

# **Downtown Frederick Retail Mix Report Research and Community Outreach Initiative**

**June 10, 2008**

**Prepared By:**

**City of Frederick Economic Development**

**Downtown Frederick Partnership**



Downtown Frederick  
*Partnership*

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***\*For information re: the Appendices, please contact the City's Department of Economic Development***

## ***Executive Summary***

The 2008 Downtown Retail Mix: Research and Community Outreach Initiative was undertaken to gain an understanding from the public about retail issues and preferences in downtown. Of particular interest was to ascertain opinions about chain and independent ownership. Several methods were used to gather input, including an online survey, customer intercept surveys and a series of focus group discussions.

Topics explored through this initiative included general preferences of consumers and downtown patrons, including the most and least-liked aspects of Downtown Frederick and preferred additions to Downtown's retail offerings; the topic of business ownership and preferences related to the appropriateness of national and regional retailers in Downtown; and the topic of first-floor retail and the impact of continuous retail storefronts on pedestrian foot traffic. Research was conducted on both regulations and incentives used by other communities to achieve the desired mix of chain and independent retail, as well as first-floor retail requirements. Recommendations were then established for Downtown Frederick.

The following report is organized as follows:

1. Introduction and Overview
2. Online and Intercept Survey Responses – Shopping preferences
3. Online Survey, Intercept Survey and Focus Group Responses – Ownership mix
4. Online Survey and Focus Group Responses - 1<sup>st</sup> Floor Retail
5. Analysis of Findings
6. Policy/Incentive Alternatives
7. Recommendations

### **Online Survey Responses**

More than 1,000 responses were received through the online survey. Results included:

- Downtown's historic setting and ambiance, as well as the locally-owned shops and restaurants were respondents favorite things about Downtown Frederick
- Traffic and parking were respondents least-liked things about Downtown
- A grocery store and permanent farmers' market made the top of the list as retail that should be added to the downtown mix
- Two-thirds of respondents preferred a mix of local retail with regional and national chains
- A mix of 80% independents to 20% chains was the most preferred mix among respondents
- The majority of respondents felt that the City should take steps to regulate the mix of independent and chain retail
- There was not a clear majority on the topic of 1<sup>st</sup> floor retail, with a significant proportion being undecided.

### **Customer Intercept Survey Responses**

Three hundred twenty-one surveys were collected during the week-long survey process. Results included:

- Downtown's historic setting and ambiance, as well as the pedestrian-friendly/walkable area were respondents' favorite things about Downtown Frederick
- Traffic and parking were respondents' least-liked things about Downtown
- A grocery store and a book store made the top of the list as retail that should be added to the downtown mix
- Respondents were closely split between a preference for mix of local retail with regional

- and national chains and a preference for only independent retail
- Due to the complexity of the questions, and time constraints related to in-person surveys, questions regarding regulations and 1<sup>st</sup> floor retail were not asked during the customer intercept surveys.

**Focus Groups**

Focus groups discussion focused solely on the topics of ownership and first-floor retail. The Downtown Business, Downtown Property Owners and Professionals focus groups felt that a mix of retail was preferable, and that the appropriate mix should be achieved through proactive recruitment and traditional market forces, as opposed to regulation. These focus groups also felt that first-floor retail should not be regulated.

The Downtown Retailers and the City Residents focus groups both felt that, while a mix may be preferable, the mix should be carefully controlled. A shift away from predominately independent was seen as a threat to downtown’s continued health and vitality. The Downtown Retailers also felt that first-floor retail was a critical component to downtown’s vibrancy and should be required. The Residents felt that the current ground-floor uses worked well and that a mix of office, retail and residential overall was healthy for downtown. This group saw no need to regulate first-floor retail at this time, but to monitor over time and re-evaluate.

**Recommendations**

*Retail Mix Recommendations:*

- Within the traditional Downtown (Market Street, Patrick Street, Shab Row & Everedy Square and Carroll Creek Park) a mix of 80% independent retail to 20% regional/national/franchise retail is recommended as a maximum level of chain retail.
- Emphasis should be placed on the recruitment of independent retailers to satisfy the desired additions to the downtown retail mix.
- There should be an emphasis on property owner and commercial broker outreach and education. It is important to convey the preferences and priorities of the City and Partnership to this group of stakeholders in Downtown.
- The formation of an ad-hoc committee to evaluate and develop legislation regarding fast food restaurants.

*First-Floor Retail Recommendations:*

- In 2008, a focus should be placed on obtaining pedestrian count data in order to more fully understand the pedestrian traffic and core retail/pedestrian areas of the downtown.
- The formation of an ad-hoc committee to develop first-floor retail regulations.
- The Downtown Retail Market Analysis be updated every 3-5 years.

## ***I. Introduction – Downtown Retail Mix: Research and Community Outreach***

### **(a) Retail Mix Research and Community Outreach Initiative**

#### *Purpose*

The 2008 Downtown Retail Mix: Research and Community Outreach Initiative was undertaken to gain an understanding from the public about retail issues and preferences in downtown. Of particular interest was to ascertain opinions about chain and independent ownership. Currently, the City regulates design and use (retail, office, residential, etc) but not the ownership format of businesses.

The Mayor and Board of Aldermen authorized the Department of Economic Development, in collaboration with Downtown Frederick Partnership, to further research this topic, implement a community outreach initiative, and report back with results and recommendations regarding possible policies or programs that could be implemented.

#### *Methods*

Several methods were undertaken in order to gather both concrete research as well as community and consumer sentiment. In February 2007, DED developed a white paper examining the topic of lease rates and the perceived upward trend within downtown. The white paper found that Downtown retail lease rates seemed to be rising moderately and commensurate with lease rates throughout Frederick County. See Appendix C for the full white paper analysis.

In September of 2007, DED released the *2007 Frederick Market Analysis: Phase I – Retail Market Analysis*. Conducted by Basile Baumann Prost and Associates, this report explored the retail market of the Frederick Planning Region, City of Frederick, and Downtown Frederick in regards to target customer segments, market capture within various retail segments, and future supply and demand forecasts. In addition, the report provided supply and demand recommendations, and examined the topic of national retail in downtown including recommendations related to the appropriate mix of local and national retail over time.

In November of 2007, DED and Downtown Frederick Partnership initiated a three-pronged community outreach initiative.

- Online Survey - November 16 to December 7, 2007 - 1,030 responses were collected. The survey link was distributed through the contact lists of DED, the City's Neighborhood Advisory Councils, Frederick County Office of Economic Development, Downtown Frederick Partnership, Frederick County Chamber of Commerce and the Tourism Council of Frederick County. The link was also accessible via the City of Frederick website. This diverse distribution method resulted in a broad-based respondent pool.
- Customer Intercept Surveys - December 9 to December 15, 2007 - 321 interviews were collected in Downtown. In contrast to the broad-based online survey, the audience was targeted to include only those who were users of downtown – whether as a downtown resident, downtown employee or downtown consumer.
- Focus Groups - January and February of 2008 - The goal behind the focus groups was to gain further insight and to better understand the nuances of and thought processes behind the survey responses. Groups included:
  1. Downtown Retail/Restaurants – 8 participants (3 restaurant/food service and 5

retailers) including:

- 4 from Market Street
  - 1 from Patrick Street
  - 2 from Shab Row & Everedy Square
  - 1 from Carroll Creek Park
2. Downtown Businesses – 5 participants representing banking, information technology, manufacturing and services
  3. Downtown Property Owners – 5 participants representing properties on Market, Patrick, and East Streets
  4. City of Frederick Residents – 5 participants from across the City including Downtown, neighborhoods around Fort Detrick and neighborhoods along the Golden Mile.
  5. Professionals – 6 participants including land use attorneys, real estate professionals, architects, engineers and a consultant with Community Land Use and Economics Group (and formerly with the National Trust Main Street Center)

**(b) Overview**

The City of Frederick is home to 60,000 residents, representing a quarter of Frederick County’s population. In addition, nearly half of all jobs in the County are located within city limits (approximately 49,000). Major business sectors include bioscience, information technology, manufacturing, services and tourism. Roughly 95% of Frederick’s 3,450 existing companies are small businesses, employing 50 or fewer people.

The City also is home to Fort Detrick with 7,900 employees at the National Cancer Institute, U.S. Army Medical Research Institute of Infectious Diseases (USAMRIID) and 38 other partner agencies on base. The National Interagency Biodefense Campus is under construction on the Fort, and will bring an estimated 1,400 new jobs over the next five years. Given the Fort’s close proximity to Downtown, this increase in jobs represents a significant opportunity for increased retail and restaurant sales.

The Frederick economy is experiencing significant growth in all industry sectors as well as in business development, downtown revitalization and reinvestment. More than 1.9 million tourists visit Frederick County annually, spending \$285 million during their stay. In addition, the Golden Mile is seeing a resurgence of business activity and reinvestment; planning efforts such as the Comprehensive Plan, the Land Management Code, and the first phase of the Carroll Creek Park project are complete; and Downtown Frederick was named a Great American Main Street in 2005.

Downtown Frederick is the largest contiguous historic district in Maryland. A Main Street community designated by the National Trust Main Street Center, Downtown Frederick is a dynamic hub of arts, culture and commerce consisting of 600 businesses and organizations that employ more than 5,000 people; 4,572 residents; and 1.4 million tourists who visit Downtown annually (3/4 of all visitors to Frederick County). The community is well-known for its historic character, economic vitality and distinctiveness. The National Trust for Historic Preservation recognized Downtown Frederick as one of its “Dozen Distinctive Destinations” in 2002.

Downtown also is a State-designated Arts and Entertainment District, and is the artistic and cultural center of the community. The Theater District is home to the Weinberg Center for the Performing Arts, the Maryland Ensemble Theater and the Cultural Arts Center which houses the Frederick Arts Council and the Maryland Shakespeare Festival. More than \$155 million in private development is being invested in infill development and historic renovation on sites adjacent to

Carroll Creek Park alone. It is expected that an additional 2,181 residential dwelling units will be developed over the next 10 years within 1.5 miles of the center of downtown.

Downtown's business mix includes office/professional (41%), retail and restaurant (36%) and "other" – which include public uses, non-profits, institutional and industrial uses (23%).\*  
Downtown's retail sector is comprised primarily of locally-owned specialty niche shopping and dining. The office market includes a mix of attorneys, banks and financial institutions, graphic design and marketing/PR firms and a growing cluster of technology firms. The "other" category is largely represented by City of Frederick and Frederick County government, Frederick County Courthouse, Frederick County Board of Education and Maryland Department of Social Services, as well as a relatively large proportion of non-profit organizations (7% of all businesses located downtown).

There is a strong desire to preserve the distinctive character, charm, and economic vitality of the downtown. The 2004 Comprehensive Plan encourages the following\*:

- Preservation and enhancement of the entrepreneurial climate that enables new and unique businesses to compete and contribute to the downtown economic mix.
- Encouraging a retail mix that emphasizes businesses and specialty goods and services, combined with dining and entertainment establishments.
- Working with Frederick County Tourism to market the City's historic resources as a primary tourist attraction by enhancing facilities, services and activities that support both visitor-based economic development and the Frederick residential and business communities.

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\* *City of Frederick 2005 Downtown Frederick Business and Organization Survey*

† *2004 City of Frederick Comprehensive Plan: Economic Development Element*

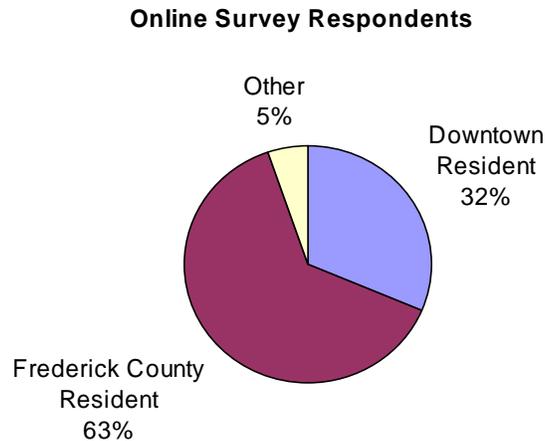
## II. Downtown Retail Survey Results – Consumer Preferences

The online survey and customer intercept survey asked several questions related to consumer shopping preferences in Downtown Frederick. This section analyzes the demographics of the respondents to both surveys – who responded to the surveys, who to characterize Downtown patrons; those things that respondents most liked and least liked about Downtown Frederick; and desirable retail categories that should be added to or strengthened within the current Downtown retail mix.

### (a) Online Survey

The online survey resulted in 1,030 responses. The survey questions and summary of responses can be found in Appendix A. The results were analyzed by:

1. Overall responses
2. Downtown resident responses
3. Frederick County residents (this does not include the responses from residents who live downtown)
4. Non-Frederick County residents



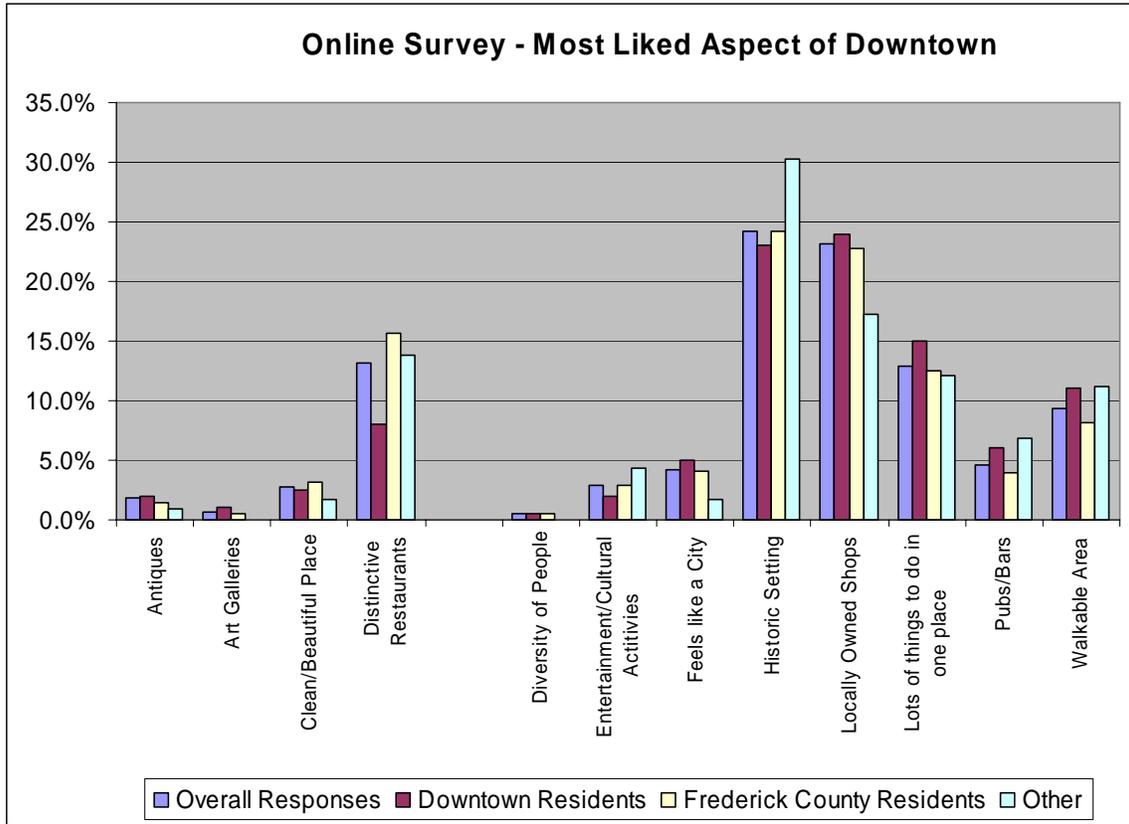
Within the overall responses, those in the 35-44 years age group accounted for the largest single segment of respondents, while a full 76% were between the ages of 25 and 54. Females accounted for nearly two-thirds of respondents. Respondents were frequent users of downtown, with over three-quarters having visited downtown within the last week for NON-WORK related purposes, and the remaining respondents having visited downtown for non-work related purposes within the last six months.

#### *i) Most-Liked Aspect of Downtown*

In an effort to characterize the positive attributes of Downtown Frederick, survey respondents were asked to choose the one feature or aspect of Downtown Frederick which they liked the most. Overall, the historic setting/atmosphere/buildings of Downtown were the most liked aspect, followed by locally-owned shops and specialty stores and distinctive restaurants.

When further analyzed by sub-categories, the results remained fairly similar. Downtown residents' favorite aspects of Downtown were the locally-owned shops, the historic

setting/atmosphere/buildings and that there are lots of things to do in one place. Frederick County residents most liked the historic setting/atmosphere/buildings, locally-owned shops and the distinctive restaurants. For those living outside Frederick County, the most liked aspects of Downtown included the historic setting/atmosphere/buildings, locally-owned shops and Downtown’s distinctive restaurants.

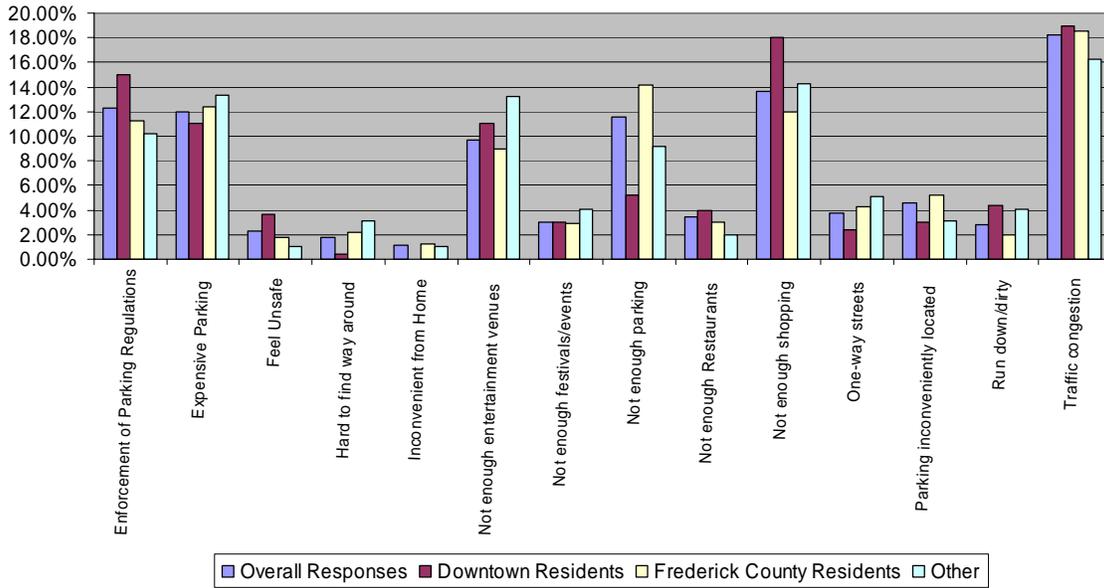


*ii) Least-Liked Aspect of Downtown*

Respondents also were asked to weigh in on what they liked the LEAST about Downtown. The overall survey results stated that traffic congestion was disliked, there are not enough stores and shopping options downtown, and that the enforcement of parking regulations and the expense of parking was disliked as well.

Within the respondent sub-groups, the findings varied only slightly. Downtown residents least liked traffic congestion, followed by not enough shopping and the enforcement of parking regulations in Downtown. Frederick County residents also found traffic congestion to be the least-liked aspect, followed by not enough parking and the expense of parking Downtown. Not enough shopping was a close fourth. Finally, for those living outside the County, traffic congestion was at the top of the list, followed by not enough shopping. Not enough entertainment venues and expensive parking were also on among the least-liked aspects.

### Online Survey - Least Liked Aspect of Downtown

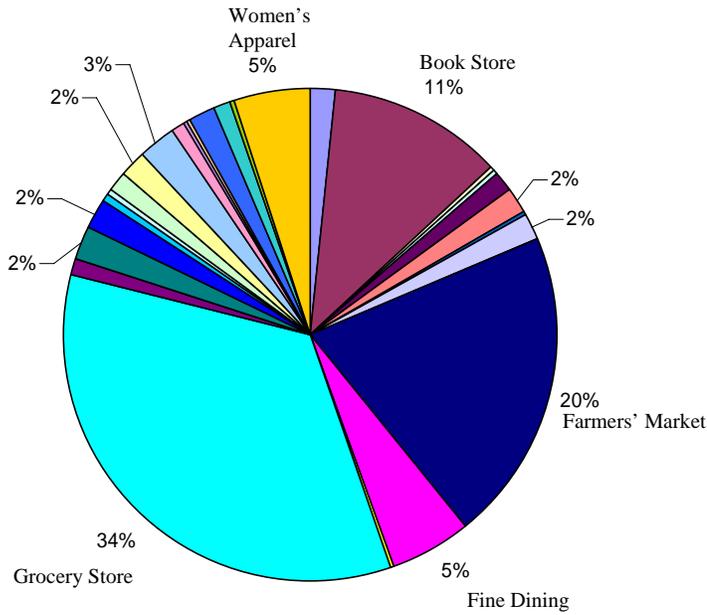


#### iii) Additions to Downtown Retail Mix

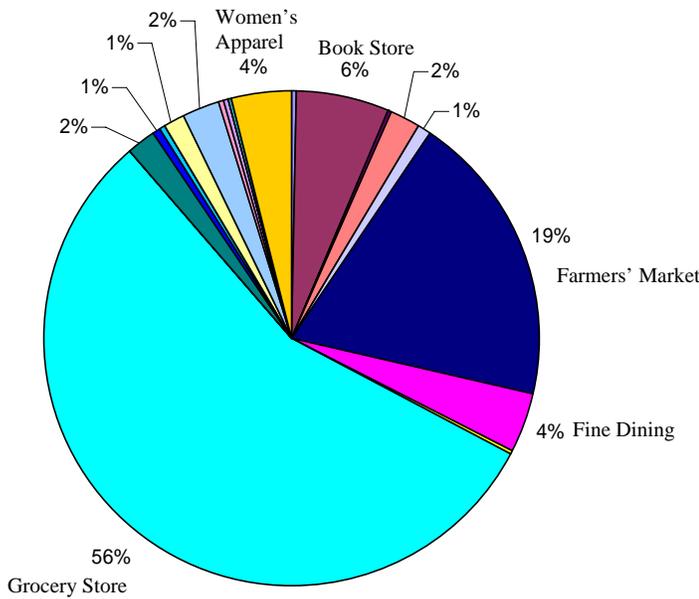
The survey also sought to better understand what categories of retail the respondents desired to see added to Downtown Frederick. Given that many respondents felt that there was not enough shopping in Downtown, the question of “what else does downtown need” brought in valuable results. In the overall responses, grocery store was identified as the top priority addition to downtown, followed by a farmers’/public market and a book store.

When analyzed by sub-groups, the results were identical. Downtown residents, Frederick County residents, and others agreed that a grocery store was the top priority, followed by a farmers’/public market and a book store.

### Additions to Downtown Retail Mix Overall Responses

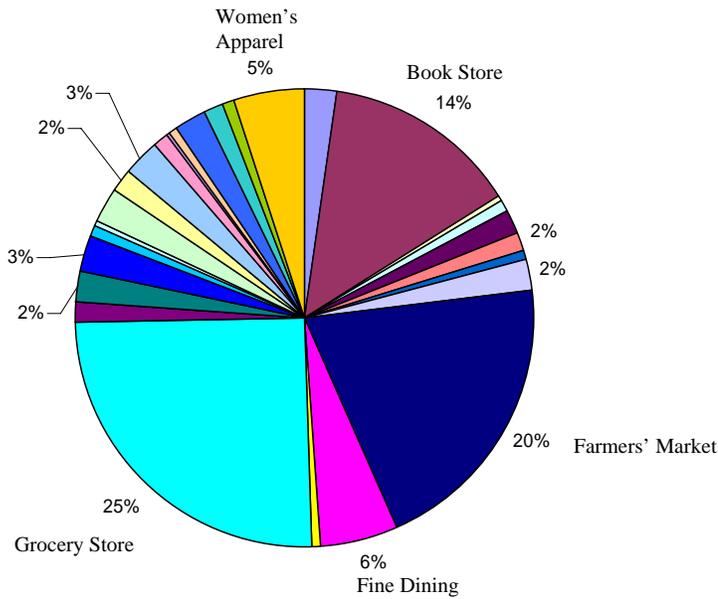


### Additions to Downtown Retail Mix Downtown Residents

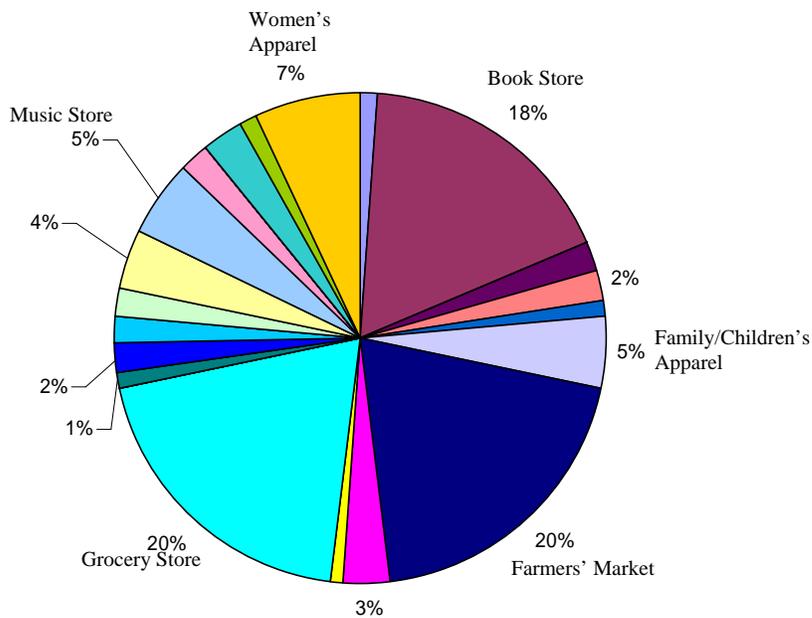


- Art Gallery
- Book Store
- Camera/Film
- Candle Shop
- Candy/Baked Goods
- Carry-Out Restaurant
- Dry Cleaner
- Family/Children's Apparel
- Farmers'/Public Market
- Fine Dining
- Flower Shop
- Grocery Store
- Cards/Gifts
- Hair Salon/Barber
- Hardware Store
- Home Décor Items
- Ice Cream/Yogurt
- Jewelry/Watches
- Kitchen/Cookware
- Mens Apparel
- Music Store
- Office Supplies
- Optical Shop
- Perfume/Cosmetics
- Sporting Goods/Apparel
- Shoes
- Tailor/Seamstress
- Women's Apparel

**Additions to Downtown Retail Mix  
Frederick County Residents**



**Additions to Downtown Retail Mix  
Other Users of Downtown**



- Art Gallery
- Book Store
- Camera/Film
- Candle Shop
- Candy/Baked Goods
- Carry-Out Restaurant
- Dry Cleaner
- Family/Children's Apparel
- Farmers'/Public Market
- Fine Dining
- Flower Shop
- Grocery Store
- Cards/Gifts
- Hair Salon/Barber
- Hardware Store
- Home Décor Items
- Ice Cream/Yogurt
- Jewelry/Watches
- Kitchen/Cookware
- Mens Apparel
- Music Store
- Office Supplies
- Optical Shop
- Perfume/Cosmetics
- Sporting Goods/Apparel
- Shoes
- Tailor/Seamstress
- Women's Apparel

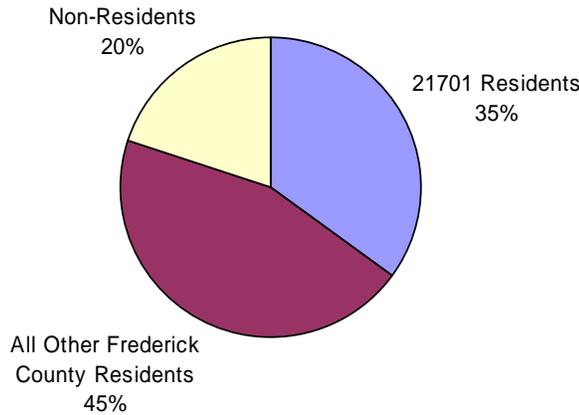
**(b) Customer Intercept Survey**

More than 2 dozen staff and volunteers conducted Customer Intercept Surveys in Downtown Frederick, collecting 321 surveys. Of those interviewed throughout the week, 80% were Frederick County residents (based on zip codes). The remaining 20%, with zip codes outside Frederick County, were in Downtown for a variety of reasons, including for work, dining, shopping, or to attend an entertainment or cultural event. The numbers of out-of-Frederick interviews increased as the weekend approached – from 6 out-of-town interviews on Monday to 18 out-of-town interviews on Friday and 20 on the weekend.

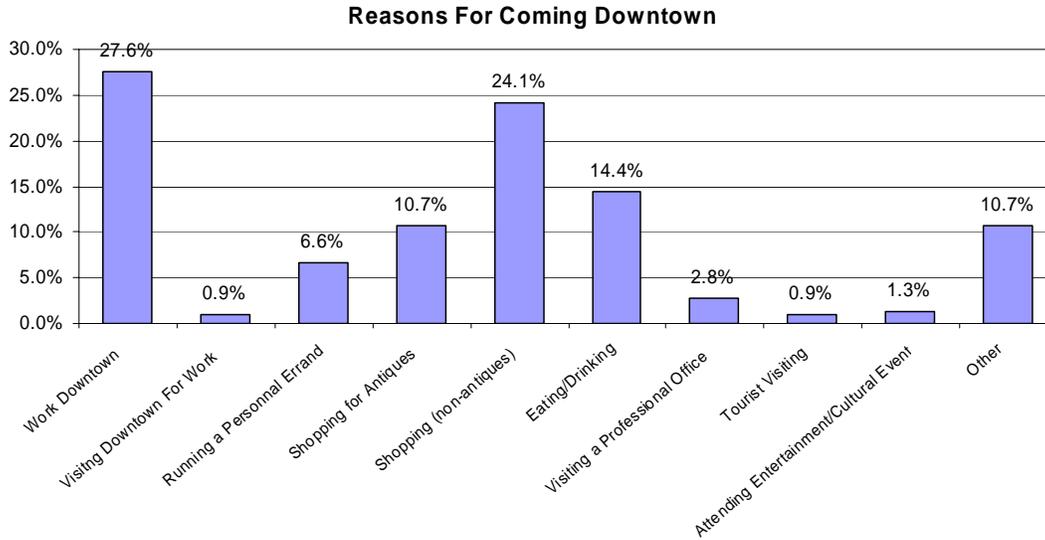
In addition to the overall response analysis, DED again further analyzed the results by the following subgroups

- o 21701 zip code,
- o All other Frederick County zip codes and
- o Zip codes outside Frederick County (Downtown Patrons, non-residents)

**Intercept Survey Respondents**

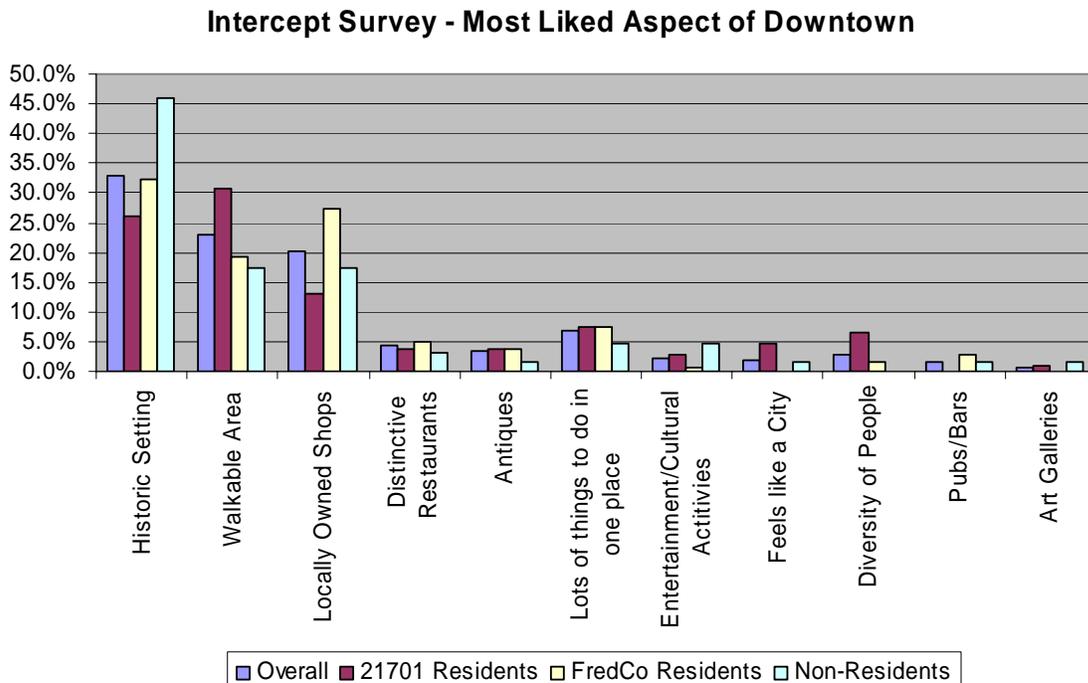


In the overall result analysis, primary reasons for being downtown including working in downtown, shopping for goods other than antiques, and eating and drinking. Those in the 45-54 years age group accounted for the largest single segment of respondents, while a full 66.7% were between the ages of 35-64 years old. The household incomes of downtown patrons varied widely, with the highest percentage between \$100,000-\$149,999. Based on the survey responses, patrons of downtown are a well-educated group, with more than a third having a college degree and another third having some post-graduate work or degree. Females accounted for more than half of survey respondents.



i) *Most-Liked Aspect of Downtown*

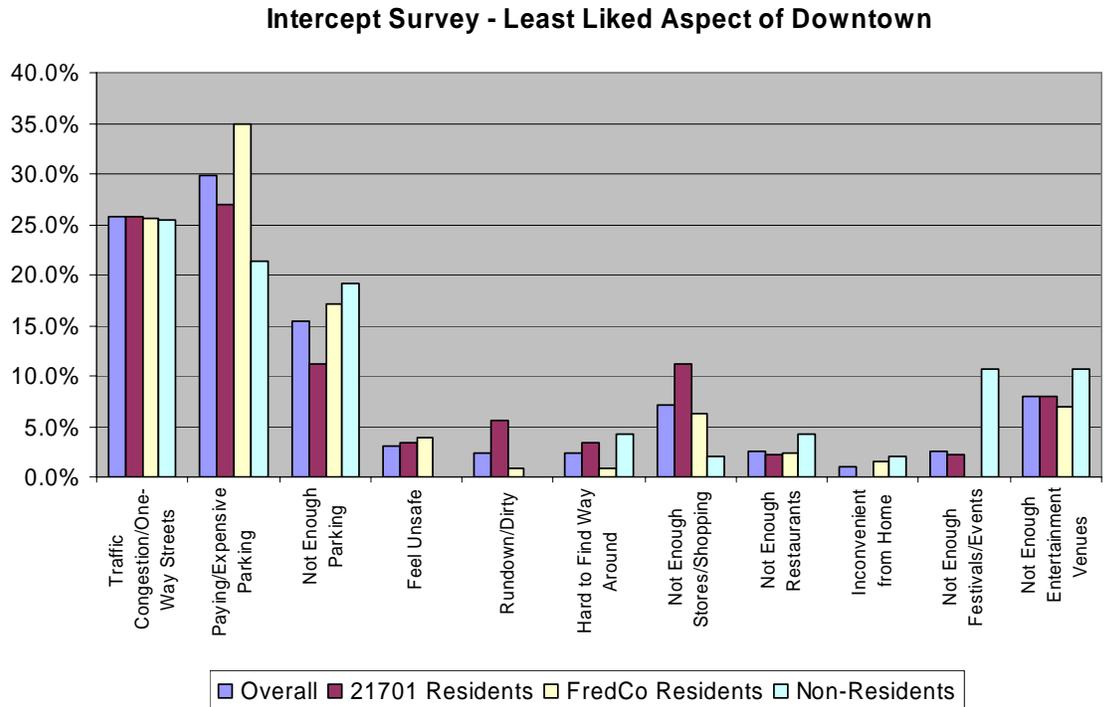
As with the online survey, the customer intercept survey also inquired as to what people like the most about Downtown Frederick. Mirroring the online survey the historic setting/atmosphere/buildings was the favorite thing of respondents, as were the locally-owned shops. Marking a slight difference from other survey results, the respondents to the intercept survey noted the walkable, pedestrian-oriented aspect of Downtown as a most-liked aspect. These most-liked attributes were consistent throughout the various sub-groups of respondents.



ii) *Least-Liked Aspect of Downtown*

When asked about the one thing least liked about downtown, the responses were overwhelmingly geared toward traffic and parking. Nearly a third of respondents identified paying for parking or

the expense of parking as the least liked aspect of Downtown. Other least-liked aspects included not enough parking Downtown, traffic congestion and one-way streets. These results were consistent throughout the various sub-groups of respondents as well.

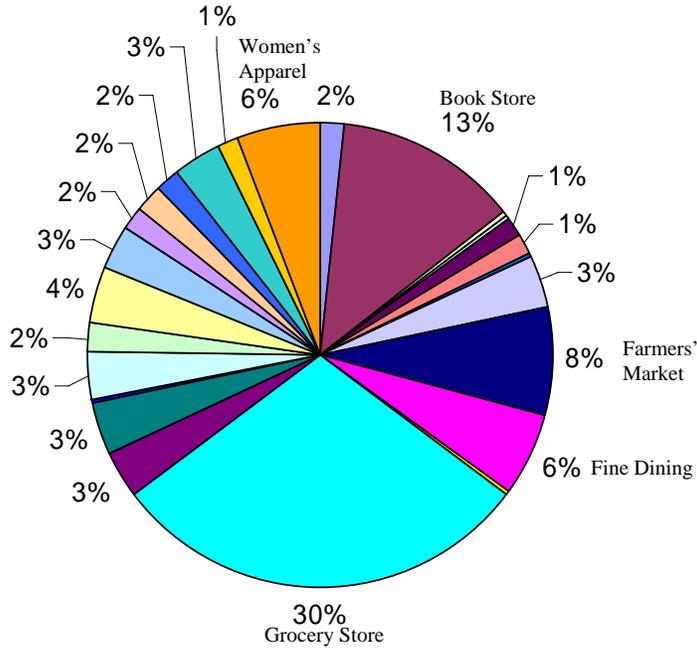


iii) *Additions to Downtown Retail Mix*

During the customer intercept surveys, respondents were asked to identify both their first priority and second priority for types of stores or retail goods that should be added to the existing Downtown retail mix. A grocery store swept the first priority category, followed by a permanent farmers’ market and new and used books.

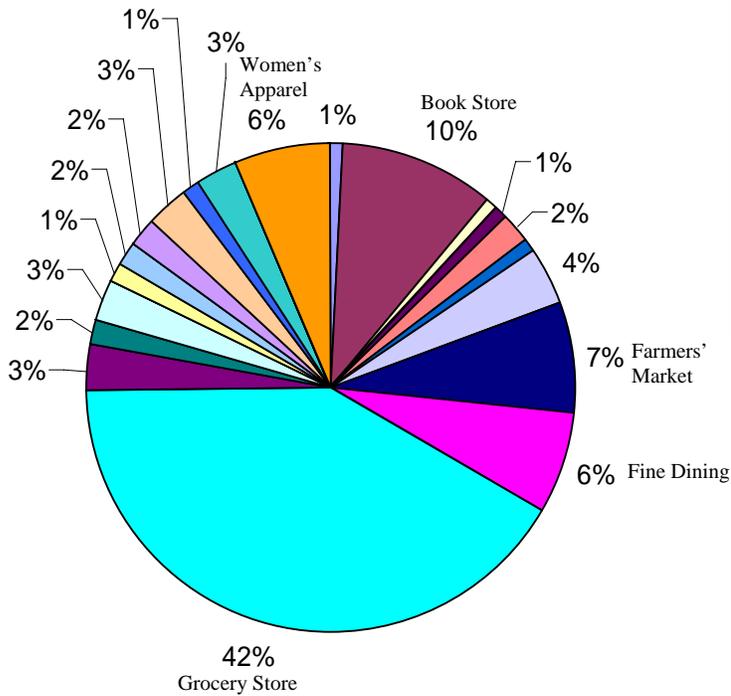
For all three sub-groups a grocery store, farmers’ market and book store also were noted as the top priorities for additions to Downtown. Among Frederick County residents (non-21701 zip codes), women’s apparel and shoes were also desired additions. Among non-Frederick County residents, art galleries and men’s apparel ranked high as second priorities.

### Additions to Downtown Retail Overall Intercept Survey Responses

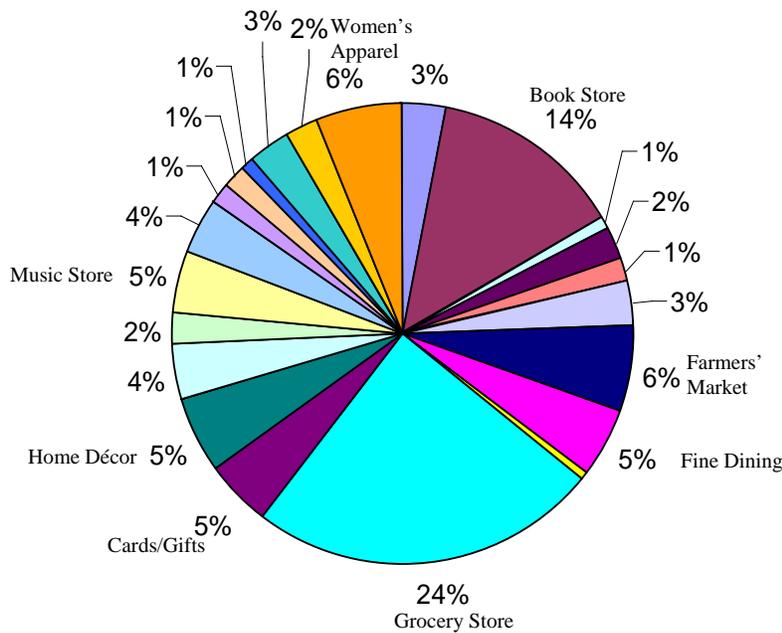


- Art Gallery
- Book Store
- Camera/Film
- Candle Shop
- Candy/Baked Goods
- Carry-Out Restaurant
- Dry Cleaner
- Family/Children's Apparel
- Farmers'/Public Market
- Fine Dining
- Flower Shop
- Grocery Store
- Cards/Gifts
- Hair Salon/Barber
- Home Décor Items
- Ice Cream/Yogurt
- Jewelry/Watches
- Kitchen/Cookware
- Mens Apparel
- Music Store
- Office Supplies
- Optical Shop
- Perfume/Cosmetics
- Sports Apparel
- Sporting Goods/Apparel
- Shoes
- Tailor/Seamstress
- Unisex/Juniors Clothing
- Women's Apparel

### Additions to Downtown Retail 21701 Intercept Survey Responses

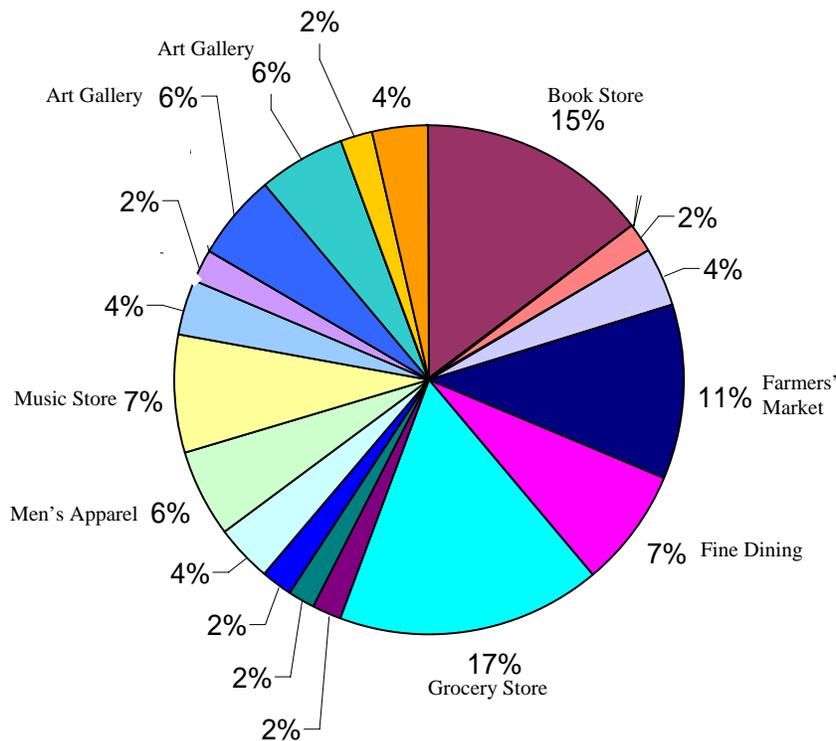


**Additions to Downtown Retail  
County Residents Intercept Survey Responses**



- Art Gallery
- Book Store
- Camera/Film
- Candle Shop
- Candy/Baked Goods
- Carry-Out Restaurant
- Dry Cleaner
- Family/Children's Apparel
- Farmers'/Public Market
- Fine Dining
- Flower Shop
- Grocery Store
- Cards/Gifts
- Hair Salon/Barber
- Home Décor Items
- Ice Cream/Yogurt
- Jewelry/Watches
- Kitchen/Cookware
- Mens Apparel
- Music Store
- Office Supplies
- Optical Shop
- Perfume/Cosmetics
- Sports Apparel
- Sporting Goods/Apparel
- Shoes
- Tailor/Seamstress
- Unisex/Juniors Clothing
- Women's Apparel

**Additions to Downtown Retail  
Non-Resident Intercept Survey Responses**



### ***III. Retail Mix and 1<sup>st</sup> Floor Retail***

In addition to downtown retail preferences, the online survey and focus group discussions sought input on the opinions of consumers regarding ownership of business and on the importance of first-floor retail to the overall health of downtown. Related to business ownership, the survey and focus groups answered questions related to:

1. The appropriate mix of independent retail to chain retail in downtown
2. The appropriate locations of chains in downtown, if any
3. Types of chain retail that may be appropriate downtown
4. Whether or not it was the role of government to regulate business ownership downtown

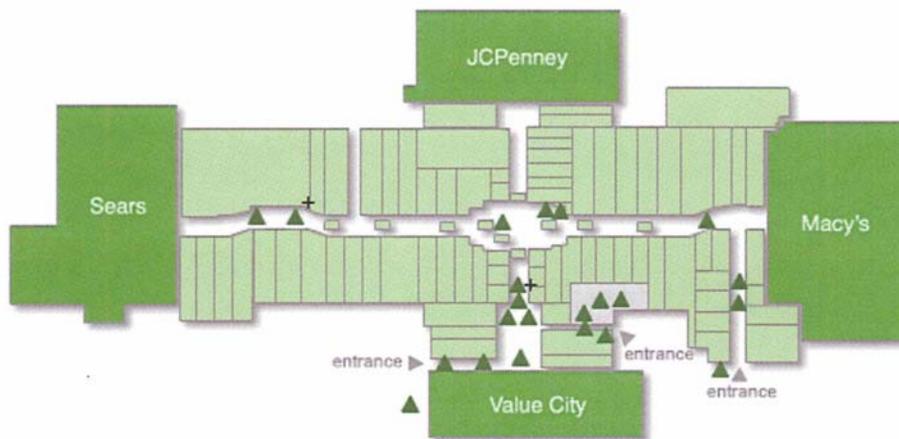
One of the factors inherent in this topic is defining a chain. Chains can include national corporations hundreds of locations, regional corporations with 10-20 locations, franchises, and chain-lets. It is important to define these terms to fully understand this topic and the recommendations of the report.

1. **Chain** - One of a number of retail stores under the same ownership and dealing in the same merchandise. Also known as national retailers and Big Box stores. (about.com Glossary of Retail Terms)
2. **National chain** – corporately-owned stores or restaurants that can be found in multiple communities across the country. Typically follow a standard format, offer standard merchandise or menus.
3. **Regional chain** – corporately-owned stores or restaurants that are limited to a smaller geographical area, not national. For example, regional may be just in one state (Maryland), a few states (Maryland and Virginia).
4. **Franchise** – A regionally or nationally-recognized corporate name or brand, but the retail outlet is under independent ownership. For example – Ben & Jerry’s, Dunkin’ Donuts, Quiznos, Five Guys.
5. **Chain-lets** – A relatively new concept, similar to a regional chain. Chain-lets operate from 2 to 10 units within a single metro area. Offer regional distinctiveness, and the owner is typically responsible for store decision-making. Owner typically raised in the region or has lived in the region for a long time. (defined in an article of “Commercial Advisor” from LISC Commercial Markets Advisory Service)
6. **Independent retail** – one or two stores or restaurants with the same concept, owned by an individual with no corporate backing or name/brand recognition.
7. **Big Box retail** - Large stand-alone store with varying market niches.
8. **Formula-based businesses** – Varies regulation to regulation and community to community, however Port Townsend, Washington defines a “formula-based business” as: *A type of retail sales activity or retail sales establishment, including restaurant which, along with ten or more other retail sales establishments, maintains two or more of the following features: a standardized array of merchandise, façade, décor and color scheme, uniform apparel, signage, trademark/service mark.*

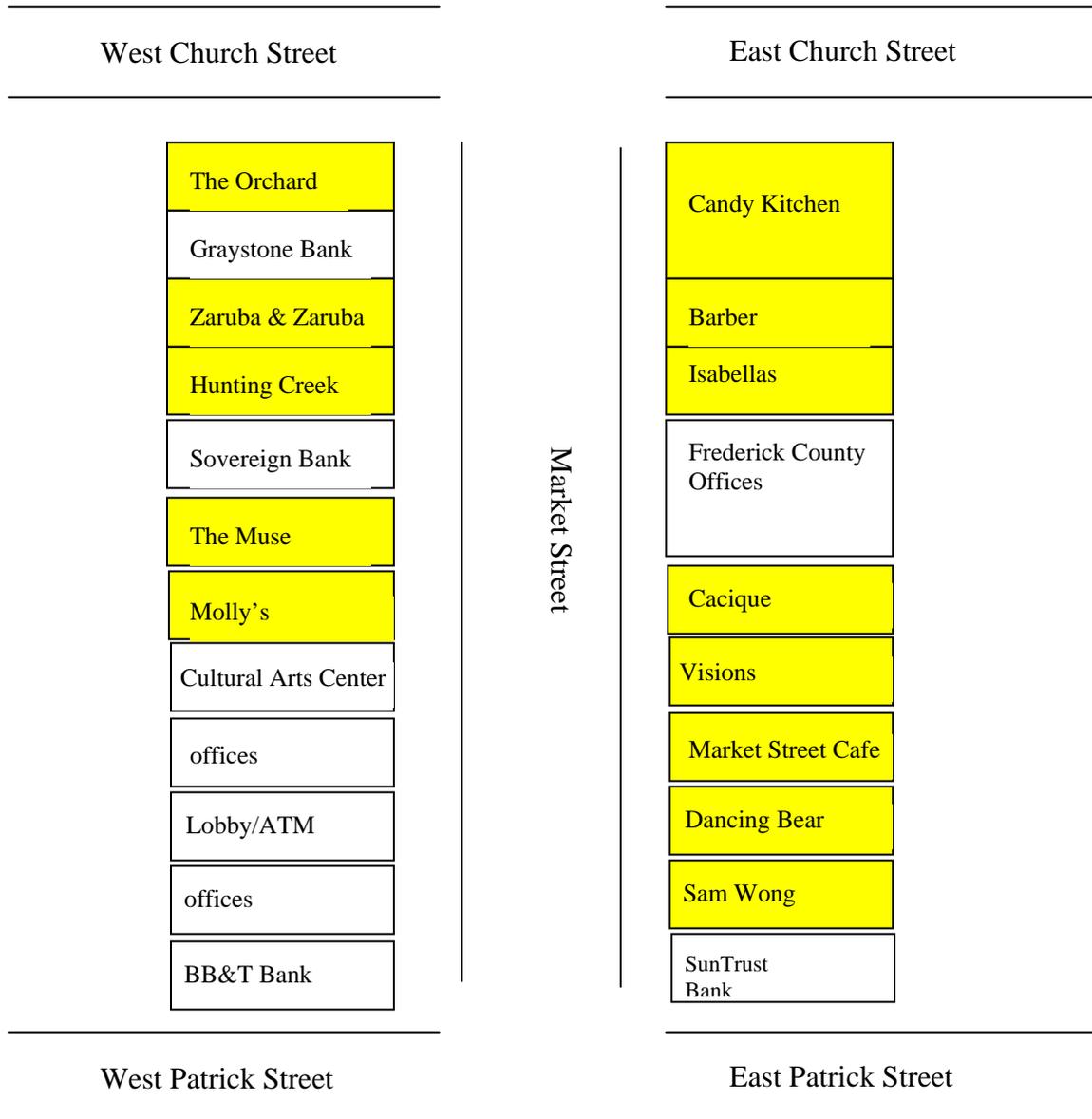
While much of the conversation surrounding retail in Downtown has centered on national, regional and local retail, there is another factor that has been shown to have an impact on retail success. In the *2007 Frederick Market Analysis: Phase I – Retail*, the recommendations for downtown retail include requiring retail and restaurant uses on the first-floor, or pedestrian level, along Downtown Frederick primary retail corridors.

The theory behind 1<sup>st</sup> floor retail is that active uses at the pedestrian level encourage pedestrians to walk further and experience more of the retail district, resulting in longer stays, higher consumption and stronger pedestrian flows. “Dead space,” or inactive uses such as office (especially those that close at 5:00pm) and residential on the ground floor can create a perception of a dead end, signaling to pedestrians that they have reached the end of the retail corridor and should turn back. The Post Office facility on East Patrick Street has such an effect on pedestrian movements. This block creates a break in pedestrian flow and often functions as a barrier between Patrick Street and Everedy Square. While this is an extreme example, smaller spaces throughout Downtown can have a similar effect on pedestrian patterns.

In a mall setting, the leasing of space is tightly controlled by the mall manager. Efforts are made to insure strong tenant mix. Additionally, “anchor tenants,” or stores that have the strongest pedestrian draws, are strategically placed at the ends of the mall, with smaller retailers along the corridors. In this managed setting, foot traffic is naturally drawn through the mall from one end to another.



In downtown, there is no mall manager to handle building tenanting. Buildings are leased on an individual basis. However, there is a strong need within downtown to encourage continuous pedestrian traffic from one store/restaurant to the next. In some communities, local government has taken on part of the role of mall manager by requiring that first-floor spaces must be leased to an active retail use, thereby achieving the continuity of retail and encouraging continuous pedestrian movement through all of downtown.



## **(a) Retail Mix**

### i) Online Survey

#### *Overall Responses*

The online retail survey asked the question “As more stores are encouraged to open in Downtown Frederick, would you prefer them to be only local independent merchants, only chain retailers, or a mixture of both?” Two-thirds of respondents choose a mixture of both, while another third choose only independents retail/restaurants (0.2% chose only chains). The survey then asked “If you choose a mix, what should the mix look like?” The majority of those desiring a mix felt that 80% of the retail should remain independent and that up to 20% could be chain retail. The results clearly indicated a desire for a predominately independent retail and restaurant environment.

To examine whether the type of retail influenced the appropriateness of chains Downtown, the survey asked “If more chain retailers/restaurants were to open Downtown, what types would be appropriate?” A series of category choices were given from which to select, and respondents could check as many as applied. Grocery stores, clothing chains and restaurants/bars were rated highest as types of chains that would be appropriate Downtown. The lowest rated choice was a fast food chain.

The survey also queried respondents regarding opinions on regulations. When asked if the City should take steps to restrict chain retail and restaurants in Downtown, a majority of respondents said *Yes*, while a third said *No*. Respondents felt most strongly that chain restriction should apply on Market Street, Patrick Street and Everedy Square & Shab Row. Fewer felt that chain restrictions should apply along Carroll Creek Park, South East Street or in the Frederick Brickworks development area.

#### *Downtown Resident Responses*

Survey results were broken down and analyzed based upon residency of the respondents. Among Downtown residents, two-thirds preferred a mix of chains and independents compared with one-third who preferred only independents (no one preferred only chains among this demographic). However, when asked about the mix of chains and independents only a quarter of respondents indicated a preference for 100% independent retail/restaurants. The majority preferred a mix ranging from 95/5 to 65/35, with the highest preference for a 80/20 mix.

Again, respondents were asked their opinions regarding the regulation of chains in Downtown. Nearly two-thirds felt that the City should take steps to regulate chains in downtown, with another third feeling the City should not regulate chains (6.3% were undecided).

#### *Frederick County Residents*

Among Frederick County residents, more than two-thirds preferred a mix of chains and independents compared with just under a third who preferred only independents (0.3% preferred only chains among this demographic). When asked about the mix of chains and independents, a quarter of respondents indicated a preference for 100% independent retail/restaurants. The majority preferred a mix ranging from 95/5 to 65/35 with a highest preference for an 80/20 mix.

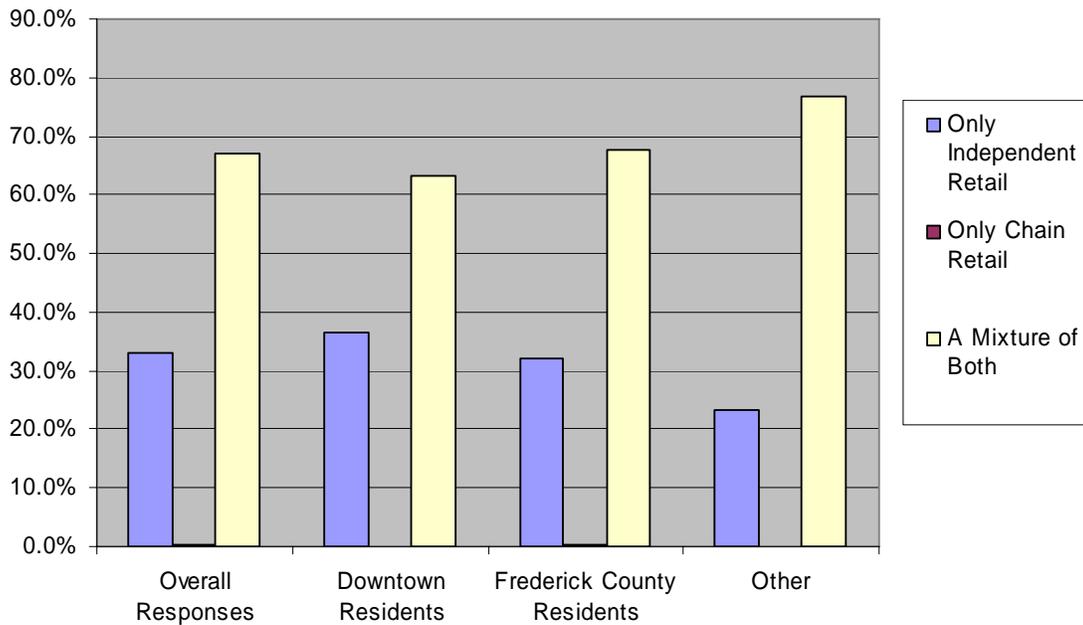
Again, respondents were asked their opinions regarding the regulation of chains in Downtown. Roughly half felt that the City should take steps to regulate chains in Downtown, with a third feeling the City should not regulate chains (10.6% were undecided).

#### *Downtown Patrons (non-residents)*

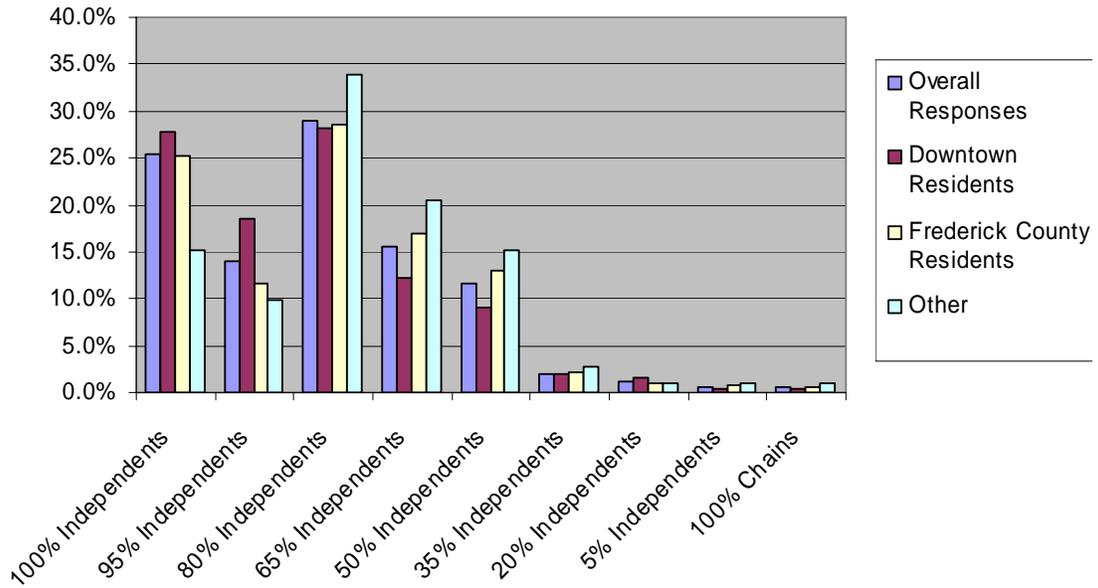
Among Downtown patrons, those who did not live in Frederick County but identified themselves as users of downtown, three-quarters preferred a mix of chains and independents compared with a quarter who preferred only independents (no one preferred only chains among this demographic). Again, when asked about the mix of chains and independents the highest preference was an 80/20 mix while another 20.5% preferred a 65/35 mix. Ten percent preferred the 95/5 ratio, while only 20.6% preferred a ratio of 50/50 or less of independents to chains.

Again, respondents were asked their opinions regarding the regulation of chains in Downtown. Half (50.9%) felt that the City should take steps to regulate chains in downtown, with another 39.3% feeling the City should not regulate chains (9.8% were undecided).

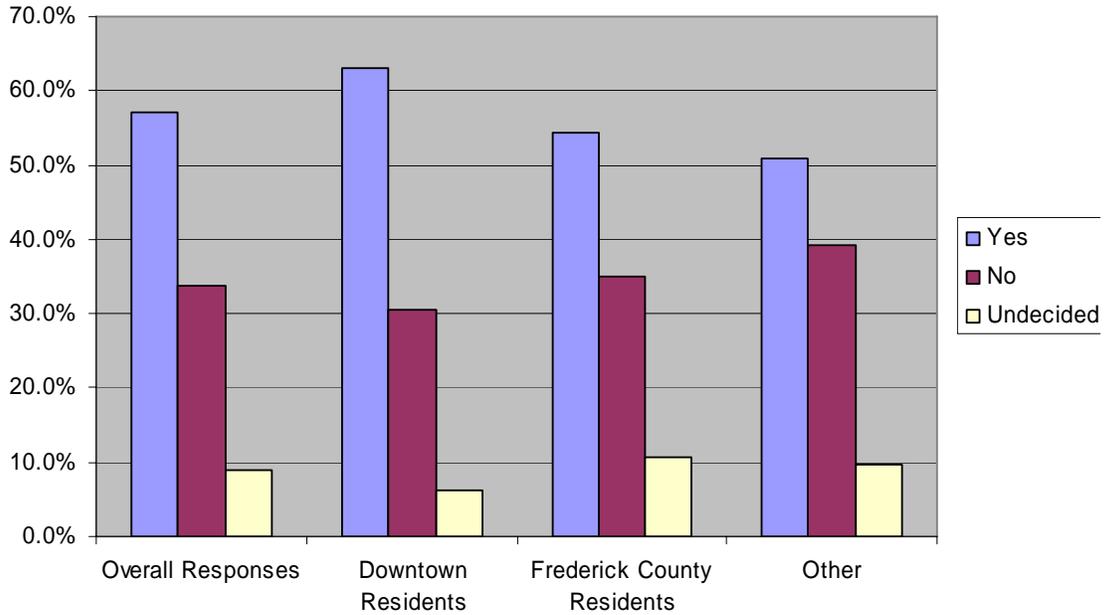
**Mix of Retail - Online Survey Results**



### Ratio of Independents to Chain Retail - Online Survey



### Should the City Regulate Chain Retail Downtown?



## ii) Customer Intercept Survey

### *Overall Responses*

In addition to the shopping preference data, presented in Section II of this report, the customer intercept survey also sought input on the topic of retail mix and the opinions of the consumers regarding chains in Downtown Frederick. Overall, the responses were much closer as compared to the online survey results. This time, half of respondents preferred a mixture of chains and independents in Downtown Frederick, while just under half preferred only independent retail/restaurants (0.9% preferred only chains).

The intercept survey did not ask questions regarding regulation, but did ask the question of what types of chains would be appropriate downtown. Grocery stores and clothing chains were among the top responses for appropriate chain retail. A quarter of respondents stated that no chains would be appropriate. Fast food and furnishing chains were viewed as the least appropriate.

Once again, the customer intercept survey was further analyzed based upon residency – those living in 21701, those living in other Frederick County zip codes, and Downtown patrons living outside Frederick County.

### *Downtown Residents*

For those living in 21701, nearly two-thirds preferred a mix of chains and independents, compared to 40% preferring only independents. Grocery was the most widely “appropriate” chain type, followed by clothing and hardware store.

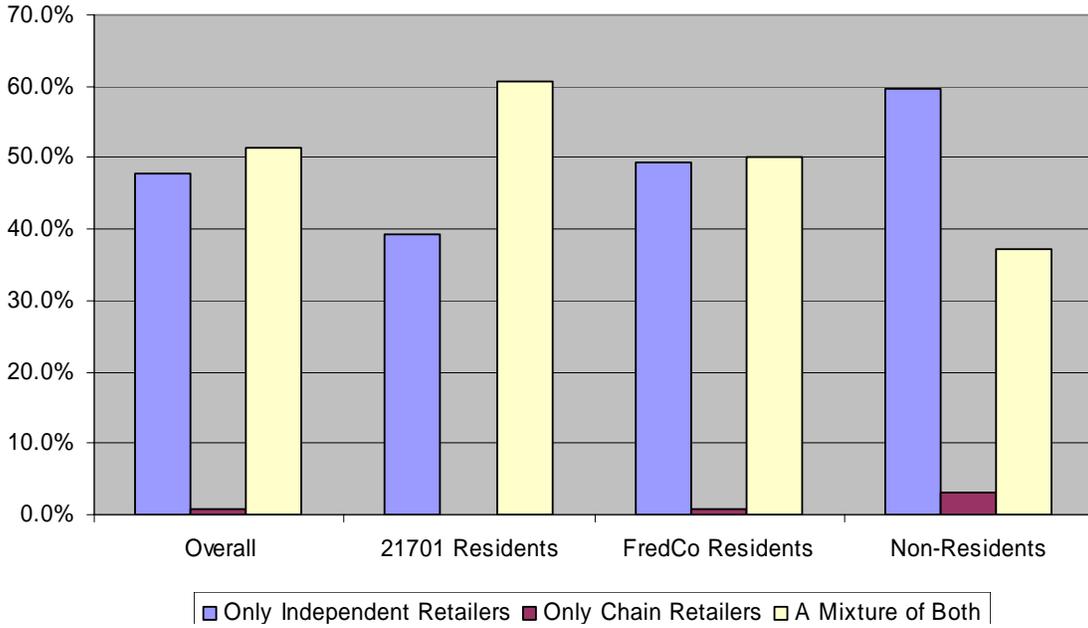
### *Frederick County Residents*

For Frederick County residents, half preferred a mixture of chains and independents while the other half preferred only independent retailers (0.7% preferred only chains). Chains seen as most appropriate for Downtown included grocery, clothing and coffee. Fast food, home furnishings and hardware chain stores came in very low in terms of appropriateness in downtown for this subgroup.

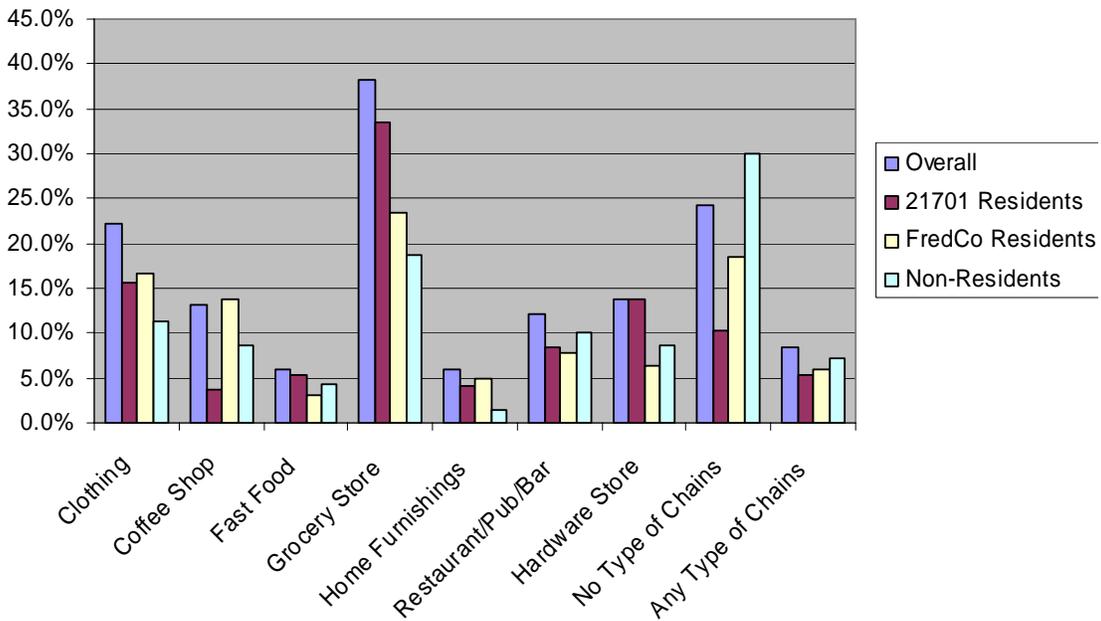
### *Downtown Patrons (non-resident)*

Finally, the responses for Downtown patrons living outside Frederick County were also analyzed. The majority of the group, which made up 19.9% of all customer intercept survey respondents, preferred only independent retail/restaurants to a mixture of independents and chains. When asked which types of chains would be appropriate in downtown, nearly a third responded that no type of chain would be appropriate. For those who felt certain types of chains may be appropriate, grocery and clothing were rated highest while home furnishings and fast food were rated as least appropriate.

### Mix of Retail - Intercept Survey Results



### Appropriate Types of Chain Retail - Intercept Survey



### iii) Focus Group Results

Recognizing the complexity of the opinions centered on the mix of independent and national retail in downtown, DED and the Partnership also conducted a series of small focus groups. Five focus groups were conducted

1. Downtown Frederick retail/restaurant owners
2. Downtown Frederick non-retail businesses
3. Property owners
4. Residents
5. Professionals

Focus group participants were asked to frame the conversations based not simply on personal preference, but on what is perceived as best for Downtown Frederick’s continued vitality both now and 20 years from now. Each focus group was asked –

1. Should Downtown Frederick retail and restaurants be only independents, only national retail, or a mixture of both;
2. Do you think that ground floor retail uses should be required in Downtown Frederick; and

These conversations allowed for a deeper understanding of the theories and emotions behind the results of the surveys. Generally the focus groups, like the survey respondents, had a diversity of opinions between only independent retail and a mixture of local, regional and national retail, as well as over the role of local government in regulating the mix of retail. In each instance the facilitator tried to encourage arrival at general consensus. In most instances the groups were able to reach general agreement on topics, and had consistency on other topics discussed. Those areas of consensus and themes are presented below.

*Downtown Retail/Restaurant Owners Focus Group*

The downtown retailers had diverse opinions on both the mix of retail as well as whether or not the mix should be regulated. General themes or areas of consensus within this focus group included:

- o The uniqueness of Downtown Frederick is a valuable asset
- o Independent retailers took risks and led the revitalization efforts of Downtown Frederick – want to continue to be that driving force in Downtown’s success
- o Managed mixed is desired – if completely open to free market forces, there is a fear that, due to rent increases and competition for locations, independents will be largely replaced by national retail over time
- o Rent was a concern, and is something that can not be legislated. Chains can pay higher rents because the costs are amortized over many locations, and this puts upward pressures on rents throughout Downtown.\* How can property owners be incentivized to lease to independent retailers and maintain first floor retail uses?
- o If rents continue to increase, businesses will look elsewhere when considering start-up locations

*Downtown Business Focus Group*

General themes or areas of consensus within this focus group included:

- o There should be a mix of local, regional and national retail in Downtown.
- o The group was divided on whether or not that mix should be managed through regulations or should be determined by market forces.

*Professionals Focus Group*

General themes or areas of consensus within this focus group included:

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\* A comprehensive white paper on upward rent pressures and formula-based business legislation can be found as Appendix B.

- A mix is preferable
- The focus was less on the retail ownership and more on the physical appearance of the buildings and stores. To this group, it was more important that the appearance be in keeping with the historic character whether the use was a local, regional or national retailer.
- Filling vacant spaces such as Carmack Jays and Asiana, is a more critical issue to Downtown's vitality regardless of whether a national retailer or local retail fills the space.
- Another perspective discussed was that of Downtown Frederick's market position. Some focus group participants noted that their opinions changed depending on whether they approached the question from a tourist perspective or a resident's perspective. Local retail, which contributes to the uniqueness of Downtown, appeals to the tourist market. However, while area residents or the employees of Downtown businesses also may appreciate local retail, perhaps there is a stronger desire among this group to see some national retail in Downtown.\* Based on this divergence of perspectives, it led these participants to support a mix of retail in Downtown. In order for Downtown to remain vital it needs to appeal to all three audiences – tourists, residents and Downtown employees.

*Residents Focus Group*

Residents from across the City participated in this focus group. The recurring themes for this group were:

- While a mixture of local, regional and national retail would be ok, there was a strong preference for independent retail. The mixture, for this group, was based less on numbers of chains and more on the category of retail. If a chain filled a niche that was not already filled by a local retailer, than that chain would be more appropriate. If a chain competed in a niche that was already filled by local retail, than that chain would not be appropriate. It was recognized that this would be difficult to regulate.
- The unique charm of Downtown Frederick is in part because of the unique retail
- Local restaurants contribute greatly to the uniqueness of Downtown and add local flavor. While there was some tolerance for national retail, the group felt strongly that chain restaurants should not be permitted in Downtown.

*Property Owners Focus Group*

- Mix preferred
- Market forces

**(b) First Floor Retail**

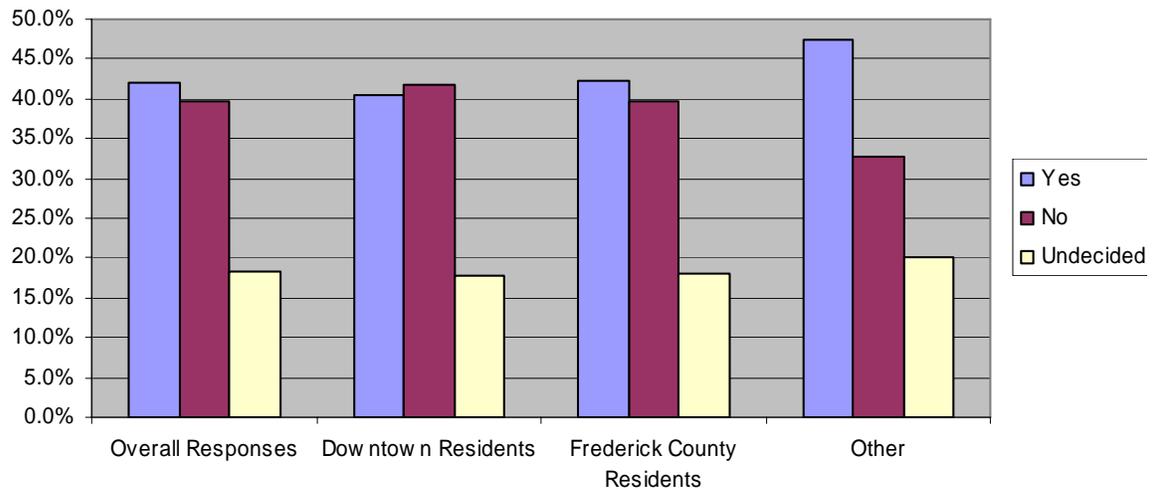
*i) Online Survey Results*

Overall responses to the online survey showed that respondents were evenly divided on whether or not 1<sup>st</sup> floor retail requirements should be explored. However, nearly 20% were undecided. When broken down into respondent segments, the results were nearly identical.

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\* The opinion stated here is in part supported by survey results, which showed that the majority of residents supported a mix of local, regional and national retail while the majority of Downtown Patrons (non-residents) favored only independent retailers. See Section II for more details.

### Should the City Require 1st Floor Retail?



#### ii) Focus Group Discussions

##### *Downtown Retail/Restaurant Owners*

On the topic of ground-floor retail uses, some recurring themes and general group consensus included:

- The mix of uses – retail, office, government services and residential - are important to Downtown
- The location and density of these uses is the key and there is a threshold of diminishing return – if the mix of uses tips too far in any direction, there could be negative consequences on all the uses
- Continuous ground floor retail is critical along Carroll Creek Park – too much “dead space” today, doesn’t allow for a critical mass of retail that would promote increased pedestrian traffic
- There is room for legislation on this issue – it is important and may not be adequately addressed through market forces

This focus group also noted the difference between restaurants and retail shops in regards to this topic. Restaurants benefit greatly by the lunch traffic generated from close-by offices and government services. Retail shops, however, are negatively affected by “dead space” next door that may deter pedestrian traffic. One example, noted as the “extreme,” was the Post Office site, which creates a perception of a retail “dead end” between Patrick and East Streets. The result is a disconnect between the Market/Patrick shopping area and the Shab Row & Everedy Square shopping district.

This group also discussed the definition of retail. In question were two types of uses, banks and government services. In the strictest interpretation of “retail” perhaps these uses are not retail. Banks and government services function much like typical office space and provide a service as opposed to retail good. Additionally, these uses typically keep office hours, closing at 5:00 on weekdays and closed on the weekends. However, these uses generate foot traffic during the hours of operation, provide services and exchange money just as a store or restaurant would do.

This sparked a conversation regarding hours of operation. The group discussed the importance of both uniform hours and later hours throughout Downtown. Perhaps if offices kept later hours that

were more in keeping with the retail sector, there would be less of an impact on the surrounding retail. The example given was a bank that would remain open in the evening until 8:00pm. Weekends posed a greater concern with a less-obvious solution, as the majority of offices are closed on Saturdays and Sundays.

*Downtown Business Focus Group*

- Regulation is a “slippery slope”
- Increase retail and office uses at ground level – residential should not be a 1<sup>st</sup> floor use
- Increase live/work opportunities in Downtown

This group also discussed the definition of retail and whether or not a bank or government services would be considered a retail use. If not, it would create many non-conforming businesses in Downtown, to which the group was generally opposed. Additionally, the point was made that some buildings are office buildings by nature and design. The example given was that of 30 N Market Street – built as a bank, well-suited for office and poorly designed for a traditional retail use.

*Professionals Focus Group*

- Mix of uses in downtown is important
- At this time, Carroll Creek Park is more problematic in this regard – retail is more critical along here in order to create critical mass and increase pedestrian traffic
- Downtown is over-regulated, but 1<sup>st</sup> floor retail is an important issue – is there a way to incentivize retail on the 1<sup>st</sup> floor as opposed to regulation?
  - Make it easier to convert/occupy upper floors – would then make it easier to put office and residential on 2<sup>nd</sup> and 3<sup>rd</sup> floors and free up 1<sup>st</sup> floor space for retail

*Residents Focus Group*

- Banks, post office, government have customer service component, function like retail and provide valuable services downtown
- Creating ground floor retail is important along Carroll Creek Park
- Current mix of retail and office is good – if tipped too far toward offices on 1<sup>st</sup> floor, may become problematic/negative effect
- Live/work opportunities are desirable downtown

*Property Owners Focus Group*

- No regulation

#### *IV. Analysis of Findings*

Currently, 99.4% of retailers and restaurants in Downtown Frederick are independently owned and operated. As new regional and national names enter the downtown market, there are diverse opinions as to the effect of chains on the health of downtown from a retail perspective and as to the appropriate future mix of independent and chain retail. There are two lines of thought that provide the framework for decision-making on the topics of chains in Downtown Frederick.

The first line of thought is that Downtown is a unique place that is a shopping destination for both local and regional shoppers as well as tourists. The locally-owned, independent and eclectic retail and restaurant offerings are what make Downtown unique. There also is a growing desire among consumers to purchase from local, independent businesses. Therefore, there should be a concerted effort to maintain that uniqueness, and provide a niche of local shopping options, by regulating the number and types of chains in Downtown, if any. Another benefit to shopping locally-owned businesses is that more dollars are kept in the local economy longer.

The second line of thought is to focus on design, function and appearance rather than ownership. This theory presumes that a vibrant downtown has a mix of uses and ownership types. Chains can act as pedestrian magnets much like anchor tenants in a typical suburban mall, increasing overall foot traffic in downtown. Moreover, the market should be the driving factor behind the retail mix of downtown – if chains are drawn to Downtown it is because there is a strong market Downtown, and this strength is a positive thing for all businesses. There should be no regulations that inhibit the free market system.

The complexity of this issue was brought out during all of the focus group discussions. During the discussion some felt certain chains were more appropriate than other chains. Additionally, some felt that chains would be appropriate in certain areas of Downtown such as Carroll Creek, but not in other areas such as Market Street. And some felt that chains would be ok if that chain filled a particular niche of retail that is not already served by the existing retailers Downtown. There are many challenges to regulating business ownership. For example, a franchise is typically considered a chain and brings to downtown a national brand and image. However, franchises can often be locally-owned and operated, creating a challenge in regulation development.

The reality is this question is complicated to answer. Often the question of national and regional retail Downtown results in more questions than clear answers. The diversity of opinions was clearly expressed through both the surveys and the focus group discussions – satisfying the desire for both uniqueness and buying local, and to allow the market to work and to find a wider variety of shopping options, for a mix of consumer segments, in Downtown.

Downtown Frederick serves many different consumer segments including office workers, downtown and area residents and tourists. If the economy of downtown Frederick were driven predominately by tourism, then the answer to this question of chains may be clearer. Tourism-based economies depend upon uniqueness and character for survival, and therefore it may be simpler to conclude that regulating chains is necessary in order to maintain the economic vitality.

However, Frederick as a whole has a diverse economic base with strong bioscience, technology, manufacturing, services and tourism industries. In Downtown, there are 5,000 people employed by more than 600 businesses and organizations that make Downtown a thriving commercial district. One-third of these businesses are retail, one-third is comprised of professional services and one-third is comprised government and non-profit agencies. Ten thousand residents live

within one mile of the center of downtown Frederick – residents that enjoy the uniqueness, but also must shop elsewhere for some of their basic needs for goods such a groceries.

Downtown's Primary Market Area, from which 70% of retail sales are derived, is home to 147,184 residents that generate \$882,729,247 in annual retail expenditures.\* Downtown Frederick's capture rate is a mere 4%. In other words, 96% of retail expenditures are made outside of Downtown (primarily in surrounding city, county and regional retail nodes). The remaining 30% of annual retail sales are generated by residents of Downtown's Secondary Market Area (a population of 6,434,056), downtown employees and an annual 1.4 million tourist visits.

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\* *2007 Retail Market Analysis*

## ***V. Policy/Incentive Alternatives***

A wide variety of policies and incentives have been pursued in other communities across the nation related to retail mix. These policies include supporting independent business, providing incentives and implementing regulations to enforce community objectives. The following list attempts to provide a comprehensive review of these alternatives.

### *Support for Independent Retailers*

The policy options outlined under support for independent retailers are geared toward supporting existing and new independent retailers to grow and thrive. The focus is on ensuring that the independent retailers are in a position to withstand market pressures as well as grow their business at a rate where revenues exceed increasing costs.

- Focus Recruitment Efforts on Independent Retailers

Economic development organizations in a community can focus their recruitment efforts solely on independent retailers. Proactive efforts are not be made to recruit chain retailers. Recruitment efforts can include maintaining and marketing a list of available properties as well as providing demographic and statistical information to potential new businesses. As a note, property and demographic information is available to businesses interested in Downtown Frederick today.

- Develop Advertising Cooperatives

To increase buying power, retailers can work together to buy ads in a block, reducing the cost for each participating business. As a note, advertising cooperatives are encouraged and organized already in Downtown Frederick.

Beyond advertising cooperatives, communities may offer financial assistance to small businesses to help fund their advertising programs. For example, the Downtown Hampton Development Partnership pays 25 % per advertising project per quarter to each business located within the BID (Business Improvement District). Grants are for a maximum of \$500 per project and applicants can only request funding for one project per quarter.

- Offer Façade Improvement Assistance

The establishment of a façade improvement grant or loan program can help to improve the outside appearance of an establishment. As a note, a matching grant façade program currently exists in Downtown Frederick.

- Offer Tenant Fit Out Assistance

The fixtures and appearance of the interior of a business can be a large determinate of the overall success and health of the establishment. National chains provide design expertise as well as national research in the fit out of a business interior. To be competitive, a start up independent business may need assistance in developing an effective and successful interior space. To address this need, communities can develop tenant fit out assistance programs. As an example, the City of Philadelphia offers a Commercial Fit-Out Rebate Program to assist with the capital costs of fitting out and equipping interior spaces for new retail uses consistent with the strategy of the neighborhood commercial corridor. The Philadelphia program will pay for up to 50% of a project with grants ranging from \$5,000 to \$100,000.

- Provide Rental Assistance

Some communities offer rental assistance to buy down retail lease rates. As an example, the Downtown Hampton (VA) Development Partnership BID offers a Rent Assistance Program that

provides cash grants to property owners to assist in the buy down of lease rates to attract retail tenants to first-floor storefronts of existing downtown buildings. The Program will provide the property owner with up to \$5,000 per year as long as the retail tenant remains in the building. The rent rate must be in keeping with the average rent per square foot for downtown properties. The director of the program commented in an article that the Rent Assistance Program also is used to proactively talk with building owners who currently have office space on the first floor. The program is used to encourage the building owner to move from an office tenant to a retail tenant when turnover occurs.

### *Policy Incentives*

- Offer Leasing Incentives to Real Estate Agents

A leasing incentive can be provided to real estate agents who recruit new tenants to a downtown area. The focus could be on retail, office or specific business types. A fee is set for each new tenant recruited to a downtown and paid to the licensed real estate agent.

- Ease Regulations to allow for Greater Use of Upper Floors

Building and fire codes can present challenges in the reuse of upper floors. Communities can work to review codes and foster a partnership approach. This approach can help in working out issues related to existing buildings with an emphasis on life safety as well as building reuse. Rehabilitation Codes also are an excellent resource. Maximizing the availability of upper floors can provide space more ideally suited to office tenants than first floor spaces. Maryland has a Rehabilitation Code, which has been adopted for use in Frederick.

- Provide Financial Incentives for Upper Floor Use

The City of Cumberland offers financial incentives to encourage active use of the upper floors. The incentives assist with building renovation. The success of the program has prompted Easton to offer a similar program. Financial incentives could be structured as grants or low interest loans.

- Encourage First Floor Retail

In Moorestown, PA, the Township Council passed ordinance that encourages retail use on the first floor of the downtown buildings but does not mandate it. The community also adopted incentives to convert existing first-floor office space into retail space. One of the primary incentives adopted related to outdoor dining. The community changed their rules to allow outdoor dining as a right versus requiring a business to obtain a variance for outdoor seating. The adopted regulations also provided that the outdoor seating would not be considered in calculations for determining on-site parking needs.

Several of the policy options mentioned earlier can be structured to encourage first floor retail. Incentives, such as the leasing incentives described above, could be tied to placing retail uses on the first floor.

### *(c) Regulatory Options*

- Require an Economic Impact Analysis

According to the National Trust for Historic Preservation, some communities are enacting policies that require retail projects over a certain size to undergo a comprehensive economic and community impact review. To gain approval, the project must meet specific criteria outlined in the law. Areas of impact that can be examined include traffic, scenic and historic resources, tax revenue, city services, employment, the downtown business district and the town's character.

These communities then review the studies, most often with the assistance of an independent analyst, and charge a fee per square foot to the developer to cover the costs of review.

- Require Additional Public Notice

Some communities require formula-based businesses to meet neighborhood notification requirements. In San Francisco, the neighborhood notification process allows for neighbors to request a public hearing and can subject the applicant to a list of standard criteria.

- Restrict Formula-Based Businesses

Communities across the country have adopted ordinances to restrict formula-based businesses. These regulations have taken a variety of forms. The restrictions can regulate all retail establishments or focus on particular retail categories. For example, some communities focus on restaurants and do not regulate other types of retail uses. The focus on restaurants, in some cases, can be tied directly to a desire to avoid the addition of fast food establishments.

Beyond differences in the types of retail regulated, communities vary in area included within the regulation. Some communities restrict formula-based businesses in the entire town, a downtown area or a sub-district of downtown.

Finally, the ordinances offer a variety of ways to define what is considered to be a formula-based business. These ordinances clearly indicate the specific characteristics to definitively state whether or not the business is formula-based. Characteristics of formula-based businesses include standardized services, methods of operation, décor, uniforms, architecture or other features virtually identical to businesses elsewhere. Another key question to address is how many of the similar businesses can exist before the business is considered to be a chain.

- Require First Floor Retail

Given the importance of consistent retail storefronts to ensuring healthy retail traffic for all businesses, the opportunity exists to require first-floor retail uses. Generally, this policy objective would be applied to a limited area, most likely a sub-district of a downtown. The policy would need to define what uses are considered to be retail. The ordinance also needs to address hardships as well as the impact on existing non-retail uses. Existing uses could be exempted so the ordinance would only apply when turnover occurred. The ordinance also would need to address buildings that are not suited to retail uses and were built to offices.

## ***VI. Recommendations***

This analysis represents an extensive evaluation of the topic of national retail and first floor retail in the context of Downtown Frederick. Guided by industry research and knowledge, as well as the findings from the online and customer intercept surveys and focus group discussions, recommendations regarding both topics follow.

### ***(a) Mix of Retail***

There is currently a low number of chains and franchises Downtown today, accounting for only 7 of the approximately 196 retail and restaurant businesses. Regulation of ownership is difficult and is seen as a slippery slope. Retail is not the only sector with “chains,” but also the service industry such as financial institutions and law firms. In regulations, clear definitions are important, yet defining chains appropriately and in a way that best meets the needs of the community is challenging. There is an overall lack of consensus regarding whether such regulations should include franchise operations, regional chains, national chains, and/or chain-lets.

The primary focus of chains seems to be Carroll Creek Park and the future development on the former Frederick Brickworks site, where the new construction allows for larger retail spaces more in keeping with the traditional layouts of national retailers. The small, narrow spaces that dominate the traditional main streets of Downtown are not well suited to meet the needs of format stores.

Additionally, Downtown Frederick has a low retail market share, capturing only 4% of annual retail expenditures within the primary market area. Strategic and monitored chain retail within Downtown can potentially serve to draw more consumers and result in an increased overall market share. Additionally, survey respondents identified several types of retail categories that are desirable additions to the downtown retail mix. Chains may be able to strategically fill these niche retail areas that are not currently filled Downtown, such as a grocery store.

The results of both surveys, as well as focus groups, clearly identified a desire for a mix of national, regional and local retail Downtown. A majority of respondents to the surveys desired some form of legislation in order ensure the appropriate mix of retail. Additionally, both in the survey question related to types of appropriate chains Downtown as well as in the comment portions of the surveys, fast food stood out as a particular use that should not be permitted in Downtown. If legislation were to be implemented, it should be focused on regulating fast food establishments Downtown.

### **Recommendations:**

- Within the traditional Downtown (Market Street, Patrick Street, Shab Row & Everedy Square and Carroll Creek Park) a mix of 80% independent retail to 20% regional/national/franchise retail is recommended as a maximum level of chain retail.
  - This percentage, initially based upon number of stores as opposed to square footages, should be monitored on an annual basis.
  - Should the mix begin to tip toward larger percentages of national/regional/franchise retail, the City should re-evaluate the opportunities for chain regulations.
  - For the purposes of monitoring, “chains” shall include all formula-based businesses with 10 or more stores and include franchise operations regardless of local ownership/operation.
- Emphasis should be placed on the recruitment of desired retail to the Downtown area.

- The focus should be primarily on recruitment of independent retail, with the possible exception of niche opportunities such as a grocery store.
  - The focus should also emphasize supporting both existing and new start-up businesses/entrepreneurs.
  - For chain retail that does seek to open storefronts in Downtown Frederick, there should be a preference toward locally-owned/operated franchises.
  - There should also be a preference toward chain retail that fills niche voids within the Downtown market.
- o There should be an emphasis on property owner and commercial broker outreach and education. It is important to convey the preferences and priorities of the City and Partnership to this group of stakeholders in Downtown.
    - Consider incentives to encourage the leasing of space to independent retail
  - o An ad-hoc committee, with representation from property owners, downtown merchants, residents, Department of Economic Development, Planning Department and Downtown Frederick Partnership, should be established to evaluate options and recommend regulation for the purpose of restricting formula-based fast food establishments Downtown. Items to be considered by this committee include:
    - Clearly defining terms such as chains, fast food, formula-based businesses
    - Determine the areas of Downtown to which such regulation should apply
    - Determine the method by which the regulation would be implemented (total restriction, number allowed by block, number allowed in defined area overall, etc)

*(b) First-Floor Retail*

Continuous first-floor retail has proven critical to the continued health of downtown retail economies. In these mixed-use environments that depend upon a variety of users - including residents, daytime office workers and tourists – first-floor retail has a variety of benefits that ultimately influence the overall vitality of the district.

Downtown Frederick’s overall success and collective health is a result of the mix of uses in the district. Residential, office, retail and government users thrive together as a delicate balancing act – each supporting the other to create a balanced and thriving downtown environment. If the mix of any of these uses tips too heavily, that balance comes into question. A first floor presence is critical to retail/restaurant success, and preserving those spaces for this sector of the downtown economy is important to the long-term collective health of the community.

Active uses on the ground floor promote a more active overall environment in Downtown. An “18-hour” downtown, which promotes activity from early in the morning until later in the evening, means more eyes on the street for safety, more foot traffic for retail and restaurant success, and an overall more vibrant downtown that caters to the needs of the differing customer segments.

The *2004 City of Frederick Comprehensive Plan* strongly emphasizes the implementation of the *2003 Downtown Frederick Retail Market Analysis* (updated in 2007). The most recent update of this analysis identifies first-floor retail as an important issue in Downtown Frederick and recommends the consideration of regulations requiring ground-floor retail within the district.

**Recommendations:**

- In 2008, a focus should be placed on obtaining pedestrian count data in order to more fully understand the pedestrian traffic and core retail/pedestrian areas of the downtown.
- The formation of an ad-hoc committee (could be combined with evaluation of formula-based fast food restaurant efforts) with representation from property owners, merchants, residents, Economic Development, Planning and Downtown Frederick Partnership to develop first-floor retail regulations. Items to be considered by this committee include:
  - The specific area where such a requirement should be implemented based upon pedestrian flow, traditional retail corridors and future goals related to continued revitalization efforts
  - The specific uses that would be permitted in ground-floor spaces within the zone (define retail, active uses, etc)
  - Potential for incentives and other assistance that could be implemented in order to assist commercial brokers and property owners in the successful implementation of such regulations
- The Downtown Retail Market Analysis should be updated every 3-5 years.