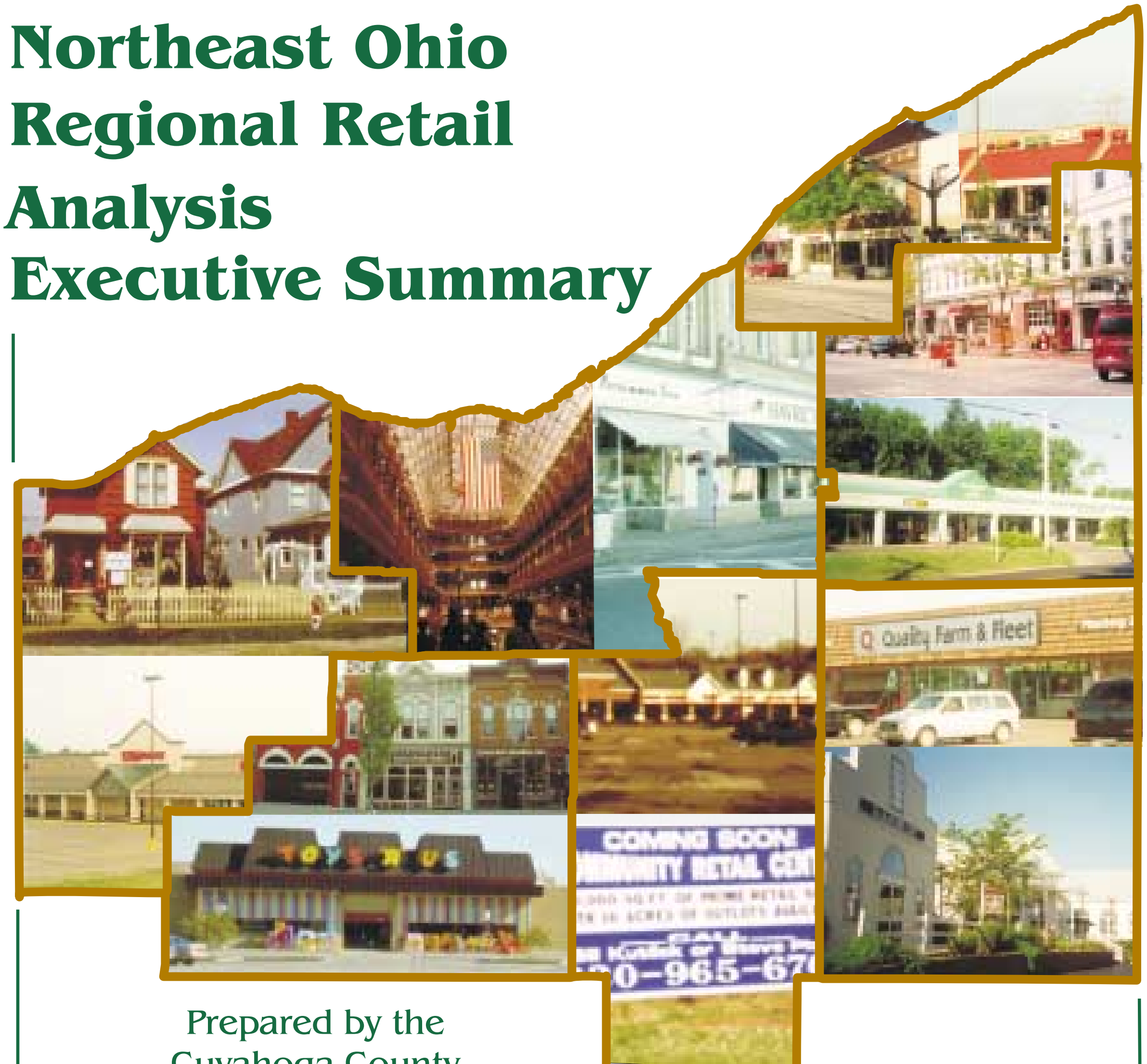
Northeast Ohio Regional Retail Analysis Executive Summary



Prepared by the
Cuyahoga County
Planning Commission
for the
Northeast Ohio Areawide
Coordinating Agency

August, 2000

Northeast Ohio
Regional Retail Analysis

Prepared by the

Cuyahoga County Planning Commission
for the
Northeast Ohio Areawide Coordinating Agency
with assistance from the Planning Commissions of
The City of Cleveland
Geauga County
Lake County
Lorain County
Medina County
Portage County
and
Spatial Insights, Inc., Vienna, Virginia
Retail Strategies, Inc., Shaker Heights, Ohio

August, 2000

OVERVIEW

The retail sector is a major focal point of any community. First, it is the most visible land use; its physical configuration and condition are critical in projecting a city's image. Second, the economic health of a city is often associated with the ability of its business districts to thrive and remain prosperous. Finally, retail stores provide an important part of maintaining the social character of a community by creating a sense of place where residents can satisfy their consumer needs and encounter other neighborhood residents. This so called "marketplace" function is critically important to community vitality.

The dynamic nature of retailing in Northeast Ohio is evidenced by frequent announcements of store closings, new retail construction, and concerns about the impact of both. Although retail development projects are generated by the private sector, public officials are often requested to provide assistance in the form of rezonings, transportation and infrastructure enhancements or financial assistance such as tax abatement.

The changing nature of the retail industry is having profound implications on the land use patterns of Northeast Ohio. Older communities are experiencing under-utilization and vacancies in storefronts along major retail corridors, resulting in loss of local retail services, decreasing tax revenues and urban blight. At the same time, newer suburban and outlying areas continue to encounter retail development which has often led to substantial traffic congestion, the need for costly infrastructure improvements, and degradation of land, air and water quality.

As a result of these concerns, the Cuyahoga County Planning Commission, in conjunction with the Planning Commissions of Geauga, Lake, Lorain, Medina and Portage Counties and the City of Cleveland, has prepared this assessment of Northeast Ohio retail patterns for the region's metropolitan transportation planning organization, the Northeast Ohio Areawide Coordinating Agency. The study provides the information, analysis and strategies that public officials, private citizens and retail developers can use to enhance the viability of older retail districts, mitigate the effects of new retail development, intelligently manage land development, protect environmental values and maximize the limited public resources available for infrastructure investment.

Specifically, the study examines:

Land Use

- Inventories retail establishments, by type and size, in the entire region;
- Assesses national retail trends which may impact local communities;
- Determines the supply and demand for retail uses by trade area;
- Analyzes the impact of new and proposed retail projects with respect to demand; and
- Recommends guidelines for municipalities to use for managing retail development issues.

Transportation

- Provides information regarding transportation improvements often required for retail development;
- Analyzes accessibility to major retail nodes;
- Assesses traffic generation and parking demand as a result of retail development; and

- Addresses adequacy of public transit routes with respect to existing and proposed retail development.

Tax Base

- Examines the economic importance of retail to the tax base of various levels of government;
- Compares the economic impacts of retail development to other land uses;
- Compares employment generation of retail centers; and
- Determines the amount of city services and personnel required as a result of new retail development.

Environment

- Projects the amount of build-out if vacant land already zoned for retail was developed;
- Quantifies the impacts of auto-dependent retail development on air and water quality;
- Examines the amount of stormwater runoff generated by retail development, by watershed; and
- Analyzes the impact of retail homogenization trends on community character and appearance.

The study area is comprised of Cuyahoga, Geauga, Lake, Lorain, Medina and Portage Counties. Although Summit County initially indicated an interest in the project, officials ultimately declined to participate. Nevertheless, the northern portion of Summit County was included due to its relevance to the Greater Cleveland retail market.

The major findings of this analysis of the retail sector in Northeast Ohio are:

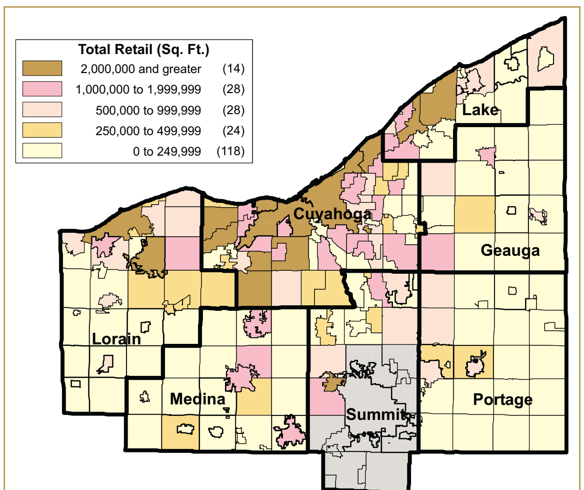
RETAIL INVENTORY

- The seven-county region has more than **27,000 stores** and **135 million square feet of retail floor space**.

- More than 200,000 persons, or **20% of the region's work force, are employed in the retail sector**. These employees generate more than $67 million annually in local income tax revenue.

- Convenience and shopping goods and services, which exclude car dealerships, hotels, commercial amusements and office space, total 79.2 million square feet.

- There are **more than 37 square feet of convenience and shopping floor space per capita** in



Map 1. *Total Retail (Square Feet)*

SOURCE: Northeast Ohio Regional Retail Analysis the region. While there are no national figures available for an exact comparison, the amount of floor space per capita for shopping centers typically is in the 20 to 30 square feet range in other metropolitan areas.

Area	ALL RETAIL		SELECTED CATEGORIES**	
	Number Stores	Square Feet	Number Stores	Square Feet
Cleveland*	4,153	15,068,314	2,712	9,976,638
Suburban Cuyahoga	10,982	59,248,908	7,853	38,897,805
Geauga	1,089	5,072,549	635	2,993,315
Lake	3,279	16,047,772	2,133	10,695,496
Lorain	3,712	18,109,386	2,287	10,747,254
Medina	1,554	7,714,024	1,039	4,910,803
Portage	1,393	5,361,630	963	3,701,129
N. Summit	1,381	9,071,307	973	5,564,391
Total	**27,543**	**135,693,890**	**18,595**	**87,486,831**

Table 1. *Total Number of Stores and Retail Square Footage*

**Cleveland data only contains information for surveyed nodes*
***Excludes Car Dealerships, Commercial Amusements, Hotels, Local Offices and Vacant Retail*

- There are **more than 10 million square feet of vacant retail space** in the Northeast Ohio region. The vacancy rate of 7.4% is slightly more than might be expected for a region of its size.

- A total of **10.1 million square feet of new retail** has been recently constructed or proposed for the region.

- The **region is saturated in the convenience and shopping goods categories by more than 6 million square feet**.

- There is an **overwhelming amount of vacant land, 77 square miles, zoned for more retail in the region**. If all 49,500 acres zoned for retail were developed, more than three times the amount of existing retail development could be built in an already saturated market. Such flexibility in choices for retail developers could prove to be a serious threat to existing retail centers throughout the region.

- There are 14 communities in the region which have at least 2 million square feet of retail space; 9 are in Cuyahoga County, 2 each in Lake and Lorain Counties and 1 in northern Summit County.

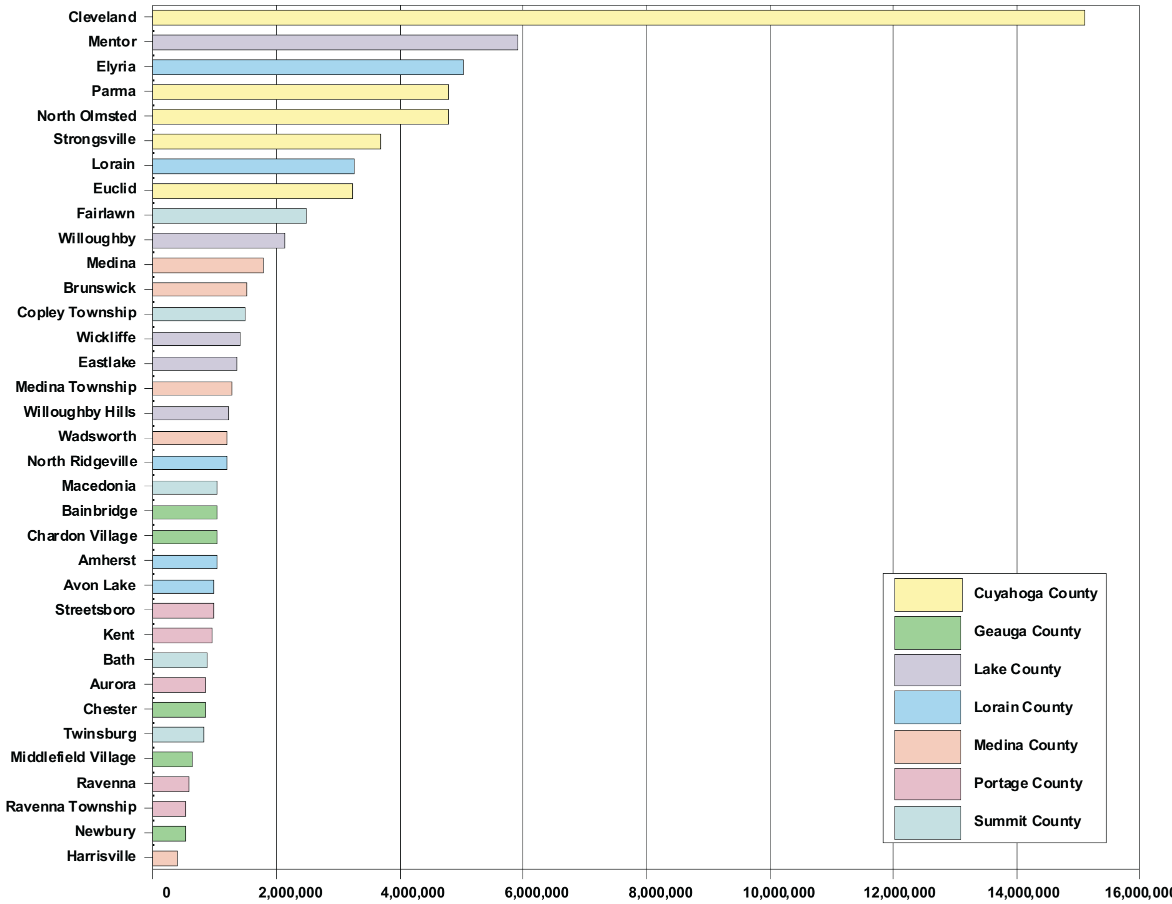
- While the population of suburban Cuyahoga County decreased by 9.2% between 1968 and 1998, the amount of retail floor space increased by 90.9%.

SPATIAL SUPPLY/DEMAND CONDITIONS

- There is a **spatial mismatch between the location of proposed developments and the areas which are underserved**. Many of the underserved areas have the traffic access, infrastructure and population densities to support additional retail but are bypassed in favor of more easily developable locations.

- There is **sales leakage from the central cities and many denser, older communities in the region**, resulting in consumers having to travel significant distances out of their communities to purchase goods and services. There are substantial opportunities for balanced retail development in many areas of the region.

- Overbuilding results in new retail space which competes with existing commercial districts for market share, often leading to lower rents, more marginal businesses, increased vacancies in older retail areas, and reduced property revenues for school districts and communities.



***Graph 1**. Total Retail Space in the Top Five Communities in Each County in the Retail Study Area*

SOURCE: Northeast Ohio Regional Retail Analysis

- Without the benefit of public subsidies in proportion to the subsidies which go to new developments, older retail districts will find it more difficult to compete for market share and may experience private disinvestment.

- The proliferation of national retailers in many retail categories threatens locally owned businesses which provide uniqueness and character to retail districts.

LOCAL GOVERNMENT REVENUES AND COSTS

- The retail sector of the study area generates **more than $345 million annually** in property tax, income tax and sales tax revenue.

- Cuyahoga County and the Greater Cleveland Regional Transit Authority could each lose $26 to $39 million dollars annually beginning in 2002 as a result of lost sales taxes due to electronic commerce.

- Most of the proposed large-scale retail projects are planned in the outlying communities of Cuyahoga County or in surrounding counties. Considerable public subsidies in the form of transportation enhancements, infrastructure improvements and city services will likely be required. Funding for these public improvements is often limited and competes with other priorities.

- Community tax revenue that is generated by new retail development is often offset by the local government costs of providing additional infrastructure and public safety services, the softening of the revenue from existing businesses, and the costs of environmental mitigation.

ENVIRONMENTAL IMPACTS

- Retail land use is the source of a number of impacts on the environment. These include airborne pollutants from vehicular trips for shopping purposes, stormwater runoff quality and quantity, as well as noise, light pollution and community aesthetics.

- Retail projects can have significant environmental impacts which extend well beyond the local jurisdiction in which they are located.

- Excess parking capacity, common throughout many areas of Northeast Ohio, unnecessarily increases the amount of stormwater that washes directly into urban streams. This runoff carries with it significant levels of petroleum, nitrogen, heavy metals, and sediment, which contributes to the degradation of streams, rivers, and lakes.

- Land area developed for retail use in the study area **increases surface runoff by 874 million cubic feet annually**.

- If all vacant land in the region currently zoned for retail use was developed, surface runoff could increase by an additional three billion (3,000,000,000) cubic feet per year.

- It is estimated that vehicular shopping trips in the region annually generate **19,100 tons of hydrocarbons, 10,250 tons of nitrogen oxides, 153,000 tons of carbon monoxide, and 2,691,500 tons of carbon dioxide**.

- The traffic associated with a typical large super-regional shopping center (such as each of the eight largest shopping centers in the study area) generates quantities of air emissions causing the centers to rank among the top sources of carbon monoxide and hydrocarbons within the seven-county study area.

TRANSPORTATION

- **Retail establishments are significant generators of traffic**, accounting for as much as four times the volume generated by office uses, eight times the volume of light industrial uses, and twenty-four times the volume of residential uses, using an equal area of developed land. It is estimated that **shopping trips in the study area currently generate 5.6 billion vehicle miles annually in the study area**.

- The highway transportation network, particularly the interstate highways, provides excellent accessibility to shopping areas for both employees and residents of the region.

- The heavy traffic and large numbers of turning movements generated by retail development result in a higher number of accidents. The number of accidents around four major shopping centers in the region was three to six times greater than in nearby non-retail areas.

- Numerous businesses are located in a linear pattern along thoroughfares which were zoned entirely for retail development decades ago.

- Most proposed retail development in the region is at the edge or beyond the service areas of public transit providers, thereby limiting the access of transit dependent residents for shopping or employment.

LAND USE MANAGEMENT

- Under Ohio law, proposed retail projects which have regional implications with regard to traffic generation, environmental consequences, regional tax inequities and impact on other retail areas are subject only to local land use management authority.

- Because many local government zoning codes do not provide for mixed uses and flexible zoning techniques, the development of continuous strips of shopping areas has occurred in many parts of the region.

- Large tracts of privately owned land in developed areas, including golf courses and environmentally sensitive areas, have been targeted for retail development.

EFFECTS OF NATIONAL RETAILING TRENDS ON THE REGION

Today, retailing is characterized by corporate ownership, high volume, thin margins and shrinking operating costs. Retailers focus on overall corporate growth as the benchmark while working within short-term planning horizons.

Retailing practices developed in corporate offices in distant cities have had a profound impact on local communities throughout the United States, including Northeast Ohio.

- ***Land Use:*** The dramatic increases in average store size have significantly impacted the store site by requiring land assembly, demolition of existing structures and rezonings. In addition, land use is impacted by the need for more parking, the reduction of open space and the spinoff effects on smaller businesses.

Rank	Retailer	Revenue (billions of dollars)
1	Wal-Mart	137.6
2	Sears	41.3
3	K-Mart	33.6
4	Dayton Hudson	30.9
5	J. C. Penney	30.6
6	Home Depot	30.2
7	Kroger	28.2
8	Safeway	24.4
9	Costco	24.2
10	American Stores	19.8

Table 2. *Top Ten Retailers in the U.S. Measured by Sales Revenue, 1998*

SOURCE: National Retail Federation, 1998

- ***Economic Vitality:*** When a national corporation makes a decision to close or relocate stores, it can result in not only a loss of jobs and tax base but a weakening of a local retail district. For example, when drug store chains indicated a preference for free-standing stores, the commercial strip centers lost an important anchor tenant and the loss of customer traffic. Finding a replacement anchor or sub-anchor has remained a difficult challenge in many areas.

Figure 1. *Richmond Town Square has seen major re-investment in the past two years.*

- ***Infrastructure Capacity:*** Corporate decisions regarding the size and specific location of a proposed retail complex can adversely affect the ability of existing road networks to absorb additional traffic and sewers and streams to handle increased stormwater runoff. Consequently, communities are often forced to seek funding to expand these facilities to accommodate the new development.

- ***Community Appearance:*** Corporate policies regarding site layout, building design, parking requirements and sign age preferences affect the appearance of local retail districts. It is important for communities to develop local standards based on community values if they are to preserve their architectural heritage and cultural uniqueness at a time when national retailers are increasing their presence in the region.

FUTURE RETAIL INDUSTRY PRACTICES

The rapidly changing dynamics of the retail industry can make future trends difficult to predict. While many of the patterns which began in the past few years will continue, others are just evolving.

- ***Continued emphasis on value retailing and less emphasis on traditional malls.*** The amount of time Americans spent in malls decreased from an average of 12 hours per month in 1980 to 4 hours in 1990. In order to compete, major malls will require significant re-investment in order to remain competitive with everyone from upscale retail centers to value retail superstores. Major renovations at Randall Mall, Summit Mall, Beachwood Place and Richmond Town Square are indicative of this trend. Lesser performing malls may be converted to power centers, such as at Severance Town Center, or mixed use developments.

- ***Increase in e-commerce.*** As more consumers come on-line and as shoppers become more comfortable purchasing by computer, particularly as it relates to security, delivery of merchandise, and refund policies, the percentage of goods purchased over the Internet will rise to 7% of all goods purchased in 2004 and even more towards the end of the decade. With its potential impact on sales tax revenues and the current store inventory, e-commerce could pose major challenges for state and local governments and existing stores by mid-decade. However, intense

Figure 2. *Decisions to maximize lot coverage to allow for retail activity can negatively impact the appearance of more attractive complementary uses.*

competition and financial turbulence may result in bankruptcies and consolidations for many firms selling products over the Internet. Large retailers will continue to offer more products to on-line shoppers.

- ***Continued emphasis on consumer information.*** National retailers are digesting vast quantities of information on existing and potential customers, relying on new technology to provide data on consumer preferences, shopping habits and spatial patterns. New software will allow more stores to have access to this technology.

- ***Focus on providing a "shopping experience."*** Retailers who add value to the shopping experience by providing service, selection or entertainment will have increased success. The development of urban entertainment centers, which provide movie megaplexes and unique dining experiences are another trend manifesting itself throughout the Greater Cleveland area. Urban villages, which mimic the successful concepts of established centers such as Shaker Square and Coventry by mixing residential and office uses with entertainment and shopping, are another format being developed.

- ***Continued emphasis on "bigger is better."*** In order to provide more diversified formats, many store types such as drug stores, supermarkets and general merchandise will continue to expand, further blurring the delineation between stores offering convenience and shopping goods. Ramifications include demolition of existing contiguous stores, elimination of competing smaller retailers and increased parking demand. Superstores the size of three or four football fields are now becoming commonplace throughout the region, threatening the vitality of existing stores and becoming major destinations for consumers. As a part of this trend, larger retailers are choosing to own their stores rather than pay rent. A few chains, concerned about lack of sizeable sites in more densely developed areas, have compromised by downsizing their stores.

- ***Improved delivery services.*** As on-line retailing becomes more ubiquitous, delivery systems will need to improve significantly. Expansion of e-commerce into convenience products may result in more local emphasis on store delivery of groceries and pharmaceutical products reminiscent of previous decades.

- ***More bankruptcies and consolidations.*** Increased competitiveness in the retail sector will force some smaller retailers to sell to or merge with larger firms. As a result, more store vacancies could occur, ultimately leading to abandonment or demolitions. Larger firms will also be less vulnerable to economic downturns than small businesses.

- ***Fiscalization of land use.*** Having lost much of their control over tax rates and revenues, local governments elsewhere in the United States are trying to regain their fiscal power through a land use policy that encourages tax producing commercial development at the expense of residential development. While rejecting housing, cities and counties have engaged in competition for retail development. Ohio communities have engaged in similar activities to encourage retail development, including providing infrastructure, rezoning assistance and even tax abatement. With densely developed residential areas needing tax relief for homeowners, many local officials feel that tax revenues from retail development will offset any negative impacts that may occur, including direct competition for existing commercial districts. Some owners of vacant residential property in the more developed parts of the region have recognized the potential profits to be made if their land is sold for commercial use and have thus sought to have their property rezoned for this purpose.

- ***Redevelopment of older districts.*** Because many national chains have bypassed older commercial areas in favor of easily developable sites on the urban fringe, it is important to note that many of these districts are underserved by a variety of store types. In many parts of the country, national retailers have recognized the potential of this underserved market and have sited stores in these areas. In a recent H.U.D. sponsored study, it was noted that inner city residents in the U.S. spent $331 billion on retail purchases in 1998, but not in their own neighborhoods which were severely deficient in retail outlets. Cities such as Cleveland, its inner suburban communities and older cities in the surrounding counties have a great deal of untapped potential in this regard. In addition, larger vacant stores in older downtown districts, many with architectural or historical significance, should be encouraged to be reused rather than demolished when a new retail store is proposed for these areas.

Figure 3. *Revitalization of older commercial buildings and districts is extremely important to community vitality.*

- ***Continued development in exurban areas***. As long as residential subdivisions continue to be built in outlying areas of Cuyahoga County and contiguous areas of adjoining counties, retail development will follow. Lured by large tracts of undeveloped land and aided by increased accessibility from interstate highways, these areas are already being targeted for a number of commercial developments.

- ***Concern over threats to retail development***. As noted in the previous chapter, retail sales throughout the past decade have continued at record levels. However, a number of factors could threaten the expansion of retail development in the near future. These factors include a downturn in the economy, low savings rates by consumers, high credit card debt, overbuilding, or an escalation of gas prices. Coupled with the continued growth of Internet commerce, these factors could put the brakes on accelerated retail growth in the real estate market. Consequently, almost no retail projects are being built on speculation, and most have the majority of space rented before construction.

Figure 4. *Commercial development in outlying areas is continuing at a rapid pace.*

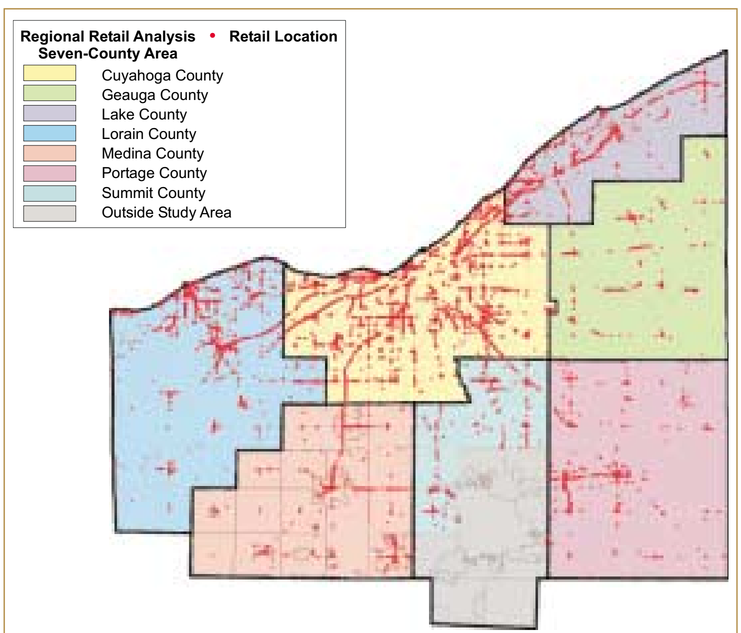
- ***Change in store design.*** With the public becoming increasingly concerned about historic preservation and sense of community, national retailers will need to cooperate with local officials regarding store design and compatibility with the neighborhood. Corporate policies regarding the use of prototype stores surrounded by a sea of parking may need to be changed, particularly as they relate to older communities. Since large sites are not available in these densely developed areas, sites in neighborhood shopping centers may attract national retailers. Store design will also need to cater to an aging population. The development of “lifestyle centers,” which will place an emphasis on serving the needs of consumers on the basis of age, income group and product preferences may also result in changes in store design and format.

Hybrid malls, which combine a large, traditional mall or power center with an urban streetscape retail/entertainment component, may be the prototype mall of the early 21st century.

- ***Continued globalization of retailing***. Though most domestic government regulations do not directly affect the retailing sector, some agreements, such as NAFTA, have encouraged another wave of companies to cross borders. Some retail establishments, much like their manufacturing cousins, have taken advantage of international treaties in order to stay competitive and have moved part of their operations abroad or sold to foreign or transnational corporations. In the search for price reduction, companies are always looking for cheaper sources of their products. This has caused an increased reliance on overseas producers. This trend is expected to continue, with more stores in the Cleveland area featuring products manufactured or assembled in other countries.

- ***Corporate involvement in retailing.*** Many retailers have now become public corporations to support the huge financial investments needed to sustain growth. Because they are shareholder funded, the retailers are more likely to close and abandon sites to cut losses rather than invest the time required to generate profits.

REGIONAL RETAIL PATTERNS



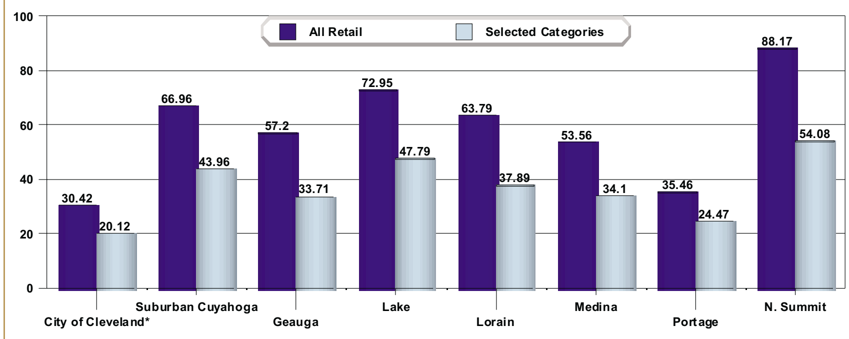
Map 2. *Northeast Ohio Retail Establishments*

SOURCE: Northeast Ohio Regional Retail Analysis

Map ***2*** illustrates the two most dominant retail development spatial patterns in the region. The first, and most obvious, is the linear pattern of development along major corridors. Arterials such as Pearl Road, Broadway, Detroit Avenue, Center Ridge Road, and Euclid Avenue can be easily identified, even without the roads being shown.

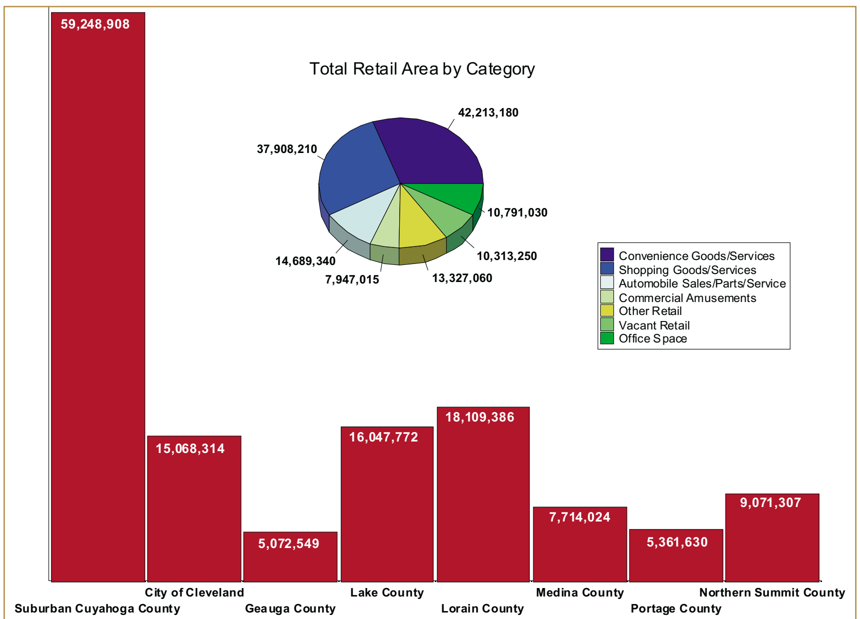
The other dominant pattern is the clustering of retail in traditional downtown areas. Examples of this include Elyria, Lorain, Medina, and Painesville. ***Graph 2*** indicates the amount of retail space per person by county for all retail categories and selected convenience and shopping goods.

Graph 3 displays the total amount of shopping area by county. Cuyahoga County has by far the most retail in the region, approximately 74,317,000 square feet equaling the retail square feet of the other counties combined. The communities with more than 2 million retail square feet include Cleveland, Mentor, Elyria, Parma, North Olmsted, Strongsville, Lorain, Euclid, Middleburg Heights, Westlake, North Randall, Fairlawn, Willoughby, and Lakewood. Of these 14 communities, five are outside of Cuyahoga County.



Graph 2. *Retail Square Feet Per Capita*

SOURCE: Northeast Ohio Regional Retail Analysis



Graph 3. *Total Square Footage, 7-County Area and City of Cleveland*

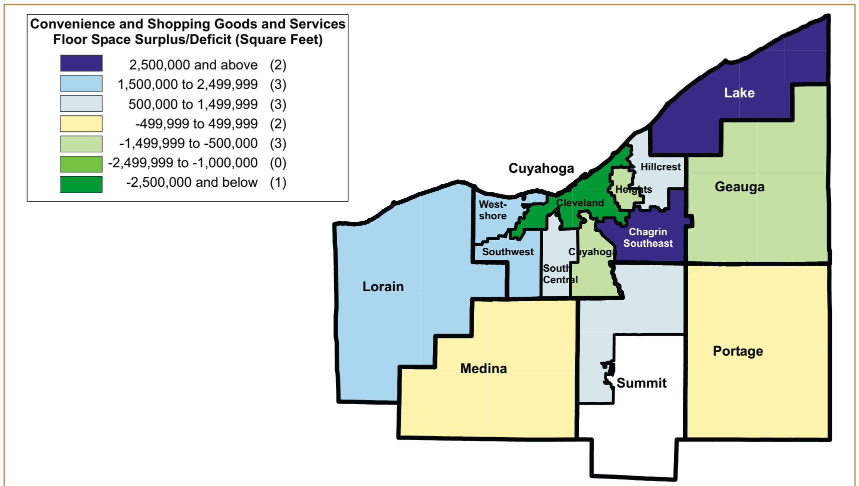
SOURCE: Northeast Ohio Regional Retail Analysis

Graph 3 also shows the distribution of the major retail categories. Convenience goods and services and shopping goods and services add up to well over one-half of the region's total retail. Automotive sales, parts, and services and other retail are the next largest categories, each with about ten percent of the total. Commercial amusements, vacant retail, and local office each account for less than ten percent of the retail area.

The study report contains detailed retail inventory information for each of the more than 200 communities in the study area.

SUPPLY/DEMAND ANALYSIS

The study contains an analysis of retail space supply and demand. It is based on a comparison of household spending patterns to total sales generated by retail establishments, the results of which help determine whether or not household retail needs are being met by the existing retail supply. Differences between annual household spending patterns and annual retail sales represent either deficiencies or surpluses in the availability of retail goods and services. A separate supply and demand analysis was conducted for each of the counties included in this study as well as for the eight planning regions of Cuyahoga County.



Map 3. Convenience and Shopping Goods and Services

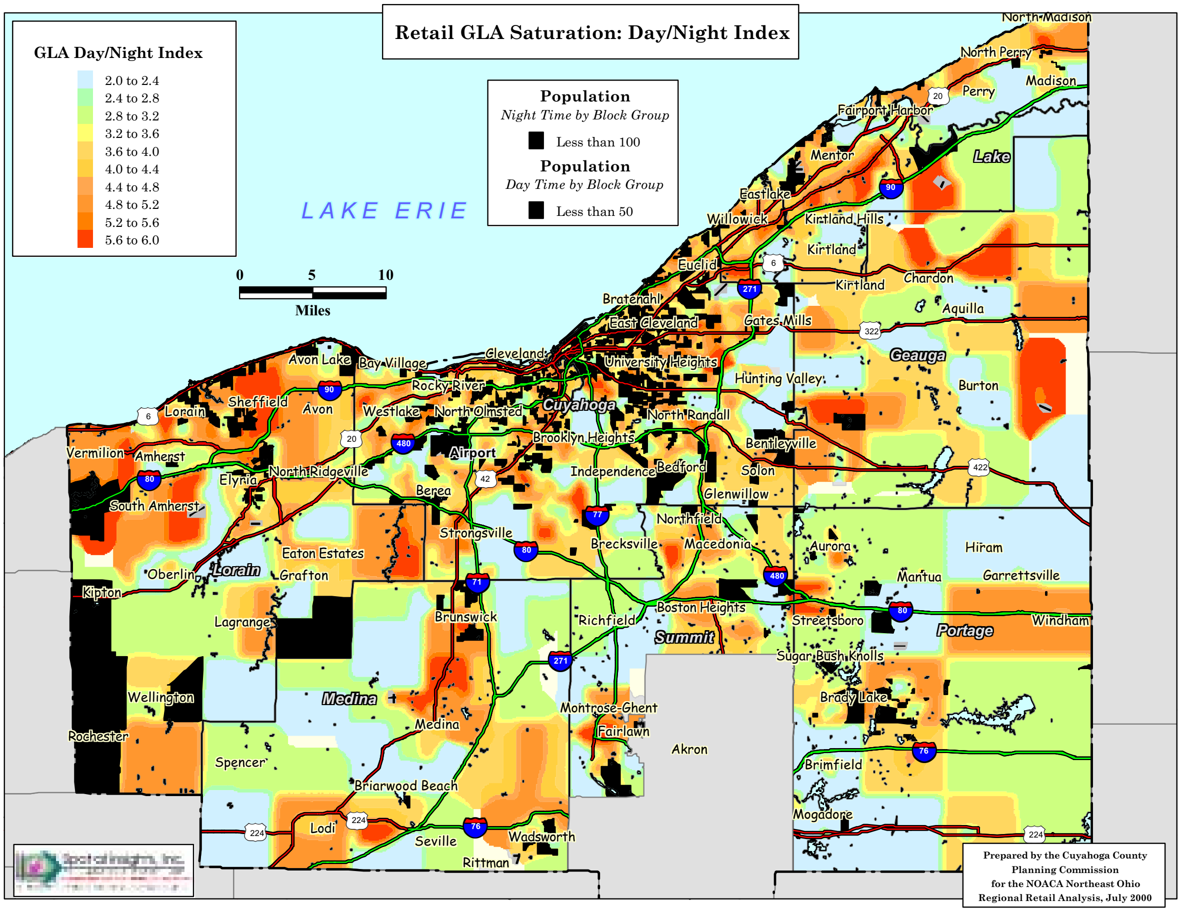
SOURCE: Northeast Ohio Regional Retail Analysis

Map 3 illustrates the sales "capture" or "leakage" by portraying the surplus or deficit of floor space for convenience and shopping goods. Currently, Lake County and the Chagrin-Southeast Region of Cuyahoga County have the largest surpluses of retail floor space relative to their populations, while the City of Cleveland has the largest overall deficit. Lorain County and the Westshore and Southwest Regions of Cuyahoga County have the next largest surpluses, while Geauga County and the Heights and Cuyahoga Regions have the next largest deficits. Medina and Portage Counties have the best balance of floor space relative to their populations.

INTENSITY OF RETAIL DEVELOPMENT

Although some types of retail establishments, particularly those which focus on providing convenience goods and services, cater to specifically a daytime (employee) or night time (resident) population, most businesses seek to serve both groups. Retail establishments which are located in areas of significant employment density but low population would generate most of their business during daytime hours.

Map 4 illustrates the overall amount of retail gross leaseable space available to both employees and residents of an area. While the intensity of retail development and the areas which are over or under-served are evident, the quality of retail development is not addressed, several areas which appear to be underserved may not have adequate retail zoning, and areas indicated in blue in rural or exurban counties do not have sufficient population densities to support additional retail development.



Map 4. *Day/Night Index, Retail GLA Saturation*

SOURCE: Spatial Insights, Inc.

GREATER CLEVELAND RETAIL MARKET CHARACTERISTICS

Due to a combination of factors unique to the Greater Cleveland area including its size, geographic location, and age, the Northeast Ohio retail market is characterized by the following:

Oversaturation

Several sub-areas of the regional market area contain an excess of retail floor space in relation to the population served. The 79 million square feet of space devoted to convenience and shopping goods and services in the region exceeds the demand by more than six million square feet. Although this surplus is not exclusively comprised of "prime space", it neverthless reflects an oversaturated market. In addition, continual overbuilding results in lower rents and encourages marginal uses in established districts.

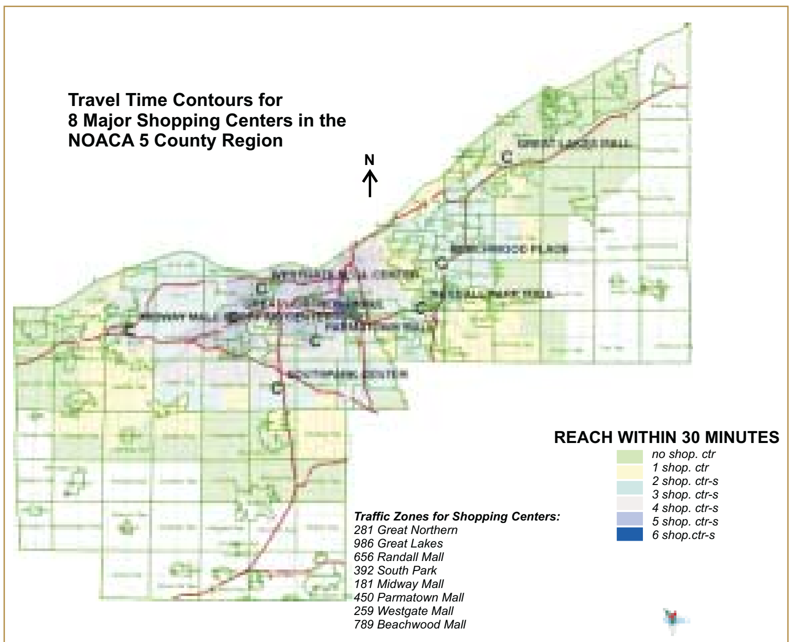
Experience with Retail Trends Begun Elsewhere

The retail marketplace is in constant flux. Over time, the successes and failures of the various practices are able to be observed by the retail industry as well as local government. While many of these trends are eventually manifested in the Greater Cleveland marketplace, industry members may have worked out some of the initial “kinks”. Local government officials have had the opportunity to anticipate the new trends and their impacts.

For example, the “big box” (i.e., Wal-Mart, Target, Super K) retail trend began elsewhere and ran through a life cycle in some of the early store locations, some of which are now defunct. While none of the big box locations in Greater Cleveland have yet been vacated, local government officials are now aware that closure is likely and can plan proactively.

Effectiveness of Freeway Network

The freeway network serving Northeast Ohio is relatively efficient compared to other metropolitan areas. This is due in part to the fact that the Greater Cleveland region’s population has been stable and the freeway system was originally designed for a much larger population level. This allows for tolerable travel times across the study area. Consumers can visit a variety of shopping locations without spending inordinate amounts of time in their vehicles.



Map 5. *Travel Time Contours*

SOURCE: NOACA

Map 5 illustrates travel time contours for the eight largest shopping centers in the NOACA five county region. The shopping centers include: Midway Mall, Great Northern Mall, Westgate Mall, Southpark Center, Parmatown Mall, Randall Park Mall, Beachwood Place, and Great Lakes Mall. Shaded areas indicate the accessibility of the eight shopping centers within thirty minutes, depending upon the traveler’s point of origin. For example, all of the city of Avon Lake is shaded blue, meaning that a consumer beginning from any portion of Avon Lake could reach three of the eight shopping centers in thirty minutes travel time (Midway Mall, Great Northern Mall, and Westgate Mall). As the map indicates, the majority of the five-county region, covering the vast majority of the population, is accessible within 30 minutes driving time. This illustrates the efficiency of the freeway network of the region.

Increase in Number of Households

Although the region's population is declining, the number of households continues to increase. For example, while Cuyahoga County lost almost 20% of its population between 1970 and 1998, it showed a 2% gain in households. As a result, there has been a continuing demand for both convenience and shopping goods in the region.

Pedestrian-Friendly Amenities

In terms of the *form* of the retail environment, consumers often indicate that they prefer pedestrian-friendly environments. This means they like to be able to park close to stores and walk from one store to another. The retail in many communities in Greater Cleveland exhibits this type of layout. The central city has storefront retail clusters and urban malls which consumers can visit and experience on foot. Suburban downtowns, particularly those in older suburbs, have established retail shopping districts. These districts comprise traditional retail layouts in which retail uses are located close to the street, one next to the other, and are served by shared and/or on-street parking. Finally, there are exurban villages, both established and new, that have designs and layouts traditional in nature. These forms of retail add to community character due to their attractive and unique aesthetic qualities.

Figure 5. *Pedestrian-friendly commercial districts are an important quality of life issue in many communities.*

Low Household Income Levels

Much of the population of Northeast Ohio is employed in the service sector, which does not generally generate high household incomes. In comparing Greater Cleveland to other comparably-sized cities, Cleveland ranks the lowest in household income. For example, while Cleveland's median household income in 1989 (in 1998 dollars) was $23,427, Atlanta's was $29,281 and Baltimore's was $31,608. Upscale retail opportunities are therefore largely confined to high income areas within the region. Consequently, much of the remaining retail is focused on value discounting, which does not generate as high a level of sales as upscale retail nor does this type of retailing include aesthetically-desirable construction.

Decreasing Population Base

Many of the communities in Greater Cleveland are losing population. Therefore, as retail development continues to occur, the population base is less able to support every retailer. Vacancies in retail space result and may remain so for indefinite periods of time. These vacancies occur in both older areas in the small retail spaces as well as in areas where recently constructed retail has gone out of business due to market cannibalization. In addition, since the percentage of Greater Cleveland area residents over 60 years of age continues to climb (21% in Cuyahoga County), it is likely that fewer purchases of shopping goods will result, as more money is spent on travel, medicines, and leisure activities.

Figure 6. *The diversification of retail formats is evidenced by gasoline stations selling convenience goods and convenience stores selling gas.*

Urban Core Opportunities

Much of the urban portions of Northeast Ohio is developed. Retailers seeking sites for new locations prefer developing “greenfield” land rather than in the urban core and surrounding communities where redevelopment of land might be necessary. Consumers living in already developed areas are not afforded as much opportunity for retail variety. The population density of the central city and inner ring suburbs provides numerous opportunities for national retailers with respect to new store locations.

Outdated Zoning Practices

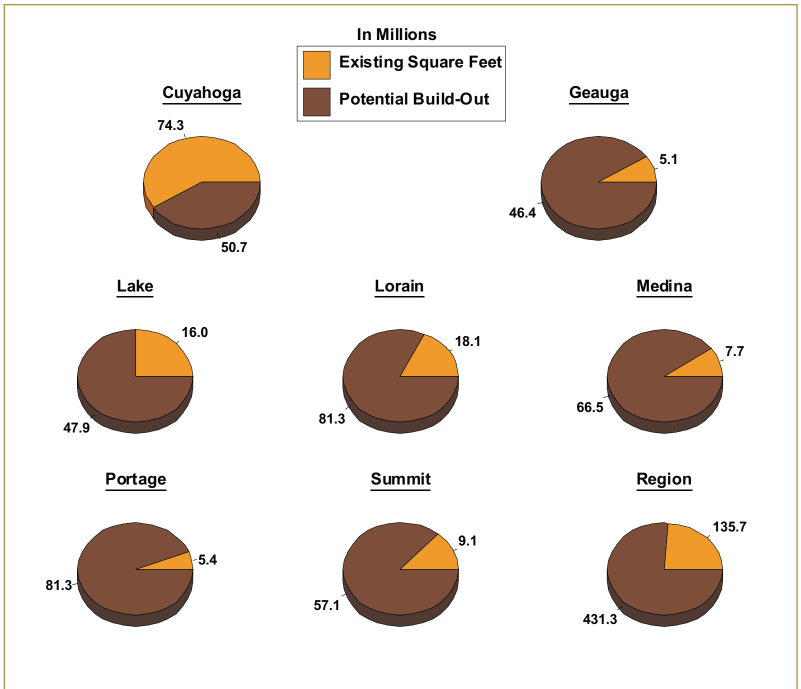
There is still a large amount of vacant retail zoned land in the region. While this availability of land has given retailers much choice in the location of new retail locations, it has also resulted in sprawling retail development. Much of the land zoned for retail is located along extensive stretches of arterials, resulting in traffic congestion, visual clutter, and environments unfriendly to pedestrians. Many of the problems endemic to strip development along Cuyahoga County arterials could be recreated in the outlying counties since retail zoning patterns are being replicated in those areas. In addition, the preference for single-purpose retail zoning precludes the use of mixed use development in many areas.

RETAIL ZONING

Graph 4 compares total existing retail area to the potential build-out of all vacant and non-conforming land use areas zoned for retail. Potentially, retail within Cuyahoga County could increase from the existing total of 74.3 million square feet to 125 million square feet. The potential increases for the other counties in the study area are even more pronounced. Other counties with substantial urbanized area, such as Lake and Lorain Counties, face a potential of a 300% to 450% increase. More rural counties, such as Medina, Geauga and Portage, could experience a 860% to 1500% increase. The ultimate potential of an additional 431.3 million square feet of retail in the region is three times the existing amount of retail.

While it is obvious that all of the area zoned for retail will not be developed, the analysis serves to highlight the tremendous excess supply of zoned vacant land over the needs of a generally saturated retail market.

Without an areawide increase in population, new projects will compete with existing centers for consumers dollars, thereby weakening the older centers' viability. Increased vacancies and weakened sales would lower the value of existing centers and reduce the amount of property, income and sales tax generated. New retail capacity will also change the character of the countryside in which it is developed, creating an environment which resembles the urbanized area which migrating populations have left.

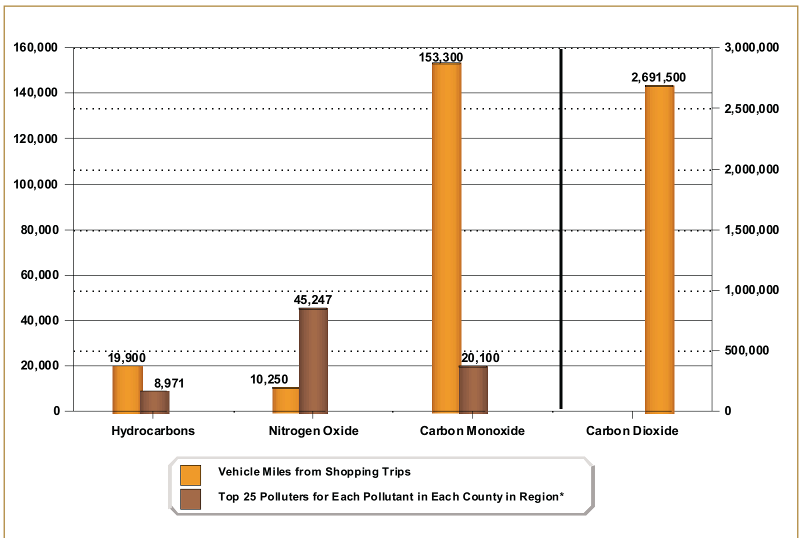


Graph 4. *Existing Retail Compared to Potential Build-Out of Commercially Zoned Land, All Non-Conforming Uses, by County*

SOURCE: Northeast Ohio Regional Retail Analysis; Cuyahoga County Auditor (2000); Geauga County Auditor (2000); Lake County Planning Commission (2000)

ENVIRONMENTAL IMPACTS

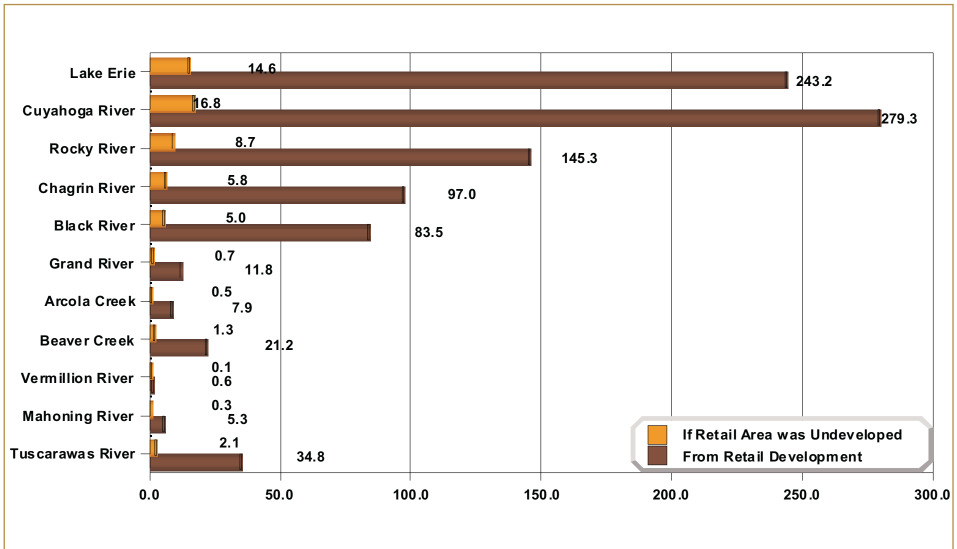
The development of retail space impacts the environment. Additional vehicle miles traveled are generated by shoppers driving further, while additional stormwater runoff is produced by the impervious surfaces of parking lots and buildings. ***Graph 5*** compares the airborne pollutants estimated to be generated by 5.6 billion miles of driving annually for shopping purposes to the quantity of pollutants generated by the top 25 air emission sources for selected pollutants in each county of the region.



Graph 5. *Airborne Pollutants Generated (Tons) in Study Area*

**SOURCES: Environmental Defense Scorecard from U.S. EPA's National Emission Trends Database, 1996, www.scorecard.org*

Runoff from paved surfaces is 16 times greater than from vacant grassy land. As a result, larger water volumes flow into waterways in shorter and more intense durations. Compared to the expected runoff generated by land in a natural state, it is estimated that existing land developed for retail use in the study area increases surface runoff by 874 million cubic feet annually. Most of this water would eventually find its way



Graph 6. *Increased Runoff from Existing Retail Development, by Watershed Annually (millions of cubic feet)*

SOURCE: Northeast Ohio Regional Retail Analysis

into these water bodies, but it would be at a more gradual pace, filtered as groundwater. ***Graph 6*** compares the estimated annual increase in runoff generated by existing retail development for the area's primary watersheds. The largest amounts are within the Cuyahoga River watershed followed by the cumulative total of the streams which discharge directly into Lake Erie.

DESIGN ISSUES

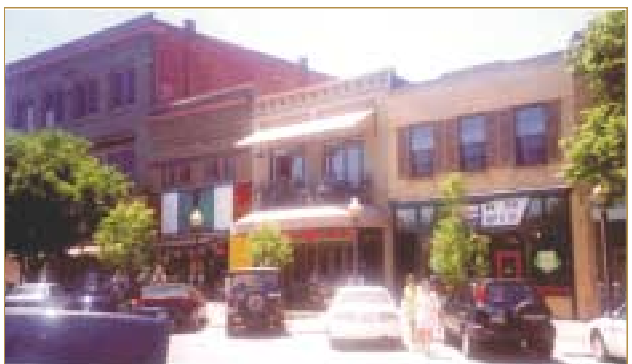
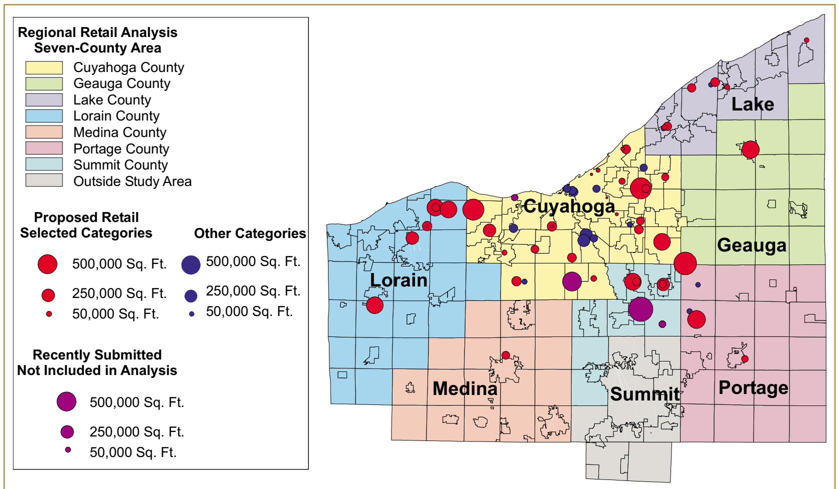


Figure 7. *In many comprehensive plans, the recognition of the need to preserve, restore and enhance older commercial districts is an important goal to be achieved.*

Change in the retail marketplace is inevitable and brings about many new practices which make the consumer's life more easy and convenient. A balance must be struck between the interests and needs of the community and the retailer. Many communities have not determined what the planning vision and priorities of their retail districts should be and have not set up planning, design and zoning processes which will meet their needs.

Many local zoning codes provide for strict separation of uses, limiting the opportunities for mixed use development. All codes have minimum standards for lot size, parking, yards, etc., but few have maximum size standards which could help to insure a connectivity between uses and a more pedestrian friendly environment. Parking standards are designed to provide enough parking for the 20th busiest day of the year, meaning most of the time acres of required pavement are not being used.

While established retail districts serve a variety of civic purposes in addition to providing shopping opportunities, many new retail developments have no public spaces, are devoid of interesting architectural features and lack pedestrian amenities.

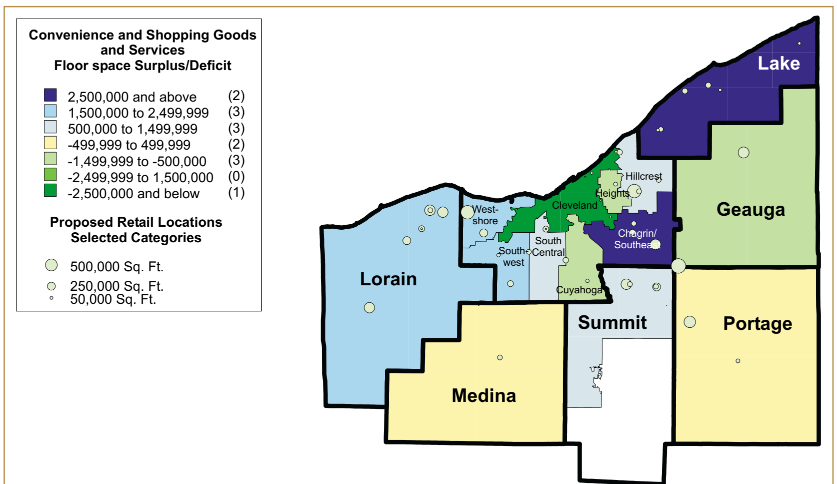


Map 6. *New and Proposed Retail Development*

SOURCE: Retail Strategies, Inc., Northeast Ohio Regional Retail Analysis

With Americans spending more money but having less shopping time, retailing has become much more convenience-oriented and less a recreational activity. Consequently, the "sense of place" a person may experience in the design and human-scale elements in older districts is lacking in many new shopping areas. Although design is only one component of a successful retail district, it can give an area the unique features that distinguish it from other areas.

PROPOSED DEVELOPMENT

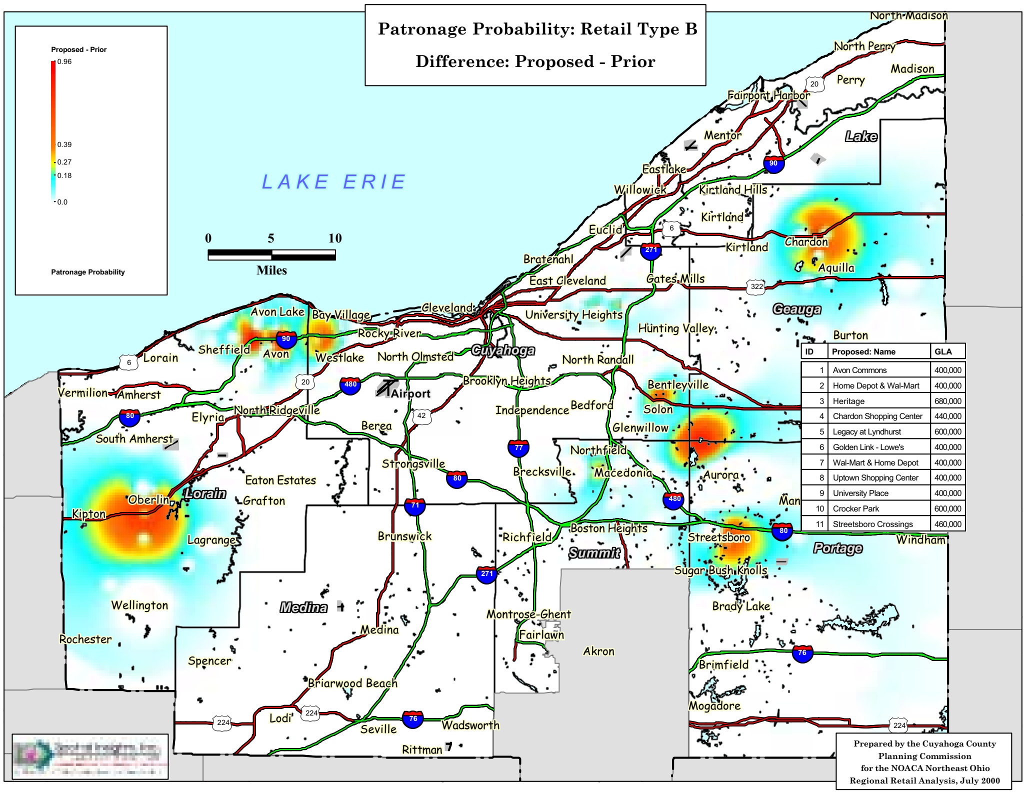


Map 7. *New and Proposed Convenience and Shopping Development Locations and Existing Floor Space Surplus/Deficit*

SOURCE: Retail Strategies, Inc.; Northeast Ohio Regional Retail Analysis

Map 6 indicates the distribution of the new retail projects in the region. A total of over ten million square feet is being proposed—a figure that virtually matches the ten million square feet of vacant retail space currently available in the region, recognizing, however, that some of the vacant space is poorly located or functionally obsolete.

The location of many of the new projects does not match with areas which have a deficit of retail space. ***Map 7*** clearly indicates that many of the projects are proposed for areas which currently have a surplus of floor space. ***Map 8*** illustrates the potential "drawing power" of the eleven largest proposed projects.



Map 8. *Patronage Probability, Retail Type B, Difference: Proposed-Previous Development*

SOURCE: Spatial Insights, Inc.

FUTURE ACTIONS

The Northeast Ohio Regional Retail Analysis is not intended to serve as a retail development plan for the region. However, the study does characterize the retail sector of Northeast Ohio and identifies important issues for the retail industry and local and regional governmental bodies to address. It also suggests specific strategies and actions to be implemented in order to harmonize the retail sector of the region with its transportation system, environment, economic base, other uses of the land, and the area's quality of life.

Hopefully, the Northeast Ohio Regional Retail Analysis will serve as a departure point to achieving that harmony.■