



Downtown Development District
of New Orleans

Canal Street Retail Market Analysis

Final Report
December 4, 2013



The Bayard Research Group, LLC

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Executive Summary

The purpose of this market analysis is to evaluate the potential for a 250,000 square foot retail development. The study area is a six-block stretch of Canal Street, the major thoroughfare in Downtown New Orleans, between Basin Street and Interstate 10. The area has excellent multi-modal transportation access, strong employment and tourism populations, and a growing residential population.

Significant investment is underway in the immediate area including redevelopment of Iberville Public Housing Projects into a mixed-income neighborhood, several mid- and high-rise residential conversion projects and \$2 billion construction of two hospitals anchoring a growing medical district.

New Orleans hosts over nine million tourists each year, the majority of whom visit Downtown and the adjacent French Quarter.

GCR analysis estimates **the average weekday population of Downtown, including residents, employees and visitors, during a typical day at 134,000.**

Within a three-mile radius of the study area:

- The population is 179,993
- There are 79,920 households
- 36% of households are homeowners and 62% are families
- The median household income is \$31,483
- The average household income is \$52,466
- 20% of households have incomes over \$75,000
- The median age is 35
- \$1.2 billion estimated household expenditure

There are 77,815 total employees within a one-mile radius of the study area:

- 25% of those employees also live within a one-mile radius
- 49% of those employees live within a three-mile radius

The study area shows strong retail demand based heavily on the present-day 3-mile market area with support at the regional level.

The following table summarizes the types of retail by category with supportable square footage and number of stores for each category:

Retail Category	Supportable Square Feet	# of Stores
Furniture & Home Furnishings Stores	9,630	1-2
Electronics & Appliance Stores	35,053	1-2
Building Materials, Garden Equip. & Supply Stores	4,353	1
Food & Beverage Stores	57,735	2
Sporting Goods, Hobby, Book & Music Stores	13,036	1
General Merchandise Stores	274,118	2
Miscellaneous Store Retailers	5,030	1
TOTAL	398,955	9-11

GCR supportable retail and projected sales are based on estimated expenditures of existing 2013 population and jobs.

The following table summarizes the sales and associated economic and fiscal impact of proposed and maximum supported retail at the study area:

Metric	250,000 SF Development	Max Size 399,000 SF
Total Estimated Sales	\$75.2 million	\$119.5 million
Sales per Square Foot	\$301	\$299
New Permanent Jobs (Direct+Indirect)	104	164
Additional Earnings (Direct+Indirect)	\$2.8 million	\$4.4 million
Annual City Sales Tax	\$3.7 million	\$5.9 million

Tourists are conservatively estimated to contribute an additional \$11.2 million of expenditure on retail and food and beverage.

GCR's analysis indicates feasibility for a retail center with an urban format and character that would be anchored by a national general merchandise tenant. The remaining tenant mix should include local and national retailers, concentrating on brands that support the city's status as a culturally diverse and unique destination, to maximize neighborhood and regional demand.



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1 | Introduction

This market analysis and impact assessment examines the feasibility, economic impact, and fiscal impact of a 250,000 square foot development in the study area: Canal Street between Interstate 10 and Basin Street, located in the located at the northern edge of Downtown New Orleans, and shown in the figure at right.

The area is positioned between several medium and large-scale development projects as Downtown New Orleans is experiencing significant reinvestment after decades of little economic activity. The recent growth and development activity aligns with nationwide trends of returning to downtowns or city centers as a commercial, residential and retail destination.

Downtown New Orleans is:

- The center of a region of more than 1.2 million people, with Canal Street as the traditional spine running alongside Downtown and the historic French Quarter district;
- The economic engine of a region and home to 63,807 employees;
- The cultural center of the region with live entertainment, fine dining, a professional football team (New Orleans Saints), a professional basketball team (recently rebranded New Orleans Pelicans), and numerous reoccurring and special events, such as Super Bowl XLVII, the NBA All-Star Game, the Sugar Bowl, Essence Festival, and Mardi Gras;
- An increasingly popular residential neighborhood, with a 32% increase in population from 2000 to 2010, and 1,600 housing units added since 2006 and another 2,500 units in development.

Downtown New Orleans is also the center of a city where **residents spend nearly \$1.9 billion on retail goods outside the city.**¹ This gap, unusual for cities of New Orleans' size, explains in part why a growing number of national retailers are entering the New Orleans market. The New Orleans Business Alliance notes in their 2013 Retail

Report that nearly 20 projects, totaling over 1.5 million square feet of new retail, are currently under construction or planned for completion by the end of 2014.

GCR, Inc., a New Orleans-based professional services firm, was hired by the Downtown Development District to conduct this market analysis and impact assessment.

Figure 1: Study Area in Relation to Region and Downtown



Prepared by GCR Inc.

¹ "2013 New Orleans Business Alliance Retail Report." New Orleans Business Alliance.

1.1 Trends in Downtown Retail

Numerous towns and cities in the United States relinquished their historical role as their region's primary shopping destination to the stronger pull of suburban retail destinations. As such, cities are now surrounded by shopping centers and big-box districts that offer name brand products and prices that are no longer available in downtowns. However, consumer preferences have shown an increasing partiality toward urban living in the last decade.² As a result of these trends, many national retailers have designed new, more flexible store formats that are easily adapted to the historic buildings and city centers. Consequently, downtowns and other urban areas have an opportunity to experience a rebirth as respective centers of regional commerce. Cities such as Los Angeles, Pittsburg and Washington, DC are relevant examples of this trend and profiled in Appendix A.

Since the early 1800's through the 1960's, Canal Street served as the center of commerce, shopping and transportation in New Orleans. Even into the early 1980's Canal Street and Downtown New Orleans was a competitive retail destination in the region, eventually succumbing to regional economic recession. Canal Street and Downtown New Orleans transitioned into a more tourist-oriented market, including a casino and other tourist-oriented businesses.

Recent improvements and reinvestment have been increasing. A new streetcar line running the length of Canal Street was constructed in 2004 with a spur along Loyola Avenue added in 2013. These lines intersect at a reemerging theater district, anchored by the Joy and Saenger Theaters, with two other notable theaters currently vacant. Many of the area's largest and upmarkets hotels line Canal Street including Sheraton, Marriott, the Roosevelt (a Waldorf Astoria Hotel), Ritz Carlton Hotel, Astor Crowne Hotel, Chateau Bourbon (a Wyndam Historic Hotel) and the Saint (independently owned and operated).

Several local landmark upscale retailers continue operations (for example Rubensteins and Adler's) alongside existing national retailers, such as Children's Place, Game Stop and RadioShack, and

several local electronics, gifts and clothing stores. Recent national retailers moving in include New Era and Starbucks.

1.2 Project Approach

GCR used industry standards when constructing the methodology for this analysis, by examining retail supply (existing sales) and retail demand (consumer expenditures) within several market areas. The multi-market approach was necessary to capture the nuances of consumer behavior in the New Orleans downtown area. A single-market analysis, for example, would examine the feasibility of an enclosed super-regional shopping center by examining regional demand within a 30 minute drive time distance of the proposed site; another could examine whether a neighborhood shopping center is supported by households within a one-mile radius.

Additionally, the levee failures following Hurricane Katrina in 2005 caused enormous shifts in the New Orleans retail and residential market, adding complexity to these basic scenarios. Market recovery and resurgence has not been uniform throughout the city.

² Gibbs, Robert J. *Principles of Urban Retail Development*. Hoboken, NJ: Wiley & Sons, 2012.



2 | Existing Conditions

This chapter provides an overview and general characteristics of the study area, its connection to available transportation networks, current daytime population estimates in Downtown, current nearby construction activity and profile of competing retail destinations.

2.1 Site Conditions

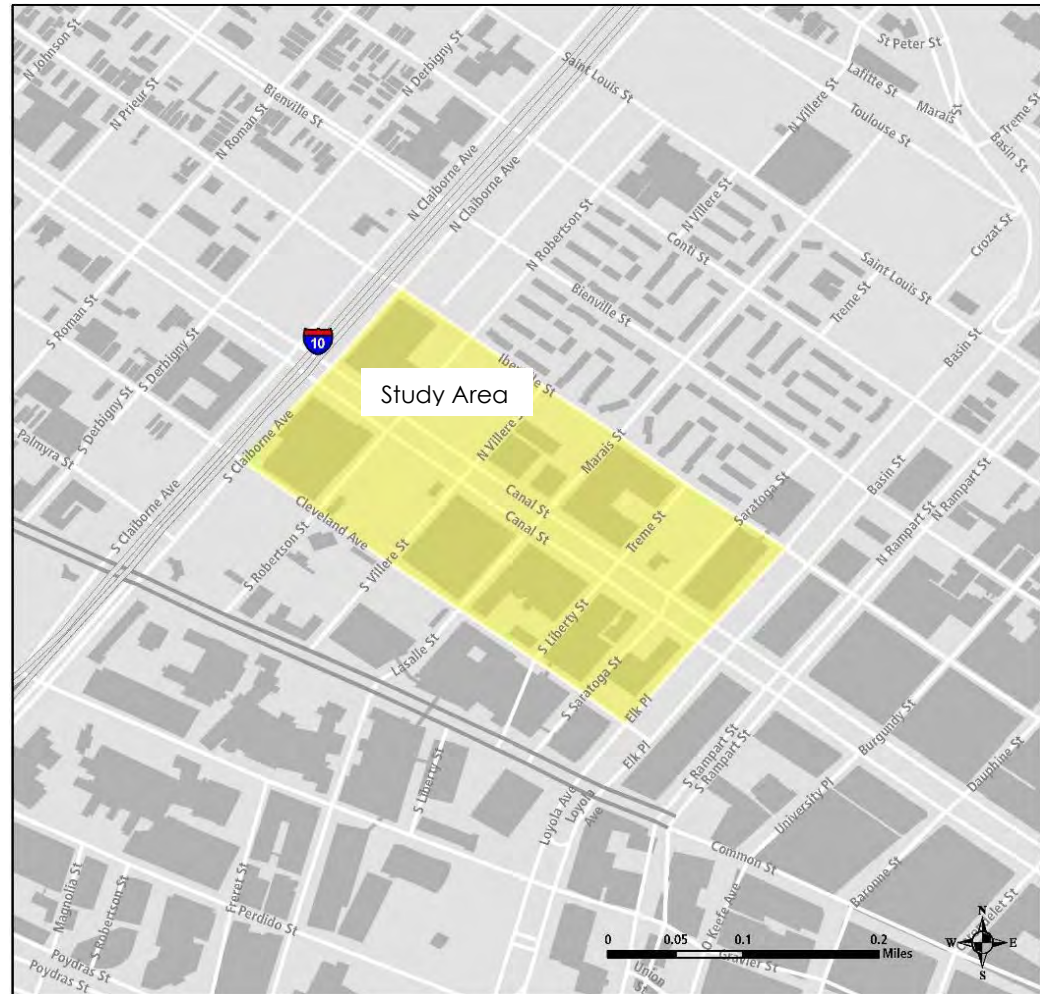
The study area, shown in the adjacent figure, is the one-third (1/3) mile long stretch of Canal Street that extends from Basin/Loyola Streets at the edge of the French Quarter and Central Business District (CBD) to Claiborne Avenue/Interstate 10.

The same streetscape of wide, bricked and landscaped sidewalks extends from the Mississippi River providing a continuous feel for the entire stretch of Canal Street along Downtown.

The twelve city blocks contain a mix of uses representing the rapidly changing face of the area. The lower end, by Loyola Avenue, is part of an emerging theater and live entertainment area anchored by the Joy Theater and the recently reopened Saenger Theater that just completed a \$52 million renovation. Moving toward Claiborne are the following:

- Avis/Budget car rental facility and supportive surface parking lot
- Clarion Inn & Suites
- Small scale retail
- Tulane University’s School of Public Health
- Jung Hotel, currently vacant, slated for future redevelopment
- New Orleans BioInnovation Center
- Texaco Building, a historic high-rise under construction for conversion as senior living center

Figure 2: Market Analysis Study Area



- Surface parking lots
- Vacant buildings
- Medical supply offices

Prepared by GCR Inc.

The following pages show these uses in relation to the study area.



Canal Street Retail Market Analysis – DRAFT REPORT



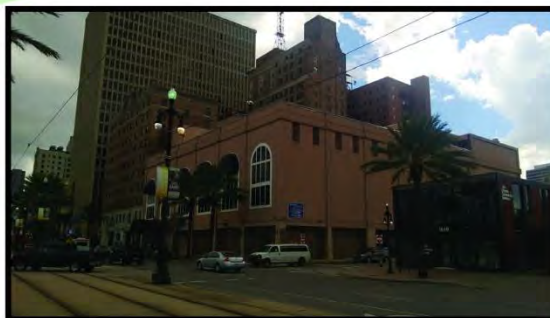
Formerly owned by UNO, the building in the foreground was recently acquired, in the background the former Canal Street Hotel is currently vacant and for sale.



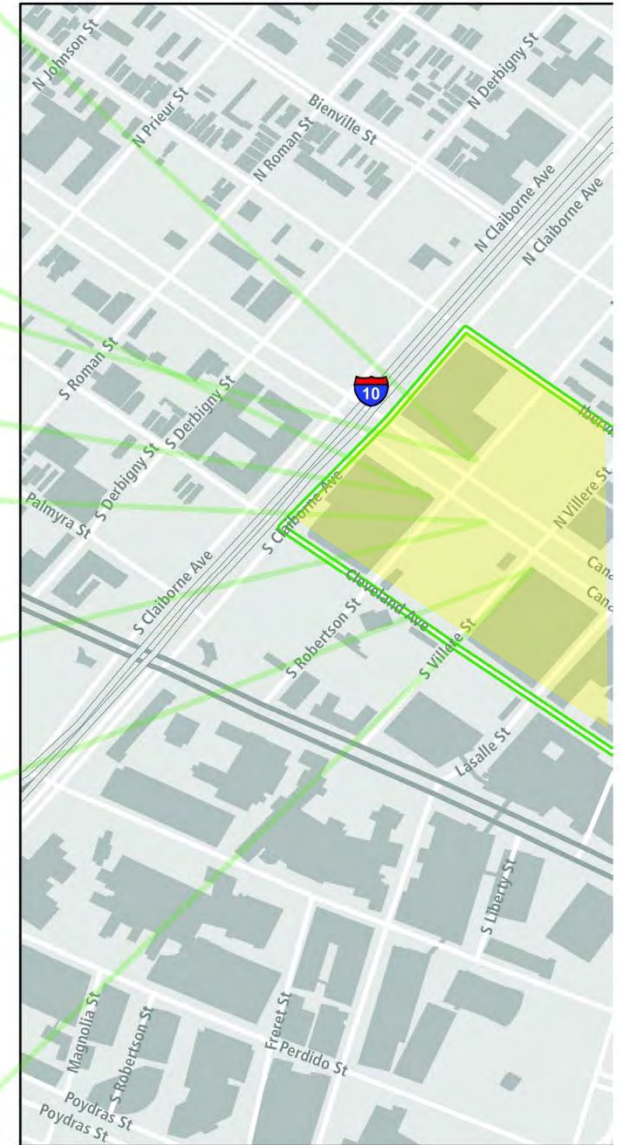
Office space currently occupied by medical uses.



Empty block now used as a surface parking lot. The former Charity Hospital building is seen in the background. Recently the City of New Orleans has proposed consolidating City Hall and the Civil District Court into the building.



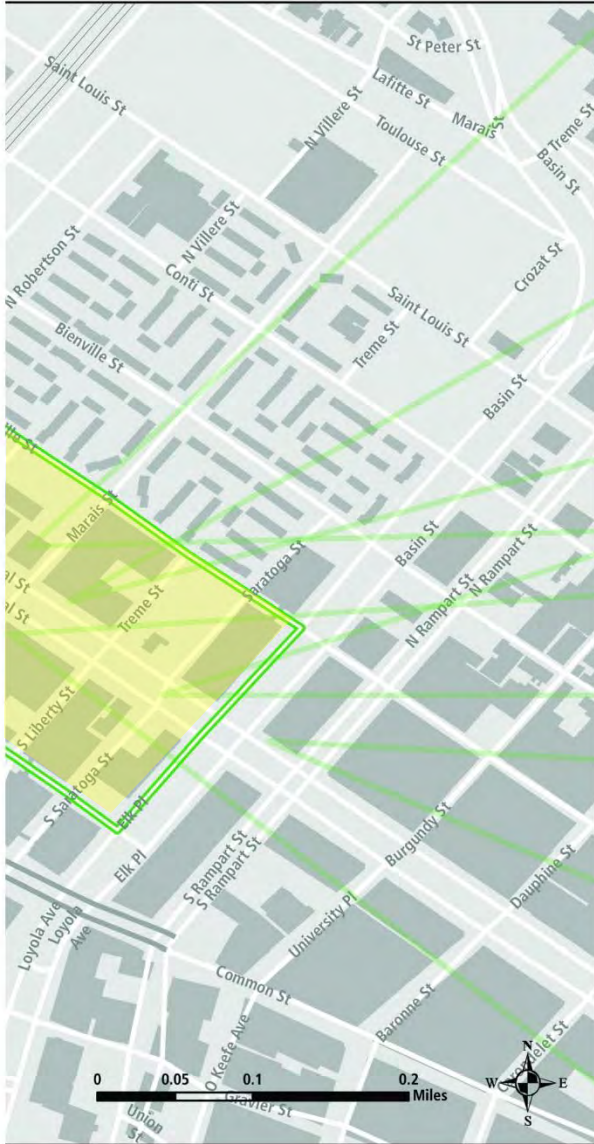
The former Jung Hotel in the foreground has been slated to be redeveloped into retail and hotel space.



Photos and map prepared by GCR Inc.



Canal Street Retail Market Analysis – DRAFT REPORT



Texaco Building senior housing



BioInnovation Center with small scale retail and Texaco senior housing in the background



Canal Street looking Southeast; Joy Theater to the right, Saenger Theater in the left background, Krauss Condominiums foreground, left.



Tulane School of Public Health



Recently reopened Saenger Theater and LaSalle Apartments



2.2 Transportation and Accessibility

Due in large part to the historic role of the area as a regional destination, the study area is well served at all scales and modes of transportation.

2.2.1 Automobile Access

At the regional scale, the study area is adjacent to Interstate 10, the primary east-west interstate for the entire region and easily accessed with nearby on- and off-ramps. Interstate 10 connects to the Pontchartrain Expressway one mile from the study area for access across the Mississippi River and south Louisiana region. Drivers throughout the region will already be familiar with accessing the area as a result of Downtown’s numerous events and destinations, including employment.

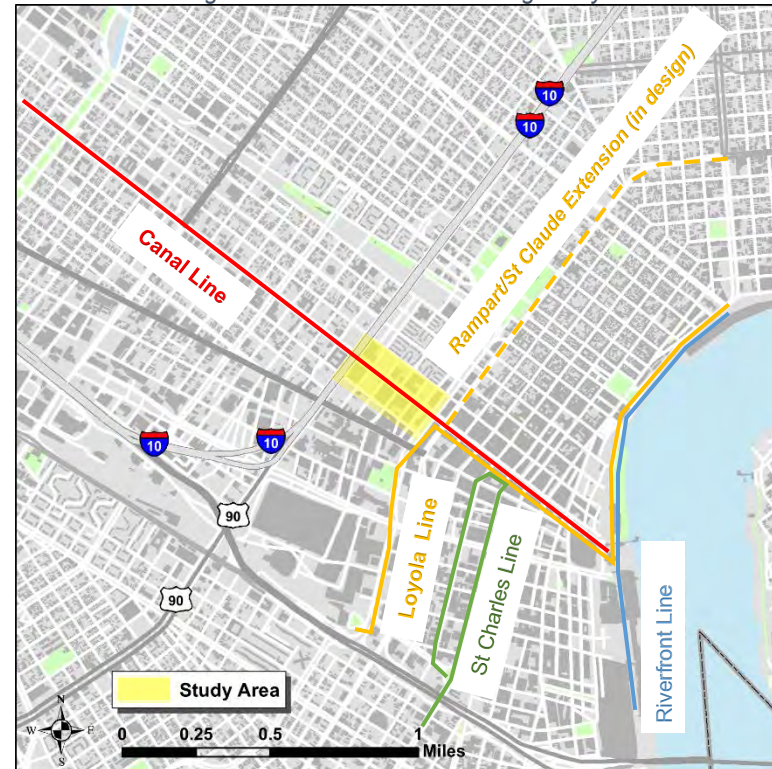
Canal Street itself is a major arterial for directly connecting Mid-City and neighborhoods further towards Lake Pontchartrain. Claiborne Avenue, which follows Interstate 10 in the immediate area, is another major arterial that extends up- and downriver providing direct access to the Uptown section of the city, downriver neighborhoods, and bordering St Bernard Parish.

2.2.2 Transit Access

The area is also very well served by local and regional transit. Canal Street itself has a streetcar that connects the river and lower downtown to Mid-City, including the future LSU and VA hospitals. The Canal Streetcar line brings a significant number of downtown commuters and tourists through the study area on a daily basis. The recently completed Loyola Streetcar runs along the lower boundary of the site and currently connects the Union Passenger Rail Terminal, future South Market District, and Canal Street. Funding is available and design is underway to extend this streetcar line down North Rampart Street along the French Quarter and Faubourg Marigny neighborhood, bringing a number of residents and tourists to the area via transit.

Nearly all bus routes, including lines to the adjacent Jefferson Parish terminate within three (3) blocks of the site, providing easy access.

Figure 3: Streetcar Lines Serving Study Area

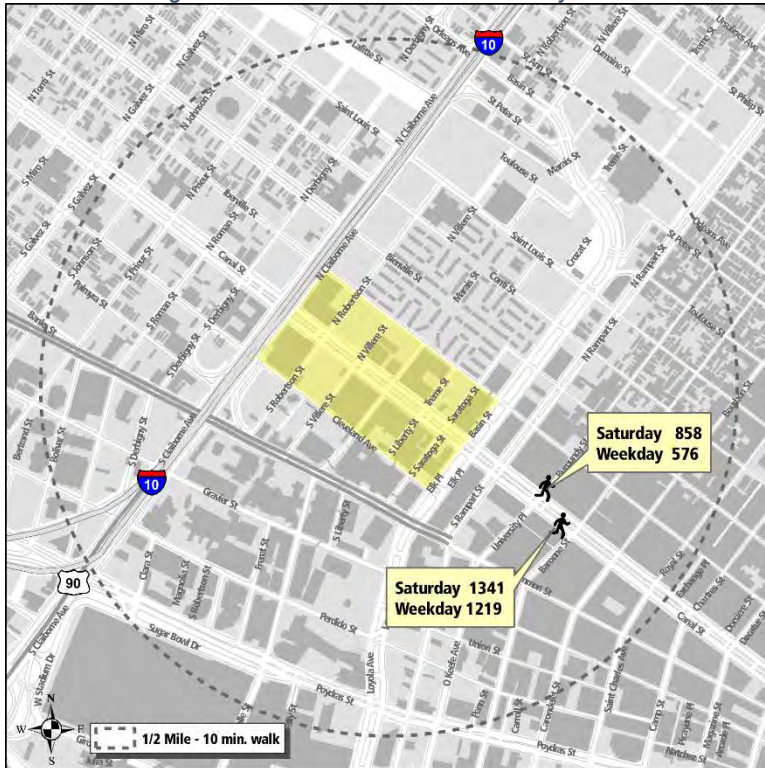


Prepared by GCR Inc.

2.2.3 Pedestrian Access

As a downtown location, the study area already has excellent pedestrian facilities and accessibility. With the recent streetscape improvements to Canal Street, the entire stretch has very wide landscaped sidewalks that are well connected to the entire city grid. All points towards the French Quarter, Central Business District and Superdome/Sports District are very well connected providing a number of routes for pedestrians to access the site. The below figure shows the ½-mile ring around the site, which represents a typical paced walk of 10 minutes. A one-mile ring would equate to a 20-minute walk and include nearly all of the surrounding neighborhoods.

Figure 4: Pedestrian Counts near Study Area



Source: GCR Inc. Prepared by GCR Inc.

GCR conducted pedestrian counts on the upper section of Canal Street near O’Keefe showing a fairly steady stream of pedestrian activity. Weekday midday counts, from 12pm – 2pm showed 576 pedestrians on the north-side of the street and 1,219 pedestrians on the south-side. Saturday midday, from 12pm to 2pm, showed a 23% total increase on pedestrian counts. The results are summarized in the figure above.

These results are a sample of activity showing downtown already has high number of pedestrians in the immediate vicinity.

2.3 Downtown Daytime Population Estimate Update

GCR completed a daytime population profile for the Downtown Development District (DDD) in 2010. Since that time, the city’s population has grown and downtown’s residential and retail inventory has changed. GCR completed an update to the daytime population profile, incorporating residential and employee populations, visitors arriving by car and transit, visitors staying in hotels, cruise ship passengers, students at nearby colleges and universities, and people attending special events. Those figures were controlled to prevent double-counting, and some were kept constant from 2010 to allow for conservative corrections of some data variations.

The total updated daytime population, representing the average weekday population of the Downtown New Orleans, is **133,798**, based on the boundaries established previously and utilized by the DDD. Table 1 shows a detailed breakdown.

Table 1: Downtown Daytime Population Estimate

Segment	Population	% Share
Residential Population	3,685	2.8%
Worker Population	54,841	41.0%
Hotel Population	19,118	14.3%
Tourists Walking Into Downtown	3,801	2.8%
Student Population	2,307	1.7%
Hospital Beds	435	0.3%
Total "Visitor" Population by Car	29,811	22.3%
Total "Visitor" Population by Transit	12,940	9.7%
Special Events at Arenas	5,153	3.9%
Cruise Ship Population	1,708	1.3%
Total Daytime Weekday Population	133,798	100%

Source: ESRI 2013 (resident population), U.S. Census LEHD (worker population), publicly available information; Analysis by GCR Inc.



2.4 Current Downtown Construction Activity

Downtown New Orleans has experienced a significant shift in growth over the last decade. Thousands of new residential units have been completed recently and thousands more are proposed for the central business district area, making downtown more of a neighborhood than it has been in decades. A number of notable residential projects have been proposed or are underway near the study area.

Iberville Redevelopment

The Housing Authority of New Orleans and the City of New Orleans are spearheading the Choice Neighborhoods Initiative redevelopment of the former Iberville Public Housing Project. Located adjacent to the study area, this project will result in more than 1,000 mixed-income housing units. Construction of the first phase is currently underway. Redevelopment of the city's other public housing projects has correlated with significant private investment in the surrounding areas and increased property values and commercial activity. Examples include the redevelopment of the St. Thomas Projects in the Lower Garden District and the St. Bernard Projects in Gentilly.

Texaco Building Senior Housing

Part of the Choice Neighborhoods Initiative redevelopment, the Texaco Building is being renovated to accommodate 112 low income senior apartments. Located directly in the study area, the finished building will have a small retail space on the ground floor. Residents are expected to begin moving in by February 2014.

1031 Canal Street

Approved by the city in 2011, this 240 unit complex will be located in the former Woolworth's store at the corner of North Rampart and Canal Streets. As currently proposed the project would also include 40,000 square feet of retail. Status is currently in planning.

LaSalle Apartments

Located directly adjacent to the newly reopened Saenger Theater, the LaSalle Apartments contain 32 units for low income tenants. Construction recently ended and leasing is underway.

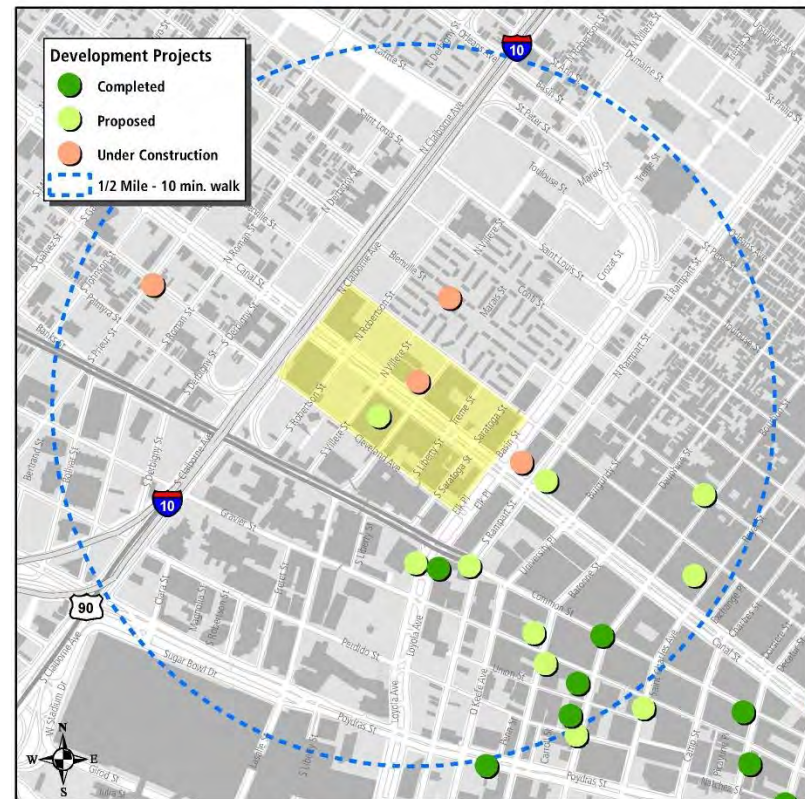
Elk Place Apartments

Located just outside the study area on Elk Place this redeveloped medical office building will feature room for a restaurant on the first floor with an attached parking structure and 100 luxury units above. The development is under construction and will be completed in 2015.

South Market District

The South Market District, a new four block development located about ½ mile west of the study area will feature almost 160,000 square feet of retail, 1,000 parking spaces, and nearly 600 residential units. The first phase, now under construction, will be complete in 2014.

Figure 5: Development Projects in 1/2 Mile of Study Area



Compiled by GCR Inc. with the Downtown Development District

First NBC

260 units in a redeveloped historic high-rise, currently in permitting phase.

225 Baronne

This presently vacant office building will be converted into 192 apartments, a 188 room hotel, and a 356 space public parking garage. The project is under construction and expected to open in late 2014.³

1100 Tulane Apartments

130 mixed-income apartments are planned for this former office building several blocks southeast of the study area. Project is in development.

In recent years, New Orleans has witnessed a significant influx of retail options, including well-known national retailers. Canal Place is attracting international luxury brands such as Tiffany and Company, Michael Kors and Anthropologie. Nearby on Decatur Street, Swedish “fast fashion” retailer H&M opened a new flagship store in the fourth quarter of 2013. Meanwhile, new big-box centers have popped up across the city in the form of a new Costco store at South Carrollton Avenue and Palmetto, Mid-City Marketplace at Carrollton and Bienville Avenues, and Magnolia Marketplace at Louisiana and Claiborne Avenues, starting construction in 2014. These centers contain brands new to New Orleans proper, such as Michael’s Arts and Crafts, T.J. Maxx., Ross Dress for Less, PetSmart, and restaurants Pei Wei, Five Guys Burgers, Raising Canes, and Panera Bread.

In addition to this new interest from national brands, the New Orleans area continues to be a successful incubator for locally owned small businesses. A number of historic main street corridors have ridden the wave of this trend with Magazine Street, Oak Street, Freret Street, and more recently Oretha Castle Haley Boulevard boasting a number of boutiques, small cafes and restaurants.

³ HRI Properties. <http://www.hriproperties.com/225-baronne-mixed-use-development>



2.5 Competition Profiles

The following profiles represent the primary retail destination competition, particularly for shopping, throughout the region. The following Market Analysis section will discuss the how much spending the proposed 250,000 square foot Canal Street retail can support given the availability of these competitive options.

The Shops at Canal Place

333 Canal Street, New Orleans, LA 70130

Enclosed Mall, 38 Stores

GLA: 268,000

Opened: 1984

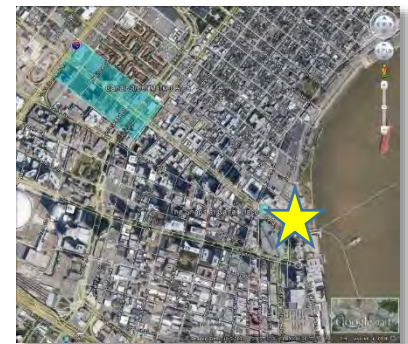
Distance from Project Site: ½ mile

Anchors:

- Saks Fifth Avenue
- The Theatres at Canal Place

Additional Tenants:

- Brooks Brothers
- Anthropologie
- Michael Kors
- Tiffany and Company
- J Crew
- Coach
- Lulu Lemon



Located at the base of Canal Street, just over a half mile from the study area, Canal Place has recently seen increased interest from luxury international brands.

The Outlet Collection at Riverwalk

500 Port of New Orleans Place,
New Orleans, LA 70130

Upscale outlet mall, 75 stores

GLA: 250,000 (under construction)

Opened: 1986, renovation 2014

Distance from Project Site: ½ mile

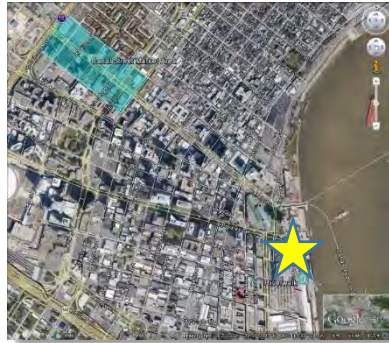
Anchors:

- Last Call Studio by Niemen Marcus
- Forever 21
- Toby Keith's I Love this Bar & Grill

Other Tenants

- Loft Outlet
- Charlotte Russe
- Coach Men's Factor Store
- Hartstrings Children's Wear
- Tommy Bahama
- Steve Madden

The Riverwalk Marketplace was recently purchased by the Howard Hughes Company, which is transforming the closed center into an upscale outlet center, considered the first such center in a downtown location". The renovation, expected to be complete in 2014, will increase the existing square footage to a total of 250,000.



South Market District

Centered at O'Keefe and Girod Streets, New Orleans

Downtown Mixed-Use Center

GLA: 160,000 (22,000 under construction currently)

Opening: 2014 (phase 1)

Distance from Project Site: ½ mile

The South Market District, currently under development by the Domain Companies, will be a four block downtown mixed-use district. Each block will contain retail on the first floor with nearly 600 apartments above, and over 1,100 parking spaces in on-site structures. The first phase, called the Paramount, is under construction and contains nearly 21,500 square feet of retail and 209 residential units, expected to open in 2014. The second phase, expected in 2015, will have 24,500 square feet of retail and 435 space parking garage above.



Magazine Street

Magazine between Felicity Ave and Nashville, New Orleans

Destination Main Street

Distance from Project Site: 2-5 miles

Anchors:

- Whole Foods

Sample Tenants:

- American Apparel
- Free People
- Chico's
- Billy Reid
- Local boutique shops

Magazine Street, loosely bounded by Felicity and Nashville Avenues, is a major main street style retail destination in New Orleans. Primarily populated with small local brands, some national brands have moved in recently. The corridor offers nearly three miles of boutiques and restaurants on a walkable neighborhood business corridor.



Oakwood Center

197 Westbank Expy, Gretna, LA 70053

Enclosed Mall, 110 stores

GLA: 952,000

Opened: 1966

Distance from Project Site: 3 miles

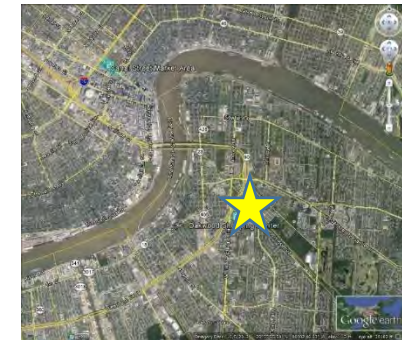
Anchors:

- Dillard's
- Sears
- JCPenney
- Dick's Sporting Goods

Additional Tenants:

- Old Navy
- Ulta
- Forever 21

Oakwood Center is located about three miles from the study area on the West Bank of the Mississippi River, accessible by car and transit via the Crescent City Connection Bridge. Recent openings include Dick's Sporting Goods, in a long vacant anchor space, and restaurant tenant Bucca di Beppo. The mall features a number of national brands typically found in enclosed suburban malls of this size.



Lakeside Shopping Center

3301 Veterans Memorial Blvd,
Metairie, LA 70003

Enclosed Mall, 150 stores

GLA: 1,154,000

Opened: 1960

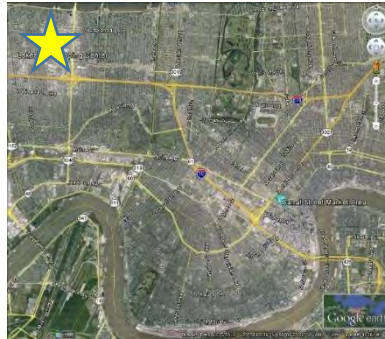
Distance from Project Site: 8 miles

Anchors:

- Macy's
- Dillard's
- JCPenney

Additional Tenants:

- Apple
- Armani Exchange
- Williams Sonoma
- Restoration Hardware



Originally designed as an open air mall, the center was enclosed in 1968. It lies about 8 miles from the study area and serves as one of the largest retail hubs in the New Orleans region. Lakeside features a mix of traditional mall retailers as well as newer luxury brands including Armani Exchange, Sephora, and the region's only Apple store.

Clearview Mall

4436 Veterans Memorial Blvd,
Metairie, LA 70006

Enclosed Mall, 60 stores

GLA: 680,000

Opened: 1969

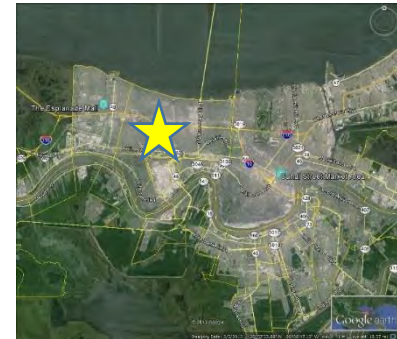
Distance from Project Site: 4 miles

Anchors:

- Target
- Sears
- Bed Bath & Beyond
- AMC Theaters

Additional Tenants:

- GNC
- Zea Rotisserie & Grill



In close proximity to Lakeside Mall, Clearview has three anchors, Target, Sears, and Bed Bath & Beyond which attract the majority of traffic for this center. Recently, the center has been successful at attracting restaurant tenants with exterior entrances like Zea and most recently, Twin Peaks.

The Esplanade

1401 W Esplanade, Kenner, LA
70065

Enclosed Mall, 131 stores

GLA: 899,407

Opened: 1985

Distance from Project Site: 13
miles

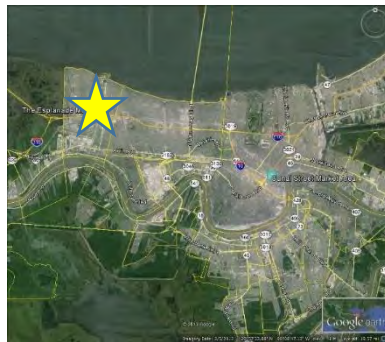
Anchors:

- Macy's
- Target
- Dillard's Outlet

Additional Tenants:

- American Eagle
Outfitters
- Best Buy
- Gap

Approximately 13 miles from the study area, The Esplanade is a regional enclosed mall that draws customers from the Kenner and River Parishes area. In recent years, the center successfully attracted a Target store and is currently undergoing a number of improvements. Although Dillard's is a draw for the center, it may contribute to the perception that the center is declining, as the center hosts an outlet rather than a flagship store.



North Shore Square

150 Northshore Blvd, Slidell, LA
70460

Enclosed Mall, 74 stores

GLA: 621,192

Opened: 1985

Distance from Project Site: 40 miles

Anchors:

- Dillard's
- Sears
- JCPenney
- Burlington Coat Factory

Additional Tenants:

- Pier 1
- Forever 21
- Footlocker

Located nearly 40 miles from the study area on the north shore of Lake Pontchartrain, North Shore Square is an enclosed regional center primarily serving the St Tammany and Mississippi gulf coast region.

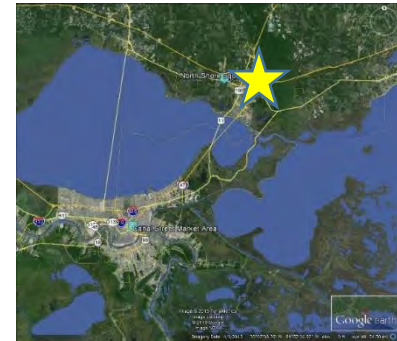
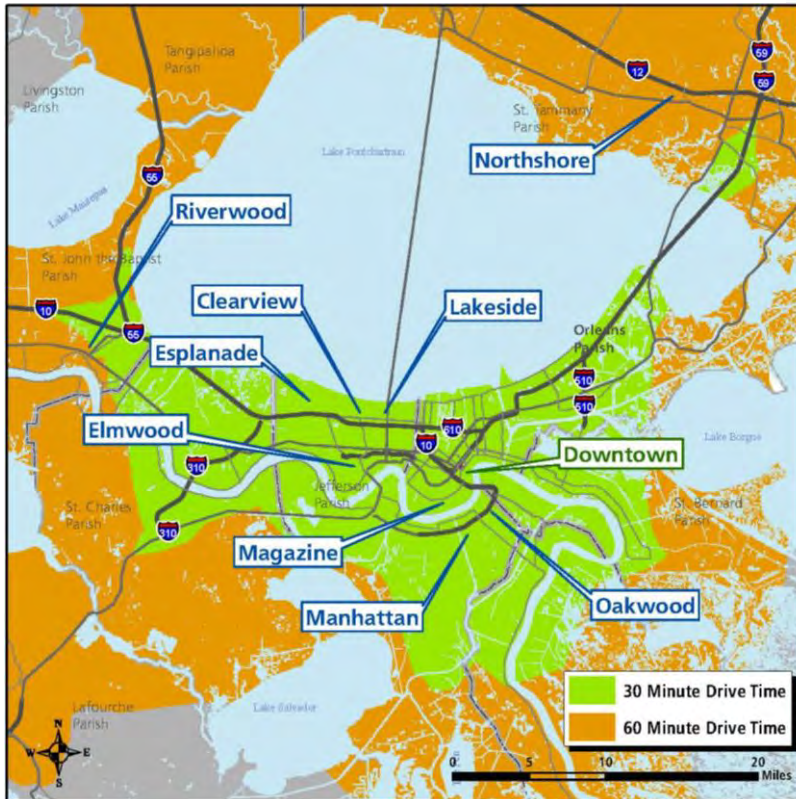


Figure 6, below, shows the location of the primary existing and planned regional retail destinations relative to Downtown New Orleans and the study area.

Figure 6: Regional Retail Competition



Prepared by GCR Inc.

2.5.1 Additional Competition of Note

Aside from the above regional-scaled retail centers, a number of other developments could serve as competition for the Canal Street Corridor. The recently completed Mid-City Marketplace (2.5 miles from study area) contains over 100,000 square feet. It includes national chain brands never seen in New Orleans, such as Pei Wei, Five Guys Burgers, Panera Bread, and Office Depot. The center also includes a new, more upscale Winn-Dixie grocery store. With an anticipated opening in late 2014, Magnolia Marketplace (2.1 miles from study area) is fully leased with commitments from large national chains T.J. Maxx, Michaels, PetSmart, and Ulta beauty products. A 42,500 square foot space remains available. In addition to these new national retailers, in September of 2014, Costco opened their first Louisiana store on the site of the former Carrollton Plaza Shopping Center (2.2 miles from study area). Other big box developments include Walmart stores at the former Gentilly Woods Shopping Center (5.2 miles from study area) and in New Orleans East on Bullard Avenue.

Chalmette, located eight miles downriver from the study area, just over the St. Bernard Parish line, features another major retail center that serves a large segment of the market living in the downriver Marigny, Bywater, and 9th Ward neighborhoods. Chalmette contains many of the big-box and national retailers that downtown neighborhoods lack, including a WalMart Supercenter, Home Depot, Raising Canes, and several full service grocery stores.

3 | Market Analysis

GCR examined the market demand for retail by defining trade market areas around the study area to include surrounding employers and households (demand) and existing retailers (supply). The household and employee expenditures are compared to existing retail sales to identify potential gaps or retail sectors that are underserved.

While this analysis follows standard market analysis framework, downtown city centers, and Downtown New Orleans in particular, are distinct settings for retail requiring a nuanced approach to measuring retail demand. A new retail center in Downtown New Orleans has the potential to attract both residents and employees from the immediate local area and residents from a further distance compared to a typical suburban shopping center. Therefore, GCR established four trade market areas to gain a full understanding of the market for new retail at both a neighborhood and regional level. These four market areas represent four separate pictures of potential demand; together, they offer a more detailed examination of potential consumer behavior and thus the potential sales at the project site.

The population components of each market area would typically consider residents, employees, and tourists. The residents of each market area are noted in the above table. Residents in the closer-in market areas are more likely to walk, bicycle, or take public transportation; thus, a radius was used instead of a drive-time. Regional market areas that are larger in distance use drive-times as a measurement, because residents of those market areas would be more likely to drive.

GCR used the number of employees who work within one mile of the study area as its base employee number for each market area. For each expanded market areas expand, the number of employees who also live within that market area are discounted to avoid double-counting.

GCR supplemented the analysis with a survey of the Downtown population conducted on-line and through on-street intercepts. The results are presented in section 3.3.

While these four market areas are separate snapshots retail demand potential, the final conclusions for the study area are a synthesis of all four market areas and survey results, combining the unique properties of downtown retail center to support both local- or neighborhood-serving retailers as well as regional retailers.

3.1 Methodology

To ensure that the market analysis provides the appropriate level of detail, GCR's methodology takes a nuanced approach of the industry-standard market analysis for a 250,000 square foot of retail in the study area.

To summarize, the following dynamics are factored into this analysis:

- New Orleans is a growing, recovering city, seeing continued population growth and residential development.
- Residents of New Orleans are often shopping elsewhere because of limited amenities in their own neighborhoods.
- The region has multiple employment clusters and shows intra-metropolitan area commuting patterns.
- Downtown is the center of tourism, even for locals and other residents of the region.

With these dynamics in mind, GCR's methodology for this analysis examines demand from residents, employees, and tourists in several market areas.

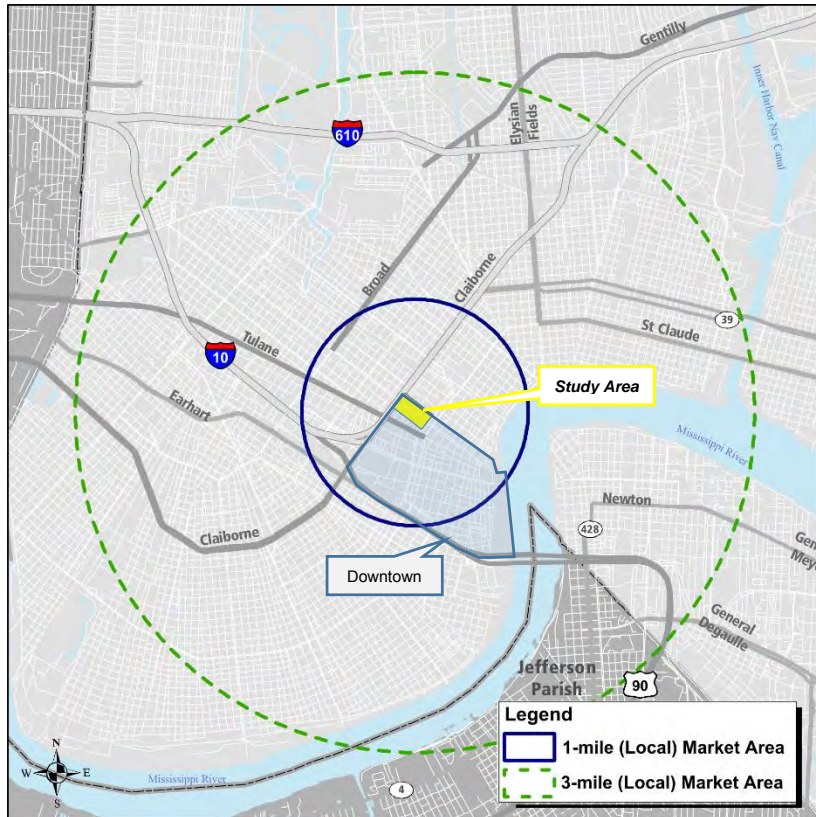
The four market areas to estimate retail supply and demand are:

- One-mile radius of project site
- Three-mile radius of project site
- Thirty (30)-minute drive time of project site
- Sixty (60)-minute drive time project site

These four market areas include residents and employees who work within the one-mile radius but live outside, progressively discounted for each market area to avoid double-counting. Figures 7 and 8 show the regional and local markets areas, respectively.



Figure 8: Local Market Areas, One-mile and Three-mile



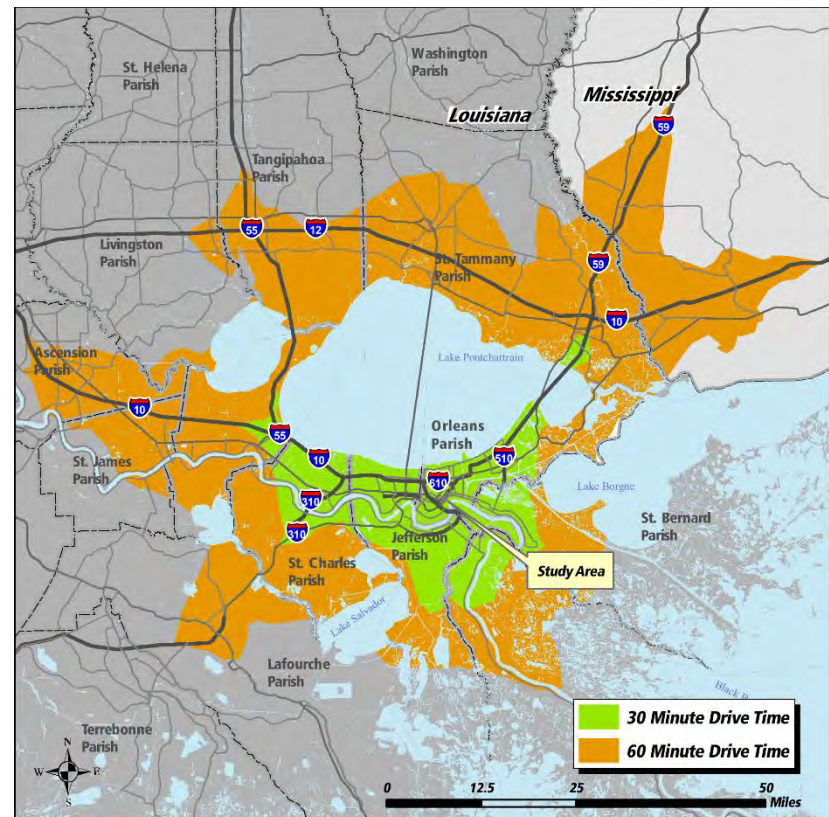
Prepared by GCR Inc.

The four market areas correspond, roughly, to four standard retail development classifications.⁴ Normally, market analyses examine the feasibility of one type of development. Because of the unique nature of the site and the potential for a mix of retail types ranging from local to regional draw, GCR’s model adjusted industry-standard data on the

⁴ International Council of Shopping Centers (ICSC), “Dollars & Cents of Shopping Centers / The SCORE 2008.” 2008. Published by Urban Land Institute.



Figure 7: Regional Market Areas, 30-minute and 60-minute



Prepared by GCR Inc.

types of retail developments typically supported in market areas of a certain size to account for the local and regional demand that a downtown retail center would command.

The standard retail development classifications are as follows:

- Neighborhood Center
 - Convenience Retail
 - Typically around 60,000 square feet
- Community Center
 - Larger than a neighborhood center, but without a regional market area or a department store
 - Typically around 180,000 square feet
- Regional Center
 - General merchandise, apparel, furniture, home furnishings, and more
 - Built around one or two department stores
 - Typically around 500,000 square feet
- Super Regional Center
 - Same as a regional center, but with at least three department stores
 - Typically at least 1 million square feet

The unique nature of Downtown New Orleans’s mix of residents, employees, and tourists prevents the selection of just one classification to evaluate for feasible development. Instead, GCR incorporated industry information about square footage, sales per square foot, and other items into the model.

GCR calculated retail supply and household demand for each market area and calculated retail surplus and leakage (the amount of household spending leaving the market area or that outside residents are bringing into a market area) based on the industry information from ESRI Business Analyst (2013) and other sources. These surplus and leakage figures were then adjusted to account for employee demand in the downtown area, using capture rates for different types of retail to account for the shopping patterns of employees who work in urban areas.

The question of how to account for tourism spending was addressed conservatively. New developments in downtown will be completed over the next several years, including the redeveloped The Outlet Collection at Riverwalk outlet center and the South Market District, a mixed-use development covering four city blocks. Because tourism is seasonal in nature and subject to outside economic forces beyond households or employees, GCR assessed the feasibility of retail supported by a combination of local households, regional households, and local employees. **Demand generated by tourist spending was added to the end of the model, showing revenues above and beyond what is supportable at the site by residents and workers alone.** A retail development dependent on tourist dollars to sustain base operations would be more susceptible to the cyclical and, at times, uneven nature of that industry.

The retail sales estimates are obtained from ESRI Business Analyst and are based on commercial and government data sources such as the Dun & Bradstreet business database and economic statistics from the U.S. Bureau of Labor Statistics.

Household expenditure estimates are obtained from ESRI Business Analyst and are derived from the Bureau of Labor Statistics (BLS) Consumer Expenditure Survey (2010-2011) and estimated by ESRI for smaller geographies using socioeconomic characteristics.

Daytime population is an important component of retail demand. **The average downtown employee spends \$96 per week on shopping near their workplace.**⁵ Of the 77,814 employees in the immediate one-mile market area, GCR assumes a percentage of them live outside of each market area but are shopping inside the market area due to the proximity of retail to their workplace. Employee expenditure is estimated by taking the number of employees and average wage by employment sector that live outside of the trade market area and applying expenditure assumptions derived from the BLS Consumer Expenditure Survey. Commute patterns provided by the U.S. Census are used to determine the number of employees that work inside a

⁵ Gibbs, Robert J. *Principles of Urban Retail Development*. Hoboken, NJ: Wiley & Sons, 2012.



one-mile area, but live in one of the other residential market areas (three-mile, 30-minute, 60-minute).

A retail gap is calculated by subtracting retail sales from household expenditure and employment expenditure and is used to identify leakage or surplus. As an example, the retail gap in the one-mile market area is -\$276 million and indicates a sales surplus, which means that retailers in the market area are recording higher sales than the market area's households' expenditures. This means that the retailers are supported, in part, by people who do not live in the market area: daytime employees, tourists, and residents of other areas of the region, for example.

Not all square feet of supportable retail in the market area is appropriate for the subject site. How much of the demand a site can capture is attributed to the following factors:

Character of the Subject Site: Only certain types of retail will be appropriate at the project site, given the character and size of the site itself. For example, the market areas examined show high demand for gasoline stations. However, this may not fit with the urban character of the site. The following retail types were eliminated from the standard retail categories due to their incompatibility with urban retail as proposed for this study area:

- Motor Vehicle and Parts Dealers
- Gasoline Stations
- Non-store Retailers (includes internet-based retailers)

Competition. Retail expenditure on the subject site will compete against all other commercial corridors in the 30-minute drive time market area. GCR evaluated competitive retail supply to determine an appropriate capture rate for each retail category.

Store Size. The amount of supportable square feet for a store category may not be enough to support a full store. If a site were to show only 100 square feet of supportable general merchandise in a regional market area, a retailer would not build a store that small.

Industry data on the typical build size for stores of different formats was used in GCR's model to determine feasibility.

Agglomeration Effects. Retail categories that show a surplus (sales higher than residents' expenditures) may still be supportable at the site. A great example is food and drinking places. Downtown New Orleans is a regional and national dining destination; people travel from all over the world to eat at restaurants in downtown New Orleans. A surplus in the food and drinking places category doesn't mean that additional restaurants aren't supportable; rather, a great restaurant can succeed in a competitive environment where so many diners are seeking great eating experiences. Restaurants also often stabilize retail establishments and help draw in customers. These observations are not easily seen in the surplus and leakage data, but are based on consumer behavior and a detailed knowledge of the subject site.

3.2 Market Areas

This section profiles the demographics, estimated demand, and retail leakage for each of the four market-areas: One-mile, Three-mile, 30-minute and 60-minute.

3.2.1 One-Mile Market Area

The One-Mile Market Area is defined as households that live within a one-mile radius of the study area and employees that work (but not live) within a one-mile radius of the study area. The consumers in this market area are mostly walking or taking public transportation to the study area and are seeking convenience uses such as a pharmacy, a dry cleaner, or grocery store.

The one-mile area includes 8,504 households with a median household income of \$25,490. The vacancy rate is high in the one-mile area with 39% of the 13,893 housing units vacant. Three quarters of the households in the one-mile area are renters. The median age is 39 and half of the households are families. An estimated 58,400 employees work in the one-mile area but live outside of the one-mile area. Table 2 (next page) shows the area characteristics.



Note about BioMedical District. Two major employment centers are currently under construction, the new University Medical Center and VA Medical Center, both within the one-mile market area. These hospitals, representing an approximately \$2 billion investment, will employ several thousand people when completed in the next several years. The medical centers also attract patients and their families and caregivers, who would potentially shop at the subject site, as it is nearer to the hospitals than many other competitive developments. However, GCR did not include the potentially significant impacts from the hospitals in the demand forecasts as no reliable data on net new employees and visitors was available at the writing of this report.

Table 2: One-Mile Market Area Economic-Demographic Summary

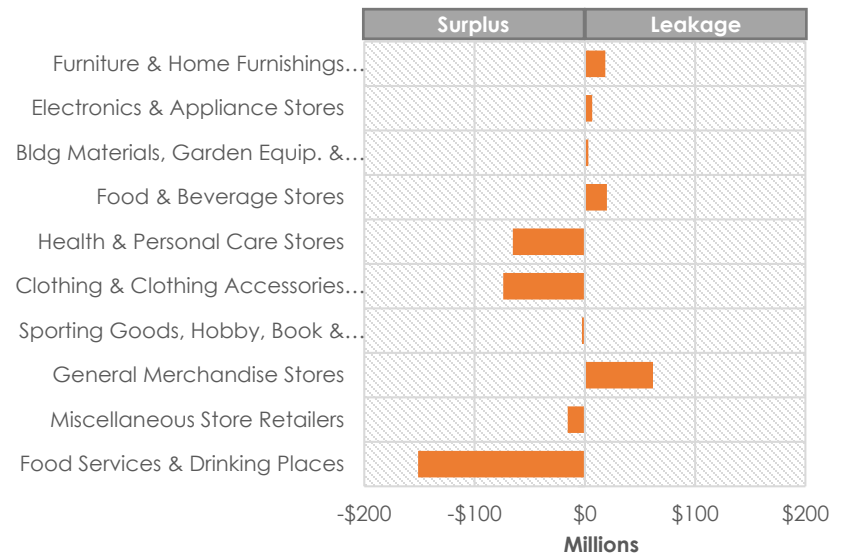
Characteristic	Value
Estimated Household Expenditure	\$175.8 million
Households	8,504
Median Household Income	\$25,490
Average Household Income	\$50,827
Homeowners – Percentage	25%
Median age	39
Families as Percentage of Households	50%
Employees (but not residents of one-mile)	58,400

Source: ESRI Business Analyst (2013); Prepared by GCR Inc.

Retail sales in the one-mile area are \$534 million. There are 666 retailers in the one-mile area, 226 of which are food or drinking establishments.

Household expenditure in the one-mile area is \$176 million and employment expenditure is estimated to be \$248 million. The retail gap (retail sales subtracted from consumer expenditure) is -\$110 million. A negative retail gap indicates a surplus, which means that households from outside of the one-mile area are traveling into the one-mile area to shop. Figure 9 shows retail gap by category for this market area.

Figure 9: Retail Gap: One-Mile Market Area



Source: ESRI Business Analyst (2013); Prepared by GCR Inc.

Some categories of retail within the one-mile area exhibit leakage, which means retail sales are lower than consumer expenditure. Categories where leakage is particularly acute are gas stations and general merchandise stores.

GCR developed capture rates to estimate how many households, employees and tourists would choose to shop at the study area. The capture rate accounts for competitive supply, site characteristics, and typical store sizes. Due to proximity and convenience, GCR estimates 50% of any retail leakage attributed to residents in the one-mile area will be captured with the addition of new retail within area. This assumption is further supported by the survey results in Section 3.3 where over 53% of downtown residents indicate desire to shop downtown in most retail categories. The ICSC estimates that 62% of employees shop near their workplace. Derived from this number and based on competition elsewhere in the one-mile area, GCR conservatively assumes a capture rate of 31% of employees will shop



at the study area. The capture rates for this market area are summarized in Table 3.

Table 3: One-Mile Market Area Capture Rates

	Number	Capture Rate
Households	8,504	50%
Employees	58,400	31%

Source: Population, ESRI Business Analyst (2013); Capture rates by GCR Inc.

GCR translated the retail gap into square feet using sales per square foot data from the ULI Dollars and Cents of Shopping Centers. The one-mile market area exhibits the greatest retail demand in the following categories:

- Other General Merchandise Stores (183,000 SF)
- Department Stores (79,300 SF)
- Furniture Stores (32,500 SF)
- Home Furnishing Stores (16,800 SF)
- Grocery & Specialty Food Store (19,600 SF)

3.2.2 Three-Mile Market Area

The Three-Mile Market Area encompasses a three-mile radius around the subject site, which includes most of New Orleans. The three-mile area is associated with community shopping centers, which typically offer convenience retail on a larger scale than neighborhood shopping centers. They often have one to two anchors, such as a grocery store, general merchandise store anchors, or office supply store. The consumers in this market area will walk, take public transit, or drive to the subject site.

The estimated household expenditure in the three-mile market area is \$1.2 billion. The three-mile area has 79,920 households and a median household income of \$31,483. Sixty-four percent of the households in the three-mile area are renters. Like the one-mile area, the three-mile area has a high vacancy rate of 30%. The median age is 35 and 62%

of the households are families. Table 4 summarizes the economic-demographic profile of this market area.

Table 4: Three-Mile Market Area Economic-Demographic Summary

Characteristic	Value
Estimated Household Expenditure	\$1.2 billion
Households	79,920
Median Household Income	\$31,483
Average Household Income	\$52,466
Homeowners – Percentage	36%
Median age	35
Families as Percentage of Households	62%

Source: ESRI Business Analyst (2013); Prepared by GCR Inc.

The three-mile area has 39,685 employees with an estimated expenditure of \$167 million. Few employees outside of a one-mile radius are expected travel to the subject site during the day to shop. Therefore, for the three-mile area, GCR uses employee estimates for a one-mile radius around the study area. Based on commute patterns, GCR assumes 51% of the employees in the one-mile radius live outside of the three-mile area to avoid double counting. Table 5 summarizes the capture rates for this market area.

Table 5: Market Area Capture Rates

	Number	Capture Rate
Households	79,920	25%
Employees	39,685	31%

Source: Population, ESRI Business Analyst (2013); Capture rates by GCR Inc.

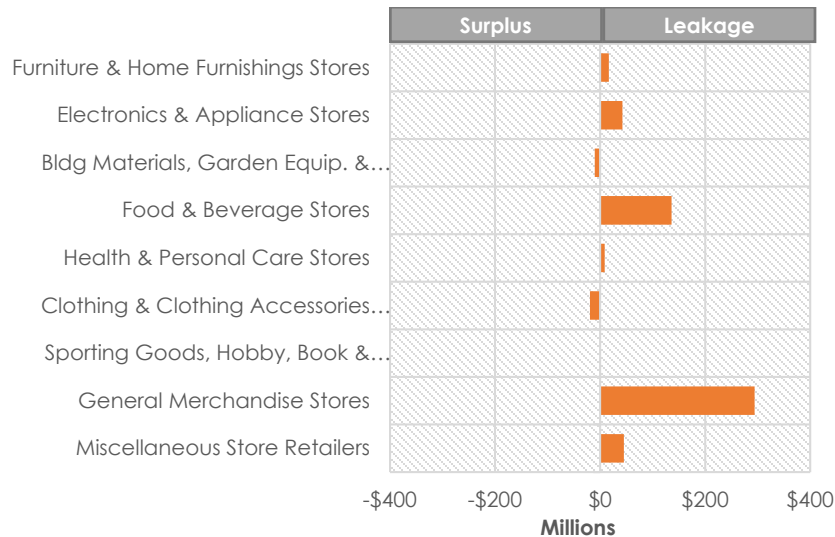
The three-mile area has 1,582 retailers with retail sales of \$1.7 billion. The overall retail gap within the three-mile area is \$665 million, indicating a leakage of sales. The leakage is particularly acute for Other General Merchandise Stores (\$232 million), gasoline stations (\$170 million), and grocery stores (\$135 million). However, auto-oriented uses like gasoline stations are inappropriate for the site. Figure 10 shows retail gap by category for this market area.



GCR converted the retail gap into square footage and applied the appropriate capture rate to retail categories exhibiting demand. At the community-level, the subject site could support:

- 171,000 SF of other general merchandise stores
- 103,000 SF of department stores
- 70,000 SF grocery stores
- 35,000 SF of electronics or appliance stores
- 14,000 SF of home furnishing stores.

Figure 10: Retail Gap: Three-Mile Market Area



Source: ESRI Business Analyst (2013); Prepared by GCR Inc.

3.2.3 30-Minute Market Area

The 30-Minute Market Area is a 30-minute drive-time around the subject site and includes Orleans Parish, Jefferson Parish, and some of St. Charles Parish, St. Bernard Parish, and Plaquemines Parish. The 30-minute market area roughly corresponds with a regional

shopping destination, which are generally concentrations of 800,000 SF or more of retail. Regional shopping centers typically include a mix of apparel stores, restaurants, and are anchored by a department store. Table 6 summarized the area economic-demographic profile.

Table 6: 30-Minute Market Area Economic-Demographic Summary

Characteristic	Value
Estimated Household Expenditure	\$8.1 billion
Households	328,787
Median Household Income	\$42,158
Average Household Income	\$60,510
Homeowners – Percentage	56%
Median age	37
Families as Percentage of Households	78%

Source: ESRI Business Analyst (2013); Prepared by GCR Inc.

Based on U.S. Census Longitudinal Employer-Household Dynamics (LEHD) commute data, approximately 25% of the employees in the one-mile radius live outside of the 30-minute area. The remaining employees are subtracted to avoid double counting. Using this metric, the 30-minute area has an estimated 19,500 employees that work in a one-mile radius of the subject site but live outside of the 30-minute. The estimated employment expenditure of these employees is \$82 million.

The 30-minute area has 5,935 retailers with annual sales of \$7.9 billion. The retail gap for the 30-minute area is \$276 million, indicating a leakage of retail sales. Leakage of sales is particularly acute in general merchandise stores. Figure 11 shows retail gap by category for this market area.

GCR established a 5% capture rate for the 30-minute market area. While the capture rate is conservative, it accounts for competitive regional retail destinations in Metairie, Kenner, and the West Bank. The same capture rate of 31% is applied to employees who work within one-mile of the site but reside outside this market area. Table 7 summarizes the capture rates.



Figure 11: Retail Gap: 30-Minute Market Area



Source: ESRI Business Analyst (2013); Prepared by GCR Inc.

Table 7: 30-Minute Market Area Capture Rates

	Number	Capture Rate
Households	328,787	5%
Employees	19,500	31%

Source: Population, ESRI Business Analyst (2013); Capture rates by GCR Inc.

Consumers in the 30-minute market area could support:

- up to 73,100 SF of General Merchandise
- 26,000 SF Department Store
- 4,500 SF furniture store
- 2,000 SF liquor store

3.2.4 60-Minute Market Area

The 60-Minute Market Area includes residents that live within a 60-minute drive-time from the site and employees who work within a mile of the site but live outside of a 60-minute drive-time. The 60-minute market area corresponds with the retail type Super Regional Shopping Centers. Super Regional Centers typically include upwards of 2 million square feet in retail and offer up to three anchors, a range of retail options, and recreational facilities.

The estimated household expenditure in the 60-minute market area is \$13.8 billion. The SRMA has 533,148 households and a median household income of \$46,753. Sixty-four percent of the households in the SRMA are homeowners. The median age is 37 and 81% of the households are families. The economic-demographic profile of this market area is summarized in Table 8.

Table 8: 60-Minute Market Area Economic-Demographic Summary

Characteristic	Value
Estimated Household Expenditure	\$13.8 billion
Households	533,148
Median Household Income	\$46,753
Average Household Income	\$64,351
Homeowners – Percentage	64%
Median age	37
Families as Percentage of Households	81%

Source: ESRI Business Analyst (2013); Prepared by GCR Inc.

Based on U.S. Census LEHD commute data, approximately 5% of the employees in the one-mile radius around the study area live outside of the 60-minute area to avoid double counting. Using this metric, the 60-minute area has an estimated 3,891 employees that work in a one-mile radius of the subject site but live outside of the 60-minute area. Their estimated employment expenditure is \$16 million.

The 60-minute area has 10,278 retailers with annual sales of \$14.6 billion. The retail gap for the 60-minute area is -\$768 million, indicating a surplus. Similar to the 30-minute area, leakage of sales is particularly



acute in general merchandise stores. Figure 12 shows retail gap by category for this market area.

Figure 12: Retail Gap: 60-Minute Market Area



Source: ESRI Business Analyst (2013); Prepared by GCR Inc.

GCR assumed a 2% capture rate for the 60-minute market area. While the capture rate is conservative, it accounts for competitive regional retail destinations in Metairie, Kenner, and the West Bank, but also in Baton Rouge, St. Tammany Parish, and other destinations within a 60-minute drive. Capture rates are shown in Table 9.

Table 9: 60-Minute Market Area Capture Rates

	Number	Capture Rate
Households	533,148	2%
Employees	3,891	31%

Source: Population, ESRI Business Analyst (2013); Capture rates by GCR Inc.

The 60-minute market area reveals little unmet demand, outside of general merchandise stores, for retail at a super-regional level. The analysis indicates that the site can theoretically support 28,000 square feet of General Merchandise Store; however, as indicated previously, the 60-minute market correlates to Super Regional Shopping Centers requiring over 1 million square feet. The one-mile, three-mile, and 30-minute market areas show greater demand for retail at the study area because of the relative lack of competitive supply compared to the 60-minute market area and smaller scale retail types. This result does not exclude the possibility of retail at the study area drawing from residents at the 60-minute market area, particularly if specialty retail offerings and stores are unique to the super region.

3.2.5 Tourism

New Orleans is expected to have 9.3 million tourists at the end of 2013. Annual tourist expenditure is estimated to be \$6.4 billion.⁶ GCR utilized a breakdown of tourist expenditure provided by the New Orleans Tourism Marketing Corporation to estimate expenditure of tourists in broad spending categories, shown in Table 10.

Table 10: Tourism Expenditure in New Orleans

Tourism Goods and Services Group	Group Share (%)
Traveler accommodations	34%
Transportation	4%
Food services and drinking places	26%
Recreation and entertainment	10%
Shopping	18%
Bars & Nightclubs	8%
All tourism goods and services	100%

Source: New Orleans Tourism Marketing Corporation (FY2011)

⁶ University of New Orleans (2013) "Louisiana Tourism Forecast, 2013-2016." Prepared for the Louisiana Department of Culture, Recreation and Tourism.



GCR applied a capture rate of 0.50% to total tourist retail spending and 0.25% to total tourist food and beverage spending. This rate assumes that 0.50% of all tourist expenditure in retail and 0.25% all tourist expenditure in food and drinking establishments could be spent at the study area. This assumption is based on the location of area and stronger competition for food and beverage dollars. This translates to an estimated **total tourist expenditure of \$11.2 million**. GCR also assumed that additional retail categories would not apply to tourist including furniture stores and building materials/garden supply, due to the nature of product sold. These assumptions were supported by survey results in Section 3.3. Table 11 shows the breakdown of additional sales projected due to tourism.

Table 11: Additional Supportable Square Feet at Subject Site Generated Exclusively by Tourists

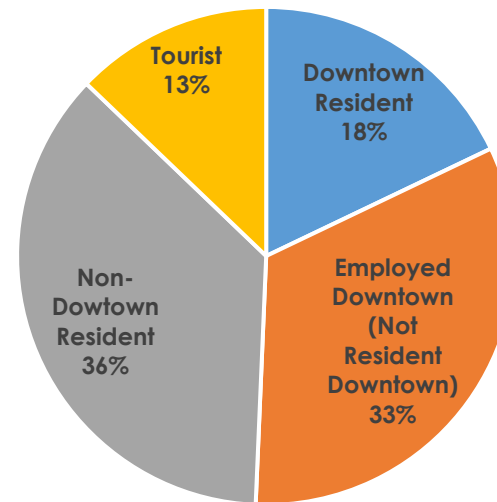
Category	Capture Rate	Projected Sales
Shopping (retail)	0.50%	\$5,760,000
Food & Drinking Places	0.25%	\$5,440,000
TOTAL	-	\$11,200,000

Source: University of New Orleans (total expenditures), New Orleans Tourism Marketing Corporation (expenditure by category); Analysis by GCR Inc.

3.3 Downtown Population Survey

GCR conducted a survey of potential customers of a new retail center, targeting current users of Downtown. The survey was distributed both online to distribution lists of the Downtown Development District and through street intercept surveys in the vicinity of the study area. The intercept surveys were conducted on a Saturday between 12pm and 2pm, during the peak pedestrian activity time with fair weather. The online version collected 198 responses, while the on-street survey collected 98 responses for a total of 286 responses. A breakdown of the respondents by their connection to Downtown is shown in the following figure.

Figure 13: Summary of Online and Street Survey Respondents by Type



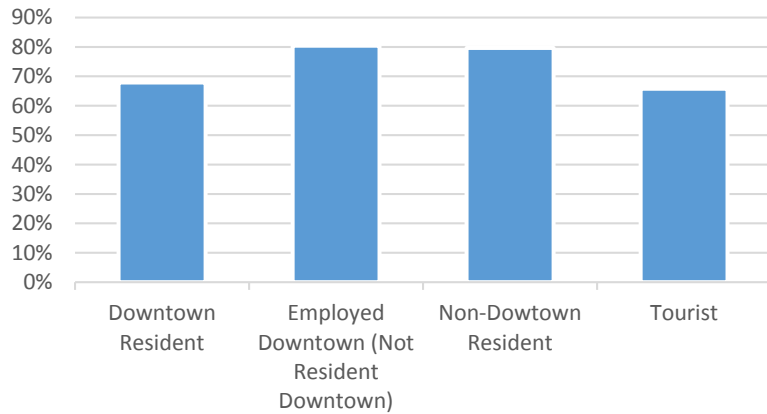
Source: Data by Bayard Research Group; Prepared by GCR Inc.

The survey focused on perception, habits, preferences and barriers of respondents to shopping in Downtown New Orleans.

68% of Downtown residents find it necessary to leave Downtown on a regular basis to meet their shopping needs. 80% of Downtown employees who live outside Downtown also meet their shopping needs outside of Downtown on a regular basis. Detailed results of need to leave Downtown are shown in Figure 14 below.



Figure 14: Survey Results: Necessary to Leave Downtown Regularly To Meet Shopping Needs



Source: Data by Bayard Research Group; Prepared by GCR Inc.

Among Downtown employees who live outside Downtown, 60% shop once a month Downtown; only 6% shop once a week or more Downtown. The results of shopping frequency are shown in the table below.

Table 12: Survey Results: Downtown Shopping Frequency by Respondent

Downtown Shopping Frequency	Downtown Resident	Employed Downtown (Not Resident Downtown)	Non-Downtown Resident
Once a week or more	38%	6%	13%
Every other week	21%	19%	11%
Once a month	38%	60%	54%
I do not shop	4%	15%	22%

Source: Data by Bayard Research Group; Prepared by GCR Inc.

The survey also asked respondents to select retail categories that would attract them more to shopping Downtown. The results are summarized in the table below with emphasis on strongest response.

Table 13: Survey Results: Where Respondents Would Spend More Time or Money Shopping Downtown by Store Type and by Respondent

Store Type	Downtown Resident	Employed Downtown (Not Resident Downtown)	Non-Downtown Resident	Tourist
Art Galleries or Museums	38%	27%	41%	76%
Art or Music Supply Stores	53%	37%	45%	68%
Clothing Apparel Stores	81%	82%	89%	76%
Electronic Stores	68%	47%	56%	61%
Entertainment Facilities	62%	65%	68%	71%
Fashion Boutiques	62%	64%	65%	71%
Furniture or Housewares	62%	58%	56%	63%
Gift, Jewelry, and Specialty	57%	58%	67%	74%
Grocery Stores	53%	43%	49%	74%
Hardware and Hobby Stores	58%	46%	51%	61%
Secondhand Stores	30%	35%	46%	71%

Source: Data by Bayard Research Group; Prepared by GCR Inc.



3.4 Synthesis

GCR synthesized the results of the four separate market studies and survey, analyzed in the previous section, to provide an integrated picture of supportable retail by mix and type. Table 14 summarizes

economic-demographic profiles of each of the four market areas. The detailed summary of resident and employee expenditure (demand), retail sales, and resulting gap (or surplus) is shown in Table 15. Consistent with previous results, the retail gap is shown as a positive

Table 14: Demographic Summary of Market Areas

Trade Market Area	Households	1-mile Employees (living outside market area)	Household Median Income	Average Age	% of Households - Owners	% of Households - Families	Estimated Household Expenditures
One-mile radius	8,504	58,400	\$25,490	39	25%	50%	\$175.8 million
Three-mile radius	79,920	39,685	\$31,483	35	36%	62%	\$1.2 billion
30-minute drive	328,787	19,500	\$42,158	37	56%	78%	\$8.1 billion
60-minute drive	533,148	3,891	\$46,753	37	64%	81%	\$13.8 billion

Source: ESRI Business Analysis Online, 2013

Table 15: Summary of Leakage by Retail Type and Market Area

Retail Gap (in millions)	60-Minute Market Area			30-Minute Market Area			Three-Mile Market Area			One-Mile Market Area		
	Consumer Expenditure	Retail Sales	Retail Gap	Consumer Expenditure	Retail Sales	Retail Gap	Consumer Expenditure	Retail Sales	Retail Gap	Consumer Expenditure	Retail Sales	Retail Gap
Furniture & Home Furnishings Stores	\$294.5	\$323.4	(\$28.8)	\$179.4	\$167.7	\$11.7	\$47.0	\$30.5	\$16.5	\$20.7	\$2.1	\$18.5
Electronics & Appliance Stores	\$368.9	\$404.3	(\$35.4)	\$223.1	\$227.9	(\$4.8)	\$51.4	\$9.0	\$42.4	\$13.7	\$7.1	\$6.6
Bldg. Materials, Garden Equip. & Supply Stores	\$423.8	\$645.5	(\$221.7)	\$240.4	\$338.1	(\$97.7)	\$44.3	\$54.5	(\$10.2)	\$4.6	\$1.5	\$3.1
Food & Beverage Stores	\$1,698.7	\$1,833.9	(\$135.2)	\$1,022.9	\$997.2	\$25.7	\$244.5	\$108.4	\$136.2	\$71.5	\$51.5	\$20.0
Health & Personal Care Stores	\$1,126.9	\$1,171.5	(\$44.5)	\$665.2	\$810.3	(\$145.1)	\$144.0	\$135.4	\$8.6	\$31.5	\$96.8	(\$65.3)
Clothing & Clothing Accessories Stores	\$781.2	\$855.2	(\$74.0)	\$473.8	\$508.2	(\$34.4)	\$109.0	\$128.2	(\$19.2)	\$25.4	\$99.3	(\$74.0)
Sporting Goods, Hobby, Book & Music Stores	\$298.1	\$320.4	(\$22.3)	\$179.3	\$211.5	(\$32.1)	\$39.0	\$38.5	\$0.5	\$6.0	\$8.6	(\$2.6)
General Merchandise Stores	\$2,688.6	\$2,491.8	\$196.8	\$1,595.8	\$1,180.2	\$415.7	\$350.4	\$56.3	\$294.1	\$64.3	\$2.5	\$61.9
Miscellaneous Store Retailers	\$375.2	\$434.0	(\$58.7)	\$224.4	\$237.7	(\$13.3)	\$52.3	\$63.0	(\$10.6)	\$14.6	\$30.2	(\$15.5)
Food Services & Drinking Places	\$1,360.6	\$1,611.5	(\$250.9)	\$826.7	\$1,086.7	(\$260.0)	\$203.8	\$391.1	(\$187.4)	\$68.3	\$219.5	(\$151.2)

Source: ESRI Business Analyst, 2013 (Residential expenditure and retail sales); U.S. Census (Employee expenditure); Analysis by GCR Inc.



number (surplus as negative) indicating retail leakage out of the market area by category.

The supportable square footage in each retail category is suggested for the site based on the retail demand generated in each market area. **Square footage estimates from the nearby South Market District site, which is expected to be partially completed in 2014, are subtracted from the supportable square foot for the study area.** The summary of supportable square footage is shown in Table 16.

Table 16: Supportable SF across Market Areas

Retail Category	One-Mile Market Area	Three-Mile Market Area	30-Minute Market Area
Furniture & Home Furnishings Stores	49,323	21,630	4,526
Electronics & Appliance Stores	10,916	35,053	-
Bldg Materials, Garden Equip. & Supply Stores	4,353	-	-
Food & Beverage Stores	26,056	69,735	2,110
Health & Personal Care Stores	-	5,031	-
Sporting Goods, Hobby, Book & Music Stores	-	18,036	-
General Merchandise Stores	262,680	274,118	99,323
Miscellaneous Store Retailers	5,375	7,030	-
Food Services & Drinking Places	-	7,565	-

Analysis by GCR Inc.

Furniture & Home Furnishing Stores: This retail category exhibits demand across both local market areas and the 30-minute market area. This category can include traditional furniture stores or a home goods store that sells towels, sheets, or other home items. The subject site can support a furniture or home goods store of up to 9,630 square feet.

Electronics & Appliance Stores: The study area can support up to 35,000 SF of an electronics or appliance store. A Best Buy is typically 40,000 SF, whereas an Apple Store or Microsoft Store is typically 6,000 SF. The demand for the electronics store is strongest at the three-mile level.

Building Materials, Garden Equipment, & Supply Stores: The study area can support up to 4,300 SF in this category, which would be the equivalent of one store. 3,325 SF of the demand is for a building materials and supply dealer store and 1,000 SF is for a garden center. A likely store in this category would be a locally serving hardware store.

Food & Beverage Stores: Demand for this category is strong in both neighborhood market areas. The subject site can support a 57,700 SF grocery store. Grocery stores can range from 15,000 SF (a small-format grocer) up to over 100,000 SF (Wegman’s). A typical Food Lion is 50,000 SF and a Trader Joe’s can be as small as 12,000 SF.

Sporting Goods, Hobby, Book & Music Stores: The subject site can support up to 13,000 SF in this category. In terms of sporting goods stores, this could take the format of one large store or two smaller stores. Typical Sports Authority is too large for this site at 40,000 SF. An athletic shoe store or a music instrument retailer like Guitar Shop may be

better suited to this square footage.

General Merchandise Stores: This category exhibits the largest amount of demand across all four market areas. The study area can support up to 274,000 SF of General Merchandise Stores. This category is divided into two sub-categories – Department Stores and Other General Merchandise Stores. 171,000 SF of the demand is in Other General Merchandise Stores. This category includes large retailers such as Target or WalMart, as well as discount retailers such as Marshalls or TJ Maxx. As an example, the typical Target can range from 80,000 SF to 175,000 SF and the average TJ Maxx is 36,000 SF. Depending on the retailer and size of the store, the study area can



attract 2 to 3 stores in this category and expect demand at a local and regional scale.

Miscellaneous Store Retailer: The subject site can support up to 5,000 SF in this category. Demand in this category appears at the three-mile level and is in the sub-category of “Other Miscellaneous Store Retailers.” Typically this category includes pet supply stores, but it can also include pool supply stores, tobacco stores, or candle shops. This category can support 1 large store or 2 smaller stores.

A summary of additional sales, over and above the supportable sales based on leakage, attributable to tourism is shown in Table 17.

The synthesized retail mix is primarily based on demand and leakage from the three-mile market area, but is expected to meet demand at regional scale as well as tourism market, due to the downtown location. Table 18 summarize the synthesized results.

Table 17: Summary of Estimated Tourism Impact

Category	Total Expenditure (2013)	Estimated Sales at Study Area
Shopping (retail)	\$1,152,000,000	\$5,760,000
Food & Drinking Places	\$2,176,000,000	\$5,440,000
TOTAL	\$3,328,000,000	\$10,200,000

Analysis by GCR Inc.

Table 18: Strongest Supportable Retail Mix for Study Area

Retail Category	Supportable Square Feet	# of Stores	Target Market	Store Example
Furniture & Home Furnishings Stores	9,630	1-2	3-Mile	Bed, Bath, & Beyond, Crate & Barrel
Electronics & Appliance Stores	35,053	1-2	3-Mile	Best Buy
Bldg Materials, Garden Equip. & Supply Stores	4,353	1	1-Mile	Small garden supply
Food & Beverage Stores	57,735	2	3-Mile	Trader Joe's
Sporting Goods, Hobby, Book & Music Stores	13,036	1	3-Mile	Academy Sports + Outdoor
General Merchandise Stores	274,118	2	3-Mile /30-Minute	Target, WalMart, Marshalls or similar
Miscellaneous Store Retailers	5,030	1	3-Mile	Pet Supply Store or similar
TOTAL	398,955	9-11	3-Mile (primarily)	

Analysis by GCR Inc.



4 | Fiscal and Economic Impact Assessment

The retail demand in several market areas is strong, and supports a retail development at the project site. Because the options for retail mix are varied, GCR used a range of supportable square footage to estimate the economic and fiscal impacts of retail development on Canal Street

4.1 Economic Impact Estimate

GCR used the Bureau of Economic Analysis (BEA) Regional Input-Output Modeling System (RIMS II) multipliers to estimate the economic impact of a retail development at the project site. Because the supportable square footage at the study area is larger than the planned development size of 250,000 SF, a range of potential sales for the study area was created to estimate impact.

When RIMS II multipliers are used to estimate the impact of a retail development, **the BEA recommends using net new sales**, rather than gross sales. As with any retail development, some sales will replace existing sales that are currently taking place at other establishments. To provide a conservative figure of net new sales, GCR calculated the leakage of retail sales out of the New Orleans Metropolitan Statistical Area (MSA) and applied that percentage, 6.4%, to the expected sales at the proposed retail development. Using the MSA leakage corresponds to the multipliers which are based on a regional model of the MSA. This percentage represents a conservative estimate of the *net new sales*.

A 250,000 SF development would have an estimated economic impact of 104 direct and indirect full-time equivalent (FTE) jobs and

\$2.8 million in earnings, while a 399,000 SF development would have an estimated economic impact of 165 direct and indirect FTE jobs and \$4.4 million in earnings. These figures are a conservative estimate and represent employment and earnings that are new to the New Orleans MSA. These results are summarized in Table 18 below.

The above impacts are annual or recurring economic impacts. The construction of a retail development would have an additional one-time economic impact to the New Orleans MSA on employment and earnings. Without the parameters of a construction pro forma, developing an estimate is imprecise. Assuming a nationwide-comparable construction cost of \$163 per square foot, the one-time economic impact of a 250,000 square foot development would be 669 total FTE jobs (direct and indirect) and \$25.216,000 million in earnings (direct and indirect)

Table 19: Economic Impact Estimate Summary

Supportable Square Footage	Total Sales	Estimated Net New Sales to city proper	Estimated Net New Sales to region (MSA)	Impact - Earnings (Direct + Indirect)	Impact – FTE Jobs (Direct + Indirect)
Proposed Size (250,000 SF)	\$75,183,000	\$42,403,212	\$4,811,724	\$2,826,407	104
Maximum Size (399,000 SF)	\$119,486,000	\$67,390,104	\$7,647,134	\$4,491,927	165

Analysis by GCR Inc.

4.2 Local Sales Tax Impact Potential

The main fiscal impact of a retail development to the local governments is from sales tax collections. The City of New Orleans imposes a 5% local sales tax rate, of which 2.5% goes to the city, 1.5% to the school board, and 1% to the Regional Transit Authority. An additional 4% sales tax rate is imposed by the state for a total local sales tax rate of 9% for sales within New Orleans proper.

Using similar method to the previous section, the net new sales to the City proper can be estimated by applying the leakage of retail sales



out of New Orleans proper, 56.4%, to the expected total sales at the proposed retail development. The result is between \$42.4 and \$67.4 million net new sales in the City. These results are also shown in Table 18 (found on page 28).

Using the same supportable square footage as in the previous section, a retail development at the study area could result in a total sales tax collections from \$6.7 to \$10.8 million per year. Between \$1.9 and \$3.0 million would go to the City and between \$3.0 and \$4.8 million would go to the State. Table 19, below, breaks down the potential sales tax impact.

Because these sales tax estimates were developed using the square footage supported by households and employees, sales to tourists would generate additional taxes not included in these estimates.

Table 20: Estimated Sales Tax Generated

Disaggregation of Fiscal Impacts	Sales Tax Rates	Proposed Size (250,000 SF)	Total Supportable (399,000 SF)
City Tax	2.5%	\$1,879,580	\$2,987,162
School Board Tax	1.5%	\$1,127,748	\$1,792,297
Regional Transit Authority	1.0%	\$751,832	\$1,194,865
State Tax	4.0%	\$3,007,327	\$4,779,458
Total Annual Sales Tax	9.0%	\$6,766,486	\$10,753,782



5 | Conclusion

5.1 SWOT Analysis

The following Strengths/Weaknesses/Opportunities/Threats (SWOT) analysis summarizes the market conditions for 250,000 square feet of retail on upper Canal Street in Downtown New Orleans.

Strengths

Location. The study area is on a high traffic corridor with good visibility, connections to multi-modal transportation networks. Canal Street is the center of a growing commercial and residential downtown neighborhood that has seen renewed interest from local boutique and national luxury retailers alike. Millions of tourists flock to downtown every year.

Demand. The market analysis shows a clear demand at the neighborhood and regional level for additional retail. **Even after accounting for competitive developments under construction, the site can still support retail above and beyond the proposed project size.** The area is growing quickly as a shopping destination with local and national brands repopulating the extensive historic building stock. As redevelopment opportunities have been saturated, vacant infill sites are beginning to develop.

Brand. Downtown New Orleans is already a major destination locally for arts and entertainment. Retail opportunities have been catching up as Downtown’s population grows and the area is reemerging as the region’s premiere destination. The study area is in the center of a neighborhood that is seeing unprecedented investment in new medical centers, redeveloped housing projects, and theaters and live entertainment. Additional opportunities in the immediate area offer room to continue to grow and thrive.

Weaknesses

Gaps in Urban Fabric. The study area is near areas of downtown that have suffered from disinvestment, including the empty former Charity

Hospital. These gaps in the urban fabric affect seamless pedestrian continuity from the rest of Downtown. While these gaps are filling in, there is some uncertainty on the timeline and surety of some major developments. The proposed relocation of City Hall would be a dramatic boon for the study area, but its status is not yet secured. As infill development continues to extend toward the hospital construction locations north of the study area, the circulation patterns should improve; in the meantime, the development may not immediately be perceived by shoppers as “walkable.”

Connection to Medical District. Despite the immediate proximity of the LSU and VA hospitals under construction, GCR is concerned the hospital sites are not designed to easily integrate employees and visitors into the surrounding area. With an auto-oriented, drive-in/drive-out emphasis, many potential customers that live further afield may be discouraged from the short walk or streetcar ride and opt to drive back to their places of origin. New residential development targeting hospital employees for Downtown living offers strong potential to mitigate the hospital design challenges.

Opportunities

Urban Character. New Orleans has seen recent retail developments in residential or other commercial areas of the city. In Downtown redevelopment of the vacant historic building stock is maxing out and new construction in this urban environment is just beginning. As Downtown and adjacent neighborhoods grow and become denser, retailers should accommodate the corresponding demand by providing places to shop that encourage and are easily accessible by walking, biking, and transit. To this end, it will be important that any project in the study area consider its relation to the immediate surrounding blocks, and not just Canal Street.

Infill Development. Similarly, retail demand can continue to grow through infill development of vacant and blighted lots downtown. High prices of residential property downtown indicate high demand for downtown living. Adding residential properties near the project site will increase the development’s sales potential and increase the pedestrian friendliness of the area.



New Brands. New Orleans is one of the top tourist destinations for residents of the Gulf South, but the region is lacking in some of today’s hottest retail brands. The proposed development offers the opportunity to bring in retailers new to the region, increasing the likelihood of destination shoppers coming to the site. For example, Zara or Topshop would bring in more shoppers than Armani Exchange, which already has several stores in the area. Similarly, Trader Joe’s would attract shoppers from further afield than a grocery with a strong regional presence, like Winn-Dixie.

Local Character. New Orleans is world-renown for its distinctive architecture, music, food, and culture. Local residents strongly supporting local businesses, and visitors seek out authentic local restaurants and experiences. Residents have welcomed national retailers like Costco, Panera Bread, and Anthropologie to the city because they are higher quality than other national chains, a development that could attract a mix of local and national tenants would support the identity of unique, quality shopping experience.

Threats

Competitive Developments. The closest competition in character and size is the South Market District on Loyola Avenue. This development is closer to the nucleus of hotels and special event venues that are a major driver of the downtown economy. South Market District also includes residential development, offering a built-in customer base in addition to the existing residents and businesses nearby. The proposed development will have to differentiate itself through retail offerings, design, and character to attract the same shoppers.

Construction Impacts. The ongoing work in the nearby Iberville neighborhood, the construction of the VA and Academic Medical Centers, and the potential construction work on Interstate 10 are all enormous projects that could isolate the project site from customers.

5.2 Summary

The analysis shows strong demand in multiple market areas for additional retail in the study area. The data supports a 250,000 square foot project as an urban retail destination focused on meeting the needs of the one-mile and three-mile neighborhood market areas while providing destination retail opportunities to attract residents outside Downtown and tourist visitors. The project should emphasize high demand brands and retail types that are missing from the neighborhood and regional markets, as well as interesting local retail and service businesses that would excite local and tourist visitors alike.



Appendix A:

History of Downtown Retail in New Orleans

For over 200 years, Canal Street has served as center of population, jobs, tourism, and special events and is one of the most recognizable symbols of New Orleans. Canal Street is the seam between the French Quarter and Downtown, serving as the intersection for many major streets that run through the city of New Orleans. It is the region's transit hub for busses, streetcar lines, including the newly-constructed Loyola Streetcar, and ferry service across the Mississippi River.

History of Canal Street

At 171 feet wide, with two streetcar tracks running down its center and three traffic lanes on either side,⁷ Canal Street is often lauded as the widest street in America.⁸ Canal Street was originally named for a proposed canal that would have merged with the Carondelet Canal to create a route connecting the Mississippi River to Lake Pontchartrain. The canal never came to be and the street became the city's main pedestrian and vehicular thoroughfare instead. The famous cultural dichotomy of New Orleans was well established by the early nineteenth century and had a strong geographical signature—Canal Street, which served as the dividing line between the French and Spanish who initially settled in the French Quarter and the American neighborhoods (now known as the Central Business District or CBD) that developed after the Louisiana Purchase in 1803.⁹ Amid cultural tensions, Canal Street emerged as a "neutral zone" where all New Orleanians came for shopping, business, and transportation.

When commerce came into the city from boats traveling down the Mississippi, transoceanic vessels from almost every major seafaring

nation began calling on New Orleans as a center for international trade and business.¹⁰ Streetcars in New Orleans date back to the 1830s, but it was the 1860s when they developed into a primary means of transporting people with the city, with Canal Street the primary thoroughfare. The 1850s saw the start of the local celebration of Mardi Gras, now a longstanding tradition in New Orleans, with its epicenter along Canal Street. By the late 19th century, New Orleans was one of the largest and wealthiest cities in the United States and Canal Street had become a thriving commercial district, attracting locals and



*Canal Street at Camp Street c. 1924.
Photograph by Walker Saussey. Courtesy of the New Orleans Public Library*

⁷ Fodor's: New Orleans sights. (n.d.). Retrieved from <http://www.fodors.com/world/north-america/usa/louisiana/new-orleans/review-151210.html>

⁸ Street, as opposed to avenue or boulevard typically associated with larger cities: <http://www.fodors.com/world/north-america/usa/louisiana/new-orleans/review-151210.html>

⁹New Orleans Conventions and Visitor's Bureau. (n.d.). *Canal Street where New Orleans neighborhoods meet*. Retrieved from <http://www.neworleanscvb.com/visit/neighborhoods/canal-street/>

¹⁰ The Official Tourism Site of the City of New Orleans. (n.d.). *Streets: Canal Street*. Retrieved from <http://www.neworleansonline.com/tools/streets/canalstreet.html>

tourists alike with its wide variety of shopping and entertainment venues.

In the 1960s, Canal Street was home to a number of stores including D. H. Holmes, Krauss' Department Store, Woolworth's, Maison Blanche, Godchaux's, and other major retailers. These establishments slowly closed as people and investment moved to suburban areas such as Metairie and Kenner. In 1979, an initial resurgence of Canal Street began with the first phase of the Canal Place project – construction of an office tower. Phase two of the Canal Place project was completed in 1983, adding Saks Fifth Avenue and the Westin Hotel as anchors in the development.

As oil prices crashed in the mid-1980s, low-energy prices push the New Orleans and Louisiana economy into recession, countercyclical to the prosperity experienced in the rest of the United States. High unemployment forced many downtown retailers to close.¹¹ Downtown New Orleans transitioned into a more tourist-oriented market, including a casino and other tourist-oriented businesses.

Canal Street & Hurricane Katrina

In August of 2005, Hurricane Katrina left its mark on Canal Street. The river end of Canal Street remained dry since the Mississippi River did not flood its banks. Instead, flooding came from the 17th Street Canal which normally empties into Lake Pontchartrain. This break flooded a significant portion of the city, including parts of Canal Street's residential and business districts.¹² Some stores were looted and set on fire in addition to suffering damage from the storm's flood waters. In the storm's aftermath, a fire inflicted heavy damage to the Saks Fifth Avenue. The Shops at Canal Place reopened in February 2006 and a completely remodeled Saks reopened in November of that year.

Canal Street Today

Canal Street still serves as a major hub for the city today. The Canal Street streetcar line, discontinued since the 1960s, returned to service

in 2004. The streetcar system has been restored following Hurricane Katrina and now serves the entire length of Canal Street. Infrastructure investments continued with the 2013 opening of the Loyola streetcar line intersecting Canal Street at a reemerging theater district anchored by the Joy and Saenger Theaters, with two other notable theaters currently vacant.

Canal Street is home to many of the largest hotels including Sheraton, Marriott, the Roosevelt (a Waldorf Astoria Hotel), Ritz Carlton Hotel, Astor Crowne Hotel, Chateau Bourbon (a Wyndam Historic Hotel) and the Saint (independently owned and operated).

Several local landmark upscale retailers continue operations such as Rubensteins and Adler's, alongside existing national retailers, such as Children's Place, Game Stop and RadioShack, and several local electronics, gifts and clothing stores. Recent national retailers moving in include New Era and Starbucks.

Case Studies in Downtown Retail Development

Downtown Pittsburgh, PA: The Golden Triangle

Economic Restructuring: Converted unused space into productive property and sharpened the competitiveness of area businesses.

Design: Efforts that continue to create a safe, inviting environment for shoppers, workers, and visitors.

Identifying and Capitalizing on Existing Assets: Downtown revitalization followed the principle that Pittsburgh's rivers and riverfronts should serve as the central features.

For more than a century, Downtown Pittsburgh has been one of America's great business centers. The city and region have undergone major economic and social changes, including the diversification of its employment base from manufacturing to

¹¹ 1985: *The oil bust hits the New Orleans economy.* (2011, December 28). Retrieved from http://www.nola.com/175years/index.ssf/2011/12/1985_the_oil_bust_hits_the_new.html

¹² Laborde, P. S., & Magill, J. (2006). *Canal Street: New Orleans' Great Wide Way.* Gretna, LA: Pelican Publishing Company, Inc.



technology and knowledge-based enterprises. Downtown Pittsburgh has seen \$5.3 billion in new and announced investment since 2006 alone.

Innovative programs that encouraged and provided support for investors and developers are some of the key reasons why development in Downtown Pittsburgh has been thriving. Incentive based programs are working simultaneously to boost development in Pittsburgh's Downtown market.¹³ Examples include: "Paris to Pittsburgh"—a program helping property owners and businesses improve the appearance of their facades; the Urban Redevelopment Authority of Pittsburgh (URA)—an economic development agency providing a portfolio of programs that include financing for business location, relocation and expansion, housing construction and rehabilitation, and home purchases and improvements; and the Landmark Community Capital Corporation—an association providing funds to building and businesses improve their historic buildings and interior space,

Pittsburgh's Golden Triangle has seen growth in restaurants, but still has significant gaps in the area's retail mix. To combat this issue, the City of Pittsburgh realized that a more coordinated effort would be needed to bring together the various public and private sector interests and created the Downtown Retail Working Group (DRWG). Composed of representatives from Downtown retailers, businesses, real estate developers, brokers, and other community advocacy groups engaged in investing in Downtown, the DRWG convened (under the leadership of the URA) to enhance the Downtown retail experience by creating a comprehensive strategy focused on three on key areas: marketing, urban design and retail.¹⁴

As a result of these efforts, a number of notable projects were completed in 2012, including River Vue Apartments, Highmark Stadium – the new home to Riverhounds Soccer on the South Shore, and the Cork Factory expansion known as Lot 24. Additionally, Point

Park University completed the Urban Park and Wood Street enhancements, creating a more distinguished Academic Village, and school leaders made the decision to build the Pittsburgh Playhouse at Point Park University on Forbes Avenue in Downtown Pittsburgh. Once completed, Point Park University's Pittsburgh Playhouse will take its place surrounded by others committed to the transformation of the region's urban center.

Downtown Pittsburgh currently has over 4,000 residential units, nearly half of which were built after 2000. The apartment occupancy rate is nearly 96%, and the Class A office space occupancy rate is 92.9%, reflecting strong demand in the downtown area. Downtown has six Fortune 500 companies and over 126,000 employees. Pittsburgh has twice been named *The Economist's* "Most Livable US City," in 2009 and 2011.

Downtown, Los Angeles, CA:

Partnerships: Public and private organizations worked collaboratively to enhance their shared interests in the revitalization of Downtown Los Angeles.

Promotion: Innovative ideas and advertising campaigns have increased awareness and traffic to downtown Los Angeles' events and businesses.

Implementation: Frequent, visible changes occurring in Downtown Los Angeles symbolize a revitalization effort that is underway and succeeding.

The Downtown Center Business Improvement District (DCBID) has served as a catalyst behind the renaissance of Downtown Los Angeles. Comprised of a coalition of approximately 1,200 property owners, consisting of more than 2,200 parcels in the Los Angeles

¹³*Downtown Pittsburgh: Development incentives.* (2013). Retrieved from <http://www.downtownpittsburgh.com/doing-business/development-incentives>

¹⁴ Pittsburgh Downtown Partnership, (2013). The state of downtown Pittsburgh 2013. Retrieved from website: <http://www.downtownpittsburgh.com/files/docs/pdp-sodp-report-2013-updated.pdf>



central business district, the DCBID's mission is to enhance the quality of life in Downtown Los Angeles.¹⁵

Another driving force in Downtown Los Angeles' renewal is the Los Angeles Conservancy—the largest membership-based local historic preservation organization in the country. Dedicated to the recognition, preservation, and revitalization of the architectural and cultural heritage of greater Los Angeles, the Conservancy has been an active presence in Los Angeles County since 1978. The Conservancy continues to participate actively in public initiatives, from the city's Bringing Back Broadway effort to the first-ever citywide survey of L.A.'s historic resources.¹⁶

During the summer of 2012, the DCBID launched a new website, *ThisIsMyDowntown.com*. The website showcases testimonial-based short films and blog posts by individuals who live, work, and play in Downtown Los Angeles. *DowntownLA.com*, the DCBID's primary website, had over 1.8 million page views in 2012.

As a result of these efforts, the DCIB directly recruited and/or facilitated the opening of nearly 100 new businesses in Downtown Los Angeles in 2012. These new businesses included new restaurants (Mo-China and Alma), retail (CityTarget) and office tenants. Since 1999, the DCBID has overseen the investment of more than \$15 billion in Downtown Los Angeles.¹⁷

Columbia Heights, Washington, DC: DC USA

Partnerships: DC USA was developed by a partnership of local advocates, real estate investors, developers, and planners with a shared interest in the region's future.

Design: Project features an architectural design with unique urban scaling and density.

Self-Help: In addition to housing major retailers, development partners placed a high value on the presence of local employers and worked to

provide 15,000 square feet of retail space for home-grown businesses at a discounted rate.

DC USA, developed by Grid Properties Inc., Gotham Organization Inc. and the Development Corporation of Columbia Heights (DCCH), is the largest retail development in the District of Columbia. Located in the epicenter of Columbia Heights and adjacent to the Columbia Heights Metro station, the 890,000 square foot, \$145 million retail complex opened in February 2008 and is the foundation of the neighborhood's revitalization efforts. DC USA is a pedestrian-oriented retail complex anchored by the District's first Target – a two-level 180,000-square foot facility. The site also houses notables like Best Buy; Bed, Bath & Beyond; and Marshall's. The complex replaced a vacant lot and building. Most notably, the partnership embraced the DCCH's priority of ensuring that small businesses remain in Columbia Heights because of their vital role in providing jobs and services to members of the community. As such, the complex also includes 15,000 square feet of space for small minority-owned businesses.

DC USA's gross leasable area (GLA) is 540,000 square feet, and estimated sales per square foot of GLA for 2013 are \$234.50. Within a one-mile area of DC USA, there are 38,337 households, with a median household income of \$65,339.

A notable controversy since completion of the development has been the parking garage. DC USA contains two levels of below grade parking which are both owned and operated by the District of Columbia. The 1,015 spaced parking garage was funded by tax-free municipal bonds, costing the DC government about \$100,000 each month. However the garage has been consistently less than half full. The experience with this garage spurred the DC government to rewrite regulations so that parking space minimums are no longer required.¹⁸

¹⁵ *Downtown LA.com. About us.* (2013). Retrieved from http://www.downtownla.com/5_06_missionBoard.asp

¹⁶ *LA Conservancy. About.* (2013). Retrieved from <https://www.laconservancy.org/about>

¹⁷ Economic Development (2013). *Downtown center business improvement district. 2012 annual report.*

¹⁸ Schwartzman, Paul. "At NW Mall, So Many Spaces, So Little Need." *The Washington Post.* October 8, 2009.

