

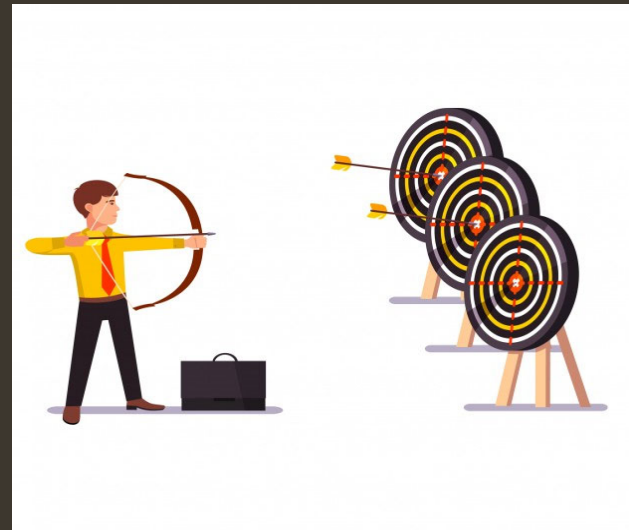
RETAIL - Citywide Retail Analysis

Katy Press / KP & Associates (October 2020)



Scope of Work

- Step 1 - Learning About Retail
- Step 2 - City Wide Retail Review
- Step 3 - The Chase



Step 1



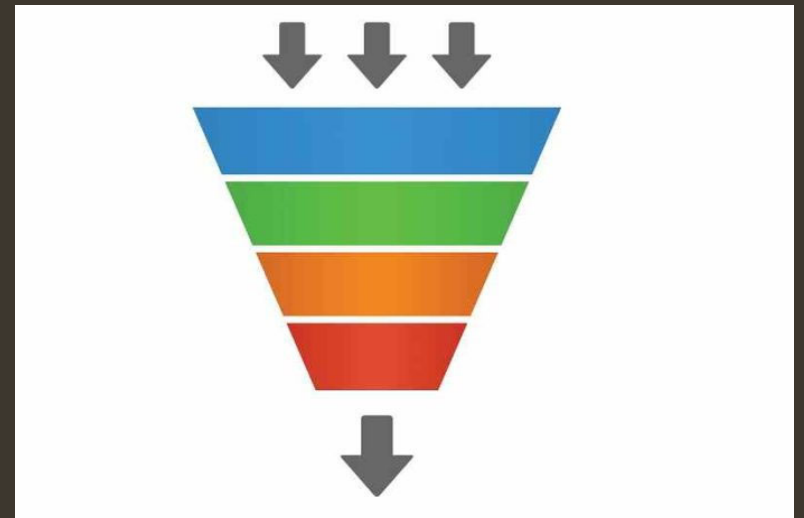
- Laying the groundwork.
- “Insiders Looks at Retail provided an in depth understanding of retailing concepts, trade area dynamics and trends that are affecting the entire retailing industry.
- Necessary groundwork in becoming a relevant partner to the retailing community.

Step 2...

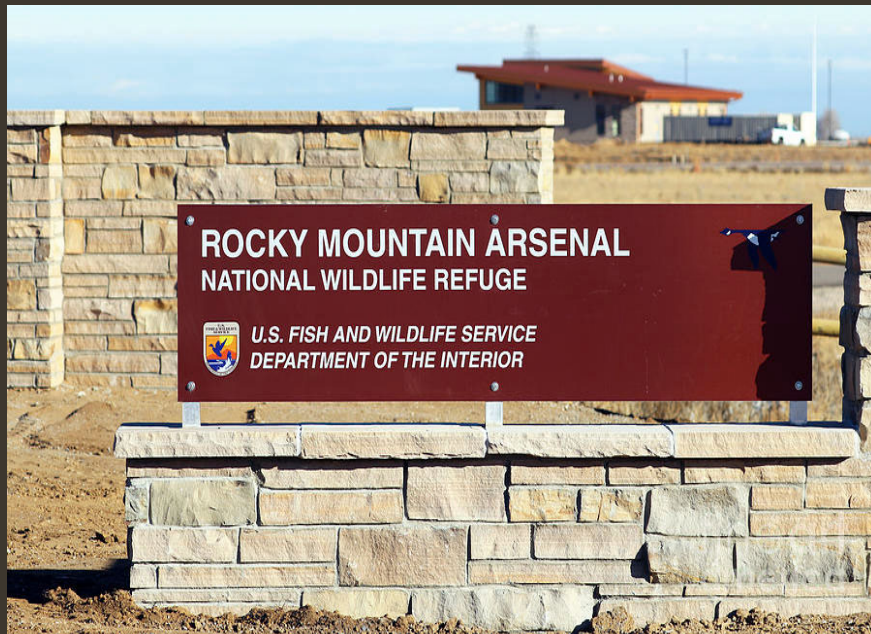


Working our way to the bottom...

- Working our way from the top to the bottom in terms of knowledge.
- Necessary step to understand what our opportunities are.
- Delve into the trade areas to identify shortcomings and opportunities.



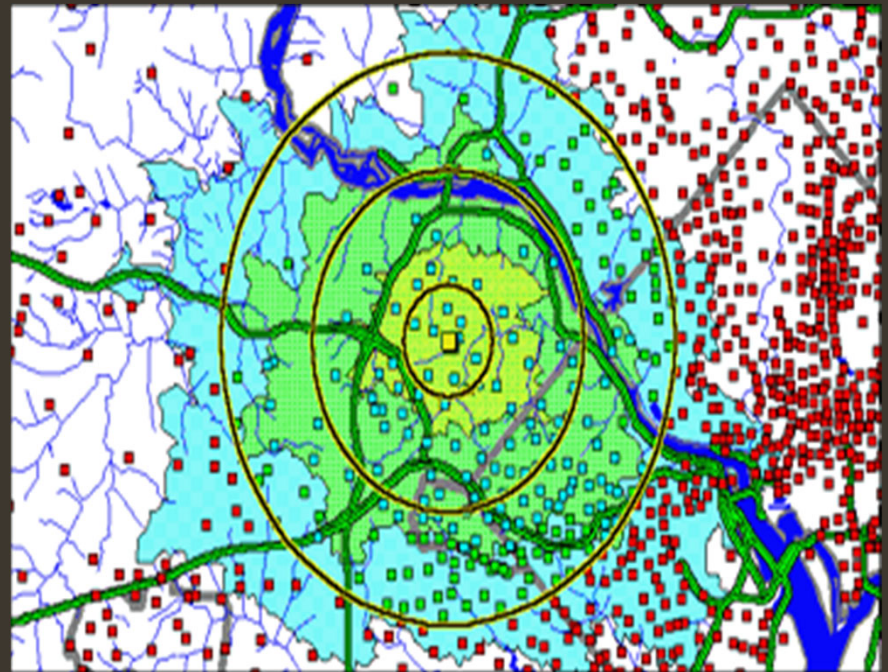
Commerce City Trade Areas



- Rocky Mountain Wildlife Refuge plays an important part in defining retailing opportunities.
- Barrier between the north and south.
- Creates two distinctive trade areas between the north and south.

What defines a trade area...

- A retail trade area is the geographic area that a retail store draws from, the longest drive a customer is willing to make.
- Other factors that are considered are demographic makeup, competitive influences and barriers to accessibility.





Do retailers really pay attention to trade areas?

Trade area criteria and characteristics are not only important - they are the most important factor for retailers in site selection.

Northern Range



What's working...



- The beginnings of an established residential base.
- Strong demographics with desirable elements to retailers.
- E470 which provides high visibility to sites along the parkway.
- Opportunity for additional growth to further substantiate the trade area.
- Convenience retailing has established themselves in the trade area.
- Independent restaurateurs have discovered the area.

What's challenging...

- Residential density is not deep enough yet for many of the retailer/restaurateurs.
- Trade area lacks presence of non-retail commercial (hospitality, office, entertainment, etc.).
- DIA acts as a barrier keeping the trade area from expanding fully to the east for larger scaled retailing.
- Retail competitive influences exist on the periphery of the Northern Range affecting the trade area dynamics.



We are here...



We need to be here...



Growth...

- The Northern Range trade area has reached enough capacity to support basic convenience and needs based retailing.
- Additional trade area growth is the number one factor affecting many of the retailing segments and their perception of the trade area.
- Currently, the retailing community assesses the Northern Range as interesting but not big enough...yet.



East 104th Corridor - The Lone Opportunity?

- The East 104th Avenue corridor is the first to develop in the Northern Range.
- Centrally located within the trade area with extended reach from E470 to I-25 this corridor has everything it needs to attract retail - which is why it was first to develop.
- No other corridor (Highway 85, East 120th Avenue, East 96th Avenue) within the Northern Range has all of the attributes of the East 104th Avenue corridor which limits their appeal.
- In comparison, they just don't measure up which means that retail will continue to focus attention on the East 104th Avenue corridor.



Are we supposed to just wait?

- As frustrating an answer as that may seem, when it comes to more dining options and larger scaled retailing options the answer is yes, you have to just wait.
- But while you are waiting there are elements that the City can engage in that will enhance the opportunities within the Northern Range...



Planning and Visioning



- Planning and visioning ensures that the different sectors of retailing will have sites appropriate to their characteristics when the trade area matures enough for them to enter.
- If these future opportunity sites are eaten up by smaller convenience retailing in demand today, these sites may end up unusable long term precluding the “later to arrive” retail from entering the Northern Range.

Patience

- Exercising patience to let some of these sites stay undeveloped until non-convenience retailers become attracted to the Northern Range.
- Retail growth for growth's sakes is not a sustainable approach to retailing - the City needs to become more **selective** as the area grows to ensure that a broader mix, scale and type of retail can be represented as the market matures.



Is the wait worth it?

- If the City develops a sound retailing vision and is willing to be patient as the market matures, what exactly are the opportunities within the Northern Range?



Northern Range Opportunity...

- Opportunity to round out convenience based dining options with fast casual restaurants (Smash Burger, Panera Bread, Mod Pizza).



- Opportunity to complement our independent and convenience restaurateurs with national chain casual dining restaurant.



- Opportunity to bring an alternative grocer to Commerce City.



- Opportunity to have Walmart move forward with a Walmart Supercenter.



- Opportunity to bring along Sam's Club with the Supercenter.

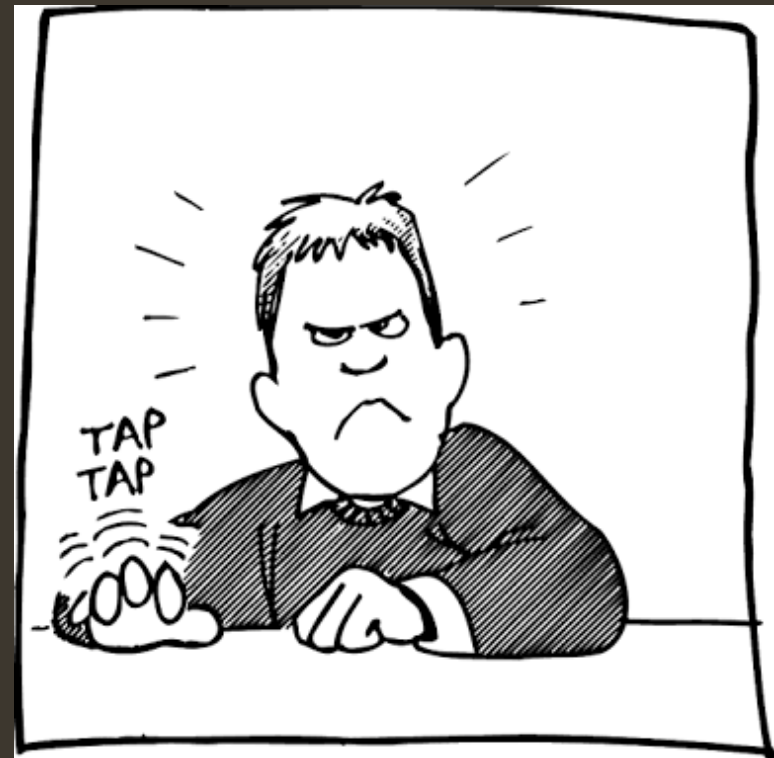


- Opportunity for a lifestyle / mixed use center that includes entertainment, unique restaurant, and retail opportunities as part of the mix of development.



What happens if we are not patient...

- Immature trade areas attract only basic retailing - much like a weed, if you let that scale of retail run rampant throughout the growth area, you are possibly choking out sites that could play a more meaningful retailing role later on.
- There is such a thing as “too much of a good thing” - too much convenience based retailing is not a good thing for a growth focused trade area that needs to mature into deeper retailing options.



You get this...



Core City



What's working...

- Basic retailing services are being provided with some amount of choice.
- Established and stable residential base.
- Established and stable retailing pockets.
- Some opportunity for limited retailing growth in the Victory Crossing development.
- Strong demographics with desirable elements to retailers.
- Long term independent restaurateurs have been in existence throughout the Core city.
- No guessing - you know what you have.



What's challenging...

- The Core city has been bracketed by bigger retailing projects eliminating the Core city from capturing that scale of retailing including within Victory Crossing.
- Demographics may not be of a type to attract some types of retail / restaurant options.
- Heavy industrial presence is significant which can be a hindrance to retail (retail does not see synergy with heavy industrial).
- Trade area lacks presence of other types of non-retail commercial (hospitality, office, entertainment, etc.).





- Google Commerce City and the images are either a soccer stadium or heavy industrial.
- Unfortunately, this is exactly what the retailing community thinks the Core City is - they do not see the Core City as being anything more than these two things.
- Two things that do not connect to the retailing world...
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- In reality, the Core City is not just those things - it has an established residential base with hard working residents.
- These residents have supported the array of independent retailers that have been doing business in the Core City for years.
- The independent businesses are the backbone of several retailing nodes sprinkled throughout the Core City.

- As is the case with any older established area, municipalities look for and try to implement redevelopment.
- Redevelopment in the Core City as it relates to retail is an interesting question...what does that look like?
- Can retail stand alone in redevelopment efforts?
- Can these long established retail pockets become opportunities for larger transformations?



- The meaning of the word established is *“having been in existence for a long time and therefore recognized and generally accepted”*.
- Although the retailing pockets have seen small changes throughout the years, the Core City has stayed relatively the same.
- Any retailing that has wanted or needed to transform within those pockets has done so (Ivy Center, Derby, Plazas de las Americas).



- The “retail mountain” has not wanted to move - retailing within the Core City is now long established and therefore generally recognized and accepted.
- Retail’s complacency within the Core City is a strong indicator that retail will not be a catalytic element for redevelopment.



- Comprehensive redevelopment efforts are based on “forcing” the market to reconsider the area to be redeveloped.
- There has not even been an inkling that the retail pockets of the Core City would be capable of carrying that kind of redevelopment weight.
- Retail will not be at the forefront of redevelopment within the Core City rather, it will follow along grander redevelopment efforts and even with that, retail will only play a part with perhaps only a small part at that.

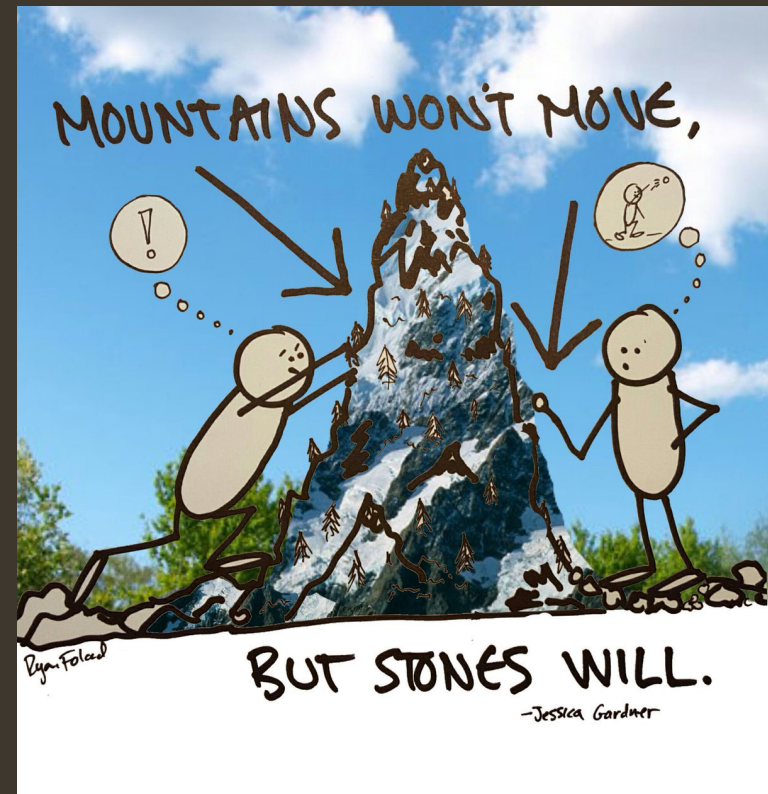


What is the focus in the City Core?

- Working to retain existing retailers, especially ones that play a larger role (King Soopers).



- Making small incremental changes to the existing retail base.



- Coming to grips with the retail development reality associated with Victory Crossing to pursue retailing options that will be accepted by the market.



Victory Crossing?

- The private sector does not seem to understand the development focus for this project.
- Is it a grocery site, is it a town center, hospitality, office, can you do residential, is it flex industrial or is it going to be all of these things?
- Any vision for the project seems to be cloudy and obscure at best to the private sector.



- New “eyes” on the project and healthy dose of realism is what is needed to produce a plan capable of being developed.
- In the 13 years since the Dick’s Sporting Goods Park opened, no other non-municipal development has been achieved.
- This has made the project stale and stagnant.
- If things stay as is - retail development expectations beyond a gas station and fast food restaurants are unrealistic.



Final Thoughts...

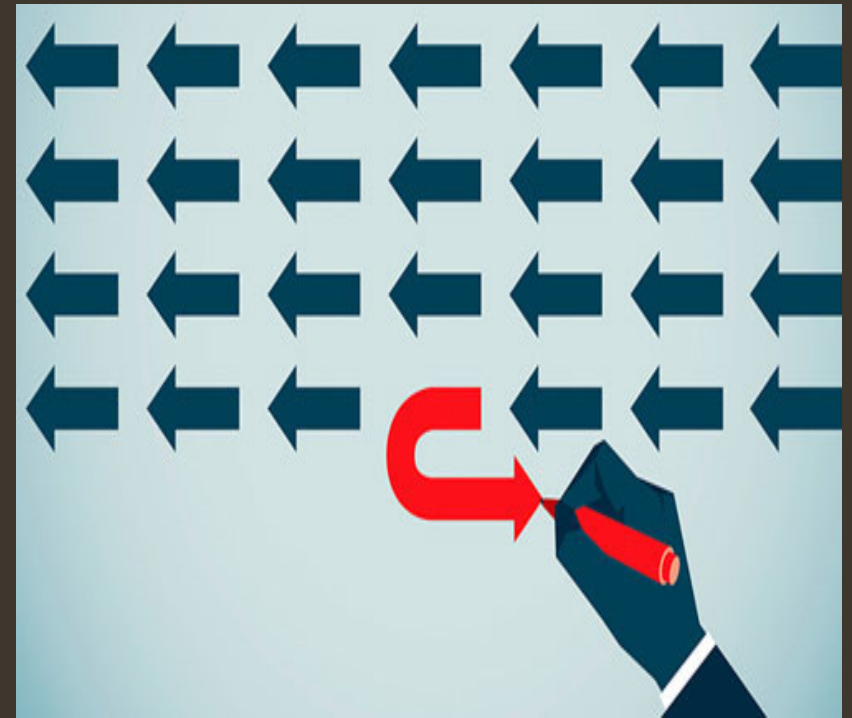


- Every market area, trade area and City has some sort of retailing limitations.
- It would be a rare and unique City that can support all their retailing desires.
- Many municipalities ignore these limitations and spend countless hours and resources chasing opportunities that will never materialize.
- Accepting the limitations and focusing on where opportunities do lie within the community is the key to successful retail economic development efforts.

- There is an equal amount of discussion within this report as to where retailing **limitations** exist for Commerce City and where **opportunity** exists to grow the retailing base.



- Even though the analysis exposes areas where retailers will say “no” - “no” is not a negative connotation, it just means the opportunity is not a match.
- Every developer, shopping center owner and broker deals with trade area limitations that bring along the word “no” from retailers.
- In fact, “no” is just as often to be heard as “yes”. The private sector does not dwell on the retailing they can’t land - they pivot focus to retailers that can be landed – either now or into the future.



- Municipalities that are successful in retailing recruitment understand this dynamic and embrace the opportunities that are there for them.



Next Steps

- Now we know what we are looking for - where to focus.
- Develop more understanding of the individual sites and what is needed to attract our targets, including where we need to have patience.
- Reach out to retailers and developers directly regarding site opportunities.
- Seed opportunities.



Questions?

