



retail strategies

EMERGING DOWNTOWN TRENDS

# Real Estate, Retail, and More



Downtown Trends

# Speaker

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About Us

# Community Development

- Work in communities nationwide
- Real estate experience
- Direct connections to retailers & developers
- National network

## Industry Involvement

ICMA

ICSC

NLC  
NATIONAL  
LEAGUE  
OF CITIES  
CITIES STRONG TOGETHER

MAIN STREET  
AMERICA  
*2022 Accredited*

IDA

INSPIRED LEADERS  
SHAPING CITIES





2023

# Consumer Trends



A woman with long dark hair, wearing a white face mask and a dark long-sleeved top, is browsing through a rack of clothing in a retail store. She is holding a light blue shopping bag. The store has a modern aesthetic with metal racks and shelves. To her right, there are shelves displaying various handbags and shoes. The background is slightly blurred, showing more of the store's interior.

# RETAIL

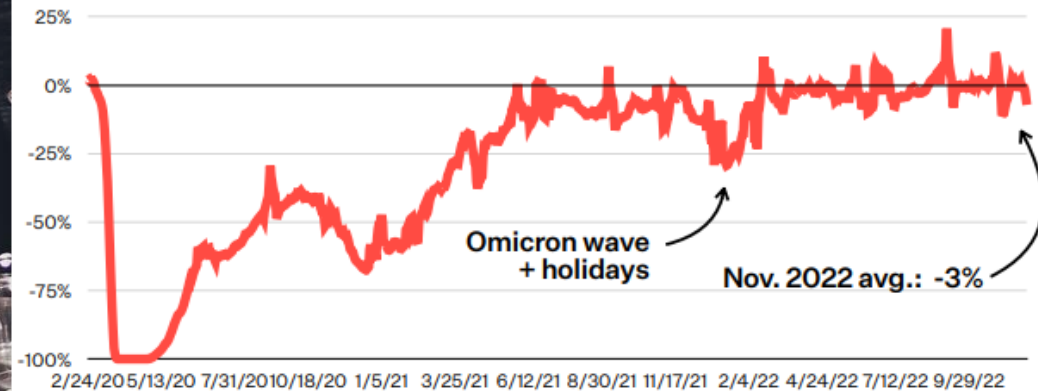
## End of the Covid Economy

# Post-Covid Consumers

- Dining is effectively back to normal in U.S.
- Air travel is back to 95% in the U.S.
- Only 37% of U.S. consumers now expect the pandemic to be a long-term disruption
- Consumers are optimistic about their financial situation in 2023

## Restaurant dining is effectively back to normal in the US

OpenTable seated diners change vs. 2019 'normal'



by average, same weekday.

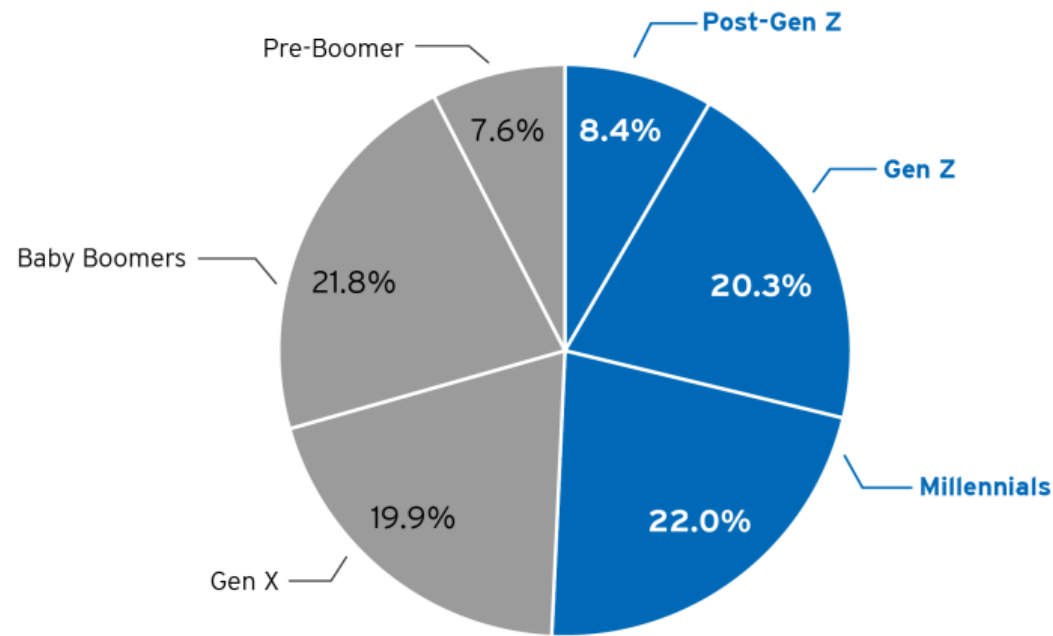
The New Consumer | Coefficient



# Millennials and the Future Consumer

FIGURE 2

Share of US population by generation



Numbers pertain to July 1, 2019

Note: Birth years are as follows: Post Gen Z (2013+), Gen Z (1997-2012), Millennials (1981-1996), Gen X (1965-1980), Boomers (1946-1964), Pre-Boomer (1945 and earlier).

Source: William H. Frey analysis of Census Bureau population estimates released June 25, 2020.

**B** Metropolitan Policy Program  
at BROOKINGS



Post-Covid Consumer Trends

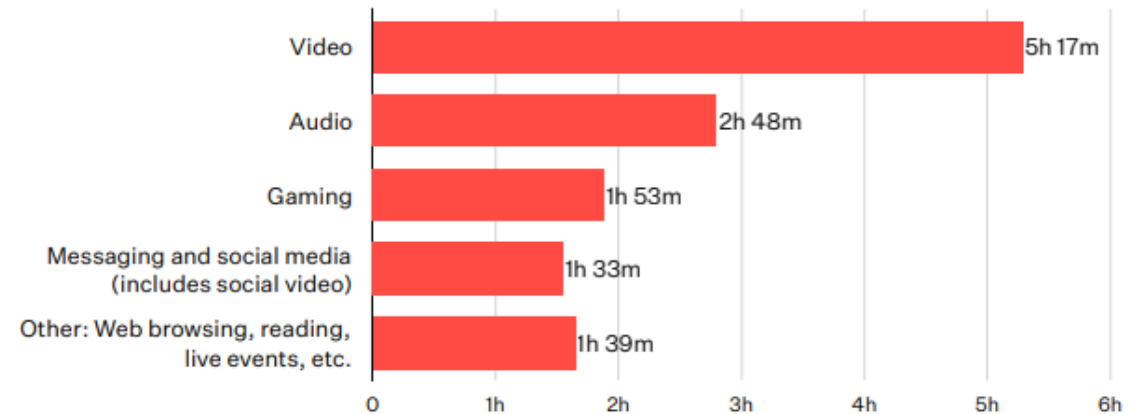
# Omnichannel & Social Media

- Ecommerce is here to stay
- BOPIS
- TikTok
- Half of younger Americans say they “live online”
- Most Americans *want* to spend less time online



**The average American spends about 13 hours per day using technology and media**

**Activate's average estimated daily media and tech consumption in hours and minutes**



Technology & Media Outlook 2023. Includes multitasking during other activities, which leads to a “32-hour” day.

The New Consumer | Coefficient



Post-Covid Consumer Trends

# Customer Experience





Post-Covid Consumer Trends

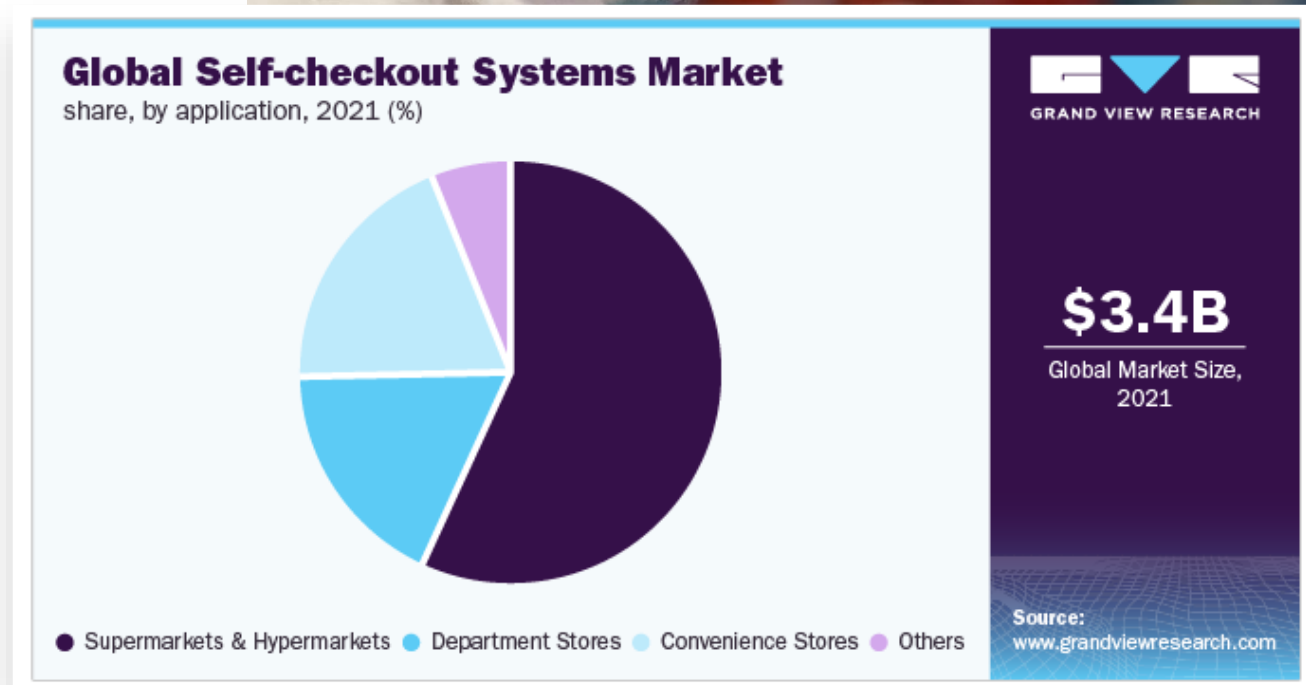
# Loyalty

- Pandemic Local 'Re-Appreciation'
- Small-Scale Production
- Social Commerce, via social media can develop followers and a loyal fan base
- Businesses who differentiate themselves and stay uniquely connected have the best chance to thrive



# Ease of Purchase

- Main Street restaurants are shifting to a counter service model rather than having to rely on waitstaff
- Many businesses have scaled down menu items to limit cook staff needs and control for supply chain hiccups
- Look for companies like Shopify to focus on mom-and-pop businesses in everything from QR code dining/shopping, self-checkout, & contactless payments



# Conscious Customers

- Environmental awareness is especially prominent among Generation Z and Millennial consumers, with 72% of respondents between ages 25 to 35 saying that they feel happy when buying sustainable products (compared to 64% overall)
- Brands and retailers have the potential to foster greater consumer satisfaction and loyalty over time by embracing sustainability in their packaging, supply chains, and operations — and communicating their efforts
- Like-New Buying
- Buy Less, Buy Better
- Thrifting





Post-Covid Consumer Trends

# Wellness





A photograph of a street scene. In the foreground, a couple is walking on a sidewalk. The woman is wearing a dark top and shorts, and the man is wearing a dark long-sleeved shirt and pants. They are both holding coffee cups. To their left is a building with a large clock and a sign that says "WINE & SPIRITS". There are also some orange flowers in the foreground. To their right is a street with several cars parked along the curb. In the background, there are trees and a hillside.

# REAL ESTATE

## Opportunities Amid a Slowing Economy





Downtown Real Estate Trends

# Inflation & Construction Costs

- Inflation rate highest since the 1980's
- Inflation should decline towards the end of 2023
- Cost Components
  - Materials
    - Geopolitical Constraints
  - Labor
  - Margins
- Single-family develop competition
- Focus on Redevelopment and Repurpose
- As such, as inflation stabilizes and unemployment lowers, real estate should turn
- This may create a buyer's market

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# The Oncoming Recession

- The impending recession will result in less real estate investment and leasing activity
- That being said, most projections believe that the recession will be 'mild to moderate'

A photograph of a modern airport lounge. The room features large, floor-to-ceiling windows that offer a view of the sky. Several people are seated in orange lounge chairs, some looking out the windows. The floor is highly reflective, mirroring the people and the windows. A sign with the number '36' is visible on the right side of the image.

"Interest rates are rising, economic clouds are darkening, and real estate deal flows are sinking because buyers and sellers cannot agree on pricing. But for all that, most commercial real estate professionals we interviewed remain reasonably upbeat about longer-term prospects."

- Urban Land Institute



# The Role of Retail

- Brick and mortar retail will continue a strong rebound, dependent on use
- Many downtown uses such as Grocery, Dining, Hair Salons, Nail Salons, and Fitness users have thrived and will continue expansion in the coming year(s)
- The best opportunities emerging are to redevelop dated retail properties for the highest and best use
- Retail is just now reaping the benefits of a long period of change, which is attracting keen investor interest





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# Focus Towards Tertiary Markets

- Retailers have become more active in tertiary markets
- Many tertiary markets saw record sales tax generation the last two years, and minimal shuttered businesses
- Lower costs for land, lower operating costs, strong market growth
- Dense markets and High Streets have seen slow bounce back





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# Smaller Footprint Retail

- Small but mighty approach to space
- Generates more sales tax per square foot
- Less labor required
- National retail has taken notice
- Showroom/digital-first stores
- Less inventory - less theft
- Focus on more experiential retail
- Place more emphasis on interior store design, than size







# Return of the Third Place



A construction worker wearing a blue hard hat, safety glasses, and a high-visibility yellow vest over a plaid shirt is standing on a construction site. He is holding and looking at a set of blueprints. The background shows a large concrete structure under construction, with columns and beams visible. The scene is brightly lit, suggesting daytime.

# URBAN PLANNING

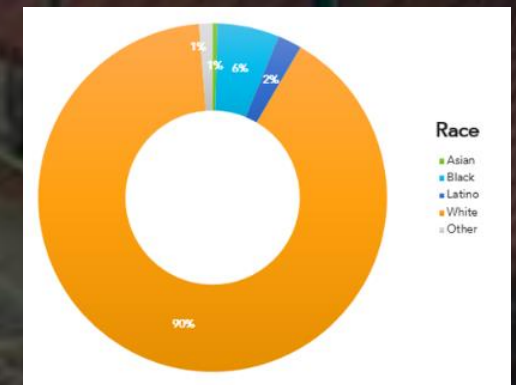
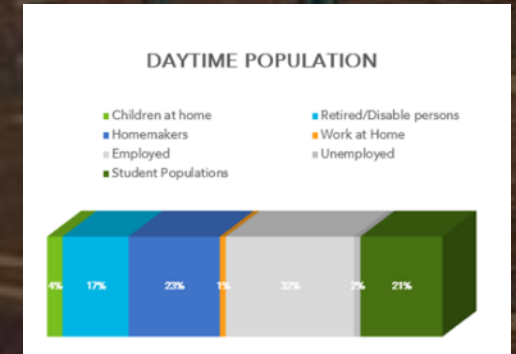
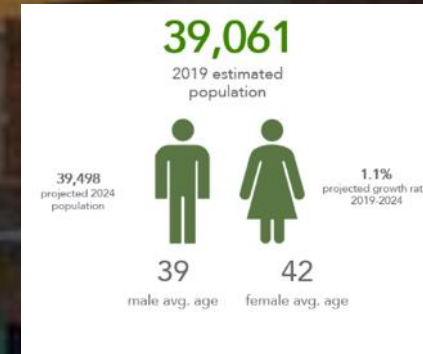
## Embrace Resilience

The City's Part

# Market Analysis

Start by assessing your consumers from multiple geographies.

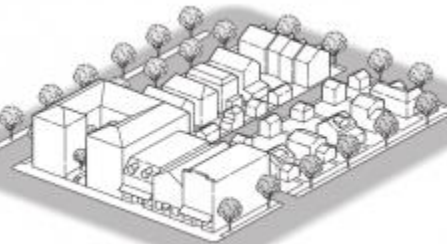
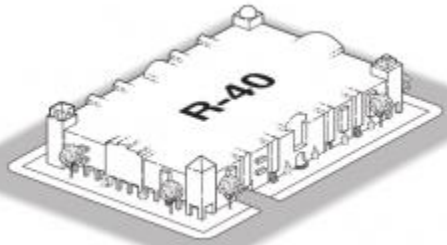
Using data and analytics, uncover and define the economic potential in your Downtown area based on the CTA derived from mobile data.





The City's Part

# Zoning & Codes



## Conventional Zoning

Density use, floor area ratio (FAR), setbacks, parking requirements, maximum building heights specified

## Zoning Design Guidelines

Conventional zoning requirements, plus frequency of openings and surface articulation specified

## Form-Based Codes

Street and building types (or mix of types), build-to lines, number of floors, and percentage of built site frontage specified



The City's Part

# Maximize Public Spaces

- Modify Ordinances and Relax Regulations
- Create "Streeteries" and Parklets
- Prioritize Pedestrian Activity in Downtown
- Temporarily Allocate Parking in Downtown for Pick-up Lanes
- Help Restaurants "Winterize" Outdoor Dining
- Identify Real Estate in Direct Proximity to Public Spaces



# Cost-Benefit Infrastructure Solutions

- Parking
- Streetscape improvements
- Wayfinding signage
- Maintenance
- Lighting
- Security
- Marketing
- Holiday decorations
- Capital Improvements AND Events that sell who you want to be







The City's Part

# Parking

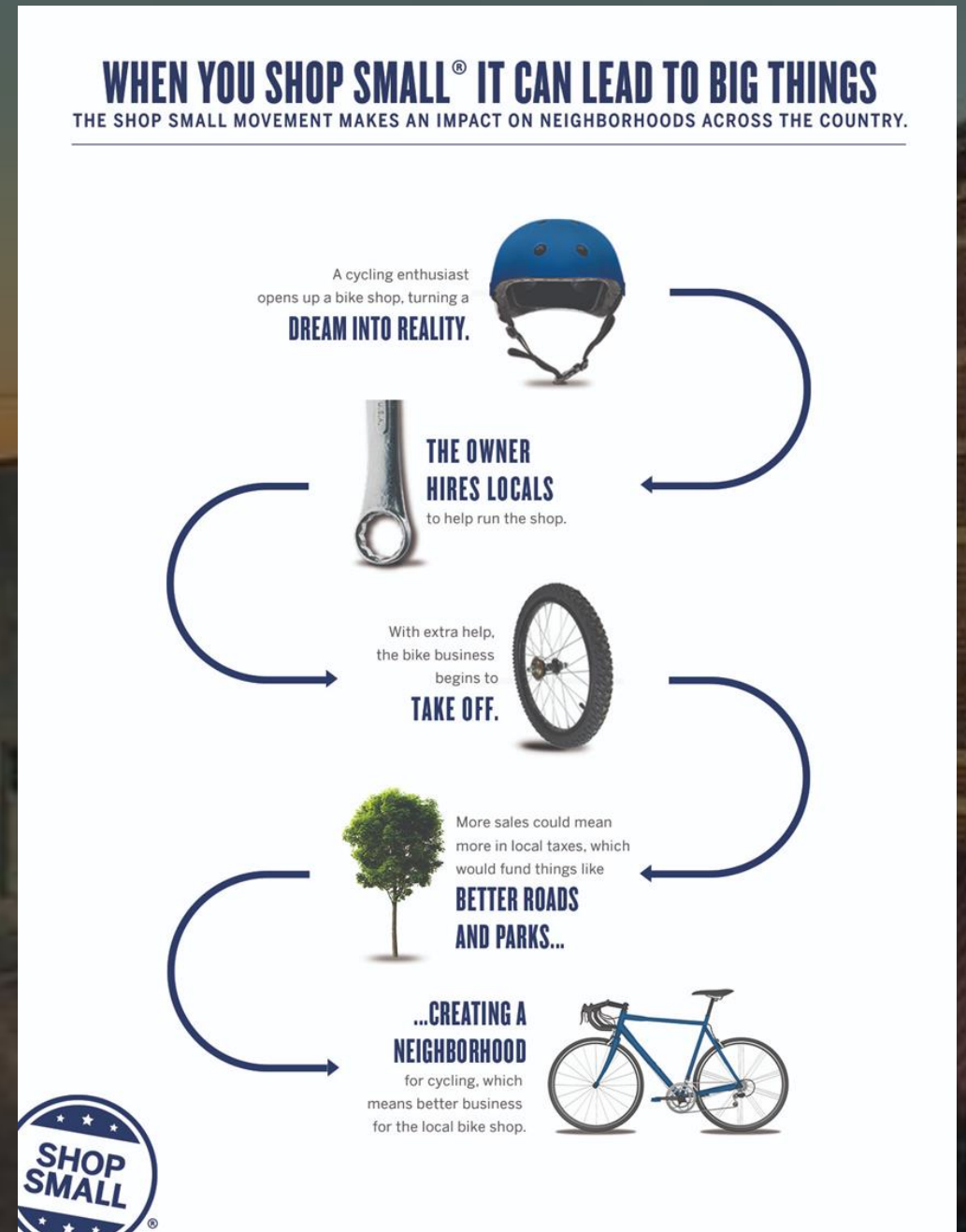
- Cities need to adjust to new commuting patterns and reduced office demand.
- Many major cities across the US are reconsidering long held parking minimum requirements
- Work with local surface lot owners, churches, etc to facilitate shared parking agreements for nearby retail.
- EV charging on Main Street



The City's Part

# Empower the Creative Class

- Encourage local and regional entrepreneurs
- Incentivize local capital sources
- Identify emerging small-scale developers
- Host entrepreneurial meetups
- Consider retail incubator space



# Identify and Market Your Opportunities

Downtown Strategic Vision for Arviston 90

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# Sources

- The New Consumer
- Urban Land Institute
- CBRE
- JP Morgan Chase
- Main Street America
- Forbes
- National Retail Federation
- Brookings Institute
- IE University
- Industry Dive
- Salsify
- Grandview Research
- American Express
- Hines



QUESTIONS



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NAVIGATING THE PARADOXES OF  
**Retail & Shopping Centers**



**James Cook**

JLL's Americas Director of Retail Research

**Lacy Beasley**

President, Retail Strategies

Feb 21<sup>st</sup>  
10:30 CST

Tuesday

