

# Retail revitalization in US downtowns

**Including a case study about Durham, North  
Carolina**

*NEURUS-paper  
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## **Abstract**

The suburbanization process, the outflow of residents and businesses, has led to the deterioration of US downtowns. One of the industries that moved from downtowns towards suburban and greenfield sites is retail. The decentralization movement changed the traditional hierarchy and structure of retail into a fragmented pattern.

People are growing increasingly aware and concerned about the negative consequences of the loss of residents and retail from the inner cities. This has led to a political and academic movement in favor of revitalization. One of the proposed strategies for downtown revitalization is focused on underserved low-income, minority residents who, for the most part, still live in American inner cities. Despite the fact that ethnic populations will account for the majority of the projected population growth in the US and that a significant percentage of those people will live in inner city neighborhoods, the “untapped buying power approach for revitalizing downtowns is too narrowly based (Gray and Melish, 1996). Most US downtowns do not fulfill the critical mass population requirement for developing a profitable retail sector. The key to revitalization is to shift from this narrow paradigm to broader approaches incorporating multiple demand groups (residents, daytime workers and visitors).

Implementing such a wide-ranging downtown redevelopment strategy, however, does not imply that the current fragmented retail structure dominated by peripheral, car-oriented shopping malls will be altered. Shopping centers have proven to be among the most flexible and successful of all land use types, perfectly suited for the American way of life and having reinvented themselves constantly to meet the changing demand of the consumer (Beyard et al, 1999). Cities have to examine the specific downtown

characteristics (Strengths, Weaknesses, Opportunities and Threats) and constantly measure and evaluate the condition (vitality and viability) of their inner city environment. By directing the revitalization process towards particular city elements and addressing the critical success factors (see figure I) downtowns can obtain a unique, specialized, entertainment-based and service-oriented retail sector.

**Critical success factors**

Trade area demographics  
Critical mass  
Accessibility and parking  
Public support  
Credit retailers  
Sales productivity-costs consistency  
Entertainment shopping  
Safety/security  
Cooperative organizational framework  
Marketing/promotion  
Historical, cultural characteristics  
Existing retail structure

*Figure I, Critical success factors for revitalizing retail in US downtowns, based on literature: Berens (1996), Beyard et al (1999), Gray and Melish (1996), HUD (1999), Williams (1999); interviews with: Kalkhof, Morgan, Simmons (2001); email questionnaire to: Atkinson, Hardy, Marek, Trottier (2001)*

Revitalizing US downtowns will be a continuous process with varying success rates among cities. For the near future, a slight recovery will take place, but a complete revival of the American downtown is still far away.

## **Acknowledgements**

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## **Introduction**

This research was conducted as part of the Network for European and US Regional and Urban Studies program (NEURUS) during my stay at the University of North Carolina at Chapel Hill in the fall semester of 2001. The principal purpose of the program is the use of the American findings as a major input for the final thesis in the Netherlands.

Although a widespread phenomenon in industrialized countries, the suburbanization of people and industries, in conjunction with population growth, in the US has had the most severe impact on its urban spatial structure. With the flow of people to the outskirts of the city, starting in the 1930s, the buying power of American downtowns decreased significantly with the result that retail followed the flow to the suburbs as well. The suburbanization of people and firms has led to one of the most striking land uses in America: the shopping mall. This relatively new retail facility (existing in large varieties of size and formula) turned out to be very commercially successful and replaced the traditional retail of downtown areas to a large extent.

In the last decades more and more people in the public, private and academic world began to realize that the ongoing process of developing peripheral (suburban and greenfield) retail resulted in heavily deteriorated downtowns. High vacancy rates of office and retail space and low population densities of mostly lower-income status has led to deteriorated, blighted American inner cities. The research will focus on addressing the negative externalities of the suburban sprawl imposed on US downtowns: the revitalization process.

The research question is: *What are the critical success factors for the revitalization of retail facilities in downtown areas?* Further, the major research question leads to some other related sub questions:

- What are the main reasons for the deterioration of downtowns and what are the consequences for retail?
- What has been done in revitalization of downtowns? How successful were/are those programs?
- What are the strengths, weaknesses, opportunities and threats for present downtown areas?
- What are useful recommendations to US policy makers and what can Dutch policy makers learn about the deterioration process and revitalization efforts in the US?

The revitalization process in this research is in particular centered towards retail, because the decentralization of retail has been very severe on the one side, and forms on the other side one of the main elements in (re) developing vital downtowns. A successful downtown blends many features – residential, office, and services – with retail as the glue. Retail is one of the most creative elements and can serve to define the storyline of a downtown's character.

The relevance of the research is primarily based upon the common existence of deteriorated downtowns, decades of (successful?) revitalization programs and the current emergence of a more market-based planning approach in the Netherlands. Providing policy recommendations by presenting a list of critical success factors for revitalizing retail in downtowns will increase the efficiency of redevelopment programs in US inner cities. For the Dutch situation, the recent switch of the traditional centralized national influence on retail location issues towards a more flexible, decentralized policy implies to a certain extent a move to American planning practices. Experiences and lessons learnt in the US context could therefore be very insightful for Dutch policymakers in order to



avoid the occurrence of negative effects as a result of market-based planning.

The research is conducted through an exploratory, case-study methodology at two separate fields. First, Durham, NC is chosen for a thorough study according to the issue of downtown (retail) revitalization. Secondly a short questionnaire has been sent to various experts dealing with retail revitalization across the US. The case study of Durham had mainly the purpose to find specific backgrounds in the context of revitalization, for example the reasons for the blighting of downtown Durham and the recent and future redevelopment projects. Three representative players in the field of revitalization have been interviewed in order to obtain the information: Bill Kalkhof, president of Downtown Durham Inc.; Noni Simmons, Downtown Coordinator of the Office of Economics and Employment Development; Richard Morgan, president of Morgan Imports. The questionnaire sent to respondents working in the field of revitalization broadened the study field. Although not a representative sample for the US, the range of opinions and experiences about revitalization of different American cities is still very beneficial for giving useful recommendations to US and Dutch policy makers.

The report starts by defining the context for revitalization, meaning the main causes for the deterioration of US downtowns and the consequences for the retail sector in the inner cities, in the first chapter. Chapter 2 gives the general characteristics of downtown revitalization and providing the critical success factors for redeveloping retail downtown based on findings in the literature. The third chapter examines the case of Durham, NC in respect of downtown (retail) redevelopment and concludes with (Durham based) critical success factors as well. The results of the questionnaire sent to the revitalization experts of cities across the US will be presented in the fourth chapter. The

report will wrap up with conclusions and recommendations for US and Dutch policy makers and retail revitalization interested persons in general.

## Chapter 1

The suburbanization process of the twentieth century in the US has had a major impact on the traditional hierarchy of retail and on the emergence of new retail facilities at peripheral locations. This chapter provides a section on definitions and terminology (1.1) and some general insights on the structural changes in urban space and the resulting consequences for retail in central city locations (1.2).

### *1.1 Definitions and terminology*

Many more or less confusing terms and definitions are used in academic literature dealing with spatial structural issues, for example the decentralization process and the impact on retail. This section discusses the terminology used in this paper.

Downtown: The Central Business District of a community that serves as the center for socioeconomic interaction in the community and is characterized by a cohesive core of commercial and mixed use buildings, often interspersed with civic, religious and residential buildings and public spaces, typically arranged along a main street and intersecting side streets, walk able and served by public infrastructure (Task Force on State Office Building Location, Other State Growth-related Capital Investments and Patterns of Development).

CBD: Central Business District; Traditional commercial center of a city, with a concentration of retail, office, and service activity. Often equated with downtown.

Central city: Principal city around which a larger economic unit is formed and is used as the basis of the Census Bureau defined Metropolitan Areas (US Census Bureau, 1997).

Inner city: No formal definition; generally equated with central city (US Census Bureau, 1997).

Retail: The retail trade sector (NAICS code 44-45) comprises establishments engaged in retailing merchandise, generally without transformation, and rendering services incidental to the sale of merchandise. The retailing process is the final step in the distribution of merchandise. Retailers are organized to sell merchandise in small quantities to the general public (US Census Bureau, 1997).

Out-of-center: A location that is clearly separate from the downtown, but not necessarily outside the urban area (England, 2000).

Out-of-town: An out-of-center development on a greenfield site or on land not clearly within the current urban boundary (England, 2000).

## *1.2 Decentralization of retail*

The downtowns of America remained the focus of economic and social life through the early decades of the twentieth century. In the urban structure of that time, the downtown area was an accessible, concentrated, and diverse area providing synergy and excitement (Gray and Melish, 1996). Since the 1950s, the character, internal structure and problems of city centers have been transformed by a number of major modifying influences. These changes reflect a combination of pressures associated with the competitive impact of functional decentralization (e.g. offices and retail), problems of accessibility associated with increases in private car ownership and economic and social changes resulting from deindustrialization and ethnic ghettoization (Herbert and Thomas, 1997). With the increase of population and the change in transportation and economics, the competitiveness of downtowns decreased, creating the outflow of largely middle and high-income residents towards the suburbs. The residential downtown neighborhoods therefore became the location for poor people, minorities and recent immigrants, who are precluded from moving because of issues such as lack of income and segregational zoning laws. This replacement of the middle and high-class population from the inner rings of the city by low status groups decreased the buying power of the inner city market tremendously. With the physical expansion of urban areas and because of the emergence of less profitable inner city markets, retail followed the residential movement to the suburbs by establishing automobile-oriented shopping facilities in these peripheral locations. This process was also encouraged by the lack of effective planning controls (Herbert and Thomas, 1997). Beginning in the early 1960s and continuing for the next several decades, department stores and specialty shops closed in the downtown areas (see

Figure 1) and expanded into more prosperous suburban shopping centers at very “car-accessible” locations.

| <b>City</b>          | <b>Department store</b>                    |
|----------------------|--|
| Los Angeles, CA      | Bullock's Wilshire                         |
| New York, NY         | Alexander's, B. Altman, Gimbels, Ohrbach's |
| Chicago, IL          | Wiebolt's                                  |
| Philadelphia, PA     | Gimbels, Lit Brothers                      |
| Washington, DC       | Lansburgh's, Kahn's, Garfinkels            |
| Detroit, MI          | Hudson's                                   |
| Houston, TX          | Joske                                      |
| Atlanta, GA          | Rich's                                     |
| Dallas, TX           | Joske, Sanger-Harris                       |
| San Diego, CA        | Walker-Scott                               |
| Baltimore, MD        | Hoschild-Kohn, Stewart's                   |
| Phoenix, AZ          | Goldwater's                                |
| Seattle, WA          | Frederick & Nelson                         |
| Cleveland, OH        | Halles                                     |
| Newark, NJ           | Bamberger's/Macy's                         |
| Denver, CO           | The Denver                                 |
| New Haven, CT        | Macy's, Edward Malley                      |
| San Francisco, CA    | City of Paris, Liberty House               |
| Cincinnati, OH-KY-IN | Pogue's, Mabley & Carew                    |
| Norfolk, VA          | Miller & Rhoads                            |
| Fort Worth, TX       | Frost Brothers, Diamond's                  |
| Indianapolis, IN     | Lazarus, L.S. Ayres                        |
| Charlotte, NC        | Belk's, Ivey's                             |
| Buffalo, NY          | Sibley's, Ames                             |
| Hartford, CT         | G. Fox                                     |

*Figure 1: Partial listing of downtowns that lost Department Stores, Douglas Casey and Jones Lang Wootton; In: Gray and Melish, 1996*

The department store is one of the defining symbols of downtown retailing for most residents and visitors, which implies that a loss of one or more department stores will have a serious impact on the (perception of) health of the downtown shopping district (Gray and Melish, 1996). A schematical representation of the general causes of the decline in retail and associated functions in the downtowns in the US is given in Figure 2.

|   |
|---|
| <p><b>Demographic shifts</b><br/> Suburbanization of population and buying power<br/> Depopulation of inner-city areas<br/> Change in the socio-economic composition of the inner city population</p> |
| <p><b>New competition in retailing</b><br/> Neighborhood centers<sup>1</sup><br/> Community centers<sup>2</sup><br/> Regional centers<sup>3</sup><br/> Super regional centers<sup>4</sup></p>         |
| <p><b>Characteristics of the downtown areas</b><br/> Traffic and parking problems<br/> Negative image<br/> Obsolete physical plant<br/> Fragmentation of land-use</p>                                 |

*Figure 2: Causes of the decline of downtown retailing in the US, Lord 1988 (adjusted)*

The response of downtown areas to the exodus of potential customers to the suburbs varied by city and town, but most were slow to recognize the threat to their commercial activity, slow to become organized, and lacked centralized ownership or management (Gray and Melish, 1996). Between 1950 and 1980 the number of car-oriented shopping centers located in the intra-urban highway network increased from 100 to 22,000 by a process characterized as the “mall of the American landscape” (Lord, 1988). The fragmentation of retail facilities throughout urban space in recent decades makes traditional concentric retail location patterns with the center of gravity in the CBD (high-order center), described by models such as Christaller’s central place theory increasingly questionable as a basis for the analysis of the system of shopping centers in North American cities. The spatial decentralization of retail has led to distinctly polycentric structures of US cities. Lord (1988) notes that by 1980 there were already 14

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<sup>1</sup> Supermarket as the leading tenant

<sup>2</sup> Junior department store; large variety, discount, or department store

<sup>3</sup> One or two full-line department stores

<sup>4</sup> Three or more full-line department stores

*Beyard et.al, 1999*

metropolitan areas in which a total of 25 major suburban retail concentrations exceeded the retail sales levels of the Central Business District. As seen in Figure 3, there is an anarchic quality to the pattern of retail clusters (Herbert and Thomas, 1997).

| <u>Unplanned nodes</u>        | <u>Strips</u>                | <u>Planned-centers</u>                       |
|-------------------------------|------------------------------|--|
| <i>Metropolitan</i>           | (a) Downtown pedestrian mall | (a) Super-regional                           |
| (a) Central Business District | (b) Specialty retail strip   | (b) Downtown fashion mall                    |
| (b) Specialized product area  | (b) Ethnic shopping center   | (b) Theme mall                               |
| <i>Regional</i>               |                              |  |
| (a) Arterial intersection     | (b) Automobile row           | (a) Regional mall                            |
| (a) Downtown of older suburb  | (b) Furniture strip          | (a) Pedestrian mall<br>at major intersection |
|                               |                              | (b) Superstore                               |
|                               |                              | (b) Discount mall                            |
| <i>Community</i>              |                              |  |
| (a) Street intersection       | (a) Shopping Street          | (a) Community mall                           |
|                               | (a) Fast-Food strip          |  |
| <i>Neighborhood</i>           |                              |  |
| (a) Corner cluster            | (a) Suburban strip mall      | (a) Neighborhood plaza                       |

Note: Items marked (a) serve spatial markets, (b) serve specialized markets

*Figure 3: The varying morphology of the metropolitan retail cluster, Jones and Simmons, 1990*

The planning response of the US towards the emergence of retail in the suburbs and the growing numbers of shopping centers established along the highway network is fundamentally different from (West) European countries and even Canada. The federal system, dividing the USA into 50 states and further into counties and incorporated cities, generally results in the federal government having a very marginal influence. The planning legislation and institutions, mostly concerning zoning and land use, are left to the state and local levels of government (England, 2000). This arrangement is the major

reason why public policy control dealing with commercial development in the US, such as retail, is traditionally minimal (Dawson and Lord, 1985). The competitive effects of new retail development upon the older shopping facilities (retail impact) are in general not considered as a legitimate goal for governmental intervention (England, 2000).

Recently, retail impact has become a more and more prevalent issue in (local) politics and many cities make efforts to revitalize their downtowns. Chapter 2 will discuss these revitalization practices in US downtowns.



## Chapter 2

In this chapter, discussion centers on the revitalization of downtowns. Opportunities and limitations for cities to develop successful retail in their inner cities are addressed. In 2.1 the general characteristics of US inner cities will be examined, in 2.2 a more critical, and perhaps more realistic, view on inner city opportunities is given and in 2.3 a list of critical success factors for downtown revitalization based on the reviewed literature is presented.

### *2.1 Characteristics of US inner cities*

Although the number of public policy interventions according to the negative impacts of new retail development for existing shopping centers in the past has been very limited and the effects of these “counterattacks” were rather disappointing, more recently there is a growing trend of awareness and response towards the decentralization of retail. Positive initiatives to address the decline of downtowns suffering from the out-of-center developments recognize the fact that inner cities still contain a captive market of residents, business employees and visitors (England, 2000). That the subject of retail impact is a legitimate concern becomes clear by looking at the outcomes of the literature review on the effects of major out-of-town retail development undertaken by the Building Design Partnership Planning (BDP) and the Oxford Institute for Retail Management (OXIRM) presented in Figure 4.

- Understanding the effects of change: any change in an economy or a physical environment is of legitimate concern to constituent institutions, organizations or individuals
- Control of public costs: unregulated private actions may give rise to undesirable public or environmental costs (such as an effect upon transport infrastructure)
- The efficiency argument: the planning system is concerned with the efficient use and allocation of resources, particularly land
- The equity argument: the degree of accessibility of different types of retail outlet and of shopping centers directly affects the standard of living of all consumers
- The quality of life argument: the degree of accessibility of different types of retail outlet and of shopping centers indirectly affects the quality of life of individuals and groups in society (through changes in the quality of downtown centers and other places where people shop)

*Figure 4: 5 principal reasons for the legitimate concern of retail impact, BDP/OXIRM, 1992*

There is a considerable amount of literature dealing with the view of inner cities as untapped, overlooked retail markets (Berens, 1996; Boston Consulting Group & ICIC, 1998; HUD, 1999; LeVeen, 1999; Williams, 1999). The cited authors emphasize the ‘hidden’ buying power of underserved low-income communities living in downtown areas of (large) American cities, which provides profitable opportunities for the private sector. In order to avoid misinterpretations, the definitions respectively given by the Department of Housing and Urban Development and PriceWaterhouseCoopers & the Initiative for a Competitive Inner City (In: Williams, 1999) explain what is considered to be an inner city underserved area:

*“Census tracts having either more than 30% non-white residents and income not above 120% of the MSA median income and/or median income less than 90% of the MSA median”*

*“Economically distressed urban communities where the median household income is no more than 75% of the median for the entire city, and where the unemployment rate is at least 30% greater and the poverty rate is at least 50% greater than the city’s average”*

Investments in inner cities according to the “untapped market principal” are not

(originally) based on sociological thoughts or an ideology to improve the equity of retail facilities to generally low-income neighborhoods living in inner cities. In order to create a competitive and successful retail sector in downtowns for the long-term, the investments have to lead in attractive returns. The strategy for inner city economic development, according to Porter (1998), has to be based in investments on economic self-interest and genuine competitive advantages instead of artificial inducements, government mandates, or charity.

The US Department of Housing and Urban Development (1999) found that the retail purchasing power of America's inner city neighborhoods was estimated to be \$331 billion in 1998, or one-third of the \$1.1 trillion total for the central cities in which those neighborhoods were located. The retail purchasing power in inner city ZIP codes amounts to nearly 7% of the total retail spending in the US (Boston Consulting Group & ICIC, 1998). Besides these general figures, it is important to understand that inner city markets often have some striking characteristics, which are very different compared to the standard American suburb in respect to population density, percentage of minority groups and shopping behavior. The degree of distinctiveness of the inner city market can provide promising opportunities for investments, especially for the retail sector. The Boston Consulting Group & ICIC (1998) came to a fairly pronounced opinion: "Penetrating in the largely untapped American city is often much more promising than growth strategies in already highly competitive (and saturated) suburbs or pushing into foreign markets".

The low or middle-income status of inner city individual households is of minor importance for retailers, which take the combined income of everyone in the

neighborhood into account. Downtown markets offer a very critical advantage in this perspective, because their density of demand is much higher than spread-out suburban areas, which to a certain extent balances out the higher household income in suburbs (HUD, 1999). Despite the high density of (lower) income, it is actually inappropriate using the term ‘income’ as a decisive variable to determine the potential buying power of an inner city market. First, income statistics<sup>5</sup> only account for the reported income of people and therefore underestimate the actual income of especially inner city residents. These people rely for a significant part on unreported income<sup>6</sup>, leading to huge cash economies in these areas (LeVeen, 1999 and HUD, 1999). Secondly, the presence of people of lower-income sections of society (despite underestimation of the income) in the inner city leads to higher-than-average proportions of household incomes spent on household items, especially food and apparel (HUD, 1999 and Boston Consulting Group

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<sup>5</sup> **Income, official definition of:** For each person in the sample 15 years old and over, the CPS asks questions on the amount of money income received in the preceding calendar year from each of the following sources:

- |                                 |  |
|---------------------------------|--|
| 1. Earnings                     | 10. Pension or retirement income                       |
| 2. Interest                     | 11. Unemployment compensation                          |
| 3. Workers' compensation        | 12. Dividends  |
| 4. Social security              | 13. Rents, royalties, and estates and trusts           |
| 5. Supplemental security income | 14. Educational assistance                             |
| 6. Public assistance            | 15. Alimony  |
| 7. Veterans' payments           | 16. Child support                                      |
| 8. Survivor benefits            | 17. Financial assistance from outside of the household |
| 9. Disability benefits          | 18. Other income                                       |

<sup>6</sup> Moreover, readers should be aware that for many different reasons there is a tendency in household surveys for respondents to underreport their income. Based on an analysis of independently derived income estimates, the Census Bureau determined that respondents report income earned from wages or salaries much better than other sources of income and that the reported wage and salary income is nearly equal to independent estimates of aggregate income.

*Source: US Census Bureau, Current Population Survey (CPS), Population Division: Fertility and Family Statistics Branch, 2000*

& ICIC, 1998). The Bureau of Labor Statistics' Consumer Expenditure Survey found that, on average, residents of urban 'new markets' earn 54 percent of what other central city residents earn and in addition they spend 62 percent as much in total, 67 percent as much on clothing, and 89 percent as much for food at home (HUD, 1999).

The purchasing power or demand for retail in downtown areas can broadly be defined as three basic categories: population, daytime workers and tourists. Population, or better formulated the demographic composition of inner cities, needs to be seriously observed when investments, and in a broader sense, revitalization programs are discussed. Besides the fact that population determines the health and size of a market, the presence of high percentages of minority groups in inner cities makes untapped opportunities even more likely to occur. African American and Hispanics for example spend disproportional more on food products and apparel, share a greater enthusiasm for shopping, are more brand conscious when shopping for clothing, and are relatively more sensitive to service as compared to suburban shoppers (Maguire, 1998).

Moreover, ethnic populations will account for a great part of the projected population growth in the US and a significant percentage of those people will live in inner city neighborhoods, creating the challenges and opportunities for investors and developers in retailing (Gray and Melish, 1996). When dealing appropriately with some of the challenges that inner cities face, such as security issues, perception of crime, employee turnovers and operational flexibility, the huge exports of money from inner cities resulting from unmet local retail demand can be addressed and this will bring benefits (see Figure 5) to the whole downtown community (Boston Consulting Group & ICIC, 1998).

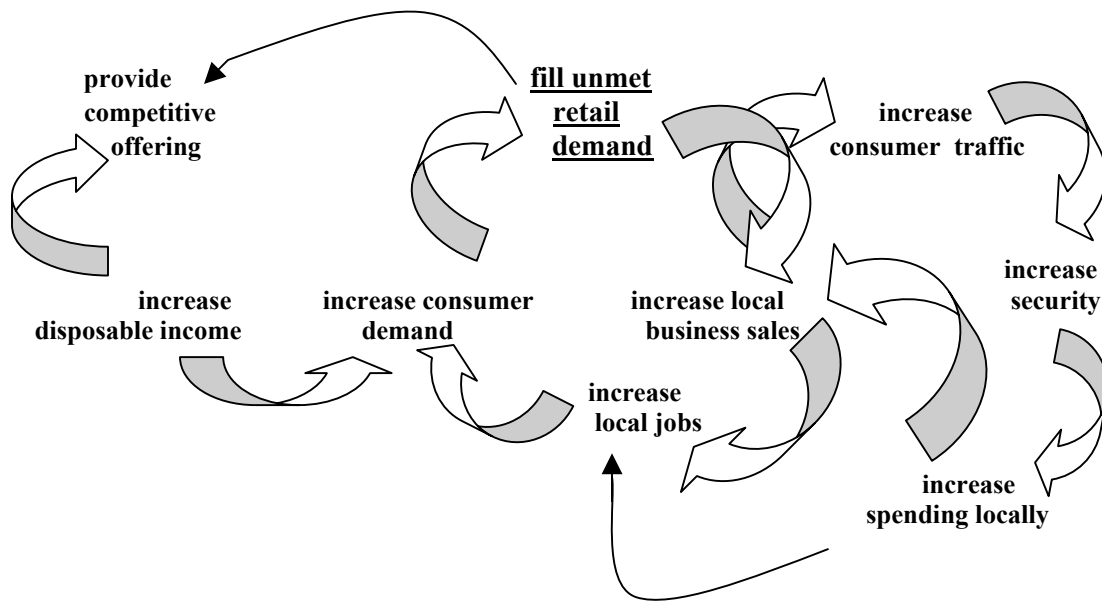


Figure 5: Inner city investment process, Boston Consulting Group & ICIC, 1998

To accomplish these community benefits downtown revitalization project makers should carefully look at the key factors for inner city retailing presented in Figure 6.

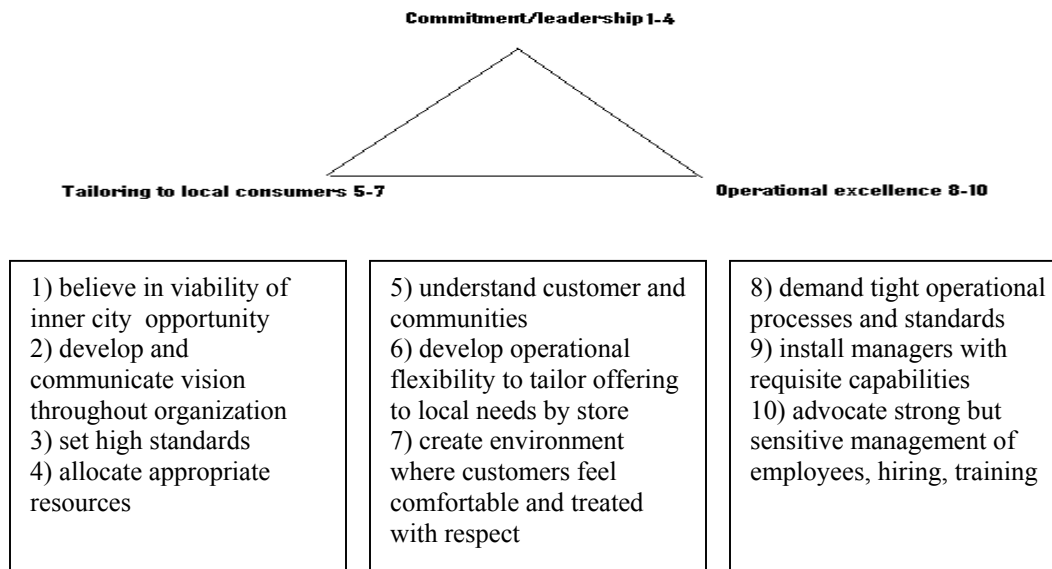


Figure 6: Key factors for inner city retailing, Boston Consulting Group & ICIC, 1998

The other major contributors to the demand of downtown retail are daytime workers and the attractiveness of the CBD area for tourists. It is possible to give a long

list of factors that play a role in estimating the health of a downtown for office workers and attracting tourists, but in general a CBD should be a pedestrian friendly, accessible and safe area with a significant amount of environmental quality factors and very importantly there has to be a large variety of retail. Emphasis on minimizing negative externalities such as noise, litter, graffiti and air pollution on the one side and providing positive qualities such as trees, landscaping and open space on the other side will increase the vitality of the downtown, which will have positive effects on the retail sector, creating an increase in the retail spending of daily workers and tourists (England, 2000). Of course, the attraction of tourists is often determined by such items as historical characteristics, the presence of visiting sites like museums and the size of a city in general, but a vibrant, healthy downtown area will be very important in adding a considerable tourist contribution to the support of the retail sector.

The relationship between the daytime CBD working population and the attractiveness of the downtown for tourists and the health of downtown retailing is fairly clear and the density of daytime workers and the number of tourist visits are important factors in determining the level of retail development (Gray and Melish, 1996). Other frequently used terms in respect to the health of the city core are vitality and viability. The Urban and Economic Development Group (1994) defines vitality as “ how busy a town is at different times and in different parts” and viability as “the capacity of the center to attract continuing investment, not only to maintain the fabric but also to allow for improvement and adapting to changing needs”. Therefore vitality can be interpreted as the liveliness and activity while viability suggests the commercial survival and the ongoing attractiveness of a downtown (England, 2000). Although based on an English

Planning Policy Guidance Note (PPG6, 1996), the indicators for measuring vitality and viability of a downtown presented in Figure 7 are also very useful in the American context<sup>7</sup>.

- *Diversity of uses* – how much space is in use for different functions (e.g. offices, shopping, leisure, cultural, entertainment, housing) and how has that balance been changing?
- *Retailer representation and intentions to change representation* – looking at the existence and changes in representation, including street markets, over the past few years, and at the demand from retailers wanting to come into downtown or to change their representation in downtown, or to contract or close their representation
- *Shopping rents* – pattern of movement in A-level rents in primary shopping areas
- *Proportion of vacant street level property* – vacancies can arise even in the strongest downtown, and this indicator must be used with care, just like vacancies in secondary frontages and changes to other uses
- *Commercial yields* – demonstrates the confidence of investors in the long-term profitability of the center for retail, office and other commercial developments. Indicator should be used with care<sup>8</sup>
- *Pedestrian flows* – numbers and movement of people on the streets, in different parts of the downtown at different times of the day and evening, who are available for businesses to attract into shops, restaurants or other facilities
- *Accessibility* – ease and convenience of access by a choice of means of travel, including the quality, quantity and type of car parking, the frequency and quality of public transport services, the range of customer origins served and the quality of provision for pedestrians and cyclists
- *Customer views and behavior* – regular surveys of customer views help authorities in monitoring and evaluating the effectiveness of downtown improvements and in setting further priorities. Interviews of both users and non-users of a center should be conducted
- *Perception of safety and occurrence of crime* – should include views and information on safety and security
- *State of the environmental quality of the downtown* – should include information on problems (such as air pollution, noise, clutter, litter and graffiti) and positive factors (such as trees, landscaping and open space)

*Figure 7: Measuring vitality and viability, Planning Policy Guidance 6, England 2000*

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<sup>7</sup> Indicators are useful for assessing the health of downtowns. They provide baseline and time-series information on the health of downtown, allow comparisons between downtowns and are useful for assessing the likely impact of out-of-center developments. Local planning authorities should regularly collect a range of these indicators, preferable in cooperation with the private sector.

<sup>8</sup> Commercial yield: the capital value in relation to the expected market rental; or: Measurement of property value which enables values of properties of different size, location and other characteristics to be compared. It is the ratio of rental income to capital value, and is expressed in terms of the open market rents of a property as a percentage of the capital value. The higher the yield, the lower the rental income is valued and vice versa. A high yield is an indication of concern by investors that rental income might grow less rapidly and be less secure than in a property with a low yield (Valuation Office, 1998).



## *2.2 Critical discussion of inner city opportunities*

The previous section emphasized the untapped markets for retail in US downtowns. However, taking the specific hurdles of the revitalization process and the diversification of American cities into account, the question rises: Is the “untapped buying power approach” not an over generalized and even a questionable method for US cities? To answer the question, this section will look more critically at the assumed typical and promising inner city characteristics for developing retail.

In the land where rational (private) behavior predominantly dictates the location pattern of retail, the prospects and opportunities of revitalization programs should not be overestimated. “No amount of government money or legislative action can completely reverse the socioeconomic trends occurred in the past and occurring in present and future times” (Gray and Melish, 1996). As stated in section 2.1, the threshold for retail in downtowns is generally derived from the demand of residents, daytime workers and visiting tourists. Despite the fact that these groups are still located (with considerable varieties between them) in US inner cities, the interest of the private sector to invest in downtowns is definitely not overwhelming. Beyard et al (1999) found that the predicted development of downtown shopping centers as a major growth industry turned out to be more wishful thinking than a realistic retail forecast. Overall only a limited number of downtown shopping centers have opened compared with the vast number of suburban centers that opened since 1977, although there are some (big) city retail success stories in downtown<sup>9</sup> (Beyard et al, 1999).

The effect of revitalization programs and the interest of the private sector for

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<sup>9</sup> For example: Circle Center, Indianapolis, Arizona Center, Phoenix, Union Station, Washington D.C., Faneuil Hall Marketplace, Boston

investing in downtowns is at this moment not what people thought it would be. Studies concerning untapped, overlooked opportunities of US inner cities are relatively recent and although in many cities redevelopment programs have existed for decades, especially in recent years revitalization has become a major issue on the (local) political agenda. This implies that over time the efforts of revitalization programs will possibly lead to visible results, investments by the private sector will increase and downtowns will do better in general than present figures show. However, the flip side of this explanation is that there is increasing ground to believe that those who advocate downtown revitalization have made certain overestimations and overgeneralizations. It seems that downtowns of big cities in the US are much more likely to exploit the untapped opportunities and characteristics discussed earlier in section 2.1. Literature arguing that inner cities can profitably exploit their specific demographic conditions does often not mention issues dealing with the critical mass or threshold size retail facilities need. It is fairly agreeable to argue that the absolute and relative numbers of underserved consumers concentrated in inner cities will be much higher in the biggest American cities, like New York, Chicago and Los Angeles and therefore that especially in these downtowns the crucial critical mass is available for developing retail. Revitalization purely based on the exploiting of the untapped buying power of downtown citizens will not be the solution for most of the (smaller) US cities, simply because they lack the critical mass of underserved residents.

However, the limited chance of success of implementing the ‘untapped buying power approach’ for the majority of cities do not imply that the arguments advocates of these ideas make are not valuable. The key in revitalization programs is to shift from

relatively narrow paradigms, such as the focus on low-income and minority population as the prior target for retail, towards a broader oriented approach incorporating multiple demand groups. As mentioned in section 2.1, the composition of residents, daytime workers and tourists makes up for the potential demand of a downtown, which means that development of retail has to attempt to capture all of these groups at the same time. An important aspect of such a diverse focused revitalization should be the conduction of an accurate trade area study in order to examine the demographic composition, including the characteristics of untapped buying power of lower-income and minority residents.

Yet, in mentioning the limitations of the ‘untapped buying power approach’ and the preferred broader focus towards revitalization, an overall opinion for the future of American downtowns is so far not explicitly given. The twenty-first century is going to be an era where industries that are capital, information and technology based, located in those places offering the highest quality of life and having the best educational, cultural and recreational facilities, will have the best prospects (Beyard et al, 1999). Although downtowns have lost a lot of their diversified base, with the movement of population and jobs to the suburbs some very crucial functions still exist in the inner cities, creating legitimate opportunities for revitalization. For businesses relying on direct personal contact, cultural, educational and recreational facilities relocation to suburban locations is often uneconomical, leading to the contemporary presence of museums, sport centurms, movie theaters, art studios, universities and office functions within a lot of US downtowns (Gray and Melish, 1996). The opportunities for downtown redevelopment lie in the fact that more and more people desire culture, entertainment and other sophisticated pleasures associated with a vital inner city environment. Growing

dissatisfaction with the present urban landscape and retail structure coupled with the shortage of retailing in inner cities, the increasing efforts of local governments to revitalize their inner core and the reduction in crime rates, sets the door open for the development of (profitable) retail in downtown (Beyard et al, 1999).

However, the view of some people that the outlined change in consumer preference and the acknowledgement of obsolescence of some (lower hierarchical) shopping centers is going to lead to a slow demise of the shopping center as a retail land use type is mistaken. Shopping centers have proven to be among the most flexible and successful of all land use types, perfectly suited for the American way of life, having reinvented themselves constantly to meet the changing demand of the consumer (Beyard et al, 1999). Therefore, even with the promising prospects for downtowns, the shopping center will remain the major retail sales type in the near future. Malls will adapt the form of the center according to the new wishes for shopping environments to provide experiences that a wide number of people still find entertaining and give shoppers the opportunity to do more than shop. This will at least bring an end to the standardized, predictable, formula-driven, standalone shopping center that looks the same everywhere (Beyard et al, 1999).

To avoid misguidance, there is and there will be no equal kind of retail supply provided by suburban locations, peripheral (greenfield) locations and downtowns. Retail environments do not have to compete with each other; they can serve different markets and can therefore coexist without really interfering. Taking all the pros and cons of this section into account, the general prospects for downtown revitalization are certainly positive. Some cities have better climates and will do better in creating a viable and vital

downtown because they can draw from the profitable combination of having a demographic trade area with an underserved population, a significant amount of daytime workers, attract considerable numbers of tourists and utilize historical and cultural features. Others will face serious problems when revitalizing their downtown because they lack certain requirements, for example, the critical mass, either as a result of having a less favorable demographic composition, or containing few office functions or because the city does not have a lot of historical and cultural heritage. These cities therefore attract fewer visitors and will, on the whole, not obtain or regain a very viable downtown environment.

Downtown revitalization is not a field where generalizations will be valid; success will depend a great deal on the variety of characteristics a city contains.

### *2.3 Critical success factors for revitalizing retail in downtowns*

The following list (Figure 8) sums up the mentioned opportunities and limitations for revitalization and makes clear what the success factors are for developing retail in downtowns based on the findings in the reviewed literature.

- **Trade Area Demographics** – latent demand (underserved market) or dissatisfaction among residents (affluent, ethnic or both), office workers or tourists. It is important to focus on all the present groups of a downtown by emphasizing specific characteristics (f.i. high percentage of elderly residents or minorities); ‘tailoring to local consumers’
- **Critical Mass and Critical Continuity** – shopping area has to be of sufficient size to provide a full range of goods and services. Critical mass also means concentrated mass (all the shopping facilities have to be connected); critical mass and concentrated mass determine the critical continuity of a downtown
- **Access for people and cars** – easy and affordable parking at short distances from the retail center, which also ensures a feeling of security. In downtowns where vehicle access is prohibitively difficult, good bus and subway access is essential
- **Public support** – municipal support is essential in the form of direct subsidies and indirect benefits (e.g. zoning allowing for parking garages and other accessibility issues)
- **Credit retailers** – success of any revitalization project in downtown will be short-lived if the retailers lack the commitment or financial ability to see it through, because development and operating costs are typically higher than in suburban locations. They need the commitment/leadership and an operational excellence to survive
- **Sales productivity consistent with operating costs** – sustainable downtown retail projects must have sales potential sufficient to support the usually higher taxes and other costs of doing business in an urban location if the downtown retailer is to remain competitive. High sales are not necessarily an indicator of an ability to pay costs, but are also a function of the individual retailer’s typical gross margins
- **Focus on entertainment shoppers** – flashy spenders of the 1980s were replaced by the cost-conscious, value-oriented consumers of the 1990s, and they are being replaced by the entertainment shoppers of the 2000s
- **Dramatic reduction in (perception of) crime and increasing safety** – a major obstacle for private investors and for consumers concerning to downtown retail is the issue of safety. However, measurement of safety is often based on incorrect perceptions, implying that providing hard data about crime and security by thorough research will make redevelopment much more likely
- **Close cooperation between the developer, public officials, financiers and community groups** – without close cooperation between all the involved parties, revitalization projects will often be ineffective and dissatisfactory
- **Marketing/selling downtown** – main purpose of marketing has to be to provide the real story about such issues as: the strategic location of downtown (proximity to market, transportation and concentrated economic activities), emphasis of the qualities of the local available human resources (loyal, available, comparatively low cost and diverse) and the relation between the capital, information and technology based era and the complementary qualities downtowns offer. A strong chamber of commerce or a influential non-profit organization can realize the importance of a coordinated merchandising and marketing plan

Figure 8: Critical success factors of retail revitalization in downtowns, Berens (1996), Beyard et al (1999), Gray and Melish (1996), HUD (1999), Williams (1999)

## **Chapter 3**

This chapter deals with the outcomes of the case study-research conducted in the city of Durham, North Carolina. In section 3.1 the general background of Durham and city specific characteristics are presented, whereas in 3.2 the revitalization efforts of downtown Durham in the past are discussed. Further, section 3.3 provides information about the present condition of downtown, section 3.4 gives a overview of the current and upcoming revitalization projects and 3.5 gives conclusions and future prospects for downtown Durham. The findings of this chapter are based on documentation and data of the city and downtown and in on the in-depth interviews conducted with the downtown development coordinator of the Department of Economics and Employment Development of the City government (Noni Simmons), the President of Downtown Durham Inc. (Bill Kalkhof) and with the President of Morgan Imports (Richard Morgan). In Appendix I the interview guideline with the main questions asked to these three respondents can be found.

### *3.1 Durham, North Carolina*

Located in Durham County (223,314 citizens), the city itself has a population of 187,035 citizens and considering the area surface of the city (94.6 square miles) versus the county (298.6 square miles), Durham can be seen as a fairly compact city (US Census, 2000). From the 1870s, when Washington Duke established the headquarters of his tobacco company in Durham, the city became internationally famous for “Bull Durham tobacco”. Reaching its peak in productivity after World War II when 25% of all the tobacco produced in the US came from Durham and together with a significant textile

industry in the early 20<sup>th</sup> century, the city of Durham became a major manufacturing city with a prominent African-American labor force (see Figure 9). These people were attracted by the employment opportunities in the tobacco and textile industries and were predominantly located in residential neighborhoods in the downtown area, close to the factories. Durham was a good example of a “City of the New South”, because black and white people worked closely together.

|                               | <b>City</b> | <b>County total (1999-2009)</b> | <b>Numeric Increase</b> | <b>Percentage Increase</b> |
|-------------------------------|-------------|---------------------------------|-------------------------|----------------------------|
| White                         | 46%         | 51%                             | 8,734                   | 7%                         |
| Black/African American        | 44%         | 39%                             | 4,915                   | 6%                         |
| Asian                         | 4%          | 3%                              | 4,371                   | 89%                        |
| Other                         | 5%          | 5%                              | N/A                     | N/A                        |
| 2 or more races               | 2%          | 2%                              | N/A                     | N/A                        |
| Hispanic ethnicity (any race) | 9%          | 8%                              | 5,639                   | 164%                       |

*Figure 9: Durham population by race, US Census 2000<sup>10</sup> and AGS Inc., 1999; In: Durham Data Book 2001*

As soon as scientific studies and medical statistics were published indicating the direct links between cigarette smoking and cancer beginning in the 1950s, the tobacco industry shrunk dramatically. In 1947 Durham produced 50 million pounds of tobacco, whereas in 1986 only 4 million pounds were produced (Downtown Durham Master plan, 1999). Currently, while the tobacco production has shifted away from the downtown area, the city landscape of Durham is still heavy determined by huge, mostly empty, tobacco warehouses and production plants.

In the 1960s, when the tobacco related industries left the city with its stock of empty buildings, the economic condition of downtown Durham worsened and investments did not take place. Besides the tobacco industry, other businesses (textile,

<sup>10</sup> City/County figures do not total 100% due to rounding



offices, retail) and residents would also leave the city center in the coming decades as part of the suburbanization process, which occurred in most American cities and had a tremendous impact on the urban spatial form (see also Chapter 1). Because of the heavy outflow of employers and employees the downtown of Durham suffered. In response to these negative effects a federal urban renewal program was started in 1960. As with most urban renewal project undertaken in American cities in those days, the purpose was to demolish the existing obsolete buildings in order to stimulate revitalization. There were several new commercial and office buildings constructed as well as the downtown ‘loop’ circulation system, but the funding of this federal program was cut before all the plans were completed (Downtown Durham Master plan, 1999). After the federal incentives to keep the American downtowns attractive locations failed, there were also regional and local public and private revitalization attempts in Durham throughout the last few decades, which will be discussed in section 3.2.

Besides the traditional image of tobacco production in Durham, the city is currently marketing itself as the “City of Medicine”, referring to more than 300 medical and health related companies and medical practices. Durham contains Duke and North Carolina Central University and the county is home to the Research Triangle Park<sup>11</sup>. Durham has a central location in the Research Triangle of North Carolina based on the facts that the RTP area is located only 5 miles from downtown Durham, the Raleigh Durham International Airport is only 10 miles away, the University of North Carolina at Chapel Hill is 12 miles away and the state capital of North Carolina is located within 25 miles from Durham (Downtown Durham Data Book, 2001). Looking at the present top

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<sup>11</sup> Durham county is known as a county with MERIT for (M)edicine, (E)ducation, (R)esearch, (I)ndustry and (T)echnology (Official Visitors Guide of Durham, Summer/Fall 2001)

ten employers in Durham County (Figure 10) makes it clear that the typical industrial character of the city of approximately the first half of the 20<sup>th</sup> century has essentially disappeared.

| <b>Employer</b>  | <b>Employees</b> |
|--|------------------|
| 1 Duke University & Duke University Medical Center<br>(including Durham Regional Hospital) | 19700            |
| 2 International Business Machines (IBM)  | 14000            |
| 3 Nortel Networks  | 8000             |
| 4 GlaxoSmithKline  | 4500             |
| 5 Durham Public Schools  | 4500             |
| 6 Blue Cross & Blue Shield of North Carolina   | 2500             |
| 7 Durham City Government   | 1980             |
| 8 Durham County Government   | 1870             |
| 9 Veterans Affairs Medical Center  | 1600             |
| 10 Research Triangle Institute   | 1550             |

*Figure 10: Largest employers in Durham county, Durham Data Book 2001*

### *3.2 Downtown Durham revitalization in the past*

As mentioned in section 3.1, downtown Durham lost a lot of its vibrant activities when the outflow of business and residents took place. Walking through the traditional heart of the city nowadays, more than fifty years after the beginning of the suburbanization process, will make one realize that Durham has suffered severely as a result of decentralization and in fact everything a vital downtown area should need is absent. After the mostly unsuccessful federal urban renewal program, which through various reasons did not play the role of the crucial incubator of attracting vibrant activities, it was almost 15 years when the first regional/local effort in downtown revitalization was made. In 1974, a private sector group concerned about the future of downtown proposed a revitalization plan, but unfortunately the city did not adopt it. In 1977, downtown Durham was recognized by the National Register of Historic Places as an historic district, because of the still present old building stock referring to the

traditional economic function of the city. In the beginning of the 1980s there was a growing consensus among Durham citizens and influential public and private parties about the condition and prospect of downtown, leading to the formation of a partnership between the City, the County and a private developer. This partnership realized a number of new office, retail and hotel buildings by the end of the 1980s. Despite the efforts of different people and organizations from the 1960s until the 1980s, Durham did not have a strategic, long-term based organizational framework with a clear feasible downtown revitalization plan directing and coordinating the future of the city center during this period. There were some incentives of public and private parties to try to establish and implement such a downtown master plan, but the necessary impulse was not given for creating an up-to-date, more attainable downtown master plan until the formation of the non-profit organization called Downtown Durham Inc. (DDI) in 1993 (Downtown Durham Master plan, 1999).

### *3.3 Current condition and revitalization developments of downtown Durham*

It is not easy to give a general opinion about the present condition of downtown because relatively big differences exist between several districts within the downtown area (see Appendix II for downtown maps, including the districts). Speaking of on the one side of the Main street area, also called the “downtown loop”, the contemporary state there is appalling and not very prosperous (see Appendix III, picture 1). On the other side, districts like Brightleaf square and to a lesser extent the Durham Bulls area show a much more vibrant and attractive environment, notwithstanding that also in these areas still a lot of improvements can and have to be made in order to even label these parts of

the downtown as vital places, which retail, entertainment and housing revitalization programs should aim for.

In most of these cases a non-profit redevelopment organization was established a long time ago, whereas in Durham this crucial partner in the revitalization process, DDI, has existed only for eight years. “While there was quite a lot of concern about the downtown area in the past decades, nobody stood up those years to coordinate the unsatisfactory feelings into significant and efficient action programs” (Kalkhof, 2001, personal communication). The DDI acts as the intermediate force between the main parties involved in the revitalization process in Durham: the City, the County, the Durham Chamber of Commerce, the Convention and Visitors Bureau and private developers and investors. The mission of DDI is to create an attractive environment for private investors by working in the areas of economic development, safety, parking, appearance and promotion and trying to be a one-stop information center for all potential investors (Kalkhof, 2001, personal communication). In section 3.4 the specific actions of the different involved parties in the revitalization process are discussed, but in order to put these incentives in the appropriate perspective first background information and data of downtown and city/county data with relevance for the downtown will be presented.

Just as what has been found in the literature (Chapter 2), the demand for retail in downtown Durham can be derived from the number of residents living in or near downtown, the amount of daytime workers and the sum of visitors. Figure 11 gives a comparison between city/county data and data derived from the people living in or at most one mile from the downtown area. The mass of demand for retail in the downtown area can be estimated at 35,287 residents and 8,200 daytime workers and a couple of

million visitors per year (see Figure 12). Unfortunately there are no specific data about the share of visitors the downtown captures, however the downtown venue and festival attendance<sup>12</sup> suggest that a lot of visitors come to the downtown every year.

|   | <b>City/County</b> | <b>One mile from downtown</b> |
|---|--------------------|-------------------------------|
| Population (2000)                           | 223,314            | 35,287                        |
| Population aged 20-64                       | 64% (2000)         | 36% <sup>13</sup> (1998)      |
| Median age (2000)                           | 33                 | 38                            |
| Number of households (2000)                 | 89,015             | 9,681                         |
| Median family income (1998)                 | \$49,795           | \$27,990                      |
| Percent High School Degree or Higher (1998) | 79,5%              | 65%                           |
| Percent College Degree or Higher (1998)     | 30%                | 24%                           |
| Employees                                   | 163,415 (1999)     | 8,200 (est) (2000)            |

*Figure 11, Downtown area compared to City/County: Demographics of Durham, Downtown Durham Inc. (2000); NC Office of State Planning and Employment Security Commission of NC, In: Durham Data Book (2001)*

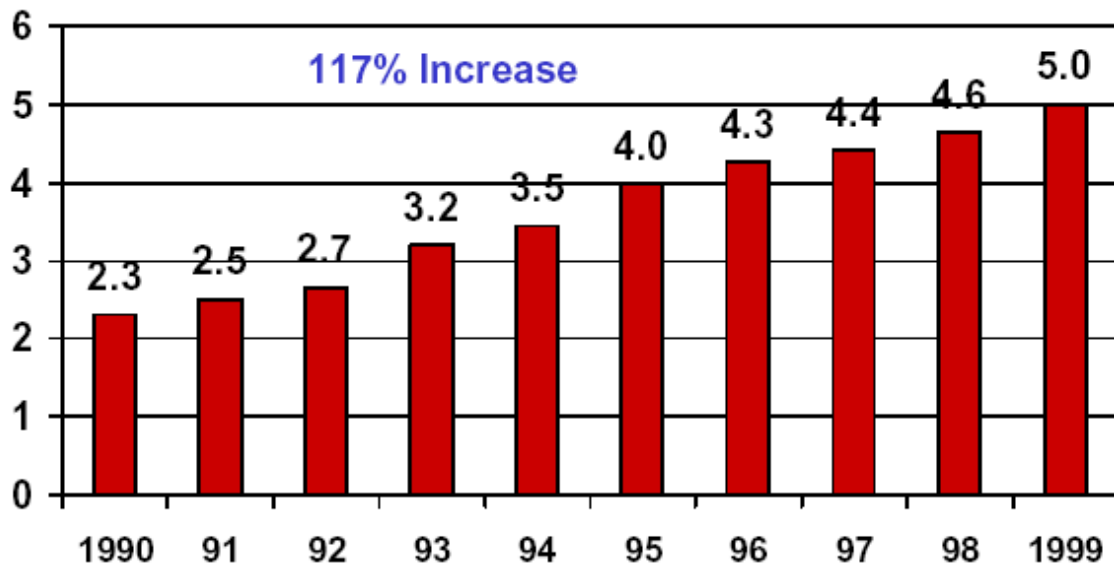
The characteristics of the downtown area are fairly striking, taking the decentralization process in the US and the negative consequences for downtowns into account (see Chapter 1). As can be seen in Figure 11, the median family income is almost 50% lower in the downtown area, the education level is lower in downtown, the population making up for the important buying power group (aged 18-64) as compared to the city/county figures is heavily absent and the fact that the nonwhite population at city level is approximately 50% (see Figure 9) makes downtown Durham reasonably comparable to US downtown features in general. Containing a lot of low-income residents, which are

<sup>12</sup> Marriott (59,921), Civic Center (115,768), Carolina Theater (130,000), Arts Council (148,000), Historic DAP (53,953), Library (524,862), Durham Bulls (483,654), Armory (90,000), Centerfest (75,000), Durham Alive (10,000), Blues Festival (16,000), Bimbe (15,000). Total Venue & Festival attendance: 1,719,158 visitors (Demographics of Durham, Downtown Durham Inc., 2000)

<sup>13</sup> Population aged 18-64

for a significant proportion nonwhite (estimate of 50% or more) and heavily underserved in respect to local available retail makes the case of Durham, at first sight, a good example for the “untapped buying power opportunities” described in detail in section 2.1. The neighborhood North East Central Durham, adjacent to the downtown area, forms one of the poorest areas in Durham city with very expensive nearby shopping facilities (e.g. drug stores, convenience stores), high percentages of minorities, bad transportation possibilities and seems a typical untapped, underserved market (Simmons, 2001, personal communication).

### Millions of Visitors



*Figure 12, Visitations to Durham (1990-1999), Durham Convention & Visitors Bureau, In: State of Durham’s Economy 2000*

However, similar to the outcomes of section 2.2, the critical mass of downtown Durham and adjacent neighborhoods (like North East Central Durham) is not sufficient for developing retail. The number of daily workers has to grow to a number of 13,000-15,000; approximately 55,000 residents are required for obtaining the critical mass for

profitable retail and a higher percentage of tourists visiting Durham have to come to and spend money in downtown (Kalkhof, 2001, personal communication). In other words, at this moment downtown Durham is 1/3 away from getting the residential mass, 2/3 away from getting the workers mass required for the development of a profitable retail sector and in order to attract big numbers of spending visitors to downtown years and years of revitalization have to take place. Consequently, right now there is actually no large amount of retail located in downtown Durham simply because it is not profitable; the area is underserved and unprofitable at the same time. With Northgate Mall located at only three miles from the downtown core and with the new super regional mall on the south side of Durham (opening spring 2002) the presence of a local captive market in downtown itself is crucial. Future retail growth can only occur as a result of increasing the residential population, office workers and tourists (Downtown Durham Master plan, 1999).

Besides retail, office buildings may dominate downtown Durham's visible landscape; the vacancy rates are still fairly high (Figure 13). Durham is a mid-size, land-locked city, which does not serve as a corporate headquarters place (like Charlotte, NC), does not have the employee pool as a result of being a state capital (like Raleigh, NC) and is not located at a recreational pull factor like a river or a sea (like Wilmington, NC) (Kalkhof, 2001, personal communication). One of Durham's opportunities and distinctive characteristics, compared to, for example Raleigh, Charlotte and Wilmington, lies in exploiting its historical artifacts. This means redeveloping its empty tobacco building stock/warehouses (see Figure 13) located all around downtown into mainly residential, entertainment and retail uses (see section 3.4).

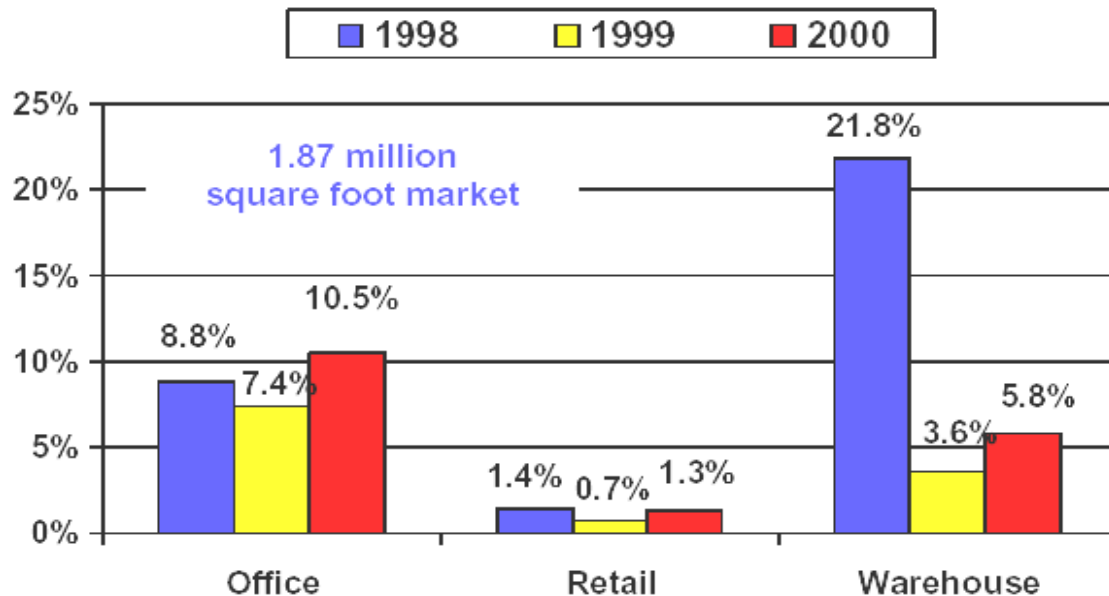


Figure 13: Vacancy rates in downtown Durham 3<sup>rd</sup> quarter 2000, Inventory from the Business Journal, In: State of Durham’s Economy 2000

Despite of all the fairly promising revitalization projects that will take place in the (near) future (section 3.4), the current environment of most districts in the downtown area is very discouraging from the private investors perspective, unpleasant from the perspective of a resident or visitor and not very stimulating for a daytime worker. “Downtown is dirty, unattractive, full of trash and pedestrian unfriendly (...) and only three employees of the Public Works Department are occupied to keep downtown clean and attractive....” (Simmons, 2001, personal communication). The vacancy rate of retail in downtown is very low (see figure 13), but only as a result of the fact that there is not much retail; for shopping downtown has very little to offer. Figure 14 categorizes the major downtown elements into “dominant, apparent and not apparent” and makes clear that downtown Durham has a long way to go in their revitalization process.



Especially the absence of open/public space, recreation facilities, a market area, ethnic themes/diversity and of street-level retail is very alarming. Besides the absence of various

| Major Downtown Elements<br>Downtown Durham, North Carolina |          |          |              |
|--|----------|----------|--------------|
| Major Elements   | Dominant | Apparent | Not Apparent |
| Landmarks . . . . .  |          | .X       |              |
| Pedestrian Orientation & Scale . . . . .                   |          | .X       |              |
| Open/Public Space . . . . .                                |          |          | .X           |
| Defined Districts . . . . .                                |          |          | .X           |
| Historic Fabric . . . . .                                  |          | .X       |              |
| Design Themes . . . . .                                    |          |          | .X           |
| Destination Points . . . . .                               |          | .X       |              |
| Activity Centers . . . . .                                 |          | .X       |              |
| Transit System . . . . .                                   |          | .X       |              |
| Street-level Retail . . . . .                              |          |          | .X           |
| Arts & Culture . . . . .                                   |          | .X       |              |
| Entertainment . . . . .                                    |          | .X       |              |
| Recreation . . . . .                                       |          |          | .X           |
| Major Institutional Presence . . . . .                     | .X       |          |              |
| Service Center . . . . .                                   |          |          | .X           |
| Market Area . . . . .                                      |          |          | .X           |
| Strong Linkages . . . . .                                  |          |          | .X           |
| Education Presence . . . . .                               |          |          | .X           |
| Parking . . . . .  |          | .X       |              |
| Entrepreneurialism . . . . .                               |          | .X       |              |
| Residential Base . . . . .                                 |          | .X       |              |
| Urban Neighborhoods . . . . .                              |          | .X       |              |
| Business Core . . . . .                                    |          |          | .X           |
| Ethnic Themes/Diversity . . . . .                          |          |          | .X           |
| Public/Private Agenda . . . . .                            |          | .X       |              |
| Economic Development Tools . . . . .                       |          | .X       |              |
| Smooth Traffic Network . . . . .                           |          |          | .X           |
| Hospitality Area . . . . .                                 |          | .X       |              |
| Public/Civic Buildings . . . . .                           | .X       |          |              |
| Opportunities for Development . . . . .                    |          | .X       |              |

Figure 14, Downtown Durham Master plan, 1999

important elements, some other elements are not completely apparent, making the condition for downtown even worse. Entertainment exists in downtown Durham but it is to a great extent concentrated in the area around Brightleaf square and the Durham Bulls Park and is therefore not a visible element among the whole downtown area. The assumed residential base is, at least for retail, not large enough either. Because the figure originates from the downtown master plan, which has the purpose to stimulate redevelopment, it is a little biased according to the category “apparent”, but taking these

considerations into account it still gives a good picture of the current condition of downtown Durham.

Another major obstacle for downtown is the current state of the transportation circulation network (see Figure 14: “smooth traffic network”). Originally, the street pattern was shaped according to a conventional grid system, but in the mid-1970s the downtown ‘loop’ was constructed to serve as a high capacity, higher speed bypass around the core area of downtown. The result of this automobility-focused change is a one-way, relatively high-speed and disorienting circular network that acts as a physical barrier between the different downtown districts (Downtown Durham Master plan, 1999).

Not only the physical condition of downtown urgently requires a radical revitalization, the negative perceptions of individuals who are not from Durham (including private investors) needs to be tackled also. Downtown Durham struggles with the negative consequences of the decentralization process that took place, which leads to the general view of downtown as a dangerous and inaccessible place (see Figures 15, 16 and 17). Figure 18, on the contrary, shows some recent data about crime and safety, proving that a lot of this negative perception is not based on the reality.

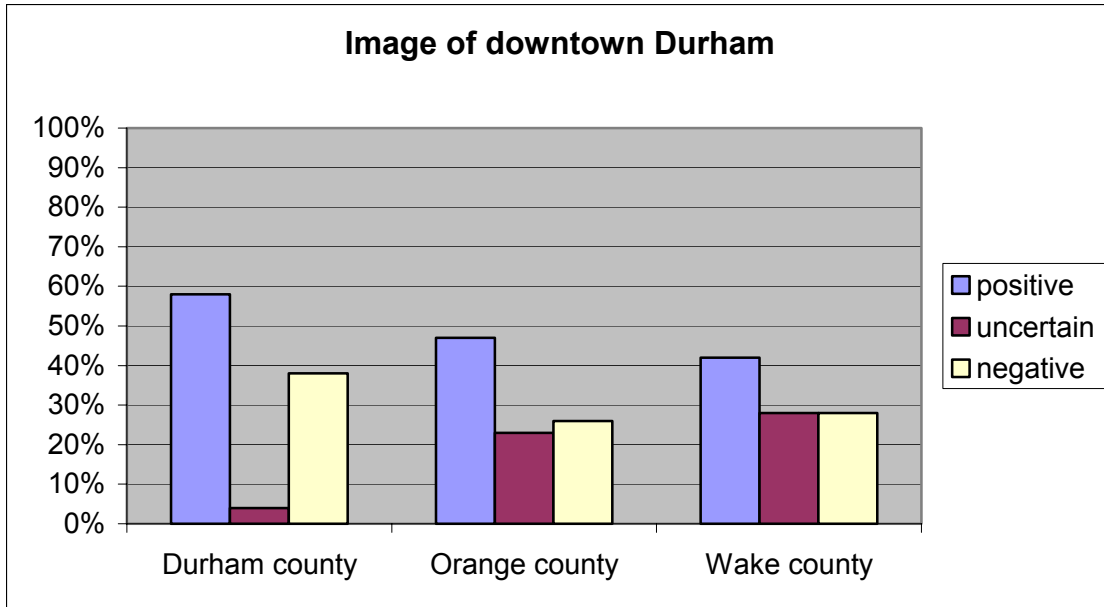


Figure 15, Durham Convention & Visitors Bureau, Image Survey 1999

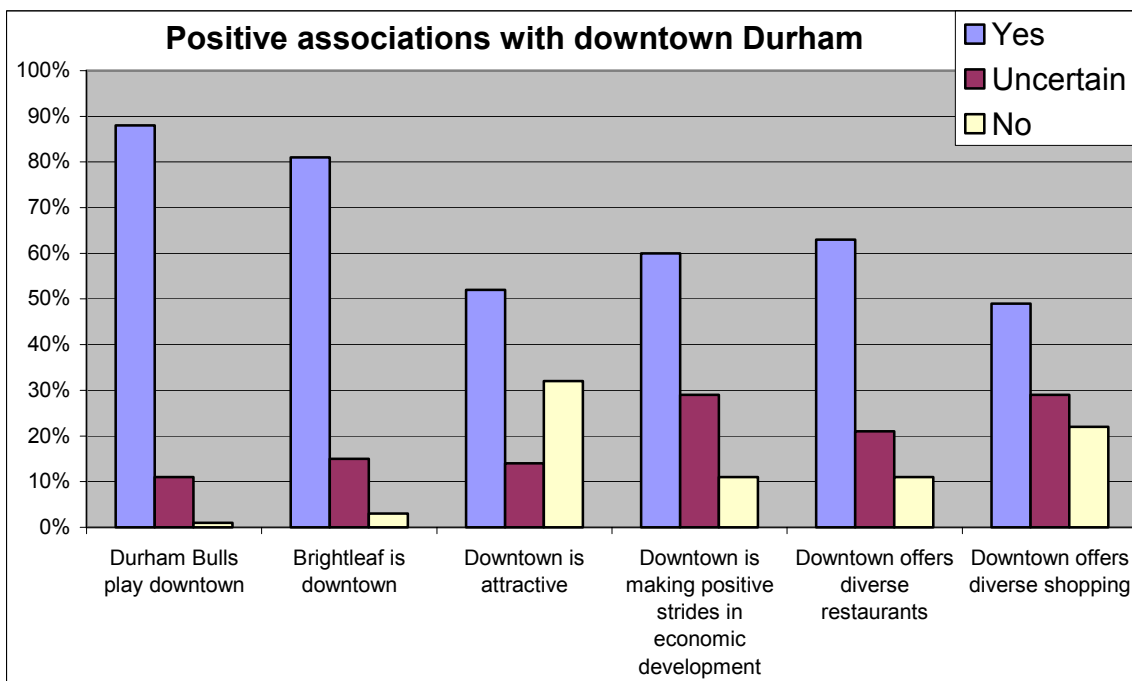


Figure 16, Durham Convention & Visitors Bureau, Image Survey 1999

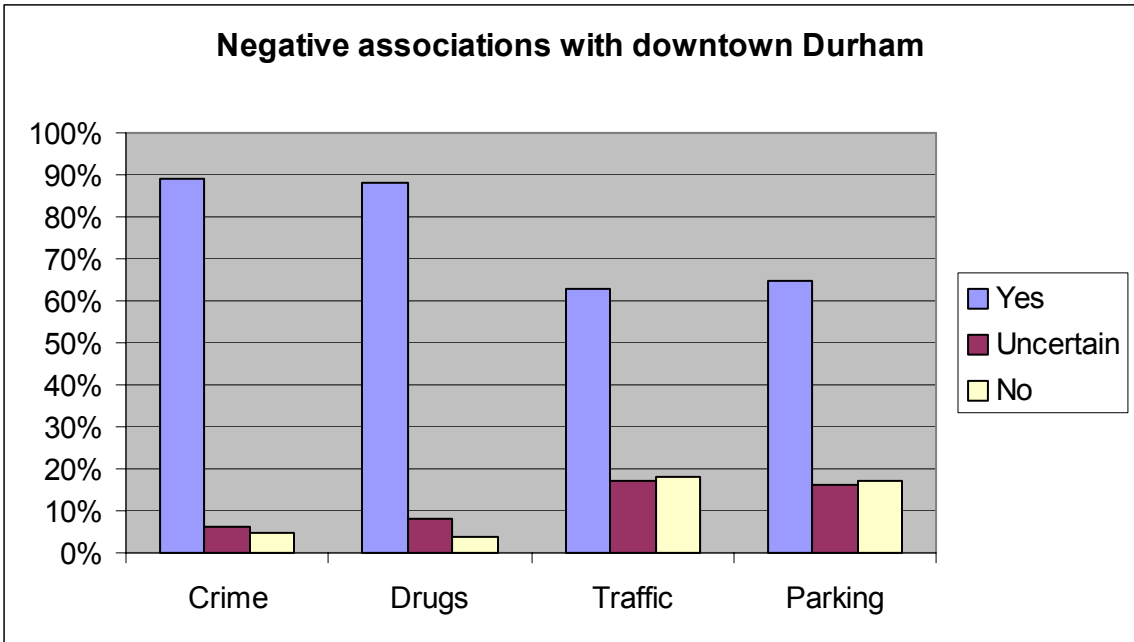


Figure 17, Durham Convention & Visitors Bureau, Image Survey 1999

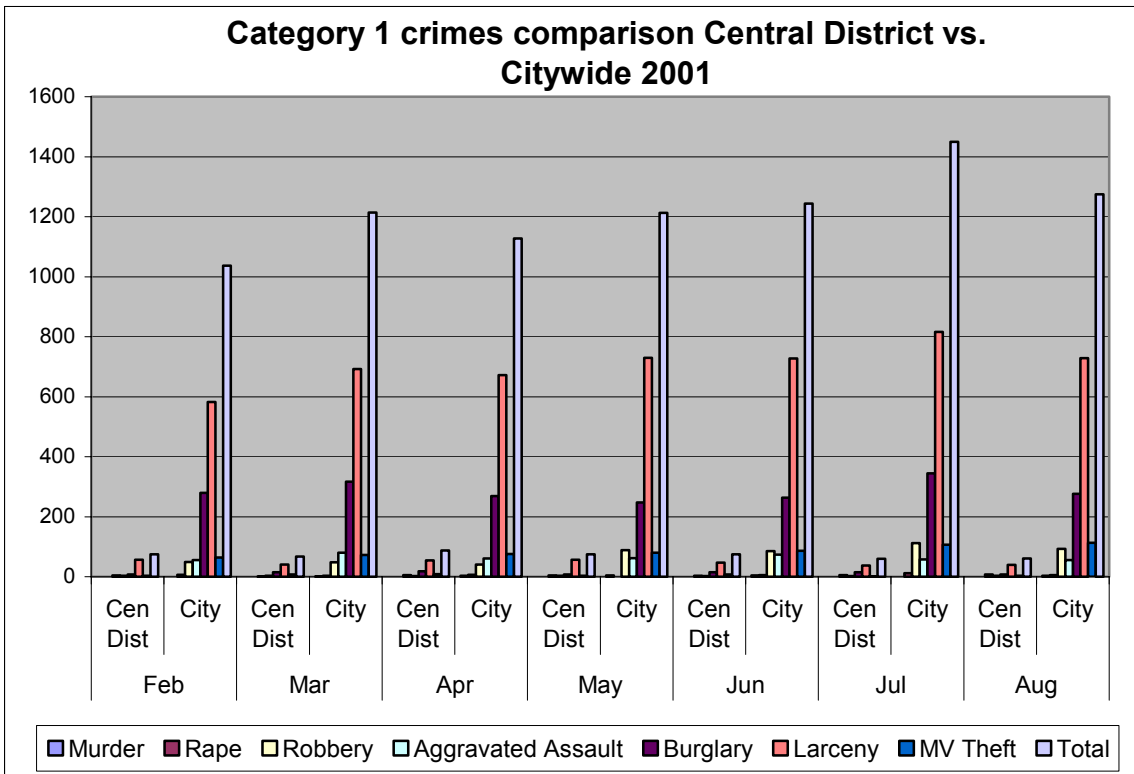


Figure 18, Durham Police Department, 2001 provided by Downtown Durham Inc.

Figure 18 demonstrates that since February 2001 only 6% of the Category 1 crimes occurred in the Central Police District of Durham (total number of Category 1 crimes in Central District is 501 compared to 8561 Category 1 crimes Citywide). Downtown Durham is at least not as dangerous as people tend to perceive.

### *3.4 Current and upcoming revitalization projects with emphasis on retail*

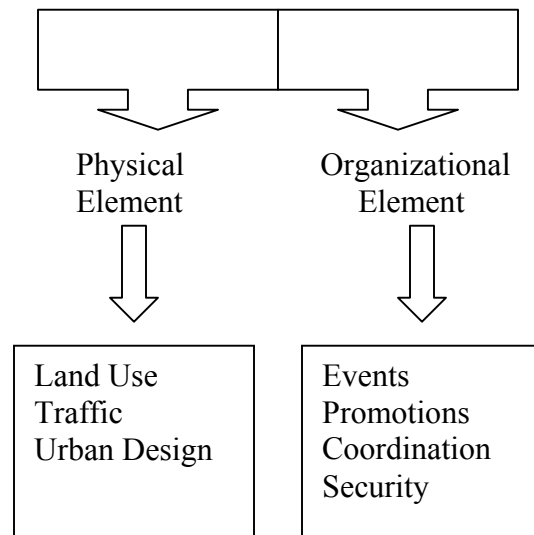
With the formulation of the Downtown Durham Master plan in 1999 a structured, clear revitalization program was established with 7 major goals:

- Establishing downtown as the pivotal activity center in Durham and the region
- Promoting a vibrant, compatible, well-connected mix of uses to increase the density and activity of the area as well as to increase jobs, residence and the tax base
- Make downtown more pedestrian, bicycle and overall transportation friendly
- Providing guidance for marketing downtown for future development including guidance for development incentives
- Creating building and streetscape design standards for development in the area that highlight and accent Durham's existing wealth of historic architecture, spaces, places and views and are compatible with traditional planning and defensible space concepts
- Allowing flexibility in the plan in order to take advantage of future development opportunities as they arise
- To examine, identify and program costs for infrastructure changes that promote the above goals

(Downtown Durham Master plan, 1999)

The redevelopment framework of downtown Durham contains physical and organizational elements as described in Figure 19:

## Development Framework



*Figure 19, Development Framework for revitalization of downtown Durham, Downtown Durham Master plan, 1999*

Revitalization is addressed by stimulating the development on the fringes of downtown (like Brightleaf square, Durham Central Park and the YMCA) in the direction of the inner core (see Appendix II). The focus, in respect to retail is on creating an indigenous arts and crafts sector, which avoids competition with the malls in the proximity of downtown Durham. Another reason for focusing on this kind of retail is the nonexistence of a critical mass for selling low-order, basic retail products (Kalkhof, 2001, personal communication). For national chains like Starbucks, the critical mass of downtown Durham is not large enough, even if the numbers of residents and office workers make up for 50,000-60,000 people. Attracting local or perhaps regional developers of shops, restaurants and other retail facilities, who are known within the community and can take advantage of the historical building stock and have some commitment of doing business in downtown, is the only sustainable approach for Durham (Kalkhof, 2001, personal

communication). An example of retail selling different kind of products than most shopping malls is the gift and home furnishing store Morgan Imports (Box 1).

### **Box 1: Morgan Imports**

The gift and home furnishing store of Jaqueline and Richard Morgan is located next to Brightleaf square in downtown Durham and sells a wide array of both imported and domestic merchandise varying from futons to greeting cards (The Herald-Sun, 2001). It was 32 years ago when the store was opened in downtown and since then it proved to be very successful and forms a destination place attracting customers from relatively far away. Crucial for this success formula is the focus on a specific market, using different merchandise and exploiting the historical façade and environment of the building. The proximity of the district in western downtown to the wealthy residents and daily workers of Duke University and the Medical Center and the good accessibility of this particular area of Durham's core are the key factors (Morgan, 2001, personal communication). Locating at the fringe of downtown means taking advantage of being close to a large share of potential customers and avoiding the negative effects of central downtown location (less accessible, problematic parking and less contributing other retail facilities).

Despite the success story of this example of retail in the core area of Durham, the opinion of Richard Morgan about investing in downtown puts everything a little in perspective. "As an investor it is much more profitable and less risky to put your money in some shopping mall than in downtown Durham. You have to be a committed person without the wish to sell huge quantities and with a different view on doing retail business according to earning money and being content with a shop in downtown" (Morgan, 2001, personal communication). Morgan's personal preferences of being a 'downtown person' instead of a 'mall person' has given downtown Durham this unique, exceptional store in an old and historical building, which provides a complete different shopping environment than mainstream retail facilities of the US. Durham can certainly be proud at this store and more importantly the success of Morgan Imports will perhaps convince other potential investors that establishing arts and crafts retail can be profitable too.....at least to a certain extent.

The general revitalization of downtown Durham will go through the following stages:

- Stabilizing the base of commercial space (and add some new space)
- Growth of residential base in downtown (see Appendix III, picture 2)
- Improving infrastructure system (reconfigured 'loop' allowing for two-way traffic and significantly improving the connectivity between districts, overall circulation and development potential) and creating a pedestrian and bicycle friendly downtown environment

- Addressing additional elements like parking, parks and open space and streetscape
  - Attract retail when the residential and commercial base is secured
- (Downtown Durham Master plan, 1999 and Kalkhof, 2001, personal communication)

The mentioned elements will not be addressed in the exact sequence as stated above, but will be tackled simultaneously. However retail development will only be addressed when residential and commercial base reaches the critical mass. Figure 20 gives the time path of implementation of the revitalization elements in downtown Durham.

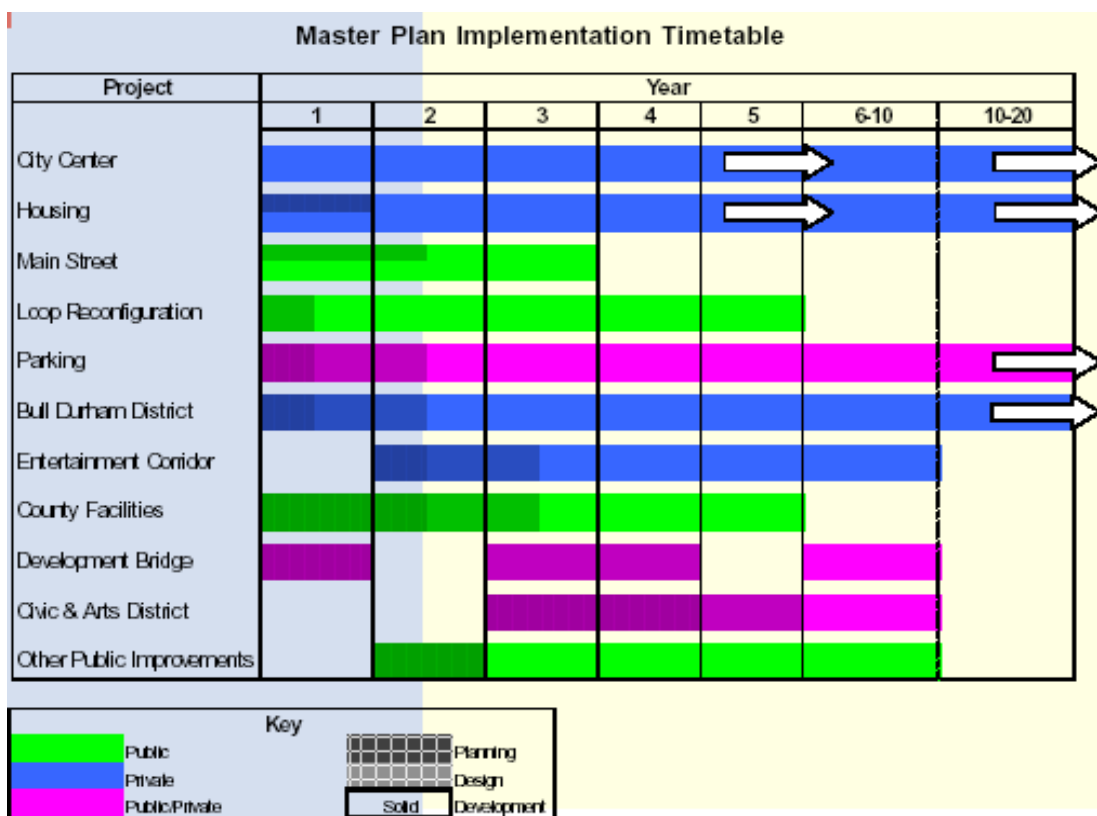


Figure 20, Downtown Durham Master plan, 1999

### 3.5 Conclusions and future prospects

The current condition of downtown Durham is discouraging overall, even taking into account that some districts contain some vibrant (retail) activities. A recommendation for the different parties involved in the revitalization process of



downtown Durham would be to use the vitality and viability measurement index (Figure 7) given in section 2.1, not to directly prove the negative state of downtown at this moment, but in order to evaluate the revitalization time after time. The time path of the downtown master plan (Figure 20) makes clear that redevelopment of the inner core of Durham will take several decades. In this section a “Strengths, Weaknesses, Opportunities and Threats” (SWOT) analysis (Figure 21) and a table with the critical success factors of revitalizing retail in downtown Durham are presented (Figure 22).

|  |  |
|--|--|
| <b>Strengths</b>   | <b>Weaknesses</b>  |
| <ul style="list-style-type: none"> <li>* Historical building stock</li> <li>* Low rates of space compared to other places</li> <li>* Proximity to Durham jobcentres and to Chapel Hill, Raleigh, Greensboro</li> <li>* Downtown revitalization (master)plan; good organizational framework exists</li> <li>* Downtown revitalization a community priority</li> </ul> | <ul style="list-style-type: none"> <li>* Negative perception of downtown</li> <li>* Critical mass not sufficient</li> <li>* Downtown road pattern confusing; creates fragmented downtown</li> <li>* Pedestrian/bicycle unfriendly environment</li> </ul>   |
| <b>Opportunities</b>   | <b>Threats</b>   |
| <ul style="list-style-type: none"> <li>* Development of prosperous Arts and Crafts retail sector</li> <li>* Underserved (retail) market for residents, workers, tourists: retail purchasing power gap</li> <li>* retail stimulates further development; office functions viewing retail as key location factor</li> </ul>  | <ul style="list-style-type: none"> <li>* New Mall at South Durham; entertainment, which can be negative for downtown</li> <li>* Car mobility planning negative for creating pedestrian/bicycle friendly environment</li> <li>* Arts and Crafts is not serving needs of low-income residents in downtown</li> <li>* Negative (present) state of (US) economy</li> </ul> |

*Figure 21: SWOT analysis of downtown Durham according to retail revitalization*

With a comprehensible and, for the most part, attainable downtown master plan and a very supportive and important non-profit organization (DDI) the strengths and opportunities on the left side of Figure 20 are well identified, exploited and stimulated.

Some of the weaknesses and threats of Figure 20, on the other hand, give rise to more uncertainties. First, changing perceptions of people takes a very long time and is very hard to accomplish even by providing accurate and real data about negative associations such as crime, accessibility and safety issues. Second, the new mall (opening in spring 2002) on the south side of Durham is also a point of serious concern, because this super regional mall (high-order goods center) will provide a significant amount of entertainment besides the large variety of retail opportunities. It is not the retail per se that would be a problem for the redevelopment of downtown, but offering entertainment at this suburban location will certainly affect the success of downtown as a destination place. Despite this conflicting supply of entertainment-based services, the city and DDI are not capable to stop these developments at this mall; they will have to cope and compete with this large retail supplier. Third, the focus on the arts and crafts sector seems reasonable taking the impossibility of competing with surrounding shopping malls into account and is common for cities like Durham (e.g. Asheville, NC and Greenville, SC). However, the presence of many low-income residents in downtown Durham (see figure 11) give reasonable grounds to believe that arts and crafts products will not serve the (low-order, basic) needs of a high percentage of the current residents. Therefore, although there are some limitations, developing retail stores offering lower-order, basic goods based on the underserved, untapped buying power of low-income residents (see chapter 2) should definitely be promoted and where possible incorporated in downtown Durham. Finally, the risk of conflict with the transportation approach towards cars and pedestrians/bicycles needs attention. The master plan certainly attempts to cover this possible concern, but it is still questionable whether allowing cars in the shopping parts

of downtown truly creates a pedestrian friendly environment. Making at least some parts of the shopping center free of cars seems perhaps unusual in the context of (automobile-based) America, but should certainly be investigated in order to increase safety, decrease noise and most importantly make downtown Durham a destination place.

The last figure of this section is devoted giving the critical success factors for revitalizing retail in downtown Durham, based for the most part based on the in-depth interviews conducted with Kalkhof, Simmons and Morgan (Figure 22).

- **Create an investor friendly environment** – stimulate economic development by providing the information and services potential private investors require. Also offer subsidies and create an one-stop information office (e.g. a non-profit organization like DDI)
- **Create critical mass** – first create the critical mass of residents, daytime workers and tourists, then stimulate/attract retail development
- **Address safety/security** – needs to be addressed by various aspects: e.g. increase police surveillance and urban design (such as street lighting, emergency phones)
- **Improve accessibility** – making the road system in downtown two-way and addressing the fragmented form of downtown with poorly connected district
- **Provide parking** – provide on and off-street parking at accessible locations in downtown
- **Create a suitable organizational framework** – cooperation between the city, county, state, non-profits and private sector is crucial for sustainable long-term revitalization
- **Improve the appearance** – a clean, attractive downtown landscape with proper lighting, plenty of trash cans, street signs and decorative urban design amenities like flowers and fountains
- **Promotion** – despite having a well formulated revitalization plan and a fairly effective organizational framework, without ‘selling’ downtown (marketing) necessary investments and resulting upgrading are not very likely to occur
- **Exploit historical characteristics of downtown** – direct the revitalization program towards the positive, ‘exclusive’, distinguished elements of a downtown (for Durham a major positive factor forms the availability of a large stock of historical buildings)

*Figure 22, Critical success factors for revitalizing retail facilities in downtown Durham*

## Chapter 4

This chapter provides the results of a questionnaire (see Appendix IV for the original questionnaire) sent by email to several downtown revitalization experts across the United States. In section 4.1 the working fields of the respondents are given and in section 4.2 the outcomes of the questionnaire are presented.

### 4.1 Respondents

Examining the opinions of the respondents on the downtown revitalization process forms the last step of the research, after reviewing literature and conducting a case study on the city of Durham. The backgrounds of the respondents are presented in Figure 23.

| <b>Respondent</b>  | <b>Function</b>  | <b>City</b>                  | <b>Notes</b>  |
|--------------------|--|------------------------------|---|
| Melissa Hardy      | Assistant Planner,<br>Community<br>Development<br>Department | Modesto, California          |   |
| Toni-Lynn Trottier | Executive Director,<br>Downtown Rutland<br>Partnership       | Rutland, Vermont             |   |
| Greg Marek         | Redevelopment<br>Director                                    | Mesa, Arizona                |   |
| Maureen Atkinson   | Senior Partner,<br>Urban Marketing<br>Collaborative          | Toronto, Ontario<br>(Canada) | Company doing<br>research on downtown<br>revitalization |

*Figure 23, backgrounds of respondents, respondents' contact information provided by the International Downtown Association*

## 4.2 Outcomes of questionnaire

The stylized outcomes of the respondents' answers on the questionnaire are listed below (the sequence of factors/answers do not represent a rank order):

- What are the critical success factors for the revitalization of retail facilities in downtown areas in your opinion?
  - **Critical mass** – containing a good residential (with attractive demographic characteristics), employee and visitors base
  - **Existing retail structure/environment** –for a successful revitalization the downtown environment will be very determined: stores (or at least retail suitable spaces) on both sides of the street, possibilities of creating a mixture of stores (size wise), relatively compact form for creating the crucial pedestrian oriented downtown, accessible location
  - **Property and business owner participation** – consensus towards a common vision and development goal
  - **Downtown market analysis followed by development and implementation of master plan** – concise and complete inventory and analysis of all space in downtown followed by the development and implementation of a master merchandising mix plan
  - **Entertainment** – concentration, focus on entertainment activities
  - **Parking** – adequate, reasonably priced parking (possibly subsidized)

- What kind of retail has the most chance of success in revitalization programs?

*Unique, independent, dynamic, hands-on, destination-driven retailers/services mixed with dynamic top-of-mind national and/or regional retailers/services has the most chance of success in downtowns in general. The biggest cities of the US (e.g. New York) can also be successful in developing (lower order) less specific and unique retail, such as food retail. However, for mainstream US inner cities the opportunities lie in focusing on specialized, service based, entertainment-generating retail seeking to incorporate available historical and cultural artifacts.*

- To what extent and under what conditions is the private sector interested in investing in downtown areas?

*Private investors will look very critically to the mentioned success factors of the first bullet point, especially the critical mass and the structure/state of downtown. A couple of retail success stories will attract more retail 'automatically'. A strong and flexible leasing strategy is another crucial factor in attracting private investments.*

- Are there significant difference in prospects for certain regions or cities in the US according to the success of revitalization?

*Revitalization will be a case-by-case story without favorable regions or cities. Growing cities, however, will have better prospects and the size of cities is not determinant for success, instead it has major impacts on the kind of retail that can be profitable. With a well-coordinated and organized public-private partnership, a supportive city government and some assistance from revitalization organizations like the ICIC or Main street program the necessary framework for successful results in the revitalization process is founded. Exploiting city specific characteristics will be the next step...*

- What is the most suitable organizational framework for creating and maintaining a vital downtown?

*An independent agency/partnership (public-private) taking the lead in revitalization and the establishment of a downtown Business Improvement District are crucial factors.*

- What is your future prospect on downtown revitalization? Will downtowns (eventually) regain their original role in the retail hierarchy?

*Downtown revitalization is an ongoing process; success will vary from city to city. Strategies trying to regain the traditional, historical retail will fail. Successful downtowns will mostly be specialized, service oriented, niche locations that separate them from suburban/Greenfield retail suppliers.*

The answers of the respondents to the noted questions are comparatively consistent with the findings in the literature (Chapter 2) and of the case study in Durham (Chapter 3). The recognition of these experienced revitalization experts that the available critical mass is one of the crucial success factors for redeveloping downtowns, proves once again that a focus on demographic (low-income and/or ethnic) characteristics alone will not be a successful strategy. A cooperative and straightforward organizational revitalization framework focusing on the distinctiveness (market characteristics, cultural/historical amenities) of the city and the downtown in particular is overall crucial. In addition, downtowns should attempt to obtain high standards of accessibility and parking and to create a pedestrian friendly environment that offers plenty of entertainment. Redevelopment has to move forward; strategies trying to regain the

traditional retail structure will fail. Downtown revitalization will be a long-term process with varying degrees of success among cities.

## **Conclusions and recommendations**

The conclusion of the research on retail revitalization in US downtowns is essentially a comprehensive answer to the research question: “*What are the critical success factors for revitalizing retail in US downtowns?*” Section 2.3 concluded with a list of critical success factors based on the reviewed literature, section 3.5 gave the crucial revitalization factors for Durham and the first question discussed in section 4.2 summarizes the opinions of the respondents of the email questionnaire. This final chapter will compare the outcomes of these different sections and will make general recommendations for US policy makers dealing with downtown revitalization.

Predominantly discussed in Chapter 2, one of the major views in literature about downtown revitalization is the ‘untapped buying power approach’. Although advocates of this paradigm make some very valuable statements, often the issue of critical mass is not incorporated in their analysis. American downtowns deteriorated severely as a result of the decentralization process, decreasing the number of businesses (including retail) and more importantly having a huge negative impact on the inner city captive market size. Implementing the vitality and viability index (Figure 7) based on an English Planning Policy Guidance Note, or a similar checklist, for a contemporary and an evaluative measurement of the health of a downtown should be the first and last step in the circular ongoing revitalization process. Because inner city redevelopment is extremely case (city) specific, general solutions and approaches (for example the assumed opportunities in ‘hidden buying power’ of low-income, minority downtown residents) have limited relevance. The recognition of the specific strengths, weaknesses, opportunities and threats (SWOT analysis) of a downtown has to form the basis for the revitalization



strategy.

A lot of blighted US downtowns still contain a considerable amount of business functions, residents, tourist attractions and include cultural and historical artifacts (such as museums, universities, movie theaters or out-of-use manufacturing buildings). Despite the presence of these demand groups and pull factors, the critical mass for developing a profitable retail sector at this moment is often lacking. Therefore retail must be seen as a following industry, developing as soon as the retail threshold size has been reached. Increasing the critical mass of a downtown will be, just like the revitalization process in general, a city specific matter. Cities have a variety of options depending for a great part on their size, economic functioning and visitor magnets, but generally the purpose has to be to reach one or more of the following goals: to attract more residents, to improve the downtown job (office) market or to stimulate tourism.

The increasing awareness of the problems inner cities face among Americans combined with the growing dissatisfaction with the fragmented, sprawled urban spatial structure in the US provide opportunities for downtown redevelopment. However, the presence of some positive elements in downtown and the shifting opinion of some people about how the American (urban) landscape should look like are not enough at this time to alter the urban form (including the retail supply structure) to a revolutionary extent. At least for the near future, the shopping malls, predominantly located everywhere except for downtown, will still dominate in retail supply and attract the most consumers. The reason behind this rather pessimistic conclusion forms paradoxically the (final, comprehensive) list of critical success factors for revitalizing retail in US downtowns (see Figure 24). This argument is not grounded on invalid or purely unattainable

characteristics of the presented factors, but the fact that shopping centers will focus for the most part on the same elements will limit the success of downtown revitalization.

**Critical success factors**

Trade area demographics  
Critical mass  
Accessibility and parking  
Public support  
Credit retailers  
Sales productivity-costs consistency  
Entertainment shopping  
Safety/security  
Cooperative organizational framework  
Marketing/promotion  
Historical, cultural characteristics  
Existing retail structure

*Figure 24, Critical success factors for revitalizing retail in US downtowns, based on literature: Berens (1996), Beyard et al (1999), Gray and Melish (1996), HUD (1999), Williams (1999); interviews with: Kalkhof, Morgan, Simmons (2001); email questionnaire to: Atkinson, Hardy, Marek, Trottier (2001)*

With the majority of US citizens living in suburbs, working at non-downtown locations and heavily relying on their car(s), the location of residents, employees and retail is severely fragmented throughout the surface. Although a widely interpretative concept, the relative low degree of compactness of US urban structure forms the major obstacle for downtown (retail) revitalization. Peripheral, car-oriented retail shows better figures/prospects for most of the factors determining the success of downtown revitalization. Despite the opportunities for developing a niche environment in downtown with unique, specialized, entertainment-based, service-oriented retail, which serves a different segment in the market and avoids competition with the mainstream shopping centers, taking everything into account this success will be moderate. The critical mass for suburban and greenfield retail is much higher than in inner cities and the demanded

(and perceived) car-oriented accessibility and parking facilities are by far met in a better way at peripheral retail locations. The maximum profit-seeking climate among investors and developers is another factor favoring the shopping center. Additionally the huge financial power of these property owners to continually alter the shopping environment to demand (for example, the entertainment era) and they have the ability to promote and market their product to a much greater extent than downtowns can.

Some downtowns will improve, some shopping centers will perhaps even disappear and a slight change in the retail structure will take place in the near future. However, advocates arguing that downtowns are the most promising new market of the retail sector certainly make overestimations and overgeneralizations. In the long run, perhaps, downtowns will be more dominant in the retail structure/hierarchy and act as vital and viable destination places. This can only occur by an ongoing revitalization process and the recent fairly optimistic prospects have to be interpreted as a step in the right direction. The revival of retail in US downtowns has far from succeeded.

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*Email questionnaires:*

Greg Marek, Redevelopment Director in Mesa, Arizona (November 2001)

Maureen Atkinson, Senior Partner of Urban Marketing Collaborative in Toronto, Ontario, Canada (December 2001)

Melissa Hardy, Assistant Planner in Community Development Department in Modesto, California (November 2001)

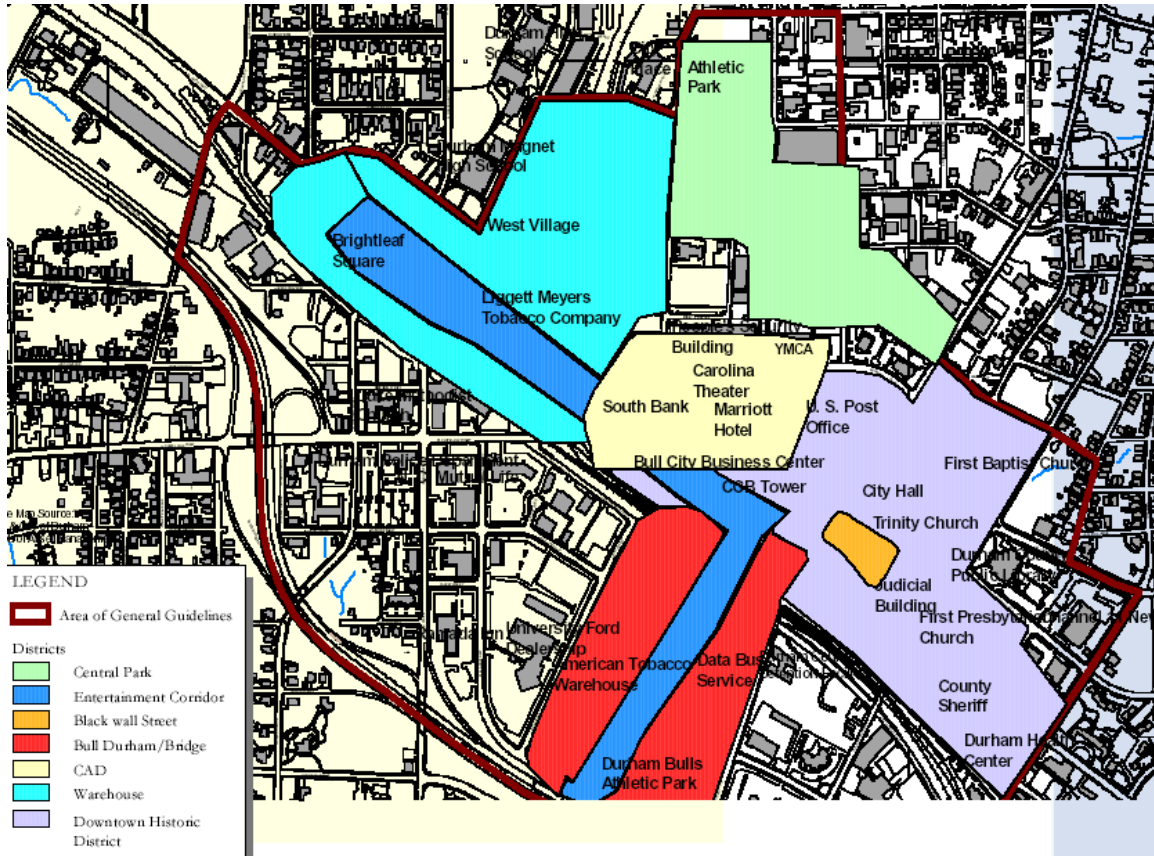
Toni-Lynn Trottier, Executive Director of Downtown Rutland Partnership in Rutland, Vermont (November 2001)

## Appendix I

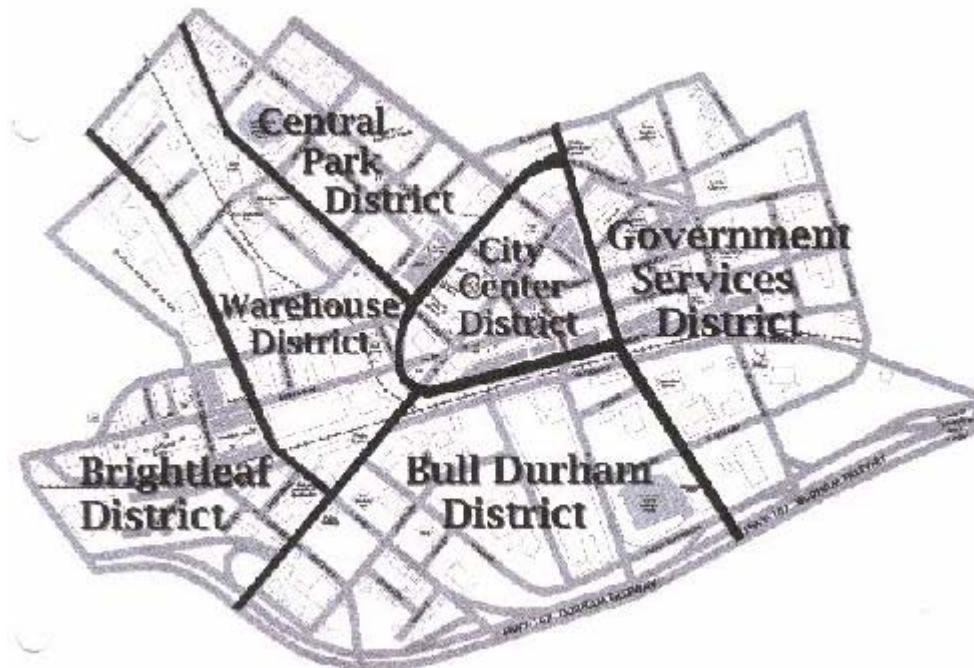
- What is the role of your organization in the revitalization of the downtown area and how important is retail in this process?
- What are the results of the revitalization programs? (e.g. are vacancy rates decreased the recent years; is there a lot of retail established; increase in vitality, increase in employment etc.)?
- What is your opinion about the organizational framework dealing with the revitalization of downtown Durham (effective, cooperative)?
- Is the Durham Downtown Master Plan a good and effective tool for the revitalization process and is it attainable from an objective perspective (by for example looking at other comparable cities)?
- Is there an untapped market in downtown Durham according to retail (latent demand, underserved residents)?
- Is there a gap visible between the actual retail spending (sales) and the potential buying power of the downtown (or close other districts)?
- Is the current condition (vacancy rates, accessibility, market potential, office/land rents) of the downtown area viewed as a negative location factor by firms/companies, or is it viewed as a good opportunity (cheap, relatively accessible etc.)?
- In the downtown master plan the emphasis on car parking and mobility planning can be a constraint in creating a pedestrian and bicycle friendly central city. Do you see this as a problem?
- There are several (big) cities in the US, which successfully revitalized their inner cities and brought back some significant retail and other facilities with the result that more and more people view the inner city areas as an attractive, nice place for shopping, entertainment and even living. Can Durham achieve the same kind of success; why or why not?
- The new super regional shopping mall at south point will be a major competitor for the revitalization process of downtown. Don't you think that the strength of the mall developers (and the major anchors) is too strong and that revitalization processes are clearly not attractive enough for these investors?
- Is the 'intermediate' size of Durham a major constraint for potential success in for example attracting business, residents etc. or is the proximity of Durham to the RTP, the universities and the hospitals actually an advantage?
- Has the (current) state of the economy (decreasing consumer spending, decreasing share values of companies, less confidence in the economy by firms etc.) a significant (visible) negative impact on the investments in downtown Durham?
- What's the general opinion of Durham residents about the condition of the downtown and the efforts made by different parties to improve the quality, accessibility, vitality etc.? Is this image of the people of Durham significant different compared to non-Durham residents? Does Durham have a severe negative image?
- What can be expected in terms of downtown revitalization (the extent of new development, the increase in viability and vitality)? And what is the reasonable time-trail for the revitalization of downtown Durham?

*Guideline for in-depth interviews with Bill Kalkhof (president Downtown Durham Inc.), Richard Morgan (president Morgan Imports), Noni Simmons (Downtown Development Coordinator of Office of Economic and Employment Development of Durham); October/November 2001*

## Appendix II



*Downtown maps: Downtown districts (below) and their characteristics (above), Durham, North Carolina, Downtown Durham Master plan, 1999*





### Appendix III



*Picture 1: Main street in downtown Durham: no retail, no shoppers.....*



*Picture 2: Downtown revitalization project in Durham; residential development in old tobacco warehouses*

## **Appendix IV**

- 1) In your opinion: What are the critical success factors for the revitalization of retail facilities in downtown areas?
- 2) What kind of retail has the most chance of success in revitalization programs?
- 3) To what extent and under what conditions is the private sector interested in investing in downtown areas?
- 4) What cities/regions in the US will have the most chance of success in downtown (retail) revitalization and what cities/regions will have the least favorable conditions for revitalization? What are the general characteristics of those cities?
- 5) What is the most suitable organizational framework for creating and maintaining a vital downtown area?
- 6) What is your future prospect on downtown revitalization? Will downtowns (eventually) regain much of their original role in the retail/entertainment hierarchy?

*Questionnaire send by email to Maureen Atkinson, Melissa Hardy, Greg Marek and Toni-Lynn Trottier; October/November 2001*