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CENTER FOR COMMUNITY ECONOMIC DEVELOPMENT

LET’S TALK BUSINESS

IDEAS FOR COMMUNITY DEVELOPMENT PROFESSIONALS WORKING TO EXPAND LOCAL BUSINESS ACTIVITY

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Filling Vacant Retail Space

From the editors of Downtown Idea Exchange*

Recruiting and retaining business are key to minimizing vacancies in a business district. The following are excerpts of 25 ideas shared by the editors of Downtown Idea Exchange.

1. Get organized: Before any retention or recruitment can start, you’ve got to get organized. If your downtown hasn’t already organized its merchants, identify two or three merchant leaders. These can work as your core; instead of you telling merchants what to do, get the core leaders to talk merchant to merchant.

2. Clean up: Downtown’s got to look good to do some effective recruitment. This means cleaning up the streets. A cheap method is honoring merchants who clean up on their own. If this doesn’t work, resort to a special assessment to hire cleaners. Also, look into government façade rebate programs.

3. Promotion: An active downtown organization that has an identity, a logo, and that produces events and organizes promotions will make downtown a more attractive place to be for the retailers who are already there—and those that are looking to relocate downtown.

4. Retention before recruitment: Even more than recruitment, retention is critically important to downtown. After all, you must stop the bleeding before you can heal the wound.

5. Keep track of when leases expires: When a lease is coming up, contact businesses ahead of lease termination to intercept any potential business losses.

6. Talk to your existing retailers: One way to work on retention and recruitment at the same time is to talk to your existing merchants. This way, you can find out what their complaints are as well as what kind of retailers they would like to see filling the vacancies, and what retailers they fear.

7. Think about retail mix: Use the information you get from your existing retailers to start thinking about tenant mix. What’s the good of attracting a bagel maker when you’ve already got three on Main Street? Or perhaps you are trying to create an upscale shopping district; in that case, a discount clothier may not do.

8. Attracting national retailers: According to Keenan V. Moran, president of Tuffy Associates Corp., a Midwestern chain of automobile service centers, retailers are looking at these criteria when choosing a location: population; traffic counts and vehicular speed; income and other demographic information; proximity to other retail; growth; access; and, visibility—must have street frontage, adequate signage, etc.

9. Inventory all your resources: Inventory your resources so you can impress your recruits. You’re going to need to brag about yourself, so do some research. Also, know your deficits, so that you can counter any attacks.

10. Be aware of your competition: Competing markets are after your prospective retail recruits. You not only need to be aware of them, but also to know them intimately. Do this while your driving around to neighboring downtowns and making a physical inventory. Also, look at the paper to see what events and promotions they run. Keep your ears open to your own shoppers’ and visitors’ comments about how you compare.

11. Look for financial incentives: Government incentives may be available for your downtown; look for lending programs, TIF’s, tax abatements, etc.

12. Create a database: A database could include listings of every building in downtown, every business (from those with one employee to others that employ thousand) and all available properties.

13. Find outside databases: Homegrown statistics might not be enough to impress recruits. If you’re really serious about recruitment, you might want to hire an outside firm to do a professional marketing work-up of your trade region. Also, don’t forget to look into
using U.S. Census databases, buying private databases, or developing a Geographic Information System.

14. Create printed catalogues of available space: But having databases isn’t enough. You need to create published catalogues of available properties that provide hardcopy versions of the listings. When talking with prospects, you can supplement the hardcopies with a printout of the most up-to-date information.

15. Business-to-business directory: A downtown Business-to-Business Directory—in essence a yellow pages for downtown—is a great retention and recruitment tool. Several downtowns have created these by working with the phone company. They should be designed for CEO’s, office managers, and purchasing agents to encourage them to patronize other downtown businesses. Costs are often underwritten by the local utility company.

16. Consumer guide: Another excellent recruitment and retention piece is a consumer guide which is distributed to all downtown employees and visitors. This guide should provide coupons and information on downtown restaurants, entertainment and retailers, their hours of operation and location. Publication costs can be paid for through advertising.

17. Use volunteers: Several successful business recruitment and retention programs use volunteers to visit businesses, rather than downtown staff.

18. Use matchmakers: If you’ve got the budget, consider hiring a broker to do your wooing for you.

19. Matchmaker posters in vacant windows: In St. Charles, IL the Downtown St. Charles Partnership, Inc., uses its database of available retail and office space in a different way. After compiling a “matchmakers Hot Sheet” which contains a general description of each available property or space, the partnership then uses the hot sheet to create customized 18” x 24” Matchmakers Posters, which are suction-cupped to the windows of available spaces.

20. Window displays in vacant windows: Another tactic for making vacant buildings look lively while waiting to attract new tenants, is to decorate and light the windows—with the permission of the property owner. Some downtowns have done this by having volunteer organizations “adopt” windows and stores for holiday decorating. Others have showcased the downtown art scene or children’s art contests in the windows of vacant buildings.

21. Build a network of referrals: The Downtown Dayton Partnership’s business recruitment program gets most of its leaders from its “network of referrals.”

When volunteers are sent on retention visits, one of the questions they ask is “do you know anyone who might be interested in locating downtown?” Volunteers follow up with a face-to-face approach. After contacting referrals on the phone, they visit and tour their facilities to better understand what they want.

22. Look for niches: Developing downtown niches takes thinking about retail mix a bit further. Niches are special market segments that can be based on several things:

- A group of customers such as office workers, the elderly, or Latinos;
- Specific kinds of goods or services, such as children’s clothing, home furnishings, or entertainment;
- A shopping environment like a pedestrian mall which becomes a destination in and of itself.

23. Target your office market: You should also think about niches in terms of office markets. A key to successful office space recruitment is identifying these niches. Your downtown might be specifically geared to back office users, health care professionals, or as a regional corporate headquarters. A downtown should think about using its existing strengths instead of developing a new niche from scratch.

24. Market research: How do you discover niches? Here are some quick tips on market research:

- Look at niches in comparable downtowns;
- Take long walks around downtown’
- Look at photographs and/or slides;
- Analyze your commercial space inventory;
- Obtain and analyze sales data;
- Review previous market research studies;
- Conduct a shopper’s intercept or telephone survey.

25. Adaptive re-use: As the prime location of older or historic buildings in their regions, many downtowns are anxious to capitalize on their ambiance by adaptively re-using the space within. When recruiting you might want to think about what kind of businesses might benefit from the special spatial benefits or situations offered by older buildings. For example, warehouse buildings are often successfully converted into galleries and artist’s live/work spaces. Old department stores have been re-used as factory outlet centers and big box retailers. Class C office space has been turned into apartments, old libraries into medical offices, and old factories into libraries—among other reuses.