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Question of the Month: Reverse engineer your retail strategy: “Start with the end in mind” can deliver big results - by Karen Pollard

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The retail environment is rapidly changing and this can mean uncertainty and frustration for communities interested in attracting new investments. The “easy days” of site location selection for retailers and restaurants are long gone, replaced by a gauntlet of real estate committees and hard-nosed negotiators before a deal can be made. Even the weather can dampen retail enthusiasm, such as the cancellation of March’s ICSC New England Deal Making due to another Nor’easter traumatizing the region. Communities looking for retail need to be proactive and take a look at their tired old strategy in a new way – use reverse engineering to refocus your efforts to stop wasting time and money.

Clarify your end game: Determine what your community needs and wants, and test the information through a feasibility filter. Rochester, N.H. saw the Granite Ridge Development District as an opportunity to create an upscale commercial district by the Spaulding Turnpike. An evaluation of the land showed some obstacles, but it supported the vision of a solid development potential for 2 million s/f of construction, with the appropriate infrastructure investment. A leakage report and retail analysis demonstrated leakage of more than a half billion dollars annually (yes, billion!) that was leaving the area, assuring developers and retailers of a robust marketplace. With the data in hand, Rochester clearly defined their goal of 2 million s/f of retail and commercial development.

What actions bring you closer? Once you have defined your end game there is still much to do to prepare the way. In Rochester’s case, zoning had to be changed to:

- Allow additional commercial uses,
- Provide shared access points and common parking areas,
- Add amenities like a city frontage road, along with allowances for more signage.

Infrastructure is an important investment, and the city saw the need to incentivize the development district through the use of Tax Increment Financing (TIF) that would contribute to water, sewer and

public road infrastructure. These steps can be taken before, or in conjunction with attraction of a developer and retailers to the district.

Plot your course: Once the community has committed to taking proactive steps to overcoming the obstacles to development, you may now plot the course to attract developers, brokers and retailers to your community. Identify those targets that have had success in similar situations and investigate what criteria they have for new projects or locations. Do your research online and through networking. The International Council of Shopping Centers (ICSC) is one of the organizations to consult with, as are local real estate investment boards and the Urban Land Institute for your area. Put your data package together so that articulates the fairest picture of your community to investors. Don't avoid the obstacles, like the case of the Granite Ridge Development District, Rochester was able to understand those elements and address how to overcome them. Demonstrate the path to success for investor.

Make it happen! Implementation and attraction of investment is most likely to occur when the community as well as the investor will benefit. In Rochester, Waterstone Properties Group saw the opportunity to create a public-private partnership with the city providing infrastructure through a TIF structure that will enable them to build as much as 450,000 s/f of new retail, restaurants and entertainment. With the 600,000 s/f of other retail, hospitality and commercial uses, the city is on the cusp of achieving critical mass in the Granite Ridge Development District.

Further plans include expansion of the diverse lifestyle and entertainment components, which are very popular in new developments. The community included input from various stakeholders, the Chamber of Commerce, Rochester Main Street and property owners were questioned about preferences, and all stated that recreation and amenities to the city were of paramount concern. Because of this feedback, Waterstone has a more tailored plan for the community, including public transportation and connection to a future rails-to-trails development that connects to downtown. They also have plans for a public park that connects to walking trails behind the Super Walmart and a program space for outdoor movies, musical events, picnics and even ice cream trucks! This development has met with the city's approval and made Waterstone a partner to the city's future plans. This demonstrates how reverse engineering, or as the author 7 Habits of Highly Effective People, Stephen Covey states, "Start with the end in mind," can deliver big results in community retail strategy.

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