

EXECUTIVE SUMMARY

In evaluating the retail potential of downtown Chapel Hill this study looked at the many challenges, none of which is any different than those of almost every city and town in this country. The University with its captive audience creating significant demand for retail space for supportive business brings a false sense of security. Property owners seem all too willing to meet that demand with low expectation and high rent. The highest rent payers are rarely the best merchants.

The vitality and excitement of constant vehicular and pedestrian traffic, occupied stores and a quaint village-like setting lulls us into thinking all is well. Those that recognized the dangers under the surface understood that there were fewer and fewer places to shop for more and more of the residents of Chapel Hill.

In a feeding frenzy of bars, casual restaurants and tourist/university gifts, these uses are seemingly taking over every store with each change in tenancy. As parasitic uses bringing no new customers or no new expendable dollars into the Town, the cannibalism of these uses will lead to deterioration of the overall environment far in advance of only the best surviving.

The bar is lowered for merchant admission by the desire to maximize rent. With only a few exceptions, landlords and tenants are not making major investment in buildings and improvements. Buildings, outdated and physically challenged, are gerrymandered and gerry-rigged to squeeze every possible cent of sales by the merchants and rent by the landlords with the least investment.

The environment being created has become detrimental for quality merchants who are too few in number and too widely dispersed to leverage their strength, create a synergistic environment and attract new and complementary stores.

The competition only a few miles and minutes away, with better organization and deeper pockets, are aggressively offering incentives for stores to close downtown and open on their "stage-set main streets".

Downtown Chapel Hill is under attack on two fronts with the "dumbing down" of retail merchandising caused by low expectation and high rent and the reduction in quality merchants caused by the high expectations and aggressive action of suburban, within Town limits, competition.

We also know the consumer would prefer a "real main street", but a main street of substantive merchants selling clothes, shoes, accessories, jewelry and gifts to people of all ages. Quality merchants want to locate in the Chapel Hill market. But good apparel merchants want to be near other good apparel merchants.

Even better, Franklin Street and Rosemary Street have the space to house multiple concept areas with their own special focus and constituencies. Retail neighborhoods could be developed with their own character. Student retail can be greatly improved, but would thrive if properly orchestrated. The restaurant district can be expanded and an identity, or branding, created. Complementary browsing retail must be added. Ethnic retail zones can be developed.

A great university town requires a great bookstore. It should be the anchor or centerpiece to the downtown. While there are challenges to this goal, it can be accomplished with focus and determination. This same focus and determination would find a solution to the complex issue of locating a fresh food market downtown.

All of the components, which will bring a broad and diverse customer regularly to downtown Chapel Hill can be accomplished despite all the challenges.

This requires a highly qualified professional with the single purpose of orchestrating the renaissance of downtown retail for all the citizens of Chapel Hill. The ability to be credible to bankers, property owners, merchants, consumers, Town officials and University administrators is paramount. A private developer's mentality is preferred to that of a public official. A dealmaker is needed. A partial list of the tasks are on the following page.

Totally focused on only the Downtown, the logical entity to take the lead is the Chapel Hill Downtown Commission whose dedicated members have most to gain by the success of this program.

DIRECTOR RESPONSIBILITIES

The following is a partial list of the responsibilities required to improve retail downtown.

- Organize and work far more closely with property owners to have building improvements upgraded, the quality of merchants improved and the buildings and tenants managed more closely and professionally.
- Seek funding from public and private sources for support of individual downtown programs and support of the Downtown Commission.
- Develop an inventory of land, buildings and spaces and be at the forefront of matching tenants to space for the execution of the plan.
- Target desired uses such as bookstore, supermarket, fashion stores, etc. and either make these deals happen or discard them as not being able to be made under the circumstances.
- Take active role in assisting Town government in packaging developable properties and private land development in getting through the process.
- Push government entities to raise the bar on landlord and tenant improvements downtown and find the means for constant fire, health and building code inspections, fines and corrections.
- Assist in the leasing of space downtown or put the right people together who can
- Orchestrate the grouping of concept areas for better retail synergy
- Develop programs for façade easement and incentives programs which raise the bar
- Promote the downtown to consumers