As appeared in…

A Colorado Real Estate Journal Publication

November 2024

RETAIL PROPERTIES Quarterly

It's all too easy for consumers to shop online from the comfort of their couches, but cities have the power to change that.

Don't let the couch win: Attracting new retailers

I was recently invited by the Economic Development Council of Colorado to discuss strategies for attracting retailers to cities in Colorado. Retailers such as Trader Joe's and Chicken N Pickle are often the talk about town – everyone's asking about them, and city council members are eager to deliver. However, before we can reel in these coveted brands, we must confront the challenges posed by the internet and the allure of the couch, our silent adversaries. Shopping online from home is the true rival to traditional brick-and-mortar stores. To encourage residents to venture out, cities must take a critical look at their existing brick-and-mortar offerings, their internal processes and behavior, and determine the overall attractiveness of their retail markets and community.

■ **Cities are the finishers, not the starters.** Let's keep it simple: A city aims to secure interested retailers, retain existing retailers and improve the overall shopping experience for its citizens. Cities need to let the private sector bring opportunities to them and respect the fact that the retailer knows its customers better than they do. Retailers can't afford to rely on cities' opinions of their customers anyway. So, cities need to create the tools necessary to secure the retailers after they have decided their city has potential. It is essential to have your city prepared for development when that retailer comes knocking.

Scott Crosbie
Partner, Crosbie Real Estate Group LLC

■ **Cities need to focus on appearance and maintenance.** Instead of reaching out to that shiny new retailer, it's time to chat with your maintenance crew. A city should feel inviting – overgrown or excessive landscaping won't cut it. When retailers visit, they'll be assessing whether your city is on an upswing or a downward spiral. Overall neglect sends a message: "We don't care." Be proactive! Partner with owners and retailers to update facades, signage and landscaping – make areas appealing. Remove eyesores, and don't be afraid to correct mistakes: City of Parker, "Please stop planting Ponderosa pines in urban areas" (9185 Crown Crest Blvd.); and city of Denver, "Please work with Xcel Energy and remove those smokestacks in the middle of our great city." These simple actions can mean the difference between attracting new retailers, increased sales or letting the couch win.

■ **Proactive steps before the retailer commits.** Is your city truly prepared to embrace new retailers and demonstrate that you're open for business? This readiness involves ensuring that infrastructure can support growth and entitlement processes are efficient and predictable. Do you have policies in place to accommodate the right growth? Do you have flexible zoning to accommodate intelligent growth and reasonable design? Make sure you have economic vehicles/incentives in place so you can invest in and secure the retailers when you want to. If a potential retailer perceives that opening a store in your city is too costly compared to other locations (including other states), you can bet they'll go elsewhere. It really is all about costs and speed to market.

■ **Incentives and fast-tracking.** Incentives, or what I call city investment, can help retailers commit sooner and have become an essential aspect of retailer development. Every scale of retailer asks about availability of incentives when considering new development. These city investments can place priority on a site, a city and an area a city wants focused on. Outside of incentives, many cities underestimate the value of fast-tracking approvals for retailers. The sooner a retailer can open and generate revenue, the sooner a city can receive sales tax revenue. Speed to market helps all of us and allows cities to reinvest quicker in their existing retailers and new retailers, as well as their community. Incentives should not be viewed negatively; cities must communicate to their communities that these incentives are an investment. When implemented effectively, they generate revenue that far exceeds the initial outlay.

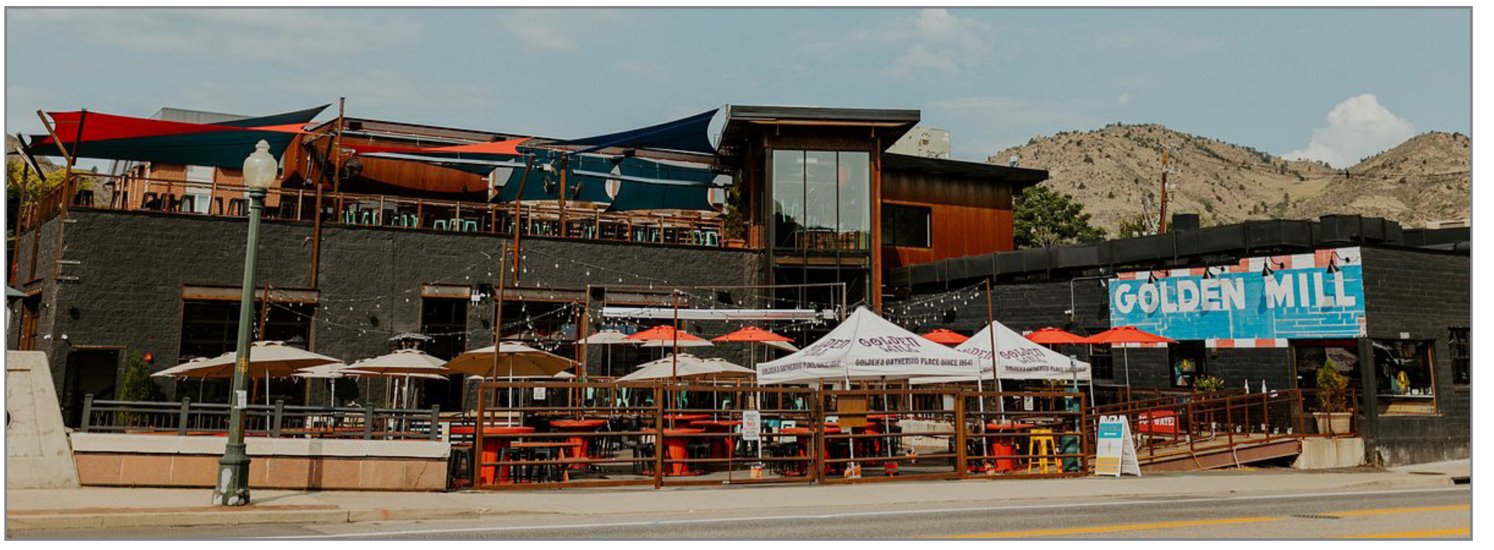
■ **Increased business acumen.** Cities need to become savvy in understanding their existing retailers' volumes and their profitability. Knowing occupancy costs and revenue metrics can prevent costly mistakes when retaining and investing in new and existing retailers. It can also be an indicator for city staff when fees and taxes are deterring new business growth. More positively, cities can identify successful local operators to invest in – maybe a local version of Trader Joe's can be created – and which retail areas are worth an investment nudge to make more viable. Ignorance is not bliss here; it's a surefire way to waste vital investment and time.

■ **Security is an absolute.** Here's a reality check: *If people don't feel safe, they're not leaving their couch.* And if they aren't leaving the couch, retailers aren't generating sales that will attract new retailers. Cities must provide secure, clean environments for customers, employees, new retailers and their community. The last thing a retailer wants to hear about is shoplifting or unaddressed safety concerns. Shrinkage and crime are real issues that have caused closings in San Francisco, Denver (Natural Grocers at 1433 Washington) and even suburbs throughout the country. If a retailer thinks it will have to deal with theft, homeless encampments, crime or basic instability, its interest in your community, city and state will vanish faster than an Amazon smart reordering.

Sad fact: It took 37 years from 1982, and the redevelopment of the 16th Street Mall to bring permanent residency to downtown Denver, and it only took 36 months for it to lose stability and momentum. If safety had been a higher priority, the outcome may have been different.

https://www.tripadvisor.com/ShowUserReviews-g33388-d251918-r820793193-16th_Street_Mall-Denver_Colorado.html

■ **Process matters.** As mentioned, clear and predictable pathways for opening businesses are a city's job. If a city drags its feet on approvals, it will lose retailers to other municipalities that appreciate them. Entire planning departments should track their entitlement processes and celebrate quick turnaround. Jurisdictions should grade themselves and compete with surrounding jurisdictions so they can be the clear choice for a new retailer.



The Mill in Golden exemplifies modern retail, converting an old building into a new and improved use that enhances the community and fosters a synergy that attracts customers and national retailers to the area.

■ **Council and staff education.** In the first year, prioritize educating your city council members so they can quickly understand the city's perspective and advocate for balanced community growth before their terms end. Additionally, remind your staff that rejecting proposals should not be seen as a badge of honor or a guarantee of job security. If city staff isn't focused on problem-solving and supporting businesses, it won't be long before those businesses seek opportunities elsewhere, and the status quo prevails.

In conclusion, city efforts need to go beyond merely attracting flashy new retailers; it's about revitalizing communities, preventing complacency, and building upon the good bones and potential within each of our great cities. By focusing on unique strengths and taking proactive measures, cities can restore vibrancy and create inviting gathering spaces that residents take pride in and businesses are eager to join. Community revitalization is a shared journey to motivate people to go out and shop again without hesitation. Remember that Police song, "When the world is running down, you make the most of what's still around."

Thank you for reading, and let's all not let the couch win! ▲

scrosbie@creginc.com