



South Nicollet Avenue Now and Into the Future

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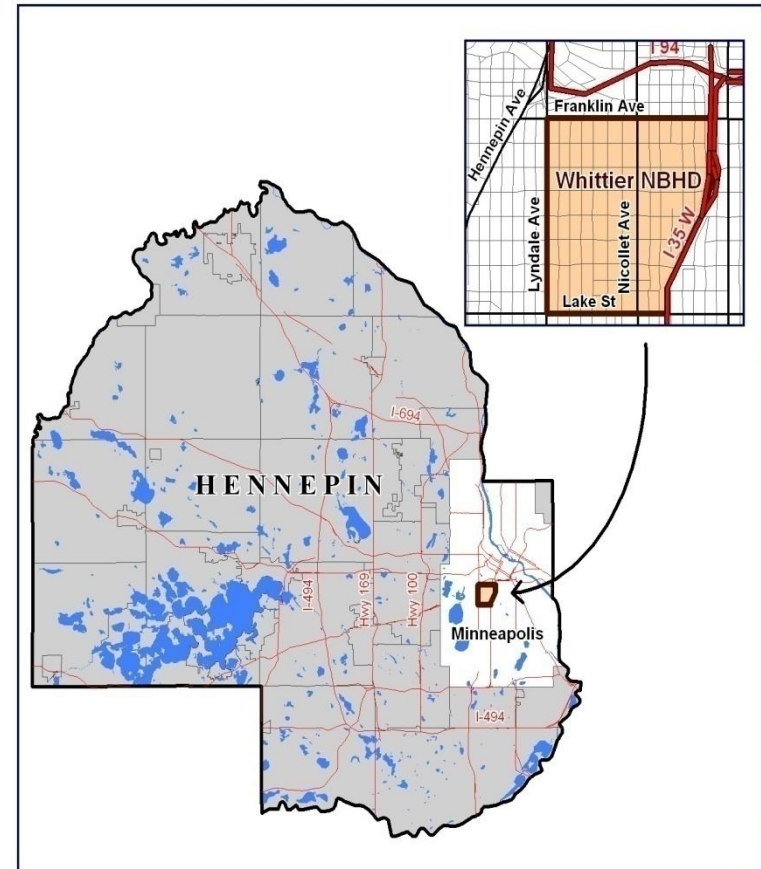
Current Conditions

- Vibrant restaurant mix
 - Independent, ethnic diversity
 - Eat Street has increased attention for South Nicollet Avenue
- New Housing in the neighborhood
- Some turnover in businesses
 - National Economy
 - Shifts in Demographic Populations
- Strong Neighborhood Cultural Partners
 - Art Institute, Children's Theater, Swedish Institute and others
- Retail has suffered during this economic downturn



Draw of South Nicollet Avenue

- Eat Street created a destination location-draw now extends far beyond the neighborhood
- South Nicollet Avenue restaurants also draw from:
 - Downtown Minneapolis
 - Hennepin County
 - Twin Cities Metro Area
- Cultural Partners draw from:
 - Twin Cities Metro Area
 - Beyond the Twin Cities Metro Area



Strengths

- Population Density and Demographic Characteristics
 - Five-minute drive time
 - 45,900 people
 - largest age group – 25 to 44
 - High education level
 - Ten-minute drive time
 - 228,650 people
 - largest age group – 25 to 44, followed by 45 to 60
 - High education level
 - Per Capita HH Income
 - Five-minute drive time = \$24,988
 - Ten-minute drive time = \$27,460
 - Twenty-minute drive time = \$30,738

Strengths (ctd.)

- Visitors to the Area
 - 300,000 annually at CTC
 - 500,000 annually at MIA
 - 371,000 annually at Abbott Northwestern
- Traffic Volumes
 - 27,000 vehicles per day on Nicollet Avenue
 - 9,700 vehicles per day on 26th Street and 28th Street
- Diverse mix of retail businesses on South Nicollet (in order of number)
 - Restaurants
 - Grocery
 - Services
 - Imports
 - Apparel
- Restaurant mix is a significant draw for office and other business services
- Streetscape improvements have enhanced the customer experience but could be extended further to other areas of the Avenue

Weaknesses

- Vacant spaces untended
 - Litter, graffiti, inconsistent leasing signage
 - Presents an incongruous picture to the public
 - Sends mixed messages to potential businesses
- Key corner (26th and Nicollet Avenue)
 - Benefits from new construction and reinvestment
 - Most vibrant area
 - Can this spill over into other areas of South Nicollet?
- Hodge-podge of signage
- Confusing to customers; what businesses are where? What do they sell?
- Not attractive enough for wandering



Goals

- Enhance the retail mix on South Nicollet Avenue
- Support and sustain the retail diversity which increases customer interest
 - Unique area; options not readily available elsewhere
- How to attract strong businesses to join the Avenue?
- What should the mix be?
- What uses will complement what already exists?
- How can the neighborhood influence the perception of market potential on South Nicollet Avenue?

Understand The Customer

- Demographics of the customer base on South Nicollet Avenue
 - Greatest % increase among households earning \$50,000+
 - Inc. managerial and professional
 - Inc. services occupations
 - Non-related people in HHs
 - Single-person households
 - Social, technology
- Customer base is shifting
 - Strong ethnic base
 - Shift of Asian populations out of the neighborhood (some)
 - Increase in young people (20-35)
 - Urban Core mid-age and empty-nester group



Understand Investors

- Entrepreneurs and Investors
- Want return on investment
- What will encourage them to invest?
 - Opportunity to make a profit
 - Established businesses, established customer base
- Can the investor insert new products, services that will capture some of the spending potential that exists?
 - Uncertainty about the economy
 - Uncertain that their product/service will work in the Nicollet market
- Want to be in an area that is vibrant and on the rise.
 - Area must be perceived as growing, not stagnant
- Turnover is normal but what is the area saying about its commercial health and vitality?
 - Transition, shifting to a new demographic?

Quality _Design of Vacant Spaces

- Buildings with limited or no window space
 - Need redesign to appropriately accommodate retail
- Buildings with vacant space on second floor (not conducive for street level activity)
- Spaces located off South Nicollet Avenue
 - Specialty retail with a following; most customers will not stray far off the Avenue
- Spaces on South Nicollet Avenue concentrated between Franklin and 26th Street
- Vacant parcels larger in size for major redevelopment
 - Multifamily – should be mixed-use retail on the first floor



Attractiveness of the Avenue

- Restaurants have good window space so that customers can see in and out
- Clean sidewalks
 - No litter or trash
- Apparel and Accessories stores
 - Need to have strong window merchandising to draw in customers
 - Clean, attractive signage
- Available Parking
 - No meters on South Nicollet Avenue; what is the turnover of vehicles
 - Are shop owners and employees parking on the street?
 - People coming from outside of the area unfamiliar and desire reasonably close parking.
- Good Lighting
- Perceived Safety



Retail Experience

- The Experience Economy
 - Through technology, goods and services have become commodities
 - What type of experience are we selling?
- Dining
 - An Experience
 - Atmosphere
 - Food – Ethnic diversity
 - Design of the space
- Byerlys
 - Customer aesthetic
- Hair Salon
 - Salon/spa

Infrastructure/Service Enhancements

- New HCMC Clinic at South end of Avenue (short-term)
 - New healthcare and administrative jobs
- Potential for opening of Nicollet Avenue (long-term)
 - Study has been completed
 - Timing remains uncertain
- Encourage businesses and property owners to maintain their buildings to improve the customer experience
- Consider signage to improve parking turnover versus meters
- Work with local cultural venues on special events to enhance customer/visitor crossover to the area

Publicity Enhancements

- Capitalize on events occurring in the area at other cultural providers
 - MIA, MCAD, Children's Theater, Swedish Institute
- Reach out to major businesses
 - Wells Fargo
 - HCMC Clinic
 - Abbott Hospital/Phillips Eye Clinic
- Promote the unique and unlikely aspects of South Nicollet Avenue
 - Separate website download on the Business Base and Customer Base of South Nicollet Avenue

What to Attract for the Future?

- Filling vacant spaces
 - Can assist in identifying potential businesses that may view the space as appropriate
- Preliminary Retail Gap Analysis Identified:
 - General Merchandise Stores
 - Sporting Goods
 - Hardware
 - Electronics and Photography
 - Apparel
 - Specialty Foods
 - Garden Center
 - Building Materials and Garden Equipment
 - Health and Personal Care – Cosmetics and Beauty Supplies
 - Optical goods
 - Home Furnishings

Challenges to Filling Vacant Spaces

- Store Formats
- Misunderstanding of the Market
- Investor Concerns
- Consumer Fickleness
- Economy
- Appearance of Vacant Spaces



Selling the Environment

- Selling the Experience
 - Promote more customer wandering/exploring
 - Selling an experience even with a service
 - Can no longer just put merchandise into a store
 - Parc Boutique on East Hennepin (rolling racks)
 - Types of businesses that display merchandise
 - Apparel
 - Gifts
 - Furnishings – CB2 (Crate and Barrel's child)
 - Garden Center – Burpee Gardens (first store outside Chicago)
 - Pop-up stores
 - Newest apparel and accessories concept
 - Bringing brands to life
 - Allows retailers to try out an area, short-term lease or might be just days
 - Previous on-line purveyors are now opening retail stores
 - Further in the future – + + + in retail traffic with reopening of Nicollet Ave.

Retail Recruitment Strategy

- Set up a special committee
- Engage volunteers – MCAD students for a class project
- Dedicated website section for prospects with downloadable materials
- Enhance mix selectively with regional retailers
- Takes time to work
 - 24 to 36 months



Retail and Office Recruitment Strategy

- Know what supply and demand is by product and service type; can counsel existing and prospective businesses.
- Understand your customer base so that you can assist prospective businesses with potential product mix;
- Organize retailers around special promotions to attract outsiders;
- Encourage Prospective Businesses to Contact the Committee or organization:
 - Include testimonials from local businesses about the strength of business on the Avenue
 - Pitch a story to local newspapers about the area's changing retail focus and what the Avenue is working toward

Retail and Office Recruitment Strategy

- Contact local brokers and property owners to ask them about recent interest in vacant spaces (what are their challenges)
- Create a new focus for the retail recruitment strategy that is different than Eat Street (a logo and phrase could come from MCAD graphics students)
- Maintain a list of available properties on the Whittier website with owner/broker contacts and other information.
- San Jose, CA Retail website: www.sanjoseretail.com