

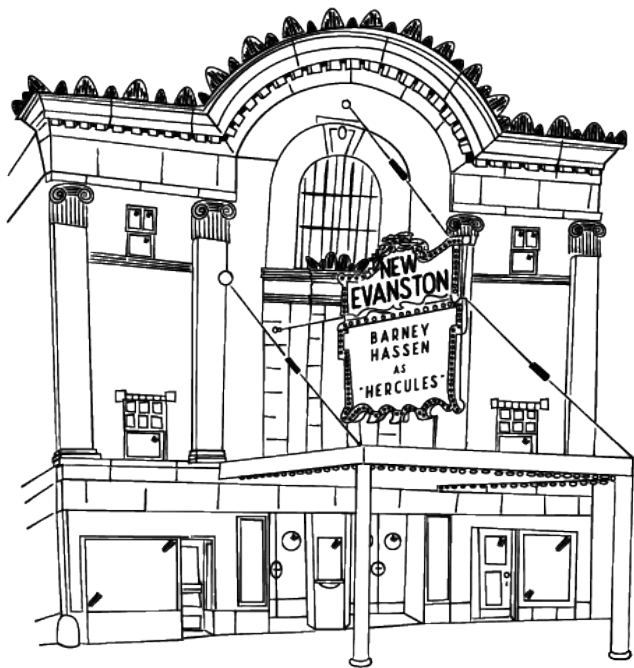
EVANSTON THRIVES

RETAIL DISTRICT ACTION PLAN

INTERFACE STUDIO | MJB CONSULTING | NINIGRET PARTNERS | ALL TOGETHER

RETAIL FOUNDATION

DRAFT 090822



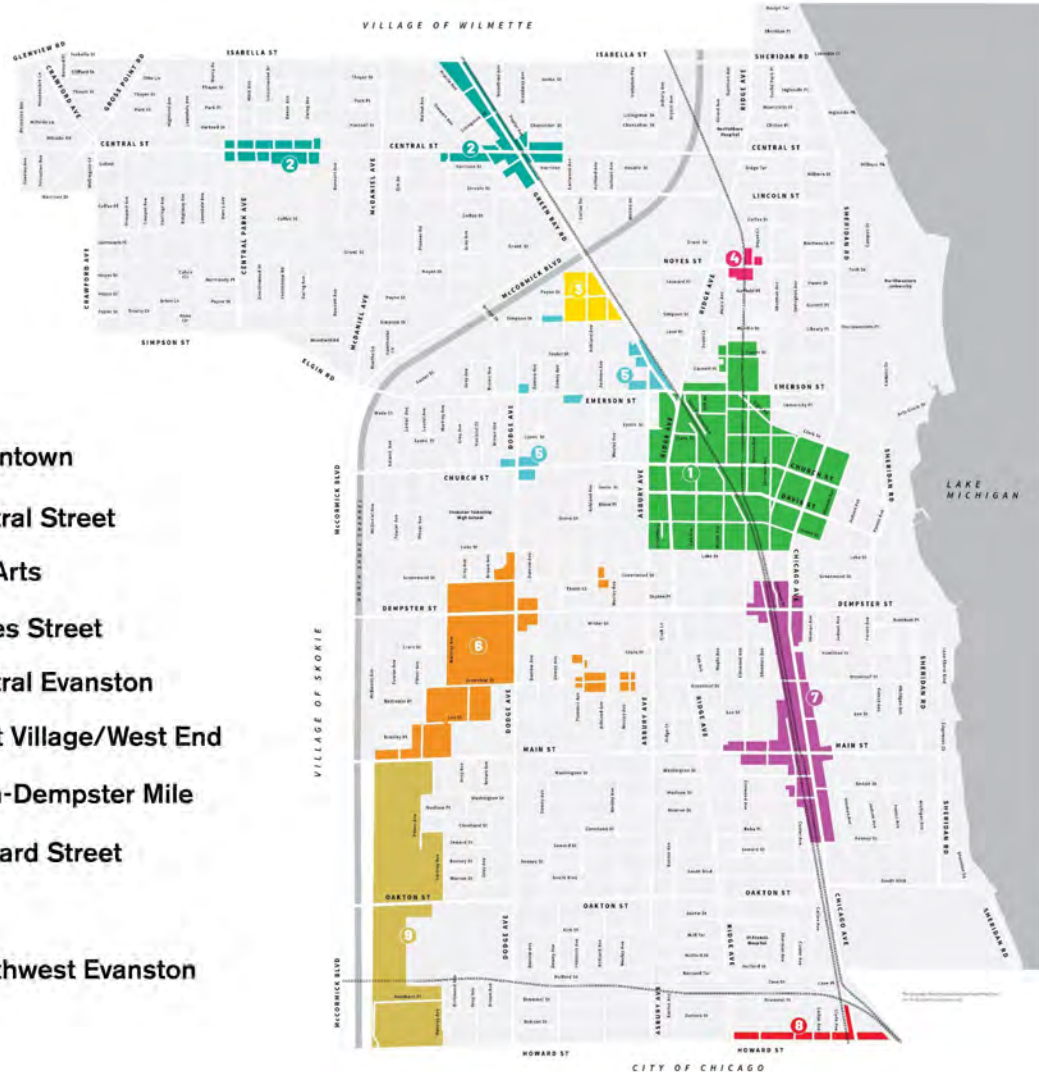
The Evanston Thrives storefront activations include hand-drawn illustrations, historical context, and fun facts to tell the stories of the eight retail districts.

AGENDA FOR ECONOMIC DEVELOPMENT COMMITTEE



1. Retail terminology
2. Retail cycles and trends
3. What drives retail locations
(Context, Space availability, Rules & Regs)
4. What can cities control,
What can they influence?
5. What's next?

RETAIL DISTRICTS



- 1 Downtown
- 2 Central Street
- 3 Hill Arts
- 4 Noyes Street
- 5 Central Evanston
- 6 West Village/West End
- 7 Main-Dempster Mile
- 8 Howard Street
- 9 Southwest Evanston

PROJECT GOALS



- Reimagine our neighborhood business districts, balancing market realities with bold and creative design.
- Protect and reinforce our city's most precious assets at the neighborhood level.
- Celebrate the unique identity of each district—past, present and future stories—through branding and placemaking.
- Identify the ideal use of ground floor space for each district and citywide.
- Build a toolkit to ensure more equitable investment and support for local businesses
- Inform the City's business recruitment and retention efforts in these areas.



RETAIL TERMINOLOGY

"Retail" is anything that is open to walk-in consumers



DEFINING RETAIL

Jewel-Osco!



CVS!



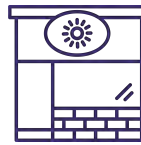
CONVENIENCE GOODS & SERVICES

*traditional supermarkets,
drug stores, dry cleaners*

- “Commodities”
- Price, style and quality roughly the same everywhere
- Consumers will choose store solely on the basis of convenience
- Draws from the immediate neighborhood
- Nearest competitors define Trade area

Mack's Bike Shop!

Farmhouse!



COMPARISON GOODS

*apparel, footwear, jewelry,
furniture, sit-down dining*

- “Commodities” or “Specialty”
- Price, style and/or quality vary from one store to the next
- consumers will “comparison-shop” and choose store on the basis of these factors
- Favors districts with a large selection of such stores
- Consumers will drive further for that selection (wider trade area)

Healthy Pet supply!

C&W!

Wine Goddess!

H Mart!



Whole Foods!



CONVENIENCE as a NON-COMMODITY

Destination grocery store

- “Commodities” sold as “Specialty”
- Emergence of “niche” markets in convenience



RETAIL CYCLES + TRENDS



E-COMMERCE IS NOT THE DEATH OF RETAIL

INDEPENDENT BRICK-AND-MORTAR RETAILERS HAVE BEEN HERE BEFORE...

**"CONSUMERS COULD SHOP
FROM THEIR OWN HOMES,
THEIR CHOICES WOULD
APPEAR AT THEIR DOORSTEP,
AND THEY LOVED IT".**



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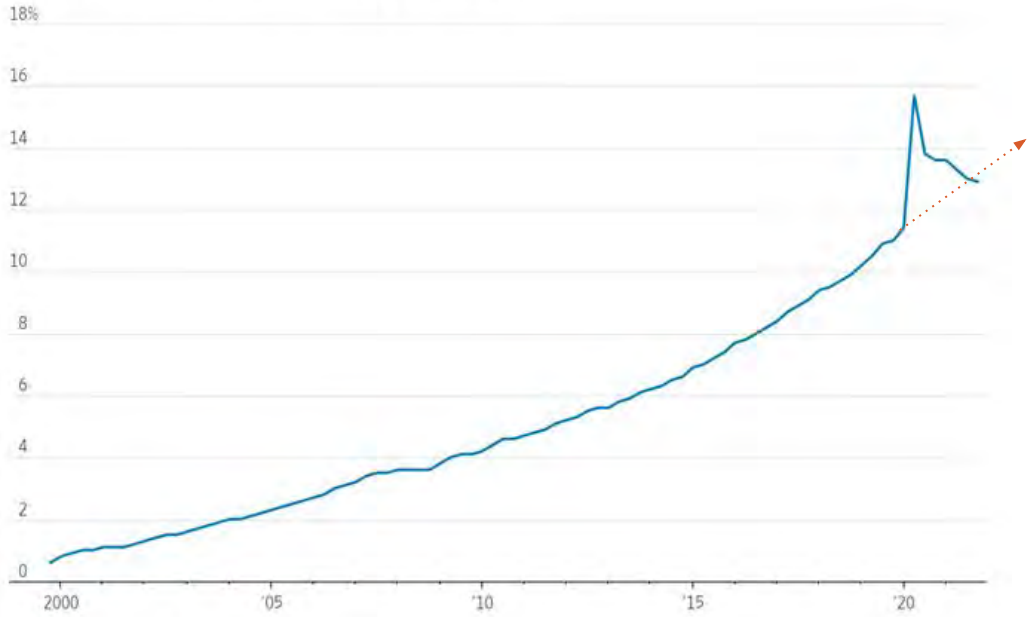
Sound familiar?



E-COMMERCE IS NOT THE DEATH OF RETAIL

BRICK-AND-MORTAR RETAILING IS ALIVE AND WELL

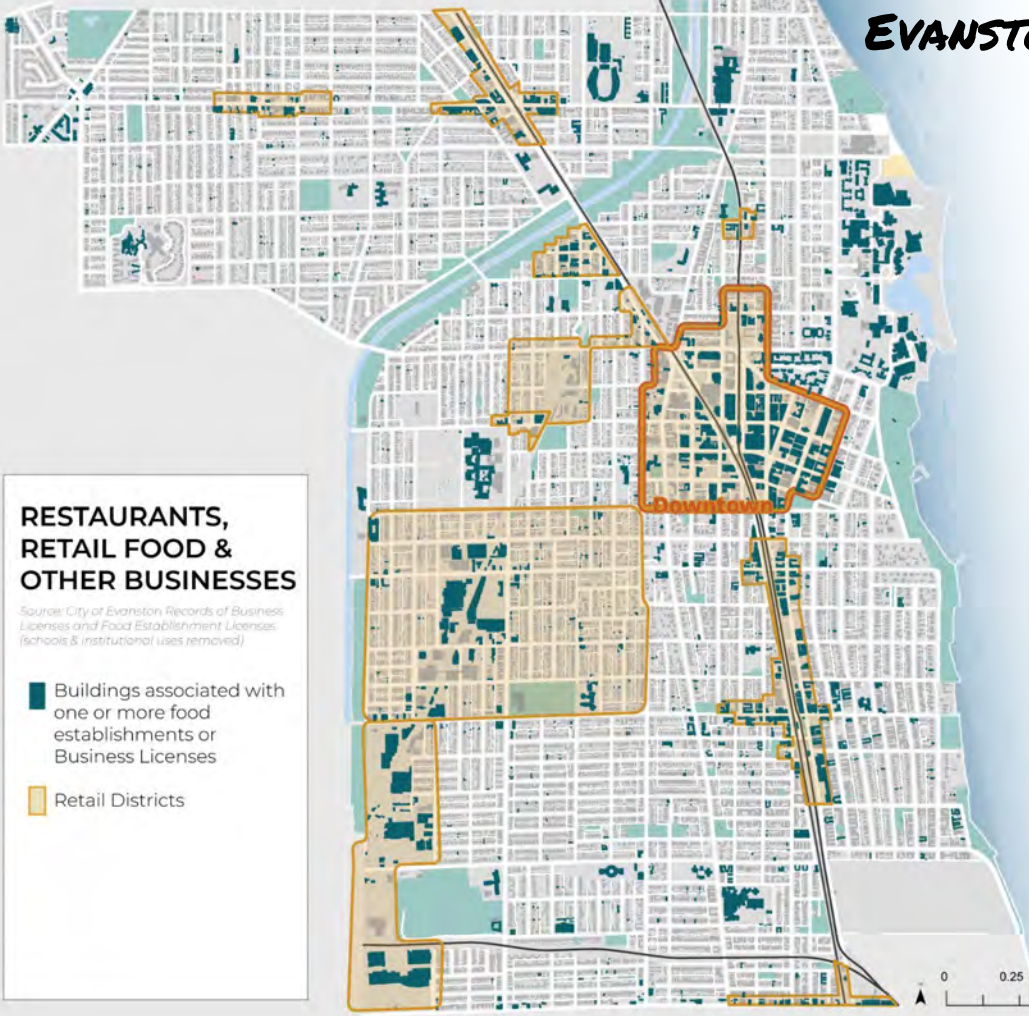
Estimated e-commerce as a percentage of total retail sales



Source: U.S. Census Bureau



EVANSTON'S BUSINESSES AND RESTAURANTS



RESTAURANTS, RETAIL FOOD & OTHER BUSINESSES

Source: City of Evanston Records of Business Licenses and Food Establishment Licenses. (Schools & institutional uses removed)

 Buildings associated with one or more food establishments or Business Licenses

 Retail Districts

Citywide Retail Properties:

- Vacant SF: 165K (73% of all Vacancy)
- Vacancy Rate: ~4.6 ('21) - 4.9% ('22)

Downtown Retail Properties:

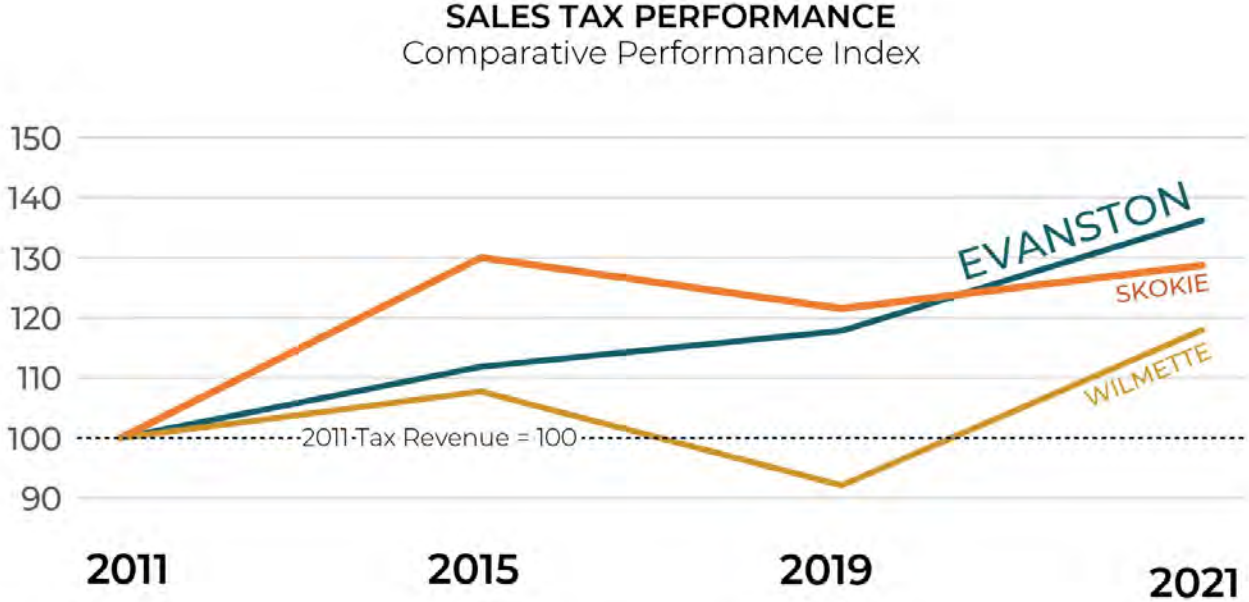
- Vacant SF: 223K
- Vacancy Rate: ~9.2 ('21) - 11.7% ('22)

Source: CoStar Retail Analytics, 2022 CoStar Realty Info Inc.

0 0.25 0.5 Miles

WHAT EVANSTON'S SALES TAXES TELL US ABOUT THE RETAIL + RESTAURANT SECTOR

SALES TAX REVENUE SHOWS THAT THERE'S A SHIFT TAKING PLACE



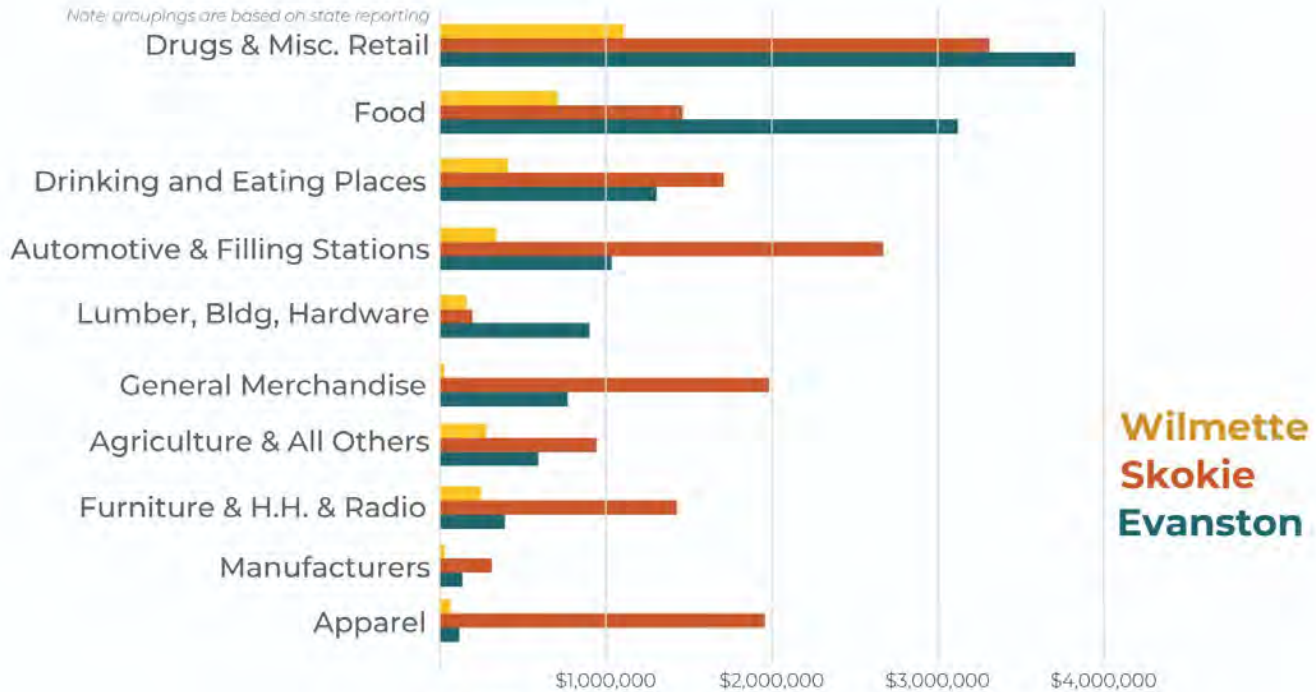
Based on Sales Tax Performance, Evanston has performed well - showing steady year over year growth

WHAT EVANSTON'S SALES TAXES TELL US ABOUT THE RETAIL + RESTAURANT SECTOR

SALES TAX PERFORMANCE

Performance by Category and Community (2021)

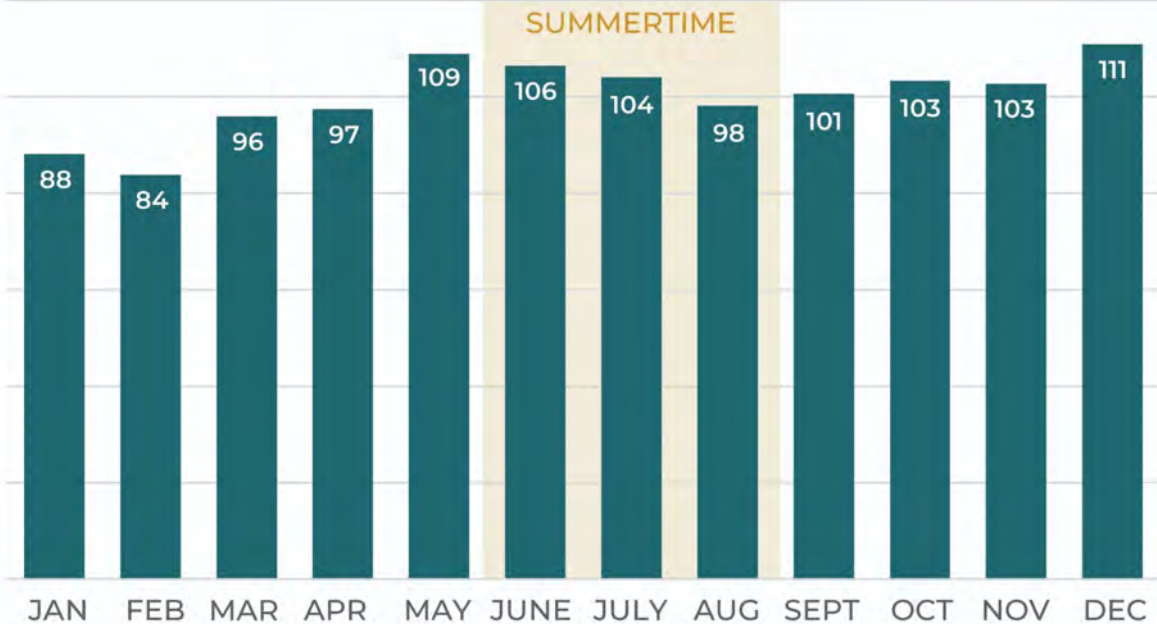
Source: NP analysis of datasets found at <https://www.revenue.state.il.us/app/kob/index.jsp>



Source: NP analysis of datasets found at <https://www.revenue.state.il.us/app/kob/index.jsp>

WHAT EVANSTON'S SALES TAXES TELL US ABOUT THE RETAIL + RESTAURANT SECTOR

MONTHLY SALES TAX REVENUE - 2019
Performance Index



Many cities with large Universities see a notable dip in summer sales. This trend is true for Evanston, but not overwhelmingly so.

Source: 2019 Monthly Sales Tax Revenue Reports, City of Evanston



WHY DOES RETAIL END
UP WHERE IT DOES?



WHAT DRIVES RETAIL LOCATIONS

RETAILERS COMPARE PLACES

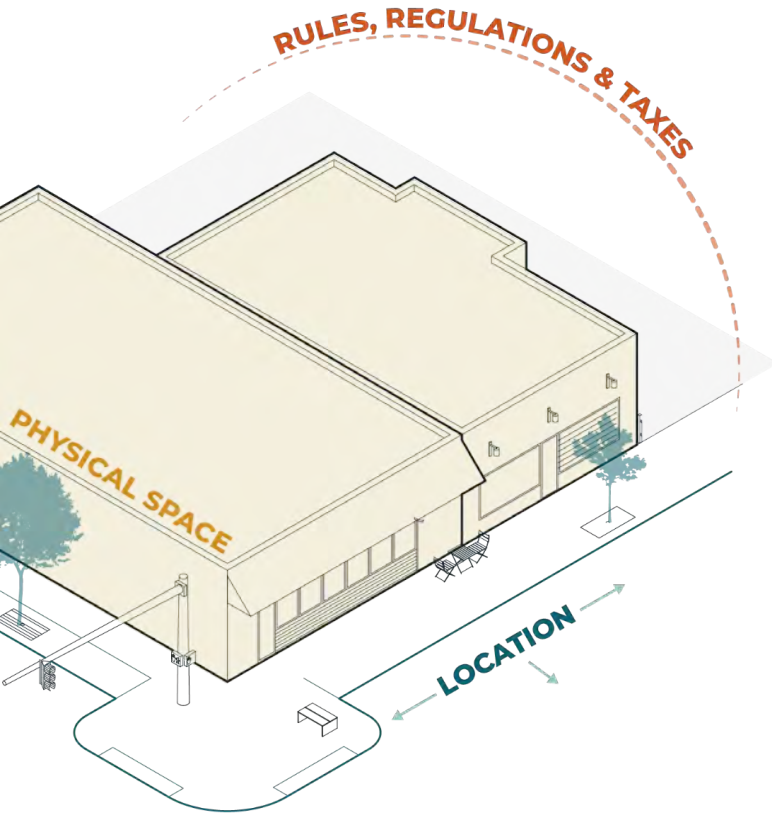
Mindshift: Think in terms of how *retailers* are deciding where to grow, rather than where people are choosing to go to shop.

Psychology and **perception** play critical roles.



WHAT DRIVES RETAIL LOCATIONS

THINGS THAT INFLUENCE THE LOCATION AND VIABILITY OF RETAIL BUSINESS



CONCEPT + BUSINESS PLAN

CUSTOMER PROFILE

Sociodems
Churn / Change

PHYSICAL SPACE

Size
Rent
Management

QUALITIES OF PLACE

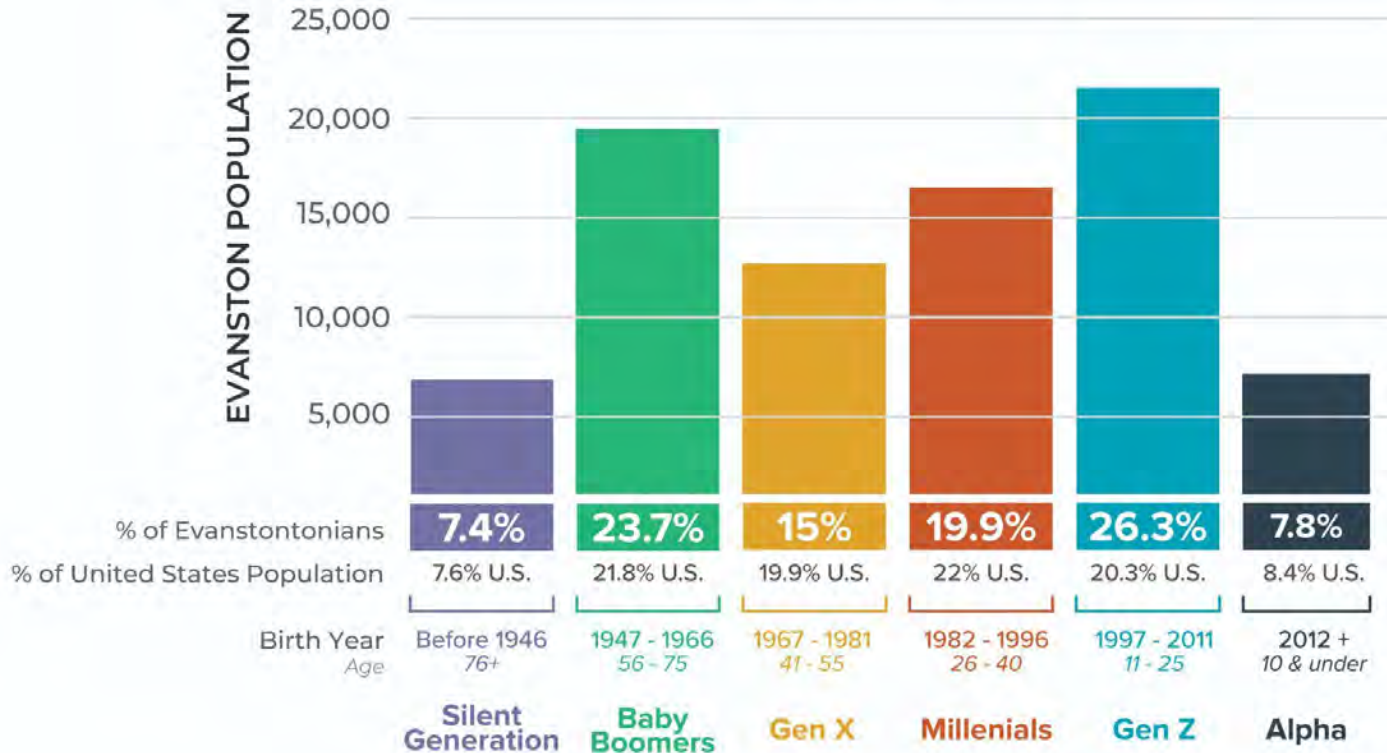
Accessibility
Foot Traffic
Destination Status
Store density / mix
Area brand or image
“Captive” markets

RULES & REGS

Local Policy
Tax Structure
Zoning

EVANSTON IN CONTEXT - AGE + GENERATION

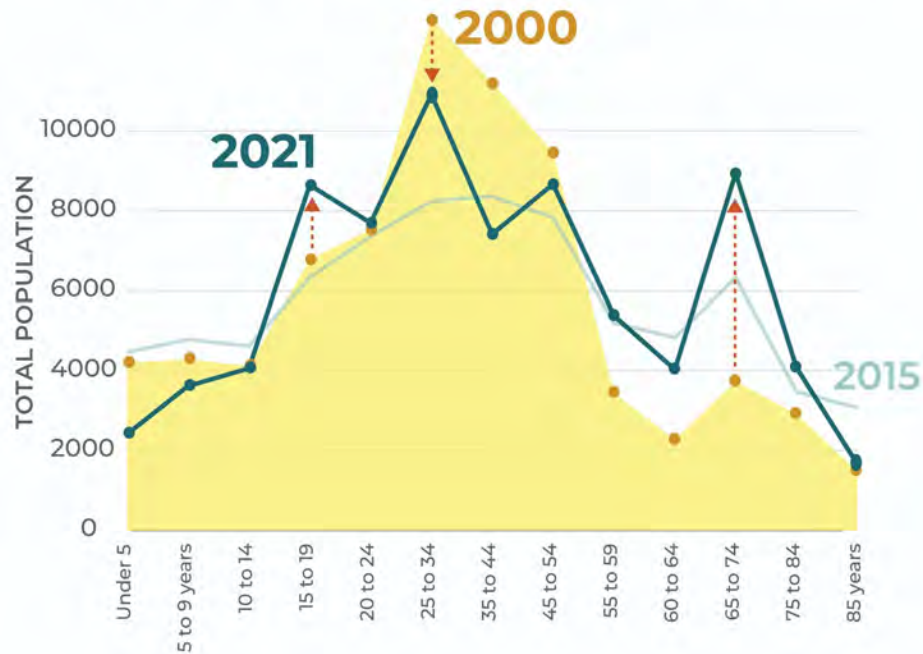
EVANSTON'S POPULATION BY GENERATIONAL COHORT
Total Population represented in groupings by Generational Cohort
Source: ACS 2021



EVANSTON POPULATION AND FAMILIES

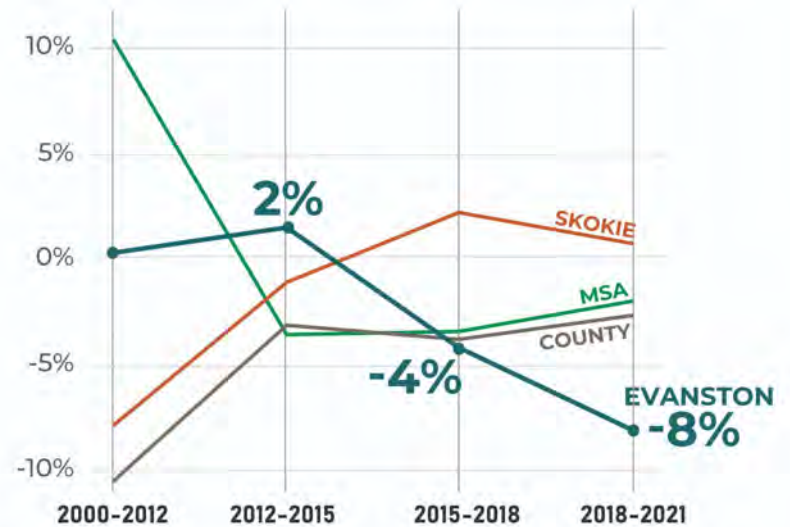
AGE BREAKDOWN BY COHORT

Comparative Age Pyramid by Cohort (2000, 2015, and 2021)



AGE BREAKDOWN BY COHORT

Percent change by proportion of family households with children under the age of 18 years (2000-2021)



EVANSTON'S INCOME AND HOUSING



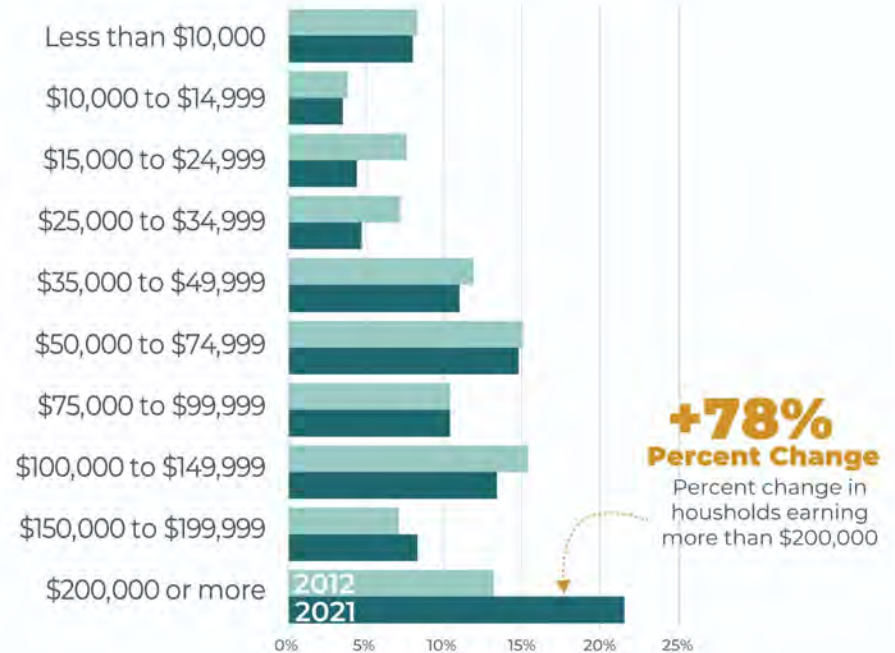
8% Turnover in housing based on US Postal Code Change of Address Data



The average sale price for a detached home was **\$750,000** in 2021

EVANSTON - HOUSEHOLD INCOME (2012 - 2021)

Proportion of households in each income category



"CRITICAL MASS"

Point at which a given market undergoes a fundamental change with regard to its scale and potential

- Not just one store, but as a destination
- Where one "goes for X, Y or Z"

LURE OF CO-TENANCY

- Creates critical mass that draws the consumer
- Generates visibility and cross-traffic
 - *"Safety in numbers" strategy*
 - *"Retailers are like lemmings..."*



IMPORTANCE OF ANCHORS

THINGS THAT INFLUENCE THE LOCATION AND VIABILITY OF RETAIL BUSINESS

THE IMPORTANCE OF ANCHORS

- Spend on advertising (visibility)
- Dictate the overall draw and “trade area”
- Drive traffic to smaller “in-line” stores (... who pay higher rents to be near them)
- Larger retailers, ideally
- Can also be non-retail, however (...The power of food and the arts)



Northwestern
University



CHAIN BUSINESS AND LOCAL BUSINESSES

- Chains can typically pay more and are credit-worthy (*although local businesses often provide more benefit to the local economy*)
- “Chains” are sometimes also “local”
- Chains grow / expand based on a calculation



LUCKY PLATTER | MAIN-DEMPSTER MILE



SUBWAY | MAIN-DEMPSTER MILE

WHY LOCAL BUSINESSES ARE IMPORTANT

- Local businesses recirculate more dollars through the local economy
- Local businesses are customers of local contractors, accountants, wholesalers, farms, attorneys, and local entrepreneurs

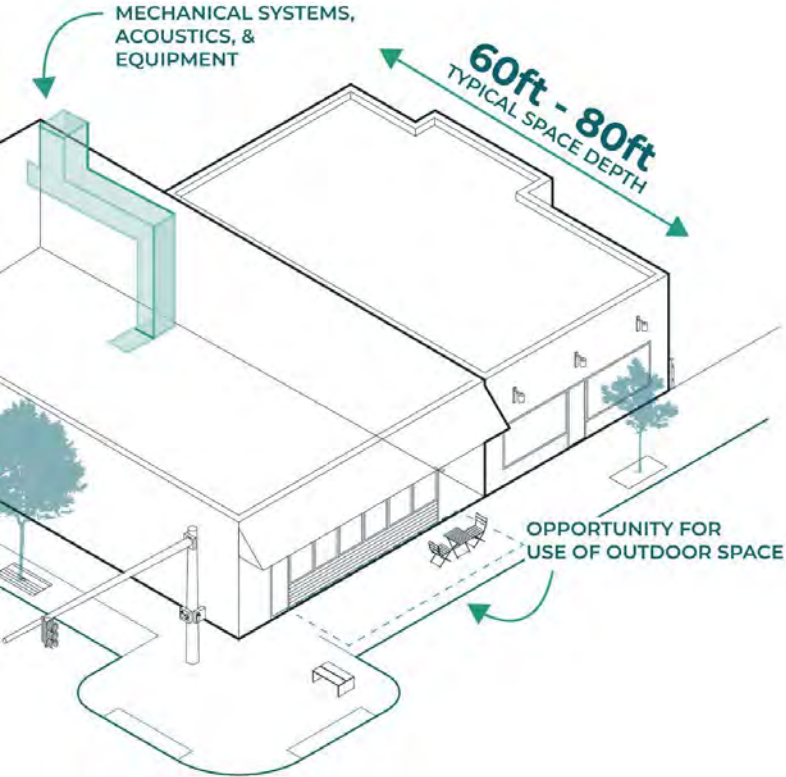
Source: American Independent Business Alliance

**DIFFERENT STRATEGIES TO
SUPPORT LOCAL BUSINESSES
ARE USEFUL IN DIFFERENT
PARTS OF TOWN**



THE RIGHT SPACE AT THE RIGHT PRICE

THINGS THAT INFLUENCE THE LOCATION AND VIABILITY OF RETAIL BUSINESS



The space needs to match the retail type:

SIZE: Often downtown spaces are too large and unaffordable

CONFIGURATION: Large spaces are often also too deep for modern retail

OTHER CONSIDERATIONS:

- New Construction (*tenant credit & impact on development underwriting*)
- Availability
- Affordability
- Visibility
- Dimensions
- Utility infrastructure
- Lease structure (TIA, 3N)

EVANSTON'S RETAIL SPACE

RATIO OF OCCUPANCY COSTS TO SALES PROJECTIONS - 10% rule-of-thumb:

1,000 sqft space at rent of \$20/sqft = \$20,000/year
Requires estimated gross sales of \$200,000/year

RATIO OF OCCUPANCY COSTS TO SALES PROJECTIONS

- *Tenant likely to fail if ratio higher than 15%*
- *Can be higher than 10% with higher-margin goods (e.g. jewelry)*
- *Should be just 5-7% for restaurants*
- *Rent per sq ft typically lower for larger spaces*

DOWNTOWN EVANSTON

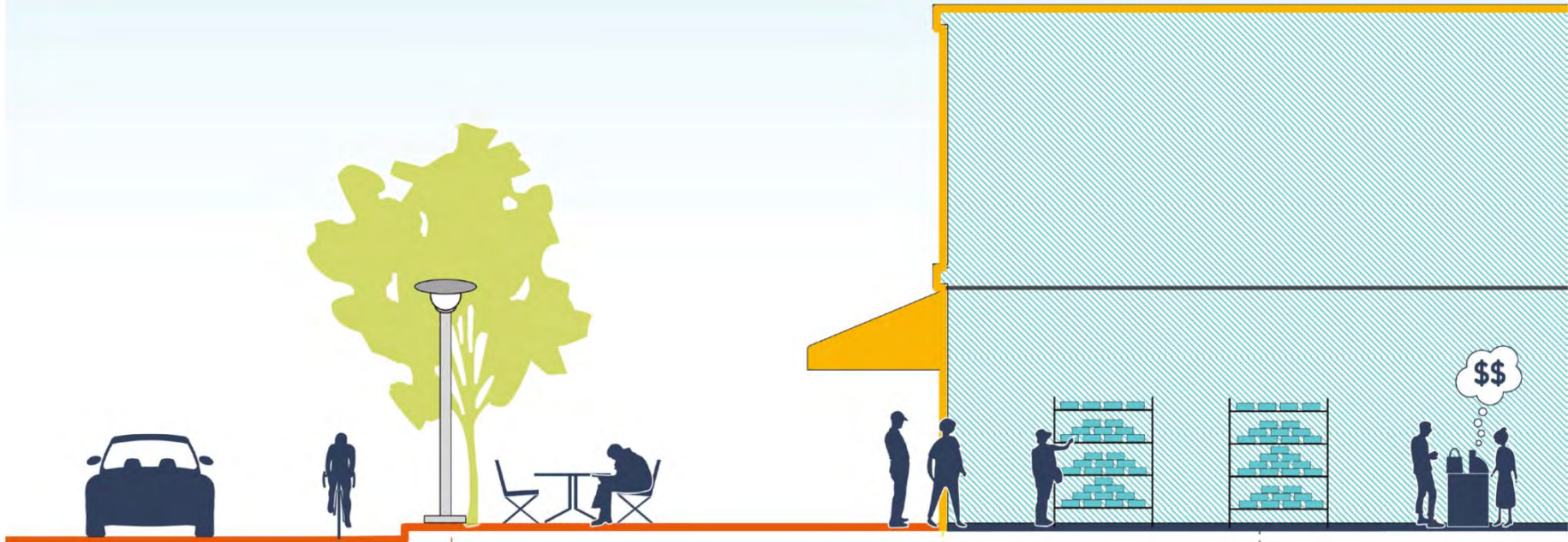
Market Rent/SF (Current)	\$ 26.40	
Estimated Annual *Rent per year	\$ 76,800	
<i>* Assumes 2,000 SF</i>		
Estimated Gross Sales Required	\$ 1,536,000	5%
	\$ 768,000	10%

Source: CoStar Retail Analytics, 2022 CoStar Realty Information Inc.



WHAT CAN CITIES
CONTROL, WHAT CAN
THEY INFLUENCE?

FOCUS ON THE THINGS [THE CITY/YOU] CAN CONTROL



- 1 Potential customer pool
- 2 Shopping opportunities
- 3 Shoppers
- 4 Buyers

PUBLIC REALM, POLICY & REGULATIONS:
Things you can control

VISIBILITY & MARKETING:
Things you can influence

CUSTOMER EXPERIENCE & PRICE POINTS:
These are in the hands of the retailer

FOCUS ON THE THINGS [THE CITY/YOU] CAN CONTROL



1 Potential customer pool → 2 Shopping opportunities

PUBLIC REALM, POLICY & REGULATIONS:
Things you can control

VISIBILITY & MARKETING:
Things you can influence

THINGS CITIES CAN CONTROL

- Business Establishment Fees
- Controls on use of Public Space
- Special Event Permitting
- Special Use Permitting
- Property Tax
- Sales Tax
- Alcohol / Amusement Tax
- Zoning Designation
- Health & Safety Regulations
- Infrastructure Investment
- Property ownership & leasing
- Police Force / Security
- Parking management & Fees
- Support Staff
- Incentives or waivers



QUESTIONS?





WHAT'S NEXT?



Ebony
**CENTRAL
EVANSTON
THRIVES**
RETAIL DISTRICT ACTION PLAN

**CENTRAL
EVANSTON
THRIVES**
RETAIL DISTRICT ACTION PLAN

**DOWNTOWN
EVANSTON
THRIVES**
RETAIL DISTRICT ACTION PLAN

PRACTICAL
THEATRE CO.
**HOWARD
EVANSTON
THRIVES**
RETAIL DISTRICT ACTION PLAN

**EVANSTON
THRIVES**
RETAIL DISTRICT ACTION PLAN



SCAN THE QR CODE
TO GET INVOLVED!

Evanston Thrives! is an action plan to revitalize our retail districts. Scan the QR code to learn more and share your insights on the commercial areas in the City of Evanston.

WWW.CITYOFEVANSTON.ORG/BUSINESS/EVANSTON-THRIVES

SCAN THE QR CODE
TO GET INVOLVED!

in the City of Evanston.

WWW.CITYOFEVANSTON.ORG/BUSINESS/EVANSTON-THRIVES



EVANSTON THRIVES COMMUNICATION PARTNERS | SEPTEMBER 2022
Please help the City of Evanston and the project team spread the word about the Community Survey and the city-wide storefront activations with your networks and community.

DIGITAL OUTREACH OPPORTUNITIES

EMAIL BLAST/NEWSLETTER: Send an informative email blast to your community networks with the copy provided in the *Word Document* to help spread the word about the *Community Survey* and city-wide storefront activations in each district, while also directing people to the project website: www.cityofevanston.org/business/evanston-thrives. Do not forget to include the *Graphics* within the email and to attach the *Flayers* so others can pass them along. Feel free to customize the text.

SOCIAL MEDIA: Share information on the project on your own social media platforms. Use the *Social Media Graphics* and *Word Documents* (although we encourage you to tweak copy based on your audience). Please note, each of the eight districts have custom graphics that showcase a fun fact.

PRINT OUTREACH OPPORTUNITIES

POSTER FLAYERS: Print out any of the *Flayers* (8.5" by 11" / 11" by 17") to post to boards above key locations throughout the City of Evanston and its retail districts. Additional postcards are desired, feel free to print out the *Postcards* (5" by 7") at local businesses and community facilities.

EMAIL OPPORTUNITIES

EMAIL MATERIALS: Need specific dimensions or file type for your local e-newsletter? No worries! Send your request to arisa@practicaltheatre.com and we will work to create the custom materials for your use ASAP.

DEADLINE

September 15th - Survey Launch

September 22nd - Survey Closure

**EVANSTON
THRIVES**
RETAIL DISTRICT ACTION PLAN

**NOYES
THRIVES**
RETAIL DISTRICT ACTION PLAN

**WEST END
THRIVES**
RETAIL DISTRICT ACTION PLAN

**HILL ARTS
THRIVES**
RETAIL DISTRICT ACTION PLAN

**MAIN-
DEMPSTER
THRIVES**
RETAIL DISTRICT ACTION PLAN

STOREFRONT ACTIVATIONS



COMMUNITY SURVEY



We need your help to make sure Evanston's business districts thrive!

- *How can we protect and reinforce the city's most precious assets at the neighborhood level?*
- *How can we reimagine our business districts, balancing market realities with bold + creative design?*
- *How can we ensure more equitable investment and support for local businesses?*

The survey will take 5 to 10 minutes. Your input will help guide the future of Downtown and other commercial districts throughout Evanston.

www.cityofevanston.org/business/evanston-thrives

THANK YOU!