanta. The Perimeter, consequently, encircles an increasingly lower income populace and struggling nucleus as more and more people and businesses in the MSA are found outside I-285. This realization has resulted in a new push from the Georgia Department of Transportation and certain Atlanta governmental officials for the construction of yet another bypass 30 to 35 miles outside the CBD to adequately bypass the city and its associated sprawl (Smart Growth Online 2003). The Northern Arc, the name given to the 59-mile highway proposed between Interstates 75 and 85 north of Atlanta, would cut across four suburban counties (Gwinnett, Forsyth, Cherokee, and Bartow) and possibly be designated as a toll road to generate revenue (Clements 2002). This solution may eliminate some traffic problems in the short term by allowing thorough travelers and truckers to avoid Atlanta's legendary traffic jams; however, the construction of an Outer Perimeter would be detrimental for the north Georgia realm over time by encouraging more and more growth in these "exurban" or rural/suburban hybrid areas. The potential of more sprawl has resulted in the large-scale protest from area residents and environmental activist organizations. The Georgia Regional Transportation Authority, likewise, conducted a two-year feasibility study and concluded that an option other than the Northern Arc would be the most beneficial for northern residents, future traffic congestion relief, and the environment (Smart Growth Online 2003). The fate of the outer bypass is still undecided.

The problems of Atlanta's current settlement and commuting patterns are obviously very complex. The city's heavy-rail system (MARTA) is underutilized and, for all intents and purposes, inefficient as a time-saving device as many downtown, Buckhead, and Midtown workers live too far out from the city to use the mass transit lines. What the typical subway ridership consists of is a minority lower income clientele commuting from different points from within the Perimeter interspersed with businessmen and shoppers destined for Lenox Square, the only mall served by mass transit. MARTA had acquired the stigma of being a dangerous and clearly ineffective commuting option, unless one is traveling from Hartsfield International Airport to Five Points (the CBD) or vice versa. As suburban Atlanta continues to grow in population and its highways become evermore clogged, some sort of safe, expedient way must be available for commuters to reach the CBD and Midtown areas. Extending the heavy rail lines into the region outside of the Perimeter, however, would not be particularly cost effective. The population is too dispersed in areas surrounding the city, and it would be far too costly to operate efficiently. The city has already invested $2,720,000,000 of capital into the extant 27 miles of heavy rail. The average expense per line-mile is $101,490,000. Such an amount would most likely not be recouped by the few extra riders gained by MARTA's expansion into Marietta or Roswell (Transit Corridor

Planning 2003). Heavy rail is the most expensive form of public transportation with an average cost of $50-150 million per line-mile and functions best in a high-density urban environment with a high volume of passengers available near individual stations (Scoping Information Booklet 2002). This form of public transportation becomes less and less efficient as distance from the CBD increases; in which case, another less expensive option might work better, such as light rail. Light rail holds a lower rider capacity, but has lower overhead, maintenance, and initial capital outlay costs (www.itsmarta.com 2003). Constructing a light rail system onto the end of the older subway/heavy rail network to branch out into the suburban realm could definitely alleviate some of the MSA's traffic congestion, while saving the Atlanta taxpayers money in the process. The area currently has a bus system connecting MARTA stations to the outer suburbs, but its ridership also primarily consists of lower income residents and is often overlooked by more affluent residents as a viable option to commuting by car.

Coupled with the constant congestion problems plaguing the northern reaches of the city and its tributaries is the glaring economic plight of south Atlanta and its prevailing minority populace. Based upon decades of racial segregation, northern and southern Atlanta have developed very differently. While the upper income, white-collar oriented northern suburbs are expanding and thriving, southern blue-collar, majority-Black cities such as East Point, College Park, and Gresham Park have been mired in decline for years.

"North of Interstate 20, the region's population is 82% white; in the outer suburbs, the population is usually over 90% white. But southwest Atlanta is nearly 97%

non-white, southeast Atlanta is over 82% non-white, and Fulton County south of Atlanta is nearly 66% non-white. 78% of the region's population growth and 75% of its job growth over the past two decades has occurred north of Interstate 20" (Brookings Institution Center on Urban and Metropolitan Policy).

Major industrial complexes, Hartsfield International Airport (once touted as the world's busiest) and massive factories (i.e., Delta Airlines and Ford Motor Company) litter the south Atlanta landscape along with multitudes of impoverished housing projects and vacant, barred storefronts. "In 1990, over 27% of the city's residents lived below the poverty line, and six of the nine sub-county 'superdistricts' with the highest percentages of the MSA's poor were south of Interstate 20" (Brookings Institution Center on Urban and Metropolitan Policy 2003). This lack of disposable income has affected the gross amount and selection of retail available in the southern portions of the region.

Greenbriar Mall and South Dekalb Mall are the two historical malls of inner suburban south Atlanta, and both are continuing to survive by housing low-tier retailers for the local Black and Latino populations. Unfortunately, with the deficiency of disposable income in the area and the recent openings of Arbor Place Mall and the Mall at Stonecrest some 15 miles to the east or west along Interstate 20, both of the aforementioned centers are losing what middle class consumers they did have. Without the adequate purchasing power surrounding the two inner suburban centers, their days as competing, practicable centers may be numbered unless they are able to find some marketing niche other than targeting the nearby minority lower class.

Given only the previous paragraph as evidence, one might expect every burg south of Interstate 20 to be decaying and poverty-stricken, yet the area of decline is primarily confined inside the Perimeter. As one ventures further and further away from Interstate 285, the wealth again increases and. with it, the development. The southern portion of the MSA is not nearly as suburbanized as its northern counterpart; nonetheless, it is growing at a rapid pace. The middle-tier malls, Southlake and Shannon (although Shannon is now facing many of the same problems as Greenbriar and South Dekalb Malls), currently serve as the only super-regional centers for outer suburban inhabitants, but these centers fail to meet the needs of the burgeoning upper-middle class relocating to Fayette, Coweta, and Henry Counties. Historically dominant Southlake Mall is experiencing decline as many peripheral retailers have moved further down I-75 toward higher income communities. If developers CBL and Associates and Simon Property Group have their way, however, two new high-tier centers will shortly be in place to cannibalize Southlake's and Shannon's massive trade areas. Coweta County's the Village at Newnan Crossing will be CBL's attempt at bringing the first upscale center to the suburban south Atlanta market, while Simon is actively searching the Interstate 75 corridor near McDonough in rapidly-growing Henry County for suitable acreage on which to build. According to Caldwell Zimmerman, president of the land division of Colliers Cauble, one of Atlanta's foremost real estate companies, Henry County is ready for a large regional or super-regional center. He believes the county's 132,000 residents plus shoppers from adjoining Clayton County or even as far away as Macon would solidify the area as a prime mall target. "A regional mall is the next evolutionary step in Henry's growth. The county has already experienced the "first wave" of retail: the discounters, such as Wal Mart and Target; the home improvement stores; and the price clubs, such as BJ's and Sam's. The second wave comes when a county achieves critical mass and can support a regional mall. In addition to department stores, it brings in more upscale tenants, which then attracts more fine dining, hotels, and offices. It's not just a bedroom community. Henry County in particular is in the forefront of that next wave" (Georgia Trend Online 2003). The major concern is that southern Atlanta does not become another version of northern Atlanta with a continual hodgepodge of residential and commercial land uses intermingled over a four of five county region. As a result, plans for this proposed center and the proposed Mall at Newnan Crossing are proceeding cautiously.

In order to salvage some sort of an identity as a region and quell its ravaging sprawl and congestion ailments, the Atlanta MSA must adopt some sort of comprehensive smart growth policy. This policy must acknowledge the inter-connected consequences of uncontrolled and unbalanced growth in the MSA. The policy must address much more than traffic reduction strategies or tightening zoning restrictions; it must focus upon the environmental, social, economic, and racial inequities that have resulted from this virtually unrestricted and uneven sprawl development. All of these concerns stem from the same root cause, unbalanced growth, and they cannot be completely addressed in isolation from one another (Brookings Institution Center on Urban and Metropolitan Policy 2003).

Knoxville, Tennessee

Population: 687,249
Total Retail Square Footage: 14,931,363
GLA per Capita: 21.73
MSA Rank: 30
Figure 16

Knoxville's retailing is situated in 30th place among the MSAs in the Southeast with 21.73 square feet per person. This metropolitan area of almost 700,000 is comprised of six counties, although a vast majority of the retail composition is found within Knox County. The region's median household income figure of $36,874 places it just below the Southeastern region's average of $37,056 (U.S. Bureau of Census 2000). Knoxville's total retail area per capita (21.73) is not far above the Southeastern average of 20.26. Classifying Knoxville solely based upon this comparison does not, however, include any "retail idiosyncrasies" within the MSA itself. There are numerous examples of what can be described as "commercial oddities" throughout the area. These atypical developments and corridors will be addressed.

The first factor explaining the Knoxville region's distinct retail structure is its location. Located in the ridge-and-valley physiological region of eastern Tennessee, Knoxville has had its growth constrained by topography, specifically the numerous ridges running parallel to the nearby Smoky Mountains and Appalachian Plateau. This has led to a very decentralized city in terms of population and retail clustering. What has occurred, instead, is a classic example of Brian Berry's ribbon or corridor development along the MSA's major US arterial highways (Berry 1967, 46). These suburban ribbons of fast food establishments, gas stations, hotels, and strip malls have taken the place of

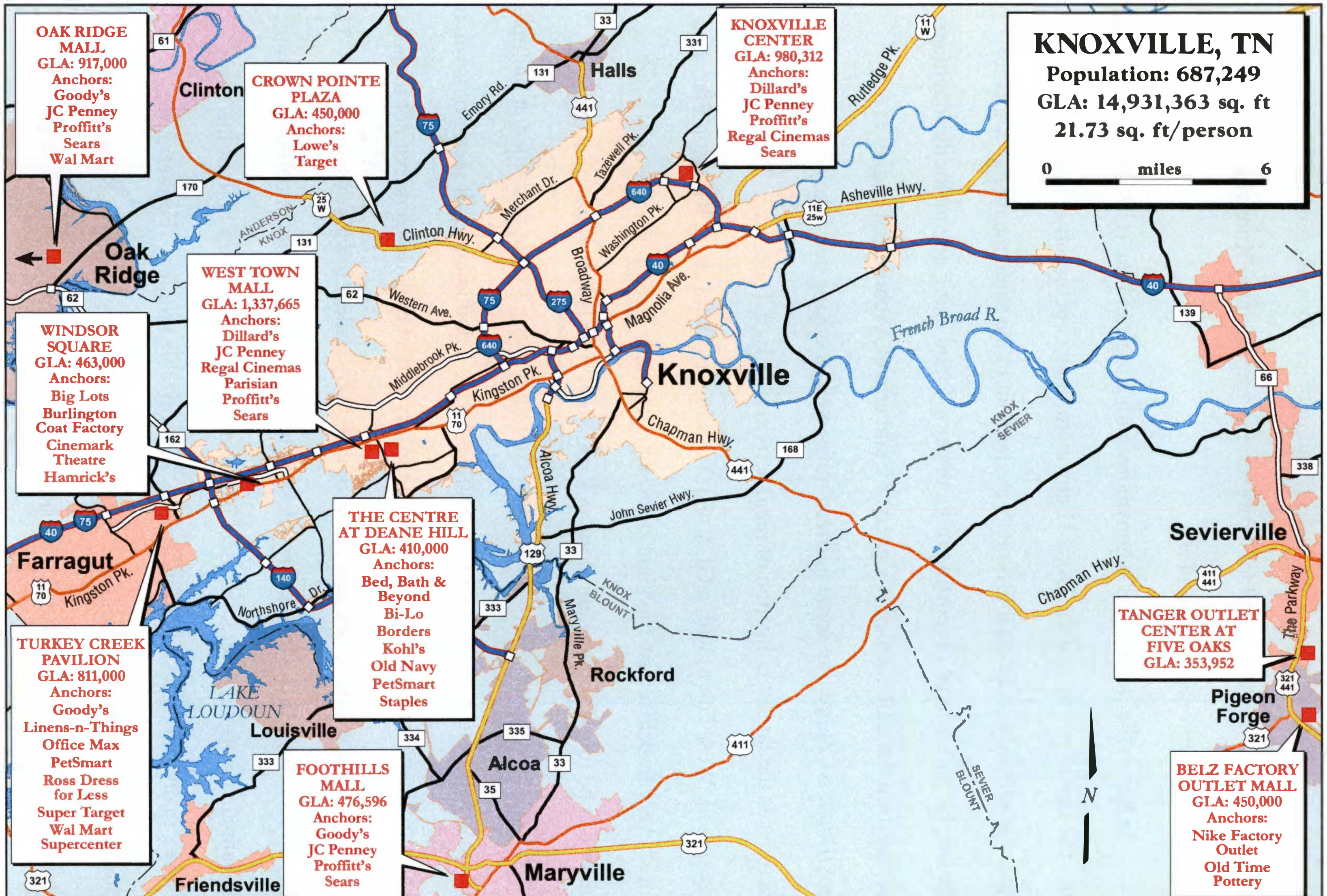

FIGURE 16: Knoxville, Tennessee.

the CBD and even suburban downtowns found in other cities of comparative size as true linear retail hubs. No thoroughfare, however, has impacted the Knoxville area as much as its predominant one, Kingston Pike.

In Knoxville, retailing is synonymous with Kingston Pike (U.S. Highways 11 and 70) – the Lee Highway and the Dixie Highway running concurrently. In effect, Knoxville proper's retail establishments are laid out in the same manner as a smaller community, with a large proportion of them being found along one major thoroughfare. Starting from the CBD, which is signed as Cumberland Avenue, and ending at the Knox/Loudon County line some fourteen miles west, the Kingston Pike commercial zone functions as the largest collection of retail activities in East Tennessee. The state's third-largest mall, West Town, with a GLA of 1.3 million, is found along Kingston Pike as is almost every franchise fast-food and sit-down restaurant. Seemingly any local big-box retailer can be found somewhere along this stretch of four-lane highway that extends from Knoxville's downtown to the affluent community of Farragut, and often at multiple locations. Most cities of this size (173,980) will have a dominant retail sector of town, or even an exclusive retail arterial containing the city's most elite retailers, but not to this extreme. Kingston Pike is the equivalent of a 10,000-resident town's "Main Street." The only other sizable MSA which comes close to having such a dominant commercial route is Savannah, Georgia. Abercorn Street in Savannah accommodates both of the city's enclosed malls and almost all of its sizable, recognizable retailers. Furthermore, including the buildup along adjacent, parallel, or intersecting streets to Kingston Pike such as Peters Road, Lovell Road, Parkside Drive, Cedar Bluff Road, and Walker Springs Road as part of the corridor only emphasizes this linear retail element more dramatically.

Many developers point to western Knox County's massive residential growth rate and rise in household income over the past twenty years as major factors for this lopsided commercial expansion. Although the city's retail may be keeping pace with its incoming resident population, the transportation infrastructure definitely is not. The western sections of Knox County are vastly underserved in terms of a viable, interconnected, and easily navigable road network. Disregarding the permanently congested and seemingly always under construction Interstate 40/75, only two four-lane arterial highways, Kingston Pike and Middlebrook Pike, exist to provide access toward and away from downtown for commuters. Kingston Pike is commercially-based, while Middlebrook Pike is almost exclusively residential and industrial. Both are constantly bogged down with western Knox County traffic traveling to or from home and northern or southern Knox County traffic on a jaunt to West Town Mall or to a local dining establishment. To compound this problem is the absence of a major north-south boulevard to interconnect disparate western areas within Knox County. Some sort of four-lane at-grade arterial highway running north and south is sorely needed to ease intra-county commuting woes and to join Kingston Pike with Clinton Highway or Interstate 75 North.

A high percentage of the Knoxville MSA's retailing lies in its enclosed malls and regional strip centers. West Town Mall ranks first in terms of overall size (1,337,665 square feet), store count and selection, and profitability with a sales per square foot with $360. The second largest enclosed center and West Town's primary competitor, Knoxville Center Mall (formerly East Towne Mall), with a GLA of 980,312, brings in a lower $225 per square foot (Gibbs Analysis, Market Square 2001). The two remaining enclosed centers within the MSA, Foothills Mall (476,596 square feet) and Oak Ridge

Mall (917,000 square feet), have sales per square feet of $224 and $148, respectively. $291 is the mean for super-regional shopping centers, while $219 is the average for all shopping centers in general (Newspaper Association of America 2003). Sales per square foot is often a good measure of a center's vitality and will be used to individually examine each mall's profitability. Because each of these malls serves as the focus of a major retail mélange within their own sectors of the MSA, they should be the primary retail draws in terms of population and revenue.

The Greyfield Mall Study conducted by Global Strategic Real Estate Research Group in 2001 classifies regional malls into four distinct categories based upon sales per square foot. Those centers with average sales per square foot of over $250 are categorized as "Healthy." Centers having sales per square foot between $200 and $249 are deemed "Viable." $150 to $199 places a regional mall in the "Vulnerable" realm, while those under $150 are termed "Greyfields," or malls which are older, economically obsolete, and in possible danger of closing. Greyfield malls characteristically have lower occupancy rates, earlier construction dates, and contain less total GLA than more financially stable centers.

West Town Mall, with a sales per square foot statistic of $360, is classified it as "Healthy" and ranks it as the top performing mall in East Tennessee. To anyone from the Knoxville area, this comes as no surprise considering that the mall is constantly crowded with customers drawn from over sixty miles away as far as eastern Kentucky and even southwestern Virginia. Situated along Kingston Pike within sight from the interstate amidst a sea of strip centers, fast food restaurants, and middle to upper class homes, the mall enjoys a prime locational advantage not realized by the area's other three enclosed centers. The western part of Knox County in the Knoxville MSA has the largest retail collection and highest traffic counts because of the influence of West Town Mall (Knoxville Metropolitan Planning Commission 2002).

Knoxville Center forms a secondary retail cluster for eastern Knox County residents who do not wish to brave the sprawl of West Knoxville. This two-level super-regional center brings in $225 per square foot, thereby placing it in the Viable category. This mall has endured many more issues and uncertainties than its cross-town rival eleven miles away. Plagued by an image problem in the late 1980s and early 1990s, the mall underwent an extensive renovation in 1997, name change, and marketing campaign (National Research Bureau 2003). East Towne was renamed Knoxville Center; new stores were brought in, and the mall facade received a major facelift. These improvements, coupled with recent nearby strip center and restaurant development, have, to a degree, turned around the mall's image. Unfortunately for the mall, for all intents and purposes, it is still viewed locally as second-tier to West Town.

Maryville, fifteen miles south of Knoxville, is another community containing a fairly well developed depth and breadth of retail provision. Foothills Mall is the 476,000 square foot regional mall providing goods and services to the local Maryville/Alcoa residents. This mall functions more as an easy alternative to traveling twenty minutes to Knoxville for shopping selection than as a major outside consumer-pull mechanism. Because it lacks most middle-tier mall tenants, such as Gap, American Eagle, or The Limited, it has been unable to draw many Knoxvillians away from West Town Mall or Knoxville Center. On the other hand, the center continues to survive ($224 per square foot) by catering to its own (National Research Bureau 2003). Maryville has been growing at an accelerated pace over the past decade, from 14,000 to 23,120 -- an increase of 65% (U.S. Bureau of Census 2000). And the retail selection within the city has expanded accordingly to accommodate the burgeoning population. A Wal Mart Supercenter, Big K Mart, Target, Lowe's, Home Depot, numerous upscale dining franchises, and a large power center have all arrived within the past few years to supply the influx of residents with more retail options and thereby increased total sales revenue.

Oak Ridge has traveled in the exact opposite direction of Maryville in terms of residential and commercial development. Only a slight increase in population has occurred over the last ten years, and no new major retailers or strip centers, with the exception of a Tinseltown movie theater complex, have recently entered Oak Ridge's market. On the contrary, the city's largest retail complex, Oak Ridge Mall, is dying a slow, painful death with few feasible alternatives for salvation. The mall has had a number of factors working against it since its initial conception as a strip center in 1955 as the retail downtown of the city (National Research Bureau 2003). The strip center was bought by Crown American Realty Trust in 1989 for $45 million and redeveloped over the next three years as an enclosed super-regional mall then worth an estimated $67 million (Oak Ridger Online 2003). Its massive size has definitely been detrimental to its vitality. 917,000 square feet is the typical enclosed center size for an MSA of approximately 200,000 – 250,000, not a city of 27,000. It is unclear exactly why Oak Ridge houses a mall of this magnitude or, more importantly, why Crown American ever assumed that the area could support one. It obviously cannot. In all likelihood, the massive size of the mall resulted from anticipation of growth that never materialized. What Oak Ridge was left with has been a virtually-empty shell of corridors with only the anchor stores, Goody's, JC Penney, Proffitts, Sears, and Wal Mart, alive to pick up the slack. The completion of the four-lane Pellissippi Parkway and adjoining Interstate 140 to Alcoa and Maryville in the mid 1990s only helped to drain local revenue away the city as area residents traveled fifteen minutes to West Knoxville and its plethora of retail stores. The Oak Ridge Mall has remained sparsely occupied since that time with a high vacancy rate of around 70% and a pitiful sales per square foot of $148 (National Research Bureau 2003, 2002 Securities and Exchange Commission Crown American Realty Trust Form 8-K). Crown American is currently exploring a number of options for getting rid of the supposed commercial heart of Oak Ridge, now only valued at 15.9 million to 17.9 million, depending upon the particular appraisal method (Oak Ridger Online 2003). Most likely, the mall's interior corridors will be gutted, removed, and rebuilt as unenclosed office, business, or even residential space. Some of the more profitable anchor stores will probably remain to complete this planned mixed-use development in the center of the city.

Another zone of current explosive commercial development within the Knoxville MSA is the Lovell Road/Turkey Creek area. This zone is dominated by Turkey Creek Pavilion, an unenclosed super-regional power center of 811,000 square feet (Knoxville Metropolitan Planning Commission 2000). This massive complex is anchored by the MSA's tenth Wal Mart (Knoxville's sixth, this one being is a Supercenter), its first Target Supercenter, an Old Navy, PetSmart, Ross Dress for Less, Linens N Things, Office Max and Goody's. The Turkey Creek corridor has seen tremendous growth not only in terms of retail and overall commercial activity, but also in the upgrade of the local road infrastructure and construction of a new hospital, St. Mary's Women's Hospital. In its short lifetime, this corridor has been able establish itself as somewhat of a feasible alternative and intervening opportunity to West Town Mall for western Knox, Loudon, and Anderson County residents.

The Cedar Bluff Road area has historically been another high growth corridor in west Knox County resulting in tremendous big box and strip center development, although now to a lesser extent than the Lovell Road corridor. With the exception of the northeastern and northwestern corners of the Cedar Bluff Road/Kingston Pike intersection, no large tracts of developable land are left. This corridor is experiencing maturity from a retail standpoint. However, it continues to be viewed as a pivotal West Knoxville shopping, dining, and entertainment destination.

With an economy reliant almost entirely on the service industry, Sevierville/Pigeon Forge/Gatlinburg is the other dominant retail pull in the Knoxville MSA. Stemming from their proximity to the nearby Smoky Mountains (the Smoky Mountains National Park being the most visited park in the United States), these communities rely on tourism for a majority of their incoming revenue. Because outside visitors play such a pivotal role in Sevier County's economy, the retail structures of these three communities' are set up to accommodate them. Entertainment venues and outlet shopping dominate the Parkway/Winfield Dunn Parkway (US Highway 441/Tennessee State Highway 66) throughout its 25-mile journey from Interstate 40 to the Smoky Mountains National Park Visitor Center. Go-cart tracks, antique dealerships, fast food restaurants, amusement parks, and gift shops all abound along this thoroughfare encouraging out-of-town hikers, newlyweds, and vacationers to support the Sevier County economy. Even more influential than the entertainment-themed and locally-owned establishments are to the sustainability of the region are the retail outlet centers. Many of these centers contain off-price versions of typical mall in-line tenants, such as Gap, Banana Republic, Bath & Body Works, and J. Crew.

Secondary ribbons of development occur along the Chapman Highway, Clinton Highway, Magnolia Avenue, and Broadway corridors. These highways maintain the usual fast food establishments, strip centers, and free-standing retail stores. These strands of commercialization, however, have not been as instrumental in the overall MSA's retail vitality as the aforementioned retail nodes. They function more to serve their immediate surrounding neighborhoods, as opposed to bringing in consumers regionally.

The topography surrounding the Knoxville MSA has prodded its development in a predominantly linear fashion along its major hub-and-spoke arterials. Under normal circumstances, this non-compact development would result in the MSA's lower-than-average total efficiency in terms of commuting patterns, work productivity, and GLA per capita (Cervero 2001). The immense drawing power of these retail ribbons, specifically Kingston Pike, has, on the other hand, allowed the Knox County component of the MSA to maintain a high GLA per capita statistic despite its sprawling, tentacled, inefficient shape. This elevated Knox County score has, in turn, raised the overall MSA statistic to normal levels and suggests that the robustness of aggregate demand will not be lessened by an odd spatial morphology. Western Knox County, consequently, has witnessed an overwhelming predominance of the total retail provision and will continue to do so in the foreseeable future. The only "pretender to the throne" may be northern Knox County. This sector of Knox County has witnessed phenomenal growth over the past five years, particularly along Emory Road. In all likelihood, northern Knox County will not be able effectively to compete with western Knox County for retailing preference. Its growth could, however, very well help to offset the historically skewed residential development of the county as a whole by providing an alternative of cheaper and more abundant land. This benefit, alone, will give many potential homeowners and commercial developers the impetus to build away from Kingston Pike.

Chapter 8

Individual Negative Outlier Analyses

The order of analysis for the five negative outliers will be as follows: Anniston, Alabama; Sumter, South Carolina; Fayetteville-Springdale-Rogers, Arkansas; Johnson City-Kingsport-Bristol, Tennessee-Virginia; and New Orleans, Louisiana.

Anniston, Alabama

Population: 112,249
Total Retail Square Footage: 996,845
GLA per Capita: 8.88
MSA Rank: 78
Figure 17

Based upon total GLA per capita, the Anniston, Alabama MSA ranks at the very bottom of all 78 metropolitan areas in the study. Containing only 8.88 square feet of retail space for every resident, this city appears to be vastly underserved from a retail standpoint. The MSA ranks fourth in terms of total population with 112,249. That is a 3.3% drop in residents from its 1990 population of 116,032 (U.S. Bureau of Census 2000). This net out-migration is second only to Alexandria, Louisiana, which experienced a four percent population loss during the 1990s. The question posed is this: What is it about this small city of 45,000 that makes it so unattractive to development from outside retail?

A number of factors have come into play in explaining Anniston's apparent scarcity of retail. First and foremost, the figure 8.88 square feet per person is most likely undercalculated. Because the source of the data relies solely upon shopping center GLA

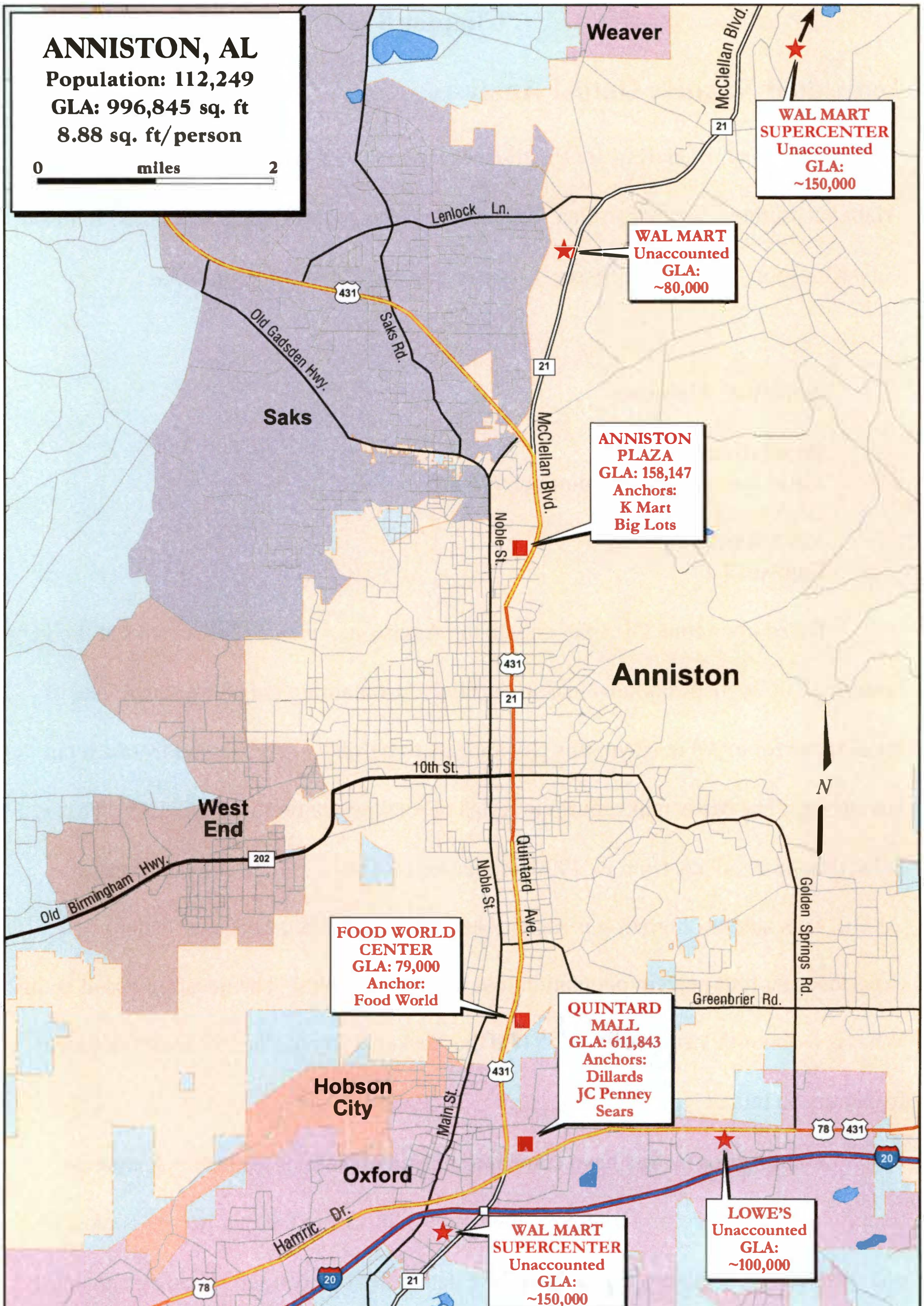

FIGURE 17: Anniston, Alabama.

and not free-standing GLA, a number of large free-standing retailers are not represented in the National Research Bureau's tabulated number. As discussed in the Methodology chapter, any retailer that locates in an unconnected structure, no matter how large, is not considered in the tabulation of that MSA's total GLA. The likelihood of omitted retailers in any MSA, consequently, is certain. When a large percentage of a city's retail comes, however, in the form of freestanding buildings, the GLA statistic for that particular city will be vastly inaccurate. Four glaring omissions in Anniston are the three Wal Mart stores operating in Calhoun County, two of which are classified as Supercenters, and an approximately 100,000 square foot free-standing Lowe's Home Improvement Store. An estimated total 480,000 square feet of retail space is unaccounted for from these four venues simply because they are not adjoined to any other structure. In the grocery realm, three detached Winn Dixie stores and two Food Max stores are present in Anniston itself, but not included. With an average of 35,000 square feet per store, 175,000 square feet of grocery store floor space has been overlooked. These omissions translate into an additional 66%, or 655,000 square feet, of total retail space which should be combined with the existing 996,845 square feet. A new total of 1,651,845 square feet of total GLA is now probably a much more accurate count of the retail provision for the Anniston MSA. The newly calculated figure of 14.72 square feet of retail space per person moves Anniston up from dead last to a more respectable 68th out of 78 MSAs.

These purposeful omissions undoubtedly occur to some extent in every MSA. With respect to calculating total GLA of an area, however, the higher the percentage of free-standing structures to total retail provision, the more inaccurate the NRB-selected statistic will be. The exclusion of free-standing retail seemingly affects smaller MSAs to a much greater extent because of their increased reliance on free-standing retail to account for the total retail provision. The smaller the population, the more the unaccounted free-standing retail negatively impacts the accuracy of the overall retail provision. Although including the omitted GLA with Anniston's existing per capita statistic would increase the MSA's total retail allotment, the figure would still remain well below the mean of 20.26 square feet per person. Other factors aside from the inaccuracy problem, therefore, contribute to the area's low amount of retail space per capita.

Another problem concerning Anniston is its relative proximity to both Atlanta, Georgia and Birmingham, Alabama. Located along I-20 only 66 miles east of central Birmingham and 90 miles west of downtown Atlanta, the small city is significantly hampered from developing any major type of retail base to draw from outside communities or even its own. The eastern Birmingham super-regional shopping centers of Century Plaza and Eastwood Mall and the associated sprawl development are less than an hour away and historically have contained a much larger breadth and depth of merchandise than Quintard Mall. In addition, one will arrive at Riverchase Galleria in only another fifteen minutes of travel along I-459, the city's semi-circular beltway. This 1.8 million square foot five-anchor super-regional center and surrounding strip development has, by far, the largest retail GLA in Alabama. Heading eastward from Anniston results in the same conundrum. Douglasville, which is a western Atlanta suburb, is approximately 70 miles away and contains the newly-completed Arbor Place Mall. This 1.25 million square foot center opened in 1999, and it, along with the typical power and strip center outparcels, offers more shopping selection than can be found in

Anniston. The situation of Anniston being viewed as a second-tier market can be related to central place hierarchical principles, which would obviously assign the first-tier status to Atlanta and Birmingham.

Anniston appears, however, to have recently been putting up a little bit of a fight to retain its own customers and even attract a few new ones. In November of 2000, Anniston's own Quintard Mall completed a major renovation and expansion pushing the center to 14th largest in Alabama from its former 30th place and increasing its gross leasable area to approximately 700,000 (International Council of Shopping Centers 2001). This expansion brought in newer, more nationally-recognizable tenants, such as American Eagle, Bath and Body Works, Lane Bryant, and Victoria's Secret, which previously had been at least an hour's drive east or west (Shopping Centers Today 2000). The usual influx of nearby Old Navy's, Targets, and Best Buys to complement the mall which normally would take place coinciding with the massive expansion has, unfortunately, not yet occurred. In addition, Anniston's major thoroughfare, Fort McClellan Boulevard, lacks the adequate large strip center development typically found in a city of this size. This absence of supporting strip center retail infrastructure, particularly big box merchants and category killers, for the central regional center contributes to Anniston's deficiency of retail activity.

The income level and economic situation of Anniston are undoubtedly other crucial factors involved in stifling any larger prospective retail growth in the MSA. Calhoun County has a per capita income figure of $17,367 and a median household income of $31,768. This falls well below the national averages of $21,587 and $41,994, and even below the somewhat impoverished state averages of $18,189 and $34,135 (U.S.

Bureau of Census 2000). With the closing of the Fort McClellan in 1999, the continual poor economic climate of eastern Alabama, and general perception of Anniston as the home of many uneducated, blue-collar persons, the prospect of near-future economic prosperity of the region remains highly unlikely. Anniston, much like its counterpart, Gadsden, located thirty miles to the north, suffers from an image and location problem. Both are viewed as impoverished, "ex-manufacturing" cities in economic decline inhabited by a lower class clientele who have no real buying power. Furthermore, both are midway between much larger, much wealthier markets. Gadsden is located on I-59 between Chattanooga, Tennessee and Birmingham, Alabama.

Anniston has a sufficient amount of retail space to serve its immediate trade area. Based upon economic, locational, and historical factors, the city cannot, however, rely on drawing many additional customers from outside an approximate 25-mile radius (the size of Calhoun County). Indeed, it should not do so.

Sumter, South Carolina

Population: 104,646
Total Retail Square Footage: 1,056,947
GLA per Capita: 10.10
MSA Rank: 77
Figure 18

This small MSA ranks 77th out of 78 entries in GLA per capita with a figure of 10.10 square feet per person. Its 104,646 residents also place it near the bottom in total population (U.S. Bureau of Census 2000). A low MSA population, however, does not necessarily translate into a low GLA per capita. Myrtle Beach, South Carolina contains

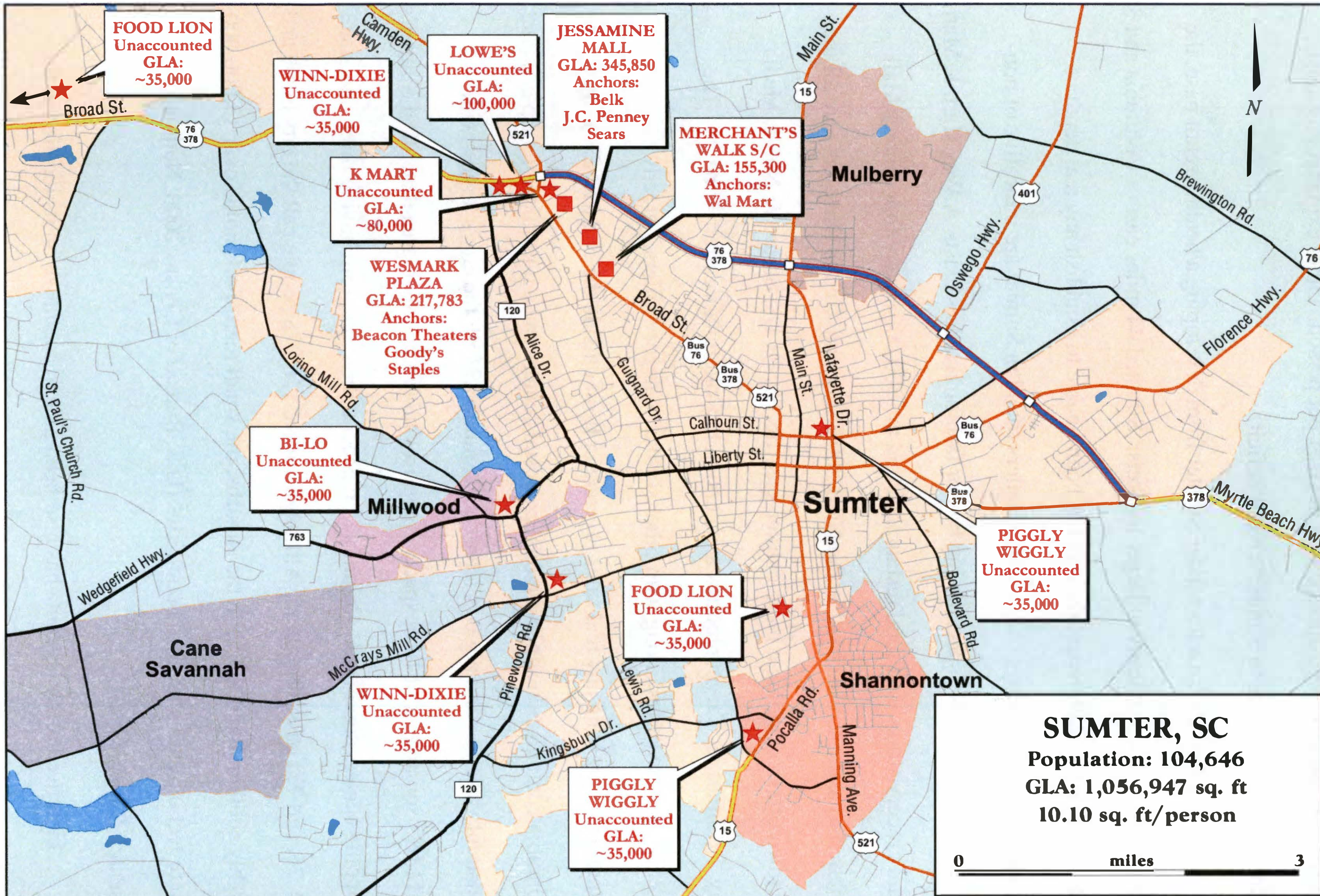

FIGURE 18: Sumter, South Carolina.

241,000, yet the city is positioned first in GLA per person. Other explanations must, accordingly, contribute to Sumter's retail deficit.

A number of obstacles hinder Sumter from developing a healthy retail base, the first one being its proximity to larger markets. Situated 44 miles east of Columbia and 35 miles southwest of Florence, the city has been unable to establish any real depth or breadth of retail offerings. Almost all retailers found in Sumter are indicative of non-metropolitan areas. No specialty big box or fashion retailers exist. A Wal Mart, K Mart, chain grocery stores, fast food restaurants, and the 300,000 square foot Sumter Mall (referred to as Jessamine Mall in the NRB 2003 Shopping Center Directory) are all that the town offers. Finding a more market-specific Toys R Us, Barnes & Noble, Media Play, PetSmart, or Target requires a excursion to Columbia's eastern suburbs. The absence of these stores, along with other similar "category killers," greatly obstructs Sumter from drawing any real sales revenue in from outside the county. Eastern Columbia contains two super-regional enclosed centers and a multitude of strip centers, restaurant varieties, and big box retailers. Columbia Mall, the city's largest with 1,111,095 square feet of floor space, comprises more total retail area than all of Sumter's shopping centers combined. Columbia, in general, benefits from having three interstates (20, 26, and 77) pass through it. Although a mere 116,278 people call the city home and roughly another 400,000 live in the suburbs, the small metropolis holds over 13,000,000 square feet of retail within its boundaries (U.S. Bureau of Census 2000, National Research Bureau 2003).

Florence, South Carolina has also been able to capitalize on its location at the intersection of Interstates 20 and 95. Florence, furthermore, sits along the main tourist route used for travel to Myrtle Beach. Although virtually identical in central city and MSA populations (30,248 and 125,761 versus Sumter's 39,643 and 104,646), Florence has managed to acquire a much more extensive commercial sector in every respect. From a more refined and extensive tenant offering at Magnolia Mall to a greater selection of eating establishments and big box venues, Florence has effectively utilized its locational advantage to lure stores away from Sumter that might otherwise locate there.

The adverse proximity effect has trickled down to influence other factors that constrain Sumter's retail offerings, as well. This is felt most directly at Sumter Mall. This enclosed regional center, with 345,850 square feet of space and three anchors (Belk, JC Penney, and Sears), fits the loosely-defined external building criteria for a city of Sumter's size. Internally, however, the center falls short in terms of depth and selection of merchandise. This lack of a varied and multi-tiered tenant mix has undoubtedly played a major role in keeping outside shoppers, as well as many locals, from frequenting the center or city itself. The mall contains no middle echelon chain tenants usually present in a city of this size. In order to attract these types of retailers, the mall typically must have a GLA of at least 300,000, be financially stable, and be located along a major arterial or high traffic thoroughfare. In addition, assuming all other factors equal, the city itself must have a population of at least 30,000 to 35,000 in order to attract these middle market retailers. These are not concrete guidelines, and certain malls will undertake differing marketing strategies, such as positioning themselves as upscale or off-price. With a few exceptions, however, most mall developers understand and follow these specifications when constructing a traditional tenant mix-planned mall. This segment of middle market retailers typically includes the tenants listed in Table 2, but can also include other outlets such as Lane Bryant or non-fast food dining establishments such as Ruby Tuesday, L&N Seafood, Chili's, or Morrison's Cafeteria. These nationally-recognized mall tenants should be present to some degree at Sumter Mall. Sumter Mall unfortunately, contains only two of these stores, Lerner and Victoria's Secret, with the remaining tenants being comprised of the lowest retail offerings common to almost every mall, regardless of size, location, or financial well-being. Bath & Body Works, Champs Sports, Chick-Fil-A, Claire's Accessories, Disc Jockey, Foot Locker, FYE- For Your Entertainment, KB Toys, Maurices, Piercing Pagoda, Radio Shack, and Waldenbooks all appear in low end enclosed centers (in addition to others listed in Table 2) and constitute a majority of the recognizable stores in Sumter's mall. This is not to downplay the importance of these less "location-discretionary" stores, but is to emphasize the need of Sumter Mall to attract more prominent tenants, especially apparel stores. Acquiring these tenants will help Sumter Mall to further capitalize on the high disposable incomes of local teenagers and young adults and keep them from traveling to Columbia or Florence to do their clothes shopping. Members of the younger generation frequent malls more often than their older counterparts. Improving the center's tenant mix to include middle market clothing retailers will give teenagers and young adults a reason to stay in Sumter on a weekend. In addition to the direct effects on Sumter Mall, increasing the traffic and productivity of the center will assuredly increase land values along Broad Street, Sumter's major retail arterial, and possibly alert larger retailers of the need to expand into the Sumter market. On the upside, as mentioned earlier, the NRB Directory lists Sumter Mall as Jessamine Mall, which was purchased by Hull Storey Retail Group earlier this year and renamed

(Hull Storey Retail Group 2003). This could spell a renovation or expansion in the near-future, thereby starting a chain reaction of growth for the area.

Another reason for Sumter's low GLA per capita is the exclusion of a number of free-standing grocery and chain stores throughout the city. This problem, which occurs in all markets, still results in a major undercalculation of the Sumter MSA's true total retail area and subsequent GLA per capita. The city's K Mart and Lowe's, one Bi-Lo, two Food Lions, two Piggly Wigglys, and two Winn-Dixies are not tabulated into the 1,056,947 square foot MSA total. Assigning an average square footage of 80,000 for K Mart, 100,000 for Lowe's, and 35,000 apiece for the grocers results in 425,000 square feet of GLA unaccounted for by the National Research Bureau. A new total of 1,481,947 square feet and subsequent GLA per capita statistic of 14.16 is probably a more accurate approximation of the MSA's true retail base. This new number pushes Sumter ahead of Gadsden, Alabama. Gadsden's 14.11 per capita figure is certainly, however, underestimated as well.

The final determinant contributing to Sumter's lackluster retail stock, alluded to earlier, is its poor location and visibility. Sumter is one of the few remaining MSAs not situated directly along an interstate or major freeway. Despite Interstate 95 clipping eastern Sumter County, Sumter proper is situated fifteen miles west and seventeen miles south of any limited access highway. (This statement disregards U.S. Highways 76/376 Bypass because its limited access status is sustained for a very short duration and not outside of Sumter proper's city limits.) Because of this, most traffic concentrations within Sumter are of local origin; very little outside traffic travels through the city. What little through traffic there is can be attributed to Shaw Air Force Base, while the rest is most likely Columbia inhabitants headed for the beach who choose not to drive Interstates 20 or 26. With no outstanding natural, historical, or cultural landmarks or features for drawing in outsiders, most interstate travelers will not find a plausible reason for taking a time-consuming detour to Sumter.

Trapped in the middle of three well-traveled interstates with no plausible reason for constructing another and sitting a little bit too close to larger markets, it is highly unlikely that the small city will ever bring its GLA per capita figure up to par with other Southeastern metropolitan areas. Sumter is all-but-doomed to remain in the retail mire barring some massive population influx that would cause an eruption of commercial development. Sumter's retail sector functions in much the same respects as Anniston, Alabama's retail sector does, to serve the immediate area. Sumter's retail sector serves and will continue to serve only Sumter, and most residents will probably not have a problem with that.

Fayetteville-Springdale-Rogers, Arkansas

Population: 311,121
Total Retail Square Footage: 3,455,427
GLA per Capita: 11.11
MSA Rank: 76
Figure 19

The Fayetteville-Springdale-Rogers metropolitan area contains the state's largest university and one of the highest ten-year growth rates in the nation. This MSA of 311,121 has augmented its population by more than 100,000 over the past ten years, thereby giving it a decennial growth rate of 47.5%, the sixth largest MSA growth rate in the country (U.S Bureau of Census 2000). This statistic is the second highest increase of

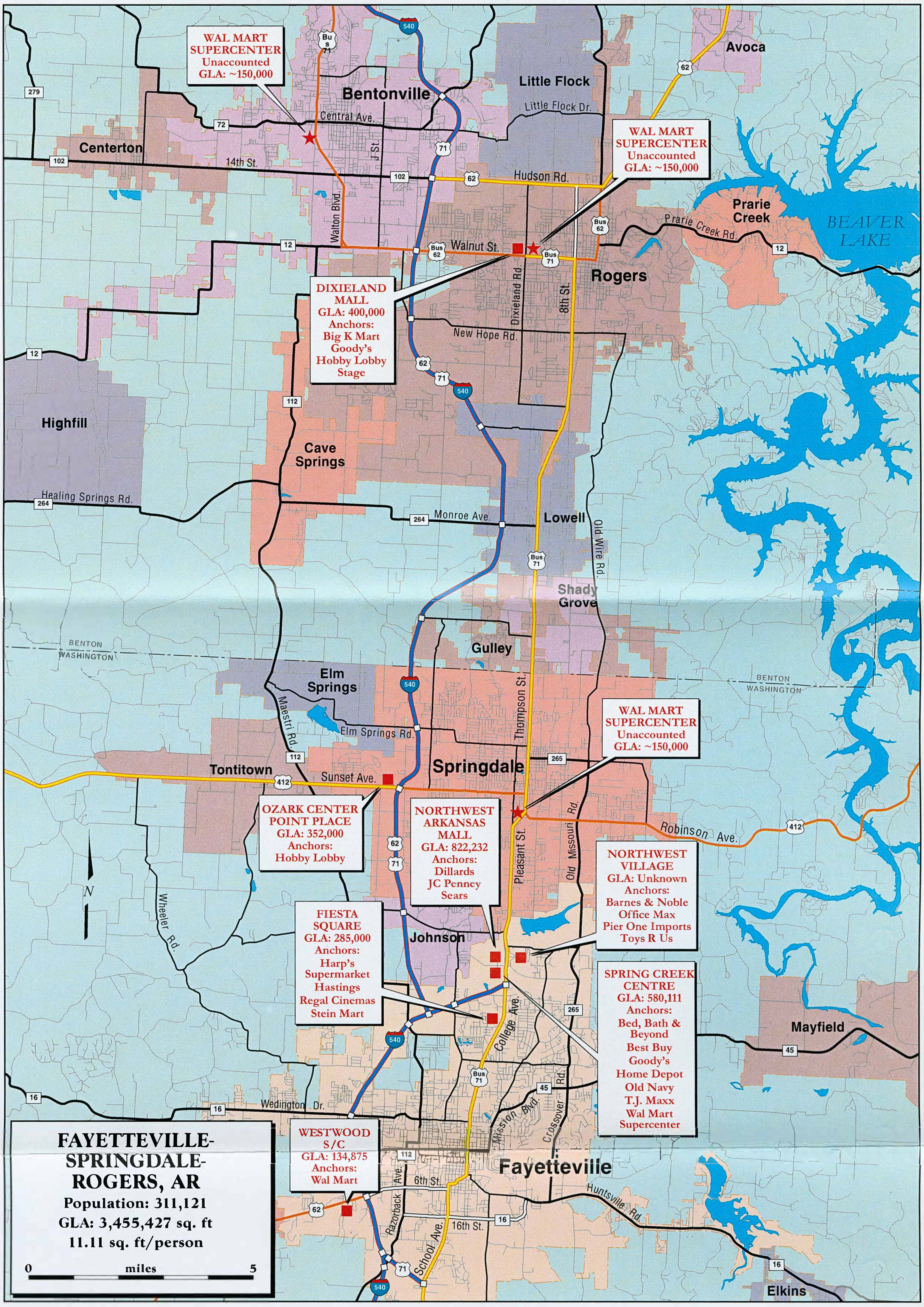

FIGURE 19: Fayetteville-Springdale-Rogers, Arkansas.

all 78 Southeastern MSAs examined in this study. (Naples, Florida ranks first.) The Fayetteville-Springdale-Rogers MSA may be growing in residents, but the region still languishes in the amount of subsequent retail space ordinarily necessary to support such a burgeoning population. With a GLA per capita figure of 11.11 square feet per person, the area falls well short of the Southeastern average of 20.26.

Fayetteville, Springdale, Rogers, and Bentonville are the four primary cities that comprise a majority of the MSA's population. Separately, they are small in size, ranging in population from Bentonville's 19,730 residents to Fayetteville's 58,047. However, these communities together form a 35-mile ribbon of almost continuous urban development, which is strung along Interstate 540 and U.S. Highway 71. Far and away, the most intense corridor of retail buildup lies along College Avenue (U.S. Highway 71 Business) in northern Fayetteville. This is primarily due to the presence of the 822,232 square foot Northwest Arkansas Mall. This super-regional enclosed center is the highest commercial draw for the MSA and is the second-largest center in total GLA in the state behind Fort Smith's 967,656 square foot Central Mall (National Research Bureau 2003). The mall has three anchors (Dillards, JC Penney, Sears), enjoys a sales per square foot of $309 (compared to the $219 U.S. average), and contains such notable in-line tenants as Abercrombie & Fitch, American Eagle Outfitters, The Disney Store, Eddie Bauer, and Gap (National Research Bureau 2003; Newspaper Association of America 2003). Constructed in 1972, Northwest Arkansas Mall has been the impetus for major commercial development over the past thirty years along College Avenue. A myriad of restaurants, free-standing stores, and strip centers has arisen to complement the mall and led to the displacement and relative demise of Fayetteville's central business district as the leading retail destination in the area. Directly across Joyce Boulevard from the mall lies Spring Creek Centre, the second largest shopping center in the metropolitan area. This power center and adjacent Northwest Village house the MSA's leading big box and niche market retailers, including Barnes & Noble; Bed, Bath, and Beyond; Best Buy; Home Depot; Old Navy; Pier One Imports; and Toys R Us. This suburban hub now stands alone as the true commercial downtown of the region.

Another secondary commercial corridor in the metropolitan area is Walnut Street (U.S. Highway 62 Business) in Rogers. This three-mile stretch of rampant commercialization includes the MSA's other enclosed mall, Dixieland Mall, and a second location of many higher-end dining establishments found near Northwest Arkansas Mall some 16 miles to the south. Dixieland Mall, with a GLA of 400,000 square feet, functions on more of a community level, primarily serving those Rogers and Bentonville residents who wish to avoid sojourning to the larger and more congested super-regional center in Fayetteville.

The Fayetteville area's deficiency of total retail provision requires a further explanation. First and foremost, the problem with a large semi-permanent population of students is undoubtedly affecting the decisions of some retailers not to build in the area. The constantly changing population is often detrimental to retail provision. Such places may have a smaller permanent population and larger transient population than many retailers may desire for locational stability. Certain types of commercial venues with high turnover, such as coffee shops, bars, clubs, and vintage clothing shops, are often more inclined to locate in university towns because of their younger demographics. Larger, more site-conscious retailers, such as department stores and upscale franchises, will often overlook these areas because, although the population threshold may be sufficient at times, the overall income levels and permanent residence figures do not meet the retailer's expectations.

Despite its large perennially fluctuating population, the overall Fayetteville region has been growing. From 1990 to 2000, the two counties constituting the Fayetteville-Springdale-Rogers MSA, Benton and Washington, grew astronomically by 57.3% (the highest in the state) and 39.1% (the third highest), respectively. All four major communities within the two counties experienced tremendous in-migration. Fayetteville increased in population by 36.0%, Springdale by 39.8%, Rogers by 53.7%, and Bentonville by 79.2% (U.S. Bureau of Census 2000). This inflow of population results secondarily from the growth of Tyson Foods, J.B. Hunt Transport, and other financially thriving local companies. However, the primary driver for the MSA's residential increase has been the tremendous success and expansion of the Wal Mart Corporation (Fayetteville Community Overview 2003). From its Supercenter store model initiated in the mid 1990s to the more recent Neighborhood Grocery Store concept, the overwhelming dominance of Wal Mart in the discount department store genre and its emerging popularity in the grocery realm has meant nothing but good fortune for Fayetteville and its subsidiary towns. "This population growth has translated into jobs, which ranks the MSA as the Second Fastest Growing Job Market in the U.S., as measured by percentage of job growth. The U.S. Labor Department shows that the Fayetteville-Springdale-Rogers MSA trails only Tampa-St. Petersburg-Clearwater, Florida in job growth. The unemployment rate (below 3% since 1994) is three times lower than the national average. According to the ACCRA Cost of Living Index, the

MSA is 91.4% of the U.S. Cost of Living Index average" (Rogers-Lowell Area Chamber of Commerce 2003). Consequently, the rise in the labor force has rendered an increase in household income and buying power, as well (See Table 5). With a buying income and per capita income above state averages and an overall perception of a good quality of life, the area appears to possess almost every trait required for massive retail and commercial growth. Nevertheless, this exponential growth has not yet occurred. Some expansion and relocation of major retailers has, indeed, transpired, but not to the extent one would expect. The probable conclusion is that the commercial aspect of community development has failed to catch up with the residential aspect. Unlike the cliché "build it, and they will come" of commercial development protocol, on this occasion, residential expansion is preceding commercial. This harks back to the immediate post World War II years when retailing continually seemed to be playing catch-up with suburban residential expansion.

I feel confident that within another ten years, commercial buildup will be approaching more reasonable levels per capita for the given population. As a matter of fact, the actual GLA per capita statistic is probably not that low a figure because the NRB-data for Fayetteville-Springdale-Rogers appear to be vastly underestimated.

As with many other under-performing MSAs, a number of principal free-standing structures have failed to be included with the in-line store GLA number. Three Wal Mart Supercenters totaling at least 450,000 square feet are omitted for the NRB data. The addition of this square footage to the NRB figure results in a new total of 12.55 square feet per capita. But even this augmented figure remains well below the Southeastern

TABLE 5: Fayetteville-Springdale-Rogers, Arkansas MSA Income Chart

Location	Median Household EBI*	2006 Projected Average Household EBI	Estimated Per Capita Income 1999
MSA	$34,985	$52,778	$24,213
Benton County	$38,799	$58,070	$26,435
Washington County	$31,676	$47,428	$26,435
Arkansas	$29,405	$45,399	$26,435

*Estimated Median Household Effective Buying Income (EBI, also known as Disposable or After-Tax Income)

Source: Rogers-Lowell Area Chamber of Commerce 2003 average, so the omission of free-standing structures is apparently not the entire reason for Fayetteville's seeming retail shortage.

In much the same manner as the Johnson City-Kingsport-Bristol, Tennessee-Virginia MSA functions, so does the Fayetteville-Springdale-Rogers MSA. These communities often act as separate components operating independently and predominately concerned about their own populations. This region also lacks the transportation infrastructure and larger metropolitan area mentality to be genuinely regarded or viewed as a major amalgamation of cities. From my outsider's perspective, this MSA behaves as numerous, small, and often competing communities, instead of utilizing its overall population to the fullest extent.

In addition to the lack of connectivity among the regional communities lies the proximity of larger markets. Fort Smith, some 60 miles to the south, holds the Rogers Avenue shopping corridor, which offers virtually every retail merchandiser and Arkansas's largest super-regional mall, Central Mall. This 967,656 square foot center draws customers from over a seventy-mile radius extending into eastern central Oklahoma and western central Arkansas and contains a more upscale tenant mix than found in either Northwest Arkansas or Dixieland Malls (National Research Bureau 2003). The recent completion of the Interstate 540 corridor from Fort Smith to just north of Bentonville has helped to reinforce this trend in commuting behavior.

For the northern communities of Rogers, Bentonville, and Bella Vista, Arkansas, Joplin, Missouri has proven to be a viable commercial destination. Only fifty-five miles across the Arkansas/Missouri border lies this quaint city of 45,504 (U.S. Bureau of Census 2000). Although smaller in size than both Fayetteville and Springdale, Joplin has been able to develop a more extensive and eclectic retail mix, including Northpark Mall, the 1,000,000 square foot center which acts as the major commercial pull mechanism for the city and surrounding region.

The other major commercial market which has historically drawn business away from local merchants is Tulsa, Oklahoma. This MSA of around 800,000 is situated one-and-a-half hours to the west and is home to two regional and two super-regional malls, not to mention the state's only Saks Fifth Avenue in one of these centers (Utica Square) (National Research Bureau 2003). Furthermore, the complete widening of U.S. Highway 412 (Cherokee Turnpike) to four-lane divided status from Springdale to Tulsa's eastern outskirts is now accomplished. The journey between the two MSAs is now much less of a hassle.

Despite the setbacks of historical shopping preferences and poor interconnectedness among the individual communities, I believe that Fayetteville stands a good chance of increasing its retail stock to more reasonable levels, i.e., closer toward the Southeastern average. This growth optimism is primarily based upon the thriving local job market and elevated population growth rates.

There is one more previously unaddressed factor that could stimulate this growth even further. The planned construction of the NHS High Priority Corridors 1 and 37 of Interstate 49 will supposedly create a controlled-access highway between Kansas City, Missouri and New Orleans, Louisiana (Figure 20) (AA Roads 2003). The northern leg of the interstate (Corridor 1) is set to originate from Interstate 49's present terminus at Shreveport, Louisiana and continue northward, eventually connecting with Interstate 70

FIGURE 20: Interstate 49, Proposed Corridors 1 and 37.

in Kansas City. From its present southern end in Lafayette, Louisiana, the Corridor 37 segment of the interstate would follow U.S. Highway 90 to New Orleans. Interstate 49, Corridor 1 would bisect the Fayetteville MSA via the current roadbed of Interstate 540/U.S. Highway 71 (AA Roads 2003). The section from Fort Smith to Kansas City is currently under construction and, once completed, will give the northwest Arkansas region much easier accessibility to the Midwest and Great Plains regions. Consequently, because of the massive incurred cost and difficult terrain, it is unclear whether or not the southern segment of the Corridor 1 proposal from Fort Smith to Texarkana, Texas-Arkansas will ever be constructed. Nonetheless, when completed, the Corridor 1 northern component is still to be signed as Interstate 49, regardless of its possible separation from its current southern half at Shreveport and convergence with Interstate 29 in Kansas City (AA Roads 2003). The transportation and economic benefits, both real and implied, of the eventual completion of the highway will undoubtedly fuel the growth of the Fayetteville-Springdale-Rogers area even further. These actual and perceived advantages could possibly provide the impetus needed to allow the MSA to emerge as the leading educational, technological, manufacturing, and commercial center of the southwestern Missouri, eastern Oklahoma, and overall northwestern Arkansas region.

Johnson City-Bristol-Kingsport, Tennessee-Virginia

Population: 480,091
Total Retail Square Footage: 5,777,013
GLA per Capita: 12.03
MSA Rank: 75
Figure 21

Johnson City-Kingsport-Bristol, Tennessee-Virginia form the multi-nucleated metropolitan area known locally as the Tri-Cities. These three relatively small cities together form the fourth largest Tennessee MSA in terms of population, after Nashville, Memphis, and Knoxville. The MSA ranks 75th in retail space per capita among MSAs in the Southeast with a GLA per capita of 12.03. This region of east Tennessee and southwest Virginia suffers from a number of serious impediments hampering it from developing a more extensive retail base.

The MSA, in much the same manner as aforementioned Fayetteville-Springdale-Rogers, is plagued by a lack of overall cohesiveness among the three central cities. Each one apparently acts independently when considering the construction of new retail structures. In other words, from a retail standpoint, these three cities only consider their own populations and not the entire population or market potential of the overall region. This is evident in the fact that despite having an overall population of approximately 500,000, no super-regional shopping centers are present. Other MSAs with similar populations would typically have one or two super-regional malls and another smaller regional-level one. Such examples would include the following MSAs: Jackson, Mississippi with a population of 440,801 containing Metrocenter Mall (1,229,711 square feet) and Northpark Mall (1,108,379 square feet); Chattanooga, Tennessee with a

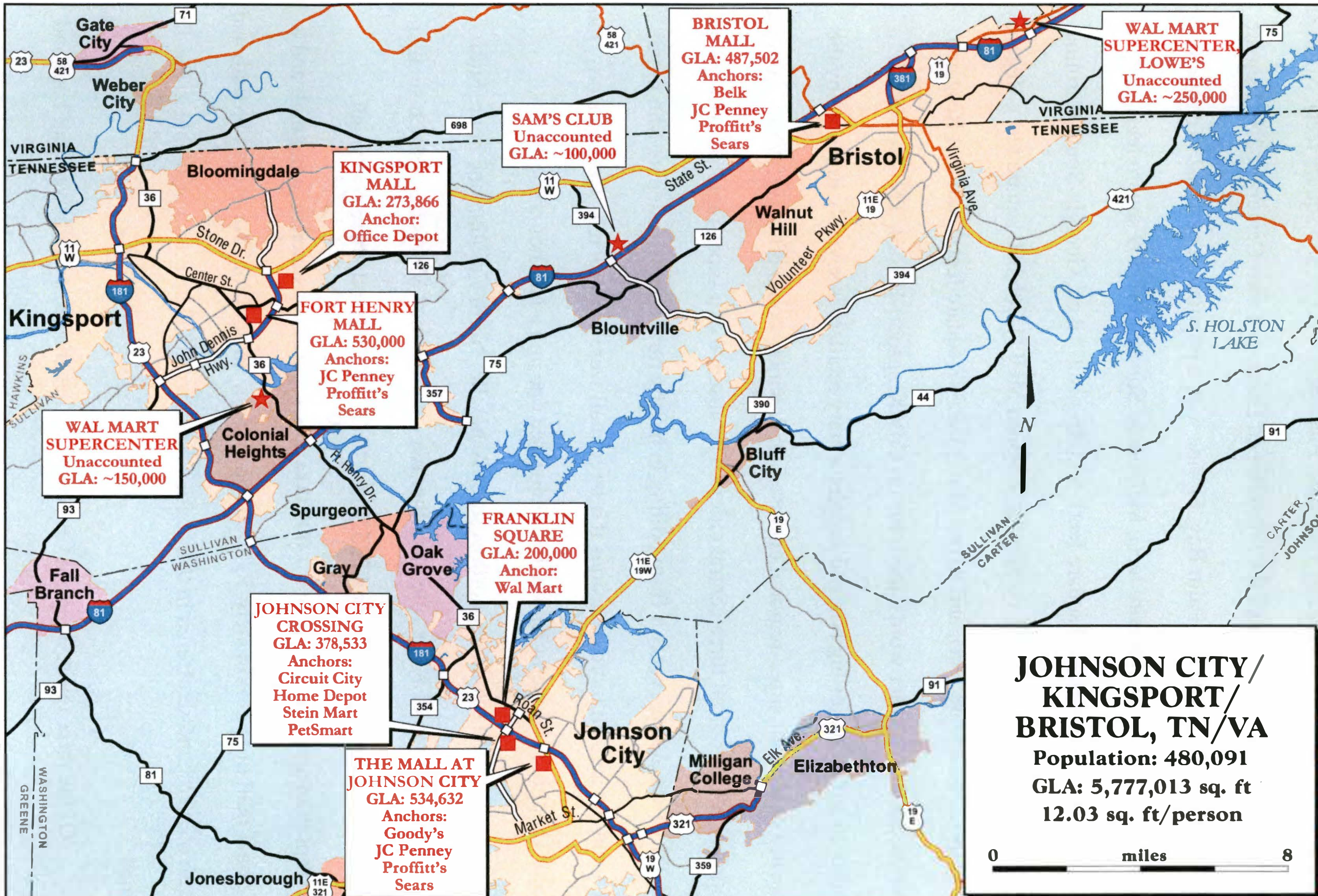

FIGURE 21: Johnson City-Kingsport-Bristol, Tennessee-Virginia.

population of 465,161 containing Hamilton Place Mall (1,355,885 square feet), Northgate Mall (821,600 square feet) and the redeveloped Eastgate Town Center (682,302 square feet); Melbourne-Titusville-Palm Bay, Florida with a population of 476,230 containing Merritt Square (799,078 square feet), Melbourne Square (737,769 square feet), and Miracle City Mall (310,300 square feet); and Augusta-Aiken, Georgia-South Carolina with a population of 477,441 containing Augusta Mall (1,066,000 square feet), Regency Mall (802,355 square feet), and Aiken Mall (388,348 square feet) (National Research Bureau 2003). In other words, the Johnson City-Kingsport-Bristol, TN-VA MSA's ability to attract major big box and supplementary retailers is severely impaired by the absence of a major super-regional enclosed mall, which would effectively draw from the population bases of all three central cities. The absence of a super-regional mall within the Tri-Cities also prevents it from pulling in nearby rural county residents who might frequent the area on more occasions if a large mall were constructed. Consequently, most major shopping is done in Knoxville, Tennessee one and a half hours southwest, Roanoke, Virginia two hours northwest, or Asheville, North Carolina one hour south. With the exception of Knoxville, the other two "competing" MSAs have much smaller overall populations (235,932 and 225,965). On the other hand, these two small metropolitan areas both contain a 1,000,000 plus square foot super-regional mall and a regional mall of approximately 500,000 square feet. In addition, the overall breadth and depth of merchandise offered in these cities far exceeds the selection available in the Tri-Cities.

Of the three cities, Johnson City certainly has the most extensive retail base and enjoys most of the total incoming sales revenue within the MSA. Its enclosed regional mall, The Mall at Johnson City, has a GLA of 534,642, four anchors (Goody's, JC Penney, Proffitt's, and Sears), and, surprisingly, contains many national chain tenants, such as Abercrombie & Fitch, Aeropostale, American Eagle, Babbage's, Express, Gap, and Pacific Sunwear. Although only slightly larger than Fort Henry Mall in Kingsport, this center's tenant mix and overall selection is, by far, the more eclectic and accommodating. Complementary strip centers along Roan Street and State of Franklin Road aid in keeping Johnson City the primary retail draw of the region, as opposed to Kingsport or Bristol.

Kingsport has a very underdeveloped aggregate of retail considering its population, 44,905 (U.S. Bureau of Census 2000). It ranks last in terms of commercial buildup out of the three central cities. This is undoubtedly related to its proximity to Johnson City, which contains the majority of the more upscale and market selective merchants (Toys R Us, Circuit City, PetSmart). Another factor in accounting for its anemic retail sector is Kingsport's lack of disposable income that would warrant another shopping center location, especially in light of Bristol's higher degree of visibility and accessibility along Interstate 81. Kingsport maintains an inventory of retailers and restaurants typically found in a city of approximately half its size. An Applebee's and Texas Roadhouse are the only "upscale" eateries in the city. Any other "fine dining" requires a trek to Bristol or Johnson City.

I believe that some of Kingsport's poor commercial selection may be attributed to the poor location of its major mall, the 530,000 square foot Fort Henry Mall. The center is situated along Fort Henry Drive, a four-lane undivided thoroughfare connecting downtown Kingsport to Interstate 81 some five miles to the south. This route houses a

Wal-Mart Supercenter, Food City, and various fast food franchises. The availability of land surrounding the mall for strip or outparcel development is, however, basically nil. The mall is stuck in a mature neighborhood that is beginning to experience decline. All developable and usable land is gone, and the area is having to compete with the more popular Stone Drive corridor, which, consequently, has the city's other Wal Mart Supercenter, a K Mart, Home Depot, Lowe's, Circuit City, and a larger assortment of restaurants. Had the mall initially been built along Stone Drive, a mixture of more big box and market-selective merchandisers would probably be present today. Instead the city is left with a virtually abandoned Kingsport Mall that fell victim to Fort Henry's construction.

By examining Figure 21, one can discern that a number of major free standing structures were omitted from the NRB data. The 150,000 square foot Wal Mart Supercenter on Fort Henry Drive, Sam's Club in Blountville, and Wal Mart Supecenter/Lowe's development in Bristol, Virginia have all been excluded from calculation of the MSA's "true" GLA per capita. The addition of this extra provision increases the per capita figure to exactly 13 square feet per person. However, this increase is not nearly as large as those of other low-performing MSAs that were examined in the course of this research when their overlooked structures were added (e.g., Anniston, Alabama; Sumter, South Carolina). The Johnson City-Kingsport-Bristol, Tennessee-Virginia MSA just lacks the overall magnitude of retail needed to keep its residents from journeying elsewhere to purchase higher order goods and services which should be available within the MSA itself.

Again, each city appears to function as a separate entity when considering the construction of new retail establishments, thus not considering the synergistic effect of regional cooperation. There is no real evidence that each city tries to specialize in different retail segments in order to collaboratively form a cohesive retail structure similar to that of a larger "un-nucleated" metropolitan area. Burton found such specialization taking place in the "dispersed cities" that had evolved in southern Illinois, such that the smaller but functionally specialized cities acted in concert more like a metropolitan area of over 250,000 (1963). Berry saw the dispersed city as a phase shift transition in central place provisioning between regions displaying suburban and rural population densities (Berry 1967). Lack of retail specialization retards the retail growth of the Tri-Cities.

If these three separate cities were more cooperative and regional in their outlook, the initial resolution to this retail dearth would be the construction of a super-regional mall, which would inevitably bring with it more higher-tier retailers and restaurants. The first problem encountered with this solution is the placement of the center. Hypothetically, a location that was central to the three cities would be optimal, possibly at or near the Interstate 81/181 interchange. Unfortunately, this was previously attempted with the planning of Crossroads Mall in 2000, a one-million square foot enclosed center predicted to draw customers from as far away as Knoxville, Tennessee and Asheville, North Carolina (Stanford 2001). However, due to overwhelming opposition concerning the proposed center's impact on the vitality of Kingsport's CBD, the plan was dropped. This raises the question: What will happen to the already-struggling CBDs of Bristol, Johnson City, and Kingsport should a super-regional mall be constructed? In addition, how will this new center impact the three existing regional centers that serve each city almost exclusively? My answer would have to be a resounding, "in a negative way." If a super-regional center were constructed in the Tri-Cities, the dynamics of the entire current retail infrastructure would undoubtedly change, and further disintegrate connections between the ailing CBDs and suburban residences. The states of the three existing malls would, in addition, be compromised along with their surrounding strip centers. Most middle market chains located in Bristol Mall, Fort Henry Mall and The Mall at Johnson City would move into the new center and close their existing outlets, thereby inevitably the creating vacant 500,000 square foot shells over a short period of time.

Another issue surrounding the building of a super-regional center is the scarcity of discretionary income available to most residents of the Tri-Cities MSA. The region has a median household income of $31,596, the lowest for any Tennessee metropolitan area and the fourth lowest for any of the 78 Southeastern MSAs. The Southeastern average is $37,056 (U.S. Bureau of Census 2000). The insufficiency of buying power will most likely keep many high-end retailers and market-specific merchandisers, who normally rely upon upper income consumers and niche markets for their sustainability, from expanding into the region. As a result, by eliminating this type of retailer from the Tri-Cities market, there is, in effect, little to no opportunity for the MSA to effectively build the depth and breadth of retail so sorely needed to combat against the drawing power of an Asheville, Knoxville, or Roanoke. The problem remains thus: the Tri-Cities metropolitan area lacks the cooperation and proactive stance among its three core members to become seen as one inclusive region, the cohesiveness to incorporate and utilize the total population as one employable market, and overall median household income or buying power to develop and sustain a higher plane of retail climate for its populace. This problem, most likely, will persist unless major economic and political infrastructure changes occur.

New Orleans, Louisiana

Population: 1,337,726
Total Retail Square Footage: 20,972,089
GLA per Capita: 17.63
MSA Rank: 61
Figure 22

New Orleans ranks 61st in GLA per capita out of the 78 MSAs in the Southeast. This MSA of 1,337,726 ranks far lower than any other place of over 1,000,000 inhabitants. The PMSA, Miami, FL, with a per capita statistic of 17.63, is the only other metropolitan area of at least 1,000,000 to rank below the derived Southeastern mean of 20.26. If Miami, however, is paired with its counterpart PMSA, Fort Lauderdale, the combined CMSA has a value of 22.41 square feet per person, above the Southeastern MSA average. Combining these two PMSAs into the greater Miami-Fort Lauderdale CMSA moves Miami from its under-performing 52nd place out of 78 to a quite respectable 24th place. New Orleans is the only large metropolitan area of over 1,000,000 residents to score below average in GLA per capita.

New Orleans is faced with a multitude of problems hampering it from expanding its retail stock. First, the city and its surrounding suburbs are not growing. New Orleans's growth rate of 4.1% from 1990 to 2000 easily makes it the slowest growing medium or large-sized MSA (U.S. Bureau of Census 2000). By the terms "medium or

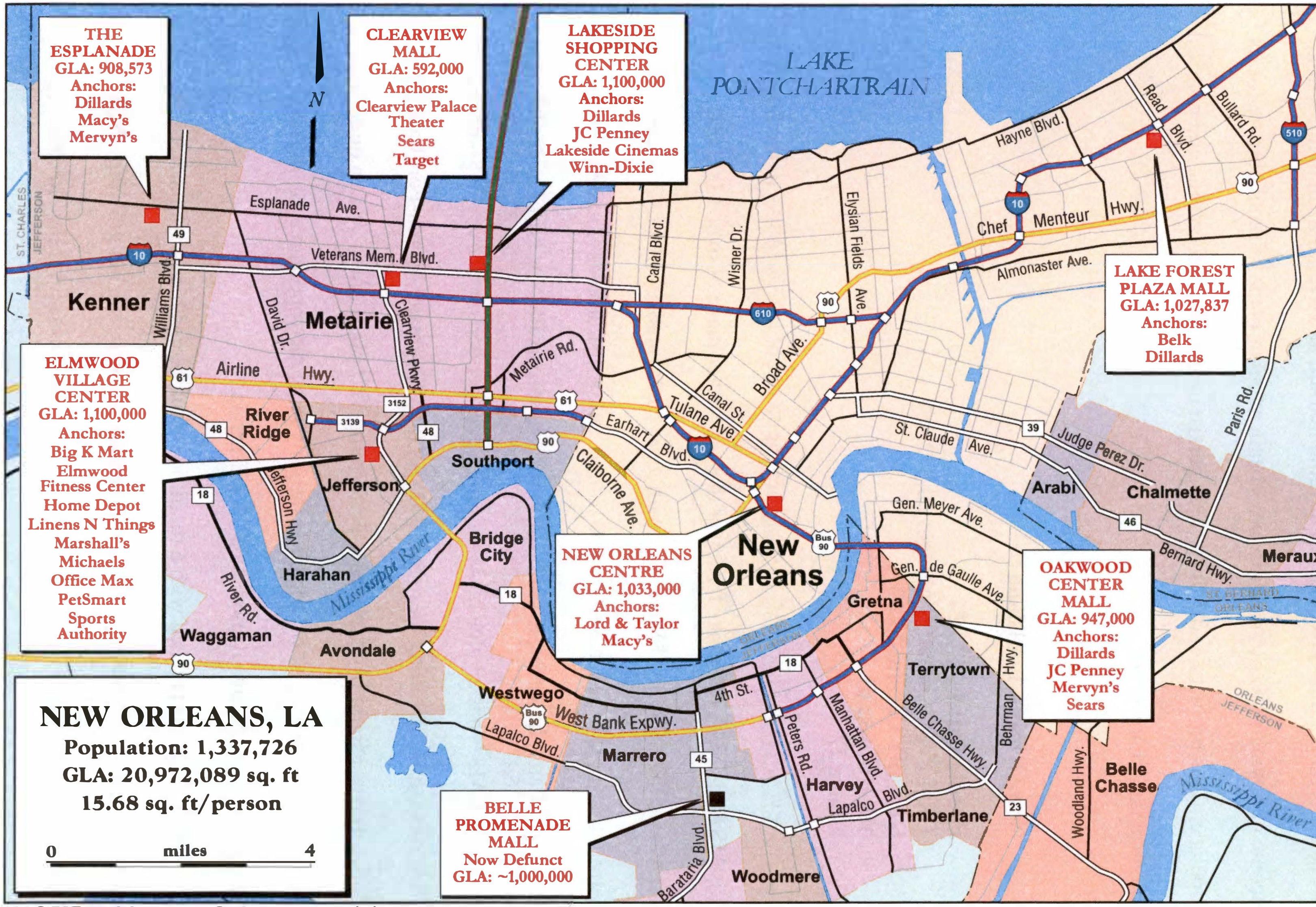

FIGURE 22: New Orleans, Louisiana.

large-sized", I am referring to an MSA with a population of at least 250,000 in the former case or over 1,000,000 in the latter. No other MSA in these two population classes comes close to this low 4.1% figure. Comparing New Orleans only to MSAs of at least 1,000,000 results in an even worse outcome. Memphis, TN-AR-MS places next to last with 12.9% growth during the 1990s. With few people migrating to the New Orleans area, it is obviously difficult convincing new retailers and developers to build or locate there.

New Orleans has a median household income of $35,317 (U.S. Bureau of Census 2000). This is lower than the Southeastern average of $37,056 and unusual for an MSA of this size. New Orleans has a very large African-American population; the city proper has an ethnic breakdown as follows: 67% African American, 28% Caucasian, 2% Asian American, and 2% Other. The city itself is quite poor and must rely heavily on outside tourist dollars for much of its sales revenue. New Orleans does contain pockets of affluence predominantly along the waterfront of Lake Pontchartrain north of downtown and in the western suburbs of Metarie and Kenner (ER Systems 2003). The communities of Slidell, Covington, and Hammond along the north bank of Lake Pontchartrain are also emerging as middle-to-upper middle class commuter towns still primarily included within the MSA boundaries. However, the city proper is comprised largely of lower-income African Americans who lack the disposable income to effectively attract major merchants into the New Orleans area.

Aside from economic inhibitors, the city is hampered from extensive expansion because of its constrained location between the Mississippi River and Lake Pontchartrain. Most available land has been utilized, and the remaining undeveloped parcels are swamps and wetlands. Because of its location at an elevation below sea level, numerous pumps and levees have been installed to keep the city dry and habitable. Consequently, if the city were growing, aside from north of the lake, there would be little space on which to build because of the astronomical costs involved in keeping the land from becoming inundated. As a result, New Orleans proper is one of the most densely populated urban areas in the country in terms of population per square mile and overall build up.

Nonetheless, New Orleans is not without its traditional enclosed malls and commercial corridors. Central New Orleans houses numerous tourist shops and a few elegant enclosed centers. New Orleans Center is a three level, fashion-oriented 1,033,000 square foot mall in the heart of the city accommodating New Orleans's solitary Lord & Taylor and one of two Macy's as anchors. Also found downtown are two smaller, but nonetheless upscale, centers, Riverwalk and The Shops at Canal Place. The Shops at Canal Place harbor the region's only Saks Fifth Avenue as its anchor, while Riverwalk contains such in-line tenants as Abercrombie & Fitch, Banana Republic, Brookstone, and Eddie Bauer. All of these centers obviously target the wealthy tourist population frequenting the nearby French Quarter or those attending an event at the Superdome.

The New Orleans MSA's core area of commercial development is located in the suburbs of Metairie and Kenner along Veterans Memorial Boulevard. This wide arterial offers three major shopping centers, a variety of smaller venues and eateries while demanding a retail rental rate of up to $35 per square foot depending on size and location[1]. Lakeside Shopping Center, the MSA's largest enclosed mall and one of its most profitable with a sales per square foot of $400, is located on Veterans as it intersects the Pontchartrain Causeway (National Research Bureau 2003). Lakeside is unofficially cited as the most popular mall in the city and hosts a 306,000 square foot Dillards and JC Penney as its principal anchors. Further west lies Clearview Mall, a redeveloped 592,000 square foot enclosed/power center containing a large theater complex, Sears, and Target. Rounding out Veterans Boulevard's major offerings is Lakeside's competing center in Kenner, The Esplanade. Although not quite as extensive in terms of tenant selection and overall size, The Esplanade has managed to hold its own, probably due to the presence of the region's other Macy's as one of the center's anchors. In between the two super-regional centers are a multitude of strip plazas, red lights, and overall suburban sprawl and congestion typical of any major urban commercial corridor.

The only other significant development in the western sections of the MSA is in Jefferson with Elmwood Village Center. This super-regional power center opened in 1979 and has periodically expanded to a current total of 1.1 million square feet. Elmwood is anchored a Big K Mart, Elmwood Fitness Center, Home Depot, Linens N Things, Marshall's, Michaels, Office Max, PetSmart, Sports Authority, Wal Mart Supercenter, and a future Cost Plus, giving it the widest selection of national and regional retailers in the MSA (Southeast Real Estate Business 2002).

The Westbank communities (those suburbs located on the western side of the Mississippi River from New Orleans; although, in certain instances, they are actually east of the city) have only one enclosed center serving their retail needs, Oakwood Center

[1] $22.07 is the 2002 Third Quarter U.S. Shopping Center Average (Reis, Inc.).

Mall. This 947,000 square foot mall contains four anchors (Dillards, JC Penney, Mervyn's, and Sears), supports most traditional middle-tier tenants, and has benefited immensely by the recent closure of the other Westbank mall, the 1,000,000 square foot Belle Promenade. A dearth of overall retail selection has historically existed in these cross-river communities; however, within the past two or three years, Manhattan Boulevard in Harvey has arisen as the Westbank's major commercial artery with much of the same commercial selection as Metairie's Veterans Memorial Boulevard. Target, Best Buy, Wal Mart, Lowe's, Barnes & Noble, PetSmart, and numerous upscale restaurant franchises have positioned themselves along this thoroughfare as closer alternatives to traversing the river to Metairie or Jefferson to frequent their other locations (Southeast Real Estate Business 2002). What little expansion that is occurring in the MSA south of Lake Pontchartrain is largely occurring in the Westbank.

The entire eastern half of New Orleans proper is predominantly inhabited by a lower income African American population and is overwhelmingly industrial. This area contains only one major center, the emaciated Lake Forest Plaza Mall. This 1,027,837 square foot mall has been teetering on the brink of collapse over the past decade or so. Currently, plans exist for some sort of cinema complex to be constructed to help alleviate the lack of major retailers. However, whether or not this attempt to save the center will succeed has yet to be seen. A few neighboring strip centers have appeared recently, but the overall outlook for this section of the city remains rather bleak and pessimistic. There is the middle class community of Slidell with the vibrant 500,000 square foot North Shore Square center further northeastward along Interstate 10. A large inlet connecting Lake Ponthartrain and the Gulf of Mexico, however, separates this area from New

Orleans proper and acts as somewhat of a natural divide between the city's African American poor and suburban middle class. As a result, North Shore Square remains frequented by the mostly middle income populace north of the inlet.

Despite these environmental and historical setbacks, the MSA has had some promising and potentially revitalizing ventures in the past year. The relocation of the Charlotte Hornets NBA (National Basketball Association) team to New Orleans has given the city its second professional sports team in addition to the National Football League (NFL) Saints. Moreover, a local theme park, Jazzland, was bought out in 2002 by the Six Flags Corporation that, in turn, remodeled the park and opened its 16th name-branded amusement complex in the U.S. on April 5 of this year (Theme Park City 2002). A strong retail surge has ensued with more than 1.1 million square feet of retail absorbed into the overall 20,972,089 square foot aggregate over the past year. This large gross increase provides evidence that the city's new mayor, C. Ray Nagin, could be the needed impetus for New Orleans's emergence as the next hot spot for growth (<u>Southeast Real Estate Business</u> 2002). On the other hand, without suitable land and income, this wave of optimism could be temporary and might soon break once the capital well runs dry.

Chapter 9

Conclusions and Forecasting

Overall Findings and Hypotheses

Based upon my research and supporting historical evidence involving retailing provision, I have been able to formulate a number of secondary hypotheses strengthening my initial assertion that total metropolitan population accounts for a vast majority of the aggregate retail area within a metropolitan statistical area. Primary marketing and central place principles support these hypotheses.

As total population increases, the absolute amount of free-standing retail should increase, but at a decreasing rate as empirical central place studies have shown. As a city grows, the number of stand-alone and connected commercial structures should grow as well. The larger a city becomes, however, the less effect one additional structure will have on its overall retail provision. More and more free-standing structures would have to be constructed at the same rate as the population growth rate, given a constant retail area per capita, in order to keep up with the same proportion of free-standing to total retail area. This scenario is highly unlikely. Research on the duplication ratio offered by Brian Berry and William L. Garrison in 1958, affirmed that the acquisition a second identical supplier of a good or service would require more than just a doubling of the population. For example, if a city of 50,000 contains one Wal Mart and a regional mall, increasing the population to 100,000 would not necessarily result in the construction of a additional Wal Mart and regional mall. The extant Wal Mart and mall would simply expand their floor space to accommodate for the additional population and, thereby, enlarge their trade areas. This would, in turn, act as a barrier to entry for other competing firms. The need for a second location of a major retailer or regional center would ultimately stem from more complex factors than simple population statistics. A significant increase in median household income levels, shifts in residential patterns within the MSA, the appearance of a competitor, the construction of a new arterial highway, along with an expanding population could all enter into a retailer's decision to construct a second identical store within the same market.

Another hypothesis supported by the data is that the smaller the population, the more unaccounted free-standing structures will impact the accuracy of the overall retailing stock recorded by the National Research Bureau. The NRB data do not contain any free-standing structures, only adjoined businesses within the given definition of a shopping center. For example, an MSA containing 1,000,000 square feet of shopping center square footage and one 100,000 square foot free-standing structure will have its GLA per capita statistic more inaccurately reported from a percentage standpoint than an MSA having 2,000,000 square feet of shopping center space and the same 100,000 square foot free-standing retailer. The first MSA's true total retail area of 1,100,000 will be underreported by 10% while the second MSA's statistic of 2,100,000 will have only a 5% margin of error as reported by NRB. Hence, the accuracy of the smaller MSA will be less.

Thus, as population increases, the effect of the omission of retail, particularly of the free-standing variety, decreases. One 100,000 square foot Wal Mart omitted from the total retail statistic will have a much more dramatic effect on a city or metropolitan area of 100,000 than it will on one of 1,000,000. Not including this merchant in the smaller city's retailing stock will drastically underestimate its retail climate while barely making a noticeable dent in the larger one's. Numerous grocery stores (e.g., Piggly Wiggly, Bi-Lo, Publix), home improvement stores (e.g., Lowe's, Home Depot), warehouse clubs (e.g., Sam's Club, Costco, BJ's Wholesale), and discount department stores (e.g., Wal Mart, Target, Kohl's) were not considered when statistical analyses were performed on the raw data because the retailers were not adjoined to any another structure within their respective cities. This phenomenon was found in all of the low-end outliers with small populations such as Anniston, Alabama; Sumter, South Carolina; and Fayetteville-Springdale-Rogers, Arkansas as well as larger population centers such as Nashville, Tennessee and Atlanta, Georgia. The exclusion of major free-standing establishments, however, effected small or medium-sized MSAs to a much greater degree than it did the larger ones. Because the overall retail stocks of smaller MSAs are less, the dependence of said MSAs upon free-standing structures is greater. In consequence, although the same data-gathering shortfall occurred in every MSA, the margin of error was much more profound and, therefore, influential upon smaller MSAs. I felt justified in using lack of free-standing retail establishment as an extraneous factor accounting for low GLA per capita for smaller MSAs.

In an attempt to account for variation in GLA per capita, a multiple regression analysis was performed The population change between 1990-2000, median household income, and 2000 MSA population served as the independent variables. These three independent variables account for a preponderance of MSA retail area per capita excess or deficiency in many instances, particularly median household income and growth 1990-2000 population change.

Many of the MSAs performing above the norm in GLA per capita had high household incomes, particularly those in Florida. Many of these urban areas displaying an abundance of retail space per capita were experiencing high rates of growth over the past decade or so. Florida metropolises located along the ocean or gulf were generally the ones with highest rates of growth. In those situations where growth rate, income level, or overall population failed to account for a reasonable percentage of the MSA's retail selling space per person, other non-quantifiable contingencies were often found.

The proximity to natural water features (e.g., the Gulf of Mexico or Atlantic Ocean) typically resulted in an MSA's economy being based upon both local and outside (tourist) populations for its retail vitality. Tourism, which is all but impossible to accurately quantify in retail terms, plays a major role in the aggregate amount of these coastal cities' retail stock. Extra stores are needed to supply the transient populace's commercial needs. This overall aggregate addition to the retail supply usually translates into a higher than average retail per capita statistic as well, since the consumer base is perceived as larger than it actually is, given the elevated combined local and non-local populations who coexist within the MSA. Depending upon how many visitors an MSA typically receives or how interwoven extralocal revenues are in the local economy, an almost continuous expansion of retail, dining, and lodging establishments may occur. Provided that the population growth rate does not exceed the growth rate of net retail square footage over the same time period, the amount of retail space allocated for each resident of the tourist-oriented MSA will continue to increase. Of the GLA per capita residuals not sufficiently explained by one of the three other analyzed data sets, the reputation of the MSA as a tourist destination proved to be the most influential.

Central place principles, specifically the proximity of a smaller MSA to a much larger MSA containing a more extensive market area, served as the second extraneous, unmeasured factor inhibiting an MSA from maintaining a more typical retail space per capita statistic. Many MSAs in Alabama (Decatur, Anniston, Auburn-Opelika) suffered from their short distances from larger, regional MSAs, such as Birmingham and Huntsville, Alabama and Atlanta and Columbus, Georgia. Other urban areas (e.g., Sumter, South Carolina, Biloxi-Gulfport-Pascagoula, Mississippi, and Lakeland-Winter Haven, Florida) were essentially surrounded by larger metropolises with little to no chance of ever developing the breadth and depth of retail typically found in MSAs of their sizes.

Another extraneous factor that is easily detectable, but not so easily measurable, is an MSA's distance from major highways, specifically limited-access freeways and tollways. These highways typically include interstates, beltways, toll roads, expressways, and any other limited access road with specific points of entry and exit. The benefits of having a primary interstate or even a spur expressway (i.e., three-digit interstate or limited-access route) are tremendously important to the retail sector, both from a transportation and economic standpoint. After President Eisenhower created the National System of Interstate and Defense Highways in 1956, towns selected to have an interstate constructed through their limits immediately won a leg up on their neighboring overlooked brethren (www.cahighways.org 2003). The continual flow of passersby has allowed these cities, and others containing limited-access arterials, to develop a much larger selection of commercial provision, catering not only to the local populace, but also to road-weary travelers. Specifically, super-regional centers, which require high visibility for their livelihood, are now almost exclusively located along freeways. The decision of where to locate one of these shopping centers often depends upon the available land's proximity to freeways. Cities without major limited-access roads are often initially overlooked for major commercial and industrial developments because of their inferior transportation access. Even those communities that are too small for a regional mall or major industrial park will usually receive additional dining establishments, gas stations, and lodging facilities along major interchanges to accommodate the interstate traffic. The MSAs of Sumter, South Carolina; Dothan and Florence, Alabama; Houma, Louisiana; Panama City, Florida; Albany, Georgia; and Greenville, Goldsboro, and Jacksonville, North Carolina have no direct interstate access. All, coincidentally, have below average retail areas per capita. This deficiency in their transportation infrastructures is probably not the only reason for their retail misfortune, but is most assuredly a contributing factor. All of the aforementioned MSAs have major U.S. highways and four-lane divided arterials contained within the boundaries, but the commercial buildup ordinarily associated with interstate interchanges is just not there. The absence of interstate highway access acts, therefore, as a deterrent to commercial growth.

The amount of joint cooperation among the individual cities in multi-nucleated MSAs is one other component essential to maintain a normal retail space per capita statistic. Collaboration among proximate urban areas in regard to retail or commercial provision can have positive effects for the entire region and produce a more stable retail climate conducive to growth, while still allowing each city to maintain its own identity. Greenville-Spartanburg-Anderson, South Carolina; Greensboro-Winston-Salem-High

Point and Raleigh-Durham-Chapel Hill, North Carolina; and Tampa-St. Petersburg-Clearwater, Florida are four MSAs which, although each possesses multiple cities with no outright dominant one, have been able to work together and achieve synergistic effects from aggregated populations. Each of these aforementioned agglomerations has achieved normal to above average levels of retail space per capita.

A lack of teamwork within the MSA will, alternatively, have detrimental effects, successfully isolating each individual city as a separate unconnected unit solely incorporating its own population as a measure for potential growth. Rejecting interdependence has only resulted in a retail malaise for those MSAs doing so and, along with other factors, has kept these areas at the bottom of the totem pole in terms of retail space per capita. Fayetteville-Springdale-Rogers, Arkansas and Johnson City-Kingsport-Bristol, Tennessee-Virginia are the two multi-nucleated MSAs that rank among the lowest in GLA per capita in the Southeastern U.S. These two MSAs apparently lack the cooperation among their individual cities.

One major element, total MSA population, accounts for a lion's share of aggregate retail square footage. The more people inhabiting a locale, the more increased businesses will inevitably locate there hoping to make a profit.

When the dependent variable is retail space per capita, population ceases to explain much. Instead, the relative affluence or median household income of the surrounding area goes the furthest to explain each resident's retail allotment ($r = .41$). The MSA's growth rate also had an important (and statistically significant) relationship with per capita retail space ($r = .31$). Total population alone did little to encourage retail growth on the per capita level ($r = .11$). Combined with the two previous independent variables, contributed very little to a statistical explanation of per capita retail space ($r = .002$)

A number of more case-dependent, qualitative measures that might account for an area's retail provision per person were posited. Tourism definitely assumes a pivotal role for directing retail store construction within many coastal MSA areas. Tourism's effects of retailing provision were noticeable in every individually examined MSA with a large tourist element. The distance of a smaller MSA from a larger one and the distance of the MSA from major transportation corridors, likewise influenced retail location and store frequency to varying degrees.

The role of local government and community action groups served as the final constituent in the body of secondary factor influencing retail stock per person within an urban area. Political organizations do not necessarily determine whether or not a center would be built, but rather where within the city it might be located and how large it will be[2]. As in most every other aspect of American culture, those groups with the most clout and monetary resources often make the final decision.

The MSAs of the Southeastern United States are in much better shape, from a retail standpoint, than those MSAs in the Northeast or Midwest. These southern urban

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[2] A concerted effort among the members of the Alliance for Responsible Growth, in addition to support from the League of Women Voters and the Sierra Club, has currently halted construction on a planned super-regional mall north of Cincinnati along Interstate 75 (Trapp 2000).

areas have not been collectively overbuilt, as of yet, and they are growing rapidly. They clearly have an advantage over many of the declining Northern areas that are now faced with the daunting task of rebuilding their overall crumbling infrastructures. Many Southeastern MSAs have the ability to provide adequate retail selection for their populations while not continually relocating the existing structures further and further away from their CBDs. This spatial reality will, it is hoped, ultimately result in more economically sound, functionally organized, aesthetically pleasing, and overall livable Southeastern cities.

Forecast of Trends and Potential Problems

As indicated in earlier chapters, the current trend in shopping center development is toward open-air, pedestrian-oriented centers. The lifestyle center, with its less imposing, more personalized architecture and flow of building design, is proving to be one of the most cost-effective way to bring in large numbers of merchants at one time. There are fewer parking spaces, a smaller building site, and more affordable rental rates involved in erecting a lifestyle center project. It, furthermore, draws much less objection and negative publicity from the local media and community support groups because it tends to meld into the surrounding neighborhoods fairly smoothly. The overall smaller center size, parking lot area, and increased individuality of store facade and merchant selection create a less stressful and more nostalgic shopping environment than the one encountered in a typical enclosed mall.

Another present variant of the enclosed center is the indoor-outdoor hybrid center, which is the traditional enclosed mall combined with a lifestyle component. This mashing of indoor and outdoor has worked out rather well in malls recently completed throughout the country, including the Triangle Town Center and Streets at Southpoint Mall in the Raleigh-Durham-Chapel Hill, North Carolina MSA. Indoor-outdoor hybrid malls allow for the traditional mall shopping experience, but offer the additional streetscape diversion, as well.

The value-oriented center has risen to new heights over the past decade with the success of the super-regional enclosed off-price/entertainment center. One of the major impetuses for this recent proliferation of value centers into the suburban landscape has been the success and continued expansion of the Mills Corporation's 1,000,000 square foot plus malls with the company's name in their title (e.g., Opry Mills, Concord Mills, Vaughn Mills, Potomac Mills). Although other super-regional value-oriented malls exist around the nation (e.g., Oakland, California's The Great Mall of the Bay Area and Miami, Florida's Dolphin Mall), none have been as profitable as the Mills genre of value mall. The REIT (Real Estate Investment Trust) currently operates at least 14 Mills-branded malls, along with numerous traditional and specialty malls, across the United States and Canada (www.millscorp.com 2003). In addition, three more centers (St. Louis Mills, Meadowlands Xanadu, Pittsburgh Mills) are set to open in the next two and a half years (International Council of Shopping Centers 2003). These indoor value centers are similar to traditional malls in size and even house a few of the same merchants as their "normal tenant mix" cousins. They, however, lack the full-line department store anchors of original enclosed malls, opting, instead, for off-price department store variations, specialized big box retailers, and entertainment-themed anchors. Nordstrom Rack, Off Fifth-Saks Fifth Avenue, Burlington Coat Factory, Sports Authority, Bass Pro Shops

Outdoor World, Jillian's, Rainforest Cafe, and Dave & Busters are quintessential examples of the anchors found at a value-oriented center.

On a larger scale than the lifestyle, indoor-outdoor hybrid, or value-oriented center is the mixed-use project. This classification of development incorporates two or more of the following land uses together: commercial, residential, office, and, on occasion, light industrial. In a mixed-use development, commercial structures sit adjacent to (or on top of or below) residential units or offices. The primary objective of the mixed-use project is to promote residential, commercial, and office or business activities in one inclusive area where all would take place side by side. This would alleviate the need for long commuting times to work and shop, and even potentially quash the necessity of owning a car. Although this form of development is more explicitly utilized to renovate and restore desolate and uninhabited downtown and inner city neighborhoods, it can also take place in the suburban regions as planned neighborhood and town center projects. Bowie and Columbia, Maryland are two functional examples of large scale mixed-use suburban communities in which the natural (or recreated natural) landscape has been, to a large extent, preserved. On the downtown scale, a multi-storied structure with shops on the mezzanine or first floor, offices on the second and third floors, and apartments on the remaining upper floors is a common occurrence of downtown rehabitation and development under the guise of mixed-use.

For these aforementioned reasons, many of the recently opened and proposed regional and super-regional centers in the country are opting for lifestyle, value-oriented, or mixed-use status, or at least the hybrid nomenclature (Table 6)[3]. Nationally, of the 23 recently opened major regional and super-regional centers in 2001 and 2002, 12 were classified as something other than traditionally enclosed. Regionally, of the 27 centers that have opened since 1999 or are planned in the near future, at least 14 are or will be classified as something other than traditionally enclosed. Whether cited as lifestyle, mixed-use, value-oriented, or hybrid, these centers exemplify the push toward more environmentally aware, entertainment-based, "Main Streetesque" shopping center fabrication. By the end of 2005, at least 24 more regional or super-regional mall variants are scheduled for completion in the United States. Eight alone are in my Southeastern region of nine states. Including Texas or Virginia would drive that total even higher (International Council of Shopping Centers 2003). The signal is clear; people are becoming tired of the dreary indoor mall setting. The opportunity to shop outdoors once again is seen as a positive, possibly coinciding with the resurgence of the country's health-conscious, pro-outdoor, nature preservation ethos.

The Southeast continues to grow at rapid pace, and, consequently, many of the new shopping centers proposed and constructed in the United States are in this region. Of the 100 fastest growing counties in the country from July 2001 to July 2002, 20 were located in Georgia (the largest number from any state), 11 in Florida, five in North Carolina, and one each in Mississippi, Arkansas, and Louisiana (U.S. Bureau of Census 2000). The major MSAs of Florida, Georgia, and North Carolina, such as Raleigh-Durham-Chapel Hill, North Carolina; Charlotte-Gastonia-Rock Hill, North Carolina-

[3] Regional and super-regional power centers are not included in the discussion concerning enclosed mall variants because of their historically differing building design and marketing strategies.

TABLE 6: Forecast of Current and Proposed Mall and Lifestyle Center Openings.

MSA and Centers	Square Footage	Completion Date	Classification
PROPOSED CENTERS			
Atlanta, Georgia			
Village at Newnan Crossing	700,000	2005	unknown
Shops at Forsyth Commons	1,000,000	unspecified date	unknown
Unnamed Super-regional Mall	750,000	unspecified date	unknown
Charlotte, North Carolina-South Carolina			
The Shops at Northlake	1,100,000	2005	enclosed
Jacksonville, Florida			
St. Johns Town Center	1,200,000	2004	mixed-use
Little Rock, Arkansas			
Summit Mall, 1,000,000 sq. ft, unspecified date	1,000,000	unspecified date	enclosed
Memphis, Tennessee-Arkansas-Mississippi			
Carriage Crossing at Collierville	809,000	2004	lifestyle
Southhaven Towne Center	800,000	2004	lifestyle
Miami, Florida			
Kendall Town Center	1,350,000	2005	enclosed
Mobile, Alabama			
Eastern Shore Center	583,000	2004	lifestyle
Myrtle Beach, South Carolina			
Coastal Grand Mall	1,350,000	2004	enclosed
RECENTLY OPENED CENTERS (Post 1999)			
Atlanta, Georgia			
Mall at Stonecrest	1,300,000	2001	enclosed
Discover Mills	1,300,000	2001	value-oriented
Mall of Georgia	1,781,000	1999	hybrid
Arbor Place Mall	1,254,991	1999	enclosed
Huntsville, Alabama			
Parkway Place	610,000	2002	massive renovation
Miami, Florida			
Dolphin Mall	1,400,000	2001	value-oriented
Village of Merrick Park	765,000	2002	hybrid
Montgomery, Alabama			
Shops at Eastchase	400,000	2002	lifestyle
Nashville, Tennessee			
Opry Mills	1,200,000	2000	value-oriented
Orlando, Florida			
Mall at Millenia	1,200,000	2002	enclosed
Raleigh-Durham-Chapel Hill, North Carolina			
The Streets at Southpoint	1,304,000	2002	hybrid

TABLE 6 continued

MSA and Centers	Square Footage	Completion Date	Classification
Triangle Town Center	1,200,000	2002	hybrid
Tampa-St. Petersburg-Clearwater, Florida			
International Plaza	1,253,000	2001	enclosed
Westfield Shoppingtown Citrus Park	1,100,000	1999	hybrid
West Palm Beach-Boca Raton, Florida			
Mall at Wellington Green	1,111,000	2001	enclosed
Palladium at Cityplace	600,000	2000	lifestyle

Source: International Council of Shopping Centers, 2003.

South Carolina; Orlando, Fort Lauderdale, and West Palm Beach-Boca Raton, Florida; and Atlanta, Georgia, which have some of the highest growth rates and median household incomes of all 78 sampled MSAs, have received and are still receiving a preponderance of the major retailers and retail structures (U.S. Bureau of Census 2000). Some of the smaller locales, likewise, are also getting their share of the large Southeastern retail expansion. Naples, Fort Walton Beach, and Fort Myers, Florida; Myrtle Beach, South Carolina; and Macon, Georgia are all examples of less populated metropolitan areas thriving in terms of both commercial and residential vitality. Notice on Table 4, however, that of the 14 top-ranked MSAs based upon GLA per capita, 13 are from the states of Florida, Georgia, or North Carolina. Only anomalous Myrtle Beach, South Carolina breaks the mold with its tourism-based economy. These three more affluent states dominate the upper echelon of the rankings on GLA per capita, median household income, and decennial growth rate.

On the contrary, more impoverished states such as Alabama, Arkansas, Louisiana, and Mississippi account for the lower half of the rankings. Although a few of the MSAs located within these states actually have higher-than-average growth rates and median incomes, their GLA per capita scores falter. The perception of this portion of the Southeastern U.S. as poor, uneducated, and underdeveloped has led many potential developers to bypass these areas for wealthier states located further east along the Atlantic seaboard. The retail quagmire plaguing Alabama, Arkansas, Louisiana, and Mississippi has only recently began to dry up as a few of their MSAs have been able to attract larger developments and shopping complexes.

Baton Rouge, Louisiana, although still below average in total GLA per capita, is experiencing promising residential and commercial growth in its southern and eastern suburbs. The opening of the 1,239,939 square foot Mall of Louisiana in 1997 spurred numerous restaurant franchises, power centers, and outparcel developments, augmenting the already burgeoning surrounding neighborhoods (National Research Bureau 2003).

Birmingham, Alabama is another MSA displaying substantial commercial growth in the past five to ten years, particularly in its southeastern extremities along U.S. Highway 280. The 1997 completion of the 600,000 square foot Summit lifestyle center has given the affluent residents of Inverness, Mountain Brook, and Hoover a suitable alternative to the constantly crowded Riverchase Galleria (National Research Bureau 2003).

Huntsville, Alabama is the highest performing MSA located within a low growth state. Its GLA per capita score of 24.54 ranks it 15th overall and far above Alabama's second place Montgomery. Huntsville is a thriving city of 158,216 inhabitants and has a metropolitan area of over 340,000. It displays the highest median household income ($43,104, $4,000 above the Southeastern average) of any MSA within the four economic distressed states (U.S. Bureau of Census 2000). The city is growing in all directions, particularly southward and westward along its two major thoroughfares, University Drive and Memorial Parkway. CBL and Associates Properties and Colonial Properties completely rebuilt the almost defunct regional mall, Parkway City, into upscale Parkway Place in 2002. This renovation again transformed the southern inner suburbs into a major retail destination (International Council of Shopping Centers 2003). It has also forced traditional front-runner Madison Square Mall to reevaluate its condition and tenant mix as Parkway Place brought in the first Tennessee Valley locations of retailers Abercrombie & Fitch, Banana Republic, and Williams-Sonoma (www.parkwayplacemall.com 2003). Huntsville's occupational base is focused upon the space, computer science, and high technology industries, and, subsequently, should continue to grow, as these lucrative fields remain staples of the contemporary American economy.

As the Southeast continues to grow, the amount of retail in the region will also undoubtedly expand, primarily in the highly progressive states of Florida, Georgia, and North Carolina. The trend, however, is toward non-enclosed smaller lifestyle centers and larger "big box-dominated" strip and power centers. A few disparate locales may actually receive one or two more enclosed behemoths (probably hybrids with outdoor or entertainment components), but the age of the traditional enclosed mall has all but come to an end. America once again has changed its shopping preference. The open air, "natural" shopping experience is now in, and the mundane, enclosed shopping experience is on its way out. Just as the enclosed mall fad has done, so will this lifestyle fad most likely do, build itself out over time. Who knows what the American consumer will want in another decade or two? Whatever the future desire, one can rest assured that the developer will be ready and waiting.

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Vita

William Archibald Albaugh V was born February 8, 1978 in Winchester, Tennessee. He attended Franklin County High School where he graduated in 1996 as valedictorian. While in high school, he was a part of DECA, FCA, Beta Club, and the National Honor Society. He played on the high school soccer team, lettering for three years, and was nominated to the All-District Second Team his senior year.

Will received three academic scholarships to the University of Tennessee, Knoxville. At UT he played on the UT Men's Volleyball Team for five years. He was a member of the Executive Undergraduate Business Program, and was elected to the Gamma Beta Phi and Phi Beta Kappa honor societies. He was nominated Outstanding Undergraduate in Geography for Spring 2001. He received a Bachelor of Science degree in Business Administration with a major in Marketing the fall of 2000 and a Bachelor of Arts degree with a major in Geography in the spring of 2001. He received his Master of Science in Geography in the fall of 2003, focusing upon urban geography and retail development.

While in college, he worked primarily as a cartographer from the spring of 1999 until the fall of 2003. He currently resides in Atlanta, Georgia with his wife, Tara, and is employed by the CB Richard Ellis real estate brokerage company as an information management coordinator.

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