Market Strategy (2005)

Comprehensive ERA Downtown Austin Retail

Interviewed major property owners (continuing)

Evaluated surrounding retail areas

Completed Quantitative Assessment

Research / Background
Market can support 650,000 - 990,000 sq. ft. of
downtown retail (2005 ERA Market Analysis)
- 7 million visitors (6 million for leisure)
- 51,426 UT students
- 67,000 downtown employees
- 1.4 million in secondary market area
- (90,677 households)
- 363,000 residents in primary market area

Market Position - Demographics

Congress Avenue: Retail Strategy
Recruitment Strategy Tool

Market Position - Psychographic Profiles

- Provide some retail recruitment population segments
- Give general characteristics of data
- Based on 2004 household census demographic data
- Profiles matched to PMA area data
- Profiles formulated based on groups with similar demographic national trends and characteristics
- Direction
• Well-educated (25% graduate degree)

• Bank via ATM or online

• Surf the internet, preorder laptops

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

• Exercise regularly, buy organic/health food

• and other merchandise such as eyeglasses.

• Spend money on ski and workout clothes, designer jeans,

• Prefer urban living (80% rent, 90% rent apartments).

• Young singles beginning their professional careers

Metro Renters - 18.5%

Market Position - Psychographic Profiles

Congress Avenue: Retail Strategy

ER A Works
downtown
- Use Internet to communicate, bank, shop, job hunt
- Work out at gyms, play sports
- Up-to-date on latest lifestyle and entertainment trends
- Busy lifestyle; technologically savvy, work out, play sports
- High discretionary income for their average income
- Well educated
- Median age 29, half under 30, no children

Young & Restless - 11.7%

Market Position - Psychographic Profiles

Congress Avenue: Retail Strategy
- Use internet daily, prefer laptops
- Active city lifestyles, civicly involved
- Health conscious, buy organic
- Degree Program
- Highly educated (75% completed college or other)
- Frequently remodel, routine home maintenance
- Favor city living in old neighborhoods, own homes
- Generation X, retirees, median age 37.2

- Metropolitan - 10%

Market Position - Psychographic Profiles
Volunteer
Read two or more daily newspapers, good market for books
Fitness is a priority, buy expensive athletic wear
High wages, self employed
Buy expensive gadgets, up grades, home wares
2nd highest in affluence, 1st in conspicuous consumption
Median age 45

Connoisseurs - 7% - Strengthen this market
Technologically Savvy
Over half have bachelors or post grad degree
Median age 21.6

Dorms to Diplomas - 8%

Market Position - Psychographic Profiles

Congress Ave
ERAV
Downtown Works
Congress AVE does not have these characteristics:
- Desirable retail is dispersed throughout area (must drive)
  - Strip centers (uniform general facades)
- Not pedestrian friendly (wide roads, fast traffic, one-way streets)
- Some tend to recruit national chains
  - Defining characteristics

Domain (coming soon)
  - Arborium, Bee Caves Road, Davenport Village and The
  - Evaluatied: SOCO, West 6th/Lamar, North Lamar, Guadalupe

Market Position - Surrounding Retail

ERA Downtown Works
Retail Assessment - Qualitative Assessment

- 85 properties evaluated
  - Retail = 56.5% (includes, restaurants, services, clubs, museums, theatres)
  - Non-retail = 29.5% (offices, banks, residences)

- Overabundance of quick service restaurants (16) - 19% of total
- Vacancy rate = 14% (approximately)
- Too many (23) offices and banks - 27% of total, 92% of non-retail uses

Only 11 retail spaces sell merchandise - 13% of total

Congress Avenue: Retail Strategy
Balance between retail / non-retail uses is askew

Building conditions are sufficient

- Two 16 - Restaurants
- One 17 - Museum/Gallery
- One 19 - Quick Service Restaurant

Only 4 properties scored between 16-20

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

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

5 lowest possible score, 20 highest possible score

Retail Assessment - Qualitative Assessment
Cultural amenities moving to downtown Austin growing trend, more people
Urban living is strong excellent for retail
Unique distinct storefronts Sidewalks are wide success story
AMLI/2nd Street project, new remains
Much of historic fabric still

Retail Assessment - Strengths

Congress Avenue: Retail Strategy

ERA Downtown Works
Retail Assessment - Weaknesses

- Building maintenance
- Not enough retail
- Inappropriate uses
- Grates collect trash
- Need pruning
- Street trees
- Blank facades
- Closed blinds
- Dark tinted windows
- Large passive spaces
- Cross, fast moving traffic
- One-way streets, hard to cross

ERADowntown

Congress Avenue: Retail Strategy

Works
- Merchandising Mix Plan - Recruitment

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

- Underserved market - office workers,
  residents, visitors

- Radiate from 6th Street / Congress Avenue intersection

- Enhance connection to 2nd Street and Convention Center
Merchandising Mix Plan - Recruitment

- Banks
- Offices
- Restaurants
- Clubs/bars

Will not recruit:

- Strengthen Connoisseurs (currently only 7% of PMA)
- 40+ Professionals
- Recruit stores that sell merchandise that is attractive to affluent
- Spending power
- Balance merchandising mix to attract older affluent market with
- Large portions of PMA is under 40 yr old, maintain this market

Merchandising Mix Plan - Recruitment

Congress Avenue: Retail Strategy
Fashion optical stores

Belt's, shoes, purses, gifts, jewelry

Accessories

Physically fit, play sports, work out

Population

Psychographics suggest a health conscious

Athletic wear & Sporting Goods

Build upon boutique apparel at 2nd Street

Complement Keepers

Career oriented, not too trendy

Women's & Men's Apparel

Merchandising Mix Plan – Recruitment

Congress Avenue: Retail Strategy
Salons
Luxury Cosmetics/Bath
Stationery/Gifts
Art Galleries
Bookstore
Electronic: Interesting Computer Store

Merchandising Mix Plan - Recruitment

Complements what has begun on 2nd Street
Growing residential population
Suitable retail spaces on Congress
Home Furnishings

Congress Avenue: Retail Strategy
Collect property/tenant information

Finalize retail recruitment marketing piece

- Austin and San Antonio

Prospecting for new retail stores (cold calling)

Meeting major property owners

Work with Retail Recruiter - Linda Asset

Implementation - In process

Congress Avenue: Retail Strategy

ERA Works Downtown
Oversee Recruiters work and prospecting
and brokers/landlords (Recuriter)
Facilitate meetings between prospective retailers
Estate brokers (DW and Recuriter)
Continue to meet with property owner and real
Finalize marketing piece (DW and Recuriter)
and priorities (2/3 of Recuriter's time)
Prospect according to Merchandising Mix Plan

Implementation - Next Steps

ER A
Downtown

Congress Avenue: Retail Strategy

Works

Works

Works
Provide comprehensive guidelines (visual images) that display
appropriate signage, merchandising, and facade elements

- Trim trees and install gates with smaller holes

- Rules & Regulations (i.e. no paper or handwritten signs)
  - Right use clauses
  - Reporting of sales
  - Continuous operation clauses
  - 75-80% of ground floor be transparent, no dark tinting

- Tenant leases should require

- Explore using program similar to 2nd Street/AMLI to provide

- Install creative window displays in passive spaces

- Encourage residents above ground floor

Recommendations

Congress Avenue: Retail Strategy
Congress Avenue is part of a real downtown with uniform bland facades. Character and historic integrity... not a faux one with.

Conclusion