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**Congress Avenue – Retail Strategy**

**October 20, 2005**

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## Research / Background

- Completed Qualitative Assessment

- Evaluated surrounding retail areas

- Interviewed major property owners (continuing)

- Comprehensive ERA Downtown Austin Retail Market Strategy (2005)

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## Market Position – Demographics

- 363,000 residents in primary market area (90,677 households)

- 1.4 million in secondary market area

- 67,000 downtown employees

- 51,426 UT students

- 7 million visitors (6 million for leisure)

- PMA avg. income $82,773 (2003) - $104,651 (2008)

- Market can support 650,000 – 990,000 sq. ft. of downtown retail (2005 ERA Market Analysis)

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# Market Position – Psychographic Profiles

## Recruitment Strategy Tool

- Profiles formulated based on national trends and characteristics of groups with similar demographic data

- Profiles matched to PMA area demographic data

- Based on 2004 household census data

- Give general characteristics of population segments

- Provide some retail recruitment direction

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# Market Position – Psychographic Profiles

## Metro Renters – 18.5%

- Young singles beginning their professional careers

- Prefer urban living (80% rent, 90% rent apts.)

- Spend money on ski and workout clothes, designer jeans, and other merchandise such as eyeglasses.

- Exercise regularly, buy organic/health food

- Read wide variety of books, enjoy imported wine & beer

- Surf the internet, prefer laptops

- Bank via ATM or online

- Well-educated (25% graduate degree)

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# Market Position – Psychographic Profiles

- **Young & Restless – 11.7%**

  – Median age 29, half under 30, no children

  – Well educated

  – High discretionary income for their average income

  – Busy lifestyle, technologically savvy, work out, play sports

  – Up-to-date on latest lifestyle and entertainment trends

  – Work out at gyms, play sports

  – Use Internet to communicate, bank, shop, job hunt,

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# Market Position – Psychographic Profiles

- **Metropolitans – 10%**

  – Generation X, retirees, median age 37.2

  – Favor city living in old neighborhoods, own homes

  – Frequently remodel, routine home maintenance

  – Highly educated (75% completed college or other degree program)

  – Health conscious, buy organic

  – Active city lifestyles, civically involved

  – Use internet daily, prefer laptops

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# Market Position – Psychographic Profiles

- **Dorms to Diplomas – 8%**
  - Median age 21.6
  - Over half have bachelor's or post grad degree
  - Technologically Savvy

- **Connoisseurs – 7% - Strengthen this market**
  - Median age 45
  - 2nd highest in affluence, 1st in conspicuous consumption
  - Buy expensive gadgets, up grades, home wares
  - High wages, self employed
  - Fitness is a priority, buy expensive athletic wear
  - Read two or more daily newspapers, good market for books
  - Volunteer

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## Market Position – Surrounding Retail

- Evaluated: SoCo, West 6th/Lamar, North Lamar, Guadalupe, Arboretum, Bee Caves Road, Davenport Village and The Domain (coming soon)

- Defining characteristics

  – Some tend to recruit national chains

  – Not pedestrian friendly (wide roads, fast traffic, one-way streets)

  – Strip centers (uniform general facades)

  – Desirable retail is dispersed throughout area (must drive)

- **Congress Ave does not have these characteristics.**

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## Retail Assessment – Qualitative Assessment

- 85 properties evaluated

- Retail = 56.5% (includes, restaurants, services, clubs, museums, theatres)

- Non-retail = 29.5% (offices, banks, residences)

- Vacancy rate = 14% (approximately)

- Overabundance of quick service restaurants (16) – 19% of total

- Too many (23) offices and banks – 27% of total, 92% of Non-retail uses

- **Only 11 retail spaces sell merchandise - 13% of total**

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## Retail Assessment – Qualitative Assessment

- 5 lowest possible score, 20 highest possible score

- Majority of retail stores scored between 11-15 – 69%

- Approx. 19% of retail stores scored between 6-10

- Only 4 properties scored between 16-20
  - One 19 – Quick Service Restaurant
  - One 17 – Museum/Gallery
  - Two 16 – Restaurants

- Building conditions are sufficient

- **Balance between retail / non-retail uses is askew**

# Retail Assessment – Strengths

- Much of historic fabric still remains

- AMLI/2nd Street project, new success story

- Sidewalks are wide

- Unique distinct storefronts, excellent for retail

- Urban living is strong growing trend, more people moving to downtown Austin

- Cultural amenities
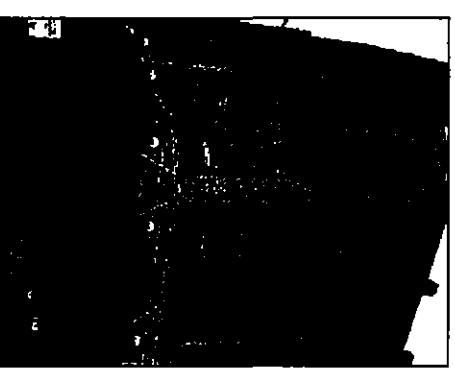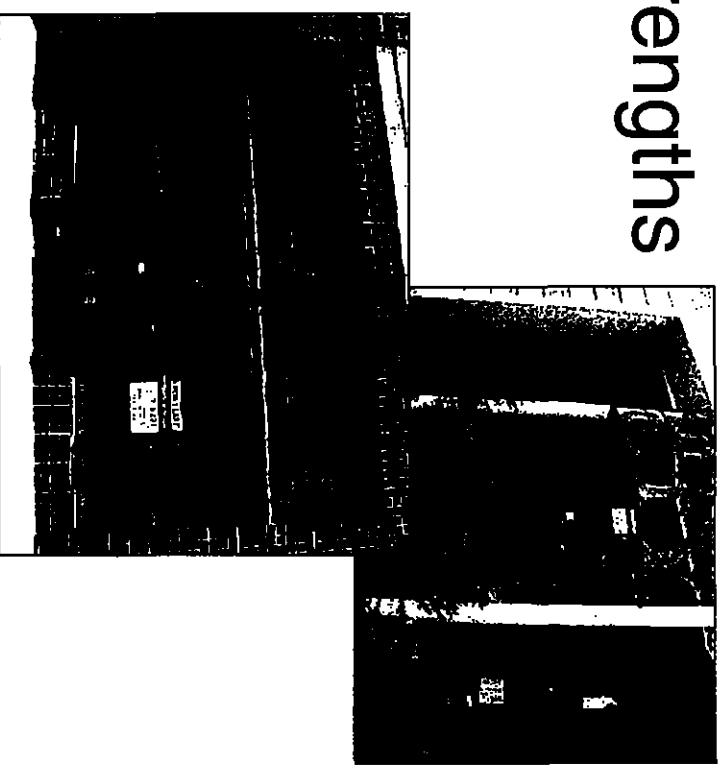
# Retail Assessment – Weaknesses

- One-way streets, hard to cross, fast moving traffic

- Large passive spaces
  - Dark tinted windows
  - Closed blinds
  - Blank facades

- Street trees
  - Need pruning
  - Grates collect trash

- Inappropriate uses **– not enough retail**

- Building maintenance (better tenants = better maintenance)

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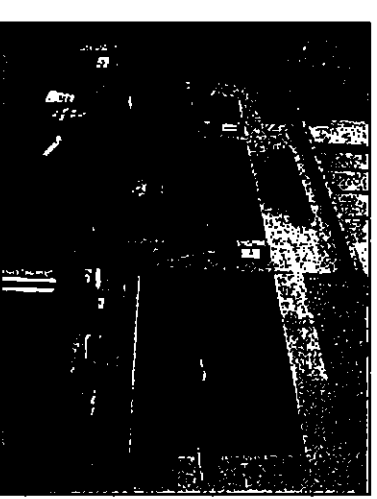
## Merchandising Mix Plan – Recruitment

- Based on demographic research, surrounding retail environments, and ERA Market Analysis (2005)

- Underserved market – office workers, residents, visitors

- Vacancies are priority

- Radiate from 6th Street / Congress Avenue intersection

- Enhance connection to 2nd Street and Convention Center



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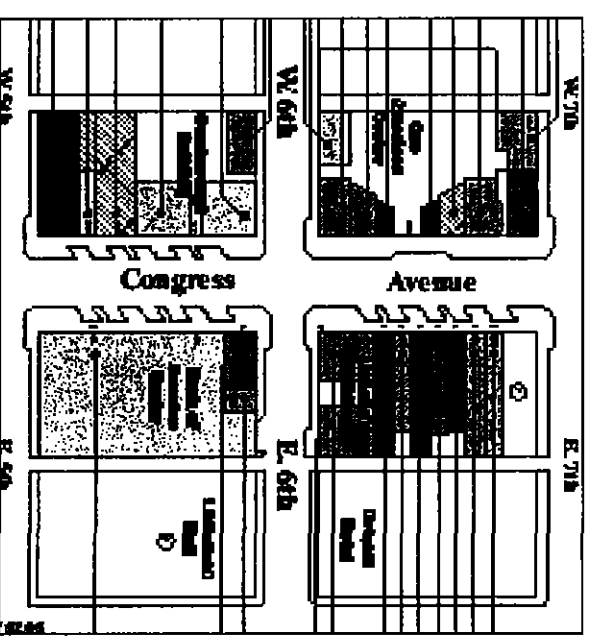
## Merchandising Mix Plan – Recruitment

- Large portions of PMA is under 40 yr old, maintain this market

- Balance merchandising mix to attract older affluent market with spending power

  – Strengthen *Connoisseurs* (currently only 7% of PMA)

  – Recruit stores that sell merchandise that is attractive to affluent 40+ professionals

- Will not recruit:

  – Clubs/bars

  – Restaurants

  – Offices

  – Banks
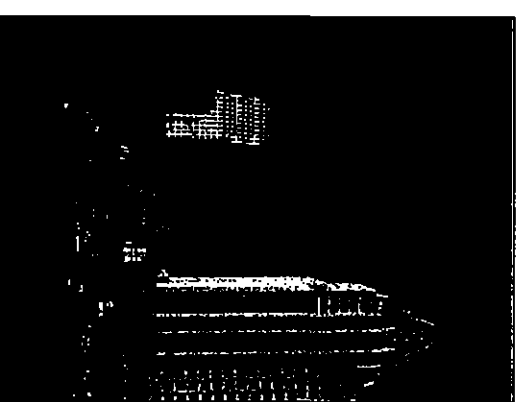
# Merchandising Mix Plan – Recruitment

- Women's & Men's Apparel
  - Career oriented, not too trendy
  - Complement Keeper's
  - Build upon boutique apparel at 2nd Street
- Athletic wear & Sporting Goods
  - Psychographics suggest a health conscious population
  - Physically fit, play sports, work out
- Accessories
  - Belts, shoes, purses, gifts, jewelry
  - Fashion optical stores

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## Merchandising Mix Plan – Recruitment

- Home Furnishings
  - Suitable retail spaces on Congress
  - Growing residential population
  - Complements what has begun on 2nd Street
- Electronic: Interesting Computer Store
- Bookstore
- Art Galleries
- Stationery/Gifts
- Luxury Cosmetics/ Bath
- Salons
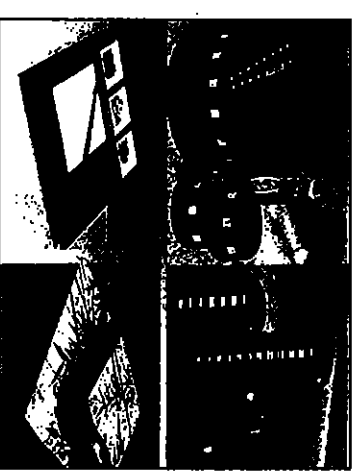
# Implementation – In process

- Work with Retail Recruiter – Linda Asaf

- Meeting major property owners

- Prospecting for new retail stores (cold calling)

  – Austin and San Antonio

- Finalize retail recruitment marketing piece

- Collect property/tenant information

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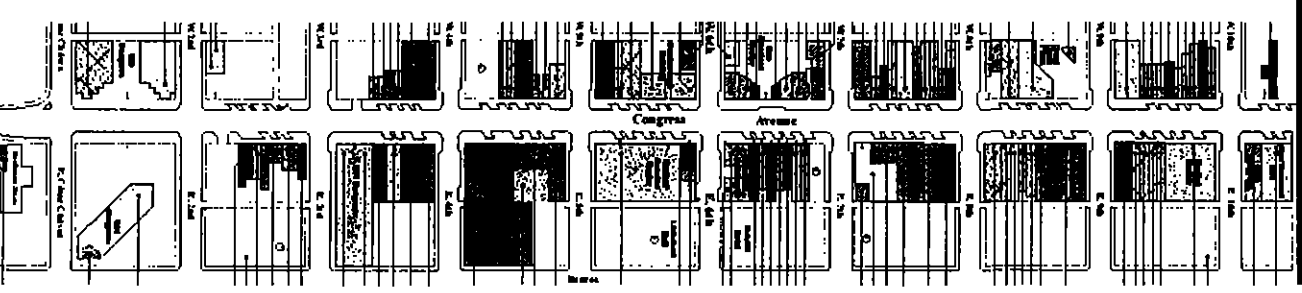
## Implementation – Next Steps

- Prospect according to Merchandising Mix Plan and priorities (2/3 of Recruiter's time)

- Finalize marketing piece (DW and Recruiter)

- Continue to meet with property owner and real estate brokers (DW and Recruiter)

- Facilitate meetings between prospective retailers and brokers/landlords (Recruiter)

- Oversee Recruiter's work and prospecting progress (DW)

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## Recommendations

- Encourage residences above ground floor

- Install creative window displays in passive spaces

- Explore using program similar to 2nd Street/AMLI to provide tenants with construction allowances

- Tenant leases should require

  - 75-80% of ground floor be transparent, no dark tinting

  - Continuous operation clauses

  - Reporting of sales

  - Tight use clauses

  - Rules & Regulations (i.e no paper or handwritten signs)

- Trim trees and install grates with smaller holes

- Provide comprehensive guidelines (visual images) that display appropriate signage, merchandising, and façade elements

# Conclusion

- A well balanced merchandise mix will captivate under served office, resident, and visitor markets

- Big impact now

  – Activate windows in passive spaces -colorful interesting graphics

  – Fill vacancies

- Make the most of Congress Avenue's assets -- well positioned to offer a unique concentration of retail uses

*Congress Avenue is part of a real downtown with character and historic integrity ... not a faux one with uniform bland facades*