DOWNTOWN BOULDER
RETAIL/VIBRANCY STUDY

MARCH 2018

City of Boulder
Community Vitality

DOWNTOWN
BOULDER
PARTNERSHIP

CONTENTS

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EXECUTIVE SUMMARY

While it continues to draw residents and visitors year-round, Downtown Boulder – and all retail environments – face new challenges as traditional approaches are disrupted and consumer behaviors shift. In 2017, the City's Community Vitality Department and the private Downtown Boulder Partnership (DBP) commissioned a comprehensive and strategic review of Downtown retail and vibrancy.

The purpose of the study is to identify and recommend action that the two agencies could take to support and influence the private sector, in order to enhance the long-term vibrancy of Downtown retail.

EXISTING CONDITIONS

The first step of the Retail/Vibrancy Study was an evaluation of existing conditions in Downtown Boulder, including both market conditions and feedback from local stakeholders.

Retail Mix: As a whole, Downtown still offers a relatively healthy, balanced retail mix. While the number of chains has increased slightly, there are still more than 200 local independents, which accounts for 77% of all Downtown merchants. Furthermore, many of today's chains are less recognized names and/or brands that cater to specific locations and community values akin to Boulder.

Local Residents: Since 2000, the most prominent demographic trend in Boulder has been the upward shift in affluence and cost of living. Additionally, there has been a slow trend of Boulder residents growing older and younger at the same time. These shifts impact how locals interact with Downtown retail.

Downtown Workforce: A large part of Downtown's success stems from its number of workers – most recently estimated at 9,400. The bifurcation of job types – between office and service workers – is a significant characteristic. Tech employees help drive lunch and after-work eating and drinking business. Downtown service workers struggle with the cost of long-term parking and distance from housing they can afford.

Downtown Visitors: Visitor satisfaction in the Downtown experience and its variety of shops and restaurants remains very high. Tourism is a major, increasing segment of Downtown's market. The proportion of non-Colorado visitors is the largest since (at least) 2008, and they spend more per visit than local residents. Downtown also continues to serve local residents by providing a social and retail *experience* that they value.

Real Estate: Downtown's overall retail vacancy is low, 4% at last measurement in late 2017. The most pronounced change in the last five years has been the dramatic rise in triple-net (NNN) costs. In the last year alone, property taxes increased 25-30% driven by changes in property valuations. Lease rates across Downtown generally range from $30 to $55 per square foot annually, and the Pearl Street Mall continues to have the highest amongst Downtown's sub-districts.

Sales Tax Revenue Trends: Downtown has been and remains the second highest revenue-producing sales tax district in the city. Downtown's taxable sales (excluding marijuana sales and other non-storefront outliers) have seen positive trends over the last three years, growing 3% each individual year, outpacing other similar retail districts in the city and the city as a whole.

IMPRESSIONS & ANALYSIS

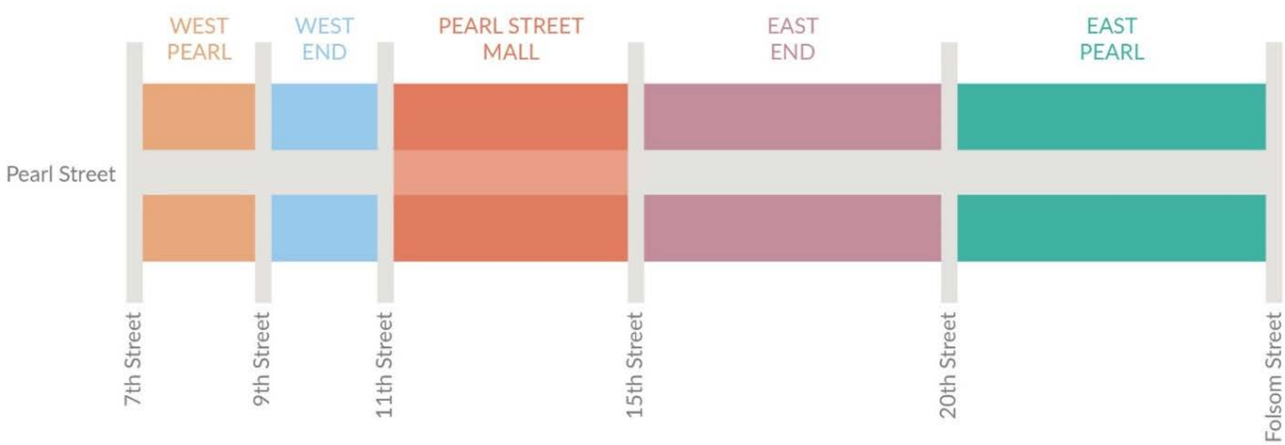
The following are impressions from the retail expert consultant's immersion visit that build upon findings from the existing conditions analysis.

Unnecessary Hand-Wringing and a Bit of Perspective

Exaggerated perhaps by election-year politics, our interviews revealed a tremendous amount of hand-wringing about Boulder's future and a nostalgic yearning for its past. **While there are no doubt challenges to address, Downtown Boulder starts from a position that is well ahead of most of its contemporaries**, in that it remains beloved by local residents, does not suffer from a parking problem, still enjoys a healthy balance of retail and food / beverage uses and boasts a mix of large brands and small chain-lets / independents – all while surviving a number of threats over the years that were expected to prove fatal.

Trajectories & Trends

Ominous macro-level forces are unlikely to have a negative impact on Downtown Boulder. The local economy is both robust and stable. The threat posed by e-commerce has been overstated. And in contrast to broader trend-lines, Downtown consumers are increasing their discretionary spending both overall and in restaurants. **Downtown Boulder's retail is patronized by a diverse mix of customers** whose behavior and preferences can be understood in segments. Several present significant opportunities for more share capture. **Downtown Boulder is best understood not as a single, solitary district but rather, a collection of smaller subdistricts, each with its own personality, core customer, retail mix and trajectory.** These are shown in the graphic below.



Downtown Boulder is a true "super-regional" attraction, and that is not about to change. None of its fledgling regional competitors can overcome Downtown combination of scale, co-tenancy, profile, and uniqueness. **Each competitor, however, will take its respective bite and together aggregate to a level of expenditure that does affect Downtown on the margins,** which is exactly where most small businesses (and increasingly, the individual locations of larger brands) are forced to live, especially given escalating occupancy and other costs. This does create some degree of vulnerability.

Preserving The "Secret Sauce"

Boulder is clearly changing into something new and different. Stakeholders express the vague sense that something special about the place is disappearing, and that there is an urgent need to reorient policy towards the objective of "keeping Boulder 'Boulder'". **While there are certain aspects of Downtown that might justify protection and intervention, they should not be prioritized at the expense of slowing or halting this ongoing evolution and repositioning, a process that is as inevitable as it is necessary.**

Implications for Retail Mix

Downtown should be *doubling down* on the retail sub-categories in which it already excels, rather than pulling back in accordance with a misplaced sense of balance. The more widespread the belief that it is "*the* place to go" for a certain type of merchandise, the greater the number of customers that will travel there (and tenants that will locate there) for that reason, in a virtuous cycle that benefits all parties. This is different for the discretionary retail niches that thrive in Downtown compared to retail that offers essential goods and services. This partly explains why there are so few convenience-oriented businesses in Downtown proper. The competition – Community Plaza / Ideal Market Shops to the north, Folsom Street / 28th Street to the east, etc. – is both very close and more convenient for motorists, leaving just a tiny catchment from which to reach those minimum sales thresholds.

Tenanting Strategy and Opportunities

This study identifies retail prospects not just on what they sell but also, to whom they cater. **Downtown cannot be, and should not try to be, "all things to all people", but rather, the tenanting strategy should concentrate on those submarkets, niches and concepts which offer the greatest promise,** including active and outdoor-lifestyle apparel, "cheap-chic" fashions, classic heritage brands, cosmetics / skincare / beauty, a convenience anchor, boutique fitness studios as well as a diversified mix of entertainment concepts, ethnic cuisine and fast-casual salad purveyors.

Reframing Debates and Creating New Paradigms

Debates and disagreements that dominate the public discourse in very progressive university towns like Boulder are often framed in such a way as to leave no room for middle ground and no possibilities for collaboration. **If the tendency to default to a confrontational, "either-or" mindset is replaced with one that instinctively seeks the middle ground on hot-button issues, Boulder would be able to assess different approaches for addressing challenges in a far more constructive manner** than is typical in very progressive university towns.

KEY ACTION OPPORTUNITIES

The conclusion of this study is a set of recommended actions that the City and Downtown Boulder Partnership (DBP) can lead. After considering data, stakeholder input, and primary observations, the consultant team identified six key opportunity areas for actions to support continued vibrancy in Boulder's Downtown retail.

Reframe Role: Although some continue to look backward toward earlier iterations, Downtown's retail remains strong, distinctive, vibrant, and fresh by almost any measure. Some reframing is in order to move the focus away from what has been. Downtown should be celebrated for delivering an environment that locals value for social experiences and distinctive goods, that is heavily supported by visitors' spending.

Start-Up Support: Downtown's market economics are very challenging for local, start-up retail shops, due in large part to the strength of property values. The City could offer a range of subsidies and other supportive treatments targeted to local and start-up businesses, while DBP could offer supportive programs and services to nurture newcomers.

Affordable Spaces: Downtown Boulder retail lease rates have been escalating rapidly, and the highest now approach those of Class A malls. Existing spaces tend to be oversized for today's shopkeepers, and shops are less able to pay these than restaurants. Yet both are needed to continue a healthy mix. The City and DBP could assist to facilitate multi-tenant occupancy of spaces, offer below-market City-owned spaces, and incentivize other landlords to offer below-market rates.

Enhanced Environment: Boulder has always been a leader and innovator in creating a distinctive Downtown environment that attracts quality tenants, locals, and visitors. So many other communities have replicated Boulder's last round of innovations that Boulder no longer feels as unique and distinctive as it once did. A decade after the Pearl Street Mall's last major refresh, it's time for an update.

Collective Attraction: While retail tenant attraction is the responsibility of property owners, through the Downtown Business Partnership, they can collectively work to increase awareness and information among retail trade groups.

Connect and Invite: There is ample opportunity to better connect with and invite both workers and other customers. Key opportunities are actions that connect to the customer groups that provide the most support to Downtown's retailers, through their higher levels of spending. Their purchases enable the survival of merchants and restaurants, and funding of amenities, that all can enjoy.

Recommended Priority Actions

Top priority actions are listed below. Priorities were determined based on the potential for the action to make a significant impact on the vibrancy of Downtown retail. Although many actions would be taken in partnership between the City and DBP, as well as other partners, they are listed below by the suggested lead agency.

City-led Actions

- Present current market realities and other retail study findings that frame expectations for Downtown's retail present and future.
- Appoint a "local start-up business" specialist within both Community Vitality and the Planning Department to assist in navigating the City's procedures and regulations.
- Develop a loan guarantee program to help locally-owned retail business owners meet landlords' requirements.
- Add leasing criteria for City-owned retail spaces that gives priority and discounts to local retailers that are unable to meet typical landlord requirements or market rents.
- Develop regulatory and financial incentives for landlords to offer below-market leases to local start-ups.
- Add new design/interest features in the East Pearl sub-district that engage the market segments that favor this area.
- Continue to be an innovator by refreshing the public realm on the Pearl Street Mall with new and unique elements.
- Add an express HOP route between Downtown and Boulder Junction to connect visitors, residents, and employees in this area.
- Study, plan, and advocate for a marquis transportation link between Downtown and the potential conference center on the CU campus.

DBP-led Actions

- Provide expanded metrics and analytics that increase nuanced understanding of customer market segments and help retail decision-makers decide to invest in a Downtown Boulder location.
- Consider master lessor role to subdivide a retail space that demonstrates that its size is contributing to extended vacancy.
- If acting as a master lessor of a retail space, offer below-market subleases to desired small and local retail shops.
- Partner with tech industry employers to develop weeknight events for tech employees.
- Study the feasibility of expanding the BID boundary further east on Pearl in order to deliver services and enhancements in this accelerating area.

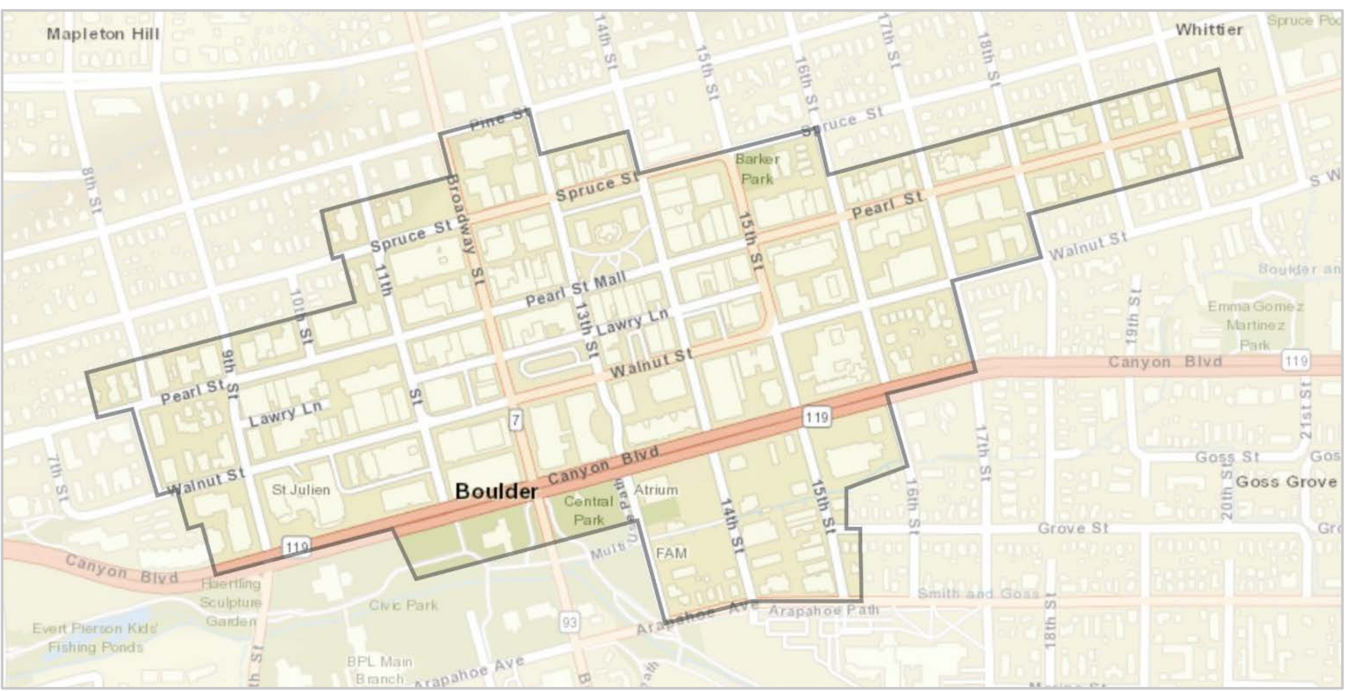
INTRODUCTION

This study provides analysis and recommendations to enhance the appeal and economic vitality of Boulder's Downtown in the context of a rapidly changing retail environment.

In 2017, in response to financial institutions replacing retail establishments on or near the Pearl Street Mall, City Council approved an ordinance requiring use review for new financial institutions on the ground floor in all of the Downtown zoning districts. Triggered by the discussions of financial institutions in retail areas, and to develop strategies in anticipation of changes in the marketplace, the City's Community Vitality Department and the private Downtown Boulder Partnership (DBP) commissioned a comprehensive and strategic review of Downtown retail and vibrancy. The City and DBP contracted with Progressive Urban Management Associates (P.U.M.A.) and MJB Consulting to complete the retail/vibrancy study. The study kicked off in September 2017 with completion in March 2018.

The following report is organized into three main chapters:

1. **Existing Conditions:** Provides details on existing conditions in Downtown Boulder, based on an evaluation of market conditions and feedback from varied Downtown stakeholders. It also includes retail-focused research on four downtowns similar to Boulder's. These components serve as the foundation for the following chapters.
2. **Impressions & Analysis:** Provides detailed analysis of Downtown Boulder and where it stands looking towards the future, based on findings from a multi-day "immersion visit" to Downtown as well as from the analysis of existing conditions and knowledge of comparable downtowns.
3. **Action Plan:** Lays out six key opportunity areas related to current and future retail vibrancy in Downtown, then recommends specific actions to address each area.



Downtown Boulder

EXISTING CONDITIONS

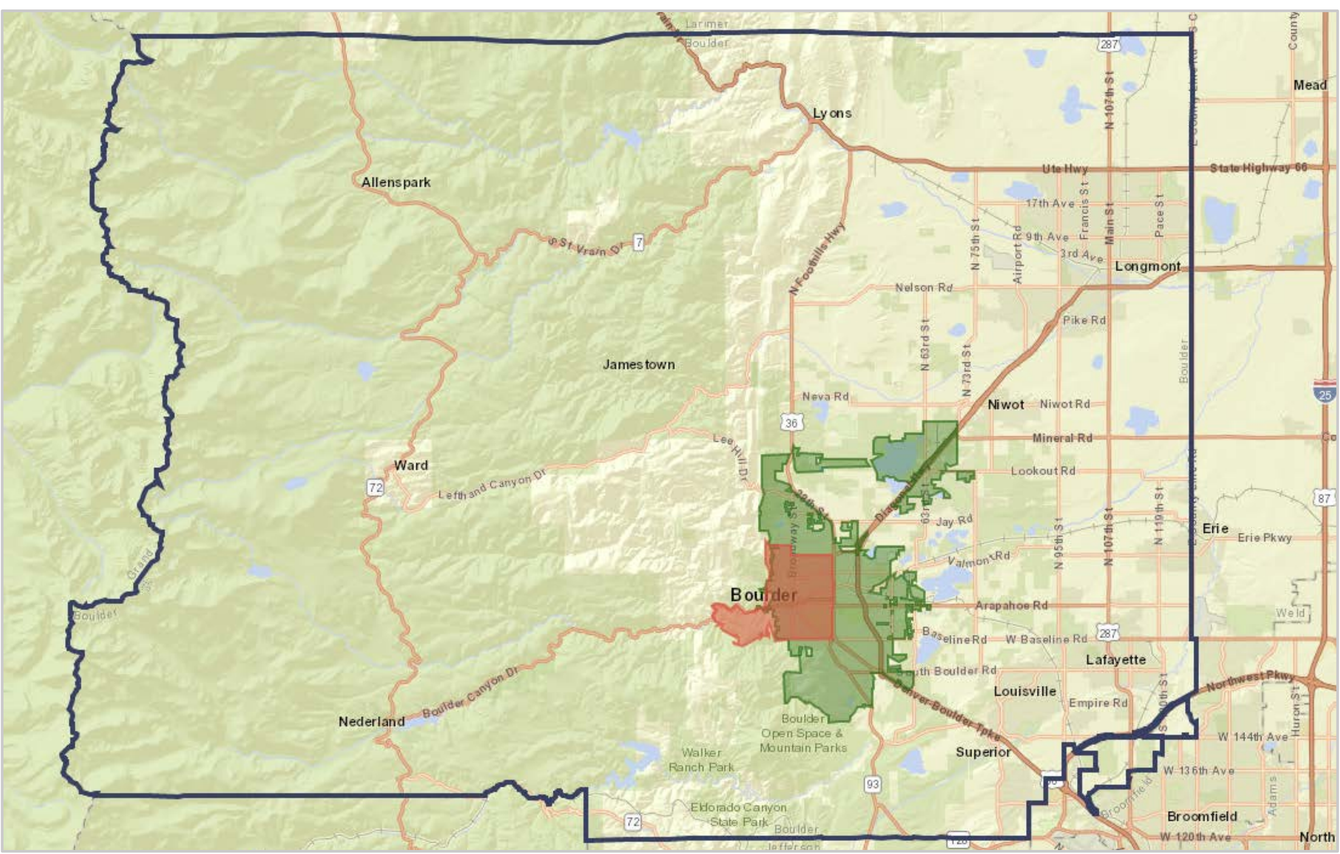
The following chapter provides details on existing conditions in Downtown Boulder, based on an evaluation of market conditions and feedback from varied Downtown stakeholders. It serves as the foundation for the following chapters. Additionally, the team interviewed downtown leadership in several comparable downtowns across the country to help better understand retail characteristics, trends, and challenges in communities similar to Boulder. Prevailing themes and lessons learned from these interviews close this chapter.

MARKET CONDITIONS

P.U.M.A. and MJB Consulting conducted qualitative and quantitative research to supplement the findings from site visits, focus groups, and one-on-one interviews. The team utilized data provided by the City and Downtown Boulder Partnership, as well as other widely-uses sources such as the Census and Esri. Key research topics included: demographic characteristics and trends; Downtown user groups and how these are changing; sales tax revenue trends; and Downtown's retail mix and changes to it over time.

Demographics

Demographic data that follows is provided for Boulder County, City of Boulder, and the Urban Core, as illustrated in the map below. The Urban Core is roughly bound by 28th Street to the east, Iris Avenue to the north, the City's boundary to the west, and Baseline Road to the south. (*See Appendix B for a detailed map of the Urban Core.*)



Residents

Urban Core: Defined as the seven Census tracts that make up Downtown and its immediate surroundings, approximately a third of the city's population lives in this area. This can be considered Downtown's walkable/bikeable captive market. Population has increased 1.3% per year since 2010. Average household size has increased slightly to 2.3, but at the same time, the proportion of kids (14 and under) living in the area continues to be low (8%). Approximately a third of households are considered family households – a relatively small proportion. The median age is a young 27.6, a reflection of the number of CU students living in the core. Also a reflection of this, the population is well educated, but with a relatively low median household income. Since 2010, the median household income has increased 14%, while the median home value increased 17%, and median rent increased 27%.

Boulder Urban Core Demographic Profile		
	2010	**2016**
Total Population	35,922	38,669
Annual % change from prior	--	1.3%
Households	14,174	14,128
Household Size	2.13	2.27
% of Pop. 14 and under	8.4%	7.9%
Median Age	28.2	27.6
Median Household Income	$47,370	$54,094
% with Bachelor's Degree or higher	70.4%	76.1%
Median Home Value	$610,325	$711,387
Median Gross Rent	$1,010	$1,287

Urban Core = seven Census Tracts that make up Downtown and its surroundings. Data on the urban core not available for 2000.

The City of Boulder has experienced a slow trend of becoming older and younger at the same time.

City of Boulder Demographic Profile			
	2000	**2010**	**2016**
Total Population	94,673	97,385	108,108
Annual % change from prior	--	0.3%	1.8%
Households	39,596	41,302	40,031
Household Size	2.20	2.16	2.43
% of Pop. 14 and under	12.3%	11.7%	10.8%
Median Age	29.0	28.7	28.5
Median Household Income	$44,748	$52,618	$70,158
% with Bachelor's Degree or higher	66.9%	67.2%	73.0%
Median Home Value	$304,700	$529,300	$685,500
Median Gross Rent	$818	$1,010	$1,313

Boulder County Demographic Profile			
	2000	**2010**	**2016**
Total Population	291,288	294,567	322,226
Annual % change from prior	--	0.1%	1.6%
Households	114,680	119,300	123,820
Household Size	2.47	2.39	2.51
% of Pop. 14 and under	19.1%	17.7%	16.2%
Median Age	33.4	35.8	36.4
Median Household Income	$55,861	$61,859	$74,615
% with Bachelor's Degree or higher	52.4%	57.5%	60.6%
Median Home Value	$241,900	$352,800	$467,600
Median Gross Rent	$825	$986	$1,236

Source: Census, Decennial and ACS

City: One third of Boulder County's population resides in the City of Boulder. The city has been growing faster this decade than it did between 2000 and 2010. Overall, there is a slow trend of the city becoming older and younger at the same time – the proportions of the population in the 18 to 24 range (primarily CU students), and in the 60+ range are both growing. The city's demographics have changed most dramatically when it comes to affluence and cost of living. Median household income has increased 33% since 2010, after having increased 18% the decade prior. Meanwhile, both home values and rents have increased 30% since 2010, after having increased 74% and 23%

respectively between 2000 and 2010. The dovetailing of these two trends illustrates that it's more difficult for families with young children to live in Boulder today.

County: The county can be used as an approximation for Downtown's regular trade area. The county's growth rate mirrors that of the city – one that has sped up since 2010 compared to the decade prior. The proportion of children (14 and under) is dropping and the median age has been increasing. The cost of living has been increasing at a faster rate than that of incomes. Median household income has increased 21% since 2010 and 11% the decade prior. This compares to home values that have increased 33% and 46%; and rents that have increased 25% and 20% during these same time periods.

Comparisons across geographies: Growth rates have ramped up since 2010, a reflection of the growth boom that's happening throughout the greater Denver metro. Urban core and city residents remain young and with fewer kids compared to the rest of the county which is slowly getting older on average. Homes are most expensive the closer one gets to Downtown, but have increased in value at a dramatic rate at both the city and county levels. Meanwhile, rents have also increased dramatically, but are quite consistent across all three geographies. The trade area as a whole is getting more and more difficult to afford (most pronounced the closer you get to Downtown), even with the rising affluence of residents within it.

For a more qualitative assessment of residents, see the section on "psychographics" starting on page 29. This breakdown of Downtown users considers lifestyles, sensibilities, and aspirations of different groups of people within American culture.

Downtown's Workforce

A large part of Downtown's success stems from its number of workers. This represents a captive audience year-round during the workweek, both during the day and in the evenings. According to Census data, there are more than 9,000 workers in Downtown (defined as the BID area). These workers skew young – 36% are under 30, and 51% are between 30 and 54 years old.

> *A large part of Downtown's success stems from its number of workers – more than 9,000 at last count.*

Downtown Workers	
Total Primary Jobs	**9,404**
Age	
29 and younger	36.2%
30 to 54	50.9%
55 and older	12.9%
Gender	
Female	46.4%
Male	53.6%
Annual Earnings	
$15,000 or less	19.5%
$15,001 to $40,000	30.8%
More than $40,000	49.7%
Educational Attainment *(of those 30 and older)*	
Less than high school	8.2%
H.S. or equivalent	21.4%
Some college or Associate degree	28.5%
Bachelor's or advanced degree	41.9%
Top 5 Industry Sectors	
Accommodation & Food Service	32.5%
Professional, Scientific & Technical Services	31.5%
Retail Trade	8.8%
Finance & Insurance	7.4%
Information	4.7%
Where Workers Live	
Boulder	32.7%
Denver	7.9%
Longmont	7.1%
Broomfield	4.2%
Lafayette	3.3%
Louisville	3.3%
All Other Locations	41.4%
Distance to Home	
Less than 10 miles	48.7%
10-24 miles	30.3%
25-50 miles	15.8%
Greater than 50 miles	5.2%

Source: Census LEHD Program, 2015

The bifurcation of job types – between office workers and the service sector – is a significant characteristic of Downtown's workforce. One segment of the workforce (41%) is employed in retail, accommodation, and food service. These workers typically make lower wages than office workers, as reflected in the fact that 50% of Downtown's workers are earning less than $40,000 (and 20% less than $15,000). Boulder and Boulder County's rapidly rising cost of living, as discussed in the prior section, is of particular cause for concern with these workers. It was noted during stakeholder meetings that retailers and restaurants are having more difficulty finding reliable employees – part of which is due to the fact that these types of employees can't afford to live near Downtown anymore. The Census data supports this claim – about one-third of Downtown's employees live in Boulder.

The bifurcation of job types – between office workers and the service sector – is a significant characteristic of Downtown's workforce.

Tech is now a part of Downtown's identity, and a community that helps drive lunch and after-work happy hour crowds.

The second segment of Downtown's workforce is employed in professional, scientific, technical, finance, and information jobs – fields that yield high wages. Many of these workers are presumed to be in tech-related jobs. These workers tend to be well-educated, are younger, and have a general willingness to spend their disposable income eating and drinking out. This supports the claim heard from stakeholders that tech is now a significant part of Downtown's identity and that many tech employees help drive the lunch and after-work happy hour crowds.

Downtown Visitors

The following information on Downtown visitors was collected from the *Summer 2016 Downtown Boulder User Survey*, completed by RRC Associates.

Visitor Mix: The largest group of Downtown visitors in 2016 was out-of-state tourists (39%; 32% from the U.S. plus 7% international). The second largest in 2016 was City of Boulder residents (36%). These residents live in equal distribution throughout Boulder, showing that Downtown attracts people from all parts of the city. The third largest group was Colorado residents from outside of Boulder County (14%). Other Downtown visitor segments include: Boulder County residents from outside the City (6%), and part-time/summer residents/students (4%, albeit a majority of CU students were out of school during the survey which took place in the summer).

The proportion of non-Colorado visitors is larger than it has ever been during the last eight years of surveys, and a significant jump up from recent years. An added benefit of this boom, these visitors are the most likely to make a retail purchase (66% do so vs. 50% for all visitors) and also spend considerably more on average than others ($91.67 vs. $64.28). This increase in non-Colorado visitors corresponds with a drop in the number of in-state visitors from outside the City of Boulder – Colorado residents from outside of Boulder County (currently 14%) has historically been in the range of 19-21% of visitors, while Boulder County residents from outside the City (currently 6%) has been in the 10-13% range in prior surveys.

These trends confirm stakeholder feedback that tourism – both out-of-state and international – is a major, increasing segment of Downtown's market base. It also supports the claims amongst stakeholders that people from nearby communities such as Denver, Longmont, Louisville, etc. are not visiting Downtown as much since

Tourism – both out-of-state and international – is a major, increasing segment of Downtown's market base.

their own retail and dining amenities have drastically improved in recent years.

User Demographics: The survey shows that users are diverse, but there are several characteristics worth highlighting. The most common household types visiting Downtown are singles without children (34%), households with children at home (28%), and empty nesters (21%). A majority of Downtown visitors (53%) have a household income of $75,000 or greater, illustrating a general affluence amongst those visiting Downtown Boulder. Also evidence of this is the fact that average spending per visitor was up to $64 – the highest amongst all user surveys going back to 2008. This average spending is generally split between purchases at a restaurant/bar (51%) and retail store/art gallery (48%). Out-of-state visitors were most likely to make a purchase and spent the most on average ($92), again illustrating the importance of tourism to Downtown's market.

User Experience: The survey also collected information on the general experience and satisfaction of visitors. Findings from these questions were very positive overall. The most common reason people come to Downtown Boulder is to hang out, enjoy the setting, and people watch. This echoes stakeholder feedback during this retail study, where meeting attendees emphasized that Downtown as a whole and Downtown retail in turn are all about "the experience." Based on the user survey, a majority of visitors feel that the Downtown experience has been improving (44%) or staying the same (35%) over the last few years, compared to only 5% saying its declining. Furthermore, overall satisfaction was also very high, and matched or surpassed the already-high ratings from the 2014 survey.

More specifically, visitors expressed a high level of satisfaction in Downtown's variety of retail shops and art galleries (4.4 on a scale of 1 to 5), and variety of restaurants (4.5). While tourists from outside of Colorado showed the highest satisfaction in these categories, City and County residents also showed strong satisfaction (4+ by all measures). So, although local residents are not the strongest customer segment in terms of retail sales, Downtown retail is healthy by most measures, and it still serves local residents by providing a social and retail *experience* that they value.

Although local residents are not the strongest customer segment in terms of sales, Downtown retail is healthy by most measures, and it still serves local residents by providing a social and retail experience that they value.

Downtown Retail Market

Retail Inventory

The table on the following page shows an inventory of Downtown retailers by category. It quantifies retailers by category and as independents vs. chains. It also includes a comparison to a 2005 inventory that was completed by P.U.M.A. as a part of a Downtown Strategic Plan. For the purposes of this inventory, and in order to best compare to 2005, only retail, food and beverage businesses were included; banks and services were not included.

As a whole, Downtown still offers a healthy, balanced retail mix. There are virtually the same number of merchants total as there were in 2005. Retail accounts for 61% (170 out of 280), while food and beverage accounts for 39% (110 out of 280). As a comparison, Downtown was 67% retail and 33% food and beverage in 2005. User Survey results reflect this balance as well. Responses show that 52% of visitors

As a whole, Downtown still offers a healthy, balanced retail mix.

shop while Downtown, compared to 63% that dine. Furthermore, retail purchases ($31.06) account for about the same amount spent per person as food and beverage ($33.08).

Downtown continues to have a strong mix of retail categories with apparel & accessories leading the way, the category which happened to see the most growth since 2005 (+15). While some other categories, namely household furnishings saw a decrease (-15), there remains a good mix of retailers in specialty and niche categories. This notion is also supported by User Survey results – visitors expressed a high level of satisfaction (4.4 on a scale of 1 to 5) in Downtown's variety of retail shops and art galleries.

Downtown Boulder Retail Inventory (2005 vs. 2017)

	2005			2017			Change since 2005 (totals)
	Local Independent	Chains	Total	Local Independent	Chains	Total	
Eating Establishments	65	17	82	75	19	94	+12
Restaurants				*51*	*15*	*66*	
Coffee/Tea/Desserts				*18*	*4*	*22*	
Food Cart				*6*	*-*	*6*	
Apparel & Accessories	29	10	39	29	25	54	+15
Gifts/Novelties				21	1	22	
Bars/Breweries	12	-	12	14	2	16	+4
Arts & Crafts/Galleries				16	-	16	
Jewelry				13	2	15	
Sporting Goods	9	5	14	10	3	13	-1
Food/Beverage Stores	9	2	11	8	2	10	-1
Health/Beauty	16	2	18	5	4	9	-9
Books/Stationery	11	2	13	6	1	7	-6
Dispensaries				6	1	7	
Household Furnishings	20	1	21	5	1	6	-15
Optical				3	1	4	
Convenience/Pharmacy				1	2	3	
Electronics	-	2	2	-	1	1	-1
Garden/Florist	3	-	3	1	-	1	-2
Music/Video	4	-	4	1	-	1	-3
Pets	1	-	1	1	-	1	0
Other*	55	8	63				
TOTAL	**234**	**49**	**283**	**215**	**65**	**280**	**-3**
TOTAL PERCENTAGE	**83%**	**17%**	**100%**	**77%**	**23%**	**100%**	

* The 2005 inventory had a large bucket of "Other Retail" including categories that are now important to breakout (e.g., gifts, galleries, jewelry, etc.); as well as categories that aren't retail (e.g., automotive, dry cleaners). Therefore, the number of "Other" retailers are shown in the 2005 column. Blank cells in the 2005 columns are those captured in "Other" and not available as a breakdown.

Source: P.U.M.A. (2005 numbers from P.U.M.A.-completed Downtown Boulder Strategic Plan)

Chains & Chain-lets: For the purposes of comparing to 2005, P.U.M.A. categorized all merchants as either local independents or chains. Simultaneously, certain merchants were then also defined as "chain-lets" – a business that has ten or fewer units nationwide or one that is concentrated only in Colorado (such as Topo Designs with other stores in Denver and San Francisco, or John Atencio with a handful of stores in the Front Range area).

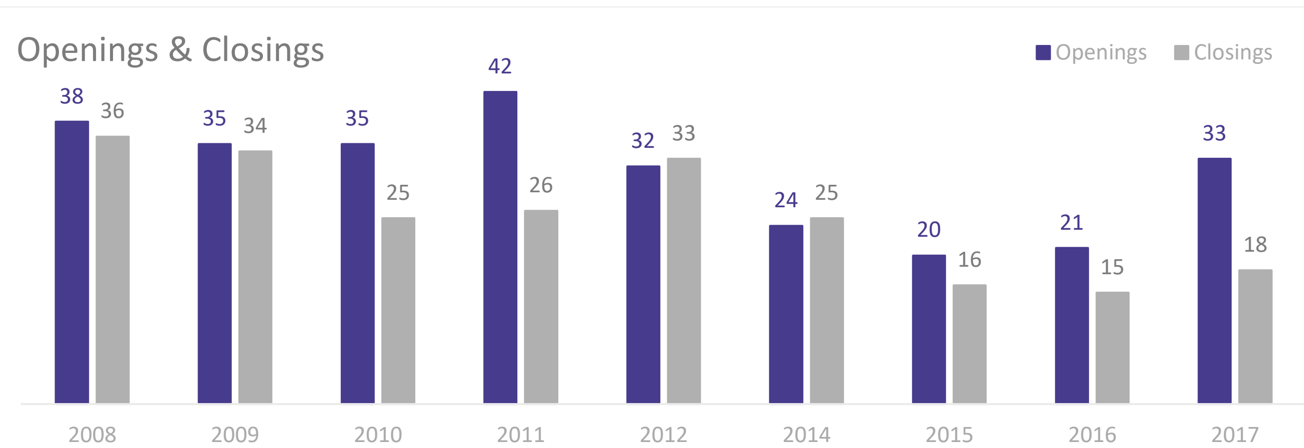
> *Downtown still has more than 200 local independent businesses, which continues to make up a majority (77%) of Downtown's retail mix. Furthermore, many of today's chains are less recognized names and/or brands that cater to specific locations and community values.*

While the number of chains has increased slightly, Downtown still has more than 200 local independent businesses, which continues to make up a majority of Downtown's retail mix (77%). Of the 280 merchants total, 41 were defined as chain-lets, an indicator of the blurred lines between local and chain at times. Furthermore, the mix of (inter)national chains in Downtown is much different than it was in 2005. Many of today's chains are less recognized names and/or brands that cater to specific locations and community values (e.g., Patagonia, Fjallraven, Goorin Bros., Rapha, Warby Parker, North Face, Ben & Jerry's, in addition to others). There are fewer general and widely-known chains along the lines of Banana Republic, Gap, and Abercrombie & Fitch, which all had Downtown stores in 2005. For a more nuanced discussion of the independent-to-chain continuum, see the Impressions & Analysis chapter.

Store Openings and Closings

The chart below shows retail, restaurant, and bar openings and closings annually over the last decade. (2013 data was not available.) On the whole, there has been more stability amongst Downtown's mix post-2013, compared to the more tumultuous recession and post-recession years prior.

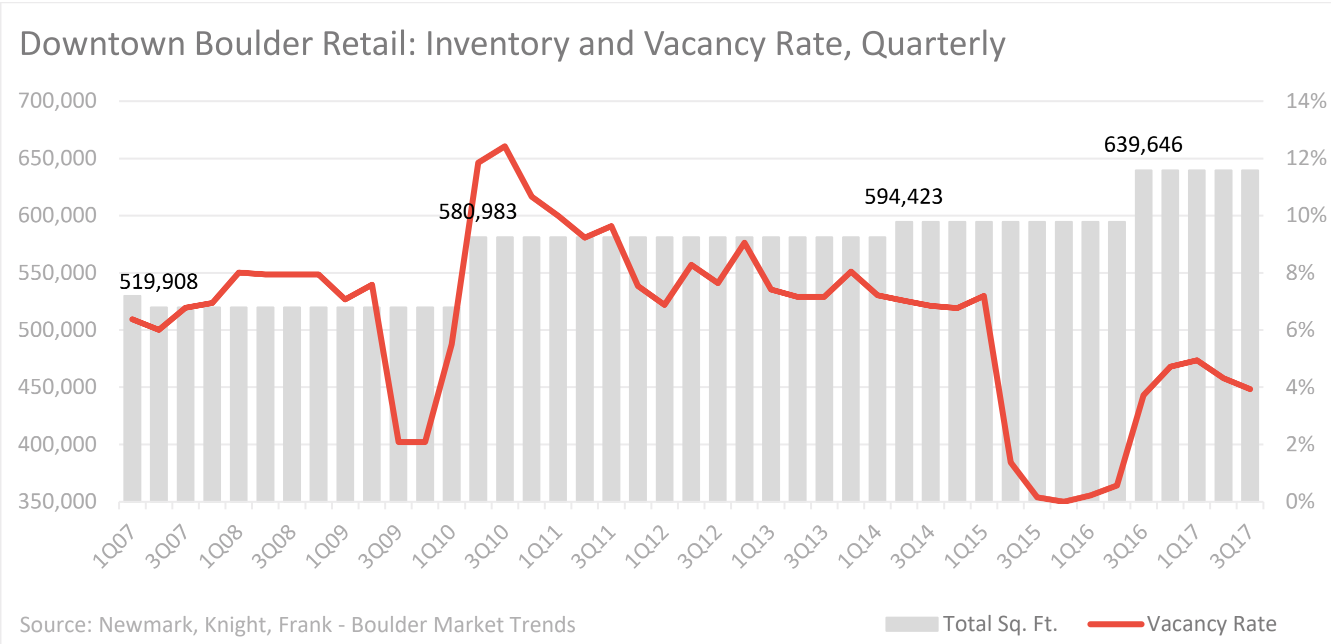
Additionally, there have been more openings than closing consistently the last few years, pointing to the combined effect of some new retail inventory within the core, the expanding footprint of Downtown onto side streets and the edges, and in certain cases, the dividing of larger floorplates into multiple spaces or multiple retailers co-leasing a shared unit.

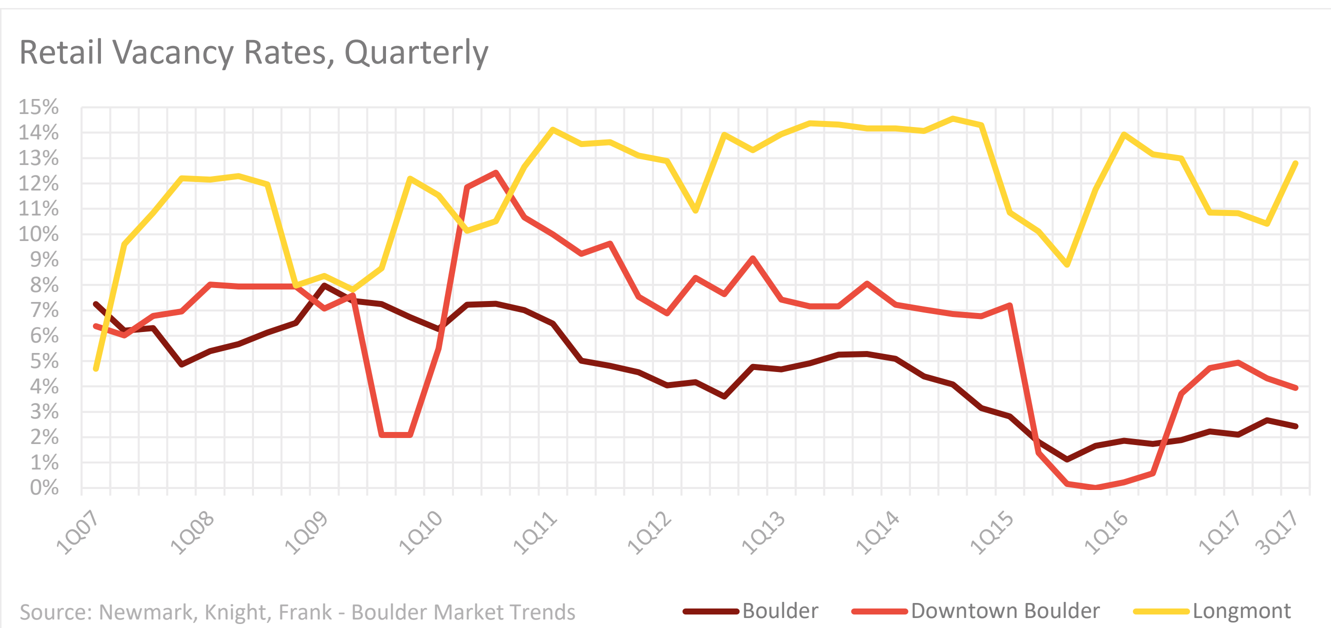


- Closings include stores that moved (& openings include stores that moved within district)
- 2013 data not available.
Source: DBP

Real Estate Trends

Downtown's overall retail vacancy is low, 4% at last measurement in the third quarter of 2017. In late 2015 and early 2016 the market was incredibly tight with nearly full occupancy. The opening of PearlWest in Q3 2016 relieved some of this pressure, but overall vacancy remains low nonetheless. (Generally, a 5% vacancy rate district-wide is considered optimal, allowing for movement from existing retailers and available space for new tenants without too much disruption to district vibrancy and street life.)





In the last 10 years, vacancy rates peaked in late 2010 at just over 12%. Since then they have been steadily dropping with a few exceptions, most notably when new inventory was introduced into the market in 2016. The decreasing/low vacancies in combination with steadily increasing inventory points to an environment that remains attractive to retail, food and beverage businesses.

For additional context, the second chart on the prior page illustrates Downtown's vacancy compared to that of the cities of Boulder and Longmont. To be expected given its much smaller relative size, Downtown's vacancy has fluctuated more than the city of Boulder, but they have both been on the same general trajectory over the last seven years – and both currently have vacancy rates below 5%. Longmont's vacancy rates on the other hand have been in the 10-15% range over this same time period, indicating a less stabilized retail market.

Lease Rates: Downtown lease rates vary slightly by subdistrict. The Pearl Street Mall[1], the pedestrian-only stretch from 11th to 15th, remains the most coveted of these, with lease rates from $39 to $55 per sq. ft. This represents a significant jump from just five years ago when rates ranged from $29 to $40 per sq. ft. Retail in the West End (from 8th to 11th) typically leases for rates in the $30s and $40s per sq. ft.; however, PearlWest has pushed retail rates to new levels for Downtown, up to $75 per sq. ft. The East End (from 15th to 19th) has historically had the most modest lease rates, but has seen a major jump in the last five years. An area that just five years ago leased in the $20s per sq. ft. now has pushed into the $30s and low $40s. Spaces on side streets, specifically Broadway, Spruce, 13th, and 14th, rent for rates in the $30s, not too different than those in the East End.

2017 Retail Lease Rate Estimates
(annually, per sq. ft.)

	2012	2017
Pearl Street Mall (11th to 15th)	$29-$40	$39-$55
West End (8th to 11th)	$25-$32	$30-$75*
East End (15th to 19th)	$30-$45	$30-$45

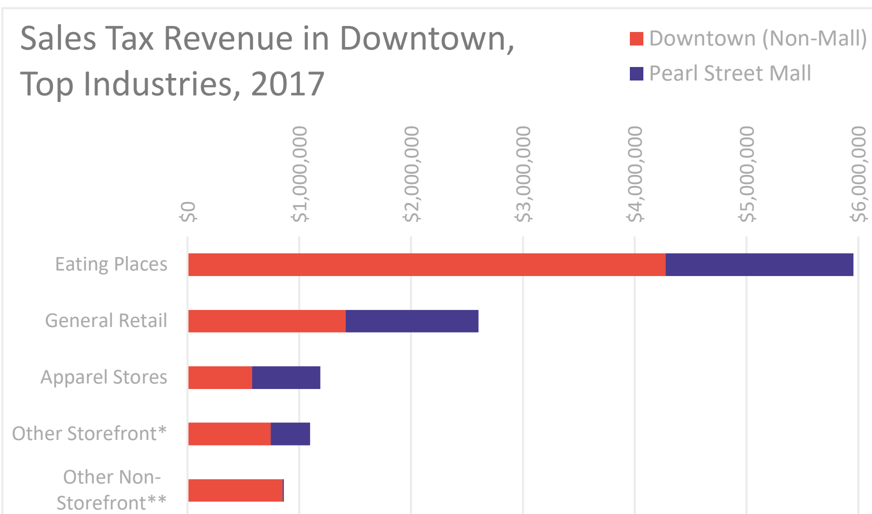
* See corresponding text in report body.
Source: DBP

The most pronounced change in the last five years has been the dramatic rise in NNN costs, driven by changes in property valuation.

The most pronounced change in the last five years has been the dramatic rise in NNN cost, driven by changes in property valuation. In the last year alone, property taxes increased 25-30%. This is the culprit for NNN charges, on top of the rental rates discussed above, that now range from $15 to $20 per sq. ft.

Sales Tax Revenue Trends

Downtown sales by industry: In 2017, eating places accounted for 51% of total sales tax revenue. This was consistent with proportions from the last several years. Many storefront retail industries experienced growth over 2016 totals, namely home furnishings (+15%) and food stores (+14%). All in all, the sales by industry look similar on Pearl Street Mall compared to the rest of Downtown. Apparel and home furnishings were the only two major categories in which Pearl Street Mall sales tax revenues were higher than the rest of Downtown.

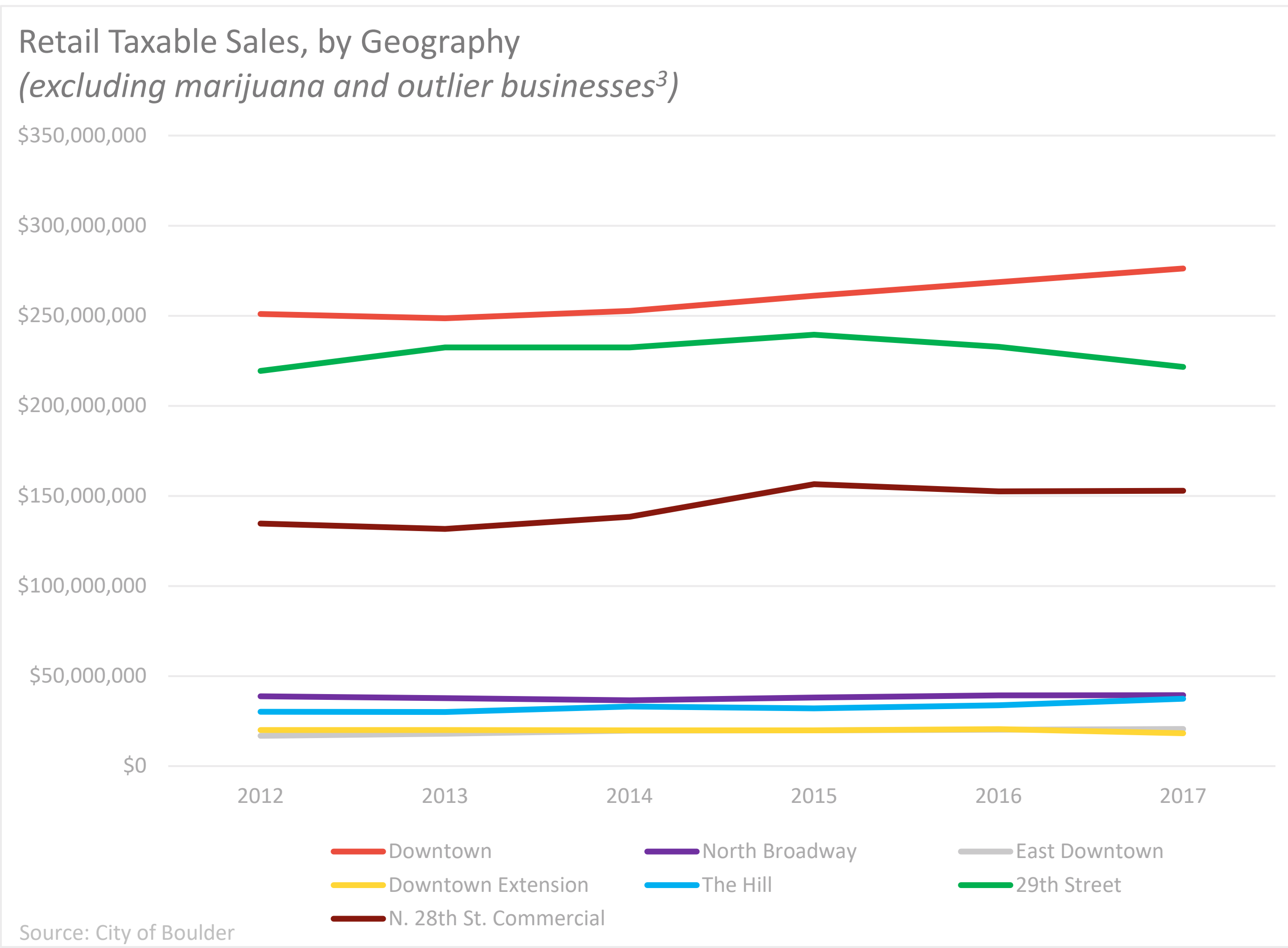


* Other Storefront includes Home Furnishings, Food Stores, Marijuana, and "All Other" (which is its own category).
** Other Non-Storefront includes Computer Related Business Sector, Consumer Electronics, Automotive Trade, and Construction Sales/Use Tax.
Source: City of Boulder

[1] Also referred to simply as "the Mall" throughout this study.

Downtown vs. other retail districts in Boulder*[2]*: Downtown has fared well compared to other local retail centers over the last five years, as the chart below shows. It has been and remains the second highest revenue-producing sales tax district in the city (only behind Boulder Valley Regional Center, which is made up of many more big box retailers). Over the last three years of data (2015-2017) on Retail Taxable Sales – which accounts for changes to the tax rate over the years – Downtown has seen very consistent storefront sales, solid year-over-year growth, and very little volatility compared to other local districts[3] included in the chart. In fact, it is the only district of those shown in the chart that has not experienced any negative-growth years during this stretch. Compared to Twenty Ninth Street, which has similarities in proximity and total sales, Downtown has seen more positive recent trends (+3% in both 2016 and 2017, versus -3% and -5% respectively). Finally, it is also important to note that while Downtown has experienced these positive trends, the city as a whole has experienced slowing growth in recent years, and 2017 sales tax revenues were virtually flat compared to 2016.

Downtown remains the second highest revenue-producing sales tax district in the city, outpacing many other local retail districts.



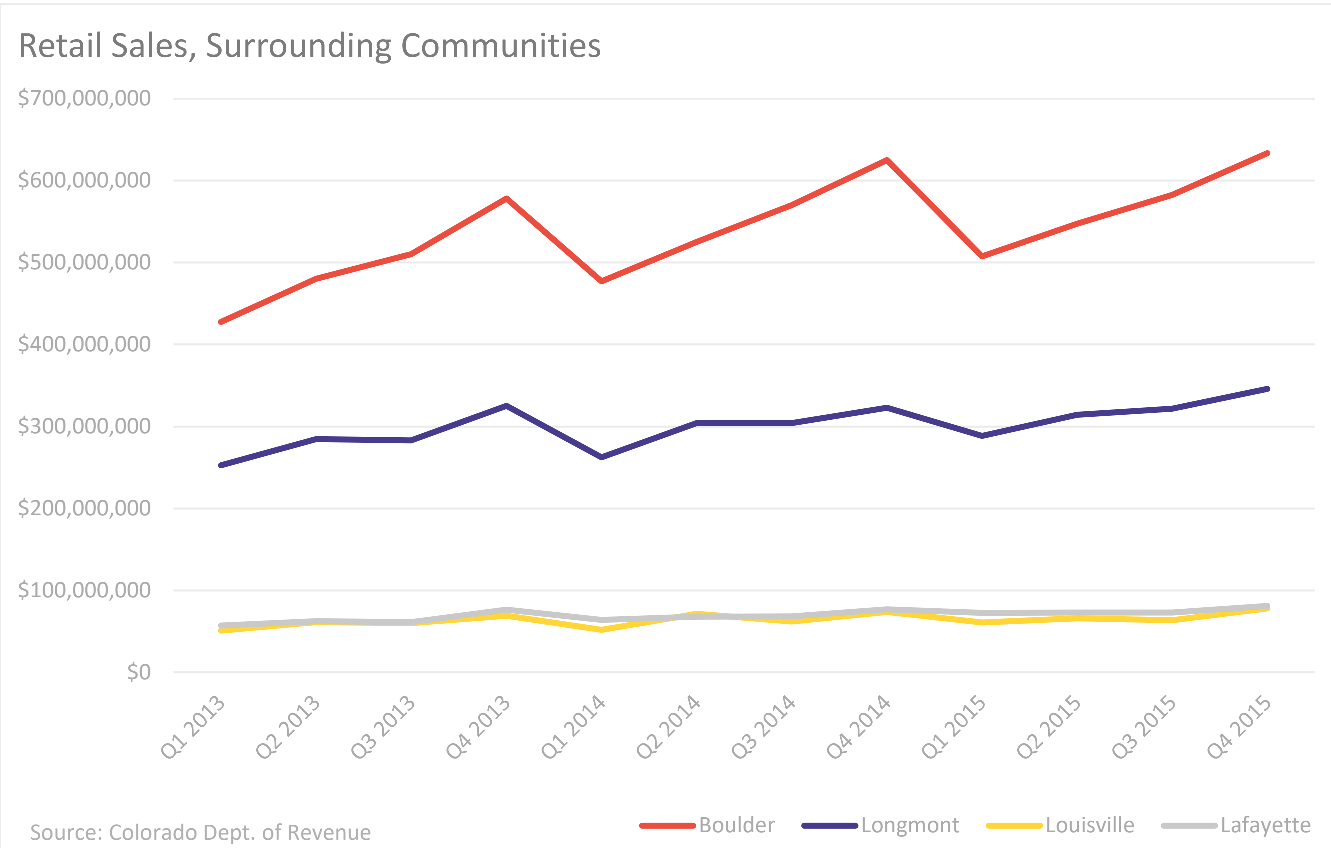
[2] The following numbers are for retail industries, excluding medical and recreational marijuana, and outlier businesses that are in the computer-related business sector and consumer electronics industry classes and not considered "storefront" retail. When discussing sales taxes, "Downtown" includes the sales tax districts of "Downtown" and "Pearl Street Mall."

[3] These districts were chosen due to their proximity to Downtown and/or similar retail characteristics. A basic map of the sales tax districts can be found in Appendix C.

Boulder vs. regional competition: The State Department of Revenue also provides data on its collected retail sales taxes by communities[4]. By this measure also, Boulder is faring well against surrounding Boulder County communities. While Louisville has shown stretches of strong growth, it is starting from a much lower point, as the chart below indicates. As a whole, Boulder has shown more stability and actual growth than surrounding small communities. In the retail trade[5] category, Boulder experienced absolute growth of $55.2 million between the fourth quarters of 2013 and 2015. This is significantly more than even the combined growth of Longmont ($20.8 million), Louisville ($9 million), and Lafayette ($4.6 million).

Retail Sales, Surrounding Communities			
	Q4 2013	Q4 2014	Q4 2015
Boulder	**$578,293,000**	**$624,918,000**	**$633,497,000**
Longmont	$325,017,000	$322,880,000	$345,890,000
Lafayette	$76,356,000	$76,857,000	$81,005,000
Louisville	$68,944,000	$73,731,000	$77,990,000

Source: Colorado Dept. of Revenue



For additional commentary on sales tax revenue, see the Impressions & Analysis chapter.

[4] State sales data is slightly different than City data. The State sales tax base and collection timing is different, causing variance in dollar and percentage growth calculations.
[5] The Retail Trade sector comprises the following industry categories: MV/Parts, Furniture, Elect/Appli, Bldg/Nursery, Food/Beverage, Health Care, Gas Stations, Clothing, Sports/Hob, Gen Merch, Misc Stores, and Non-Store.

STAKEHOLDER INPUT

P.U.M.A. and MJB Consulting held focus groups and one-on-one meetings during the weeks of October 30th and November 13th, 2017. Over 60 people attended these meetings in total. Separate focus groups were held for retailers, restaurants, and property owners. Other meetings included a varied mix of Downtown stakeholders and champions. The overall purpose of these stakeholder engagements was to understand how Downtown Boulder retail has been changing in recent years, current challenges and opportunities, and where it is headed over the next 5-10 years. Key themes from these various meetings are provided below.

Key Themes

New Market Conditions and Financial Realities

- Contracting of bricks and mortar retail nationally due to the growing presence of e-commerce is concerning.
- Increasing rental rates and the increase in property taxes – which is passed through to tenants – is cause for concern moving forward.
- New non-local property owners and non-retail uses have triggered uncertainty and concern.
- Finding, keeping, and compensating quality retail labor is increasingly challenging, exacerbated by higher wages in the cannabis industry.

An Evolving Customer Base

- The growing tourism market is critical and multi-faceted, including regular in-state visitors, out-of-state visitors, families of CU students, and international visitors.
- With the growth of office space and the tech industry, attracting employees of larger companies located outside of Downtown is an opportunity.
- The customer base from other Boulder County communities has been shrinking due to enhanced retail and dining in places like Louisville and Longmont.
- There is an opportunity to better connect to CU students and staff.

Role and Image of Downtown

- Generally, stakeholders remain confident that Downtown still has a strong position and niche.
- Tech start-ups are now part of the Downtown identity.
- Downtown has three subdistricts, each with its own character.
- There is an increasing number of "billboard retailers" who are not fully dependent on sales per square foot.

Mix and Locations of Uses within Downtown, on Pearl, and on First Floors

- Shops are struggling more with the rents than the restaurants. It's important to maintain both elements.
- Varied cultural amenities need to be included in the use mix Downtown to attract repeat local visitors.
- It's framed as local vs. national, but truly more about how these stores fit into the community fabric.
- The use of first floor for office and financial is still the exception and not changing rapidly. Regulatory response may be premature.

Downtown's Retail Niche

- Downtown retail in Boulder is all about the experience.
- Shared spaces align with this as they are more experiential, and are becoming more common in Downtown.
- The Boulder community does a good job of self-selecting and controlling tenanting – if it's not the right fit, it won't be successful here.

The Downtown Environment & Experience

- To many, the experience off the Pearl Street Mall has become more appealing than on it.
- The Mall, physically and programmatically, needs some refreshing. Many of the events have become stale and design elements unchanged over the last decade or more.
- There are underutilized spaces within the existing fabric of Downtown – alleyways present a major opportunity for activation, and at the moment there are very few activated rooftops.

Downtown's Footprint & Connections to its Surroundings

- The footprint is anticipated to expand in all directions except west.
- The most predominant expansion recently has been to the east, where prominent retailers have opened (e.g., Warby Parker) or moved from more central locations.
- There is a need for better connectivity to surrounding areas that visitors frequent, particularly to the proposed hotels and conference center on the CU campus to the south.

COMPARABLE DOWNTOWNS

The team interviewed downtown organization leadership in four comparable downtowns across the country to help understand retail characteristics, trends, and challenges in communities that share common traits with Boulder. The downtowns profiled include Ann Arbor, MI; Berkeley, CA; Evanston, IL; and Westwood Village, CA. All comparable downtowns are similarly sized, adjacent to large universities, and near (or within) a much larger metropolitan region. Topics that were explored include: tenant mix; significant changes in retail over recent years; retaining regional relevance; and preserving what makes their downtown retail environment special. Detailed profiles of each individual downtown can be found in Appendix A.

Prevailing Themes

First and foremost, comparable downtowns that the team spoke to aren't thinking about this topic in the same way and to the level of detail that Boulder is currently. Many of these communities happen to look at Boulder as an example of what they strive to be.

There have been general booms in the number of workers in these comparable downtowns in recent years. Westwood Village has a daytime population of 85,000 (including UCLA students); Ann Arbor has almost 30,000 employees; and Evanston about 10,000.

Regarding tenant mixes, all four comparable downtowns are striving for generally strong diversity (both by use and on the local-to-independent continuum), but do not have clearly defined goals when it comes to a desired or ideal retail mix. There has been a common movement towards more restaurants and entertainment, to the point where some downtowns are concerned about over-saturation of restaurants. These downtowns are also experiencing a growing number of ground-floor service uses such as finance, fitness, salons. The presence of community-minded and/or local building owners has become an important piece to retaining independent and unique retail in key locations.

Key Innovations & Lessons Learned

Retaining regional relevance and the "secret sauce": Maintaining (or establishing) regional relevance is a current challenge for comparable downtowns. Westwood is working to create a regional presence in a very competitive Los Angeles market; Ann Arbor is seeing more competition from certain resurging Detroit neighborhoods; and Berkeley is seeing an Oakland that is more popular amongst the hipster and younger demographics. As one would expect, each downtown has its own unique, "special sauce": walkability and locally-owned businesses in Ann Arbor; the arts in Berkeley; the dining scene in Evanston; and the historic "village" feel and quaint atmosphere in Westwood. The more defined the "secret sauce," the more clear, self-direction a downtown organization seemed to have regarding its efforts around maintaining and growing regional relevance.

Active courting of desired merchants: Downtown Evanston (DE) does very proactive outreach to stores and restaurants that they want in their district, focusing on trying to attract second or third outlets for regional businesses. These are typically Chicago-area stores that are successful but independent, with owners working the counter; and therefore, don't have brokers and have little time to get into the details of expansion. This involves very active courting – DE goes directly to these businesses for a visit, providing promotional materials, maps,

From top: Evanston (*credit: David Braverman*), Ann Arbor, Berkeley, and Westwood Village

Downtown guides, etc. They also bring the owners to Downtown Evanston, showing them the specific units, doing a walking tour, taking them to dinner, and setting them up to talk to existing merchants.

Using the power of social media: Downtown Evanston's "secret sauce" is its dining scene. To help retain this, DE recently hired professional, Chicago-area Instagrammers – with a total of about 350,000 followers – to review downtown restaurants. DE used a formal contract – over the course of two nights, Instagrammers were given free food at 12 different restaurants; they had to do a minimum number of reviews; and the reviews had to be positive. The initiative worked phenomenally and was a huge hit with the restaurants. DE is doing another one at the request of local restaurants because it was so successful.

A cautionary tale of over-regulation: Westwood used to be a regional destination and a happening place, primarily because of their movie theaters – you either went to Hollywood or Westwood. Due to the popularity of the district, surrounding communities were experiencing problems with people parking, being loud at night, and other nuisances. As a result, the city passed the *Westwood Specific Plan*, which put heavy restrictions and/or caps on certain uses. Bars were banned, and restaurants and hotels were dealt very tough restrictions. And the Plan worked – but worked too well. Now the district is very active during the day with all of the students and workers, but dead at night, and essentially the caps in the Specific Plan just created more district vacancy (which is currently around 15%).

IMPRESSIONS & ANALYSIS

In October 2017, MJB Consulting conducted a week-long "immersion visit" in Downtown Boulder. The immersion visit included: extensive evaluation of retail within the district including tenant mixing, niche saturation and opportunities, and comparison to peers; meetings with key stakeholders; and visits to and assessments of competing retail destinations throughout Boulder County. The following are impressions from this immersion visit that build upon findings from the existing conditions analysis.

UNNECESSARY HAND-WRINGING AND A BIT OF PERSPECTIVE

Exaggerated perhaps by election-year politics, our interviews revealed a tremendous amount of hand-wringing about Boulder's future and a nostalgic yearning for its past. A more sober examination of available data, however, suggests that Downtown Boulder retail is actually riding a positive wave.

Intercept-survey results[6] indicate, for example, that irrespective of concerns about parking, congestion and access, Downtown[7] remains a draw among local residents across a wide swath of the city. Indeed, the average City of Boulder respondent had visited Downtown 14.5 times over the previous two months, and still "[enjoyed] the setting, people-watching and hanging out" while there.

That said, only 28% of City residents actually made a retail purchase while in Downtown, far below the 50% for respondents on the whole. Furthermore, they report spending an average of just $39.12, well below the $64.28 overall. Both of these data points corroborate the notion that Downtown's current retail offerings are failing to capture the purchasing power of locals.[8]

Despite an increase in the overall number of restaurants as well as leasing trends that favor such tenancies, Downtown Boulder's mix still appears, at least at this moment, to offer a relatively healthy balance. According to a survey conducted by PUMA, retail accounted for 61% (170, of 280) of existing businesses[9], and food and beverage, 39% (110, of 280).

This includes a critical mass of so-called "comparison goods" stores[10], with "apparel and accessories" accounting for 54 of the 170 retailers. In fact, the category, far from shrinking in size, has actually expanded by some 38% since the last tally in 2005 (compared to 14% for restaurants). As will be discussed on page 45, such clustering is critical in cases where the consumer likes to "comparison-shop" many different options.

[6] Refers to the Downtown Boulder User Survey, prepared in 2016 by RRC Associates for Downtown Boulder Inc., the Boulder Convention & Visitors Bureau and the City of Boulder Downtown Management Commission. Unless otherwise noted, the data cited is based on 2016 intercepts.
[7] For the purposes of this report, "Downtown" should be understood to refer specifically to Downtown Boulder.
[8] To some degree this also speaks to the percentage of Boulder residents who are in the Downtown as workers, which could be skewing the numbers a bit lower.
[9] PUMA's survey excluded banks and services, considering only those businesses that are "retail" or "food and beverage".
[10] Comparison goods are goods for which consumers typically prefer to "comparison-shop" on the basis of price, quality and style. Examples include apparel, footwear, jewelry and home furnishings.

Moreover, 52% of survey respondents shop while in Downtown, comparing not all that unfavorably to the 63% there for dining. Moreover, retail purchases account for about the same amount spent per person as restaurants and bars -- $31.06, versus $33.08. Finally, there is a relatively high level of satisfaction (4.4, on a scale of 1 to 5) in Downtown's "variety of retail shops and art galleries".

"Apparel and accessories" accounts for 54 of 170 retailers in Downtown – the largest category – and has expanded by 38% since 2005.

Unlike many vibrant university towns and tourist attractions, Downtown is not overly challenged in terms of parking. There are roughly 6,843 available stalls on the street or in garages, which, with 640,000 sq. ft. of retail space, translates to 10.69 per 1,000 sq. ft. of retail space, versus Twenty Ninth Street (3.92 per 1,000 sq. ft.) and FlatIron Crossing (5.17 per 1,000 sq. ft.).

Of course, this is not exactly an apples-to-apples comparison, as a portion of the spaces in Downtown are reserved for office or other non-retail users. Assuming, however, that roughly 43.6%[11] of its 9,404 employees work in office settings, some 4,100 stalls are held for this purpose, leaving 2,743 for retail, which still translates to 4.29 per 1,000 sq. ft., well above Twenty Ninth Street.

It is also worth noting that the evenings and weekends generally represent the peak periods for dining, entertainment and shopping – particularly for non-tourists – and that these are precisely the times when most of the 4,100 stalls for office workers are presumably empty, presenting opportunities for shared-parking arrangements if and when necessary.

Intercept-survey respondents are generally satisfied with parking in the Downtown (4.1, on the scale of 1 to 5) and even more so than two years ago (3.8). They gave especially high marks for the sense of safety in the garages (4.7) – often a concern for female shoppers – as well as pay-station ease of use (4.6).[12] Also, their scores for ease of finding a space improved from 3.6, in 2014, to 4.3 in 2016.

Furthermore, parking rates and terms are actually *quite* reasonable in comparison to similarly popular Downtowns across the country. On-street and surface-lot meters charge just $1.25 per hour, for as many as three hours, until 7 pm, and spaces are free on Sunday. Meanwhile, the five City garages are also priced at $1.25 per hour for the first four hours, and they are free on *both* Saturday and Sunday.

Of course, the rates are still higher than suburban Downtowns and strip malls where parking is customarily free. And the intercept-survey data also obscures the primary supply-side complaint with regard to parking, specifically,

[11] This percentage includes the 31.5% of the Downtown workforce employed in professional, scientific and technical services, the 7.4% in finance and insurance as well as the 4.7% in information.

[12] If asked today, respondents might offer a higher (or lower) score depending on their feelings about the new garage-payment system that was installed between October 2016 and April 2017.

the ability of employees to find affordable long-term spaces relatively close to their place(s) of work, which implies both additional costs for merchants as well as even greater labor scarcity.

Rather than homogenizing the tenant mix and threatening Boulder's unique character, the large national brands that appear along Pearl Street today are, for the most part, ones that align with the city's active and outdoor lifestyle as well as its progressive sensibilities. Examples include Patagonia, North Face, Billabong, Volcom, Athleta, LUSH Cosmetics and Ben & Jerry's, among others. Meanwhile, chains such as BJ's Restaurant & Brewhouse relocated in 2012 from the Pearl Street Mall to Twenty Ninth Street, and World of Beer lasted less than a year after its 2016 opening in the West End.

Many of the large national brands that appear along Pearl Street are, for the most part, ones that align with the city's active and outdoor lifestyle.

Furthermore, while the number of chains within BID boundaries has increased since 2005 from 49 to 65, a PUMA survey indicates that they represent just 23% of the overall mix, whereas there are some 215 non-chain tenants, or 77%. This count includes 41 "chain-lets" (defined as having ten or less units nationwide or concentrated only in Colorado) and 199 independents (with either a single location or found only in Boulder).[13]

Finally, the intercept-survey data points to a relatively high level of satisfaction both with Downtown's "variety of restaurants" (4.5, on a scale of 1 to 5) as well as its "variety of retail shops and art galleries" (4.4) – scores that would seem to run counter to the notion that it is becoming a soul-less "Anywhere U.S.A." of ubiquitous brands. While tourists from outside of Colorado showed the highest satisfaction in this category, City and County residents also showed strong satisfaction (4+ by all measures). So, although local residents are not the strongest customer segment in terms of sales, Downtown retail still serves local residents by providing a social and retail *experience* that they value.

While there are no doubt challenges to address, Downtown starts from a position that is well ahead of its contemporaries.

On a broader level, it is worth noting that guided by proactive initiatives by the City and private sector, Downtown has survived several perceived threats which were expected at the time to deliver devastating blows to the retail mix. These include Crossroads Mall (1963), FlatIron Crossing (2000), Twenty Ninth Street (2006) and e-commerce (today). Boulder Bookstore, for example, has endured since 1971, even with a Borders in

[13] Of course, 41 chain-lets and 199 independents aggregate to 240 non-chain tenants, not 215 – there is some overlap so as to allow for easier comparisons with 2005 data, which utilized the chain-or-independent binary.

the East End (now closed), a Barnes & Noble on 28th Street and Amazon always a click away; indeed, it just enjoyed a banner year.

It is also not a stretch to say that Downtown faces limited competition today. Both Twenty Ninth Street and FlatIron Crossing are strong performers in their own right, but also represent rather uninspired versions of their respective formats. Indeed, certain tenants at Twenty Ninth would seem like prime candidates for relocation *to* Pearl Street.

In sum, while there are no doubt challenges to address, Downtown Boulder starts from a position that is well ahead of most of its contemporaries, in that it remains beloved by local residents, does not suffer from a parking problem, still enjoys a healthy balance of retail and food/beverage uses and boasts a mix of large brands and small chain-lets/independents – all while surviving a number of threats over the years that were expected to prove fatal.

TRAJECTORIES OF SUBMARKETS, SUBDISTRICTS, AND AT THE MACRO LEVEL

Macro-Level Trends

Generally speaking, Boulder is in a far better position vis-à-vis broader macro-level trends than most other Downtowns.

Boulder cannot just point to a robust local economy, but also, one relatively immune, it would seem, from cyclical downturns, as it is stabilized to a significant degree by the presence of recession-immune employers like the University of Colorado Boulder and the numerous national science institutes as well as the timeless appeal of its natural setting and the proximity to various outdoor pursuits.

The percentage of the average American's income that can be used for discretionary spending has fallen, owing to a number of relatively new or ever-increasing costs. Examples of the former are the expenses associated with cable television, Internet access and smartphones, while the latter includes rising health-care premiums, skyrocketing housing prices /rents, more expensive college tuition, etc.

This trend-line, however, does not appear to have impacted consumption in Downtown Boulder: intercept-survey data shows that while the percentage of respondents planning on making a purchase has decreased by 15%, from 88% in 2010 to 73% in 2016, the amount which they spend on average has grown by 23%, from $52.12 in 2010 to $64.28 in 2016.

Furthermore, sales-tax data from the City confirms that Downtown Boulder consumers have not stopped spending, with taxable sales growing by 11% in the four years from 2013 to 2017 (excluding marijuana sales and other non-storefront outliers).

As will be discussed in detail as part of the "Retail Trends" presentation, the role of e-commerce in the recent struggles of brick-and-mortar retail has been grossly overstated, and while online's impact could be decisive in the case of individual retailers, its effect in the aggregate, on a Downtown setting like Boulder's, is likely to be moderate at most.

In a certain sense, Downtowns and other traditional business districts have been battling with such formidable competition for almost seventy years now, since the rise of the suburban shopping center in the postwar era. As a result, they long ago started to embrace strategies that best leverage their unique assets and strengths, like food and beverage, niche and independent retail, historic character, human scale, etc.

To the extent that Downtown Boulder is more exposed with its collection of national brands, the right-sizing of store portfolios usually favors stronger "Class A" locations where sales levels can justify the occupancy costs, and Downtown would almost certainly qualify, inasmuch as it is viewed by the tenant community as the dominant shopping destination in a highly coveted, fast-growing market.

Finally, whereas both e-commerce and conventional strip retail trade to a significant extent on price and convenience, Downtown Boulder benefits from a significant number of leisure travelers and day-trippers, who tend not to be thinking in such practical terms and who are typically more vulnerable to impulse purchases, even ones that they might in their workaday lives make online.

Stakeholders often trivialize the role of storefronts as “billboards” for the tenants therein. This is arguably, however, the direction that brick-and-mortar retail must take in an increasingly omnichannel world, as a critical tool in generating and reinforcing front-of-mind brand awareness. Indeed, this is why so many online-only concepts have started to open physical stores (i.e. “clicks-to-bricks”).

The dismissive attitude might be rooted in a belief that such tenants do not attract *real* foot traffic. However, Warby Parker, a prime example of the clicks-to-bricks phenomenon, reported that in 2015, its stores – selling eyeglasses in the low $100’s -- achieved sales-per-square foot of more than $3,000, on par with the likes of Tiffany and exceeded only by Apple.[14]

On a related note, large financial institutions are today looking to *shrink* their physical footprints, not enlarge them. With the rise in online banking and the advent of point-and-shoot deposits, there is far less of a need for bank tellers and spacious bank branches. As with retail more generally, the primary purpose of brick-and-mortar is as a marketing tool.

The controversial Capital One storefront should be understood in this context. In fact, the company’s use of coffee culture as a lure with which to expose would-be customers to its products and services – in an era (and a place) when more conventional marketing tactics often fail to resonate - manifests a spirit of innovation.

The restaurant industry is currently facing some strong headwinds. Due largely to market saturation, the industry nationwide suffered a same-store sales decline of 2.2% in the third quarter of 2017, the largest drop since the end of the Great Recession. Between weakening demand and rising costs, particularly for labor, industry observers believe that a shakeout is imminent and, in some ways, has already commenced.

After years of runaway growth, Metro Denver appears to be moving in the same direction. An estimated 200 to 250 new dining establishments opened every year for four straight years. At the same time, Colorado suffers from some of the highest rates of staff turnover in the country, while real estate and construction costs continue to climb locally.

The effects, however, have not been felt in Downtown Boulder, at least not yet. According to intercept-survey data, the average respondent increased his daily spend at restaurants and bars by 49% between 2010 and 2016, from $22.13 to $33.08. And anecdotally, while local restaurateurs have raised concerns about the shortage and cost of labor, they do not seem overly worried with unit performance.

In sum, ominous macro-level forces are unlikely to have a negative impact on Downtown Boulder retail. The local economy is both robust and stable. The threat posed by e-commerce has been overstated. And in contrast to broader trend-lines, Downtown consumers are increasing their discretionary spending both overall and in restaurants.

[14] According to figures provided by *Fast Company*, both Warby Parker’s and Tiffany’s physical stores were grossing roughly $3,000 per square foot in 2015.

Existing Consumer Submarkets

MJB Consulting understands consumer submarkets not just in quantitative terms (e.g. population, median household income, etc.) but also, in qualitative ones, specifically, with reference to psychographics, which considers the lifestyles, sensibilities and aspirations of different "segments" within American culture. Drawing on MJB's proprietary scheme[15], the following segments are of particular relevance in Downtown Boulder.

University Students comprise by far the largest psychographic segment in Boulder. They are concentrated mostly to the south of Downtown, both on the University of Colorado Boulder campus and in the University Hill neighborhood to its immediate west, though they also live in Downtown proper as well as pockets along Foothills Parkway (SR 157), the latter partly due to the location of CU Boulder's East Campus.

The overwhelming majority are typical college co-eds. They patronize bars and other forms of nightlife, and eat fast food. Despite limited incomes, they splurge on cheap-chic fashions (e.g. Forever 21, H&M, etc.). They are more likely to utilize alternative forms of transport (e.g. walk, bike, bus). Their buying preferences are influenced by environmental concerns. Reflecting broader fitness trends, they are often devotees of yoga and Pilates.

Other than a few apparel retailers (i.e. Buffalo Exchange, Crossroads, Savvy on Pearl), however, this submarket has only a limited presence in Downtown.[16] This represents an opportunity, inasmuch as "The Hill" has struggled to broaden its tenant mix and remains largely bereft of comparison goods. And while the offerings along Baseline Road are a bit more compelling for this segment, it is still an auto-oriented corridor with little sense of "there, there".

> *Downtown Boulder is patronized by a diverse mix of psychographic segments, including, most notably, University Students, Coastal New Economy, Neo-Hipsters, Leisured Middle, Yupsters and, to a lesser extent, Hipsters.*

The three unknowns, in terms of competition, are: 1) the 17,000-square-foot space formerly occupied by Whole Foods Market at the intersection of Broadway and Baseline Road; 2) the 30,000 square feet of retail space planned as part of the hotel / garage project at Broadway and University Avenue; and 3) the knock-on effects that both this and the University's conference center / hotel on the other side of Broadway will have on The Hill itself.

Not all students are captured by the aforementioned profile, however. Indeed, there is a sub-segment – largely graduate students in their late 20's and early 30's who live either in Downtown proper or along Foothills Parkway – that behaves somewhat differently as consumers. They, too, partake in yoga and pilates, but they also boast higher incomes and generally exhibit more up-market tastes.

Drawn to the vitality of urban life, these sorts of students strive to be (and seem) more sophisticated. While socializing at bars and restaurants, for instance, they enjoy a glass of wine. They also value creativity and

15 The labels used as shorthand for these psychographic segments – "Coastal New Economy", "Yupsters", "Neo-Hipsters" and so on – are proprietary creations of MJB but similar to the sorts of names developed by other lifestyle segmentation schemes like ESRI's Tapestry and Nielsen-Claritas' PRIZM NE.

16 According to the intercept-survey data, students account for just 4% of the foot traffic in Downtown Boulder, though the survey was mostly administered during the summer months when most students are not in town. However, this data point is corroborated to some extent by the current retail mix, which contains only a handful of student-oriented concepts.

patronize the fine arts. Whole Foods and Trader Joe's are their preferred grocers, and Nordstrom and Banana Republic, among their favorite retailers.

A number within this sub-segment live in Downtown proper but those that reside in East and South Boulder might also be pulled towards the growing number of contemporary food and beverage concepts at and near 55th and Arapahoe, led by Chef Hosea Rosenberg's Blackbelly Market, as well as offerings at the remodeled Table Mesa Shopping Center, with its new Lucky's Market flagship.

The second largest contingent, accounting for roughly one quarter of the city's residents and representing the largest psychographic segment in Boulder County, can be described as **Coastal New Economy**.[17] Found in a number of Boulder neighborhoods but concentrated in North Boulder, these residents represent not the mythical "Old Boulder", as has been implied in meetings, but rather, the tech-driven economy that has arrived more recently.

They are the kinds of well-educated, well-traveled, affluent professionals – often without kids and sometimes still single – that one typically finds in the single-family suburbs of major Northeastern and West Coast metros. And while they might align with traditional Boulder in many ways (e.g. yoga, hiking, organic foods, environmentally-aware purchasing, bicycle-commuting, etc.), they are – or were -- *not* the ones shopping at Starr's Clothing or Boulder Army Store.

With those belonging to this psychographic, consumer tastes tend towards the upscale and sophisticated. They enjoy visiting art galleries, and favor wine as well as artisanal "Third Wave" coffee (such as can be found at Ozo or Boxcar). They shop for groceries at Whole Foods and Trader Joe's, and belong to Costco. As movie-goers, they would likely be among the most frequent patrons of a Downtown art-house cinema.

The segment can be found at North Boulder shopping centers like the Whole Foods-anchored Community Plaza and the Lucky Market-anchored Hillside Shops. It is also increasingly drawn to restaurants and artist studios in the emerging NoBo Arts District and will likely head there even more often as growth continues, especially if a cultural anchor finally materializes.

The third largest segment, and the second-largest in Boulder County, consists of the **Neo-Hipsters**. Neo-Hipsters represent the next iteration of the Hipsters (further described below), yet while still creatively-inclined and alternatively-minded, they have started on an upwardly-mobile trajectory that changes their tastes and sensibilities in subtle yet significant ways.

Neo-Hipsters are the ones who are powering today's resurgent urban culture: while they still follow in the footsteps of Hipsters, they bring the cultural forms of the latter into the mainstream, bridging the gap between hip and trendy. They popularize districts like RiNo and the Lower Highlands long after Hipsters discovered them (and either left or had been displaced).

Well-educated, hard-working professionals in their late 20's and 30's, Neo-Hipsters still earn moderate incomes but, living alone or with roommates, they are able to spend at a level or two above their pay-grade, shopping for

[17] While this psychographic segment is obviously not "Coastal" in Boulder, its name derives from the parts of the country where it is most heavily concentrated, like the San Francisco Bay Area, Seattle, etc. In other words, Boulder, by dint of its economy and quality-of-life, has managed to attract a segment not normally found in non-coastal metros; the only other market for which this can really be said is Austin.

groceries at Whole Foods, indulging in “foodie” culture and traveling for leisure frequently. They celebrate the fine arts and visit galleries while also working as artists at home, as a sideline pursuit.

This psychographic lives in the Downtown, particularly in the Whittier neighborhood to the immediate north / northeast of the core, and spends money in the West End, juicing and caffeinating at Wonder Press and Alpine Modern, eating at Bartaco and T/ACO and shopping at Cedar & Hyde Mercantile and Urban Outfitters. The segment can also be found along Foothills Parkway in East and South Boulder, drawn to the aforementioned offerings in the 55th and Arapahoe area as well as the Table Mesa Shopping Center.

Arguably the most important submarket is the one consisting of leisure-oriented tourists, shorthanded here as **Leisured Middle**. This particular psychographic actually represents the majority of the foot traffic in Downtown, with out-of-state (32%) and international visitors (7%) aggregating to a combined 39% of intercept-survey respondents (and growing), and with metro-area “daytrippers” accounting for another 14%.

Of the different user groups, out-of-state residents are the ones who engage with the Downtown on the widest variety of fronts, including people-watching, dining, shopping and snacking. They are also the most likely to make a retail purchase (66%, versus 50% for all respondents and 28% for city residents), and they spend dramatically more per person ($91.67, versus $64.28 and $39.12).

It is therefore critical to understand who these people are and how they consume. With a 44.6 median age, out-of-state visitors tend to skew older, with the largest percentage of empty nesters (31%, versus 21% overall) and the lowest share of singles (20%, versus 34%). And they boast the highest levels of disposable income, with the average household earning roughly $97,000 per year and 24% making $200,000 or more (versus just 15%).

Furthermore, leisure-oriented tourists tend to be impulse-driven shoppers and less vulnerable to the lures of competitors – either ones elsewhere in the city (like, say, Twenty Ninth Street) or online (Amazon). In a sense, then, they are “captive”, especially since, in this case, they are somewhat more likely to be using alternate forms of transport (i.e. walking, bus, bicycle) rather than private automobile.

The received wisdom seems to be that the overwhelming percentage are in fact parents of CU students, and indeed they account for three of the year’s biggest weekends for many Downtown businesses. Only 4% say that there are in town for reasons related to the university, versus 36% for vacation and 29% for friends and family, though the data is skewed somewhat by the fact that the intercept survey was administered mostly in the summer months.

Generally speaking, those belonging to Leisured Middle favor practical looks like, for example, fall/winter outfits of jeans and quilted down jackets. They buy outdoor and athleisure wear at Patagonia, Prana, Athleta and Montbell, and they also gravitate to somewhat more trendy (yet still far from fashion-forward) pieces found at stores such as Free People, Alex and Ani, Island Farm, Savvy on Pearl and Bliss.

Finally, those in Leisured Middle represent a critical submarket for several Mall icons on “The Bricks” that lend themselves to browsing, such as Boulder Book Store, Peppercorn and Into The Wind. And while they typically do not venture west of 9th Street, they will explore the East End, at least as far as 18th Street, sampling other such stores like Momentum.

Another important segment, partly because it drives the political discourse, consists of the **Yupsters**. These are Baby Boomers and/or empty nesters who share many of the same artistic interests and progressive sensibilities as the Neo-Hipsters but who are in an older, more leisured and financially-comfortable life-stage and who have come to expect a higher level of amenity and convenience.

Interestingly, other lifestyle-segmentation schemes like ESRI's Tapestry do not even recognize the presence of this psychographic in Boulder, but we at MJB have found that Yupsters tend to be a fixture in liberal university towns and would contend that not only have they lived in Boulder (particularly North Boulder) for decades[18], perhaps even since the activist and free-wheeling '60's, but they remain the chief standard-bearers of "Old Boulder".

Yupsters can justifiably claim credit (or must take responsibility) for much of what defines Boulder today. They form the core of the resistance to a changing city, whether it is new tech money or profit-hungry landlords. They are the ones who most vehemently opposed the arrival of Capital One / Peet's as well as the rent hikes that doomed Starr's Clothing.

Yupsters are the most dependable customers for older locally-owned businesses in Downtown such as Boulder Book Store, Trident Booksellers, Art Mart, Boulder Arts & Crafts Gallery and Pedestrian Shops. In terms of fashion, theirs tend to mirror the practical and/or somewhat trendy looks of the leisure-oriented tourists described above.

Yupster dining preferences, however, are becoming ever more removed from contemporary trends and tastes. Not especially enamored with the rise of so-called "fast casual", they typically insist on sit-down restaurants with waiter/waitress service and a reservations policy. In Downtown, they tend to favor older classics such as Pasta Jay's and The Med.

With their antipathy towards large chains, Yupsters have little use for most of Downtown's competition. Exceptions include a few of the brands at Twenty Ninth Street (i.e. Trader Joe's, Anthropologie, etc.) as well as The Village Shops, with its McGuckin Hardware anchor, its cluster of locally-owned boutiques (e.g. J.J. Wells, Pedestrian Shops, etc.) and its overall eclectic feel.

Finally, there are the aforementioned **Hipsters**, referring to the artists, musicians and other influencers who tend to start trends and pioneer neighborhoods. There are admittedly not many of these in Boulder – the cost of living is too dear -- but as "first movers" and "early adopters", they can, even in small numbers, exert a disproportionate impact on local retail dynamics owing to the light that they shine on what will ultimately become the "next big thing".

Hipsters gravitate to communities and districts where they can find affordable spaces for living and working. Ideally the location also captures a certain lived-in authenticity, providing opportunities for "upcycling" outdated uses and abandoned buildings into something more modern and relevant. Within Boulder, the North Boulder Arts District is an area they may favor. Avid DIY'ers and "makers", they are champions of the small-scale and distrust too much spit and polish. Suspicious of traditional marketing and advertising, they follow the word-of-mouth from trusted sources.

To the extent that their presence is felt anywhere in Downtown Boulder, it is in the East End, where the overall retail mix feels a bit more homegrown and down-to-earth and one where finds stores such as Buffalo Exchange,

[18] This is not to say that Yupsters live in North Boulder *exclusively* – another cluster has been reported in University Hill / South Boulder, for example – but rather, that North Boulder is where they are most heavily concentrated.

Crossroads and Common Era. The decision by Warby Parker, a Neo-Hipster eyeglasses brand with a keen eye for this particular psychographic, to open at its easternmost edge is also very telling.

Meanwhile, the increasingly upscale feel of the West End, with projects such as PearlWest and high-priced stores like Cedar & Hyde Mercantile and Canoe Club, would elicit a sense of wariness if not outright disdain. With a few exceptions, most notably Urban Outfitters, University Bicycles and the more subdued block of West Pearl, Hipsters likely avoid this part of Downtown.

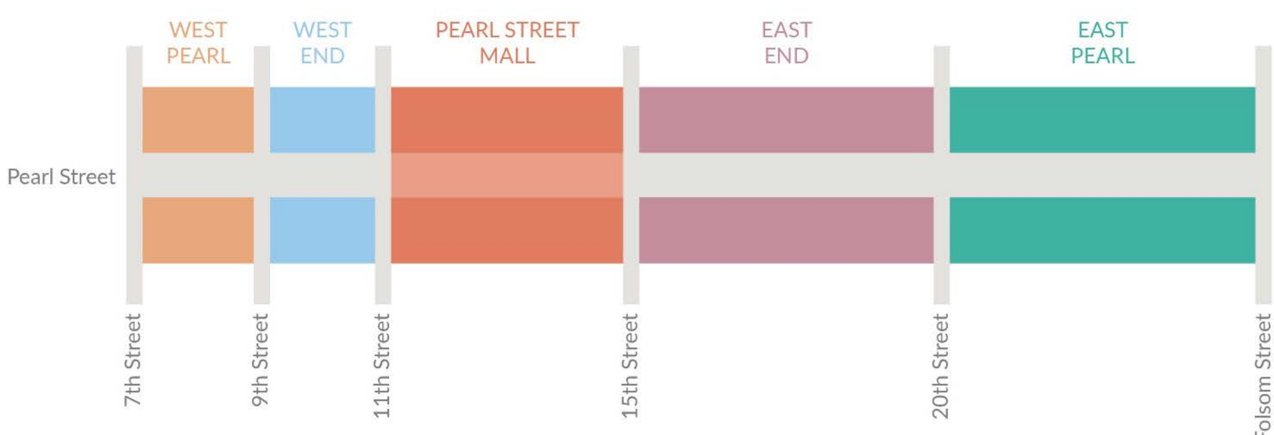
Psychographic profiles are not as easy to generate for the roughly 9,400 daytime workers in Downtown Boulder, though this submarket, too, represents a source of potential customers, especially for certain types of businesses such as quick-service eateries (for lunch), coffee bars (for caffeine) as well as restaurants and bars (for "Happy Hour" and afterwards).

As discussed earlier, however, the Downtown workforce is bifurcated. 41% are employed in retail, accommodation and food service jobs and, due to their low wages and their long commutes, relatively limited in what they spend. Meanwhile, a slightly higher number fill well-paid "knowledge-economy" positions that correlate roughly with the Coastal New Economy and Neo-Hipster segments.

In sum, Downtown Boulder is patronized by a diverse mix of psychographic segments, including, most notably, University Students, Coastal New Economy, Neo-Hipsters, Leisured Middle, Yupsters and, to a lesser extent, Hipsters.

Existing Downtown Subdistricts

At the same time that consumers are demanding goods and services from businesses, prospective tenants are seeking street-level space from property owners. For a healthy retail district, these two discrete "markets" need to be aligned: even if there are seemingly more than enough customers to support a particular kind of store, it might still not materialize if an operator is unable to identify a suitable space and reach an acceptable deal with a landlord. The following section analyzes this second market within the context of Downtown Boulder's multiple subdistricts:



The **Pearl Street Mall**, encompassing the four blocks from 11th Street to 15th Street, sits at the center of the tourist experience in Boulder and attracts large numbers from the Leisured Middle psychographic. But also, while the received wisdom is that the Mall's poor visibility to and lack of parking for motorists deters locals, the foot traffic is actually thick with Yupsters as well, for whom the Mall remains at the core of the community's identity.

Pearl Street Mall

Among tenants, it is the most coveted of the subdistricts, with space leasing for $39 to $55 per sq. ft., representing a significant jump from just five years ago when rents were $29 to $40 per sq. ft. Furthermore, the dramatic rise in NNN[19] costs during that period, to $15 to $20 per sq. ft. – due largely to a 25-30% increase in property taxes – means that occupancy costs now range from $54 to $75 per sq. ft.

Tenant demand is not constant across all four blocks, however. As evidenced by the clustering of large national brands, the market for retail space is stronger from 13th Street to 11th Street, partly due to the intersection with Broadway (12th Street), one of Boulder's primary traffic arteries, as well as the break in retail fabric resulting from the presence of the Boulder County Courthouse between 13th Street and 14th Street.

Indeed, the two blocks from 13th Street to 15th Street consist largely of independently-owned (and not always especially well-capitalized) shops geared towards the tourist trade. Unico Properties, however, controls a number of spaces on the block between 14th Street and 15th Street, and might elevate the rent levels there beyond what current occupants will be able to justify.

While there has been some grumbling about a handful of stubbornly vacant spaces on the Mall, the overall vacancy rate, at 2%, remains extremely low, and most of the empty spaces that do exist are not easy ones to fill, in that they are relatively large in size (i.e. ranging from 3,200 to 4,300 sq. ft.) and/or conform to the narrow-and-deep configuration favored in the early 1900's when the buildings were initially developed.

Especially with the development of the PearlWest complex, the **West End**, which encompasses the two blocks of Pearl Street between 11th Street and 9th Street as well as the stretch of Walnut Street between Broadway and 9th Street, has emerged as ground zero for Boulder's Neo-Hipster and Coastal New Economy contingents, and become one of the flashpoints for Boulder's current identity crisis.

The West End

Described by its developer as "kinda the *New* Boulder", PearlWest is viewed by Yupsters and others as a symbol of the influx of tech money. Indeed, some of its street-level spaces have leased at rates as high as the $90's per sq. ft. NNN. There is, however, a very limited depth to that submarket, and the developer has been forced to greatly lower the asking

[19] As will be discussed in greater detail later, NNN, or "triple-net", refers to the three types of "pass-through" expenses that landlords typically force tenants to pay, namely, taxes, insurance and maintenance. When a property owner says that she is offering a space at "X dollars per square foot NNN", that implies a base rent of X plus those costs.

PearlWest

rent on its remaining space. The West End as a whole, including Pearl Street and Walnut Street, will likely settle in the $30's to $40's per sq. ft. NNN range.

Going forward, the Yupster presence would be boosted, and its feelings toward PearlWest improved upon, by the opening of the city's first art-house cinema in the complex's basement (which is once again a possibility). At the same time, the overall Neo-Hipster trajectory will be accelerated with the debut of Downtown's first multi-vendor food hall in the old theater space formerly occupied by Boulder House / Absinthe House.

The East End

The **East End**, extending along Pearl Street from 15th Street to 20th Street, manifests more of an eclectic and independent vibe, including a number of locally-owned boutiques, and retains its hold partly for this reason on both Boulder's small but influential Hipster contingent as well as "Old Boulder" Yupsters. It also likely appeals to the subset of Leisured Middle that wanders east of the Mall.

While retail rents in the East End have historically been lower than either the Mall or the West End, its status as a safe space for local businesses has been challenged more recently by the leasing practices of its largest landlord, Unico Properties, which has pushed rates into the $40's per sq. ft. NNN – versus the $20's per sq. ft. NNN of five years ago – and created another flashpoint in the process, the now-displaced, 103-year-old, family-owned Starr's Clothing.

To its credit, Unico appears to have recognized that its approach has backfired with stakeholders and that it needs to strive towards a more balanced tenant mix within its sphere of influence, especially given that many of the larger brands capable of paying its price(s) show little interest in anything east of 13th Street. What this means, however, for its financial model, and for the subdistrict's remaining locally-owned businesses, is not yet clear.

Finally, it is worth noting that the City of Boulder plays an influential role in this subdistrict as well, not just for the ordinary reasons but also, as the owner and operator of the municipal parking garage at 1500 Pearl Street, which also contains a full retail blockfront between 15th Street and 16th Street. In its leasing and management of these spaces, the City could help to steer the overall tenant mix in a desired direction.

West Pearl, separate from the West End, refers to the stretch from 9th Street to 7th Street before Pearl Street grows a landscaped median and disappears into a residential neighborhood. With considerably lower foot traffic owing to 9th Street's width and the discontinuous retail fabric, the active street-level uses in this subdistrict fall into the categories of destinations or conveniences (for West Pearl residents).

Canoe Club, the Neo-Hipster clothier, and University Bicycles, one of the nation's top-grossing bicycle retailers, offer examples of the former, while Lolita's Market & Deli, a well-stocked, 24-hour market, provides one of the latter. In fact, tenants like Lolita's might actually function as destinations – even as "Third Place(s)"[20] – given that such practical businesses are so rare amidst Downtown's largely discretionary mix.

This subdistrict is, going forward, unlikely to change very much. With just a few exceptions, the ground-floor spaces ideal for retail use are already filled with stable retail tenants; the remaining parcels consist mostly of living quarters, with setbacks in many cases. And there is a hard stop at 7th Street when Pearl Street becomes entirely residential.

Perhaps the most intriguing of Downtown's subdistricts is the one that does not yet have a name but will be christened here as **East Pearl**. Separate from the East End, East Pearl encompasses the stretch of Pearl Street from 20th Street to Folsom Street, centering to some degree on the intersection with 21st Street but also including scattered businesses further east.

East Pearl is *not* a traditional retail (sub)district, in that it has a wider range of building types and even less continuity in its retail fabric than West Pearl. Much of its north face is lined with a tree-enshrouded condo complex, separated from Pearl Street by a small creek. Foot traffic is minimal. The eclecticism of the built environment and the handful of murals combine to give it an edgier feel, that is, if it even registers at all.

Looking more closely, however, there are a number of unexpected finds. Like Alchemy Face Bar, the original location of what has now expanded to Denver's Tennyson Street. Or River and Woods, an eatery from the co-owner of T-ACO and the chef of Denver's Root Down. Or Jet's Espressoria, a funky neighborhood coffeehouse. Or Madelife, an artist and entrepreneurial incubator.

Downtown Boulder is best understood not as a single, solitary district but rather, a collection of smaller subdistricts, each with its own personality, core customer, retail mix and trajectory.

A number of the uses – including the sprinkling of artist studios and even some of the creative offices – suggest a Hipster-inflected, up-and-coming part of town, which was given a more mainstream stamp-of-approval in 2017 when Warby Parker, sensing a similar trajectory, chose the eastern edge of the East End, just across 20th Street from East Pearl, for its first Metro Denver location.

Many of these tenants were lured to the subdistrict by the lower pricing that results from both its aforementioned drawbacks as well as the reality that the rent pressures further west cannot be released in any other direction. As an organic provider, then, of affordable retail space, East Pearl functions as a safety valve of sorts, where early-stage entrepreneurs and new concepts can afford to take some risks.

East Pearl also carries the added bonus of easy and free parking (with the meters stopping at 19th Street). And inasmuch as a significant percentage of Boulder's population lives to the *east* of the Downtown and/or would be arriving from that direction, a location in this subdistrict allows patrons to avoid dealing with the parking or the roads in the Downtown core itself.

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[20] A "Third Place", as defined by sociologist Ray Oldenberg in his 1989 classic, "The Great Good Place", is that place within a subculture, aside from home and work, where people gather to feel a sense of belonging. Examples include the pub in Great Britain, the brasserie in France or, from American pop culture, Cheers ("where everyone knows your name") from the eponymous TV show and Central Perk from Friends.

Finally, there are a number of **"side" streets** in Downtown Boulder (defined in relation to the Pearl Street Mall) that contain retail space. These storefronts hold some of Downtown's most iconic businesses, including food and beverage offerings such as Oak, Dushanbe Tea House and Sushi Zanmai as well as entertainment anchors like the Boulder Theater.

The tenant mix as a whole is similar to the Mall itself: largely discretionary. Even the shops are mostly boutiques, including a handful of particularly well-merchandised ones like Tough Luck Cowboy, Umba, VOSS Art + Home and Zeal Optics. This speaks to the robust market for retail space even in second-tier locations, with the very small number of available spaces asking in the $30's per sq. ft. NNN.

That said, while some of these side streets have reached their limit(s) in terms of retail potential, others may yet emerge as more significant corridors in their own right, given the catalytic impact of new anchors and redevelopment. And while their lease rates are already somewhat elevated, they would still provide discounts on the Mall and the West End as well as added supply that should help to relieve pricing pressures more broadly.

As a major north-south arterial with four lanes and no on-street parking, **Broadway** skews more towards the auto than other Downtown corridors, yet it already contains an existing retail fabric, particularly between Pearl Street and Spruce Street, and will offer a direct connection between the core and the new, 18,000 sq. ft. Museum of Boulder, one block north of Spruce Street at Pine Street.

There is also the possibility for significant change (and additional retail space) along the Broadway corridor in the coming years, including the redevelopment opportunities at the Wells Fargo-owned surface parking lot at Walnut Street and the City-owned parking lot at Spruce Street as well as portions of the City-owned site currently occupied by the Boulder Municipal Building at Canyon Boulevard.

Another side street with potential is **13th Street**, given that it is anchored to the north by the famed Hotel Boulderado and to the south by the attractions of the Civic Area, passes the eastern frontage of the aforementioned Wells Fargo-owned parcel and seems likely to become one of the primary pedestrian routes to and from the new conference center and hotels on University Hill.

Submarket	Caricatured Description	Corresponding Subdistricts
Students	Typical college co-eds and aspirational graduate students	East End
Coastal New Economy	Established tech professionals	West End
Neo-Hipsters	Upwardly-mobile creative/tech professionals with hipster sensibilities	West End
Leisured Middle	Out-of-state tourists, suburban day-trippers and CU Boulder parents	Mall, East End
Yupsters	Artsy and progressive Baby Boomers	Mall, East End, West End
Hipsters	Starving artists who start trends	East End, East Pearl

Finally, while below-grade spaces (e.g. at 1200 Pearl Street) provide some affordable (albeit less visible) options on the Pearl Street Mall itself, there has also been interest among certain landlords and brokers in bisecting especially deep Mall floorplates in a horizontal fashion so as to create new, reasonably-priced, street-level units that front on revamped back alleys. An intriguing idea, this will be discussed in greater detail later on.

In sum, Downtown Boulder is best understood not as a single, solitary district but rather, a collection of smaller subdistricts, each with its own personality, core customer, retail mix and trajectory. These include the Pearl Street Mall, the West End, the East End, West Pearl, East Pearl and side streets.

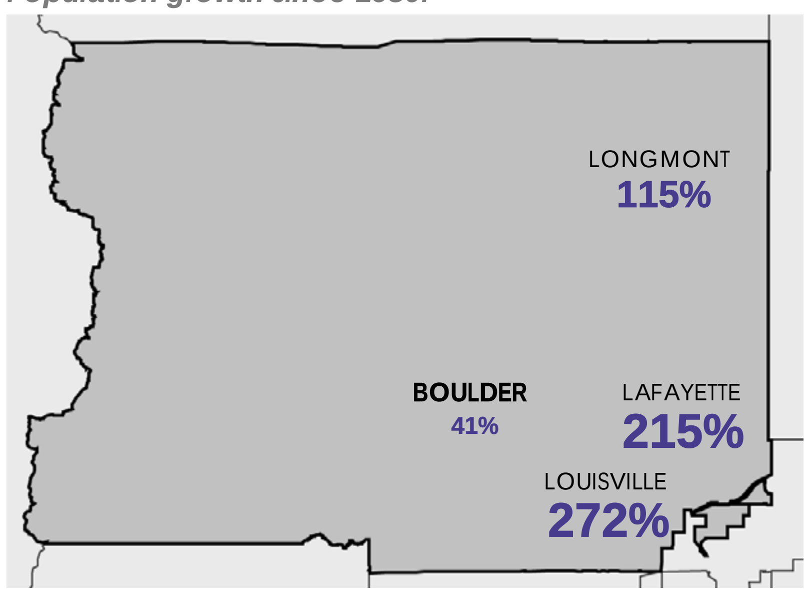
RETAINING REGIONAL RELEVANCE

Stakeholders revealed during meetings a growing anxiety that Downtown Boulder is losing its longtime primacy within Boulder County as satellite Downtowns – like those in Louisville, Lafayette and Longmont – start to emerge as viable alternatives for dining, entertainment and even shopping, capturing dollars that had previously been spent on Pearl Street.

> *"East County has undergone an amazing renaissance. The old downtowns of Louisville, Lafayette, Longmont and Lyons that once had empty storefronts tucked between pawnshops and old-time hardware stores have today given way to robust central business districts with amazing restaurants with gluten-free options, microbreweries, gluten-free menus, music venues, specialty retail stores and coffee shops."*
>
> *- Boulder Weekly*

To some degree, this would be the logical outcome of Boulder's efforts to curb growth within city limits. Due to the enviable quality-of-life (itself protected by those same restrictions) and buoyant economy, Boulder generates demand for housing that can only be satisfied elsewhere in the County. When combined with rising congestion, the result is a strengthening of competitors in closer proximity to such growing communities.

Population growth since 1980:



The town of **Louisville**, for instance, has grown from less than 6,000 in 1980 to almost 21,000 in 2016. In that same period of time, **Lafayette**'s population has increased from 9,000 to 29,000 and **Longmont**'s, from 43,000 to 93,000. Boulder County as a whole expanded by 70% during those 36 years, with Boulder itself accounting for only 24% of that increase.

Louisville offers an example of what happens to the retail mix amidst such explosive growth. Its quaint and charming "Old Town" features a slew of contemporary food and beverage offerings, providing for an active scene in the evenings. And new ones keep opening, as evidenced by the revamp of the former Blue Parrot, which will contain a permanent location for Boulder's Verde as well as an escape room and a revived arcade.

Downtown Louisville can also point to a number of specialty shops that compete indirectly with ones in Downtown Boulder, including Thalken (with a style and sensibility similar to Cedar & Hyde Mercantile) as well as The Singing Cook (effectively a mini-Peppercorn). Meanwhile, in 2014 Alfalfa's opened a second location in its South Boulder Road corridor, an example of a larger trend of popular Boulder-based concepts expanding to surrounding suburbs.

Spending habits can also be theoretically impacted by Boulder's and Downtown Boulder's locations. Boulder sits close to the County's physical center, but at the western end of its population density, with the towns further west aggregating to nothing more than a few thousand people. Furthermore, the Downtown of Boulder itself lies at the western end of Boulder's geographic and residential spread.

Compared, then, to a position at the center of Boulder County's roughly 300,000 people, Downtown Boulder is on its western edge, meaning that those who live on its eastern flank are *further* away. In theory, then, they are less likely to make the trip, preferring instead to patronize a Downtown in closer proximity to their homes – in what is known as "East County".

All of that said, the evidence suggests that in fact Boulder has *not* been losing ground to these competing Downtowns. According to data gathered by the State for the purposes of computing sales tax, while Louisville's retail sales jumped by 13.1% between the fourth quarters of 2013 and 2015 (versus Boulder's 9.5% increase), Longmont's climbed by just 6.4% and Lafayette's, 6.0%.

Furthermore, Boulder is starting from a much higher basis than Louisville. In absolute terms, the latter rose by $9.0 million in those two years, and the former, by $55.2 million. Taken another way, Boulder's boost of $55.2 million far outpaces the *aggregate* ($34.5 million) of Louisville's $9.0 million, Lafayette's $4.6 million and Longmont's $20.9 million.

Just because Boulder's retail sales continued increasing through 2016, however, does *not* necessarily mean that it is or will be unaffected by East County's rise. In fact, the more likely explanation is that Boulder's growth in this regard can be attributed to other consumer submarkets – out-of-state and international visitors, for example – and *in spite of* rising sales leakage to nearby communities.

According to the intercept surveys, Boulder County residents account for just 6% of the foot traffic in Downtown Boulder[21], representing a significant drop from the low double-digit percentages of recent years. They spend well below the average while there – just $26.40 per day (versus $64.08), and they are especially unlikely to make a food purchase. Mostly they head Downtown just for employment or for events.

It is also worth noting that the percentage of Colorado residents from outside Boulder County – primarily from Denver and the Front Range – has dropped from historical levels in the low 20's to just 14% in 2016, likely due to the emergence of new destinations within Denver itself – like The Source, Stanley Marketplace and Union Station – which are capturing foot traffic and consumer expenditure that might have previously flowed to Downtown Boulder.

This begs the question, though, of whether Downtown Boulder *needs* these submarkets and whether efforts to lure them in greater numbers are ultimately worth the opportunity cost. In fact, Boulderites, inasmuch as they represent the largest contingent in Downtown – they are six times as numerous as County residents – would seem to rate as more critical, and the competition for their dollar, more worrisome.

Downtown Boulder enjoyed favorable comparisons against other local retail districts in 2016 and 2017: while its retail sales (excluding marijuana and other non-storefront outliers) were growing by 5.8% during that two-year stretch, Twenty Ninth Street's was dropping by 7.5% and 28th Street's by 2.3%. The data, however, is somewhat inconclusive, in that 28th Street had gained 13% just the year before, outpacing the 3% for Downtown.

[21] Of course, this 6% figure for 2016 could be the result of sampling error, as the percentage has typically fallen within the range 10% to 13% between 2008 and 2014, though it will also correlate with the trends as discussed. Even, however, if sampling error was the cause, Boulder County residents, even at 10% to 13%, would still rank as only the fourth-largest user group, well behind the leader, citywide residents. In other words, the point raised in the ensuing paragraph, about their relative importance, would still hold.

After all, **28th Street**, in addition to serving as a continuation of U.S. 36, the main thruway in and out of Boulder, sits within Boulder's most active submarket for new development, which has welcomed or is welcoming a number of new hotels, a new three-building, 330,000 sq. ft. Google campus (called "Pearl Place", at Pearl Street and 30th Street) and the new office and residential fabric at Boulder Junction.

While none of these projects themselves include large chunks of retail space, they should generate additional consumer demand that will benefit existing businesses as well as tenant interest that will result in new ones. Indeed, the submarket contains a number of older strip malls that appear ripe for re-tenanting or redevelopment, particularly along 30th Street.

Meanwhile, contemporary food and beverage concepts have been growing in number along the stretch of **Arapahoe Avenue from 55th Street west to Foothills Parkway**, with offerings like chef Hosea Rosenberg's restaurant and butchery, Blackbelly Market, as well as Pica's Taqueria, BRU Handbuilt Ales & Eats, and Fate Brewing Co. taking advantage of the relatively low rents there.

'"You can start up a business here for much cheaper than you can on Pearl," he said, noting that Blackbelly pays about a third per month of what it might have had Rosenberg located downtown."'

- Hosea Rosenberg, owner/chef of Blackbelly Market [22]

Furthermore, new projects in the East Arapahoe corridor will add to consumer demand and tenant interest. These include the 76,000 sq. ft. expansion of Boulder Community Health's Foothill Campus (at 48th Street) as well as future housing redevelopments that look to capture the upside potential of an undervalued part of town, like the one proposed for the aging Eastpointe Apartments complex (at Eisenhower Drive).

These conform to a vision set forth in early 2017 by the Urban Land Institute calling for higher-density housing and office development as well as more retail space in a 325-acre footprint centered on 55th Street between Arapahoe Avenue and Pearl Parkway. Today consisting almost exclusively of office and light industrial, the "East Edge" is envisioned as the next Boulder Junction, a mixed-use innovation hub and residential address.

Another area of Boulder where new projects could alter the current dynamic is University Hill. Currently dominated by students, "The Hill" has, with some notable exceptions, struggled to attract healthier, more up-market eateries that cater to a broader range of diners, who opt instead to head to Downtown proper or other alternatives and spend their money there.

This will probably change with two projects at the intersection of **Broadway and University Avenue**. One will feature a new University-sponsored conference center and hotel, and the other will consist of a Sage Hospitality-operated hotel and 30,000 square feet of retail/dining space. Together, they will likely attract food and beverage concepts that stem some leakage to Downtown.

[22] As quoted from Alex Burness' March 10, 2017 *Boulder Daily Camera* article entitled "City's 'East Edge' could be due for Boulder Junction-style makeover".

"We're going to have several hundred hotel rooms full of people and they're gonna want to come out and grab a cup of coffee or lunch or a glass of wine. So I think it's a great opportunity for University Hill to take on a more diverse existence than it has today."

- Jim Robertson, City Planning Director [23]

On the other side of the Downtown core, precise plans for the 8.8-acre **Alpine-Balsam** site at Broadway between Alpine Avenue and Balsam Avenue have not yet been identified, so it is hard to gauge the redevelopment's likely impact on Downtown. City Council, however, has articulated a vision for a "community hub of some kind" that includes City offices, housing as well as restaurants and bars in a pedestrian-oriented layout.

The competition posed by Alpine-Balsam could be formidable partly due to what sits just across Broadway: the beloved Community Plaza / Ideal Broadway Shops, which offers the kind of anchor (Whole Foods) and co-tenancies towards which many prospective tenants would gravitate. Indeed, it recently welcomed Santo, the latest concept from chef Hosea Rosenberg.

Finally, with its brand of arts-driven development, the emergent **NoBo Art District** appeals to both the Yupster and Coastal New Economy segments that predominate in North Boulder, and its growing cache of restaurants, cafes and eclectic shops undoubtedly capture some expenditures that might otherwise have leaked to Downtown.

The district appears to have acquired the requisite momentum such that one can expect its growth to continue, especially given all of the undervalued properties on the west side of Broadway. Indeed, the opportunity still exists for some sort of transformative arts-centered project offering affordable places for artists to live, work and exhibit while also containing a significant amount of retail space.

In sum, none of these fledgling competitors in and of themselves is likely to present a serious challenge anytime soon to Downtown Boulder's primacy within the broader retail ecology, as the latter's combination of scale, co-tenancy, profile and uniqueness would be simply too much to overcome. Downtown is a true "super-regional" attraction, and that is not about to change.

Each competitor, however, will take its respective bite and together aggregate to a level of expenditure that does affect Downtown on the margins, which is exactly where most small businesses (and increasingly, the individual locations of larger brands) are forced to live, especially given escalating occupancy and other costs. Indeed, a combined sales drop of even 5% could make the difference between a solid year and a losing one.

[23] As quoted in Alex Burness' December 3, 2017 *Boulder Daily Camera* article entitled "Pearl West developer added to lead hotel project on Boulder's University Hill".

PRESERVING THE "SECRET SAUCE"

While not always able to precisely articulate it, many stakeholders seem to have the vague sense that amidst Boulder's continued retail vitality and rising property values, something special about the place – its "charm", its "flavor", its "personality", its "spice", its "funk" – is disappearing, and that there is an urgent need to reorient policy towards the objective of "keeping Boulder 'Boulder'".

This feeling of unease is no doubt partly a function of broader forces, specifically, the drama of national politics, the pace of technological disruption and the ever-growing size of large corporate and institutional entities. It also, though, reflects challenges and tensions specific to Boulder that are to some degree an inevitable outcome of the city's popularity and success.

Occupancy costs have indeed climbed rather dramatically, in every subdistrict. On the Mall itself, they currently range from $54 to $75 per sq. ft. NNN, which, using industry rules-of-thumb, demands sales levels of roughly $565 to $750 per sq. ft. for retailers – similar to the grosses achieved at "Class A" super-regional malls – and $900 to $1,250 for restaurants.

Why is this happening? Partly because, on the most basic level, the Pearl Street Mall is an ever more coveted location. According to the logic of the free market, pricing – in this case, the pricing of retail space – is a function of supply and demand. With the supply on the Mall largely fixed, rents will vary on the basis of how much tenants are willing to spend, which ultimately reflects how much they *want to be there*.

Other factors driving these increases include the steep rise in "pass-through" (or "NNN") expenses that landlords force tenants to pay, most notably, the growth in property taxes – which climb in tandem with property values, also a function of supply and demand – as well as the higher costs entailed in meeting certain standards that emanate from progressive politics, like, for instance, energy efficiency.

Such conditions often give rise to criticism that lease rates are simply "too high", but unless the vacancy rate is elevated (it is just 3.9% in Downtown Boulder)[24] or turnover frequent, they are obviously not too high *for everyone*. What such complainants are *really* saying in these instances is that the rents are too pricey for the kinds of tenants which *they* want to see.

In very progressive university towns, such criticism about high rents is also often set within a broader narrative – framing large chains as both evil and inevitable while portraying small "mom-and-pops" as noble and overwhelmed – that draws the fault lines rather simplistically, failing to account for some glaring inconsistencies and critical nuances.

To start with, it is a narrative that, at least in the case of Downtown Boulder, does not quite track with reality. Data from an earlier-discussed PUMA survey indicates that while the number of large chains has in fact increased modestly since 2005, Downtown remains dominated, at a rate of more than three to one, by independents and small "chain-lets".

Furthermore, the basic chain-versus-independent binary is just one layer, on top of which must be placed others, like, for instance, **local origin and ownership**. A sampling of comments in *Boulder Daily Camera* articles on the

[24] As of the third quarter of 2017, according to data from Newmark Knight Frank.

subject bemoans the arrival of "corporate *out-of-towners*" and the impact that escalating rents will have on "*local* businesses".

Yet even though it is now owned by a Boston, MA-based venture capital firm, and counts some 30 locations across six states, no one seems troubled by the presence of Pharmaca in Downtown's East End precisely because it first started in Boulder and technically remains headquartered there today. There is even affection for the locally-*born* Snarf's, now based in Denver and boasting 24 shops in 4 states.

Still another layer, one also often conflated with "locally-owned", is the **distinctiveness of product or concept**. Comments extol, for example, the kinds of "*unique*, local businesses" that have long proliferated along the Pearl Street Mall and lament "Anywhere U.S.A." chains that typically predominate in traditional malls like FlatIron Crossing.

Unique and locally-owned, though, is clearly not everything. In fact, Boulderites do not mind high-profile chains as long as there is a certain **psychographic compatibility**. Brands such as Patagonia, North Face, Prana and the Gap-owned Athleta, for example, resonate with a population known for its embrace of the active and outdoor lifestyle. The Unilever-owned Ben & Jerry's draws on Boulder's free-spirited hippie mythology.

Finally, while an overall tidiness and visual appeal is no doubt a minimum requirement for the Pearl Street Mall's continued popularity and success, some Boulderites seem to recoil at individual retail concepts that feel too "slick" and "corporate", that opt for spit-and-polish over "**shabby chic**", or that are too transparent in their efforts to appear otherwise.

Indeed, the neo-hipster takeover of modern urban culture has given rise to a new model for small business that does not quite mesh with the archetypal "mom-and-pop". Often founded and operated by a young entrepreneur with resources or access thereto, this sort of "start-up" looks and feels every bit as sophisticated and well-capitalized as a large chain, even though technically, it is not one.

This raises the question of **barriers-to-entry**, which might, more than anything else, get to the heart of what troubles so many locals about today's Downtown Boulder. One wants to believe that if an aspiring businessperson has ideas and initiative, they do not need to be a large chain or have lots of money in order to find a place on Boulder's biggest stage, but increasingly, it seems, those are the table stakes.

As will be detailed in a later section, there are a number of possible approaches for addressing this issue. These often focus, however, on policy and regulatory innovations that favor, protect and encourage certain kinds of tenants at the expense of others, and that stop or at least slow the ongoing evolution of Downtown Boulder's retail mix into something more in keeping with its customer base today.

The reality is that the aforementioned preferences might only reflect the sensitivities and sensibilities of *specific* submarkets. They are most directly connected to the Yupster psychographic, which represents a relatively small contingent within Boulder but which typically exerts a powerful influence in the political realm. Such values and tastes are, however, not necessarily embraced across all of Boulder.

Indeed, for Neo-Hipsters, Coastal New Economy and University Students, Downtown's "secret sauce" might be something very different, and inasmuch as they are the truly ascendant segments in today's Boulder and represent its future, their preferences might justifiably hold sway. After all, no one *owns* a district or has a perpetual right to determine its direction.

This calls to mind a poignant column by Ada Calhoun that appeared in the *New York Times:*

'"I just read a story about how brunch is over," a friend says. "One of the commenters said: 'Brunch isn't over. It's over for you.'" Just because you stopped staying out late and sleeping in and then stumbling over to Cafe Orlin for a Bloody Mary and eggs at 2 p.m. doesn't mean no one else is doing that now, or doing something that feels just as exciting.

If you're complaining about the East Village, or New York in general, being dead, I think it's worth considering the possibility that, yes, it is over — for you. But for plenty of others, the city is as full of potential and magic as it was in 1977. Or 1964. Or 1992. Or whenever you last walked down the street and felt like it belonged only to you.' [25]

Of course, some attributes do appeal to most everyone, and should be treated as such in policy discussions. Boulderites, for instance, would generally agree that their Downtown should be walkable, and likely support the requirement of active and continuous street-level retail uses so as to ensure that the pedestrian remains interested in what lies ahead.

There are obviously nuances to this as well. Such a stipulation should only apply to "A" retail locations, where property owners can be reasonably certain that retailers would want to be there. And increasingly, in a disruptive era with new concepts and formats materializing regularly, "active" is not always specific to the tenant but rather, how that tenant decides to use and program its space.

The overarching goal, however, would enjoy widespread backing, and should be part of the retail strategy going forward. Generally speaking, a downtown needs to pay attention to *niches* in an increasingly segmented consumer (and cultural) landscape, but given its historic role as the "crossroads" of its respective community, it must at the same time tap into what unites and binds.

In sum, Boulder is clearly changing into something new and different, and while there are certain aspects of Downtown that might justify protection and intervention, they should not be prioritized at the expense of slowing or halting this ongoing evolution and repositioning, a process that is as inevitable as it is necessary.

[25] Quoted from Ada Calhoun's October 31, 2015 *New York Times* op-ed entitled "My City Was Gone. (Or Was It?)".

IMPLICATIONS FOR RETAIL MIX AND STRATEGY

Retail 101

Before distilling all of this into a recommended retail mix, a little bit of "Retail 101" is in order.

When consumers are shopping for fashion (e.g. clothing, shoes, jewelry, etc.), big-ticket items (e.g. furniture, electronics, etc.) or even sit-down dining, they typically prefer to "comparison-shop", that is, they will gravitate to larger clusters with a wide selection of possibilities that they can then compare on the basis of quality, style and/or price, even if and when there is a smaller one in closer proximity.

Retailers selling such merchandise are fully aware of this preference and therefore tend to gravitate to such agglomerations themselves, where they typically enjoy much higher sales than would have been possible in a stand-alone location. Indeed, they usually *want* to co-locate with direct competitors, in that the latter attract and generate a similar customer. This explains why such tenants were drawn to regional malls for so long.

> *Downtown should be doubling down on the sub-categories in which it already excels, rather than pulling back in accordance with a misplaced sense of balance.*

This nuance is relevant to a Downtown like Boulder's in that stakeholders will sometimes complain that "we have too many of these types of stores" or declare that "we do not need another one of those". With comparison goods, though, the added advantage of each new retailer, rather than posing new competition for existing ones, actually accrues exponentially to the district and thus, its individual merchants.

Downtown, then, should be *doubling down* on those sub-categories in which it already excels, rather than pulling back in accordance with a misplaced sense of balance. The more widespread the belief that it is "*the* place to go" for a certain type of merchandise, the greater the number of customers that will travel there (and tenants that will locate there) for that reason, in a virtuous cycle that benefits all parties.

Errands are different: with, say, canned / packaged foods, over-the-counter pharmaceuticals or dry-cleaning services, the product is essential, not discretionary, but there is a clear limit as to how much one will buy. If a competitor opens across the street, that does not change the amount of money that nearby consumers will spend in the category; rather, it cuts into that number. The result is a zero-sum game.

A district, then, *can* theoretically have too much of a certain type of convenience-oriented good or service: there are quantifiable limits to the consumer demand, and they must be respected. Moreover, those limits, translated into a level of expenditure, must be higher than the minimum sales threshold that the tenant(s) in that sub-category needs to achieve in order to remain a going concern.

How is the current level of demand quantified? Consider that such goods and services are generally interchangeable from one store to the next: it is the same brand of orange juice, at roughly the same price, at the CVS on the corner and the Walgreens two miles away. In such cases, the consumer will generally choose the option that is the *most* convenient, that is, the most easily and quickly accessible.

For a given store, then, the relevant population is the one that resides or works in, or travels to, the geographic area within which it is the most convenient option. In the above example, the CVS would be able to count on patronage from those who live no more than one mile away, because beyond that point, the Walgreens becomes the preferred choice.

This partly explains why there are so few convenience-oriented businesses in Downtown proper. The competition – Community Plaza / Ideal Market Shops to the north, Folsom Street / 28th Street to the east, etc. – is both very close and more convenient for motorists, leaving just a tiny catchment from which to reach those minimum sales thresholds.

Tenanting Opportunities

This primer on retail site location is essential to assessing, on a very broad level, what kinds of tenants should and should not be considered for Downtown Boulder. Now we must drill a bit deeper, identifying prospects not just on what they sell but also, to whom they cater. Specifically, we want to understand which of the various consumer submarkets remain underserved, and what their "secret sauce" contains.

Downtown's active and outdoor niche

The **active and outdoors niche** might already seem perhaps *too* well-represented, but is in fact one of those existing strengths that Downtown can leverage further to its advantage, as the "*the* place to go" for such purchases, by adding other major brands in the space, both for serious athletes looking for technical gear as well as more mainstream consumers primarily interested in lifestyle apparel.

This niche appeals not just to residents, but also, to visitors, who gravitate to a number of these brands while in Boulder. Not only are they captive in a sense, but also, tourists are already coming to Downtown in significant numbers and spending relatively large amounts, so there is little need to change tenanting direction, only to expand selection still further.

(Increasingly the received wisdom is that tourists prize authenticity in their travel experiences and search the places which locals frequent and cherish. Indeed, there is a growing submarket for such "cultural tourism", but it is not always that simple, and one can only draw an accurate picture of what visitors seek by undertaking an even more detailed intercept survey with specific queries on the subject.)

Another submarket worth pursuing is University Students. Even though they represent as much as 35% of citywide residents, even though the University of Colorado Boulder sits less than a mile away and even though the offerings on University Hill are limited, co-eds do not figure all that prominently in Downtown Boulder's retail mix.

This represents a missed opportunity. Students are often dismissed as consumers on the basis of their low incomes and budget mindfulness, but they will in fact spend on items that fit their lifestyles and brands that resonate with them. They tend to be impulse-driven, particularly with regard to shopping, so the primary challenge is one of getting them to the Downtown in the first place.

Downtown Boulder does in fact already offer a handful of stores that appeal to students, especially in the vintage / thrift sub-category, with Buffalo Exchange, Crossroads and Ragstock. They can also find staple brands like UGGS and TOMS at Savvy on Pearl. These, however, are clearly not enough, and a later section will discuss the need for an aggressive marketing campaign that would work in tandem with such draws.

Another lure would be "**cheap-chic**" or "**fast-fashion**". Cheap-chic refers to trendy yet affordable styles that appeal to fashion-conscious shoppers on a budget; they tend to be very popular in college towns. The leaders in this sub-category include H & M (with stores at Twenty Ninth Street and FlatIron Crossing) and Forever 21 / XXI Forever (FlatIron Crossing), though the model describes various other retailers as well.

(A number of stakeholders have also bemoaned the lack of nightlife in Downtown Boulder. Students, as the ones most active in the evenings, are a critical audience to engage in this regard, not so much with "binge-and-puke" bars or dance clubs but rather, with a more **diversified mix of entertainment concepts** that, while relying financially on the sale of alcohol, do not place it at the center of the experience.

An example would be the boutique bowling alley, a la Lucky Strike Lanes (in the Denver Pavilions on the 16th Street Mall) or Punch Bowl Social (on Denver's S. Broadway and in Stapleton) but perhaps on a smaller scale. Another possibility is a table-tennis bar, which has been popularized by Susan Sarandon's nationwide SpiN chain and which exists locally in the form of Ace Eat Serve (in Denver's North Capitol Hill).

One of the newest offerings in college towns across North America is the board-game café, wherein visitors pay a modest upfront fee for the right to play one or more from an extensive library of classics or more recent games. The format, which also typically sells food, coffee and/or alcohol, has proven enormously popular with students and groups. A nearby example is the Haunted Game Café, in Midtown Fort Collins.

Generally speaking, the arrival of new entertainment anchors – whether they be ones catering primarily to students or to other psychographic segments as well (e.g. an art-house cinema) – would increase evening foot traffic, which remains somewhat sleepy in parts of Downtown (e.g. on the Mall, in the East End), and provide an added boost to existing food and beverage establishments.

As highly acclaimed as its food scene may be, Downtown Boulder is also somewhat lacking in **ethnic fare**, a favorite of both students as well as adventuresome diners more generally. At present, concepts skew heavily towards Italian, Mexican and Japanese, with far less selection in such sub-categories as Indian or Thai and virtually none in niche cuisines like Mongolian or Korean.

Generally speaking, one can expect students to dine for traditional fast food or contemporary "fast casual" close to their respective campuses or residences, but they will theoretically travel further for compelling (and reasonably affordable) sit-down restaurants or market halls, especially with so very little of that kind of dining available on The Hill and vicinity right now.

One last point on the student submarket. While there may be some concern about the potential for cannibalization between University Hill and Downtown Boulder, the reality is that, with a few exceptions, the two can be positioned differently so as to complement one another, with the former focused more on convenience and quick-service and the latter on leisure and destination.

Other submarkets that remain underserved to some extent in Downtown Boulder are Neo-Hipsters and Coastal New Economy, which overlap on many consumer tastes and preferences. These two segments would also be drawn to the entertainment concepts noted above, like the boutique bowling alley. In addition, while there are a few shops that cater to their sensibilities, like Cedar & Hyde Mercantile and Warby Parker, others, including some larger chains, would likely appeal as well.

Potential exists in Downtown, for instance, for **classic American "heritage" brands**, which, with their attention to fine craftsmanship, have inspired a devoted following among neo-hipsters. And there is also room for additional operators in the **cosmetics, skincare and beauty** space, one of the retail categories in which brick-and-mortar continues to thrive.

Given their relatively modest number, Yupsters should not be the ones driving the tenanting strategy, but they do have disposable income and care deeply for the Downtown. Generally speaking, they favor loose, comfortable, easy-to-wear styles with an artsy, eclectic or vaguely bohemian flair, similar to what one might find, say, at an Eileen Fisher.

Finally, there are the concepts that would attract multiple segments and come closer to approximating the widespread "crossroads" appeal describe earlier. These include, most notably, **certain convenience-oriented goods and services** that would add a more practical dimension to Downtown Boulder's retail mix, for nearby residents as well as visitors and workers.

Also, while Boulderites likely prefer to exercise outside whenever possible, it is nonetheless surprising that there are so few **fitness clubs and studios** in the Downtown, especially given that the category has been growing so rapidly nationwide. The same applies to **fast-casual salad purveyors**, which also have been expanding aggressively but require in this instance a trip to 28th Street.

Lastly, it is worth noting that, whatever the submarket, the most promising leads for retail attraction are sometimes existing merchants looking to relocate to a larger space or experiment with a new concept. Take, for example, a tenant like Savvy on Pearl, in a relatively tiny and narrow storefront but likely to benefit, given the current level of in-store traffic, from a more spacious floorplate.

In sum, Downtown cannot be, and should not try to be, "all things to all people", but rather, the tenanting strategy should concentrate on those submarkets, niches and concepts which offer the greatest promise, including active and outdoor-lifestyle apparel, "cheap-chic" fashions, classic heritage brands, cosmetics / skincare / beauty, a convenience anchor, boutique fitness studios as well as a diversified mix of entertainment concepts, ethnic cuisine and fast-casual salad purveyors.

REFRAMING DEBATES AND CREATING NEW PARADIGMS

Debates and disagreements that dominate the public discourse in very progressive university towns like Boulder are often framed in such a way as to leave no room for middle ground and no possibilities for collaboration. In hopes of promoting more constructive dialogue, we try in the following section to reframe some of these issues and offer new paradigms for thinking about them:

Stakeholders concerned about retail gentrification typically fixate on base rents, citing their escalation as evidence of the increasing barriers-to-entry. The more appropriate focus, however, is on occupancy costs, of which lease rates are just one component. Others include triple-net (or "NNN") costs – taxes, insurance and maintenance – which the landlord usually forces tenants to pay.

NNN's are fixed, and some landlords are prohibited by their lenders from dropping base rents, because it devalues the property on which the mortgage is based. In order, then, to land tenants, they might offer other concessions, like, for instance, a number of months in free rent or a "tenant-improvement allowance" (or "T.I.") that helps with the cost of build-out.

Those interested in fully understanding the market for retail space should be assessing the deals reached, not just in terms of the base rent but also, NNN costs and concessions. In Downtown Boulder, property owners charging top dollar for their spaces might well be returning some of that money to tenants in the form of free rent, T.I., etc.

The debate about chains versus independents is typically viewed in a binary, "either-or" sort of way, but this obscures the much wider range of tenanting possibilities that actually exist in the marketplace. Indeed, the ownership and scale of modern retailers is better understood as a continuum, with large national brands on one end, start-up or "mom-and-pop" businesses on the other, and a whole lot in between.

In our survey of Downtown Boulder, for example, we added a separate category for "chain-lets", defined as tenants that have expanded to a modest number of locations but not to the point where they seem ubiquitous. These provide a happy medium of sorts, in that they offer a blend of character (since they are not everywhere) and credit (since they have a track

Some of Downtown's unique retail offerings record). Local examples include Barbara & Company, Common Era, Two Sole Sisters, Pedestrian Shops, Organic Sandwich Co. and Ozo Coffee Roasters.

A variant of the chain-let is the multi-concept operator, or MCO. More common with restaurants and bars, MCO's have also grown to several locations but with more than one banner. In some cases, a particular eatery could be part of a much larger operation but because it has its own name and concept, the consumer is none the wiser. Local examples include Mountain Sun Pubs & Breweries (Mountain Sun, Southern Sun, Under The Sun, etc.), Big Red F Restaurant Group (JAX Fish House, Centro Mexican Kitchen, West End Tavern, The Post Brewing Co., etc.) and the Walnut Restaurant Group (The Mediterranean, Brasserie Ten Ten and Via Perla).

Other possibilities include the locally-fitting or "faux-boutique" large brand, the homegrown chains and the well-capitalized independent – all discussed earlier – as well as the often-misunderstood franchise. Also most common with food and beverage, franchises – like, for instance, Ben & Jerry's – are proven operating models that entrepreneurs, often small-scale ones, pay for the right to use while assuming most of the risk as the owner-operators. In other words, they are sometimes just as much "locally-owned" as the mom-and-pop.

In very progressive university towns, there is a tendency to frame every debate as good versus evil and to both dismiss and demonize the opposing side. Indeed, in far left-wing ones, it sometimes seems as if the mere pursuit of profit is enough to warrant inclusion among the "other".

With large chains, though, not only does almost every consumer make certain exceptions (e.g. Trader Joe's, Patagonia, Pharmaca, etc.), but also, most smaller independents – assuming that displacement is not a concern – covet their ability to generate foot traffic. Indeed, even municipalities realize that such brands typically achieve much higher sales – and hence, sales-tax revenue -- than mom-and-pops. These are legitimate motivations for landlords to pursue and municipalities to embrace large chains, and yet they are often lost in the public discourse.

Another example of this in Boulder is the tarring and feathering of certain property owners for prioritizing the bottom line in their leasing decisions. That said, the landlord not only *wants* to earn a profit, but *needs* to do so, inasmuch as it has equity to recoup, mortgage payments to make, investors to satisfy, taxes to pay, etc. This alone does not warrant pejorative descriptors like "greedy" or "unfeeling".

Yet another example is the reference to some impulse-oriented businesses as "leeches" and "parasites" because they typically do not draw foot traffic on their own but must rather rely on others to generate customers for them. While every Downtown depends on draws that can act as destinations, the shops in between serve an important role as well, with their willingness to overpay for the proximity to such anchors enabling landlords in some cases to offer below-market deals to more coveted tenancies.

Any business district with multiple stakeholders is a complex ecosystem; rather than express outrage at the fact that it exists and that the actors play their assigned roles, the more constructive response is to accept such realities and motivations, and to try to make them work *for the benefit* of Downtown. This is not the same as letting the free market do what it will; rather, it is trying to *use* the free market as an instrument for realizing the desired vision.

As just one example, property owners can be presented with tenanting alternatives that align with that desired vision while still meeting their expectations for creditworthiness and rents. These might include, for example, well-established national or even international brands that still reflect Boulder's unique psychographic profile, or even smaller chain-lets that offer distinctive local character while still bringing a proven track record.

The “stick”, then, might not always be the most effective means of realizing that vision. Other cities have been very aggressive in using municipal policy as a tool for ensuring that their districts develop or retain a certain character. In some cases, these efforts have even had the desired effect, but not necessarily without some unintended consequences.

For instance, the City of San Francisco approved a “Formula Retail Ordinance” in 2004, requiring any retail use with 11 or more locations to obtain a Conditional Use Permit in order to locate in a neighborhood commercial district. As a result, these corridors have managed to keep much of their independent flavor, certainly when compared to appropriate analogs like Manhattan.

The City found in a later report, however, that while non-formula businesses tend to recycle more dollars in local economies, their higher prices – 17% higher than chains, on average -- result in a net loss for their host communities. In other words, the unintended consequence of the Ordinance, plain to most who visit many of these districts, was a mix of businesses that skews increasingly toward the high end and effectively excludes lower-income consumers.

The City of Laguna Beach (CA) offers another example. It has long demanded that *any* retail use wanting to open in its Downtown secure a Conditional Use Permit, while only publishing vague standards for what would and would not lead to approval. The City felt that such discretion enabled it to control the district’s character, and pointed to the extremely high percentage of applicants who do in fact receive a green light.

Retailers, though, do not like uncertainty and, without any ability to predict how the Planning Commission and City Council would ultimately rule, many chose not even to try, opting instead for adjacent communities where the pathway seemed more certain. Not surprisingly, Downtown Laguna Beach’s retail mix is rather tired and lackluster, certainly not at a level commensurate with its draw as a tourist destination.

Downtown Boulder has challenges to address, but the answer does not necessarily lie in such heavy-handed municipal interventions. Rather than fearing the free market and aiming to control it, an alternative approach would be to decipher where it wants to go on its own and then try to channel that direction in ways that further overarching goals and values.

Consider, for example, the matter of high barriers-to-entry, which runs counter to the vision of Downtown as a destination for unique, locally-owned businesses. Municipalities have often used higher allowable densities on the most profitable uses in a given projects as a tool for securing concessions (or so-called “community benefits”), which might in this case also include assurances that ground-floor spaces be leased to certain types of preferred tenants.

In Boulder’s case, higher densities are a non-starter, but other forms of incentive and leverage could include tax abatement or saleable density credits.

In many cities, those higher densities are achieved with taller building heights, with the additional profit generated by more upper-floor housing, office or hotel uses in turn subsidizing the affordability component. In Boulder’s case, this is a non-starter, but other forms of incentive and leverage could include tax abatement or saleable density credits.

There is another way of addressing the challenge. High barriers-to-entry for early-stage businesses is not a new challenge in Downtown; in fact, high rents on the Mall were undoubtedly one of the chief reasons why the West

End and the East End emerged in the 2000's as viable retail locations. Now that they have started to climb in price, East Pearl is becoming the next subdistrict to emerge, organically, as a refuge for entrepreneurs.

Rather than trying to turn back the clock on parts of Downtown where the dynamic is set in place and unlikely to change, the City could put resources and energies into places like East Pearl, earmarking dollars for basic infrastructure improvements, creative marketing campaigns, small business loans, etc. Will that ultimately lead to gentrification? Possibly, but then the free market will simply move on to the next subdistrict. This is a healthy process, one that should be encouraged.

In sum, if the tendency to default to a confrontational, "either-or" mindset is replaced with one that instinctively seeks the middle ground on hot-button issues, Boulder would be able to assess different approaches for addressing challenges in a far more constructive manner than is typical in very progressive university towns.

ACTION PLAN

This Action Plan sets out six key opportunity areas related to current and future retail vibrancy in Downtown Boulder. Following the key opportunities is a table, on p. 66, of recommended actions to address each issue area. The opportunities text provides background, explanation, and detail related to the Actions listed in the table.

The action recommendations of this study are to be undertaken by the City of Boulder and the Downtown Boulder Partnership to support and enhance retail vibrancy. However, a fundamental understanding embedded in the entire approach and document is that the private sector – namely, retailers & property owners – implement many of the most important actions that create and support a vibrant retail experience in Downtown. Indeed, many of the recommended actions create incentives or conditions that strive to acknowledge the realities faced by the private sector and to support, leverage, and influence their choices for mutually beneficial outcomes.

The City of Boulder and DBP have long been partners that have made and leveraged considerable investment in Downtown. The cooperation between these two entities and with their private sector partners is among the top reasons that Downtown Boulder has overcome challenges and continued to evolve through decades of change and remains a place that is highly valued by residents and visitors alike. It is critical that both entities continue to collaborate and work in tandem to achieve the optimal results for the Boulder community. Each has unique capabilities and resources that together can keep Downtown Boulder retail on the forefront and as an example to which others aspire.

KEY OPPORTUNITIES

Synthesis of community inputs, market and economic data, and consultant experience result in the identification of six main opportunity areas to enhance conditions for retail in downtown Boulder. These are described in this section. In the Action Table in the next section, these opportunity areas are operationalized into specific actions.

Reframe Role

Although some continue to look backward toward earlier iterations, Downtown's retail composition is vital and serves an exciting role for the local community. Some reframing is in order to move the focus away from what has been, toward celebration of its niche within a diverse field of retail in the City and the region. ***Downtown should be celebrated for delivering an environment that locals value for social experiences and distinctive goods, that is heavily supported by visitors' spending.***

Downtown Boulder retail remains strong, distinctive, vibrant, and fresh by almost any measure. However, Downtown retail has indeed changed, as has Boulder and the region. Continually evolving, Downtown's retail niche now centers on dining and outdoor apparel, and evidences many fine examples of businesses such as Rapha and Full Cycle that incorporate both goods and café-style dining. Local and independent businesses are still the majority of Downtown retailers. However, there are now multiple neighborhood retail centers in Boulder and the region that offer spaces for daily wants (such as a coffee shop) and lower-cost space for start-ups. The market pricing of these locations may indeed be better for incubating local and small business within Boulder than Downtown has become. However,

Downtown Boulder retail remains strong, distinctive, vibrant, and fresh by almost any measure.

many actions can be taken to overcome some of the market obstacles and encourage local and start-up retailers to continue as a vital part of the Downtown mix into the future.

Parallel to embracing the expansion of retail locations, niches, and offerings in Boulder, Downtown must evolve to thrive in a distinctive niche within this diversity. Downtown's retail niche has repositioned somewhat and now centers on dining and outdoor apparel. Local independents continue to make up a majority of its retail mix, complemented by other unique-to-market offerings that contribute to Downtown Boulder as a distinctive destination. We must not expect Downtown Boulder retail to be all things to all people, nor measure it by the affordability of goods available for purchase there. As has been discussed in the previous chapters, Downtown is not the logical location within Boulder for much of the comparison goods retail. However, there may yet be opportunity for affordable commercial space for retail shops, as discussed further below.

Identified actions in the Reframing opportunity area are natural extensions of this study and the work already underway by the City and DBP. They include **getting the word out** about the strong market data for Downtown, and **reframing expectations** of the Downtown retail focus as a place built for the enjoyment of both locals *and* visitors."

Start-Up Support

Downtown's economics can be very challenging for local, start-up retail shops, due in large part to increasing property values and taxes, as well as local fees and regulations. If it is a community priority to retain local start-ups in Downtown, there are actions that would devote public resources to incentives that counterbalance the market challenges. In addition, the business partnership can continue to reach out to start-ups with specific actions that disseminate and build on success stories.

Although there are tenants aplenty for Downtown Boulder at the current market rates, stakeholders express a strong desire to lower barriers-to-entry for start-up and local retail shops.

While currently more than 77% of Downtown businesses remain local independents, they do face real pricing challenges that could erode this share over time. To briefly recap other detailed sections, challenges include rapidly increasing property values and taxes, as well as some local policies that increase costs and are passed through to tenants. This requires that retailers generate higher sales-per-square foot to afford their space(s), which is easier for larger companies and national chains. Some property owners also require that tenants can meet creditworthiness measures that are rare among start-ups and single operators. Other factors, such as the tight labor market in the Front Range, availability of higher paying entry-level jobs in other industries, and limited supply of long-term employee parking all make it increasingly difficult for small and local retailers to attract quality employees in Downtown Boulder.

Although there are tenants aplenty for Downtown Boulder at the current market rates, stakeholders express a strong desire to lower barriers-to-entry for start-up and local retail shops. From the City side, there are several recommended intervention points. The first is **assistance navigating City permitting processes**. Boulder's regulatory environment is more challenging than many cities. For less experienced start-up owners, the time and complexity can be daunting, and they are more likely to make missteps that cost additional time and funds they can less easily afford. Boulder has a point person in Economic Vitality who acts as a concierge for new businesses generally, but a specific start-up specialist in Economic Vitality as well as a counterpart in the permit review section of the Planning Department would specifically benefit less experience and local business owners. The roles might be assigned to an existing staff positions and may not require new resources. If the City were to do this, the benefit could be for start-ups citywide, helping them look at a variety of potential locations in Boulder, not just in Downtown.

Also from DBP's side, **meeting on (at least) a quarterly basis with groups of retailers**, in themed groups such as restaurateurs, outdoor apparel, and other merchants, so as to remain aware of their plans, challenges and needs. This would also facilitate sharing of ideas and resources between the retailers. DBP should also make an effort to conduct individual "exit interviews" with retailers that leave Downtown.

The second City intervention point are actions that can **mitigate the creditworthiness challenges** of start-up businesses. There are two actions identified in the study that suggest the City accept or help mitigate this risk. One is adding **tenanting criteria for Downtown City-owned retail space** that prioritizes start-ups. In general, this would not pirate coveted tenants from private property owners. However, while an important contribution and symbolic commitment, the City's retail space is limited and at present, fully tenanted, so this action would not generate immediate results. Another potential action for the City would be to **develop a program to offer loan guarantees** to Downtown property owners that sign a lease with a local start-up that would otherwise not meet creditworthiness criteria. This might be structured within the existing microloan program or as a separate program. As there is substantially more privately-owned retail space, this action has the potential to have more impact. The City would need to study and carefully consider the willingness and additional capacity to take on financial risk in the name of fostering start-ups in Downtown, and the full range of criteria for when to offer a loan guarantee.

Another intervention point for the City would be to offer **a tax rebate program for local and start-up businesses including retail**. One idea that has been discussed in the community is to change a portion of the existing primary employer rebate program (which excludes retail, hospitality and restaurant businesses), earmarking it for local, startup businesses.

A third recommended City action is to develop a workable **satellite parking program for Downtown employees**. To serve retail employees, shuttles must be available, safe, and convenient late into the night. Like other transportation action recommendations in the Connect Users section, this action requires further detailed study. The city is exploring expanding the d2d (door to downtown) subsidy program to downtown employees who park in satellite locations and complete the last mile to work with TNC's.

Many business partnership organizations offer support for local start-up businesses, and DBP already does some work in this arena. A key action suggested in this study is for DBP to begin acting as an intermediary to help **match undercapitalized business owners interested in sharing individual spaces**, as Boxcar and Cured are currently doing at 1825 Pearl Street. While it is understood that landlords will typically prefer a single tenant, some of this is due to the challenge of matching partial occupants. If two or more tenants are delivered as a complete package, landlords may be more willing to consider multiple tenants. In addition to using in-person connections, DBP could develop and maintain an online platform where such matches could be made.

DBP might also consider **helping merchants to more fully realize the potential of e-commerce**. Finding the time, energy and resources needed to develop and maintain an online presence is not a simple matter for small businesses. Boutiques selling apparel or footwear, for example, have to find space to photograph and post items, update inventory, etc. Inasmuch as the website is an essential in today's omni-channel retail landscape, DBP might explore how it might assist in developing and operating some sort of district-wide portal or platform that can lessen the load on already-overburdened business owners. This work would initially be accomplished by a subcontracted specialist that could train DBP staff how to administer while individual operators would be responsible for maintaining their specific content.

The ability of DBP to assist start-ups, enhance the environment, create affordably sized spaces, and take other actions is somewhat constrained in that the boundaries of the Business Improvement District (BID) do not include the subdistrict of East Pearl where much of the new start-up activity is occurring or most likely to occur. Funding from the BID cannot be spent outside the BID. In order to serve these areas, the businesses outside the BID would need to contribute into the BID. One of the key recommendations of this study is that DBP **explore the feasibility and appetite for expanding the BID boundaries further east** on Pearl Street in order to be able to serve and enhance this area.

If the BID were to add this subdistrict to its catchment, DBP could then work with the City on a host of creative initiatives to enhance its profile, support its businesses and unleash its full potential. Examples include gateway treatments and signage towers similar to what is proposed below for the western and eastern edges of the Mall, the upgrading and showcasing of the narrow creek that runs parallel to Pearl Street, a "guerilla-style" marketing campaign that provides visibility to and increases patronage from its core customers (while avoiding the risk of overexposure and speculation), etc. In addition, the City could explore extending it's free Eco Pass program to full time employees in this area.

Affordable Spaces

Downtown Boulder retail lease rates vary by subdistrict. All have been escalating rapidly, and the highest now approach those of Class A malls. Existing spaces tend to be oversized for today's shopkeepers, and shops are less able to pay these than restaurants. Yet both are needed to continue a healthy mix. The City and DBP could assist to ***facilitate multi-tenant occupancy of spaces, offer below-market City-owned spaces, and incentivize other landlords*** *to offer below-market rates.*

To directly address the issue of the cost of retail shop space, the City could offer **tax abatement to property owners that offer below-market rents** to local and start-up merchants. Construction and use tax or sales tax rebates both appear to be possible options with nexus.

Another potential action for the City is to investigate what incentives could be offered to **leverage redevelopment opportunities to establish affordable retail space** for local retail shops. The City could create a regulatory incentive, such as an impact fee rebate or in-lieu program, for a private developer that discounts some retail leases to a specified percentage below market rates for a specified duration of time. A pilot of such a program might be explored immediately through a special conditional development permit. While the existing strict height regulations and flexible form regulations allow little scope to incentivize with on-site density bonuses, a possibility is to offer transferable development rights that could be built in some other receiving area. As an alternative or in addition to incentivizing private developers, another opportunity to secure below-market space for local start-ups could be the redevelopment and infill of City-owned surface parking lots through public-private partnership. Terms would be established within the project-specific development agreement. The City is currently exploring these concepts with the redevelopment of the 30th and Pearl (Pollard site) in Boulder Junction. Lessons learned could be applied to Downtown and other areas of the city.

Exacerbating the issue of cost per unit area, many merchants indicate that most available retail spaces are larger than they need, forcing them to pay rent for and program excess square footage. Meanwhile, property owners indicate that although the larger spaces do not fill as quickly, with patience they are able to find larger tenants, which ultimately is more profitable. As such, they have no natural motivation to spend resources permanently dividing space to suit smaller-scale tenants.

Facilitate the creation of new alley-facing retail spaces in select buildings. These new units would not only provide affordable retail spaces – local brokers estimate that they would lease for roughly half of the prevailing rents on their fronts of their respective buildings – but also add an element of differentiation and intrigue, similar to what can be found on the atmospheric side streets of Europe and Asia.

Likely tenants would include food, beverage and/or entertainment concepts (e.g. a modern "speakeasy") as well as other kinds of retailers capable of generating their own foot traffic, like, for example, proprietors with an existing following that will find them wherever they are located.

Hollywood's "EaCa" Alley
Credit: Alissa Walker

In order to lure pedestrians, all of these businesses should be strongly encouraged to install attention-grabbing blade signage. At the same time, the City should erect posts at either ends of the alley and on the Mall itself, with signage that alerts and directs passersby to the treasures therein.

In addition to the tenants in the storefronts, the public space itself must be activated. Downtown Fort Collins has also tried to make use of its alleys, but has left them too barren and seemingly devoid of life. In contrast, both the passageways of Seattle's Pioneer Square district as well as Hollywood's East Cahuenga Alley (or "EaCa Alley") have been animated with outdoor seating for the abutting restaurants. The kinds of programming are only limited by the imagination, however, and can range from murals to basketball hoops to other sorts of urban whimsy.

Of course, the alleys must continue to function for services, particularly behind the Pearl Street Mall. Also, the perception of safety will be critical, especially with tenants that rely primarily on female consumers. Designers will be challenged to stage a space that is well-lit and non-threatening while at the same time creating and reinforcing a sense of mystery.

This initiative should inch rather than leap forward, starting with just a single blockfront – likely one of the two behind the Mall-fronting buildings between Broadway and 13th Street. Lawry Lane offers the advantage that its southern frontage can be built from scratch as part of the redevelopment of the Wells Fargo surface parking lot.

Credit: www.everblocksystems.com

One of the more direct interventions recommended in this study is that DBP consider **taking a master-lease on an available space and subleasing portions** of it to two or more individual vendors which would otherwise be unable to afford such a desirable location. DBP could test internal space division systems, such as the flexible Everblock divider system shown in the image (left) and demonstrate them to other landlords. As suggested for City-owned retail space, DBP could establish leasing criteria that gives priority to local start-ups. Obviously DBP would be assuming the risk inherent in subleasing space to entrepreneurs with weak to no credit, which may or may not be acceptable to Board members. Such marketplaces are not as simple to manage as they might appear, and so if DBP does ultimately proceed with such an initiative, it could out-source subleasing and operations to an experienced third party on a fee plus incentive basis.

EXAMPLES: **RETAIL INCUBATORS**

Credit: Urban Emporium/Google

In 2011, the Downtown Mobile Alliance (DMA) in Mobile, Alabama, with funding support from local foundations, opened the 3,200-square-foot "Urban Emporium" in a prime retail space on Dauphin Street, its traditional shopping street. Billed as a retail incubator, it features a collection of start-up and early-stage entrepreneurs arrayed so as to provide a seamless department store-like experience, with a common point of sale. In addition to the DMA's aggressive marketing efforts, merchants receive extensive staffing and technical support, including an experienced "store" manager as well as one-on-one training with a retail consultant, and they are also eligible for low-interest loans to help in relocating to permanent storefronts.

Like most experiments of its kind, the Urban Emporium has had its ups and downs. In its six years of operation, just two of its start-ups have graduated to permanent storefronts, one of them in another part of the city (although it kept its initial Downtown location). Expansion of this kind has been challenged by the absence of smaller spaces that such merchants can afford, with property owners largely unwilling to split their floor-plates for such purpose. At the same time, the incubator has provided a viable location for early-stage entrepreneurs and built a loyal following as a destination in its own right, both in terms of broader awareness as well as tenant quality: no longer a novelty, it can nevertheless claim one of its highest occupancy levels in years, at 83%, and even boasts some second locations of existing businesses.

Credit: Simon Property Group

Downtown Mobile, of course, is not an ideal comparable, for there had been no existing precedent for successful retail before the opening of the Urban Emporium. Downtown Boulder is a different matter entirely, its high levels of foot traffic providing a much stronger foundation for such a format. Indeed, the more appropriate analogs might be the designated spaces that major shopping-center developers are creating within their Class A malls, such as The Edit, at Simon Property Group's Roosevelt Field Mall in suburban Long Island, or Tangible Collective, which Washington Prime has introduced at four of its centers, including Town Center at Aurora.

Of these two, The Edit most closely approximates what is envisioned for Downtown Boulder, featuring a rotating cast of vendors in a dedicated, 3,500 square foot storefront. The platform offers a turnkey opportunity that includes fixtures and displays, staffing solutions, security and marketing for as little as $500 per month for a 20-square-foot space. Tenant sourcing, handled by the U.K.-based Appear Here, focuses on online-only merchants that covet a brick-and-mortar presence.

In the case of Downtown Boulder, however, leasing efforts would be geared towards early-stage entrepreneurs of all stripes. And while Appear Here is intent on expanding across the U.S., it would make more sense to work with a curator that is well-connected locally and can draw on an existing network. Examples include the outfits that are responsible for filling and managing other multi-tenant spaces in Metro Denver, such as the Rayback Collective (in Boulder), Avanti Food & Beverage or Stanley Marketplace.

Finally, since vendors often do not yet enjoy name recognition or loyal followings, they desperately need the visibility of a central location that sits within the existing flow of foot traffic; lower-profile blocks, then, should be avoided, even though space might be easier to find there. Property owners worth approaching include ones with large portfolios in Downtown Boulder (and thus, an incentive to think more broadly about tenanting). It is worth noting as well that an incubator, while implying higher costs, also typically generates much higher per-square-foot rents.

The City and DBP might think about **an incubator "ecosystem" for small businesses that offers a network of spaces** for ones at different stages in their evolution. For example, a retail incubator similar to the Urban Emporium could be created for start-up entrepreneurs. Then, the street-level spaces in City-owned parking garages, as they become available, could provide opportunities for vendors once they are ready to take the next step and occupy permanent storefronts, with the most successful and sophisticated ones – presumably capable of paying the highest rent – designated for the more expensive ground floors of new projects that could be developed as infill on City-owned parking lots.

In addition, the City could **adjust**, **target and prioritize allocations of existing assistance programs** to ensure that cost offsets are passed along to retail shop owners. For example, the city has programs such as the Energy Smart program that can help offset the cost of tenant improvements. This should help retailers, however, not only is the program oversubscribed – meaning many eligible projects simply cannot get funding – but due to the design of the program, it typically benefits the property owner, rather than the tenant.

Enhanced Environment

Boulder has always been a leader and innovator in creating a distinctive Downtown environment that attracts quality tenants, locals, and visitors. As other communities have copied Boulder's last round of innovations, Boulder no longer feels as unique and distinctive. ***A decade after the Pearl Street Mall's last major refresh, it's time for an update.***

> *The specific actions recommended point to amenities that speak to locals and to visiting customers whose spending supports the retailers.*

Design elements along the Pearl Street Mall

The Downtown Boulder retail experience is not only about the quality and variety of businesses that operate there. It is also about the distinctive, enjoyable experience in the public areas just outside the retailer's doors that encourages customers to visit, stroll, linger, and stroll further. The City of Boulder and DBP have long been partners in designing, constructing, and programming this space and are **considered national leaders by peer districts**. In addition to pioneering and enduring investments on the Mall itself, city's streetscape investments along 15th Street in 2015 and the West Pearl Streetscape improvements in 2016 have been beneficial.

Nevertheless, it has been some time since the Pearl Street Mall was updated with fresh, innovative ideas and amenities. The bronze play sculptures and pop jet fountain that were once cutting-edge have been eagerly replicated by many communities into fond familiarity. Although they still resonate as positive, to keep its edge Boulder must **supplement with new delights that recreate a sense of distinction and innovation**. The specific actions recommended point to amenities that speak to locals and to visiting customers whose spending supports the

Clockwise from bottom left: "Welcome to the East End" kiosk; view east from the edge of Pearl Street Mall; example of a "signage tower"

retailers. Amenities should appeal to key market segments and continue to convey and resonate with Boulder's brand, residents, outdoor lifestyle, and tech savvy. As the energy of downtown has spread further on Pearl, it becomes important that the **ends of the Mall act as portals that invite the visitor to explore** further.

Establish more effective gateways to the East and West End(s). Some stakeholders have complained that pedestrians walking on the Mall are not given sufficient lures to continue west of 11th Street or east of 15th Street. Take, for example, the East End. A kiosk standing at the eastern edge of the Mall, near 15th Street, contains a *"Welcome to the East End"* display, listing the various businesses on a street map, but it is easily missed, and the building frontages that one sees when looking east do not exactly tempt the viewer to walk further in that direction (see images to the right).

Rather than the traditional gateway arches so often designed for this purpose, the City might, in keeping with the programming of the Mall itself, award commissions for creative public-art installations that would be placed at its edges to introduce pedestrians to the magic awaiting them to the west or east.

At the same time, **the City could permit and encourage attention-grabbing blade signage** for West End and East End businesses in proportion to their respective distances from the Mall. Alternately, it could designate spaces at the edges of the Mall where those same merchants can, with the help of small City grants, display their logos on so-called "signage towers" (see bottom right image above) and thereby alert pedestrians to their presence.

Off the Mall, Boulder could deploy more greenery and smaller scale, funky elements within the sidewalk space – such as interactive art pieces and blade signs. Here we are not suggesting using the same design elements throughout downtown as much as to **enhance the distinctive character and appeal of the subdistricts** with additions that resonate with the market segments that favor each of these areas.

The **lineup of DBP-sponsored events should be updated** as well. Some beloved large-draw events that invite locals and activate Downtown during slower times should remain. DBP members should be consulted to determine which events are most beneficial for them and that DBP should continue to lead, while others can be transitioned to operation by the groups that continue to cherish them. DBP could **work with businesses in the technology and outdoor industries to develop more small-scale quirky and participatory events** that appeal to the tech professionals and student markets. Examples that have proven popular in other markets include technology-based scavenger hunts, "flash mob" activities, and how-to crafting events. The collaboration could yield a wide range of distinctive offerings that would delight, surprise and invite, continuing Boulder's tradition of innovation and leadership in Downtown Management.

Downtown events

Install additional stalls/kiosks in strategic locations along the Mall. While storefront tenants might understandably resist a plan for stalls and kiosks along the entirety of the Mall, additional units should be considered for the northern half of the block between 13th Street and 14th Street, as they would not only provide affordable entry-level space but also, help to compensate for the disruption in retail fabric resulting from the presence of the Boulder County Courthouse.

Require ground-floor retail and restaurant uses in "A" locations and "flex" space in ascendant subdistricts. The presence of non-retail uses at street level – such as townhomes, professional offices or parking fields -- disrupt the retail continuity and flow that encourages pedestrians to continue walking, while also wasting valuable opportunities to leverage cross-traffic and synergies between businesses. At the same time, ground-floor retail should only be expected of property owners when there is already a robust market for it, or else storefront vacancies and/or frequent turnover will likely result.

Drawing on this logic, we propose that retail and restaurants which generates walk-in traffic be required as the primary use at "A" locations in Downtown Boulder, including the Pearl Street Mall, the West End, the East End and Broadway. In ascendant subdistricts, such as East Pearl and S. 13th Street, ground-floor space can be occupied by other sorts of commercial uses – medical and dental offices, educational facilities, daycare centers, etc. – but must be convertible to retail use at a later time, with individual entrances, transparent storefront glazing, accommodation for the venting/exhaust needs of food purveyors, etc.

Collective Attraction

*While retail tenant attraction is the responsibility of property owners, through the Downtown Business Partnership, they can **collectively work to increase awareness and information** among retail trade groups.*

Many Downtown private property owners with multi-tenant or multiple properties already strive to seek a balance between local and national tenants, and between shops and restaurant tenants, because they understand that a mix is beneficial to Downtown as a whole as well as for their tenants. In addition to better marketing of what resources it already has, DBP could support and inform retailers and property owners by expanding its efforts to **collect and provide Downtown-specific data** for Downtown as a whole, and depending on availability, for subdistricts of Downtown. Key data points would include:

- A representative sample of **sales per square foot data**. This would require working with willing retailers to collect data on a voluntary basis, and aggregating enough data to ensure confidentiality.
- An **annual inventory** of Downtown's first floor tenant mix, including the use type (retail, office, financial, etc.) and whether it is a chain, independent, local, and/or chain-let. Similar to the data collected for this study, such information can be invaluable in understanding the reality versus perception of changes in the district. This survey does require a modest amount of staff time but can be effectively accomplished by a student volunteer or intern. Replication of the inventory conducted for and appended to this study would be sufficient.
- **School-year, subdistrict intercept survey**. The summer intercept survey is very well done and provides important information. However, the timing and locations where it was conducted limit the extent to which it can inform about the amount of University student patronage Downtown, and about market segment that would favor subdistricts other than the pedestrian Mall, such as the cluster on the further reaches of East Pearl. It would be beneficial to these understandings to replicate the summer intercept survey during the school year and include a collection point in each of the subdistricts.
- **Pedestrian counts**. While still an emerging field of research in North America, pedestrian counts are nonetheless useful in tracking changes over time or as proxies for the traffic counts routinely used in suburban settings. With its high levels of foot traffic, pedestrian counts would represent a worthwhile investment for DBP. Some of the most well-known contractors include Springboard, Eco-Counter and Motionloft, which utilize newer video-detection technologies that provide continuous counts and data reports for various locations over a 24-hour period. We recommend that DBP select a vendor that works with a number of clients across North America and which would be willing to provide comparative data from those cities for useful context. In terms of which locations would generate useful information in Downtown Boulder, five are recommended along Pearl Street, at 10th Street, between Broadway and 13th Street, between 14th Street and 15th Street, at 16th Street, and between 19th Street and 20th Street; while one is proposed on Walnut Street, at 11th Street.

DBP might begin **prospecting and sourcing pre-qualified leads** that align with the positioning and tenanting strategy outlined herein (on behalf of landlords and brokers). This would *not* entail direct recruitment of prospective tenants, but rather, the leg work of identifying and pre-qualifying new, strategy-appropriate leads that landlords and brokers could then pursue. Such efforts would focus on possibilities of which the leasing community is currently unaware, sourced, for example, from other markets or through grass-roots channels. Before proceeding, however, DBP would first need to: 1) ensure that it has adequate staff capacity (equal to 0.5 FTE) to play this role; 2) undergo intensive training on how to speak the "language" of retail leasing and how to source realistic prospects; and 3) secure buy-in from landlords and brokers, who will need to be familiarized with the mechanics and sold on the benefits. To undertake this action, DBP would most likely require increased funding resources.

MJB has spearheaded precisely this sort of campaign on behalf of a number of BID's across North America, drawing, for instance, on both its proprietary database as well as canvassing efforts to identify realistic prospects; applying its nuanced filtering techniques in order to screen them; educating staffers on how to do the same; and finally, working with property owners, leasing professionals and other stakeholders so that they understand what we are doing and how we are adding value. In Downtown New Haven, for instance, we saw the need for diversified entertainment venues that catered to more than just undergraduates, and proposed from our database a regional chain-let called Barcade, which originated the bar-with-arcade concept in 2004 and had grown to four locations since. We pitched and sold Barcade's owner on the market and, working with the New Haven BID, found a location in Downtown's up-and-coming Ninth Square District, which opened to much fanfare in 2016.

Build the profile and mindshare within the regional and national leasing communities. The purpose here is to take aim at current perceptions of the development and leasing community, both in Metro Denver and beyond, and broaden its understanding of Boulder as a retail market. Specifically, it would introduce other consumer segments besides just the ones widely known or assumed, as well as highlight pro-business initiatives and constituencies within the public and non-profit sectors.

Such an effort would entail the development of a marketing and leasing brochure that sells the Downtown to prospective tenants and leasing professionals, as well as an associated "road show" wherein the case for Downtown is presented, and specific opportunities identified, both to local brokerages and grass-roots networks as well as regional and national audiences.

MJB has also assisted a number of BID's across North America with these sorts of campaigns. In Downtown Berkeley, for example, our work has been instrumental in "changing the conversation" among retail brokerages, shifting their perception of the city as a crazy place best avoided to a high-density market of well-educated, well-off households. This has resulted not just in a plummeting vacancy rate, from 11.2% in 2014 to 4.6% today but also, an influx of high-caliber food and beverage operators from San Francisco.

Meanwhile, in Raleigh, our brochure and outreach served the purpose of familiarizing property owners and leasing professionals of the conservative Southern city about the eclectic tastes and retail potential of the hipsters and neo-hipsters who had descended on their Downtown. The landlords and brokers took to these ideas readily, and today Downtown's upward ascendance, as a hub for creative and alternative culture, is unmistakable, with the study area now boasting one of the largest concentrations of independently-owned and operated businesses in the region.

Connect and Invite

There is ample opportunity to better connect with and ***invite both workers and other customers****. Key opportunities are the customer groups that most often support Downtown's retailers through higher levels of spending. Their purchases enable the survival of merchants and restaurants, and funding of amenities that all local residents can enjoy.*

As forgoing sections of this document discuss, several key market segments represent opportunities for Downtown Boulder retail. While tenanting can bring in the retailers they wish to frequent, there are many additional ways to invite them to come to Downtown and make it easy to get here. Actions related to

EXAMPLES: INNOVATIVE TRANSPORTATION PILOTS

Arlington's Milo Shuttles: In 2017, the City of Arlington, TX introduced an innovative transportation pilot program called "Milo." The program uses two low-speed, battery powered, autonomous vehicles that offer free rides to the public in the city's Entertainment District. Milo operates along select off-street trails rather than city streets, can hold up to 12 passengers, and has a maximum speed of about 20 mph. While it runs autonomously, there is always a certified operator onboard. Currently, during the pilot, Milo primarily runs during events only. The two vehicles are leased from the France-based, *EasyMile*. As of its launch in August 2017, Milo was the first true driverless operation in the U.S.

Credit: City of Arlington, TX

Another innovative transportation pilot Arlington is testing is its **Via Rideshare program**. In December 2017 the City in partnership with Via (an app-based rideshare service), launched one of the first on-demand transit programs in the country. By using an app, riders can book a seat in a six-passenger Mercedes-Benz van that offers rides within a designated service area for a flat fee of $3.

transportation would require partnerships and buy-in from partner organizations that cannot be assessed in this study, and must be explored further to determine feasibility.

Out-of-state visitors are a key group with whom to connect, and the CVB will continue to be an important partner in providing visitor data and insight in how to market to this group. They are also a group that drives significant parking demand. Actions to connect with this group focus on strengthening the awareness and options for transportation between Downtown and locations where they are based – hotels, the CU campus, and in the future, the potential CU conference center. The recommendations here are for the City to explore a **free Hop pass program, "walk there" signage that emphasizes proximity, and creation of a signature transportation link**, such as an autonomous vehicle shuttle or gondola, to the potential conference center on the CU campus.

Improve visibility for and marketing of City-owned parking garages. The City could increase garage utilization by providing well-placed and highly visible wayfinding signage that directs motorists to the nearest one(s) as well as offers real-time information indicating the current availability of spaces therein (for those who do not use the app). In addition, it should determine the extent to which users are even aware of the free weekend parking.

Consider a more market-driven approach to parking management. The City should also consider more efficient management of its parking resource. Rates are not only low for such a vibrant Downtown, but they do not appear to vary from one part of Downtown to another, or from street to garage. By charging on the basis of market demand, the City could increase utilization of its garages as well as ensure that a percentage of spaces on each blockfront remain available.

Take advantage of shared-parking opportunities if necessary. Finally, if indicated by existing utilization, the City might also work with the owners

EXAMPLES: GONDOLAS

In the U.S., most gondolas are created to connect tourist destinations or as tourist attractions themselves. In this regard, the U.S. has lagged behind the rest of the world, where various cities have utilized gondolas as a transit solution. Several U.S. cities – including Austin, TX and Washington, D.C. – have recently proposed gondolas as part of their transportation network, particularly where geographic features such as water or steep hills impede surface-level transit solutions. While many are still in being studied, Albany, NY plans to move forward with a gondola that would cross the Hudson River. It would connect the Amtrak station, one of the busiest in the country, to Downtown Albany.

The **Portland Aerial Tram** is a gondola-like tram carrying commuters between the South Waterfront district and the main Oregon Health & Science University campus. The City owns the Tram, while OHSU provided a majority of the construction costs and oversees operations. The Tram is primarily used by OHSU employees and patients but has become an attraction as well. Rides are free for OHSU users, and round-trip tickets ($4.70) are available for others.

The **Roosevelt Island Tramway** is an aerial tramway in New York City that crosses the East River connecting Roosevelt Island to Manhattan's Upper East Side. It has been in operation since 1976. It is part of the region's MTA system and uses the same fare structure.

of privately-held parking garages and lots to open their spaces to the general public in the evenings and weekends when most of their employees are presumably not working and when demand from consumers is likely to be greatest. These structures would in turn be included in the above initiatives with wayfinding signage and real-time information.

The technology professionals in Boulder are part of another key market segment (Coastal New Economy). A number work in start-ups in Downtown, but a large share work near Boulder Junction and further east, such as in Flatiron Park. To connect with this group, recommended actions include both programming, such as **worker events** oriented and marketed to this group, as well as convenient transportation in the form of a **dedicated Hop route**. In addition, adding a **tech showcase** to Downtown could appeal to these workers, to check out each other's latest products and innovations.

A third market segment is CU Students, which may be infrequent visitors to Downtown – although it is difficult to determine based on results of a summertime intercept survey. A **targeted marketing campaign** toward this group is recommended. The suggested "**walk there**" signage campaign could also reach this group.

Additional actions are suggested that could ease the perception of limited parking supply and connect and invite a wide range of user groups, such as **rideshare discounts, better marketing of free weekend parking in public garages, and better street parking pricing and management.**

TABLE OF ACTIONS

This table lists the recommended actions by opportunity area. For each action, a lead agency – either the City of Boulder Community Vitality Department ("City") or Downtown Boulder Partnership (DBP) – is noted. It is useful to identity a single lead agency, even while it is understood that in many cases the two agencies would work together or with other organizations, such as the Boulder Convention and Visitors Bureau (CVB). Also indicated for each action is an estimated timeframe for implementation, and whether the action can be undertaken with existing resources or is anticipated to require a new resource allocation. Quick wins are denoted with "QW" while, **priority actions are designated with** ***bold italics***. The priority actions are those that are expected to have the most transformative or profound impact.

	Action	Lead	Timeframe	Resources
Reframe Role	***Present current market realities and other retail study findings that frame expectations for Downtown's retail present and future***	City	QW: 0-1 year	Existing
	Message Downtown's strong, distinctive niche within Boulder's overall social and retail landscape	DBP	QW: 0-1 year	Existing
	Market Downtown's concentration of unique to market retail and outdoor sports retailers to visitors and other audiences	DBP/ CVB	QW: 0-1 year	Existing
Start-Up Support	Meet on (at least) a quarterly basis with individual merchants so as to remain aware of their plans, challenges and needs, including "exit interviews" with ones that choose to leave	DBP	QW, ongoing	Existing
	Appoint a "local start-up business" specialist within both EV and Planning to assist in navigating the City's procedures and regulations	City	QW, ongoing	New
	If acting as a master lessor of a retail space, offer below-market subleases to desired start-up and independent local retail shops	DBP	0-4 years	New
	Explore types of assistance to existing merchants for creating and maintaining an e-commerce portal	DBP	0-1 years	New
	Act as an intermediary to identify potential matches for "shared" retail spaces (along the lines of the Cured/Boxcar model)	DBP	0-5 years	New
	Develop a loan guarantee program to help locally-owned retail business owners meet landlords' requirements	City	1-2 years	Increase
	Add leasing criteria for City-owned retail spaces that gives priority and discounts to local retailers that are unable to meet typical landlord requirements or market rents	City	1-5 years	Existing

	Action	Lead	Timeframe	Resources
	Explore opportunities for satellite parking with shuttles for Downtown workers to help with employee attraction and retention	City	1-2 years	New
Affordable Spaces	Educate Downtown property owners about maintaining a healthy ratio of shops versus dining to encourage them to retain retail tenants despite lower rents	DBP	QW: 0-1 year	Existing
	Invest in innovative solutions, such as the Everblock system, that divide large retail spaces into multiple small tenant areas	DBP	QW, 0-1 years	New
	Identify suitable locations for alley-facing retail where it would not interfere with other existing uses or the service function of alleys	DBP	QW, 0-1 years	Existing
	Analyze code to identify and remove barriers, allowing property owners to divide space and create alley-facing retail in suitable locations	City	QW, 0-1 years	Existing
	Consider master lessor role to subdivide a retail space that demonstrates that its size is contributing to extended vacancy	DBP	0-2 years	New
	Develop regulatory and financial incentives for landlords to offer below-market leases to local start-up and independent retail shops	City	1-5 years	New
	Prioritize incentives and programs (such as energy improvement program funds) to retail shops	City	1-2 years	Existing
	Offer tax abatement to property owners that offer below-market rents	City	2-5 years	New
	Increase funding for the City's *Energy Smart* program and restructure to ensure the benefit reduces expenses for the retail business owner	City	2-5 years	Increase
	Consider creating a retail incubator for start-up entrepreneurs	City	2-5 years	Existing
	Explore the ability to leverage in-fill redevelopment by offering incentives such as transferable density bonus, in exchange for permanent provision of below-market retail space	City/ BURA	2-5 years	Existing
Enhanced Environment	Implement recommendations of the CAGID art plan pertaining to the parking garages	City	QW: 0-5 years	Existing
	Consider new themes and layouts for events that better showcase and benefit existing merchants	DBP	0-1 years	Existing

	Action	Lead	Timeframe	Resources
	Study the feasibility of expanding the BID boundary further east on Pearl in order to deliver services and enhancements in this accelerating area	DBP	0-1 years	New
	Add lighting and signage in targeted alley locations to direct pedestrians between parking and retail	DBP	1-2 years	Existing
	Establish more effective gateways to the East and West subdistricts with kiosks offering up-to-date information about activities, tenants, etc.	City	1-2 years	New
	Install additional stalls/kiosks in strategic locations along the Mall	DBP	1-2 years	New
	Add new design/interest features in the East Pearl subdistrict that engage the market segments that favor this area	City	2-3 years	New
	Partner with property and tech business companies on tech showcase popup that fills vacant spaces and informs visitors about the tech start-ups, companies, and products under development in Boulder	City	2-3 years	New
	Require ground-floor retail and restaurant uses in "A" locations and "flex" space in ascendant subdistricts	City	3-5 years	New
	Continue to be an innovator by refreshing the public realm on the pedestrian mall with fresh and unique elements	City	3-5 years	New
Collective Attraction	*Provide metrics and analytics that increase nuanced understanding of customer market segments and help retailers decide to invest in a Downtown Boulder location*	DBP	QW, ongoing	Existing
	Engage with new and out-of-area investors to educate them about local market conditions, tenant niche and mix, and pricing	DBP	QW, ongoing	New
	Build Downtown Boulder's profile and mindshare within the regional and national leasing communities more generally (e.g., with a retail marketing brochure and associated "road show")	DBP	0-1 years	New
	Prospect and source pre-qualified leads that align with Boulder's lifestyle and sensibility (on behalf of landlords and brokers)	DBP	1-5 years	New

	Action	Lead	Timeframe	Resources
Connect & Invite	Expand the "Door 2 Downtown" Uber/Lyft discounts to the weekends and look into other innovative uses of emerging transportation technologies	DBP/ CVB	QW:0-1 year	Extend/New
	Add an express HOP route between Downtown and Boulder Junction to connect visitors, residents and employees in this area	City	QW:0-1 year	New
	Partner with tech industry employers to develop weeknight events for tech employees	DBP	QW:0-1 year	Existing
	Improve awareness of free Saturday, Sunday, and holiday parking in City-owned parking garages	City, CVB	0-1 years	Existing
	Consider within the Broadway Corridor planning project how to enhance connectivity between Downtown and these areas	City	0-1 years	Existing
	Develop and fund a "walk there" sign campaign emphasizing the proximity of downtown to campus	City	0-1 years	New
	Market the ease and convenience of existing transit to out-of-town visitors, e.g., a free 2-day Hop pass to Boulder hotel guests	DBP, CVB	1-2 years	New
	Commission a study and select pricing adjustments to implement a more market-driven approach to parking management	City	1-2 years	New
	Design and execute an aggressive marketing campaign aimed at the CU student market segment	DBP	1-3 years	Existing
	Enhance physical connections between the renovated Civic Area and Pearl Street retail through signage, streetscaping and continuous street-level retail	City	2-5 years	New
	Study, plan and advocate for a marquis transportation link between Downtown and the potential CU conference center	City, CVB	1-5 years	Existing

APPENDIX A. COMPARABLE DOWNTOWNS

The team interviewed downtown organization leadership in four comparable downtowns across the country to help understand retail characteristics, trends, and challenges in communities that share common traits with Boulder. The downtowns profiled include Ann Arbor, MI; Berkeley, CA; Evanston, IL; and Westwood Village, CA. All comparable downtowns are similarly sized, adjacent to large universities, and near (or within) a much larger metropolitan region. Topics that were explored include:

- *Tenant mix*
- *Significant changes in retail over recent years*
- *Retaining regional relevance*
- *Identifying and preserving what makes the retail niche distinctive within the community and region*
- *Roles played by the downtown organization and City with regard to retail*

PREVAILING THEMES

First and foremost, comparable downtowns that the team spoke to aren't thinking about this topic in the same way and to the level of detail that Boulder is currently. Many of these communities happen to look at Boulder as an example of what they strive to be.

There have been general booms in the number of workers in these comparable downtowns in recent years. Westwood Village has a daytime population of 85,000 (including UCLA students); Ann Arbor has almost 30,000 employees; and Evanston about 10,000.

Regarding tenant mixes, all four comparable downtowns are striving for generally strong diversity (both by use and on the local-to-independent continuum), but do not have clearly defined goals when it comes to a desired or ideal retail mix. There has been a common movement towards more restaurants and entertainment, to the point where some downtowns are concerned about over-saturation of restaurants. These downtowns are also experiencing a growing number of ground-floor service uses such as finance, fitness, salons. The presence of community-minded and/or local building owners has become an important piece to retaining independent and unique retail in key locations.

KEY INNOVATIONS & LESSONS LEARNED

Retaining regional relevance and the "secret sauce": Maintaining (or establishing) regional relevance is a current challenge for comparable downtowns. Westwood is working to create a regional presence in a very competitive Los Angeles market; Ann Arbor is seeing more competition from certain resurging Detroit neighborhoods; and Berkeley is seeing an Oakland that is more popular amongst the hipster and younger demographics. As one would expect, each downtown has its own unique, "special sauce": walkability and locally-owned businesses in Ann Arbor; the arts in Berkeley; the dining scene in Evanston; and the historic "village" feel and quaint atmosphere in Westwood. The more defined the "secret sauce," the more clear, self-direction a downtown organization seemed to have regarding its efforts around maintaining and growing regional relevance.

Active courting of desired merchants: Downtown Evanston (DE) does very proactive outreach to stores and restaurants that they want in their district, focusing on trying to attract second or third outlets for regional businesses. These are typically Chicago-area stores that are successful but independent, with owners working the counter; and therefore, don't have brokers and have little time to get into the details of expansion. This involves very active courting – DE goes directly to these businesses for a visit, providing promotional materials, maps, Downtown guides, etc. They also bring the owners to Downtown Evanston, showing them the specific units, doing a walking tour, taking them to dinner, and setting them up to talk to existing merchants.

Using the power of social media: Downtown Evanston's "secret sauce" is its dining scene. To help retain this, DE recently hired professional, Chicago-area Instagrammers – with a total of about 350,000 followers – to review downtown restaurants. DE used a formal contract – over the course of two nights, Instagrammers were given free food at 12 different restaurants; they had to do a minimum number of reviews; and the reviews had to be positive. The initiative worked phenomenally and was a huge hit with the restaurants. DE is doing another one at the request of local restaurants because it was so successful.

A cautionary tale of over-regulation: Westwood used to be a regional destination and a happening place, primarily because of their movie theaters – you either went to Hollywood or Westwood. Due to the popularity of the district, surrounding communities were experiencing problems with people parking, being loud at night, and other nuisances. As a result, the city passed the *Westwood Specific Plan*, which put heavy restrictions and/or caps on certain uses. Bars were banned, and restaurants and hotels were dealt very tough restrictions. And the Plan worked – but worked too well. Now the district is very active during the day with all of the students and workers, but dead at night, and essentially the caps in the Specific Plan just created more district vacancy (which is currently around 15%).

Individual Profiles

Downtown Ann Arbor, MI

The Basics:

- Downtown Ann Arbor is located about 40 miles from central Detroit.
- Downtown Ann Arbor is 271 acres (67 blocks) and includes a portion of the University of Michigan Central Campus. There are 29,000 employees (15,000 are UM employees), and 6,500 residents in Downtown. The number of both residents and workers has increased significantly over the last several years.
- Downtown has a booming tech industry. Most of this community isn't fully interwoven into the Downtown community. Downtown has had better success engaging employees, as opposed to companies, in activities such as a spring cleanup, mural paintings, and commuter challenges.
- There are 370 restaurants and retail shops in Downtown. Of all businesses, 16% are retail and 13% are dining.
- Asking retail rents are $35-50 per sq. ft. on average.
- Downtown Ann Arbor has a Downtown Development Authority (DDA), a small business improvement zone (BIZ) that provides snow removal and landscaping, and four merchant associations, each representing a specific commercial district within the Downtown. These associations sponsor events, advocate for, and provide information to downtown businesses. There is also a Downtown Area Citizens Advisory Council, which focuses on Downtown residential concerns.

Tenant Mix:

- While they've set no specifics regarding an ideal retail mix, there is an awareness that Downtown's success requires a mix that's as diverse as possible.
- Most pronounced change in recent years has been the growing number of service businesses (salons, yoga, etc.).
- The number of independently owned retailers has increased, while several nationals have left the market (e.g., American Apparel, Urban Outfitters). Downtown's building stock is old and its square footage is small, so many nationals don't consider the location as the floorplates don't fit their requirements.
- Downtown Ann Arbor is fortunate that several prominent buildings are owned by the businesses. This allows downtown to still have a locksmith, shoe repair, and old-fashioned jewelry stores in prime locations; as well as other niche stores, such as a mystery bookstore, in other locations. They have also been fortunate enough to retain enough property owners who go out of their way to find local businesses. Several owners are also able to make much of their rent from residential units on upper floors, allowing them to keep rates lower for ground-floor uses.
- There is a worry that restaurants are over-saturated in downtown – they're repeating concepts, seats aren't filling on Friday nights, restaurants are struggling to find workforce.

Retaining Regional Relevance and Preserving the "Secret Sauce":

- General affordability and maintaining local ownership are hot-button concerns when thinking about the region and what makes Ann Arbor unique.
- The locally owned businesses and Downtown's walkability are the ingredients in their "secret sauce."
- Detroit is finally coming into its own. There are some high-end areas of the metro that appear both gentrified and homogenized, two descriptions most Ann Arborites would recoil from.
- As a Downtown community, they are trying to understand the changes in buying habits happening in the world, and how this will impact them.

Initiatives and Roles related to Retail:

- The DDA doesn't play any specific roles regarding retail, but instead focuses on supportive initiatives such as managing public parking in support of Downtown vitality, tree lighting, bike parking, sidewalk improvements to increase space for café seating, alley repairs, waiving meter fees for events (80+ permitted outdoor events per year), etc.
- In partnership with AAATA, their local transit agency, they offer free, unlimited-use transit passes for downtown employees (in addition to grants for supplemental service on key transit corridors, and funding for a getDowntown program to provide commuting information to Downtown employees). This program, initiated in the '90s, was an answer for the community finding a way forward without building new parking garages. It costs approximately $750,000/year, funded through a portion of revenue from parking. There are about 5,000 passes in distribution, and they've determined that at least one full parking garage didn't need to be built because of this program. The biggest obstacle to expanding is that many employees still get subsidized parking from their employers in addition to gas prices that remain at historic lows.
- They also offer a "night ride" program, where for a $3 or $5 flat fee, riders get a door-to-door ride during late night hours. The program is operated through a partnership between the transit authority and a local taxi company. The largest challenge is that there are fewer and fewer taxis, and wait times are going up, sometimes as high as 45 minutes.
- Have not done any alley activation – the demand for retail space isn't strong enough to warrant this.

Downtown Evanston, IL

The Basics:

- Downtown Evanston sits along Lake Michigan, about 15 miles north of central Chicago. Northwestern University is adjacent to Downtown.
- Downtown Evanston is relatively small (about 5x7 blocks).
- There are approximately 300 ground-floor businesses in downtown.
- Downtown Evanston is a workforce hub, with over 10,000 employees.
- Downtown Evanston (DE) is a 501(c)6 non-profit organization that provides marketing and management services to Evanston's downtown district, as well as being responsible for the area's BID.
- There are stops for both CTA and Metra in downtown. They are lucky to have such efficient transit connections to Chicago. It is much faster to take transit than drive, and is what many commuters use.
- Northwestern is a major economic engine for the downtown. This primarily stems from the faculty, administration, and employees (about 8,000 total) as well as the many visitors that it brings to town. The students are a more difficult audience to capture – there are only 8,000 undergrads (which is smaller than the typical state school), students don't do a lot of spending, they're gone for the entire summer, and they largely exist in their campus "bubble."

Tenant Mix:

- Downtown Evanston's biggest category is restaurants (eat/drink). There are 112 food establishments, 56 of which are full service. There are no strictly taverns in Evanston – food must be available for a liquor license. (There are two taprooms associated with breweries where there are just light bites available.) The second largest category is services – 77 businesses – including banks, salons, spas, print shops, etc. The third largest is shop (retail) – 58 in this category, 26 of which are independently owned. Fourth is the health/wellness category – 34 businesses – most of which are fitness. Fifth is entertainment – 9 businesses – including a movie theater, escape room, music venues, a museum, etc. Sixth is hotels – 6 total.
- There are tons of restaurants, and yet they still see a lot of independently owned restaurants looking to have their second and third locations there.
- The most pronounced trend in recent years has been the growth of the "three F's" – food, fitness, and finance businesses.
- There is also a problem with the number of phone stores in the district, which are now taking over some prime corner spots.
- Ideally, DE would like to see more fashion stores, and fewer phone stores and banks in prime retail locations.

Curating a Mix:

- DE does very proactive outreach to stores and restaurants that they want in their district, focusing on trying to attract second or third outlets for regional businesses. These are typically Chicago-area stores that are successful but independent, with owners working the counter that don't have brokers, and therefore, have little time to get into the details of expansion. DE lets brokers deal with the national brands.
- This involves very active courting. DE goes directly to these businesses for a visit, providing promotional materials, maps, Downtown guides, etc. They also bring the owners to Downtown Evanston where they show them the specific units, do a walking tour, take them to dinner, and set them up to talk to existing merchants.

Retaining Regional Relevance and Preserving the “Secret Sauce”:

- Destination in terms of retail is tricky for Evanston. Downtown Evanston is considered "The Dining Capital of the North Shore" – it pulls from very far north (i.e., smaller suburban communities that don't have much of a dining scene – although each suburb now has at least two nice places for their residents), so instead of going to Chicago for a night out, people will come to Evanston for the urban experience.
- Downtown's biggest challenge is that it is located 2.7 miles from Old Orchard, a really successful regional mall.
- Evanston also has high taxes which means rents are really high, so when DE works on retail attraction to unique retailers in Chicago neighborhoods, many can be turned off by rent rates and relatively low density.
- Simply put, the dining is the "special sauce." Food is a big deal in the Chicago area. Its housing costs are a bit lower than other comparable cities, so people have a little more disposable income, which they spend at restaurants.
- A successful effort to preserving the "special sauce": Recently DE hired professional, Chicago-area Instagrammers – with a total of about 350,000 followers – to review downtown Evanston restaurants. DE used a formal contract – over the course of two nights, Instagrammers were given free food at 12 different restaurants; they had to do a minimum number of reviews; and the reviews had to be positive. The initiative worked phenomenally and was a huge hit with the restaurants. DE is doing another one at the request of local restaurants because it was so successful.

Initiatives and Roles related to Retail:

- Primarily the two initiatives discussed above – the direct outreach to desired retailers and restaurants and the Instagram promotional initiative.
- The creation of promotional materials, such as a new video.
- General event coordination.
- Sidewalk sales in the summer (and now also one in the winter).
- Free gift wrapping during the holidays – even little efforts like these can save some of the smaller retailers.
- DE partners closely with the tourism bureau. They are partnering with Lyft to provide reduced rides during Restaurant Month.
- The City is a great partner as well (the two entities attend ICSC conferences together).
- DE also has a great relationship with the broker community.
- Alley activation:
  - Downtown has a couple stores – a bookstore and a gallery – with alley entrances. Owners would tell you that it's really challenging to get people in the door after dark. Without critical mass in activity and foot traffic, people don't like walking down alleys at night.
  - DE has tried to do alley activation, with limited success. They held an event – with free beer, a DJ, and an artistic swing set that made music as you used it (which won an interactive arts award) – that didn't work and not many people showed up (even with *free* beer).
  - The Loop in Chicago has very well produced events in some of their alleys – but these are specific locations, usually behind theaters and the like.

Downtown Berkeley, CA

The Basics:

- Berkeley is located just north of Oakland, and about 14 miles from Downtown San Francisco. University of California is adjacent to Downtown Berkeley (and is the second largest ratepayer in the district). Downtown is well-connected via transit to the metro area – the Downtown BART station is the second busiest in the East Bay.
- The Downtown Berkeley Association (DBA) is a non-profit organization that manages the district's BID, and focuses its efforts on environment enhancements, marketing, communications, and events.
- Downtown Berkeley is experiencing lots of housing development, but this is mostly going to Cal students. They don't have as much office space as they would like to have, and in turn, the daytime economy is struggling.
- Downtown's commercial vacancy rate is about 3%, and generally remains low.
- The Fourth Street shopping district, west of downtown, is arguably more similar to Downtown Boulder. However, it has one owner, allowing it to do much more in regards to setting and curating the retail mix. Even so, Fourth Street has had some closures, so there are issues there as well with contracting retail.

Tenant Mix:

- Downtown Berkeley's mix is mostly arts, entertainment, and dining. There is not much retail. DBA's sentiment is that there are too many restaurants. This is the majority of their mix. A majority of these restaurants and bars are unique independent venues, but chain-lets and a few chains have recently moved into the district.
- Overall, they have experienced a shift towards more nationals. They recently got a Target Express, which was surprisingly well-received by the community. With all of the new residents, Trader Joes opened seven years ago on the edge of the district, and is one of the top grossing Trader Joes in the country. There is a need for another grocery on the opposite end of the district.
- Another shift has been towards more entertainment-based bars and restaurants – i.e., pool bar, bocce ball bar, miniature golf.
- Bike stores have been particularly successful in retail – there are four total. DBA would like to get other sporting goods stores.
- Downtown Berkeley has a very strong arts district. There are a lot of theaters and music venues. The arts scene historically was mostly live theater, but in recent years has expanded into music serving a younger demographic. Overall, these bring broad demographics from the entire Bay Area, and are critical to downtown's success.
- DBA looks at retail as a string of pearls. Ideally, it would like to have a soft goods retail anchor – such as H&M, Nordstrom Rack – a missing pearl right now, and something that would help attract additional retailers.
- Downtown Berkeley also has a strong, but not out of control, nighttime economy. The university is largely graduate and international students, so a pretty tame crowd compared to lots of bar and music scenes.
- Lots of downtown property owners are local. These types of owners don't want fast food chains, dollar stores, etc., and have proven to be willing and able to sit on a vacant site for a bit, waiting for the right retailer.

Retaining Regional Relevance and Preserving the "Secret Sauce":

- There is great East Bay pride amongst Berkeley and Oakland residents, especially as San Francisco's diversity and livability has gone down. Oakland has much more of a hipster presence, while Berkeley is a barbell with high numbers of families/empty-nesters, and then students on the opposite end of the spectrum. The Berkeley community will spend lots of money on arts and food, which helps sustain downtown.

- DBA is thinking about how to attract more of the hipsters that are prevalent in Oakland.
- Another trend that DBA is considering is the aging baby boomers, and the idea of them returning to Cal for adult learning. Cal has adult learning programs that are growing significantly, but Downtown hasn't been able to create housing that is appealing to this demographic.
- Arts is Downtown Berkeley's "secret sauce." The largest challenge they're facing with arts is how to retain livability for artists.

Initiatives and Roles related to Retail:

- DBA is scheduling a broker roundtable to discuss retail issues.
- Over the years, DBA has done pitches to some specific retailers to try to attract them.

Westwood Village, CA

The Basics:

- Westwood Village is a retail district in Los Angeles, adjacent to UCLA, and about 15 miles from Downtown Los Angeles.
- The Westwood Village Improvement Association (WVIA) manages the district's BID.
- The district is 25 square blocks, with retail spread throughout. There is about 9 million sq. ft. of office space on one edge, and UCLA on the other which has a daytime population of 85,000.

Specific Plan Use Restrictions:

- Westwood used to be a regional destination and a happening place, primarily because of their movie theaters – you either went to Hollywood or Westwood.
- Westwood is surrounded by some of the most affluent communities in LA. Due to the popularity of the district, these surrounding communities were experiencing problems with people parking, being loud at night, and other nuisances.
- As a result, the City passed the Westwood Specific Plan, which put heavy restrictions and/or caps on certain uses. Bars were banned, and restaurants and hotels were dealt very tough restrictions.
- And the Plan worked – but worked too well. Now the district is very active during the day with all of the students and workers, but dead at night.

Tenant Mix:

- Westwood has a good mix from a local-to-chain perspective. There is a large number of mom-and-pop stores with the owner working the register. There are also a number of chains. So, they do better from this perspective versus a use perspective.
- 117 food uses are allowed in the district, according to the Specific Plan – 77 have to be restaurants, the other 40 can be fast food. In actuality there are only 90 food uses, so they are not at capacity. 150 retail spaces are allowed – the district currently has 117, so also not at capacity. So, essentially the caps in the Specific Plan really just created more vacancy (which is currently around 15%).

- WVIA is currently lobbying for a re-write of the Specific Plan. At a minimum, its hope is that the restrictions on food uses by type will be modernized to account for more current types of food uses.
- Overall, Westwood is well-stocked with retail, but is lacking residential and nightlife. There is no captive audience that so many other downtowns are benefitting from in recent years (the Specific Plan also makes residential development difficult).

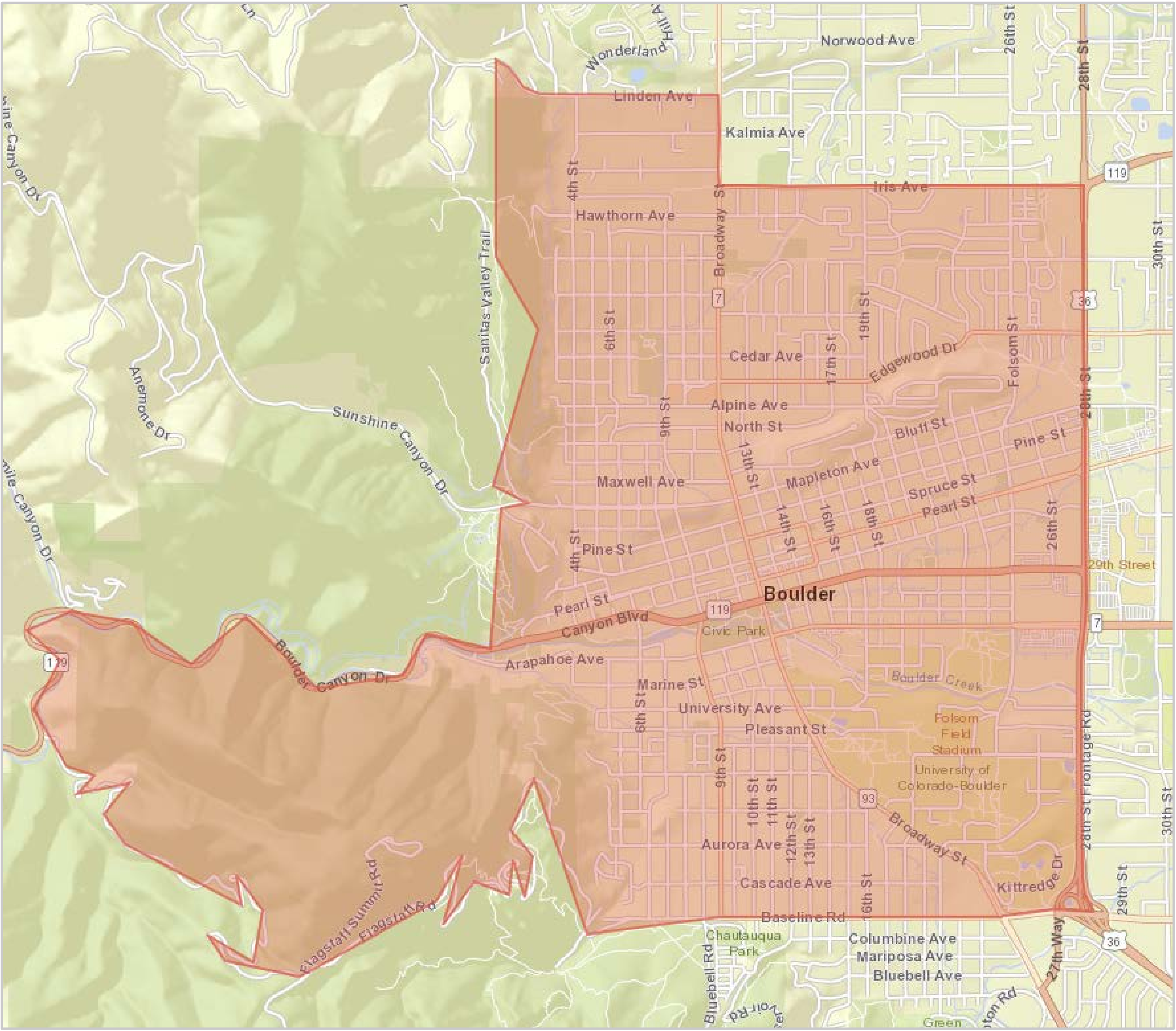
Retaining Regional Relevance and Preserving the "Secret Sauce":

- The Los Angeles metro is a very challenging location and one where it's tough to be noticed. Retailers have lots of places in which to locate. Other districts have become more prominent (e.g., Santa Monica). There are several very nice private malls that have opened or reopened recently. Generally, there is a lot more competition now than 10-20 years ago.
- Westwood is not where it needs to be regarding regional relevance. WVIA is striving to carve out a niche as a neighborhood-serving retail district. They are a relatively new organization (2011), and so they've had to prioritize clean, welcoming, and attractive first and foremost.
- Westwood's "secret sauce": The combination of its village-feel, proximity to transportation hubs and UCLA, and a merchant community that really cares about the place and has been invested for a long time.
    - On their worst days, Westwood feels like a food court for workers and UCLA students. On their best days, Westwood feels like a neighborhood-serving commercial district with really unique character, blessed by its location.
    - It has a historic village feel – twisting streets, quaint atmosphere, historic architecture that creates a true sense of place.

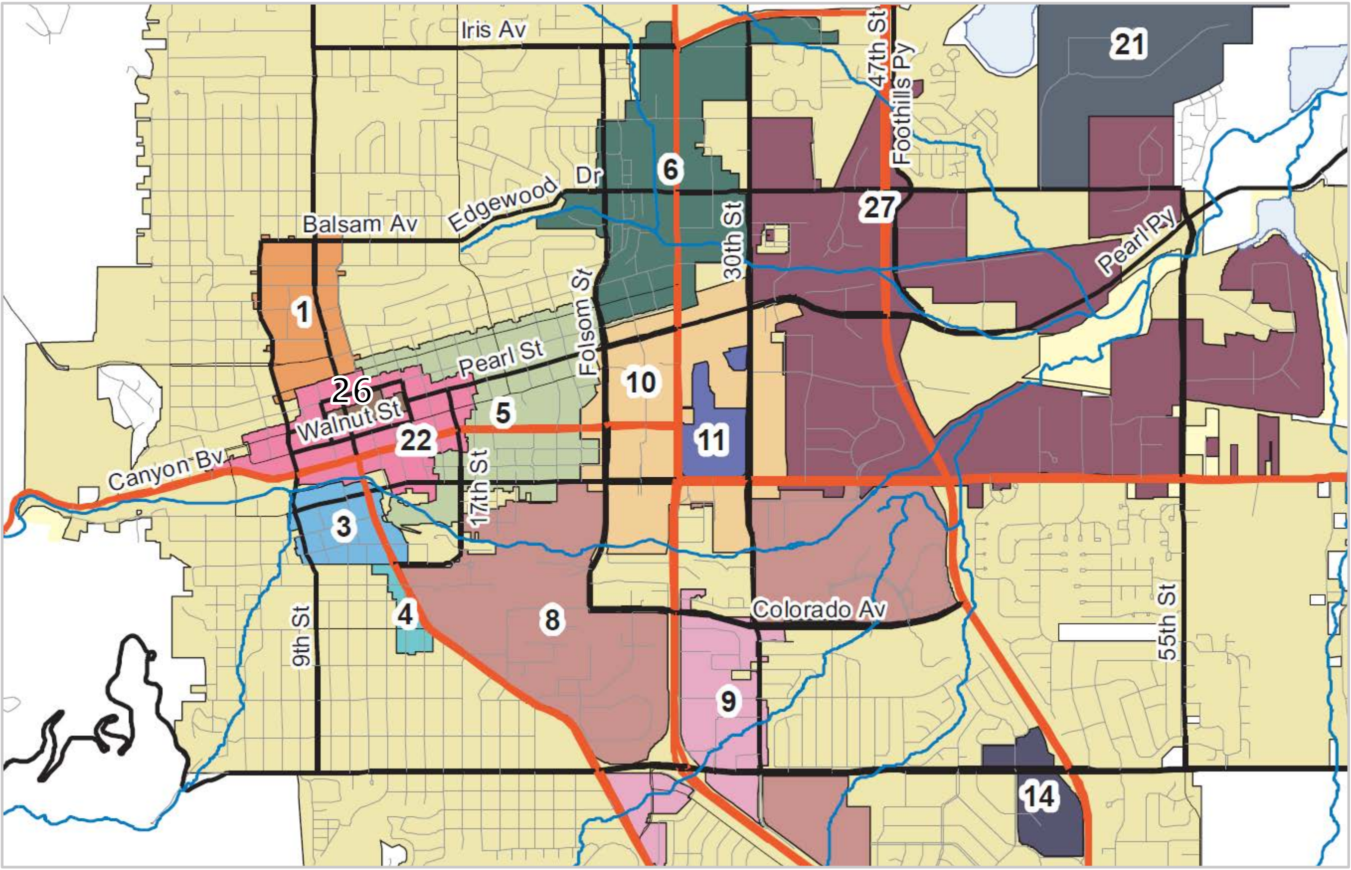
Initiatives and Roles related to Retail:

- The primary goal is re-doing the Specific Plan (which is currently underway).
- WVIA has been doing more events in recent years – they want Westwood to be the people's "living room."

APPENDIX B. URBAN CORE MAP



APPENDIX C. SALES TAX DISTRICTS MAP



Legend

1: North Broadway
3: Downtown Extension
4: UHGID (The Hill)
5: East Downtown
6: N. 28th St. Commercial
8: University of Colorado
9: Basemar

10: BVRC (Boulder Valley Regional Center)
11: 29th Street
14: The Meadows
21: Airport
22: Downtown
26: Pearl Street Mall
27: Boulder Industrial