

Ranson's Economy

Friday, September 13, 2011, 1 pm

Focus Topic Meeting

Goals: Review and discuss economic analysis, along with residential and retail strategies.

SRA / HR&A Presentation

Six brownfields in Ranson + six brownfields in Charleston within today's market

Very conservatively, the average \$50 household income target range is a sweet spot for new downtown housing; potentially up to \$75k, especially for APUS and casino employees. Market support now for 40 new multi-family rental units per year in Ranson. Short term product types: rental live/work, multifamily. Long term product will likely support condos and owned live/work.

Retail opportunities:

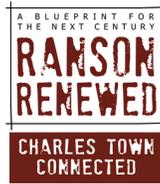
- **Neighborhood retail:** small scale specialty foods, specialty foods (coffee, bakery), restaurants, small grocery, bookstore, direct sellers (arts & crafts).
- **Induced demand:** live/works can incentivize and cross-subsidize childcare, children's books, medical office pharmacy
- **Redevelopment:** downtown redevelopment of grayfields
- **Embrace the industrial character to attract unique retailers and the creative class of employment:** marketing firms, internet companies and Gen X

Bob Gibbs Presentation

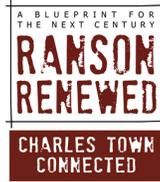
Retail specialties as they apply to Ranson / Charles Town

General Retail Trends:

- **Over Supply:** The US has 20 SF of retail per person. Massive in comparison to other countries; the next closest are Sweden at 3.3 and UK at 2.5 SF. Ranson likely exceeds the national average
- **Retailers:** The largest retailers in the US are also the sorts of stores that would be viable options in Ranson, and include Home Depot, Kohl's, Kroger, Target, Sears, and JC Penney and Wal-mart.



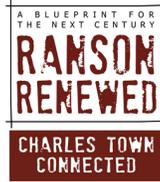
- **Challenges:** Shoppers are time and fiscally stressed, and retailers have to go great lengths to get their attention. 90% of most paychecks are spent before we get them; only 4% left for apparel and 5% for dining and entertainment.
- **Risky:** Developing shopping centers and operating stores is risky, requiring considerable skill and the adherence to numerous proven industry practices. Almost half of the shopping centers that are built in the country will go bankrupt because visions are often not based in market reality or subject to new competition.
- **Retail Rules:** Retailers and shopping center developers follow a series of proven standards for design, lighting, landscaping, tenant mix and merchandising. For example: 8 Second Rule: The time it takes to walk past a standard main street storefront. The average person decides in about 1.5 seconds whether to walk in, so it's key to get the storefronts right. Don't have overly ornate or distracting landscaping, have big enough windows, etc. The form-based SmartCode will address these sorts of details.
- **Hours:** 70% of all sales are after 5 pm. So if downtown closes at 5, immediately giving up the market share. People are spending more money in less time – today's woman will spend more time in 20 minutes than her mom did in 2 hours. Many of Ranson-Charles Town's downtown shops close early, limiting sales and visits from the Hollywood visitors.
- **Brands:** Today's shopper is very brand conscious, so keeping to solely specialty local retailers seldom works as well as a tenant mix.
- **Anchor:** Anchor retailers and civic uses are necessary for commercial centers over 30,000 square feet. Ranson should encourage additional anchor businesses.
- **Retail Openings:** Retailers are seeking to deploy new stores primarily in in-fill sites where the required demographics and employment centers exist.
- **Retail Performance:** In 2010, the average sales per square foot were \$80/SF for independent retailers, \$275/SF for malls, and \$575/SF for the highest performing centers. Typically rents are 8-10% of gross sales, perhaps in the \$120-\$150/SF in Ranson, indicating that Ranson-Charleston's retailers may be out performing similar small town businesses. Actual existing sales figures should be determined for the study area.
- **Controlling Costs.** Lifestyle centers cost \$350-400/SF to build, while simple landscaping and architectural details can make a good main street cost about as much, and outperforms lifestyle centers. Part of our work here is to make walkable urbanism more profitable than auto-centric sprawling patterns.



- **Parking:** Parking is one of the most important determinants in sustainable retail. Convenient centers need convenient parking, main streets need to offer on-street parking. On street retail needs on-street parking. Nationally, required parking quantities have been cut in half to 4-5 cars per 1000 of building square feet by most retailers. More parking is required for stand alone stores than mixed use centers. Recent research has found that mixed use centers and even large regional suburban malls only require 2.3-2.6 cars per 1000 of gross building square feet, even during peak demand periods.
- **Urban Potential:** Downtowns that get the retail rules right can outperform best malls: tenant mix, anchor, hours, parking policy, private frontage, and costs. Urban centers, to be sustainable, need to be more than employment and residential centers.
- **Market Share:** Cities lost 77% of retail market share between 1941 and 1960, and are now down to 2-5%. In their heyday, cities had 75-80% of regional retail. Now, cities should shoot for a minimum of 30%, but ideally over 50%.
- Retailers love historic downtown buildings. Want to be surrounded by houses. We need to make it as easy or easier to develop in city centers.
- **New Economy:** Post recession shopping centers are becoming 1 level, surface parked with various land uses mixed horizontally. Rather than vertically. Pier Park Town Center in Panama City was competitive with conventional shopping center development costs. 1-story buildings, strip center priced construction and tenants in a main street walkable format.

Ranson Retail Observations:

- The region's retail core has moved from Charles Town's historic downtown to new Highway 9 commercial centers. This will likely continue for several decades.
- Historic Charles Town and Ranson have an opportunity to appeal to allow the highway retailers to be the region's anchor, and for the downtown to be the secondary visit.
- Regional retail will curb existing leakage, and pull more visitors to Charles Town-Ranson on a more frequent basis.
- Our work here is to look carefully at the market, and at Ranson character, and ensure that the plan and code are as aligned as possible with both.
- There is great potential in Ranson-Charles Town to expand the length and spending of the Hollywood visitors. Both locations can complement each other and enhance the overall experience.



- Ranson's industrial buildings can be turned into unique businesses that appeal to the creative class, such as marketing and internet firms. These firms prefer off beat facilities rather than class A offices. They will also appreciate the region's authentic small town fabric.
- Generally, many of Ranson's commercial buildings suffer from poor design, signage and in some cases, maintenance. The town should consider specific building design standards that embrace its edgy industrial character, while creating an exciting built environment. Consider a design review board or a town architect to review all building and signage designs, colors, awnings, etc. The importance of innovative design can not be over stated.

Goal: main street retailers get higher returns than malls.

In order to do that, there are key rules for retail that we need to pay attention to.

Developers made the mistake of thinking that town centers had to be complicated with lots of ornamentation – fountains, clock towers, paving. Santana Row was \$400-500/SF to build, requiring \$40-50 rents. It's unsustainable. They didn't appreciate the value of urbanism. When you're passing a strip center, you're passing it at 40-50 MPH, so they have to make them attention getting. When experiencing urbanism on foot, it's totally a different animal.

Community Input & Group Discussion: Jennifer Hurley Facilitating

Could have a 60-mile trade area, if do it right. Charleston has a 300-mile trade area, but 30 years ago, it was not nearly as desirable a destination. Great city leadership paid close attention to urban details and market forces.

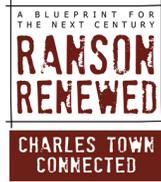
How do land uses on an arterial corridor effect downtown? Complicated question – can soak up retail potential, and also give a negative impression.

Around this area, have a lot of cultural and historical experiences to enjoy. Could cross-pollinate with retail and dining. Tourists spending \$150 / day / person on shopping and dining, their two favorite pastimes.

Key to offer the things that the community wants to buy, even if it's PayLess Shoes. Many downtowns want to only bring in unique stores, but not terribly competitive.

Panera Bread downtown would have significantly shifted the downtown dynamic. Panera legitimized the residential. When people saw it, they said, "Oh, this **is** the DC market."

Washington Street is Ranson's main street. Mildred is a great neighborhood center – can urbanize it for the future, with some corner retail, but honor its character.



Consider location-efficient mortgages that encourage people to live closer to work. 10 minutes to a transit stops and mixed use are where the investors want to be. Disinvesting elsewhere.

Right now, best new local retail seems to be coming from regional operations. People in Winchester, Frederick, and Harrisburg with one or two establishments and are opening a 3rd in Ranson. Particularly good when all three are within 50 miles.

Internet sales have a 7% market share. They are hurting big national chains, but helping small independent stores broaden market. Can see a doubling of sales for stores with a really great website.

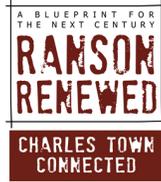
Consider website for downtown and for shopping centers.

The market study noted that about three quarters of the population of county is homeowners. However, a paradigm shift is happening – many people who could buy are choosing to rent, especially empty nesters, in order to be more nimble.

Part of this week's workshop is to get public input for the comprehensive plan update underway. We've talked today about market forces, and how to serve the existing market better. A study is also underway to identify ways to create local economies, increase exports, and attract new businesses. Ongoing input is welcome on this subject on ransonrenewed.com.

Participants

Anthony Grant, Ranson Planning Commission President
Bill Strider, Resident, Ranson
Bob Gibbs, Gibbs Planning
Dave Mills, Ranson Economic & Community Development
DeWayne Carver, Hall Planning & Engineering
Eric Lord, KCI Technologies
Hazel Borys, PlaceMakers
Henry Resnikoff, RFP Inc
James Fisher, Fisher Appraisal Service
Jane Peters, Business Retention & Expansion
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