downtown works

DOWNTOWN IOWA CITY RETAIL STRATEGY

December, 2014



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INTRODUCTION

In July 2014, the Iowa City Downtown District (ICDD) engaged retail consulting firm Downtown Works to provide strategic retail services focused on the core of downtown Iowa City.

The ICDD is leading the effort to enhance the shopping and dining experience in the district. The timing is right due to the rising popularity of downtowns—young adults want to live and work there; mature folks are returning to them or dwelling in them for the first time in their lives; companies are choosing dense locations over the suburbs to appeal to the next generation of workers, and to be in places brimming with the kinds of companies and professionals with whom they do business; and many of those living outside of downtowns are eager for experiences that can only be found in urban places. Beyond all this, Iowa City has the added bonus of being a college town—the University of Iowa's students and faculty help make downtown streets a hive of activity.

OPPORTUNITY

From a retail perspective, downtown Iowa City has a great number of strengths. These include its scale—street widths and buildings of varied size in the core make it conducive to a shopping/dining district, and it offers the opportunity for a contiguous line of retail. Additionally a solid cohort of high-quality existing shops and eateries are performing at good sales volumes, showing that the area is a fine place to do business. But downtown Iowa City also has some challenges, including that its current mix of operations is marked by a high percentage of bars (among other issues, these are inactive during the day) and that in a number of cases its buildings and individual storefronts are not well-maintained.

The following pages detail our process and findings, and our recommendations to help downtown Iowa City reach its full potential as a vibrant, *sustainable* retail district by addressing challenges and embarking on a realistic, results-oriented retail recruitment effort.

STAKEHOLDER INTERVIEWS

STAKEHOLDER INTERVIEWS

Common Threads

Property owners, developers, brokers, city officials, business operators, area workers and residents—all have a stake in a city. Our team interviewed more than a dozen stakeholders to learn their perspectives on downtown Iowa City and to better understand the city's background, outlook, assets, and challenges. Here is what they had to say:

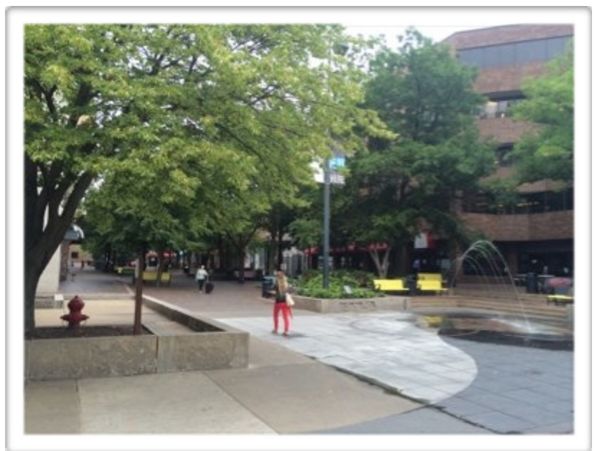
- There are too many bars in downtown.
- For the most part, area customers like to shop local.
- For the most part, students spend their money on food and beverage.
- Some operators are doing great numbers, while others are low.
- There is very little vacancy; downtown doesn't have space for nationals such as Urban Outfitters.

> *"Our focus now is to get anything but a bar or restaurant."*
>
> -stakeholder interviewee

> *"Every store that's not doing well today has to change until it gets traction. I'm only as good as my last hour."*
>
> -stakeholder interviewee

- Operators do well in the summer months.
- Some are concerned that Iowa River Landing is competing for the same tenants as downtown.
- Density will help with safety issues—it already has.
- Downtown has great arts and culture venues; Film Scene is a terrific addition.
- The farmer's market is wonderful but it could be better located.
- The Ped Mall is Iowa City's living room and is actively programmed. The coming improvements will be great as it is tired.
- The Iowa City Downtown District is doing terrific work.

> *"My customer likes coming downtown when the students aren't here."*
>
> -stakeholder interviewee



The Ped Mall

Film Scene on the Ped Mall

DOWNTOWN ASSESSMENT

DOWNTOWN ASSESSMENT

Numerous and varied factors help support a vibrant shopping/dining district, creating a place that attracts people and inspires them to return. Our team identified the strengths and weaknesses within downtown Iowa City that influence the degree to which it is/can be just such a place.

Strengths

Enabling Environment

- The building stock is of a good scale for retail, and there is the potential for contiguous retail on key streets, a major factor that supports successful shopping/dining districts.
- The City has a"Building Change" program that invests in facade improvements.
- Downtown is easily accessible, and highly walk- and bike- able.
- Coming streetscape changes—parking made parallel, skinnier streets, and wider sidewalks—will support a successful environment.
- Existing shops that are open on Sundays do good business.
- The recent change to allow outdoor seating at restaurants is very positive.
- Recent changes that prohibit 19 and 20 year olds from being in bars and that restrict the number of alcohol-focused establishments in downtown will be helpful.

> *"It was just like Vegas down here. The city has done a really good job of getting a handle on that (out of control nightlife)."*
>
> -stakeholder interviewee

People

- A good number of high-quality shops and eateries are located in downtown Iowa City, thanks to creative, committed entrepreneurs and enlightened property owners.
- Downtown is well-trafficked by both students and area residents of all ages.

Development

- New contemporary storefronts created in recent years are well-designed and look terrific juxtaposed with historic ones; this type of mixing of styles, when thoughtfully done, makes for a visually interesting district to which people are attracted.
- The potential redevelopment of the Jefferson Building presents a tremendous opportunity given its prime location at the southwest corner of Washington and Dubuque, the gateway to the Ped Mall.

The Jefferson building sits at the corner of Washington and Dubuque; its redevelopment would provide the opportunity for design at the ground level that is more retail-friendly than the current design with its heavy overhangs and uniform, metal-clad windows.

The Velvet Coat's contemporary storefront both contrasts with and complements its historic building; it is well-designed and enhances the visual experience along the Ped Mall.

Downtown's building stock is a good scale for retail, and there is the potential for contiguous retail in the core.

Weaknesses

- While the scale of downtown's building stock is right for retail, a good deal of it is in need of updating.
- Today the continuity of retail is interrupted by blank-walled, inactive uses—such as banks—in some prime locations.
- The city's design review committee does not include a retail-centric architect—this would help ensure that newly designed/redesigned storefronts are conducive to retail.
- The "Building Change" program does not encourage retail-appropriate design in exchange for funding.
- Lack of predictability with "historic" properties; in some cases, buildings are not designated as historic yet owners have a difficult time updating them because of public perceptions.
- Signage is often inappropriately scaled for storefronts; there is a lack of blade signs.
- Many existing storefronts have dark/tinted windows, obscuring window displays in stores and activity in eateries.
- A fair number of storefronts are not being well-maintained.
- An abundance of ATMs are found in the core of downtown; these contribute to visual clutter, distracting passersby from focusing on shop windows.
- The Ped Mall has interfered with the street grid, yet it seems to be well-used; coming updates must not interfere with storefront visibility.
- Today rents for streetfront space are relatively low, which tends to signal to potential operators that existing stores and restaurants are performing at relatively low sales volumes.

The building above sits at the NW corner of Washington and Dubuque, a key corner in downtown Iowa City. Its current design presents mostly blank walls to the street. Directly opposite the street from it, on another key corner, sits US Bank (below) and its parking lot/drive through. This is a large, inactive presence on the street and interrupts the continuity of retail in downtown Iowa City.

ATMs dot the downtown core, adding visual clutter that distracts from storefronts and window displays.

Darkly tinted windows prevent passerby from seeing window displays.

Poorly maintained storefronts are found throughout the downtown core.

CUSTOMER MARKETS

CUSTOMER MARKETS

Workers

More than 19,000 people work within a one-mile radius of downtown Iowa City. Workers wear two consumer hats. As employees, a good deal of their daily needs are met with quick/casual eateries and service uses like copy shops. As residents of a trade area, many will shop at downtown stores, though because they are busy with their workdays this tends not to be an everyday occurrence.

Visitors

- Library = 765k patrons visit annually
- Englert Theater = 65k patrons visit annually

ICDD Residents

There are approximately 1,000 people living within the Iowa City Downtown District.

Students

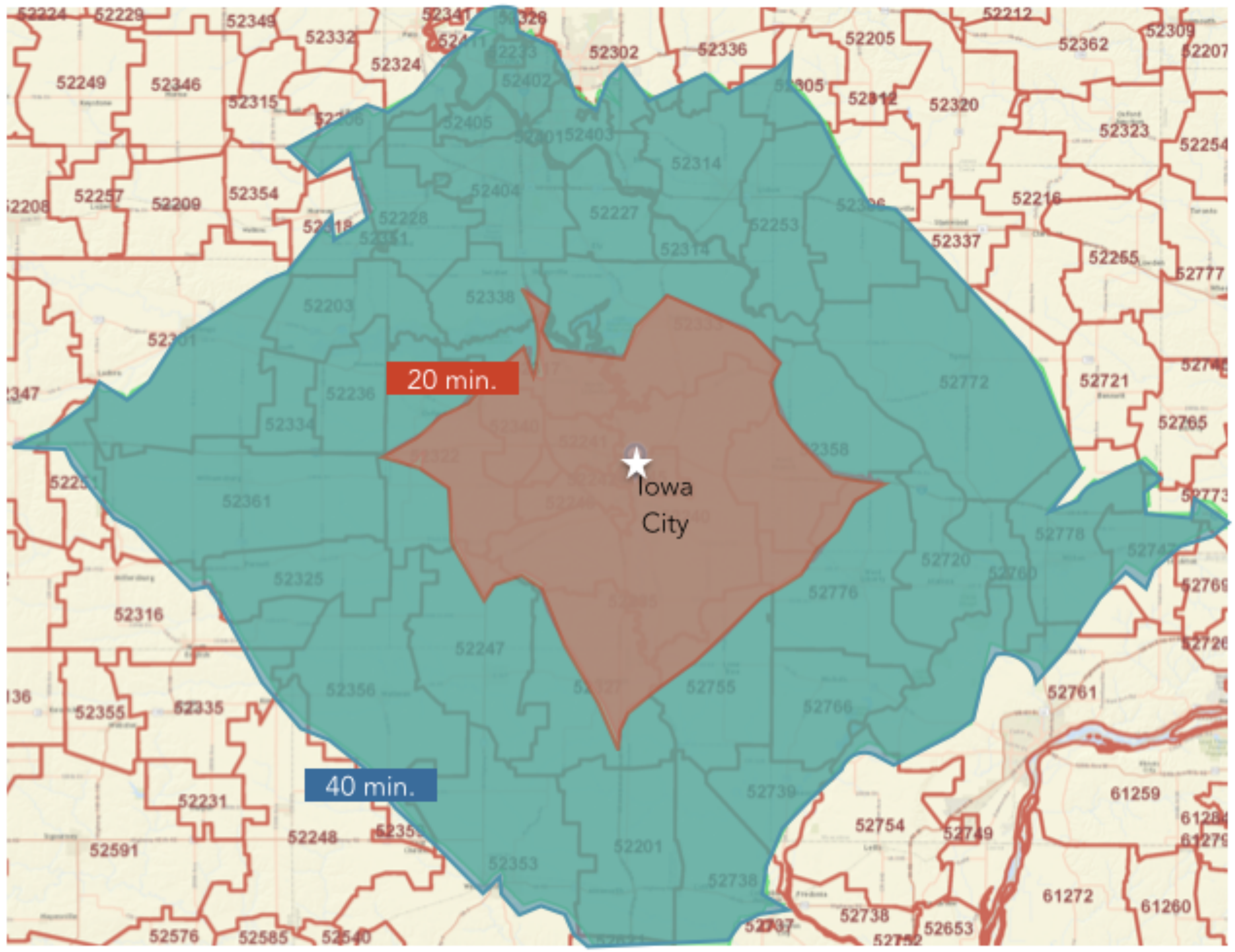
More than 30,000 students attend the U of I. Universities across the country recognize that a better retail environment enhances their image and the appeal of their campus to potential students (as well as to faculty). Yet students play less of a role than imagined in supporting operations beyond fast food, coffee, pizza and beer. From discussions with a number of existing shopkeepers, we learned that students were either not customers at all or represented a small percentage of their sales. The exception is when mom and and dad come to town—then certain retailers see a boost in their sales.

Sources: City of Iowa City; Iowa City Area Chamber of Commerce; University of Iowa

Trade Area Residents

Downtown Iowa City Trade Area

- Primary Trade Area (PTA)— 128,469 (area below in brick)
- Total Trade Area (TTA)— 349,969 (areas below in brick and in blue)
- Those in the PTA are within a 20 minute drive—due to their proximity, they will tend to patronize downtown operators with greater frequency than those outside of this area.



Sources: U.S. Census Bureau, Census 2010; ESRI 2014 and 2019 forecasts

Trade Area Demographics

Key Statistics

- The population is increasing—growth of 7.2% in the PTA is forecast by 2019; the total trade area population is forecast to increase by 4.5%.
- Today, 17.4% of the population in the PTA (14.5% within the TTA) is between the ages of 25 and 34; their consumer spending is rising.
- Nearly forty percent of all trade area residents are between the ages of 35 and 74; these ages are strong in terms of earnings (35-64) and consumption (35-74).
- Average household income is nearly $70k in the PTA, and just over that within the total trade area; these are healthy figures (by way of comparison, the average for all US households is $68,162).
- Nearly 37% of all trade area households annually earn $75k and up; more than a fifth earn $100k and up.

Downtown Iowa City

2014 Trade Area Demographics

	PTA	TTA*
population	128,469	349,969
pop. increase by 2019	7.2%	4.5%
households (hh)	52,413	143,206
avg hh size	2.3	2.35
avg hh annual income 2014	$69,879	$70,128
avg hh annual income 2019	$81,904	$81,879
2014 annual hh income		
$50-74.9k	17.3%	19.4%
$75-99.9k	14.1%	14.6%
$100-149.9k	14.8%	14.8%
$150+	8.2%	7.4%
ages 25-34	17.4%	14.5%
ages 35-54	21.9%	24.5%
ages 55-74	15.7%	19%

**is inclusive of Primary Trade Area*

Sources: U.S. Census Bureau, Census 2010; ESRI 2014 and 2019 forecasts

Target Market

The Target Market of consumers for a given area is based on more than demographic statistics. Assessing demographic data alongside information on lifestyles, attitudes and behaviors lead to *psychographic* profiles of a population that consider occupation, education level, preferred activities, spending habits, and stage of life. For this analysis we have assessed data from ESRI, which segments the entire U.S. population into 65 unique psychographic groups.

Downtown Iowa City's psychographic target market groups add up to more than 82k people —nearly a quarter of the total trade area population. These "target customers" are those who like to shop and dine in an authentic urban setting so long as the right product—a critical mass of distinct, quality operators—is offered. But the downtown customer won't be limited to just these groups— others within the trade area will follow their lead, as will visitors who like to patronize shops and eateries that the locals go to. Those who comprise the downtown worker population are also included as residents of the trade area (so long as they reside within a 40 minute drive of downtown). They are served in particular by food offerings and services during their workdays. Many will also shop in stores, but on their own their numbers are not sufficient to support the amount of shop and restaurant space in downtown.

Collectively, those found within the psychographic target market groups tend to be well-educated, with active, healthy lifestyles; they enjoy shopping and dining out. Descriptions of each of the target groups are on the following page.

Downtown Iowa City Psychographic Target Market—82,114 people in total

Psychographic Group	PTA	TTA*
In Style	15.3%	8.2%
Emerald City	8.4%	3.4%
Young & Restless	8.3%	4.6%
Savvy Suburbanites	4.1%	4.5%
Professional Pride	1.5%	1.4%
Exurbanites	1.4%	1.9%
Metro Renters	1.2%	0.4%

40.2% of PTA
21,070 hh
48,461 people

24.4%% of TTA
34,942 hh
82,114 people

**is inclusive of Primary Trade Area*

Sources: ESRI 2014; Downtown Works

Target Market Groups

In Style—15.3% PTA, 8.2% TTA

- Married couples w/out kids
- Well-educated, active lifestyles, health-conscious
- Support arts, theater, concerts, museums
- Use coupons, mobile coupons
- Use tech gadgets
- Spend spend 25% more than national average on entertainment & recreation, 19% more on food

Emerald City—8.4% PTA, 3.4% TTA

- Young, single, degreed
- Healthy, active, frequent travelers
- Read books and magazines on tablets, contribute to NPR/PBS
- Go out to affordably priced eateries
- Buy organic food, prefer natural, green products
- Spend precisely the national average on entertainment & recreation

Young & Restless—8.3% PTA, 4.6% TTA

- Young, single, renters, few have kids
- Diverse, well-educated, very interested in careers, lead busy lives
- Healthy, active, buy organic food
- Like to "go out" but affordably so; enjoy bars and nightlife, dancing and playing pool
- Incomes not high but much is disposable
- Tech savvy; go online for most things

Savvy Suburbanites—4.1% PTA, 4.5% TTA

- Married couples with high incomes/ established wealth
- Well-educated, well-traveled
- Enjoy good food, wine
- DIY gardening, home remodeling
- Spend 16% more than national avg. on apparel, 84% more on entertainment & recreation, 67% more on food

Professional Pride—1.5% PTA, 1.4% TTA

- Married couples
- Tech savvy; own latest tablets, smartphones, laptops
- Read epicurean, sports, home mags
- Upgrade their picture-perfect homes, own 2 –3 vehicles
- Spend heavily on Internet shopping, also shop in bricks and mortar
- Workout, visit salon and spa regularly
- Spend 47% more than national average on apparel, 132% more on entertainment & recreation, 109% more on food

Exurbanites—1.4% PTA, 1.9% TTA

- Married couples with high incomes
- Well-educated, well-traveled
- Prefer natural, organic products, contract for home care services
- Support public TV/radio
- Choose late-model luxury cars, SUVs
- Spend 14% more than national average on apparel, 82% more on entertainment & recreation, 65% more on food

Metro Renters—1.2% PTA, 0.4% TTA

- Young singles starting their careers
- Most are degreed; 25% hold graduate degrees
- Need to be where the action is; are avid, albeit price-sensitive, shoppers/diners
- Home products are not a priority, though will shop stores like CB2 or Pier One Imports
- Shop nationals, locals and online
- Work out regularly and are active in sports
- Own electronics, laptops; seldom watch TV
- Incomes aren't high but they spend most of their discretionary income on themselves

QUANTITATIVE & QUALITATIVE ASSESSMENTS

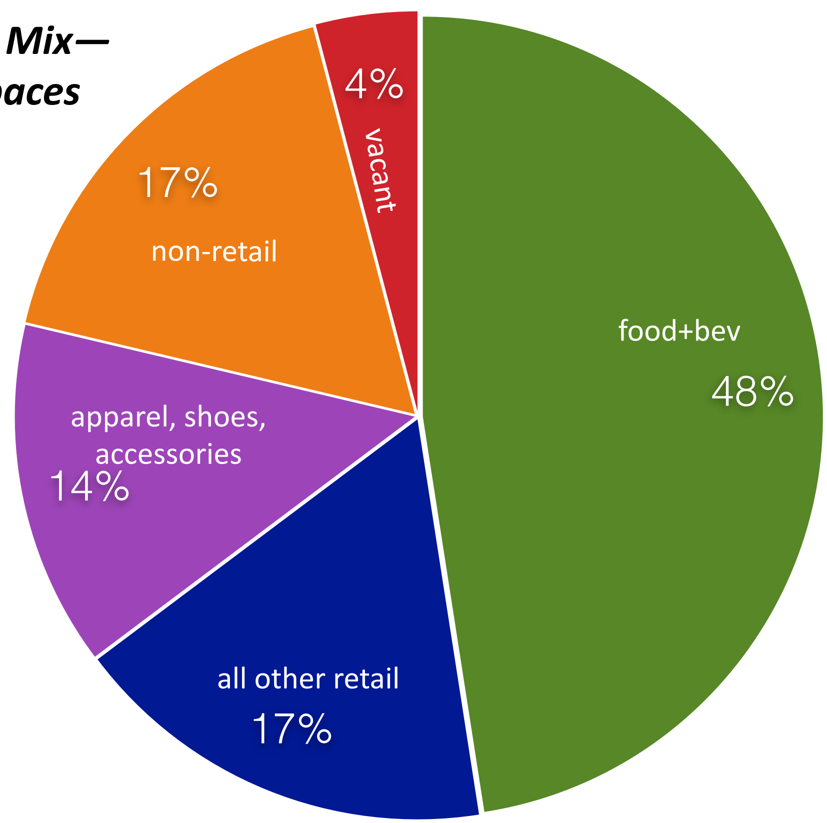
Understanding the existing mix of operators—both quantifying the types of uses as well as assessing their quality—is important when setting out to improve a commercial district. And focusing efforts on a relatively small set of blocks within a downtown allows for clustering of stores and restaurants, a feature of successful retail districts. For this project the focus area is defined as: the south side of Iowa and both sides of Washington and College from Clinton to Linn; both sides of Dubuque and the east side of Clinton from Iowa to College.

Quantitative Assessment

Use mix of 122 streetfront spaces in the focus area:

- Food & beverage operations account for a little under half—48%—of all uses.
- Retail stores make up 31% of uses; nearly half of this is apparel/shoes/accessories, while the rest is "other retail" (the likes of gift shops, hair salons, optical, bookstores).
- A little less than a fifth—17%—of uses are filled with non-retail uses (building lobbies, banks, fitness, hotel, library), while 4% of spaces are vacant.

Existing Mix—
122 spaces



Food & Beverage Mix

Food & Beverage operations accounted for 58 of 122 total uses within the focus area:

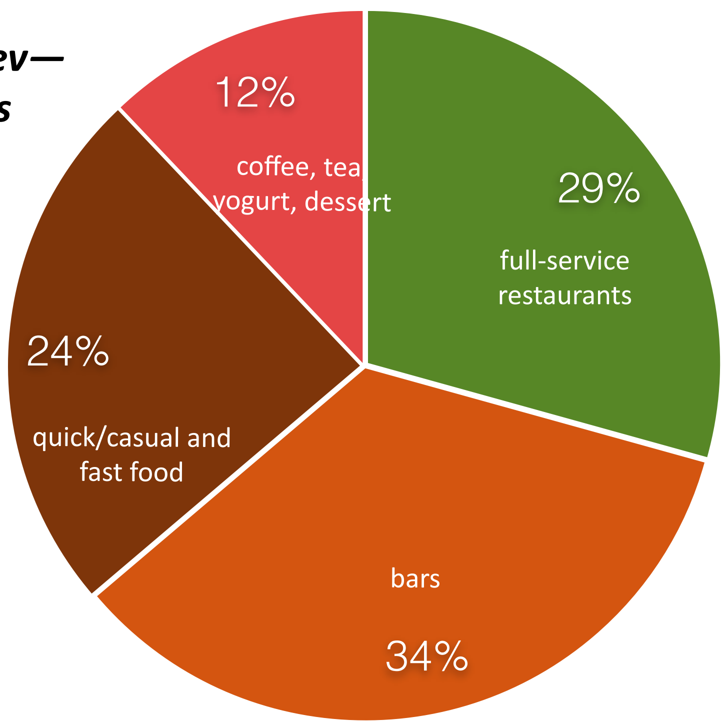
- More than a third, and the highest percentage—34%—are bars; operations are classified as bars when their food offerings are secondary to drink offerings.
- The next largest category—29%—is comprised of full-service restaurants.
- Nearly a quarter—24%—of F&B operations are quick/casual and fast food eateries.
- 12% fall into the coffee/tea/yogurt/dessert category.

Retail Mix

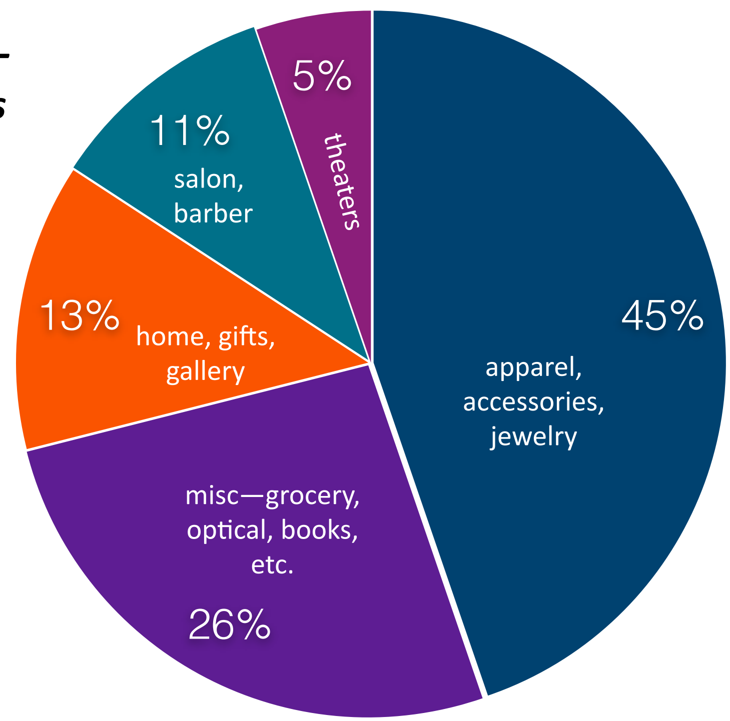
38 of the 122 total uses in downtown Iowa City fall into the categories of apparel/accessories/ jewelry, salon/barber, home/gifts/gallery, miscellaneous, and theater:

- Nearly half—45%—are apparel/accessory/ jewelry stores; this includes athletic apparel and one resale clothing store.
- More than a quarter—26%—are miscellaneous retail stores including grocery, optical, comics, camera, books.
- 13% are home-focused operators including galleries and gifts.
- There are two theaters in downtown.

Food & Bev— 58 uses



Retail— 38 uses



Qualitative Assessment

As the foregoing quantitative snapshot shows, the focus area in downtown Iowa City enjoys a low vacancy rate. But the quality and condition of operations is at least as important as the number of filled storefronts—a fully occupied district with poorly designed, signed, cleaned, and merchandised operations, or with an overly narrow merchandise mix, is far from healthy.

Together with the quantitative assessment, a qualitative analysis of uses within the focus area provides a more complete view of the health of the retail in downtown Iowa City.

We conducted a qualitative assessment (QA) of the 90* shops, restaurants and personal services at street level within the focus area, evaluating these operations in 5 categories:

- facade
- signage
- exterior maintenance
- window display
- interior

operations are scored on a 4-point scale in each category—

1=poor, 2=fair, 3=good, 4=excellent

***highest possible score:* 20**

***lowest possible score:* 5**

**QA not conducted on: four operations that were either above or below street level, one operation that was a few months away from being open, and one operation that was open by appointment only.*

Total shops, restaurants and personal services scored: 90

Average QA score: 12.2 points (out of a possible 20)—**collectively the operations are at the low end of "can/must improve"** in terms of the experience they offer to consumers.

20 operations scored 16 points or higher, and another 38 scored 11-15 points. A third of operations (32) scored 10 points or less, making them below standards in terms of the experience they offer.

Average scores by category (each is out of a possible 4 points):

2.6 interior

2.5 exterior maintenance

2.5 signage

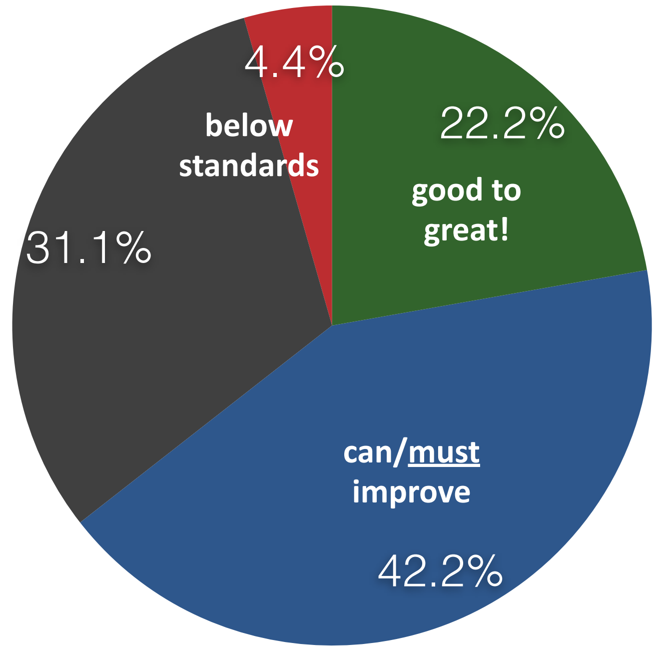
2.4 window display

2.3 facade

Why Does it Matter?

Operations that are thoughtful about their exterior design and branding create storefronts that grab the attention of passersby, and if they offer a quality experience once inside (from a service standpoint as well as based on the design, layout, and food or merchandise offerings) they not only get people to be customers that day, but to return. So the look and feel of a store or restaurant is integral to its success. But it's not just about the success of the individual operator—it's also about the success of a downtown district as a whole. The presentation of a downtown's operators and what they offer collectively provides an experience that can set it apart—for good or bad—from other options in the market.

Qualitative Assessment



4 operations (4.4%) scored 0-5 pts = well below standards

28 operations (31.1%) scored 6-10 pts = below standards

38 operations (42.2%) scored 11-15 pts = can & must improve

20 operations (22.2%) scored 16-20 pts = good to great!

One-fifth (22.2%) of the operations in downtown Iowa City are doing a terrific job in terms of their presentation, while close to half (42.2%) of the operations are doing fairly well but can make some tweaks to improve. Collectively these add up to 64.4% of operations. The remaining 35.5% of operations are below standards—it would be difficult to lift them into the range of good to great. So what can be done in downtown Iowa City to improve the experience it offers in terms of shopping/dining? Focus particularly on the operations that scored in the range of 11-15 on the qualitative assessment, as with some attention to details they can be lifted into the range of "good to great":

- Window display, interior merchandising—educate through workshops and in-store merchandising consultations.
- Facade, signage—explore grant/loan programs for existing operators. Develop retail-centric design criteria to guide new operators.
- Exterior maintenance—discuss with landlords and suggest they include requirements in leases and enforce them.

Recommend all operators—existing and new—read Paco Underhill's "Why We Buy, the Science of Shopping."

facades

signage

What makes a great retailer?

Great retailers have distinctive facades that draw people in; signage that is succinct and eye-catching; engaging and frequently changed window displays; and a sought-after selection of focused merchandise in appropriate quantities.

The above retail principles are further illustrated in "What Makes a Great Retailer" found in the appendix.

windows


interiors

MERCHANDISE MIX PLAN

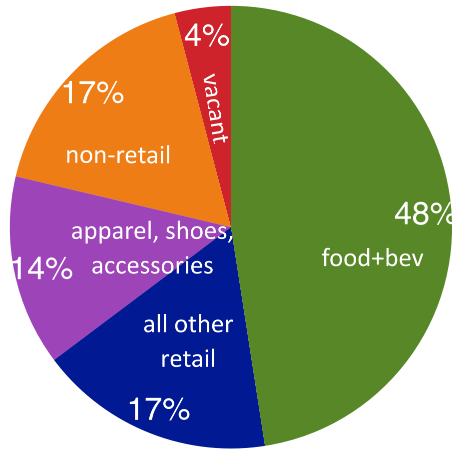
MERCHANDISE MIX PLAN

Downtown districts with unique, clustered and contiguous collections of shops and eateries attract consumers from throughout a trade area. At the same time, they can serve those who live and/or work in the immediate vicinity as well as the visitor market.

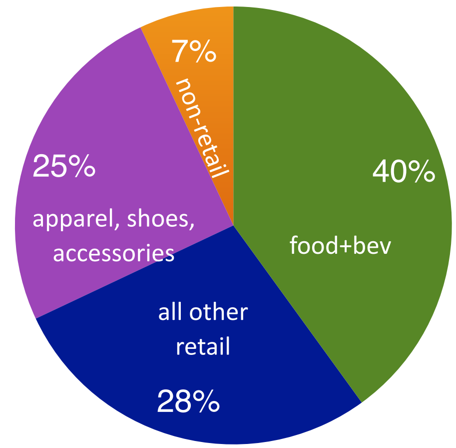
The mix of shops and restaurants in the focus area should be a balance of high-quality daytime and nighttime uses emphasizing independent operators; any nationals should be solely those not already in the market. The goal will be to develop as much contiguous retail as possible in downtown Iowa City's focus area, with distinctive shops and restaurants. Services—such as dry cleaners or copy shops—are important as they serve district workers as well as downtown residents; as much as possible, these should not be located on blocks within the focus area (see map on page 14), rather on adjacent blocks.

The pie charts at upper right show the existing mix in the focus area alongside the ideal mix. Key considerations:

- The "ideal mix" is not an endpoint, rather a direction to work towards.
- Today 48% of the uses are Food + Beverage (F+B). The goal is to reduce this to 40% of uses, chiefly through reduction of bars which today account for more than a third of all F+B uses, and the recapture of spaces that are currently occupied by operations that fared poorly on the qualitative assessment.
- In total, shops make up 31% of uses; the goal is to raise this to closer to 53% of all uses.
- Non-retail, which today accounts for 17% of uses, should account for no more than 7% of uses in the focus area.
- Ideally, there will be no vacancies in the focus area, rather storefronts filled with high-quality operators.



existing mix



IDEAL mix

food+bev

- full-service
- fresh/unique concepts
- chef-driven
- local quick/casual concepts
- delicatessen/cafe

apparel/shoes/ accessories

- apparel-m/w/activewear
- children's apparel & toys
- shoes/accessories (handbags, etc.)
- fashion jewelry

all other retail

- gifts & home accents
- kitchen w/cooking school
- garden shop
- tech/travel/office
- art supplies
- pet food/accessory
- bike store/repair
- beauty/makeup
- salon
- barber shop
- spa

Magnets, Neutrals & Inhibitors

Operators with high standards and an explicit identity should be sought for downtown Iowa City. The focus should be on “magnets”—quality operators that will get others interested in locating in Downtown Iowa City. Each deal should leverage the next; at minimum, deals that inhibit other quality operators from locating nearby are to be avoided.

Alternate/Interim Uses

Though long-term store and restaurant operations are the goal, when needed other uses can activate space.

Pop-up shops have become de rigueur in cities across the U.S. This could take the form, for example, of a second location of a gift store from a neighboring town for a period during the holiday season. Or a store by a new entrepreneur who tests a concept at low-risk. Operators of pop-ups typically spend little money on setting up a store; instead, they rely on creativity to create a temporary storefront presence that draws the eye of passersby and an interior space that offers a compelling shopping experience. Successful pop-ups can be precursors to more lasting stores. This route can also benefit the landlord, who does not spend any money on upgrading a space until they have a tested tenant in hand. In addition to pop-ups, allowing existing interior or upper floor operators to display their merchandise in vacant streetfront windows can be a great way to activate space.

With any alternate use, landlords should keep lease terms relatively short so spaces can become available for long-term shops and restaurants.

magnets draw other quality operators to the area

- well-executed independent concepts
- nationals that put just one store in a market

An operator such as Anthropologie would be considered a *Magnet*—when it locates somewhere other quality shop and restaurant operators take notice. High-quality, well-known and well-respected local or regional stores or restaurants also serve as magnets.

neutrals neither leverage nor discourage others from locating nearby

- local operators that are of reasonable quality
- national stores that already exist in the market but with few locations

Starbucks would be considered a *Neutral*—while quality operators would locate next to a Starbucks, their interest in a district would not be piqued because of it.

inhibitors prevent quality operators from locating in the area

- poor quality local operators
- fast food outlets
- too many banks
- low-end outlet/ discount stores

Some operators are considered *Inhibitors* because quality operators would stay away from a space or a given block because of their presence. Quiznos is an example —this type of operator should be located on side streets or secondary streets, not on a district’s key shopping/dining blocks.

RECOMMENDATIONS

RECOMMENDATIONS

The following recommendations describe the actions we consider necessary to implementing a sustainable retail enhancement program in Downtown Iowa City.

Recommendation #1—
Hire a Retail Recruiter

Downtown Iowa City has the best chance of reaching its full potential as a shopping/dining district if a retail recruiter is hired to prospect for uses that fit with the merchandise plan.

The retail recruiter identifies and develops relationships with operators, ones adept at creating a compelling shop or eatery, that appeal to the target market groups. The recruiter acts as a matchmaker between prospects and downtown's property owners and their brokers. Early on, the recruiter meets with landlords to discuss the strategy and begin building their trust. The recruiter must be:

- an expert at recognizing quality store and restaurant operators
- enthusiastic about Downtown Iowa City
- detail-oriented
- tenacious yet engaging

In cases where landlords cannot reject a tenant that is not the highest and best use for the focus area, the recruiter can encourage alternative strategies such as shorter-term deals and performance clauses that allow the space to be recaptured when more fitting tenants are found.

Retail Recruiter Role

- salaried (not commission-based)
- develops and nurtures relationships with property owners, existing operators, and potential operators
- serves as a "Match Maker"—brings viable prospects to landlords and/or their real estate representative
- keeps track of key vacancies, short-term leases, lease expirations; advises on recaptures of ground level space for retail
- enters all prospecting and property data in a tool such as SalesForce or Knack for his/her use and to build institutional memory
- works with relevant city agencies to help facilitate the opening of shops and restaurants

Retail Recruiting Process

The retail recruiter is tasked with finding operators for Downtown Iowa City, with an emphasis on the focus area. Prospecting is conducted in person, not by phone or e-mail. Just as in a mall, downtown stores and restaurants come and go over time, making the recruiting effort an ongoing, continual process of building a pipeline of potential operators. Typically, Downtown Works works with its clients to select the ideal candidate for a retail recruiter position. Following hiring, the training process includes:

<u>Initial Training</u>: Provide a recruiter with intensive training on leasing terminology; landlord relations; prospecting philosophy, approach, and best practices; and the process for "handholding" a retailer through to the opening of their operation (leasing, permitting, etc.).

<u>Prospecting</u>: Prospect with a recruiter, seeking out and engaging quality, independent, well-branded operators from throughout the region. In the case of Iowa City, it would be appropriate to prospect in both Iowa and Illinois. We advise on the development of effective marketing image pieces for use by a recruiter. We also work with a recruiter to reach out, as appropriate, to national operators. We continually review prospecting efforts and strategize regarding key opportunities.

<u>Landlord Relations</u>: Together with a recruiter, we meet one-on-one with landlords and their brokers to share the retail strategy, seeking their support for the plan. We discuss opportunities and issues with their properties and tenants (referring to the qualitative assessment), and emphasize how critical the street-level tenanting is to their building as well as to the district as a whole. We also provide landlords with suggested lease clauses that are considered best practices in terms of retail leasing.

We know from experience that it can be a challenge to engage and gain support from landlords. This is a time-consuming yet critical part of the implementation, as with their support the program will have the greatest opportunity for success.

Recommendation #2—
Develop Retail Design Guidelines

It is understood in the world of retail that an operator has just three seconds to get the attention of passersby. A well-branded storefront is therefore critical to success—aspects including materials, color, transparency, and lighting must all be carefully considered, both for facades themselves and for signage, typically the most noticeable aspect of a storefront. And, like consumers, operators making location decisions are attracted to districts marked by unique, distinctive storefronts that are differentiated from adjacent ones as well as from uses on upper floors.

A set of retail-specific design guidelines developed by a retail-centric architect can aid significantly towards this goal (the City's current design review program is insufficient). A clear review and approval process and consistent enforcement are requisite. Additionally, encouraging developers, landlords and prospective operators to engage architects with retail expertise is essential.

Among numerous details, guidelines should include:

- requiring storefronts be built to column line (no setbacks) in new developments and in redesigns/upgrades to existing
- detail on permissible materials (i.e., no tinted windows or aluminum framing, particularly "strip-mall silver")
- a requirement on minimum transparency %
- recommendations for appropriate signage (materials, quantity/%, blade signs) that consider location of operation (streetfront, pedestrian mall, or upper level in the case of downtown Iowa City)

And any funds given to landlords or operators for build-outs or improvements must be tied to a requirement for adherence to *all* design guidelines.

Specific to signage: To support design standards conducive to retail operations, the city's codes should follow the developed signage guidelines.

Recommendation #3—
Ensure the Continuity of Retail on the Pedestrian Mall

Retail has the best chance of success when it is contiguous, not broken up by non-retail uses such as banks or offices. With the recent departure of its tenants at its central property (on the Ped Mall adjacent to the Library and fronted by the playground), the City has the opportunity to bring in operators that will be the highest and best use for the space—the key goal should be to keep the space as an active retail use.

The library—a major downtown anchor—is a terrific traffic generator, and the children's playground is a place of great activity; the right operators can build on these synergies. The space is large for a retailer, particularly in today's climate where many are downsizing. We recommend the City explore the feasibility of dividing it into two stores with separate entrances. For example, this would be an excellent opportunity for an independent children's apparel/gifts/toy retailer alongside a family-oriented restaurant. Another set of uses would be a cookware store along with a demonstration kitchen for cooking classes and events/private parties; Iowa City has an educated population with a strong interest in food and eating well who would likely be very supportive of this.

Recommendation #4—
Recapture and Enhance Key Locations

The NW and NE corners of Dubuque and Washington Streets are key locations within the focus area due to their high-visibility and position at the gateway to the Ped Mall. On the NW corner, the building housing Coldstone Creamery is in poor condition and is not retail-friendly, while US Bank sits on the NE corner—the possibility of recapturing this space should be explored. Improving these two corners would be a tremendous boost to the effort to enhance the retail climate within the focus area.

As noted earlier in this report, the potential redevelopment of the Jefferson Building presents a tremendous opportunity given its prime location at the SW corner of Washington and Dubuque. Encourage the design of space at the ground level that is retail-friendly (which the current design, with its heavy overhangs and uniform, metal-clad windows, is not) and that is differentiated from upper floor uses.

NEXT STEPS &
MEASURING PROGRESS

NEXT STEPS

Recruiting

- Hire and provide training for a retail recruiter to serve as the steward for the retail program in downtown Iowa City.
- Develop a marketing “image” piece for use by the recruiter. This should be eye-catching and succinct; additional information can be made available online.
- Meet one-on-one with landlords to discuss the retail program and their individual properties and tenancies.
- Develop database: The recruiter should enter all data regarding prospecting in a tool such as SalesForce for his/her use and to build institutional memory.

Enabling Environment

- Explore the feasibility of aiding operators that scored in the range of “can/must improve” on the qualitative assessment with improving their presentation (per recommendations on page 17).
- Continue working with the City to ensure that the improvements to the Ped Mall help support a successful retail environment, and to advocate for maintaining their central property space as retail rather than turning it into office space.
- Work with appropriate entities to develop retail design guidelines and to address improvements to buildings at key locations.

Along the Ped Mall today, not only do trees block storefronts but features such as the electrical box pictured here do so as well.

This building is at the corner of Iowa and Clinton; along Clinton it is houses the Iowa Book store, while along Iowa it is largely walled of from the street as shown here. Retail design guidelines would help ensure it is properly redeveloped when the time comes.

MEASURING PROGRESS

Progress with a retail program is likely to seem slow, yet over time a district can be improved one space at a time with an active and sustained recruitment effort.

early on (years 1-2), measure:

- # of prospects generated
- # of prospect visits
- # of deals in negotiations

later (years 2-5), measure:

- # of leases signed
- # of operations opened

over time, measure:

- increase in rental rates
- growth in sales tax
- growth in property tax