



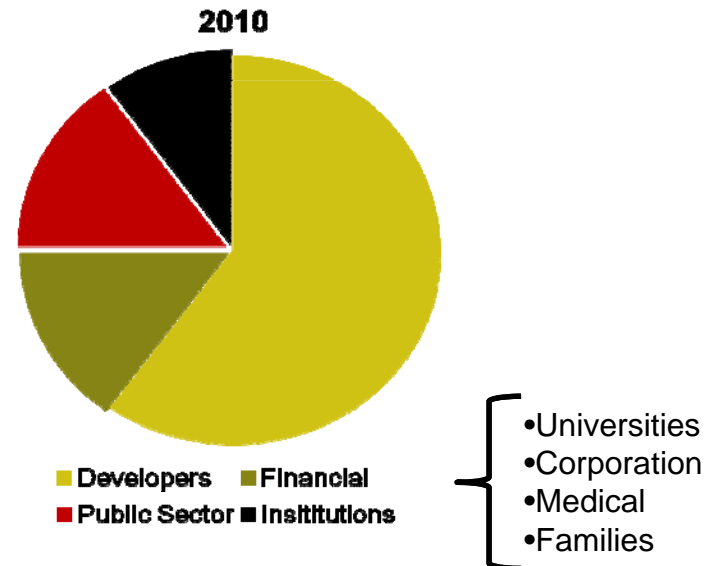
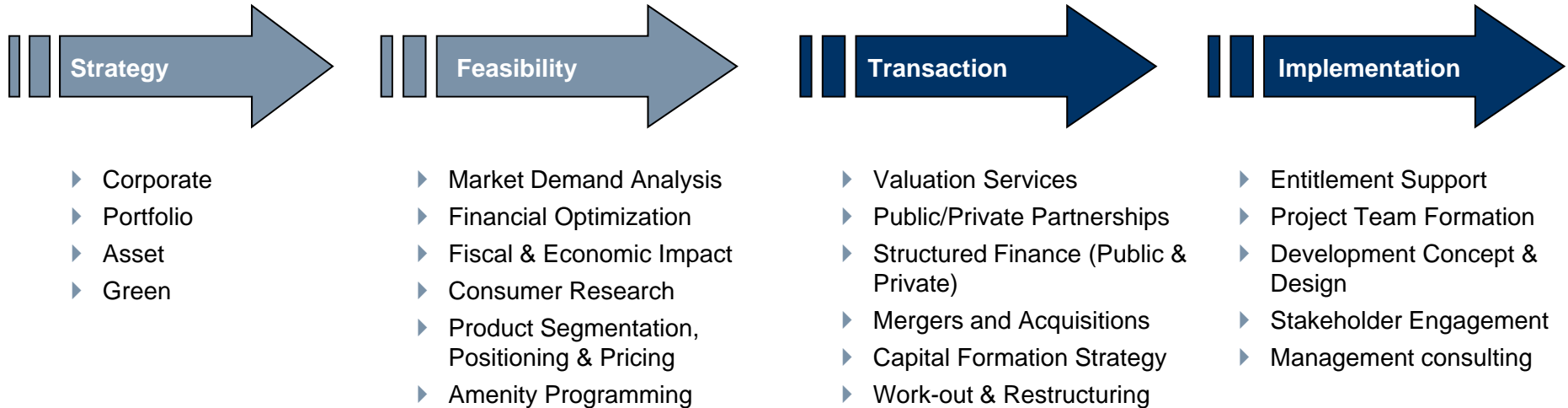
Creating Vibrant College Town Retail Districts

International Town Gown Association

Adam Ducker | June 4-8, 2012



ABOUT RCLCO





UNDERSTANDING COLLEGE TOWN RETAIL
THROUGH A PUBLIC/PRIVATE LENS

UNIVERSITIES AND INSTITUTIONAL LAND OWNERS INCREASINGLY ATTRACTIVE TO DEVELOPMENT ENTITIES



2424 West End, Vanderbilt Universities/Hines Interests

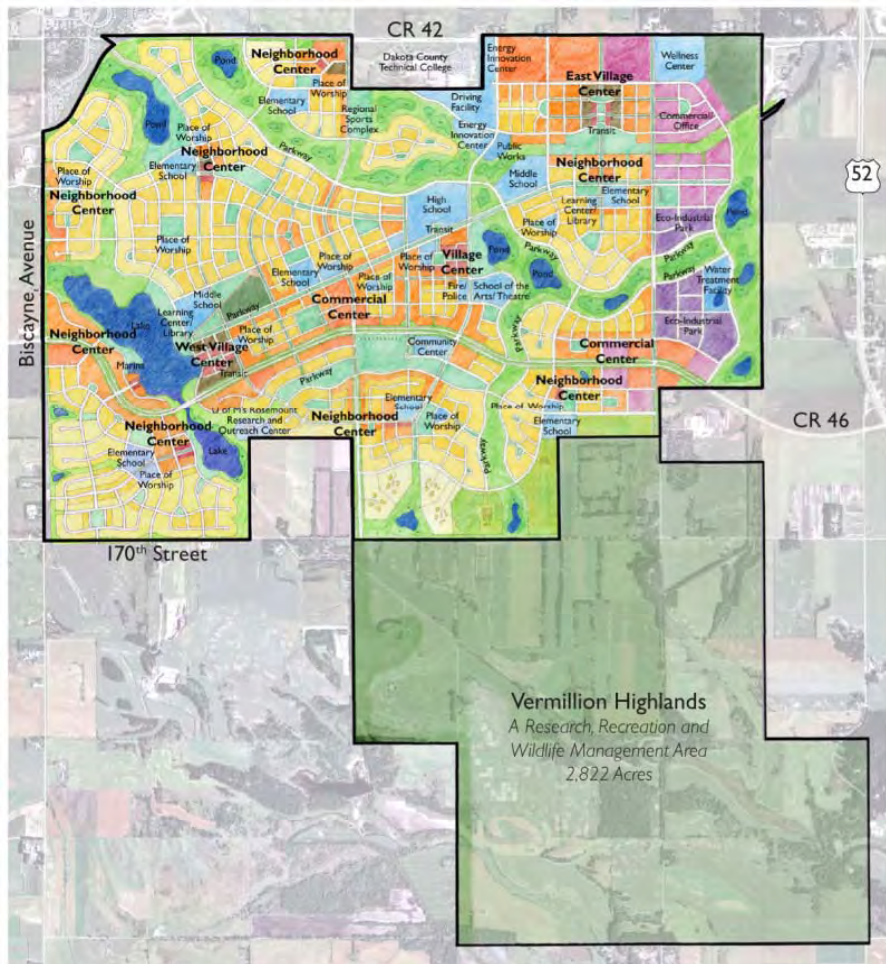
Why?

- They control prime land
- Community good will
- Value expertise
- Have a vested interest in the built environment
- Can fund development

Why Not?

- They need some level (often a lot) of control
- Very process driven
- Don't have "time value of money" perspective

PARTICIPATION IN DEVELOPMENT PROCESS INCREASINGLY ATTRACTIVE TO INSTITUTIONAL OWNERS



UMORE Park Redevelopment; Minneapolis, MN

Why?

- Legacy considerations
- Need to control “edges”
- Space needs
- Potential profits/income stream
- Ongoing control of land

Why Not?

- Developers speak a different language
- Single bottom line
- Internal expertise/capacity to engage in this process

INSTITUTIONS UNDERSTANDING CAMPUS TOWN RETAIL AS MISSION CRITICAL



Hamilton Initiative (Colgate); Hamilton, NY

WE CAN ALL JUST GET ALONG PARTNER WITH CITY ON NEIGHBORHOOD REVITALIZATION



Imagine Waco (Economic Development) Plan, 2010

UNDERSTAND LEGACY/PROFIT BALANCE

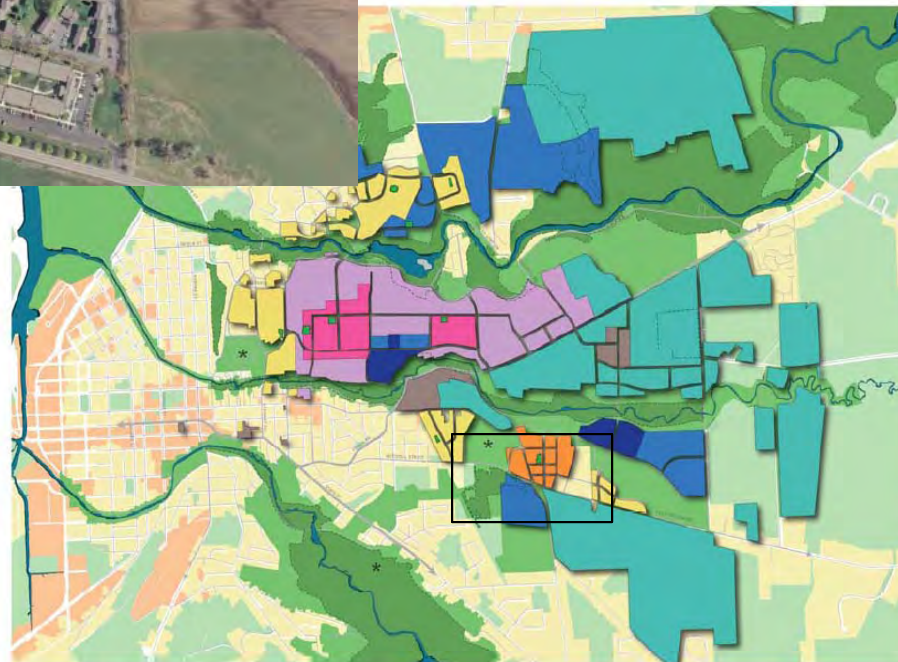
INSTITUTIONAL OBJECTIVES HIGHLY VARIABLE EVEN NOW



Redevelopment Objectives

- Vibrant neighborhood for young faculty and graduate students
- University office space
- Hotel and conference facilities
- Positive financial result
- Compelling design statement

*Easthill Plaza,
Cornell University*



The three mixed-use areas provide the greatest opportunity to integrate uses in ways that enhance the campus experience for all.

THIS IS NOT FACILITIES MANAGEMENT UNIVERSITIES NEED TO THINK LIKE PROPERTY MANAGERS



East Campus Village, The University of Maryland



Analytical Approach and Case Studies

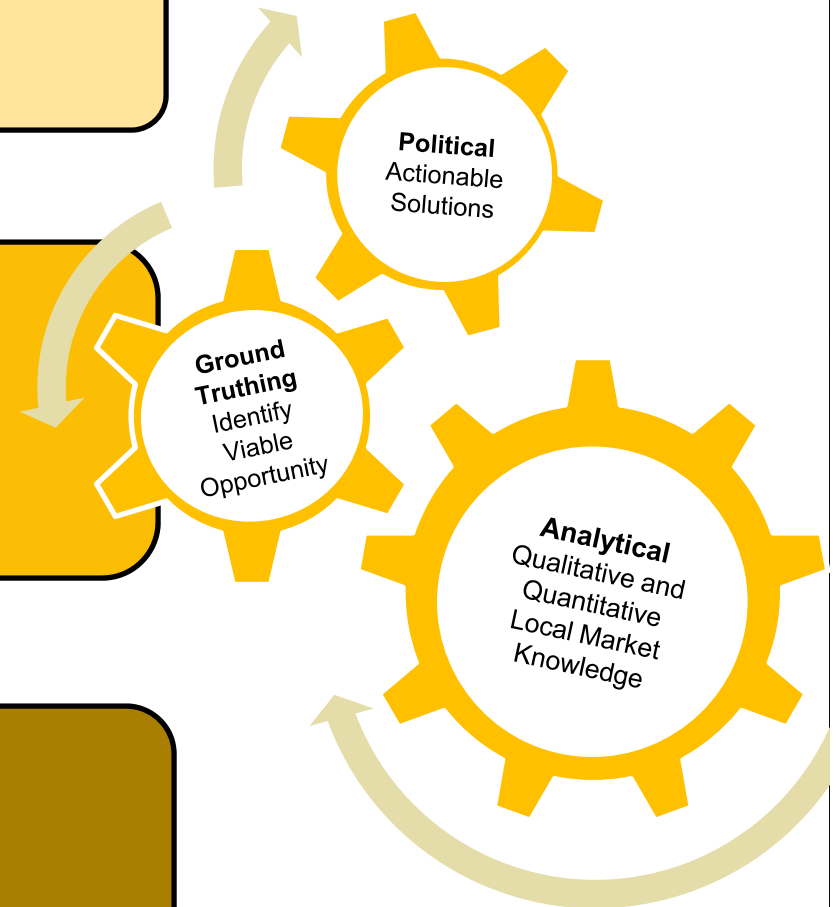
ANALYTICAL APPROACH TO CAMPUS EDGE RETAIL

OVERVIEW OF KEY QUESTIONS AND STEPS

“Diagnostics”
Who is the Retail Customer?
How Much Retail can the Market Support?
What Kind of Retail?

“Development Solutions”
Where Should the Retail Go?
Target Tenants?
Clustering?
Parking?
Leveraging Anchor Stores

“Implementation”
Shopping Experience/Branding Plan
Implementation Framework
Near-Term Marketing and Action Plan



KEY COLLEGE TOWN RETAIL ISSUES FOR DISCUSSION TODAY

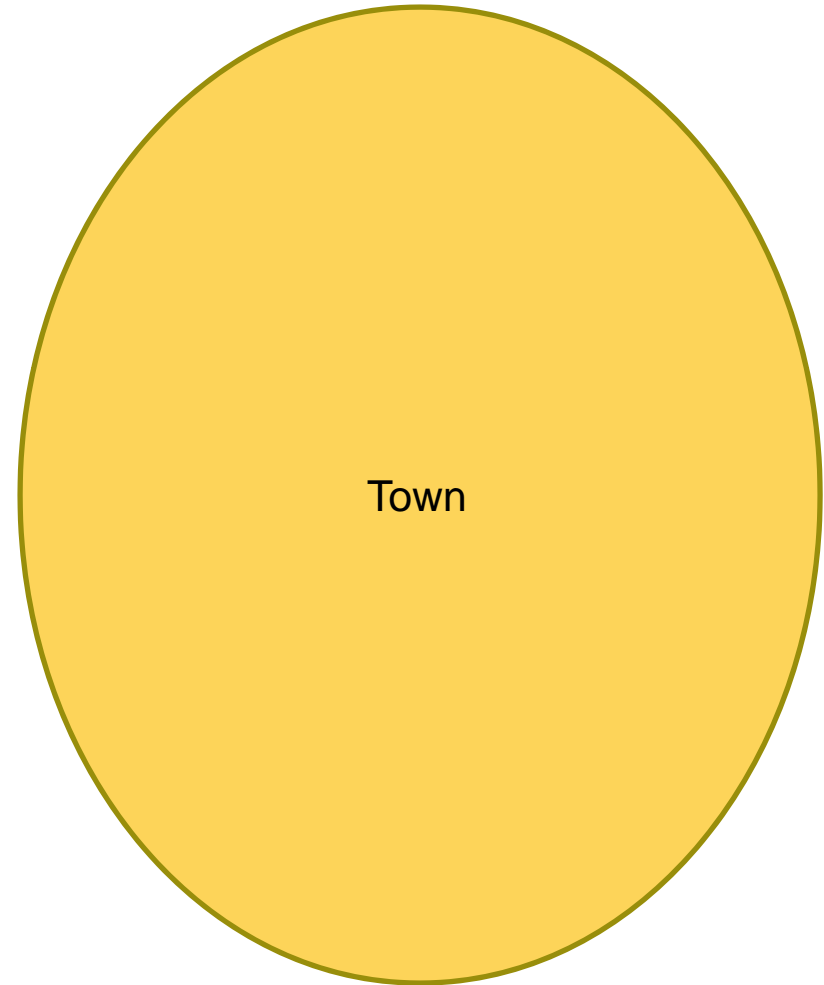
- ▶ **Where does college town retail work**
- ▶ **Understanding supply and demand and impact on scale**
- ▶ **The power of tenanting (or getting out of chicken and egg thinking)**
- ▶ **Implementation strategies (or dealing with the fact that you don't always control the land)**

CLASSICAL AND MOST DESIRABLE TOWN/GOWN COMMERCIAL SPATIAL ORGANIZATION



Gown

Commercial Zone

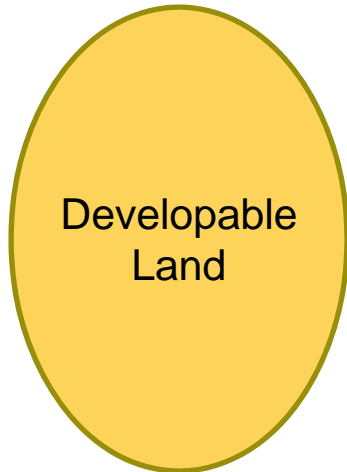
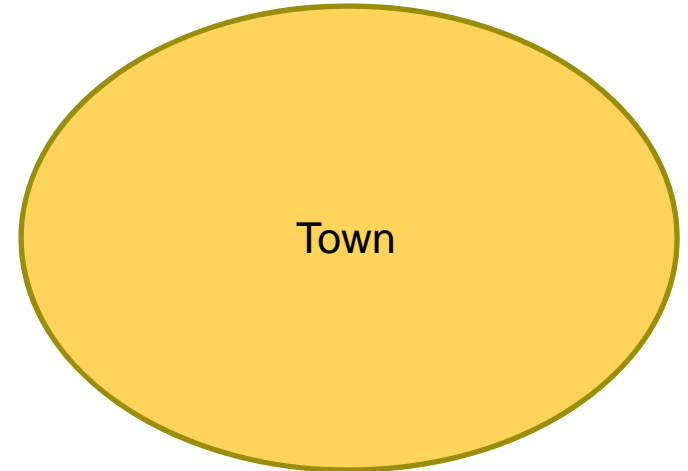


Town

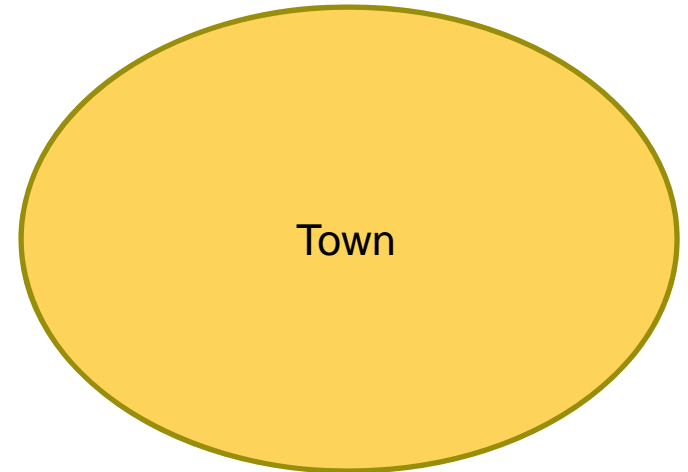
MORE TYPICAL "IMPERFECT" RELATIONSHIPS



Imperfect/ Non-Commercial Connection



Existing Retail



THE CHALLENGE - THEY NEED A BROADER AUDIENCE THAN STUDENTS

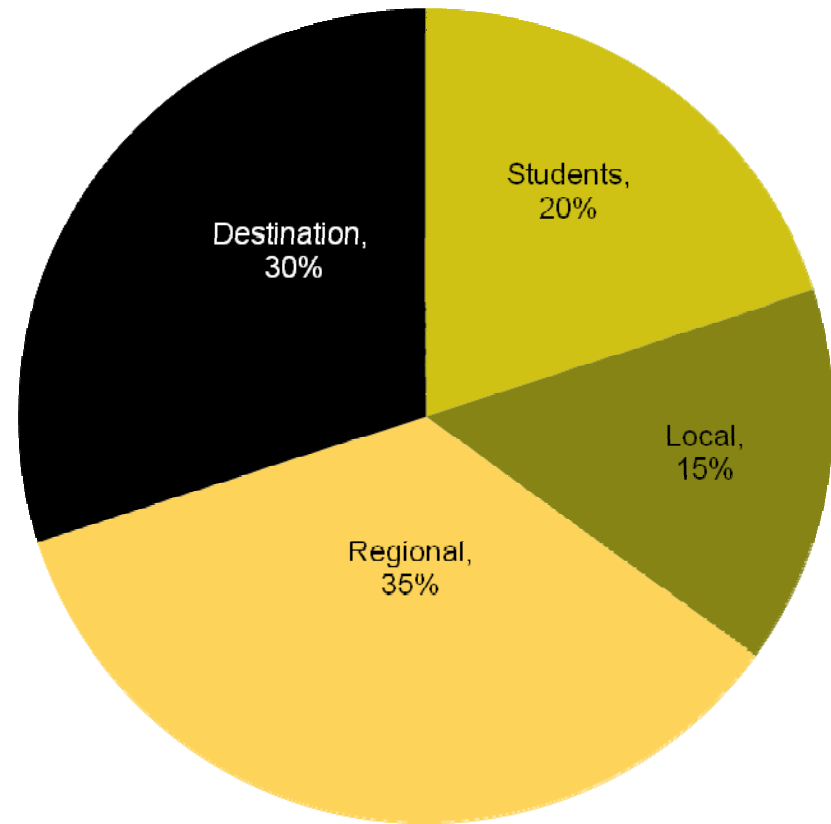


Franklin Street, Chapel Hill



Main Street, Charlottesville

Typical Mix of Vibrant College Town Retail Spending



THREE CASE STUDIES

- ▶ **Campus edge mixed-use environment**
- ▶ **Small town setting, campus and “downtown” too distant to relate**
- ▶ **Urban context, not as vibrant as it should be**

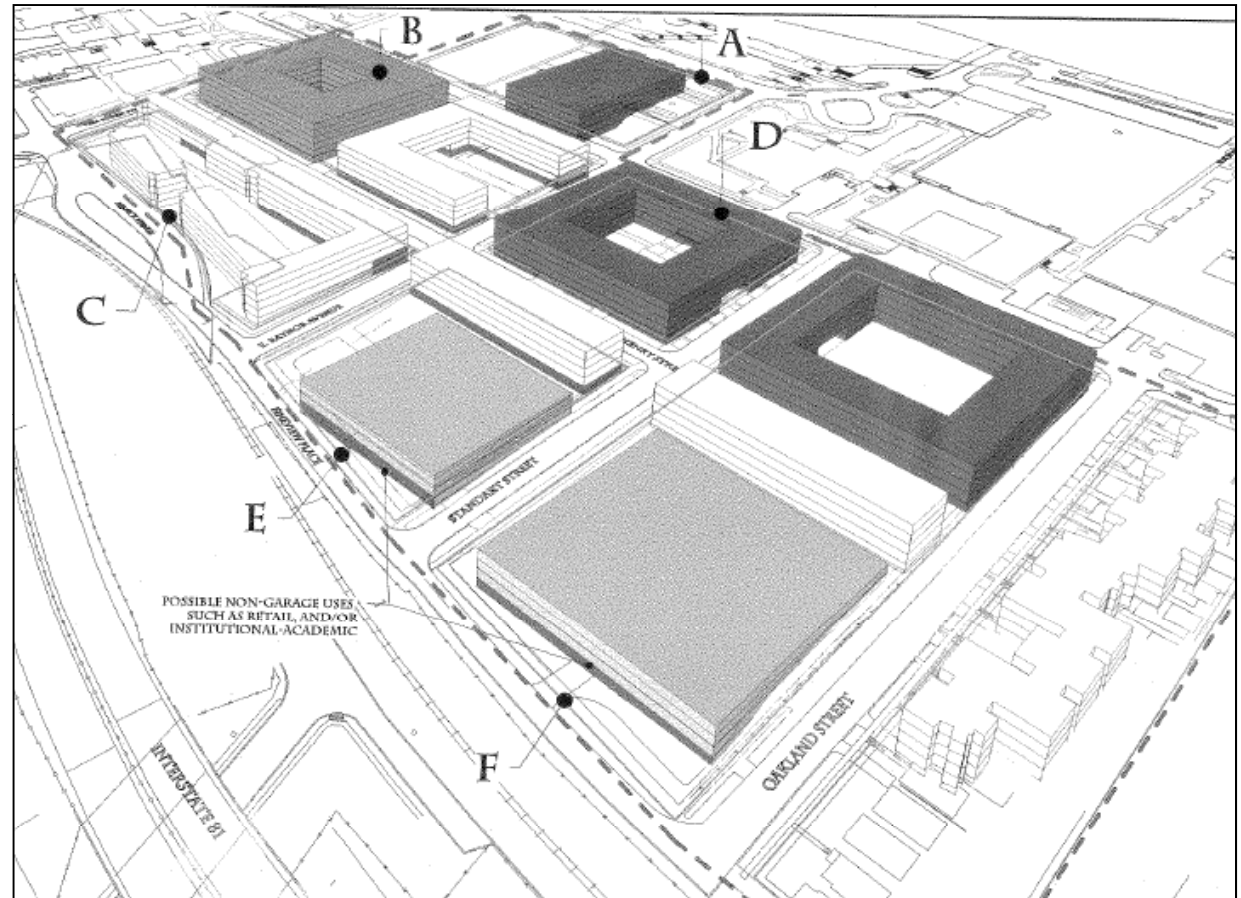


CASE 1 – CAMPUS EDGE MIXED-USE
DEVELOPMENT (LARGE N.E. UNIVERSITY)

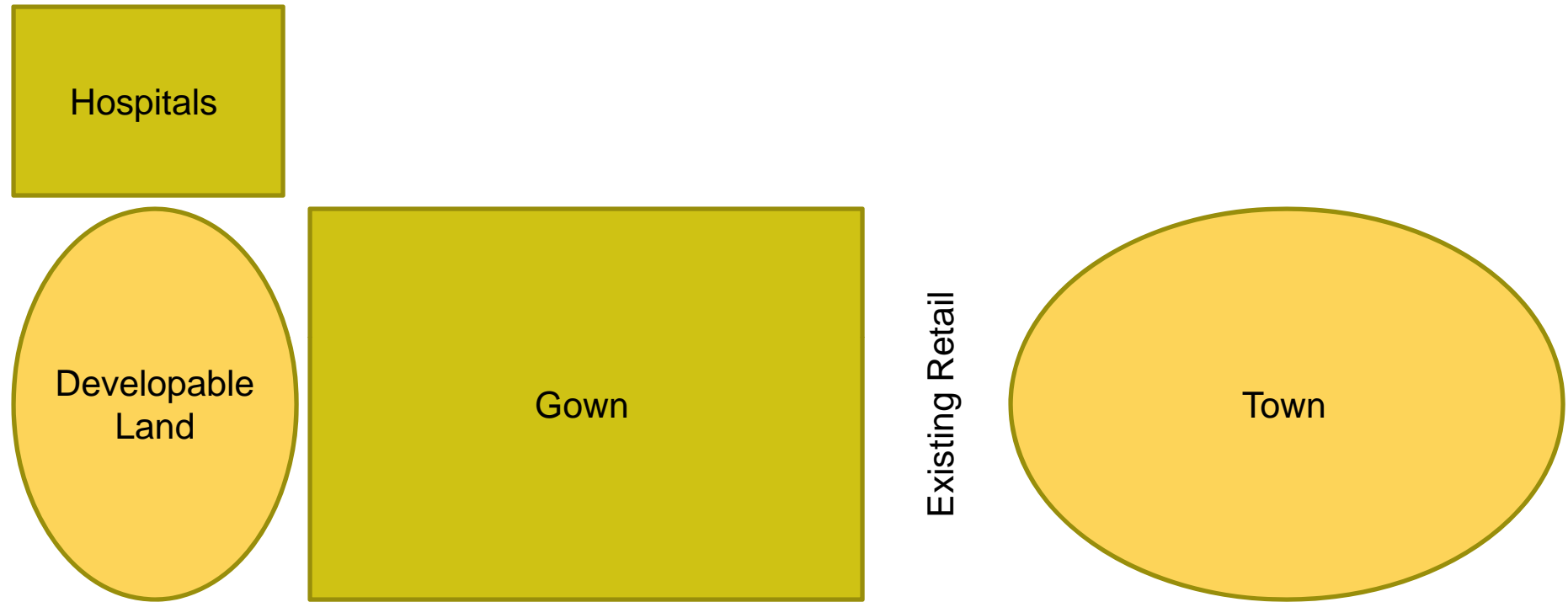
PROJECT EXAMPLE – SYRACUSE UNIVERSITY RETAIL POTENTIAL FOR NEW CAMPUS EDGE DEVELOPMENT

Key Questions:

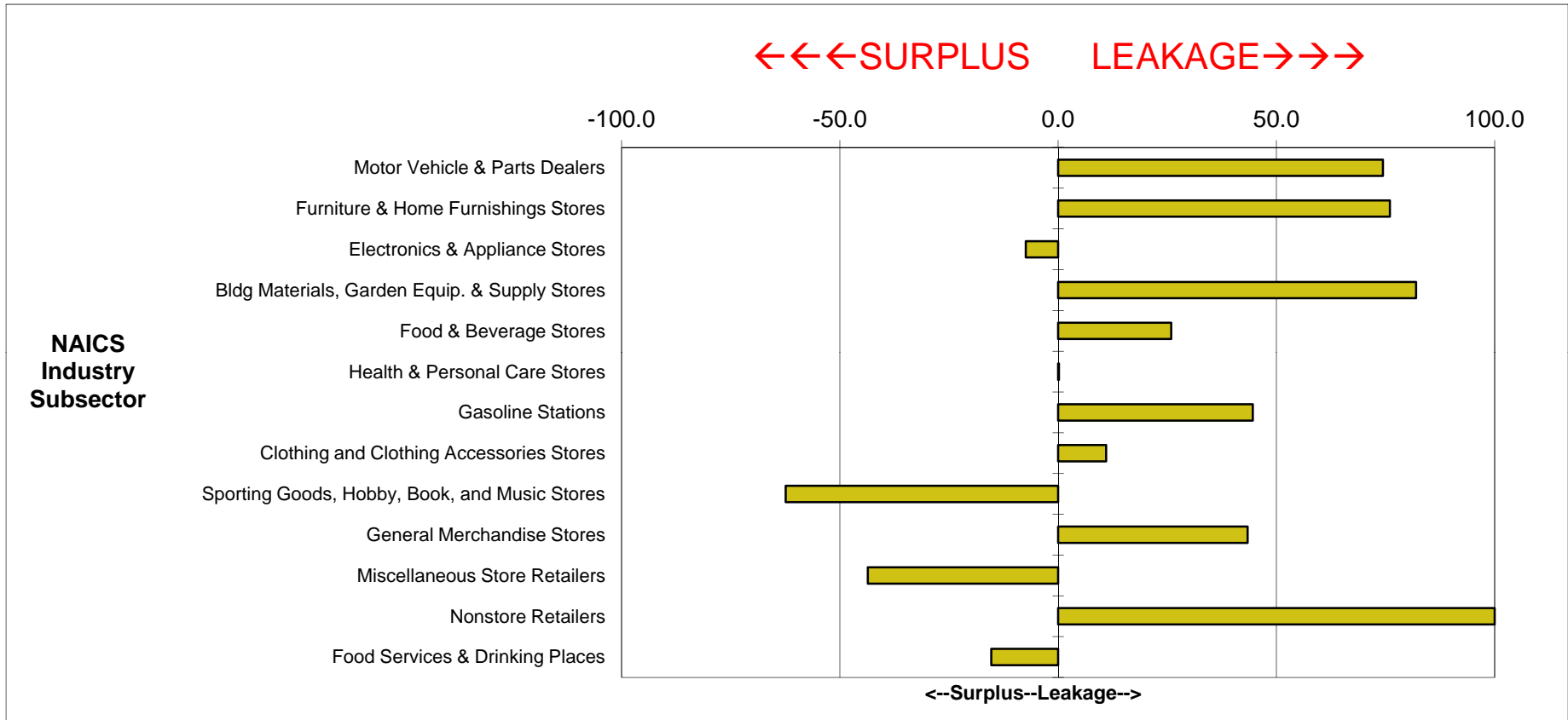
- How much retail demand is here (on the back side of campus)?
- Will there be competition with the existing campus edge “high street?”
- How do we capture demand from nearby arena without “building the church for Easter Sunday?”
- Can the local market attract “better” retailers?
- How do we encourage private development partners to build mixed-use buildings?



BACK SIDE OF CAMPUS CONDITION



STEP ONE: QUANTIFYING RETAIL LEAKAGE



This is a measure of the relationship between supply and demand that ranges from +100 (total leakage) to -100 (total surplus). A positive value represents 'leakage' of retail opportunity outside the trade area. A negative value represents a surplus of retail sales, a market where customers are drawn in from outside the trade area.

SOURCE: ESRI

DEFINING THE KEY MARKET AUDIENCES/ DEMAND DRIVERS

- ▶ Retail opportunity at East Campus is viable as the location ***appeals to multiple market audiences*** with different retail wants/needs
- ▶ Catering to only one of these audiences would not capture enough demand to support the development as planned. The ***tenanting strategy must appeal to multiple groups***
- ▶ ***Students and nearby hospital employees make-up the largest percentage of demand***
 - This group is a 'captive audience' that would frequent retail options that are differentiated or not currently provided at Marshall street

Primary Retail Market Audiences:

MARKET AUDIENCE	DESCRIPTION	RETAIL NEEDS	SIZE OF AUDIENCE (2010)
Local Employees	Syracuse University, Three Hospitals, and other local employees	Convenience goods, services, restaurants	22,096
Local Households	Households within 2-mile trade area	Everyday goods and services as well as some comparison and specialty items	3,081
Students	Undergraduate and graduate students	Restaurants, bars/clubs, everyday services and goods (personal care, grocery, etc.), some specialty retail	21,729
Visitors	Visitors to Arena Hospitals, and University	Convenience goods, services, restaurants	1.9 million
Other	Other households in the region	Restaurants. Everyday goods and services as well as some comparison and specialty items	5% of expenditures

QUANTITATIVE DEMAND ANALYSIS

Estimate of Retail Demand (Today):

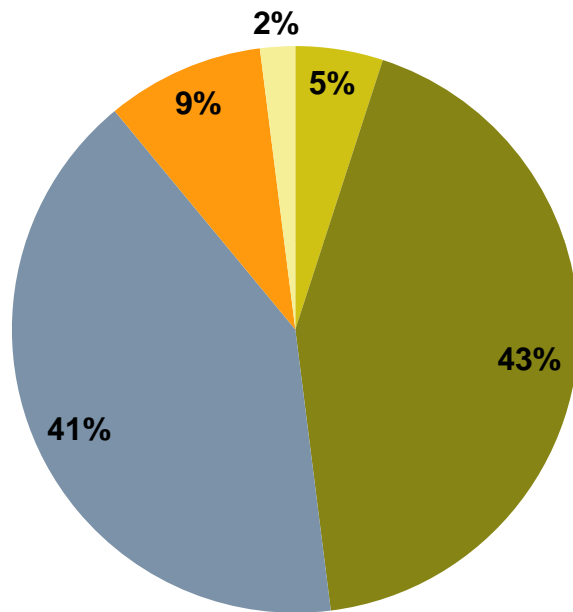
		HOUSEHOLDS	EMPLOYEES	STUDENTS	VISITORS	OTHER	TOTAL
Number		3,081	22,096	21,729	1.9 million	N/A	
Relevant Annual Retail Exp. Per	x	\$11,436	\$6,978	\$4,293	\$20 per visitor	N/A	
Total Expenditures	=	\$35.2 M	\$154.2 M	\$81.1 M	\$37.6 M	\$11.5 M	\$319.6 M
% of Expenditures within Trade Area	x	~44%	~44%	~44%	~44%	~44%	~44%
Estimated Sales Per SF	/	~\$350	~\$350	~\$350	~\$350	~\$350	~\$350
Total Supportable Retail SF	=	45,417	192,088	99,751	43,967	17,709	398,932
Subject Site Capture	x	5%	10%	20%	20%	5%	12%
Total Supportable SF	=	2,271	19,209	19,950	4,397	885	46,712

SOURCE: Claritas, ESRI

Note: Figures are approximate due to rounding

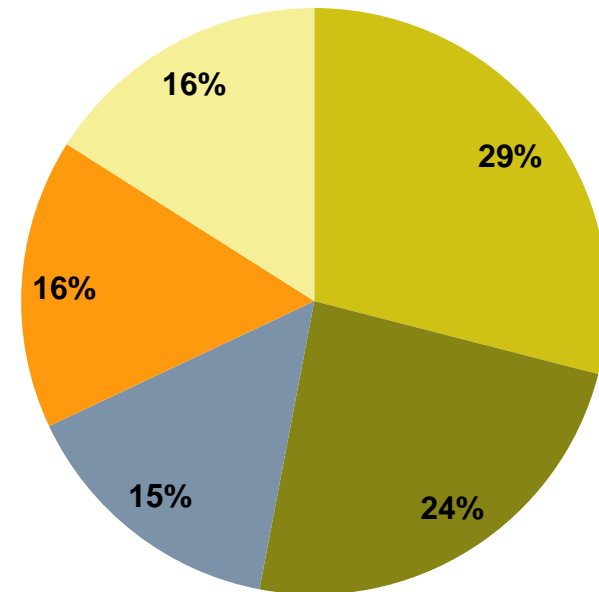
DEFINING THE KEY MARKET AUDIENCES/ DEMAND DRIVERS

West Campus Market Audiences, % of Total Retail Demand



- Local Trade Area Households
- Students
- Local Employees
- Visitors
- Other

Supportable Retail by Store Category



- Restaurant
- Grocery
- Personal Health
- Apparel and Accessories
- Discretionary

ROSTER OF 'LOGICAL' TARGET TENANTS TO FILL APPROXIMATELY 45,000 SF

RETAILER	EST. SIZE	EXAMPLE
Pharmacy	10,000	Walgreens, Rite Aid, CVS
Convenience	5,000	Mini grocery, beer & wine store
Upscale Sandwich/Bakery/Prepared	4,500	Panera Bread
Fast Casual (3-4 restaurants)	7,500	Cici's Pizza Buffet, Five Guys, Starbucks, Local
Apparel/Shoes, etc. (2-3 stores)	5,000	Payless, the Gap, logo shop, local
Quality Pub/Brewery	4,000	Gordon Biersch
Hair/Nail Salon (1-2 stores)	3,000	Hair Cuttery, Great Clips or Local Salon
Computer Store/Hobby Shop (1-2 stores)	1,500	Radio Shack, Gamestop, Cellphone Store
Dry Cleaner	1,000	Local (could be drop-off only)
Bank/ATM	2,500	Bank of America; First Niagara; Adirondack Bank; Citizens Bank
TOTAL OF 'LOGICAL' TENANTS	44,000	

LEASING SCENARIOS TO ENCOURAGE DEVELOPERS TO DELIVER MIXED-USE

- ▶ **UNIVERSITY-OWNED:** Developer shoulders primary risk and commits to buy a “retail condominium” from the developer at project delivery, the university leases the space directly to tenants with the assistance of retail broker
Pros – total university control; Cons – requires significant capital outlay
- ▶ **MASTER-LEASE BY UNIVERSITY:** University commits up front to lease the entire space from developer for set length of time and re-leases individual spaces to tenants with the assistance of an outside broker
Pros – significant university control without major cost; Cons – university bears the market/leasing risk
- ▶ **GUARANTEED REVENUE:** Developer leases space to tenants but University guarantees a minimum amount of revenue and covers the difference if the developer is unable to lease the entire space.
Pros – unlikely to result in major cost to university; Cons – loss of control on tenaning, potential developer resistance, university still bears market risk
- ▶ **OUTSIDE INVESTOR:** Instead of the University bearing the risk of leasing space or guaranteeing revenue, an outside investor takes the risk.
Pros – unlikely to result in major cost to university, little market risk to the university; Cons – complicated. Unclear as to control on tenaning, potential developer resistance (yet a third party to deal with)

SUMMARY OF VALUE TRADE-OFF ANALYSIS

RETAIL		APARTMENT	
Square Footage	10,000	Square Footage	10,000
Rent per SF	\$20	Rent per SF	\$2.00
Gross Annual Revenue	\$200,000	Gross Annual Revenue	\$240,000
OPEX, Tax, CI , Management (1%)	\$2,000	Operating Expenses (\$7,000 per unit)	\$70,000
Net Revenue	\$198,000	Net Revenue	\$170,000
Cap Rate	8.0%	Cap Rate	6.5%
Value	\$2.48 M	Value	\$2.62 M

Rent Level Assumptions:

- ▶ Retail at \$20 per square foot is based on comparables at Marshall Street that range from \$15-\$25.
- ▶ Apartment at \$2.00 per square foot is typically for newer construction student apartment units that rent on a per bed basis.

POTENTIAL NON-RETAIL (FALL BACK) USES

Student-oriented:

- ▶ Graduate student center and study space
- ▶ Computer lab/University-run service center
- ▶ University offices
- ▶ Gathering/Performance Space
- ▶ Academic or Tutoring Services
- ▶ Gym/fitness Center

Medical-oriented:

- ▶ Small medical offices like physical therapy, chiropractic, urgent care
- ▶ Medical supplies and apparel
- ▶ Expansion of hospital offices



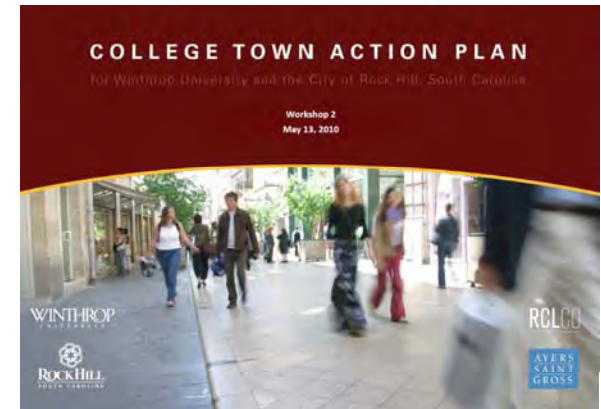
CASE 2 – SMALL TOWN SETTING, CAMPUS
DETACHED FROM TOWN (WINTHROP UNIV.)

COLLEGE TOWN ACTION PLAN

RETAIL REVITALIZATION STRATEGY

The Vision/Aspiration that informs the College Town Action is:

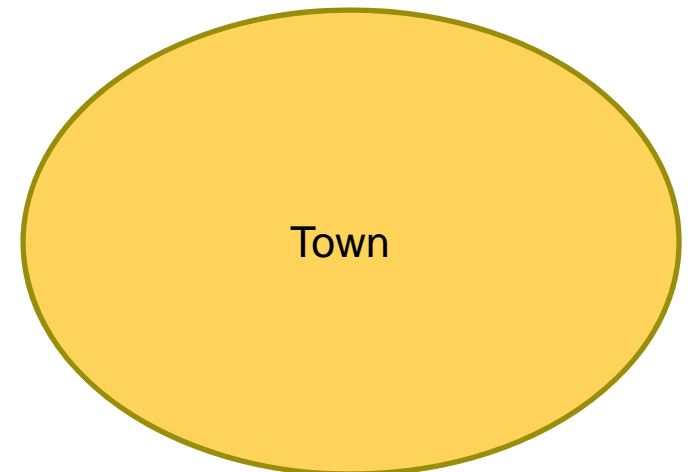
- ▶ Become a great college town
- ▶ Become a regional lifestyle destination (“the cultural capital of York County”)
- ▶ Become a “unique and desirable” upscale regional location to live (residential), work (office), learn (University), and play (arts)



CLASSICAL AND MOST DESIRABLE TOWN/GOWN COMMERCIAL SPATIAL ORGANIZATION



Imperfect/ Non-
Commercial Connection



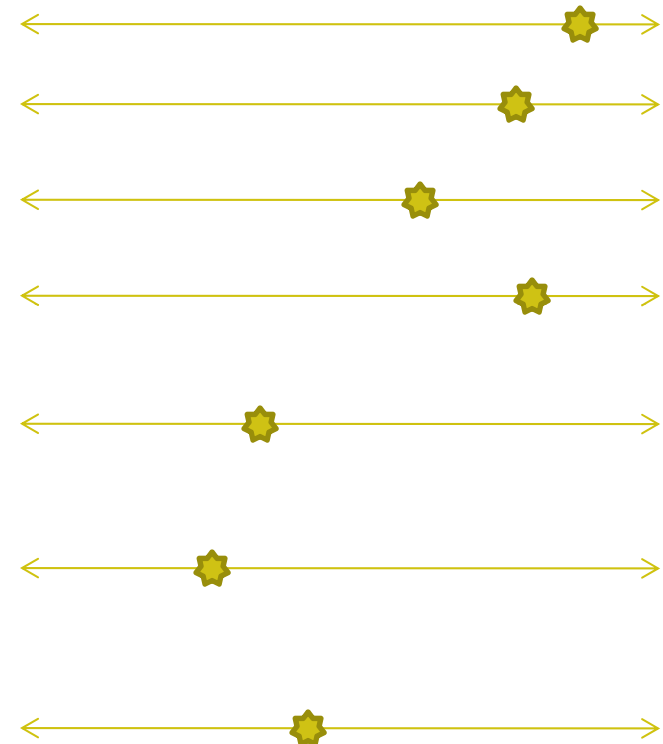
KEY CRITERIA FOR CREATIVE VIBRANT RETAIL

CRITICAL STEPS TO ACHIEVING REDEVELOPMENT

Criteria:

- ▶ Clean & Green
- ▶ Arts – functional infrastructure
- ▶ University – porous and inviting
- ▶ Historic Character – preserving and enhancing
- ▶ Housing –diverse, eclectic, well operated and right priced
- ▶ Entertainment & Retail - compelling options appealing to various audiences
- ▶ Office Space – function, interesting, and affordable options

Not at All Assessment Best in Class



The public sector can, in fact you have, “created the conditions” for economic development. The private sector creates critical mass, the Action Plan “sets the table” for them to do so.

PUBLIC SECTOR CAN “CREATE THE CONDITIONS” PRIVATE SECTOR RESPONDS TO OPPORTUNITIES

Reasons for Lack of Development Community Engagement:

Limitation for Rock Hill Today?

- | | |
|--|-----------|
| ▶ Area not on the radar for sophisticated developers | Yes |
| ▶ Lack of compelling market story (no demonstrated market success) | Yes |
| ▶ Ineffective local government | No |
| ▶ Availability of land/redevelopment sites | No |
| ▶ Financial feasibility gap (real or perceived) | Yes |
| ▶ Regulatory hurdles | Improving |

Step 1: Better understand the “feasibility gap”

Step 2: Put together the action plan to address “visibility/market story”

EXAMPLE OF AN ACTION STEP

“INTERVENTIONIST APPROACH TO DRIVING RETAIL”

A College Town has a Distinctive Market Mix SEED THE RETAIL TENANT BASE TO GAIN CRITICAL MASS

Why:

Making College Town a more vibrant retail destination is a prerequisite for many of the desired outcomes from the Action Plan. Attracting just three or four quality tenants in key categories to strategic locations (e.g. the Cherry Road transformational development) can help the area gain the critical mass that will allow the market to function normally on its own.

How:

1. Use targeted list of potential retailers (both locally, regionally, and nationally) whose demographic and physical space requirements match those in the College Town area
 - Successful independent businesses already established in the Charlotte area will be particularly compelling for the creation of a truly unique College Town environment
 - City and local business advocates can create a compelling business proposition (“pitch packet”) highlighting unique market opportunities (available space that meets their needs, demographics, student spending patterns, etc.) and shop this to targeted tenants.
 - It may be useful to enlist the services and knowledge of an experienced Charlotte retail broker when developing this pitch packet
2. City and/or RHEDC can facilitate the leasing of a small number of storefronts at strategic locations
 - Educate landlords on benefits of performance-based rents. These will lessen the risks faced by new retailers and allow them to mature and evolve in place with less financial strain. The upside benefit for the landlord, is a stable long-term tenant.

When: Near-term and Medium-term

CUSTOMIZED SOLUTIONS

FINANCIAL TRADE-OFFS OF “NO CHAINS” APPROACH

RETAIL TARGET TENANTS

CATEGORY 1: Successful “Home Grown” Regionally-Based Businesses

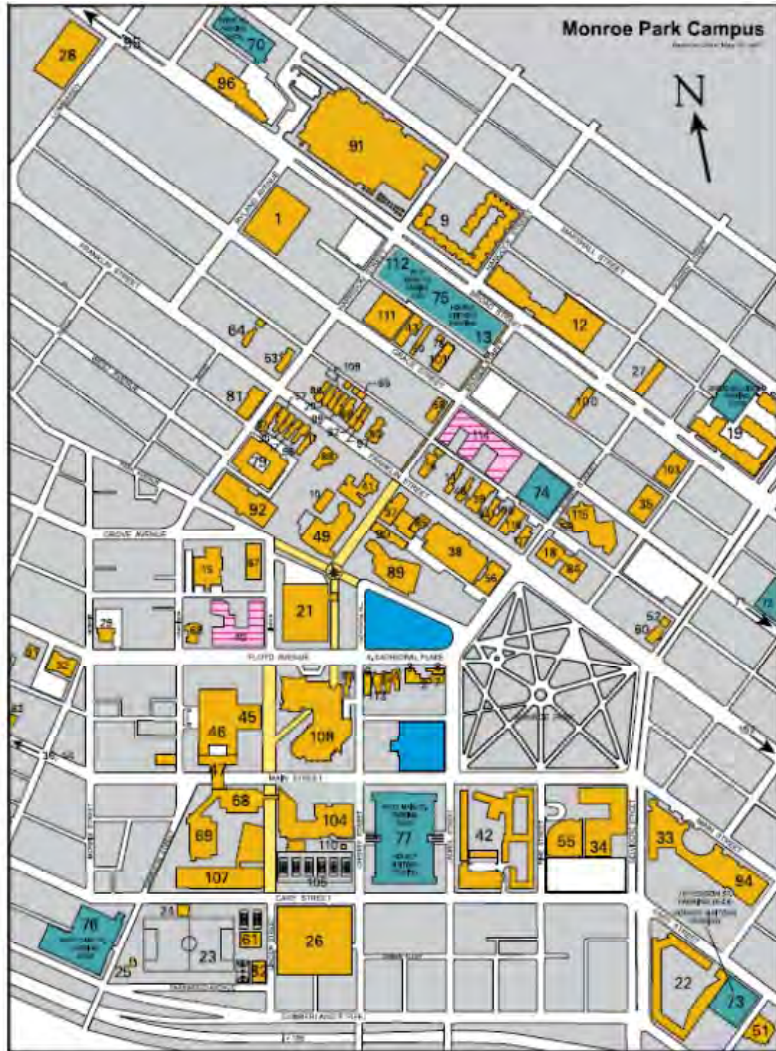
Name	Type	Current Location(s)
Cantina 1511	Full-service Mexican	Dilworth, Ballantyne
Phat Burrito	Limited-service Burrito	South End
Dilworth Coffee	Independent Coffee House	11 Regional Locations (including one in York Co.)
Owens Bagel & Deli	Bagel Shop & Deli	South End
Luigi's Pizza	Pizza	Dilworth, Arrowood, Ballantyne
Hawthorne's Pizza	Pizza	Elizabeth, Huntersville, South Park, Mint Hill
Jackalope Jack's	Bar & Grill	Elizabeth
Philosphers Stone Tavern	Bar & Grill	Elizabeth
Press	Wine Bar Restaurant	Fourth Ward

These are successful and growing businesses with a proven track record. They are highly regarded within the Charlotte area, particularly among younger market audiences. These independent operators are more likely to understand the unique market proposition of College Town Rock Hill and, given their lack of “hard-coded” corporate site selection criteria, they are more likely to take a chance on emerging underserved retail areas such as College Town. Their presence in the area would go a long way toward creating a unique and exciting environment for students and residents alike.

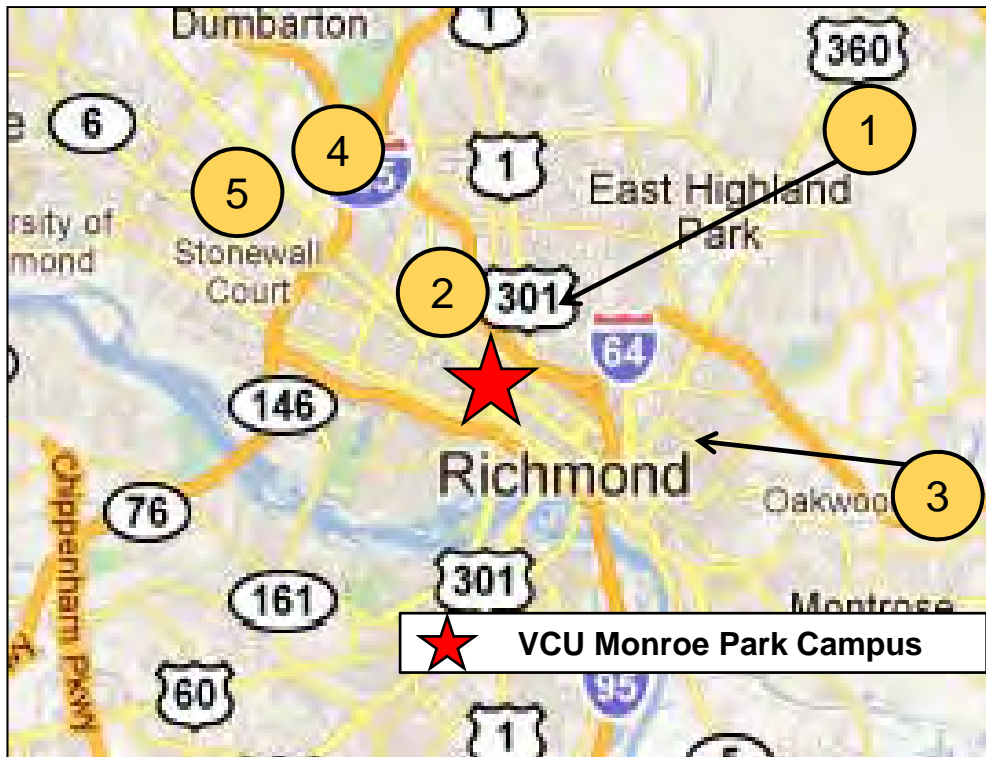


CASE 3 – UNDERPERFORMING URBAN
CONTEXT (VIRGINIA COMMONWEALTH UNIV.)

SHOULD BE A PRIME URBAN LOCATION



RICHMOND DOES OFFER A NUMBER OF COMPELLING RETAIL NODES ONLY BROAD/GRACE IS WALKABLE FROM CAMPUS

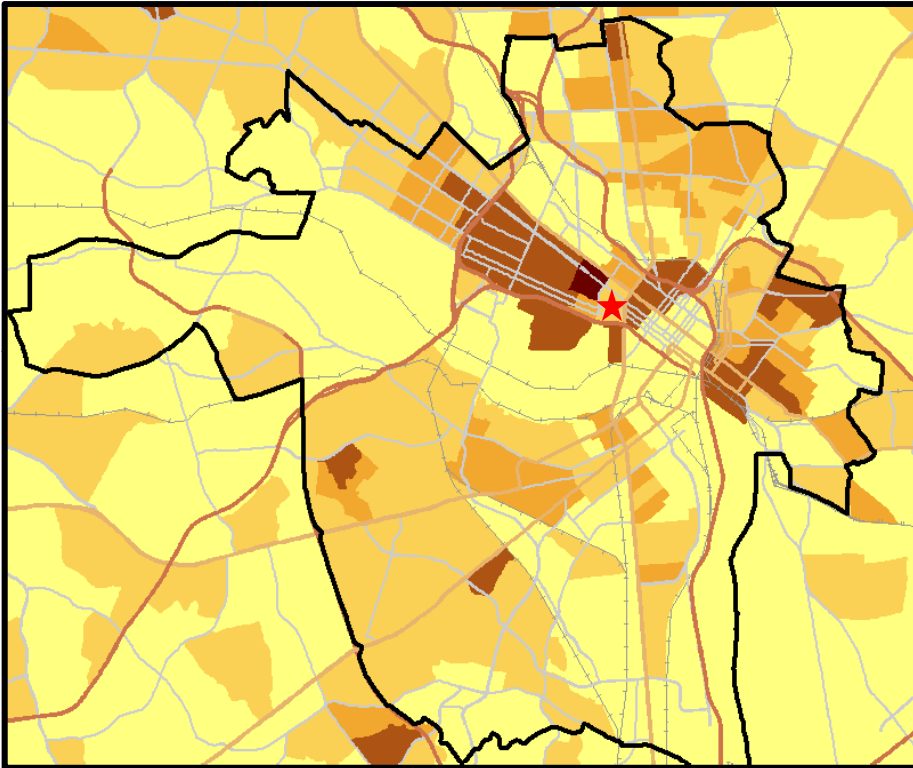


	CENTER	TYPE	DISTANCE	TENANTS
1	Grace/Broad	Local Retailers	1 block	Mainly fast food and sit down dining options, some service oriented retail, minimal hard goods
2	Carytown	Local Retailers	2 miles	Antique shops, local dining, higher end boutiques, jewelry, home furnishings
3	Shockoe Bottom	Local Retailers	2.6 miles	Historic strip with art studios and galleries, boutique shops, restaurants, and night clubs
4	Willow Lawn	Regional Mall	3.9 miles	Anchored by Gold's Gym, Old Navy, Ross, Staples (76 stores, 475,000 GLA)
5	Libbie Grove	Local Retailers	4.5 miles	Antique shops, service oriented retail, jewelry, specialty food, health wellness and beauty

SOURCE: RCLCO, ESRI

CLASSIC POST WW-II U.S. CITY DEMOGRAPHICS

CONVENTIONAL RETAIL ANALYSIS DOESN'T GET "SPENDING DENSITY"



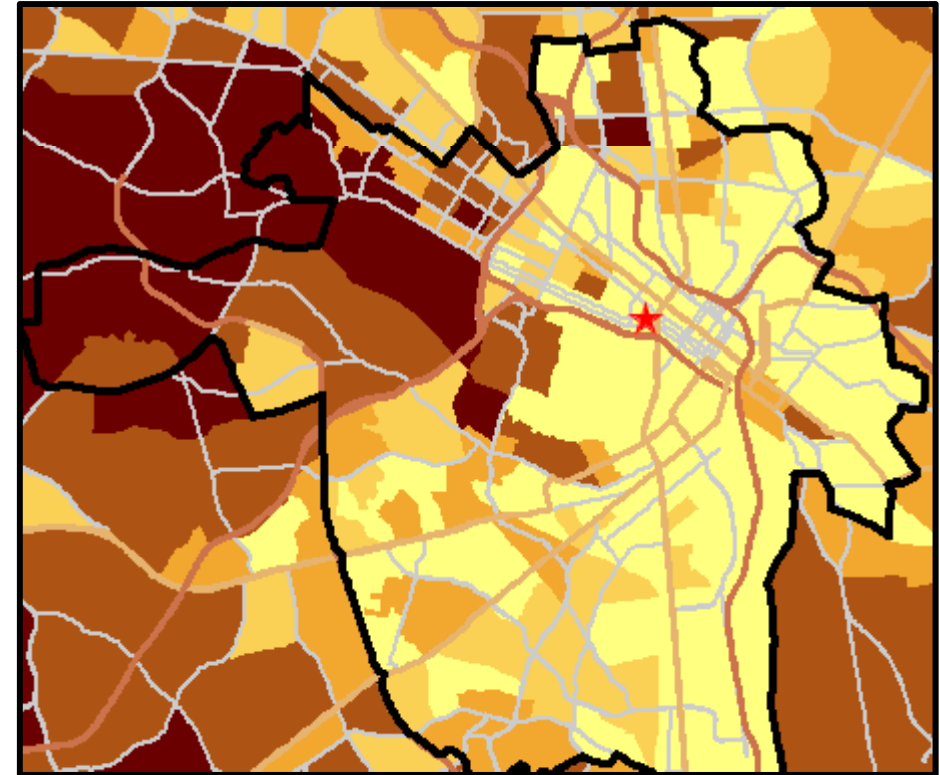
0.00 – 1.50 HH/ACRE

1.51 – 3.00 HH/ACRE.

3.01 – 5.00 HH/ACRE

5.01 – 15.00 HH/ACRE.

15.01+ HH/ACRE.



\$0 - \$40,000

\$40,001 - \$50,000

\$50,001 - \$60,000

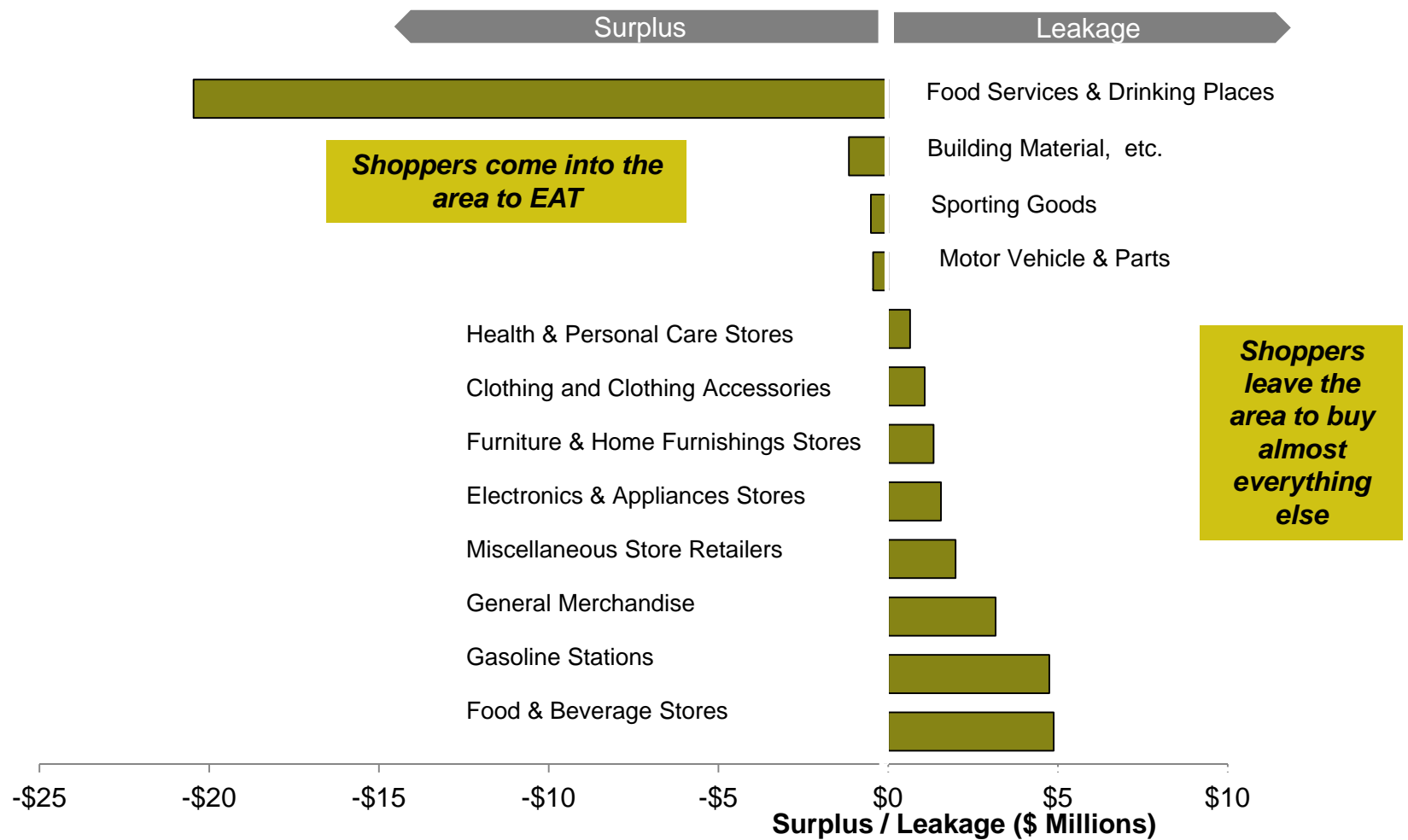
\$60,001 - \$80,000

\$80,001+

SOURCE: RCLCO, ESRI

RICHMOND RETAIL ENVIRONMENT IS LIKE MOST AMERICAN CITIES: POTENTIAL IN-TOWN SPENDINGS LEAKING TO THE SUBURBS

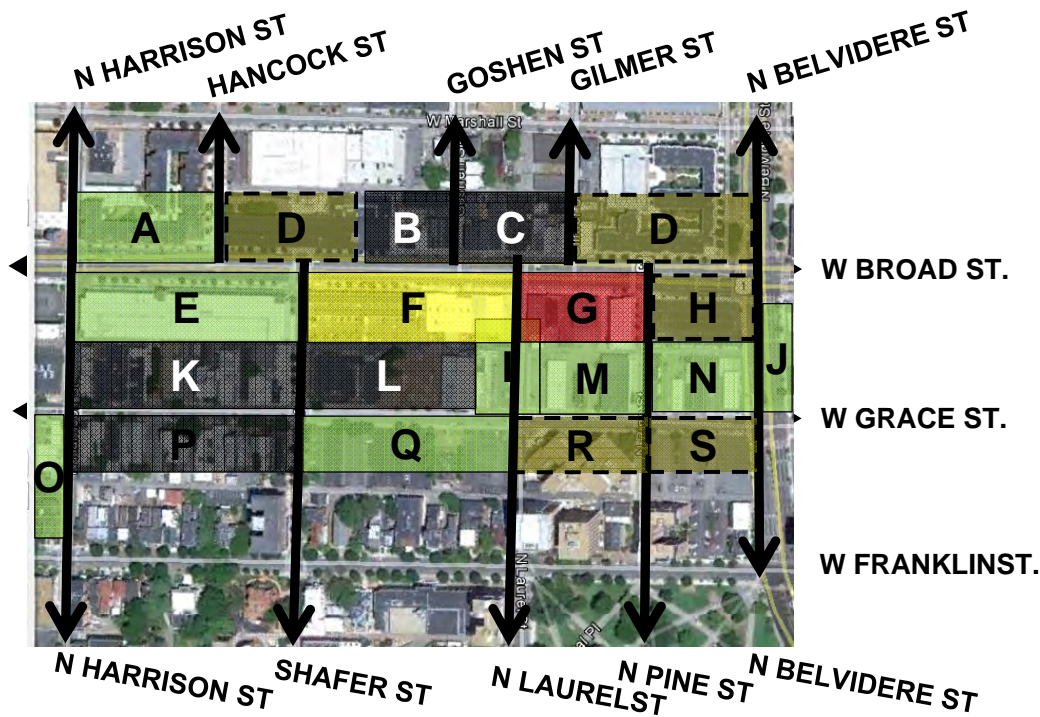
RETAIL LEAKAGE/SURPLUS FOR 10-MINUTE WALK AREA



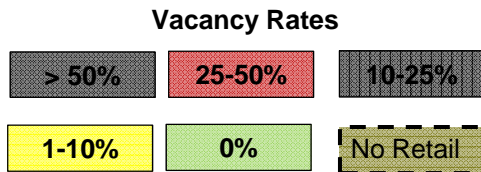
SOURCE: RCLCO, ESRI

RETAIL ENVIRONMENT IN BROAD/GRACE CORRIDOR

HIGH VACANCIES, NARROW TENANCY, LIMITED SCALE



Store Type	#	SF	%SF
Dining	31	34,000	33%
Vacant			
Books/Music/Electronics	7	26,000	16%
Other Retail	10	8,050	8%
Gas	1	6,000	6%
Service Oriented	6	4,700	5%
Nightlife	1	2,000	2%
Grocery	1	2,000	2%
Art Store	1	1,500	1%
Clothing	1	400	<1%
Total		112,350 SF	

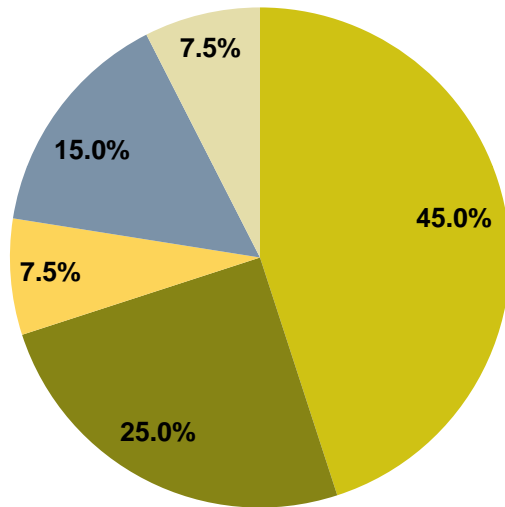


- ▶ Overall vacancy rate of 25% (RCLCO estimate) underscores need for significant overhaul of VCU's near campus retail
- ▶ Statistics confirm retailer sentiment that abundant dining options abound but little else, including clothing and other hard goods

SOURCE: RCLCO

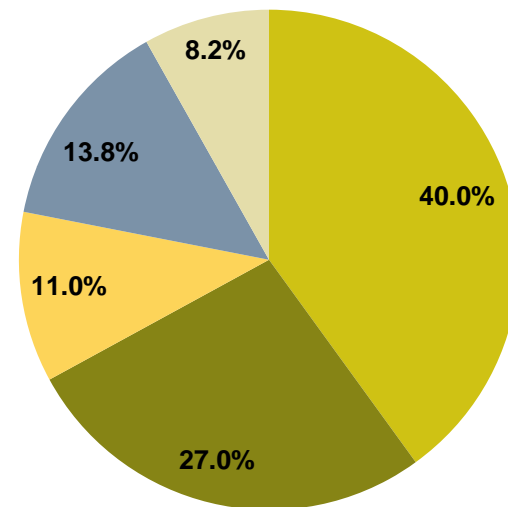
VCU STUDENT SPENDING PATTERNS LARGELY CONSISTENT WITH NATIONAL AVERAGES

VCU Student Spending Distribution Assumptions



- Restaurants and Bars
- Grocery
- Personal Care
- Apparel and Accessories
- Other Discretionary

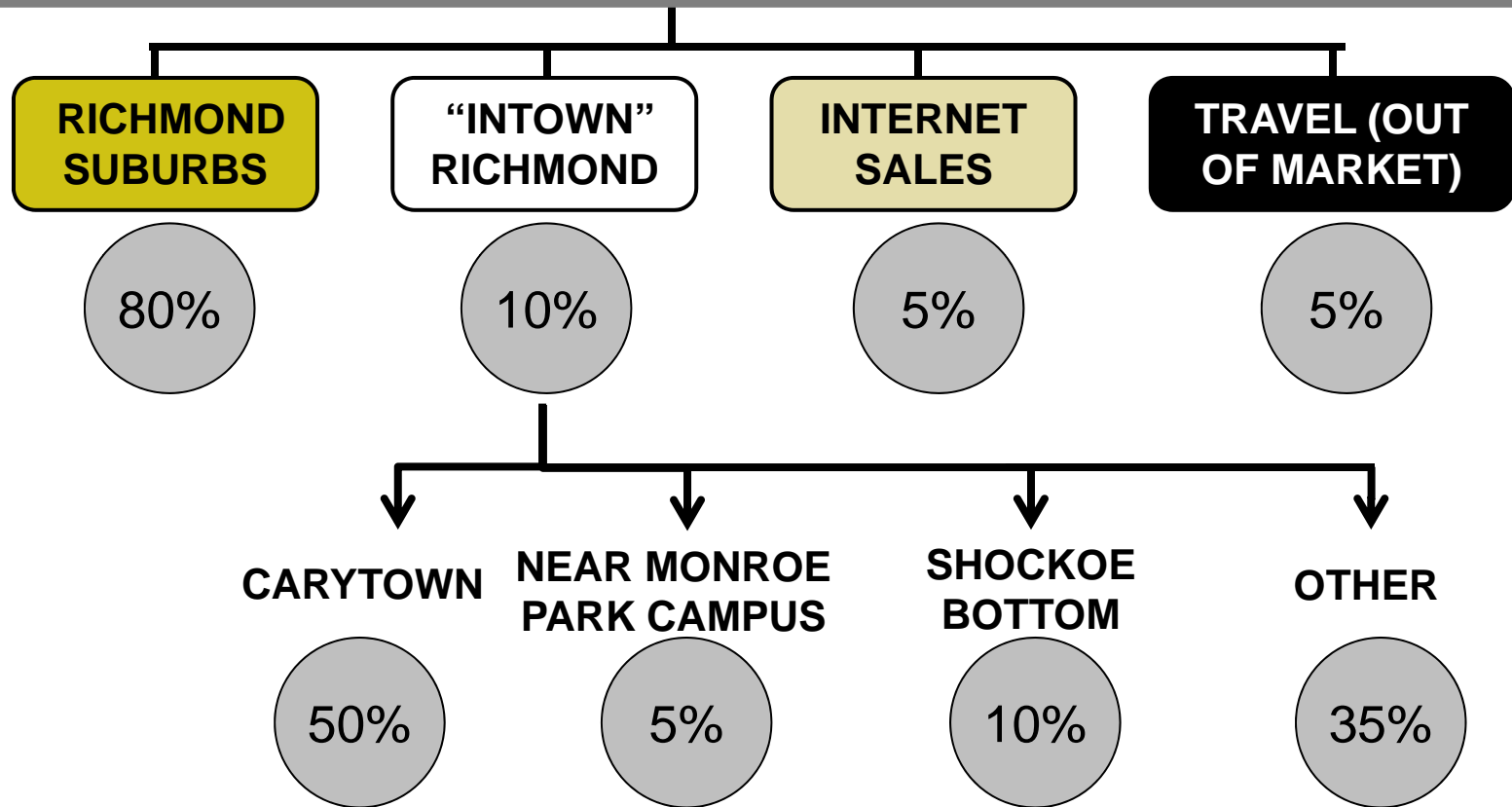
National Spending Distribution - University Students



- Restaurants and Bars
- Grocery
- Personal Care
- Apparel and Accessories
- Other Discretionary

STRATEGY: GROW RETAIL MARKET BY CAPTURING A GREATER SHARE OF REGIONAL AND INTOWN SPENDING

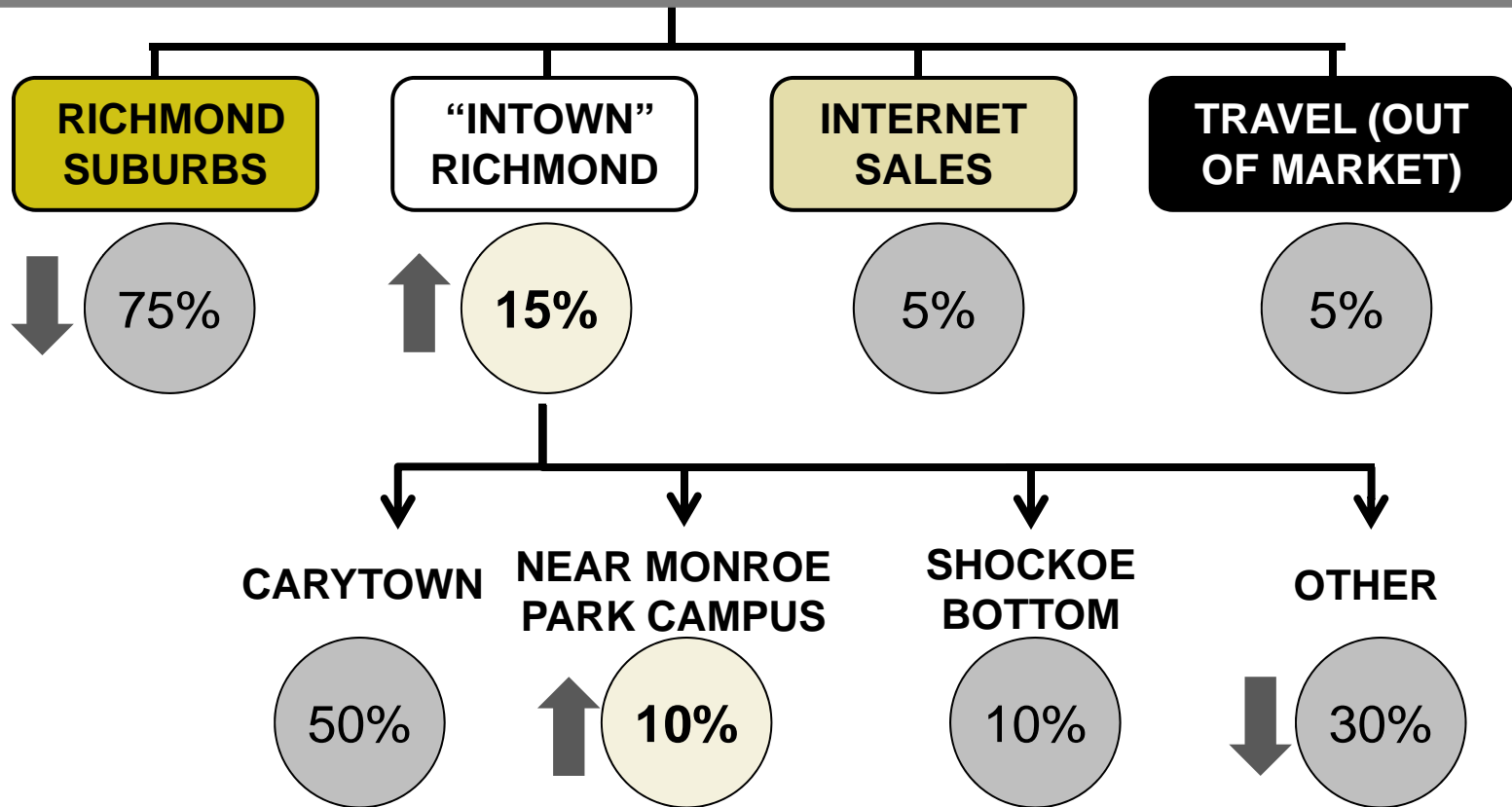
TOTAL SPENDING BY VCU COMMUNITY AND RESIDENTS WITHIN 40-MIN DRIVE TIME OVER \$9.2 BILLION



* Figures are a rough estimate based on knowledge gained through market research as part of our overall study

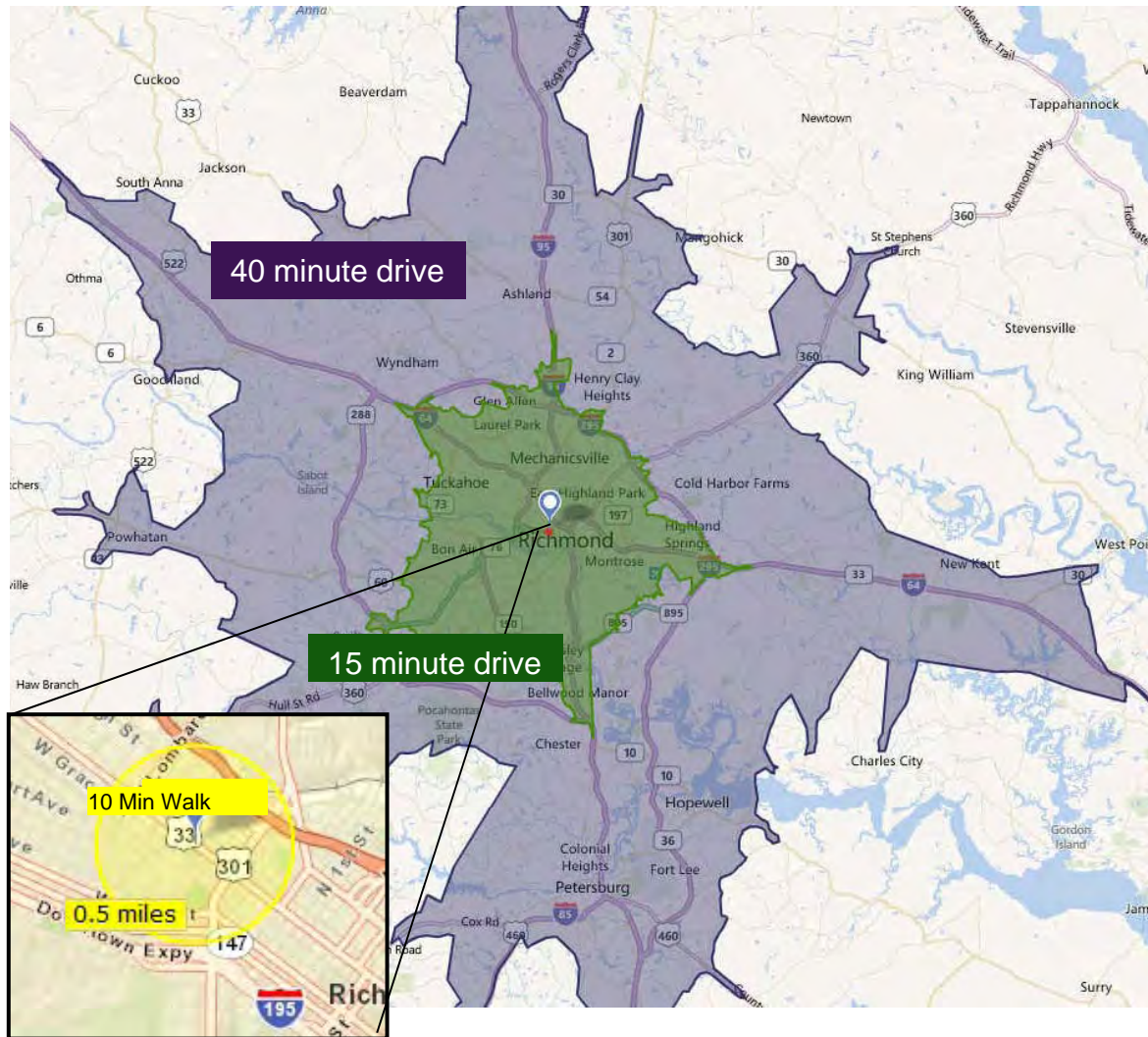
INCREMENTAL CHANGE NOT AN EVOLUTIONARY CHANGE

TOTAL SPENDING BY VCU COMMUNITY AND RESIDENTS WITHIN 40-MIN DRIVE TIME
OVER \$9.2 BILLION



* Figures are a rough estimate based on knowledge gained through market research as part of our overall study

RETAIL TRADE AREAS EVALUATED FOR MONROE PARK CAMPUS NEIGHBORHOOD



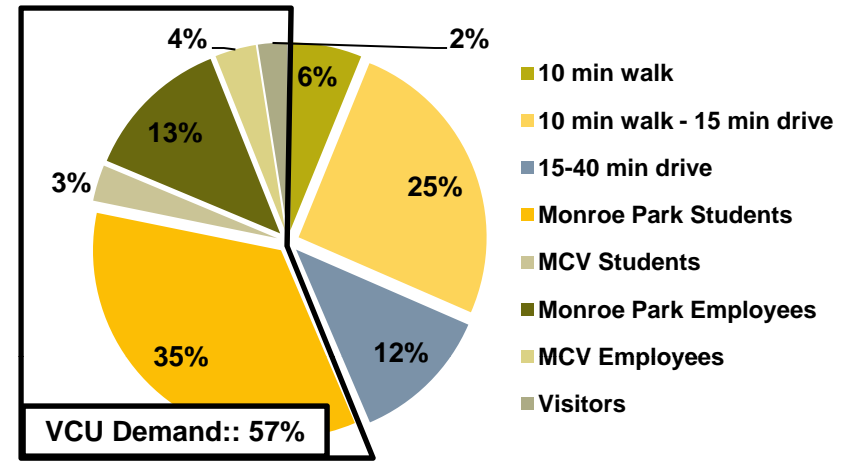
	10 Min Walk Time	10 Min Walk – 15 Min Drive	15 – 40 Min Drive Time
Households (2010)	3,903	202,914	211,985
Household Growth (2000 – 2010)	10.4%	5.4%	21.1%
Median Income (2010)	\$23,662	\$53,972	\$70,963
Employment (2010)	6,337	352,138	204,933
Retail Spending	\$59.9 million	\$4.7 billion	\$4.4 billion
Retail Spending /HH	\$15,300	\$23,300	\$30,000

SOURCE: RCLCO, ESRI

NEED TO BETTER CAPTURE UNIVERSITY COMMUNITY, BUT ALSO BEGIN ATTRACTING THE REGIONAL RESIDENT BASE

- ▶ Retail opportunity near Monroe Park Campus is viable as the location **appeals to multiple market audiences** with different retail wants/needs
- ▶ **Campus community make-up nearly 60% of the demand**
 - This group is a 'captive audience' that would frequent retail options that are differentiated or not currently provided on Broad/Grace Street and surrounding VCU
 - But a regional capture could result in 40% more retail activity

Monroe Park Market Audiences, % of Total Retail Demand



MARKET AUDIENCE	RETAIL NEEDS	SIZE OF AUDIENCE (2010)
Local Households within 10 min walk	Grocery stores, sit down and fast food dining, department stores, clothing stores	~4,000
10 min walk – 15 min drive time	Sit down dining, grocery stores, clothing stores, furniture and other hard goods	~200,000
15 – 40 min drive time	Sit down dining, general merchandise, electronics and other hard goods	~210,000
Monroe Park Students	Clothing stores, everyday services and goods (personal care, grocery, etc), sit down and fast food dining, additional hard goods	27,544
MCV Students		4,483
Monroe Park Faculty	Clothing stores, general merchandising stores, everyday services and goods (personal care, grocery, etc.), some specialty retail	10,594
MCV Faculty		8,063
Visitors	Clothing stores, general merchandising stores, sit down and fast food dining, electronics stores and other hard goods	658,534

RETAIL DEMAND ANALYSIS SUMMARY

Total Potential Neighborhood Spending Activity from Resident Base: \$87.9 million

Total Potential Spending from Students, Employees and Visitors: \$113.9 million

Total Retail Spending Potential : \$201.8 million

Retail Productivity (Sales/SF): \$200/SF - \$700/SF (~\$420/SF AVG.)

Supportable Retail (SF): ~460,000

Less Existing Broad/Grace Street Retail (~265,000 SF)

Less Existing Broad/Grace Street Vacancy (~45,000 SF)

Minimum Store Size Requirements

Retail Mix and Balance of Store Types

Total Supportable Retail: ~160,000 SF (including anchors)

* Capture Rates vary based on retail

¹ Visitor spending does not include lodging and attraction expenditures

SUMMARY OF RECOMMENDED PROGRAM

MIX OF SUPPORTABLE RETAIL BY STORE TYPE

RETAILER	DEMAND (SF)	ESTIMATED SIZE (SF)	EXAMPLE RETAILER
Clothing and Accessories Store (10-15 stores)	45,000	500-2,000	Boutique and second hand stores with “edgy” urban feel e.g. Buffalo Exchange, Urban Outfitters, Forever 21, showroom for VCU student designers, shoe stores, accessory stores (Claire’s)
General Merchandising Store	35,000	30,000-60,000	Wal-Mart Express, Urban Target
Grocery Store	25,000	25,000	Small-format grocery store such as Trader Joes, potentially student oriented, or as a component of a large Target/Wal-Mart
Convenience/Pharmacy/Health & Beauty	35,000	2,500-12,000	Walgreens, Rite Aid, CVS, GNC, optician, Sunglass Hut, upscale salons
Full-Service Dining	30,000	2,500-5,000	Olive Garden, Applebee's, Mellow Mushroom, Buffalo Wild Wings, other moderately priced, local, sit-down restaurants with bar
Fast Casual Dining	20,000	1,500-4,000	McDonalds, Taco Bell, Sweet Tomatoes, Jimmy John’s, Chick-fil-A, Pizza, Falafel, etc.
Miscellaneous Retail	5,000	500-2,500	Florist, Office Supplies, Stationary, and Gift Stores, Other Misc. Stores
Beer, Wine and Liquor Store	5,000	500-1,500	Local
Sporting Goods Store	5,000	2500-5,000	Local, Foot Locker, Champs Sports
TOTAL RETAIL DEMAND	~ 205,000		



How to Achieve this Opportunity?

IF THE OPPORTUNITY IS SO VAST, WHY HAS RECENT PERFORMANCE BEEN SO POOR: NEED TO TAKE A DIFFERENT APPROACH

Conventional Broker Driven Approach

Marketing disconnected from ownership

Fixed rent leases

High retailer startup cost/strong risk of failure

Tenant mix contracts to “fuel” providers

Doesn't reverse pattern of “compounding under investment”

Proactive Approach to “Seeding” the Retail

Improved aesthetics/safety

University takes greater control (owns/master leases) of the real estate

Performance based rents allow shared risk

Hand selected tenants help transform neighborhood

Existing and new retailers organized as BID

REPRESENTATIVE TARGET RETAIL TENANTS

OPPORTUNITIES FOR LOCAL RETAILERS

RETAIL STORE TYPE	ESTIMATED SIZE (SF)	EXAMPLE LOCAL RETAILER
Clothing and Accessories Store	500-2,000	Rumors, Showroom featuring VCU designers
Grocery Store	25,000	Ellwood Thompson's Local Market, Libbie Market, Tom Leonards Famers Market
Convenience/Pharmacy/Health & Beauty	2,500-12,000	Row House Soaps
Full-Service Dining	2,500-5,000	La Grotta, Millie's, Acacia Midtown, The Empress, Edo's Squid, Cous Cous
Fast Casual Dining	1,500-4,000	Garnett's Café, Urban Farmhouse, GlobeHopper Coffee, Crossroads Coffee & Ice Cream; Shockoe Espresso & Roastery,
Sporting Goods Store	2500-5,000	Rowlett's Bicycles, Richmond Re-Cycles, Road Runner Running Store, Saxon Shoes

UN-EXPRESSED KEY QUESTION

WHAT IS THE UNIVERSITY'S ROLE?



<i>Deal Structure</i>	“Starter Fluid”	“BID Executive Director”	JV Partnership	University As Developer
<i>Description</i>	VCU sets the “plan” and defers to marketplace	VCU coordinates branding, marketing, recruitment	VCU “controls” land, JV w/developers	VCU buys and develops buildings
<i>Legacy Potential/ Control of Outcome</i>	Limited	Modest	High	Highest
<i>Level of Risk/ Financial Benefit</i>	Limited	Modest	High	Highest
<i>Mechanism</i>	Facilities/Real Estate Dept	TBD	Quasi Autonomous LLC	University Foundation
<i>University Precedent</i>	Winthrop Univ.	Washington Univ.	Cornell University	Colgate – Hamilton Initiative



Creating Vibrant College Town Retail Districts

International Town Gown Association

Adam Ducker | June 4-8, 2012

