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RETAIL'S ROLE IN LOCAL ECONOMIC DEVELOPMENT

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Today, retail has become America's largest industry sector supporting 42 million jobs and \$2.6 trillion of the annual gross domestic product (GDP).

In Texas, retail supports one in four jobs, and the industry is responsible for 15 percent of the state's GDP. Community leaders recognize that retail expansion brings increased sales and property tax revenue to their home towns, along with the quality of life enhancement of more shopping and eating options for residents.

All the fundamentals of retail are exceptionally strong in Texas, where a booming economy continues to spur job, wage, and salary growth. Even a drop in oil prices is expected to have a moderate impact on the growth of Texas' diversified economy. Falling gas prices are giving retail spending an extra boost as more Texans have extra disposable income.

By 2017, the web will account for 10% of retail sales in the United States, according to Forrester Research. That means brick and mortar sites will still be king as they command 90% of all sales. In-store conversion rates continue to be four times higher than online-only conversion rates as customers demonstrate a desire for a physical space to interact with merchandise and service professionals.

Brick and mortar retail will not just survive despite online sales, it will thrive because of it. In fact, the International Council of Shopping Centers recently reported that retailers plan to open 77,000 physical locations in the next 24 months.

Today's retailers and site selectors are taking an analytical, data-driven approach when choosing locations for new stores and restaurants. Consider the factors and data that retailers analyze when deciding if their brand will thrive in your community:

- Retail trade area size (this is typically much greater than your community population)

- Retail trade area demographics (with an emphasis on average and median household incomes)
- Retail trade area psychographics (consumer values and lifestyles drive a desire for particular products/services)
- Retail trade area sales gap/opportunity (identifies sales leakage occurring when residents dine or purchase products outside of your community)
- Workforce/daytime population (important for restaurants)
- Location in relation to major highways and traffic corridors
- Available sites and properties for retail development (first question an interested retailer asks: "where can I put my business?")
- Pro-business attitude and development processes (retailers go where it's easy to do business)

To be responsive to the needs of site selectors, you must be ready to market your community then provide the data and information they need to make an informed decision.

What Else Can You Do?

First impressions continue to be important to retailers seeking to minimize risk and maximize profits. Tour your community and try to look at it as an outsider would. What kind of first impression does your town offer? What can you improve? Things to pay close attention to include appearance, pride of ownership of residential

and commercial properties, a functional infrastructure, evidence of crime, codes and code enforcement, and the vitality of your downtown area.

To be successful, a retail site must have each of these essential location factors:

- Visibility
- Accessibility
- Regional exposure
- Population density
- Population growth
- Operational convenience
- Safety and security
- Adequate parking
- Adequate signage

Supporting Your Current Retail

Retail retention is just as important as retail recruitment when it comes to the long-term economic strength of your community. The current retail data and information you gather to recruit new businesses should be shared with your existing retailers. This will help them better understand the spending patterns and purchasing behaviors of consumers in the community. They can make adjustments in their product and service offerings to keep more residents shopping locally and better target their marketing to draw from a broader base of customers.

Take a Long-Term Approach

Retail recruitment is a process, not an event. Your elected and staff leadership and commit to a long-term retail economic development plan tied to your vision for the community and its forecast for population growth. Be sure there is a healthy balance between recruiting new businesses and supporting those already making a contribution to your community.

And remember that recruitment and expansion require tenacity and patience. What is a "no" today from a site selector may turn into a "yes" in 12 months. ★

BUDA SEES SUCCESS WITH RETAIL EXPANSION PLAN

Located just 20 miles south of Austin, Buda has experienced tremendous growth with a 205 percent population growth from 2000 to 2010. Recognizing the importance of shaping this growth to support their vision for a high quality community, Buda leaders developed the city's first economic development plan in 2013. With the results of a Retail Trade Area and Retail Gap Analysis in hand, city leaders included retail recruitment initiatives that are now bringing an exciting expansion in the retail sector.

"The research and guidance we received during this process identified significant growth opportunities in specific retail categories, which has been useful in attracting new retailers, helping our existing businesses expand, and supporting the start-up of local entrepreneurs," said Ann Miller, Executive Director of the Buda Economic Development Corporation. "While our primary goals are to grow or recruit new retail options to our community, we only want options that are a good fit. We want to make sure that when a business locates here, they will be successful."

With more than 10,600 residents and an average household income of \$101,509 (according to The Retail Coach, 2015 Retail Trade Area Analysis), the data and opportunities Buda highlights in its marketing materials have resounded with numerous retailers and brokers.

Ann and her colleagues in Buda share this information through an ongoing outreach campaign that includes attending and exhibiting at industry tradeshows like the International Council of Shopping Center's Annual RECon Conference in Las Vegas and the Texas Deal Making Conference in Dallas. Both events provide the ability to personally present Buda's retail needs and specific properties to retailers, developers and brokers.

Ann and her team are also constantly networking with key contacts they've made at the regional, state, and national levels by telephone and email. "Over the past year and a half, Buda has gone from a market many retailers weren't familiar with, to a market that they are either exploring or eager to locate in," said Ann.

To date, the Buda Economic Development Corporation has recruited a new CVS store that began as a small project. After the developer recognized the city's potential, he acquired additional properties, which resulted in an 11+ acre retail development.

The Buda community has also recently welcomed a new Fairfield Inn & Suites, a Best Western Plus, two restaurants including Zaxby's, and a community retail center with 14,000 square feet of upscale retail space showcasing another restaurant and fine liquor, wine, and cheese shop.

"Expanding your community's retail base is a marathon and not a sprint," advises Ann. "The first year or two entails laying the groundwork. It will take a while to see any projects occur as a result of your recruitment efforts."

Ann also notes that it is very important to have a realistic understanding of your community's needs. "Your residents and elected leadership may want Target, but if you're a community of 5,000, it's not a feasible location for Target," she said.

And finally, a community really needs to understand how retailers function in the site selection process. "Make sure your permitting and planning departments have a process that is easy to deal with and that the sites you pitch to a retailer meet their criteria and can be developed quickly," concludes Ann. ★