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**THE MAJOR SOCIAL AND ECONOMIC TRENDS
THAT ARE NOW SHAPING DOWNTOWN REVITALIZATION©**

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Based on A Report Prepared for
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A. Introduction.

Downtown economic growth does not take place in isolation. It occurs within the context of many socio-economic and development trends that impact on the region in which a downtown is located. Many of these trends are also operative on the national level. Consequently, it is imperative that the formulations of downtown revitalization strategies -- and the policies and programs that implement them-- be informed by these trends.

This article was originally part of a report¹ on a revitalization strategy and action plan for the 3-mile long Broadway commercial corridor in Bayonne, NJ, that was prepared by the author under contract to the Bayonne Economic Development Corporation. It is hoped that other downtown organizations will find this article useful as they forge their own revitalization strategies and action plans.

In a number of instances in the discussion that follows, specifics about the situation in Bayonne have been retained for their illustrative value.

B. Passing The “Development Divide”

Downtowns, Main Street shopping districts and urban neighborhood commercial centers, in recent years, have passed the “development divide.” Critical socio-economic forces are now favoring their revitalization and growth. Key actors are rushing in to develop new real estate projects, lease commercial space and rent or purchase residential units. Urban commercial districts, especially downtowns, are now hot!

The lure of these urban commercial centers has been increasing since the beginning of the 1990s, but it has now passed the point of no return and snow-balled into a trend of irrefutable importance.

1. Developers Are Very Interested In Downtown And Highly Urban Projects. Evidence of this interest is provided by the attention that urban development projects get in the publications and meetings of the developers’ organization, the Urban Land Institute (ULI), and the attempt of the International Council of Shopping Centers (ICSC) to forge programs to network shopping center developers and retail chains with downtown revitalization officials. It is even more strongly evidenced by the growing number of significant downtown redevelopment projects across the nation that have been recently completed, are under construction or are in the planning process. In New Jersey, for example, significant projects can be found not only in places like Newark, New Brunswick

¹ A Report: A Comprehensive Revitalization Strategy For The Broadway Corridor. Part II: 17th to 55th Streets April 2003. The author wishes to thank Michael O’Connor, executive director of the Bayonne Economic Development Corporation.

and Jersey City, but also in Englewood, Cranford, Wildwood, Livingston, South Orange, Madison, Hoboken, etc.

Another strong sign of developer interest in dense urban locations is their recent projects in such highly ethnic commercial centers as Harlem and Jamaica Center in New York and their development of Latino shopping centers in several places in California.

The developers are being drawn to the urban locations because the opportunities to do “green field” redevelopment projects have severely declined over the past decade: there are fewer and fewer appropriate sites and they are more and more expensive. They are also being drawn by the strong changes in the attitudes and behaviors of consumers and retailers, that now favor downtowns.

The developers will vary in their experience and knowledge of downtown projects. Some seek to employ the same designs they used in the suburbs on downtown projects. Others, who are more knowledgeable, craft their designs to the distinct needs of downtown sites.

2. Retailers Are Coming Downtown. Fifteen years ago it was hard to get a reputable national retail chain to look at a downtown location unless it was encrusted in a large office complex or a festival retail project. Today, across the nation, they are locating in downtowns that have appropriate commercial spaces, markets and ambience.² Moreover, as one recent observer has noted, “In a sign of the changing times, the most suburban of national retailers, the big boxes, are exploring new downtown venues.”³



Figure 1. Prestigious retail chains are even coming into highly ethnic downtowns, such as Jamaica Center, NY

² Robbis Connie Gentry, "The Rebirth of City Development," *Chain Store Age*, 76, no. 5 (2000), 83-90.

³ Barbara Nadel, "In The Big City" *Shopping Center World*, Dec 1, 2002

Bayonne's Town Center has witnessed a recent influx of national chains. Elsewhere in New Jersey they have sprouted up in downtown Westfield, Englewood, Red Bank, Princeton, Westwood, West New York, Hoboken, etc. Moreover, many downtowns have attracted high quality chains such as Duxiana, Williams Sonoma, Imaginarium, Gap, Restoration Hardware, Victoria's Secret, Chico's, Anne Taylor, Ben and Jerry's, etc.

Across the Hudson they are flocking to Harlem and a recent visit to Jamaica Center in Queens found an Old Navy, Gap, Payless Shoes, Parade, Gothic Cabinet Furniture, Jennifer Convertibles, Athlete's Foot, Foot Locker, Strawberry and Rainbow. (See Figure 1).

Retailers are coming downtown for a number of reasons, including:

- Many downtowns are "under-stored" and have untapped markets⁴
- A desire to be closer to their customers
- Cheaper rents
- The weakening power of malls
- The increasing number of affluent single and double-income, childless households that live in or near downtowns -- or the large aggregate spending power of nearby dense populations of moderate income households
- The growing popularity of downtown-type shopping environments.



Figure 2. The CVS store in downtown Chatham, MA. Many CVS stores in MA have designs that make them fit in with the rest of the blockface, though the "windows" may still not display merchandise.

⁴ Merrie S. Frankel "Urban Retail," Urban Land Archives: 2001: February

3. Retailers Are More Willing To Do Downtown-Friendly Stores. Retailers are so interested in downtown locations that they increasingly are willing to alter their store designs, facades and signage to meet local needs and legal requirements. One good example are the drugstore chains, merchants who usually treat downtown urban fabrics like hooligans. However, CVS in many locations across Massachusetts (e.g., Boston, Lowell and Chatham) has downtown stores that abut the sidewalk, with parking in the rear, and signage that is of similar size and design as other stores along the street. They also have pedestrian-level windows, both real and mock, though they still usually fail to display any merchandise in them (see Figure 2).⁵ The design of these CVSs differs substantially, for example, from the more typical store recently constructed on Main Street in West Orange, NJ, which has the parking lot out front and much larger signage. Rite Aid puts merchandise in the windows of some of its stores in Manhattan. Walgreens has a store on Boylston Street in Boston that does not have a drive-through – a feature the chain usually claims is essential for it to operate properly.



Figure 3. The Whole Foods Market in San Diego with rooftop parking

Supermarkets have often come into downtowns and just planted their suburban designed stores, with the market surrounded by a big ground-level parking lot, on a large downtown site. But some chains are changing their ways. Whole Foods Markets have long been more sensitive to the special requirements of downtown locations. For example, in the heart of downtown Toronto, with 40,000 square feet of space, it is located on the lower level of a large building, and is connected via elevator to an underground parking area where 165 spaces are reserved for its customers. Shoppers are able to have their groceries sent down to the parking level and loaded into their cars by the market's "helpful team members".⁶

In San Diego, another Whole Foods Market occupies a 29,000 SF split-face masonry shell, placed on a little over one acre urban corner site, with rooftop parking (see Figure 3). For the project's designers, the challenge was to make a

⁵ Some Rite Aid stores in Manhattan not only have storefront windows, but also merchandise items that are "on sale" displayed in them

⁶ See: <http://www.wholefoods.com/company/locations.html>

large market pedestrian friendly.⁷ Whole Foods has other stores that have been successfully inserted in complicated and dense urban contexts in Beverly Hills, Philadelphia, and Manhattan.

King's, an East Coast supermarket chain, has come up with smaller formats, ranging from about 9,000 SF. to 25,000 SF that can be more easily inserted into a downtown's usually tight urban fabric.

Even Wal-Mart is modifying its prototypical building. In Long Beach, CA, a recently built store includes a corner entry, mock display windows, an Art Deco façade and a parking structure. (see Figure 4). Project designers also wrapped the "big box" with other, smaller tenants around its perimeter. "This technique of burying boxes in layers of other shops provides streetscapes, eliminating large blank walls on the side of the big box buildings for a more active frontage."⁸ According to Wal-Mart community affairs manager Peter Kanelos, "We are not simply looking at



Figure 4. The Wal-Mart in City Place, a major retail project in Long Beach, CA.

traditional sites. Wal-Mart is continually evolving to meet our customers' needs, which is why we are willing to do non-traditional Wal-Marts."⁹

⁷ Ibid.

⁸ Barbara Nadel, "In The Big City" Shopping Center World, Dec 1, 2002

⁹ ibid.,

Barnes & Noble is reportedly adapting its entrances and interior sections in order to better respond “— physically and merchandising-wise — to nearby tenants for mutual benefit, unlike the power center model.”¹⁰

4. People Again Want To Live Downtown Or In Nearby Neighborhoods.

There is now a significant demand for downtown residential space. For example, a 1998 survey done by the Rouse Corp for the Brookings Institution and the Fannie Mae Foundation found that one of the fastest growing segments of the nation's housing market is downtown housing in major cities.¹¹ Nationally, the increase in city housing permit activity from 1999 to 2000 exceeded the average annual increase in city housing permits from 1990 to 1998 by 35%. In contrast, 1999 to 2000's suburban housing permit activity nationally was only 21% ahead of the average level of activity during the 1990 to 1998 period.¹²



Figure 5. New housing that is part of the Paseo Colorado project in Old Pasadena, CA

The growth of downtown housing is not restricted to large cities:

- Aiken, SC (30,000) is using financial incentives to attract more housing downtown. Additional housing is a prime engine of the downtown's revitalization strategy
- Downtown artist's housing has been key elements of revitalization strategies in Eureka, CA (27,000) and Peekskill, NY (19,500)

¹⁰ Yaromir Steiner, "For shoppers, the thrill is back," Shopping Center World, Nov 1, 2002. Steiner is the president of Columbus-based Steiner + Associates, which has developed 1.6 million SF of town centers

¹¹ See Lawrence Houstoun, "Urban Awakening," Urban Land, October 1998, Volume 55 Number 10, pp. 34-41

¹² Barbara Nadel, "In The Big City" Shopping Center World, Dec 1, 2002

- Ashville, NC (61,000); Bangor, ME (33,000); Burlington, VT (39,000) and Sheboygan Falls, WI (5,800) have also seen substantial growth in downtown housing.

In New Jersey, downtown housing projects are appearing in such communities as Westfield, Englewood, Cranford, Elizabeth, Hoboken, and South Orange. In New York, multi-unit housing structures long have been integral parts of the downtowns in such communities as Bronxville, Scarsdale, Pelham, and Garden City.

Those most interested in living downtown are:

- People who work downtown
- Well-off singles, empty-nesters, DINKs (double income, no kids families)
- People who use public transportation to commute to work
- People who like such amenities as museums, theaters, restaurants, cinemas, etc.
- People who enjoy pedestrian friendly environments
- Senior citizens because downtowns have amenities, public transportation, pedestrian friendly environments and are usually close to hospitals and medical and legal services
- Artists who are looking for large, relatively inexpensive working/living spaces and are prepared to be "urban pioneers."

That said, it is essential to underscore the fact that, while the new demand for downtown residences is very substantial, not everyone wants to live in a dense urban environment. For example, the NAHB's survey of renters found that only 19% of the respondents preferred a downtown residential location, while 54% preferred living in the suburbs.¹³ Nevertheless, the demand for downtown housing is strong enough to be a very viable engine for downtown economic growth.

More housing is good for downtown revitalization because:

- More residents help create a built-in demand for many retailers and entertainment functions. They can be especially important for the attraction and development of good restaurants
- More downtown residents help create a more interesting and safer environment after dark
- Downtown residents, in Jane Jacobs' terms, take "possession" of the area they live in; they help make sure it is properly maintained and kept safe
- In many mixed-use projects, it is the residential component that makes the project really financially viable

¹³ Sharon Dworkin Bell, "What Renters Want," Multifamily Trends, Summer 2002, pp. 32-38, p.33

- Empty upper stories can be the sources of social and physical problems
- In older buildings, rehabilitated apartments can enable a property owner to wait and go after better retail tenants for street-level commercial spaces
- It is an essential component for making a downtown a 24-hour activity center.

5. The Impact Of Time Pressures On Consumers. According to a Lou Harris survey, the amount of leisure time enjoyed by the average American has shrunk 37 percent since 1973.¹⁴ A major reason is an expanding workweek. Americans spend an average of 1,900 hours a year at work, according to the USBotC.¹⁵ That's about 20 more working days each year than 25 years ago. The 1,900 annual work hours is more than the residents of any other industrialized nation spend on the job. We also have fewer vacation and sick days. Europeans, for example, average about six weeks of vacation time.

Compounding the situation is the fact that women (who are the Primary Shoppers in almost all households) are spending more time at work. Eighty percent of the mothers with young kids worked full-time last year, compared with 60% thirty years ago.¹⁶

This also means that in many households there will be two or more people who are working, and the more affluent the household, the greater the probability that it will have more than one income earner. For example, in 2001, 6.1% of the households in the lowest income quintile, 45.1% of the households in the middle three quintiles, and 78% of the households in the top quintile had two or more earners.¹⁷

Because of the time pressures, members of double income households find it harder to spend time with spouses and children. Making dinner, cleaning the house or shopping have taken on the characteristics of burdensome chores. Consequently, home services, e.g., businesses that will do some of your work for you, from walking the dog to cooking dinner for your guests, are growing.¹⁸ Members of double-income households are among those most likely to eat meals away from home,¹⁹ and according to the National Restaurant Association, 47% of the money Americans spend on food now goes to restaurants -- compared to

¹⁴ Cited at: <http://www.probe.org/docs/time.html>

¹⁵ <http://216.239.51.100/search?q=cache:7aNf7NaI9TEC:www.denverpost.com/Stories/0,1413,36~33~833378,00.html+workweek+%2B+longer&hl=en&ie=UTF-8>

¹⁶ *ibid.*,

¹⁷ Carmen DeNavas-Walt and Robert Cleveland, U.S. Census Bureau, Current Population Reports, P60-218, Money Income in the United States: 2001, U.S. Government Printing Office, Washington, DC, 2002.

¹⁸ <http://www.pressdemocrat.com/outlook98/stories/26915.html>

¹⁹; See Geoffrey D. Paulin, "Let's do lunch: expenditures on meals away from home," Monthly Labor Review, May 2000, pp.36-45, p.37

25% in 1955.²⁰ Furthermore, one of the fastest-growing sectors in the industry contains the establishments offering take-outs. Short-commutes and easy access to public transportation also have become increasingly desirable. Significantly, the negative impacts of time pressures appear to increase with income-- but, so do the means to cope with them.

Time pressures also mean that convenience is a huge issue for today's shoppers. Their shopping trips are fewer, shorter, more task-oriented and involve less browsing than a decade ago. New shopping centers, and those being remodeled, are being designed to facilitate quick in and out trips by consumers. For a growing number of shoppers, being able to shop in attractive downtown stores means not having to:

- Drive 15 to 20 minutes to a mall or power center, while fighting traffic
- Then having to spend further time parking their cars
- And even more time getting in, around and out of the mall building.

Nor are they happy with the long check-out lines found in some of the best known discounters and “category killers.” Indeed, one of the reasons Home Depot, Wal-Mart and Sears have come up with smaller store formats, e.g., The Villager Hardware, is to try to cope with this problem. Home Depot is also experimenting with a “self-checkout” system.

For a growing group of shoppers, saving time, convenience and customer service are all synonymous.



Figure 6. The Grove at the Farmers Market in Los Angeles. It has outdoor streets, a trolley, a movie and major public space. It abuts LA's oldest Farmers Market.

²⁰ Holly Hubbard Preston, “Restaurants: Putting your money where your mouth is,” The International Herald Tribune / www.iht.com, January 11, 2003

6. Lifestyle Centers. If imitation is the highest form of flattery, then perhaps the best demonstration that downtowns are hot is the increasing number of malls that are designed to look and function like parts of a downtown. These are called lifestyle centers. The Simon Property Group, for example, now has 75 of these centers. Downtowns can learn a lot from what developers are trying to do with lifestyle centers -- and why.

Developers like lifestyle centers because they see them as a way to bring back shoppers and turn around the decade-old decline of the nation's malls.²¹ And according to a study by the ICSC comparing the habits of shoppers at five lifestyle centers to shoppers at five regional malls:

“(T)he average number of stores shoppers entered was 2.9 at the lifestyle centers versus 2.3 at conventional malls. The average retail expenditure per visit was \$75.70 at the lifestyle centers versus \$73.30 at the malls. Lifestyle shoppers made 3.8 visits to their centers in a 30 day period, while mall shoppers paid 3.4 visits to their centers in the same period.”²²



Figure 7. The Easton Town Center in Columbus, Ohio. Columbus can get quite cold, but this 1.5 million SF mall is outdoors and has streets. And a movie theater.

Among the better known lifestyle centers are:

- *The Grove at the Framers Market* in Los Angeles (see Figure 6). it is a 640,000 square-foot open-air shopping/dining center, featuring 50 upscale shops, restaurants, movie theatres and offices. Tenants include

²¹Yaromir Steiner, “For shoppers, the thrill is back,” *Shopping Center World*, Nov 1, 2002.

²² Brannon Boswell, “Investors Want to Know: What Defines A Lifestyle Center?” *Shopping Center World*, Nov 8, 2002

- Nordstrom and flagship stores for the Crate & Barrel, Nike, Banana Republic, FAO Schwarz and The Gap. It has a functioning old Red Line trolley car, streets and sidewalks. It is adjacent to the famed Farmers Market, which claims to attract about 40,000 people a day. The Grove is not in downtown L.A., but is in a very commercial area, at 3rd and Fairfax, next to CBS's TV City. It's a part of L.A. where there is some "there" there.
- *Easton Town Center* in Columbus, Ohio (see Figure 7). It is a 1.5 million SF open air center, with a 30-screen cinema, hotels, department stores, specialty chain stores, night clubs and restaurants. Also, 800 housing units were built adjacent to the site. It is on the northeastern fringe of Columbus, far from the city's hard-pressed downtown



Figure 8. The movie theater that anchors Cocowalk, a well-known entertainment/lifestyle Mall, in Coconut Grove, FL.

- *Cocowalk* in Coconut Grove, FL (see Figure 8). Cocowalk is an open air center, with a GLA of 157,140 SF, of which about 60% is devoted to such entertainment-related uses as restaurants, nightclubs and a sixteen-screen movie theater.²³ This center has become the heart of the city's downtown and one of the hottest places to "hang out" in the Miami-Dade region.

The self-declared lifestyle centers can vary considerably in size and tenant mix, but their underlying common core seems to be a pedestrian friendly, urban environment for social and shopping activities. As one architect has stated:

"People are flocking to these (centers) because they offer a different experience from the regional mall. They're more urban. They feel more like true downtown shopping streets"²⁴

Another architect has noted that a lifestyle center:

²³ Urban Land Institute, "Project Reference File: Cocowalk, Coconut Grove, Florida," Volume 23, No.1, January-March 1993

²⁴ "Architecture Roundtable: Parallel paths," *Shopping Center World*, Mar 1, 2002

“Sort of addresses two things simultaneously. One is we are talking about the sense of community and building a genuine interaction with the community, but also the fact that people regardless of security concerns are still very busy and very pressed for time. And when you can locate all these different elements in a single place and they can make multiple visits and have multiple activities on the same site, it satisfies two needs at once”²⁵

According to the ICSC, the defining characteristics of a lifestyle center are:

- A location near affluent residential neighborhoods
- An upscale orientation
- 150,000 sq. ft. to 500,000 sq. ft. of GLA
- An open-air format
- At least 50,000 sq. ft. of national specialty chain stores.²⁶

The open air prerequisite seems debatable. Many self-declared lifestyle centers are enclosed, but in a large mixed use project. As another architect reported:

“I'd say that 50% of (the lifestyle centers) we're working on have some aspect of mixed-use to it. These projects incorporate grocery stores and big boxes and smaller, more traditional tenants, below residences or, in many cases, offices.”²⁷

The common denominator for the open-air and enclosed mixed-use formats is the very urban environment both provide.

The lifestyle centers are the descendents of the festival markets. In the 1980s, a number of downtowns seemed to become instantaneously revitalized when such markets opened. The concept was developed and made famous by the Rouse Company in such projects as Faneuil Hall and Adams Market in Boston, Harborside in Baltimore and the South Street Seaport in Lower Manhattan. These centers focused on projecting and marketing a unique recreational atmosphere that clearly differentiated them from traditional department store or chain store retailing. Research by the Downtown Research & Development Center found that in four of these centers on which data was compiled, that restaurants, fast food operations and food markets accounted for between 42% and 62% of their GLA.²⁸ The food combined with street performers and festive banners gave the centers a definite entertainment-oriented ambiance. It is to

²⁵ *ibid.*,

²⁶ Brannon Boswell, “Investors Want to Know: What Defines A Lifestyle Center?” *Shopping Center World*, Nov 8, 2002

²⁷ “Architecture Roundtable: Parallel paths,” *Shopping Center World*, Mar 1, 2002

²⁸ Source: Downtown Research & Development Center, 1985.

enjoy this ambiance, more than to purchase any type of goods or service, that motivates throngs of people to visit these markets.

These festival markets were heavily dependent on out-of-town visitors. Between 25% and 45% of their shoppers were tourists.²⁹ Most of today's lifestyle centers are less dependent on tourism – though they definitely want them.

Following their festival market heritage, the initial lifestyle centers tended to have strong entertainment components, such as movies and restaurants, embedded in a pedestrian friendly urban environment that was able to create a strong sense of place. The entertainment functions and the urban environment stimulated conversation, people watching and social interaction among the visitors. It was this “social” aspect that drove the visitor traffic that the retailers could feed on. In other words, these centers established themselves as important, urban-type social places – even if they were on the outer fringes of a city. It can be convincingly argued that it is this characteristic, not the amount of GLA, or proximity to affluent markets, nor an open-air format, nor the amount of space occupied by specialty stores, that defines a successful lifestyle center.

In a way, the lifestyle centers are an attempt to return to the strong social places that regional malls used to be in the 1960s and 1970s, back at a time when shopping was viewed as a leisure-time activity. For example, in the mid 1970s, a survey found that most of the people getting married in North Carolina had met at the local mall.

Supermarket chains, department stores and specialty chain stores are increasingly interested in locating in lifestyle centers and are even developing special formats for them. Interviews with developers and real estate consultants on a recent field visit to California suggested that a subcategory of neighborhood or community lifestyle centers may be emerging.

Centers Targeting Specific Lifestyles. Also, in California another specialized type of lifestyle center is budding. These are the shopping centers that try to draw specific groups of people by creating a conducive environment for them. One variant is the ethnic markets, where people can go to find others who speak their language and are familiar with their foods and customs. For example, in Lynnwood, Calif., the 36-acre Plaza Mexico is being developed as the Latino equivalent of the local Chinatown. It bills itself as “a haven for pedestrians for relaxed shopping, dining, and social gathering.” In Sacramento, the Chinatown L.L.C. completed Pacific Plaza, a 140,000 SF, 14-acre project that caters largely to Asian-Americans. Its tenant roster is composed mainly of small merchants of Chinese, Southeast Asian and Filipino descent, and it is anchored by a 48,000 SF Shun Fat supermarket.³⁰

²⁹ Ibid.

³⁰ John McCloud, “California: The Show Must Go On,” Shopping Center World, Sep 1, 2002

The Camp in affluent Costa Mesa, CA is a 50,000 SF open-air, specialized lifestyle mall dedicated to the great outdoors. The mall targets people who enjoy, what the owner calls “human-powered sports”: kayaking, rock climbing, scuba diving, skateboarding, snowboarding, etc.

For example, one tenant is Adventure 16, an outdoor outfitter. It has a Patagonia, the apparel seller, within it. Another is Billabong, a surfboard, skateboard and snowboard retailer. Inventively, the stores provide opportunities to try out their top-quality adventure sports merchandise. The Billabong store, for instance, has an area for skateboarders to practice and a small tank for demonstrating surfboards. Liburdi's Scuba Center has a small pool outside for testing equipment.³¹

The Camp's owner had previously developed The Lab Anti-Mall across the street, which has Urban Outfitters and other shops catering to the teen and young adult lifestyles and tastes. The “Anti-mall” is in a re-furbished, recycled factory building. Its aim is to provide “an open-air, relaxed and visually stimulating shopping environment catering to the young, hip crowd.”³² “Of course, like a regular mall, they're trying to get you to spend money, but they try to make you feel hip and trendy,” says one customer.³³

C. Downtowns Are Thriving Because We Now Know What To Do

1. The Importance Of A Downtown Social Soul: The Emergence of Central Social Districts. A good part, but not all of the recent resurgence of downtowns and Main Street shopping districts can be accounted for by more favorable socio-economic forces and the increased interest of developers and retailers in urban commercial projects. The other strong causal factor impacting on their success is that downtown revitalization officials finally learned what really works. Unfortunately, many of their early attempts were failures that wasted time and financial resources and deflated enthusiasm. Savvy downtown revitalization officials learned especially from the badly botched revitalization efforts in scores of cities across America that produced, in the name of “security,” isolated, drab and sterile office and/or retail fortresses. These projects failed wretchedly at generating on-street pedestrian traffic, and only succeeded in keeping lower-income and ethnic shoppers out. These costly mistakes have been almost impossible to fix. They will live-on for decades as miserable reminders of why it is so important to have a well-grounded revitalization strategy before you put a shovel in the ground.

³¹ Barbara Whitaker, “Latest Style at the Mall Brings Outdoors Indoors, New York Times, November 29, 2002

³² <http://www.ocnhttp://www.ocnow.com/shopping/content/shopping/guides/lab.html>

³³ Quoted at: <http://www.philpatton.com/antimall.htm>

Isolation, sterility and drabness are no where to be found if you go today to Newberry Street in Boston, or Third Street or Main Street in Santa Monica, CA, or Church Street in Burlington, VT, or Colorado Boulevard in Old Pasadena, CA, or Main Street in Manayunk, PA, or Ocean Drive in South Beach, FL, or even



Figure 9. The Third Street Promenade in Santa Monica, CA

Times Square in Manhattan. Instead, you find places that pulsate with people and vibrancy -- often even with excitement -- because they offer many interesting things to peruse and, perhaps most importantly, lots of interesting people to watch. They are places where you want to be with your friends, significant other and/or your children -- places that are so much more than the sums of all the goods and services that are sold in them. These downtowns have acquired, in a sense, a social soul -- something that the malls now desperately want.

Some observers are claiming that the key to the increasing health of downtowns across the nation is their assuming the functions of a Central Social District (CSD). These might be defined as downtown areas where you go to be with other people. They are also places that singles go to meet new people. For instance:

- If you live in Vermont, you might go to downtown Rutland with your wife and friends and have dinner at Sweet Tomatoes and then attend a concert by the Vermont Symphony Orchestra at the newly renovated, historic Paramount Theater
- Or, if you live on the eastern part of Long Island near Greenport, on a Saturday afternoon you might take your kids to the newly built carousel



Figure 10. The carousel in downtown Greenport, NY

- on the waterfront, or on a summer evening attend an outdoor concert with your spouse in the adjoining outdoor amphitheater
- In downtown Denver, CO, downtown Beverly Hills, CA, or downtown Baltimore, MD, on a winter's afternoon you might take your children ice skating on an outdoor rink
 - In Newark, you might go with friends to dinner at a restaurant in Ironbound and then enjoy a concert at NJPAC
 - Similarly, in Englewood, you might dine with your spouse at Baumgarts and then hear Judy Collins at the Bergen County Performing Arts Center
 - Or in New Brunswick, you could dine with an entourage at the Frog & Peach before attending a concert at the State Theater
 - Also, in Englewood, you might take your children to a wonderfully equipped children's playground
 - Also, in Manhattan's Bryant Park, on a summer's evening you might go with friends to watch a classic movie, such as the Maltese Falcon or The Sound of Music
 - If you were single and visiting South Beach, you might prowl the many clubs and drinking establishments along Ocean Drive and Lincoln Road to see who you could hook up with. You also might do the same along Bourbon Street in New Orleans or on Washington Street in Hoboken, NJ.

Of course, the development of a CSD also helps turn a downtown into a 24-hour activity center.

Restaurants and drinking establishment were, are and will be the foundation stones of downtown social districts. Furthermore, great owners, such as the venerable Jean-Claude Vrinat, of Paris's perennial Michelin three-star restaurant, Taillevent, have learned that the social aspects of a meal are as important as the food, and that what they are really selling is an experience. In

many downtowns, restaurants constituted the first strong niche that provided a spine on which other niches could be layered. Manayunk, PA, Main Street in Santa Monica, CA, and Ridgewood, NJ are just some of the downtowns where this occurred.³⁴

To burnish their allure as CSDs, downtown after downtown has:

- Renovated beautiful old theaters (e.g., the Lincoln in South Beach, FL, the State in Columbus, OH, the Paramount in Rutland, VT)
- Created new performing arts centers (NJPAC in Newark, the Kimmel Center in Philadelphia, the Peace Center in Greenville, SC, the John Harms Center in Englewood, and Rahway's Union County Arts Center)
- Developed new arts museums (e.g., Cincinnati, OH, Tacoma, WA, Seattle, WA, Amherst, MA, Tampa, FL, Bar Harbor, ME, Racine, WI)
- Opened children's museums (e.g., Charlotte, NC, St. Louis, MO and Normal, OK)
- Many downtowns have even developed their own "culture districts" (e.g., Philadelphia, PA, Tampa, FL, Charleston, SC, Kalamazoo, MI).

2. Place Making. Across the United States and Europe, downtown revitalization leaders have become much more proficient at "place making," which might be defined as the process through which a downtown's social soul is manifested in the bricks and mortar of public spaces. They become entertainment spaces where the people, without being exhibitionists, are both the prime entertainers and the only audience.

From about 1960 through the end of the 1980s, efforts across the nation at downtown place-making were nothing less than disastrous, resulting in literally thousands of underutilized, crime-ridden, homeless-plagued pedestrian malls and plazas -- and developers often were given substantial bonuses to build them. The underlying cause of these urban design disasters was the emphasis given to the physical, architectural elements of these projects, rather than to the creation of programming for them that was based on how people actually behave in public spaces.

Repeatedly, the most powerful examples of successful place making do not involve vast projects or huge expenditures of dollars, but they do provide compact, safe, interesting and comfortable urban settings in which opportunities for such simple pleasures as people watching, chatting with companions, eating *al fresco* and, increasingly, "self-programmed entertainments" are maximized.

³⁴ Leveraging the growth of new non-entertainment niches from a strong restaurant niche is not easy if the restaurants do not draw a lot of customers at lunch. This is largely due to the resistance of small retailers to stay open between 6:00 PM and 9:00 PM. Newton, NJ is a great example of where this is now happening.



Figure 11. The Skating Rink in Rockefeller Center in Manhattan

Self-programmed entertainments are such things as:

- A carrousel
- An ice-skating rink
- A model boat pond
- A children's pony ride
- People playing chess or checkers
- People tossing a Frisbee
- Teens doing skateboard or inline skate tricks.



Figure 12 . Sailing model boats in the Tuileries Gardens in Paris

No one has to be “booked” to do these things; people just have to be provided with the opportunity to do them. Doing these activities in a public space can take on the character of a performance, since other folks regularly find them entertaining to watch.

The famous Tuileries Gardens in the heart of Paris has long been a successful public space. It certainly has physical beauty, but also abuts the Louvre Museum, which generates a lot of its pedestrian traffic. It is also close to business offices and retailers on and near the Rue de Rivoli, which generates additional pedestrian traffic. Inside the gardens people have the opportunity to do, and watch other people doing, lots of things. Some of these activities might seem mundane, such as people watching, or simply sitting and resting, or enjoying a sandwich or ice cream purchased from one of the Gardens’ cafes. It is sometimes forgotten that people watching, even in its simplest form, is a popular form of entertainment -- and a very basic human behavior. And if young lovers or tourists engage in these behaviors, they can become even more amusing. Other activities are more unique, though often very child-oriented. But, then, who doesn’t like watching children at play? There are: a beautiful carrousel available for the young -- and the young-at-heart; a pool where people of all ages can sail model boats and a pony ride for children. The place is mobbed on the weekends by families as well as tourists.

Bryant Park in Manhattan, after Rockefeller Center, is perhaps the biggest public space success story in America. Even when it was a haven for drug sellers, drug users, prostitutes and street-robbers, it was still able at lunchtime to attract nearby office workers to the parts of the park that were in the sun. The shaded parts of the park remained in the hands of the “perps” and unsafe for the average citizen. At all other times, the park was extremely dangerous. Today, no matter the temperature, it is a safe and fun place to go for nearby office workers, and passing shoppers as well as a destination for tourists. Its success has heightened real estate values and sparked building rehabilitations along neighboring streets.

Bryant Park appears to have adopted several features similar to the Tuileries Gardens. Among them are the park’s gravel, chairs and carrousel. BID security patrols, a physical redesign of the park to make it more visually porous, closing the park after dark, and the NYPD’s tough anti-drug campaign have assured that it is safe place for people to go. Besides the carrousel, visitors to the park can also enjoy these simple pleasures:

- Sun themselves -- a favorite pastime for office workers and young tourists in the Spring and Summer
- Rest in a green oasis, from the travails of working, touring or shopping
- Dine indoors in an attractive restaurant
- Buy food and eat lunch *al fresco*

- Buy coffee, ice cream or other snacks and enjoy them in a pleasant, green, outdoor ambience
- Bring-in food from nearby delis and eat in the park
- Play chess or checkers
- Chat with companions. Most people, according to a survey conducted by DANTH for Regional Plan Association, come to the park with someone else
- In the Spring and Summer, attend concerts or watch classic movies
- Use the park's Wi-Fi hotspot to access and cruise the Internet on their laptops
- And most importantly, watch and be entertained by what the other people in the park are doing.

3. The Importance of Multi-Functionality. In the movies, Clint Eastwood's character Dirty Harry is fond of telling miscreants that "A man's got to know his limitations," and in a way that was true for downtowns as well. Leaders have had to learn that most downtowns can never again be the primary retail center or even the primary office center. But, they have also learned that downtowns don't need to be either to succeed, because they can become strongly multi-functional and particularly adept at developing very robust entertainment and cultural niches. Furthermore, strong multi-functionality means that there is a variety of things to do and needs that can be serviced. The more that a downtown can provide interesting things to do and service consumer needs, the more people will want to visit them. Multi-functionality provides another part of the "program" that attracts the people who will bring alive the bricks and mortar of a well-design urban streetscape, and it is, therefore, one of the things that helps downtowns establish a strong sense of place.

Multi-functionality is also what gives downtowns their fundamental economic advantage -- it is their very essence. The compactness and pedestrian-friendly character of well designed downtowns means that it is easy to share the customer traffic of people who find it easy to convert single -purpose trips into multi-purpose trips. For instance, let us assume a downtown with a city hall, a county seat, 1,000 households, a county museum, a 12-screen cinema, 150 shops and 250 professional and FIRE services firms employing 10,000 office workers. In such a downtown a retailer would benefit not only from the trade area traffic generated by shops, but also substantially more from the downtown residents, downtown workers and persons visiting local government offices, the museum, cinema, and other downtown business offices. In a shopping center, the retailer would benefit only from the traffic generated by the shops.

4. We've Finally Got The "Mixed," In Mixed Use Projects, Right. Not too long ago developers tossed some retailing in with a lot of offices or some housing and thought they were bound to succeed because they were following two of downtown redevelopment's early Prime Directives: downtowns should be multi-functional and projects should be mixed use. But, far too many of these

projects never reached their anticipated levels of success, either as real estate investments or as stimuli for further revitalization in the areas surrounding them.

Eventually, developers learned that when residential uses dominate a project they are more likely to be successful. Such projects push toward turning the downtown into a 24-hour activity center. After dark, office workers flee, while residents are returning home, looking for dinner, and possibly relaxing entertainment. Moreover, the National Main Street Center claims that the typical residential household adds \$8,000 to \$10,000 to a downtown's economy -- much more than the \$3,000 or so of the typical office worker. Of course, a successful project can have both office and residential components as well as retail and entertainment uses.

Developers have also learned that multi-use projects should be “vertical,” and that there also is a definite order to the way that uses should be stacked:

“The solution has been a vertical mix of uses that assigns each component to an appropriate location. Placing high-traffic functions on the lower levels gives retailers a desirable street presence, while second-floor visibility appeals to owners of businesses that attract a specific audience, such as cinemas or fitness centers. Lower levels are occupied by offices, hotels, or rental apartments: uses that require identity and access but not necessarily street presence. Luxury condominiums and other for-sale residential space are located on the top floors for the best views and the greatest sense of privacy.”³⁵

Another thing that developers have learned is that well-designed, large projects by themselves often can help turn languishing neighborhoods into desirable ones.³⁶ What “large” means in this context is relative. In some instances, a 1.6 million SF project might be required, as was the case in the old Chinatown neighborhood in Boston. In Englewood, NJ, Treeco’s new 300,000 SF project that includes about 70,000 SF of ground floor retail below four stories of housing totaling 188 units, will be enough to assure West Palisade Avenue’s continued rebirth.³⁷ In a smaller urban center, a 100,000 SF venture might be more than adequate.

³⁵ Gary E. Handel, Blake Middleton, and Glenn Resclavo Vertical Urbanism, Urban Land Archives: May 2002

³⁶ *ibid.*,

³⁷ The 14,000 SF Group USA project started the rebirth of this part of downtown Englewood by legitimizing it as a retail location and interesting retailers and other developers in it, but the new Treeco project is the one that seals its future success.

5. Market Condensation Points. Appropriately large mixed- use projects also can function as retail and entertainment “market condensation points,” capable of turning consumer expenditure potentials that have long been ignored into real retail stores and entertainment facilities. In downtown White Plains, NY, the \$300 million City Center development will have 15 movie screens, a community theater, and thousands of square feet of new restaurant and retail space, and two 35-story apartment towers. This project will be able to tap a strong demand for entertainment and cultural activities among trade area residents that previously could not be sated in downtown White Plains. Being able to take advantage of untapped markets often requires relatively large, mixed-use projects.

D. The Character of Shopping Has Changed And It Is Probably Still Changing

1. Mall Shopping Fatigue. According to Eugene Fram, research professor of marketing at the Rochester Institute of Technology, “In the 1980s they said ‘shop ‘till you drop,’ but now the saying is, ‘Drop shopping.’”³⁸ Time pressures are substantially reducing the number of shopping trips, and malls have experienced significantly reduced traffic since the mid-1980s. For example, a study for done for Sears found that the frequency of consumer trips to shopping malls had declined by two-thirds between 1985 and 1995.³⁹ A later study found that the number of trips to shopping malls had dropped 24 percent between 1995 and 1998. It also found that shoppers were spending about 20 percent less time in malls.

2. A Shift In What Shoppers Are Looking For. In the 1980s, shoppers were looking for luxury goods and labels with designer names. Designer jeans and anything with a designer’s label on it was the rage. During the 1990s, shoppers underwent an important change as they increasingly sought to maximize value. That decade saw the growing popularity and strength of mass discounters and “category killer” stores. Retailers such as Wal-Mart, Home Depot, Target, Kohl’s, Sports Authority, Staples, Best Buy, Circuit City, etc., expanded dramatically and the discounters soon captured over 50% of the sales of department store type merchandise.

As the decade progressed, it also became apparent that upper-income consumers were also value conscious shoppers. Newspapers have been replete with anecdotal reports of people at fancy dinner parties having bragging contests about the bargains they were finding. Furthermore, value retailers intentionally started to go after the affluent shoppers. Target has actively cultivated the image of being the discounter for the upper-middle class and Kohl’s has overtly focused on this market segment as well. Although the average Wal-Mart customer has an

³⁸ <http://www.pressdemocrat.com/outlook98/stories/26915.html>

³⁹ Anthony Rucci and Stratford Sherman, “Bringing Sears Into the New World,” Fortune Magazine, October 13, 1997

average annual household income of about \$35,000, the chain still sells many upscale items, such as high thread count, all cotton sheets. It also is now making a distinct effort to offer apparel that is “fashion aware.” Home Depot’s Expo stores offer Sub Zero refrigerators, Miele dishwashers and Viking stoves – components of designer kitchens that are well beyond the ken and purchasing power of most average-income households.

In the 21st Century, shoppers still want value, but now they equally want convenience and ambience. Their new priorities are:

- Quick-in, quick-out, close-by, short trips to shops
- Established relationships with shops where the sales staff will know them and extend the kinds of services (quick service, pick-ups, deliveries, finding special merchandise, shipping, charge accounts, etc.) that can ease their time-pressured lives
- Shopping in walkable, quaint, lively, entertaining, people watching environments – environments that generate a sense of place

The behavior of supermarket shoppers clearly shows the impact of time pressures. Because they are so busy, only about 20% of the shoppers make a list or plan ahead. Most people grocery shop impulsively and just for a meal or two.⁴⁰ Consequently, supermarkets have changed their layouts to let people get in and out more quickly. They also have devoted more shelf space to prepared meals: sales of prepared meals in supermarkets grew 20 percent a year between 1989 and 1998, while total supermarket sales grew only at 3 percent a year during that period.⁴¹

3. The Surge of Home and Hearth Stores. Home-related merchandise has lower profit margins and requires substantially more storage space, but they have been gaining in sales and popularity versus apparel since the early 1990s.⁴² In recent years, sales at home and hearth stores have increased annually between 5% and 9%. In contrast, in 2002 apparel sales nationally dropped by 8%, though one bright spot was the growth of the clothing accessory business.⁴³ Specialty and department stores have for years faced difficult apparel sales trends, which have only worsened during the recent post-bubble economic decline.⁴⁴ At the end of the Christmas 2002 shopping season, during which this trend was very pronounced, many retail experts even were wondering whether a sea change had occurred in America’s attitudes toward giving apparel as gifts.

⁴⁰ <http://www.pressdemocrat.com/outlook98/stories/26915.html>

⁴¹ *ibid.*,

⁴² Catherine Curan, “Seeking home run for the holidays,” Crain’s New York Business, November 25, 2002

⁴³ Tracie Rozhon, “Accessories Are Taking Center Shelf,” The New York Times, November 26, 2002

⁴⁴ Dinah Wisenberg Brin, “Retail REITS May Fare Better Than in 1991 Recession,” WSJ. COM REAL ESTATE JOURNAL, 11/30/2001

These trends are congruent with the author's field observations across the nation over the past decade, that home and hearth retailers seem to thrive in downtown locations, even when the downtowns are surrounded by strong malls and/or power centers. The vast majority of the downtown retailers in these niches are independents. Moreover, these home and hearth retailers often constitute a niche that is so powerful, that it is the foundation stone of the downtown's overall economic strength. Englewood, NJ and West Hollywood, CA are just two examples of where this happened.

The increasing strength of home and hearth retailing is also congruent with these other trends:

- Increased immigration
- A steady increase in the number of people forming new households (The older Gen Y^{ers})
- The large baby-boomer population who are entering the pre-retirement life stage and are either buying retirement homes or, in anticipation of retirement, are doing fix-ups of their existing residences
- A trend among the nation's more comfortable households to put increased attention and investment into their homes. As one downtown apparel retailer observed: "In the eighties the well-to-do wanted designer clothing, now they are into designer homes."

4. Online Shopping. Compared with 2001, online retail sales grew by about 39 % during the 2002 Christmas season.⁴⁵ This finding sounds impressive, but it must be placed in perspective.

According to the US Bureau of the Census, in 2001, a comparison of online retail sales versus total U.S retail sales revealed that in the \$3.16 trillion retail industry only \$37.7 billion occurred online— equivalent to just 1.2 % of the total. A similar study conducted through the third quarter of 2002 indicated that online retail sales had reached about a 1.3% market share.⁴⁶

There can be little doubt that online shopping is an increasingly normal consumer behavior, "but even if it grew 10 percent per year and the rest of retail remained stagnant it would take until 2013 before e-commerce garnered just more than 10 percent of total sales."⁴⁷

Nevertheless, online shopping still represents an unknown variable in the retail equation, but one with great growth potential. Many "indicators" suggest that

⁴⁵ Todd R. Weiss, "Online Retail Sales on the Rise" Computerworld , January 02, 2003, <http://www.pcworld.com/resource/printable/article/0,aid,108352,00.asp>

⁴⁶ Ephraim Schwartz, "Online Shopping Growing Very Slowly" InfoWorld.com, December 31, 2002

⁴⁷ *ibid.*,

online sales finally may be reaching its long-predicted take off point, when it will grow at rates substantially higher than 10% per year:

- More and more people have tried online shopping and know how to do it. E-ignorance is much less of a barrier. This is especially true for the nation's young people
- Women, who are the Primary Shoppers in most households, have only recently started to shop online as frequently as men
- People are finding it easier to shop online: the sites are better constructed and easier to navigate
- Credit card companies have introduced zero liability to ease consumer concerns about credit card fraud
- The use of broadband is growing steadily and broadband users find it easier and faster to do online shopping. In the New York metropolitan area about 50% of the Internet users now have broadband access
- "Although the numbers are not large, the data shows that 'channel shifting' is taking place on the part of consumers toward online shopping"⁴⁸
- Time pressure, a deep, widespread socio-psychological concern, is driving more online shopping. According to the market research firm comScore, 64% of their surveyed consumers cited a desire to save time as the primary reason they went online to shop. Fifty-three percent said shopping online was more convenient⁴⁹
- While many analysts have long held that people would resist shopping for clothes online, preferring an in-store experience where they could touch and try on garments, many "e-tailers" reported brisk online clothing sales during the Christmas 2002 selling season.⁵⁰

The only important new impediment to the growth of online shopping is the looming probability that in today's stressed economic environment, many of the states will move to erase e-commerce's current tax-free status.⁵¹

D. Population Trends

1. Greater Diversity. In the Northeastern states the minority (non-White and Hispanic) portion of the population grew from 16.6% in 1980 to 20.6% in 1990 and then 26.6% in 2000.⁵²

⁴⁸ *ibid.*,

⁴⁹Olisa Gill, "Reports: 2002 E-Commerce Spending Skyrocketed," *E-Commerce Times*, January 02, 2003, <http://www.ecommercetimes.com/perl/story/20353.html>

⁵⁰ Paul Festa, "E-tailers find hope in holidays," *www.CNETNews.com*, December 26, 2002

⁵¹ Ephraim Schwartz, "Online Shopping Growing Very Slowly" *InfoWorld.com*, December 31, 2002

⁵² Frank Hobbs and Nicole Stoops, U.S. Census Bureau, *Census 2000 Special Reports, Series CENSR-4, Demographic Trends in the 20th Century*, U.S. Government Printing Office, Washington, DC, 2002, p.89.

Between 1990 and 2000, within the 14 Northern Counties of New Jersey that are a part of the New York-New Jersey-Connecticut Metropolitan region, the

Table 1. A Comparison of Age Cohort Changes in Bayonne, Hudson County and NJ's 14 Northern Counties: 1990 to 2000

	Census 1990		Census 2000		Change: 1990-2000	
Bayonne	N=		N=		N=	
Under 18 Years	11,810	19.4%	13,672	22.1%	1,862	15.8%
18 to 64 Years	37,476	61.7%	37,933	61.3%	457	1.2%
65+ Years	11,496	18.9%	10,237	16.6%	(1,259)	-11.0%
Total	60,782	100.0%	61,842	100.0%	1,060	1.7%
Median Age	38		38.3		0.3	0.8%
Hudson County	N=		N=		N=	
Under 18 Years	122,478	22.1%	137,498	22.6%	15,020	12.3%
18 to 64 Years	360,208	65.1%	402,206	66.0%	41,998	11.7%
65+ Years	70,410	12.7%	69,271	11.4%	(1,139)	-1.6%
Total	553,096	100.0%	608,975	100.0%	55,879	10.1%
Median Age	33.5		34		0.5	1.5%
14 Northern Counties	N=		N=		N=	
Under 18 Years	1,381,415	22.7%	1,637,393	24.6%	255,978	18.5%
18 to 64 Years	3,874,029	63.7%	4,141,402	62.2%	267,373	6.9%
65+ Years	823,936	13.6%	882,955	13.3%	59,019	7.2%
Total	6,079,380	100.0%	6,661,750	100.0%	582,370	9.6%
Median Age	35.6		37.2		1.6	4.5%

Source: USBotC, DANTh, Inc.

population grew by 582,370 persons or 9.6%.⁵³ As can be seen in Table 1. the vast proportion of this growth came from Hispanics (330,268), Asians (190,583) and Other⁵⁴ (190,583). The White population declined by 23,504 persons, or by about -0.5%, while the Black population increased by 72, 439 persons, or 9%. In 2000, Hispanics accounted for 14.7% of the regions population, Blacks 13.1%, Asians 6.5% and Other 8.5%.

Between 1990 and 2000 Hudson County's population grew by 10.1%. For a long time, Hudson County has had a substantial, ethnically and racially diverse population. Already by 1990, 33.2% of its population was Hispanic, 14.4% was Black, 6.6% was Asian and 9.6% was Other. While by 2000 Hispanics had continued to grow by 32%, the most significant growth was among the Other category, 149%, and Asians, 78.4%.

The census data presented in Table 1 indicate that racial and ethnic "diversity," at least in terms of non-European population groups, had only evidenced itself in

⁵³ See Table 1.

⁵⁴ According the USBotC, the other category includes any other race except the other four mentioned in Tables 1 and 2.

Bayonne during the 1990s. In 1990, for example, Hispanics and Blacks represented 9.5% and 4.3% of the population, but by 2000 they accounted for 17.8% (a 91% bulge) and 5.5%. Moreover, Bayonne had experienced considerable growth within its Other and Asian census categories, which respectively accounted for 21.1% and 9.4% of the total population and were the fastest growing groups in the city.

City officials, however, are quick to note that the 2000 Census was much better at finding new immigrants than the 1990 Census, so Bayonne's diversity trend may not be as recent as it first appears. Nevertheless, the growth in the City's diversity is indisputable.

Table 2. A Comparison of Age Cohort Changes in Bayonne, Hudson County and NJ's 14 Northern Counties: 1990 to 2000

	Census 1990		Census 2000		Change: 1990-2000	
Bayonne	N=		N=		N=	
Under 18 Years	11,810	19.4%	13,672	22.1%	1,862	15.8%
18 to 64 Years	37,476	61.7%	37,933	61.3%	457	1.2%
65+ Years	11,496	18.9%	10,237	16.6%	(1,259)	-11.0%
Totals	60,782	100.0%	61,842	100.0%	1,060	1.7%
<i>Gen Y 10 thru 17</i>	5,219	8.6%	6,270	10.1%	1,051	20.1%
<i>Gen Y 18 thru 24</i>	5,690	9.4%	5,057	8.2%	(633)	-11.1%
<i>45 thru 59 Years</i>	9,105	15.0%	11,479	18.6%	2,374	26.1%
<i>Median Age</i>	38		38.3		0.3	0.8%
Hudson County	N=		N=		N=	
Under 18 Years	122,478	22.1%	137,498	22.6%	15,020	12.3%
18 to 64 Years	360,208	65.1%	402,206	66.0%	41,998	11.7%
65+ Years	70,410	12.7%	69,271	11.4%	(1,139)	-1.6%
Totals	553,096	100.0%	608,975	100.0%	55,879	10.1%
<i>Gen Y 10 thru 17</i>	53,233	9.6%	40,471	6.6%	(12,762)	-24.0%
<i>Gen Y 18 thru 24</i>	61,325	11.1%	63,370	10.4%	2,045	3.3%
<i>45 thru 59 Years</i>	81,004	14.6%	99,081	16.3%	18,077	22.3%
<i>Median Age</i>	33.5		34		0.5	1.5%
14 Northern Counties	N=		N=		N=	
Under 18 Years	1,381,415	22.7%	1,637,393	24.6%	255,978	18.5%
18 to 64 Years	3,874,029	63.7%	4,141,402	62.2%	267,373	6.9%
65+ Years	823,936	13.6%	882,955	13.3%	59,019	7.2%
Totals	6,079,380	100.0%	6,661,750	100.0%	582,370	9.6%
<i>Gen Y 10 thru 17</i>	596,233	9.8%	476,921	7.2%	(119,312)	-20.0%
<i>Gen Y 18 thru 24</i>	612,538	10.1%	536,760	8.1%	(75,778)	-12.4%
<i>45 thru 59 Years</i>	956,854	15.7%	1,251,923	18.8%	295,069	30.8%
<i>Median Age</i>	35.6		37.2		1.6	4.5%

Source: USBotCas reported by Scan/US and DANTh, Inc.

2. Gen Y Nationally, though the under 15 age group's share of the population declined somewhat between 1990 and 2000, from 21.5% to 21.4%, its absolute numbers continued to grow. This proportional decline can be attributed

to the growth of the 45-64 years olds, which reflected the entry of the baby boomers into this age group.⁵⁵

Generation Y, or Gen Y for short, is the population group born after 1976. The group now primarily includes young adults as old as 27, but most are teenagers or preteens. Gen Y nationally is the largest generation in the nation's history. Most importantly, Gen Y^{ers} have much more money to spend than any new market in the history of American retailing.

Gen Y^{ers} also are driving traditional retailers and advertisers crazy.⁵⁶ They have become the "Prove It to Me Generation." Bombarded by more information from more media sources than any group of teens in history, they easily form brand loyalties, though these loyalties may only last for 9 or 12 months. Looking at advertisements, they instantly know how to separate substance from condescension and hype.⁵⁷

Gen Y's teenagers have been divided by one market researcher into six youth culture segments: Hip Hoppers, Trendies, Thrashers (skaters), Rockers, Country, and Anarchists. These segments are based on different mixes of music, fashion, media, and attitudes towards technology.⁵⁸ And Gen Y teens have been important trend-setters in each of these areas.

Gen Y's teenagers currently comprise about 11% of the nation's population, but that number is projected to bulge through 2010. As can be seen in Table 2, in Bayonne, in 2000, 6,270 persons, or 10.1% of the population, fell into the 10 through 17 age group,⁵⁹ which includes "pre-teens" and most teenagers. Most significantly, between 1990 and 2000, there was a 20.1% growth in this age group. In this respect, Bayonne differs from both Hudson County and New Jersey's 14 Northern Counties, which had drops in this age group of -24% and -20% respectively.

Gen Y's teenagers have an income that enables considerable discretionary spending -- even though recent hard times have led to about a 35% reduction. In 2002 a survey of teenagers across 10 states estimated the yearly spending per teen at \$1,154, down from \$1,536 in the fall of 2001. This was partially the result of parents cutting back allowances: a survey of parents in 2002 found that they

⁵⁵ Frank Hobbs and Nicole Stoops, U.S. Census Bureau, Census 2000 Special Reports, Series CENSR-4, Demographic Trends in the 20th Century, U.S. Government Printing Office, Washington, DC, 2002, pp. 56, 60.

⁵⁶ Keith Alan Deutsch "Why Generation Y? Here's Why!" downloaded from: <http://www.specialtyretail.net/issues/June99/why.htm>

⁵⁷ Magazine Publishers of America, Market Profile: Teenagers, Spring 2000, www.magazine.org

⁵⁸ Keith Alan Deutsch "Why Generation Y? Here's Why!" downloaded from: <http://www.specialtyretail.net/issues/June99/why.htm>

⁵⁹ Unfortunately, the census table DANTH was able to find did not have categories that allowed teenagers to be cleanly broken out. Similarly, in Table 2 we had to use the "45 through 59" age category instead of the "44 through 57" that we would have preferred.

contributed \$935 yearly to their children's spending, compared to \$1,015 in the fall of 2001.⁶⁰

Furthermore, as parents work more hours than ever before, they often rely on advice from their teens. "If kids can help make decisions," says one youth marketing expert, "parents are just as happy to let them do it."⁶¹

- 75% of teens come from families with dual incomes
- 77% of teens urge their parents to buy specific brands
- US teens influence an estimated \$240 billion in household spending by their parents⁶²
- 75% of the young women shop for groceries for their family.⁶³

So far, most of the attention paid to the Gen Y^{ers} has been on the teenagers, but with every passing year, the impacts of those in their twenties are becoming more and more important. For example, Gen Y for the next decade will be creating a big bolus of new households that will provide an increasing demand for "home and hearth" merchandise and services. While the new Gen Y households formed over the next year or two may not, by themselves, be enough to assure the 5% to 9% sales growth that home and hearth retailers have experienced in recent years, there is no doubt that this age cohort represents a strong and growing demand for the goods and services associated with household and family formation.

The data in Table 2 indicate that Bayonne lost about 11.1% of its population in the 18 through 24 age group between 1990 and 2000. A similar loss occurred in New Jersey's 14 Northern Counties, -12.4%, while Hudson County had a small, 3.3% gain. The lack of housing units may account for some of the decline in Bayonne. In any case, new housing units built in Bayonne over the coming decade have a high probability of attracting more post-teen Gen Y^{ers}.

3. Aging Baby Boomers. The baby boomers were the previous huge bulge in our population and include people born from 1946 through the late 1950s. They are now between 44 and 57 years of age. Many are still in their prime, while others are definitely preparing for retirement.

The baby boomers had a huge impact on the nation's retailing and overall economy. During their 20s and 30s they formed households and created a large demand for housing and household goods and furnishings – much as the Gen Y^{ers} are about to do. As they had children, they bought clothing, shoes, radios, televisions, etc. for them. As their careers were still before them, they were

⁶⁰ David Sokol, "The year ahead in retail real estate," Shopping Center World, Dec 1, 2002

⁶¹ Magazine Publishers of America, Market Profile: Teenagers, Spring 2000, www.magazine.org

⁶² New Media Communications Survey Spring & Fall 2000

⁶³ Magazine Publishers of America, Market Profile: Teenagers, Spring 2000, www.magazine.org

optimistic about the future and built up their debt levels by buying homes and consumer goods.

Americans over age 40, in contrast, have traditionally spent less and saved more: their households are furnished, their careers have plateaued, their children are grown and they face the prospect of retirement. Thus, most aging baby boomers can be expected to spend much less on retail goods over the coming years, but they may be spending more than those that preceded them in that age bracket.

The baby boomers had a habit of "trading up", of not just buying possessions, but of buying better and better possessions than their parents had. Instead of buying a pair of \$35 Levi's, they would purchase \$80 designer jeans; instead of a Huffy bike they would buy a Peugeot. They tended to ignore bargain basements, but frequented *chic* boutiques.

But, as the baby boomers aged, they began to "downscale". As one expert described it:

"People are...buying Oneida stainless-steel silverware instead of European stainless and sterling. Forty-five inch projection televisions are out. Rental video tapes are in. Fleece is in. Italian suits are out. Levi's are in. People are buying a Huffy bike instead of a Peugeot."⁶⁴

Baby boomers are now looking for more moderately priced goods and to appreciate good values. They are the main market supporting the niche that has come to be called "value retailing," which includes "off price" retailers, manufacturers outlets and mass retailers who rely on everyday low prices, such as Wal-Mart, K Mart, Target, Costco Price, Waban, Home Depot, TJ Maxx, etc.

Retirees have long liked the activities downtowns can provide such as restaurants, movies, museums. They also have appreciated their walkability and public transportation assets. As one observer has stated:

"Retirees spend all their money locally, love to have their hair done, and eat out as often as they can. Many towns would rather have them than a factory."⁶⁵

Baby boomer retirees promise to have an even bigger positive impact on downtowns. Indications are that, as retirees, boomers once again will behave differently. There are approximately 26 million baby boomers nationally who are over 50. Many, if not most, are empty-nesters. Many are trying to simplify their

⁶⁴ Peter Siris quoted in "The Aging Baby Boomers", *Barrons*, March 11, 1991

⁶⁵ Joshua Horwitz, "Retirees Seen as Benefit to Main Street Development" *NYMSA Newsletter* 1996, p.8

lives. These people often can afford smaller, upscale residences—with the close access to entertainment, retail, and work environments that they prefer.⁶⁶ They are likely to be more active. For example, more than 60 percent of the boomers in a year 2000 poll reported that they will continue to work at least 20 hours a week during retirement and many others claimed that they planned to start new careers in retirement.⁶⁷ Many also plan to travel and take university courses. They also are likely to be more financially secure than previous retirees, though the recent stock market decline has done a significant, if undetermined amount of damage to their retirement investment portfolios. It is still expected that they will have more discretionary income to spend than previous retirees.

It is anticipated that, excluding medical expenditures, the boomers will spend more than their predecessor retirees on such downtown-related goods and services as:

- Frequenting eating and drinking establishments
- Utilizing prepared and delivered meals
- Leisure time entertainment and cultural activities, such as movies, museums, bowling, bridge, etc.

Moreover, it is also expected that the retired boomers -- whom some now call “zoomers”--will need and demand from retailers a high level of customer service. An example of the importance of strong customer service perhaps is in order here. As is well-known, small drugstores everywhere are being killed-off by the major chains, e.g., CVS, Walgreens, Rite-Aid, Duane Reade, etc. But, in Kew Gardens, NY, a small drugstore, with no more than 1,500 SF of space has not only survived, but prospered, despite CVS stores a half-mile away in one direction and a .8 mile walk in another. The reason for its survival is the high level of customer service it provides to the substantial elderly population that lives in many nearby apartment buildings. Similar instances of small drugstores surviving because of their customer service can be found in Teaneck, NJ, Bayonne, NJ and Garden City, NY.

In 1990, Bayonne had an “old” population. Its median age was 38, compared with 33.5 in Hudson County and 35.6 in the 14 Northern Counties of New Jersey. Moreover, its 65+ population accounted for 18.9% of its population (see Table 2), which was 149% higher than Hudson County and 140% higher than New Jersey’s 14 Northern Counties.

By 2000, however, the situation had changed. Though the median age had increased a bit, by 0.8%, it was less than the increases in Hudson County or in the 14 Northern New Jersey Counties. More importantly, the size of the 65+ population fell by 11%, which was consistent in direction, but higher than the

⁶⁶ Merrie S. Frankel “Urban Retail, ” Urban Land Archives: 2001: February

⁶⁷ Laurie Tarve, “Marketers need to keep up with aging Baby Boomers,” *Houston Business Journal, <http://houston.bizjournals.com/houston/stories/2000/06/05/focus6.html></houston/stories/2000/06/05/focus6.html>

overall national pattern, where there was a relative drop of 0.2% in this age cohort.⁶⁸

In 2000, the age category in Table 2 that contains the boomers, “45 thru 59 years,” accounted for 18.6% of Bayonne’s population. In Hudson County this age group accounted for 16.3% of the population and in New Jersey’s 14 Northern Counties it accounted for 18.8%.

New housing units built in Bayonne over the coming decade have a high probability of attracting even more baby boomers in pre-retirement or retirement life stages.

E. Quality of Life Issues

1. Crime Is No Longer The Barrier To Revitalization That It Once Was. By the late 1970s, crime had become one of the primary factors businesses looked at in deciding where to locate their offices and stores, and they overwhelmingly viewed downtown locations as dangerous. Similarly, the fear of crime kept shoppers away from downtowns, especially after dark.

There will be crimes committed as long as there are people on earth, but the crime rate across the nation over the last decade has dropped significantly. Businesses still use crime as a key factor in their locational decision-making, but increasingly they are finding downtown locations to be non-threatening. Also, across the nation there has been a decline in the fear of crime, so shoppers and fun-seekers are far less hesitant to come downtown after dark. As a reporter in the New York Times aptly summarized the situation:

“With the historic drop in violent crime beginning to take hold in even the most blighted urban areas, cities across the country are being transformed, as neighborhoods that had become frightening wastelands are showing glimmers of renaissance.”⁶⁹

The diminished downtown crime problem also means that architects and developers will be under far less market pressure to produce fortress-designed buildings.

⁶⁸ Frank Hobbs and Nicole Stoops, U.S. Census Bureau, Census 2000 Special Reports, Series CENSR-4, Demographic Trends in the 20th Century, U.S. Government Printing Office, Washington, DC, 2002, p. 56.

⁶⁹ Pam Belluck, “Blighted Areas Are Revived as Crime Rate Falls in Cities” New York Times, www.nytimes.com, May 29,2000

2. Different Quality of Life Strokes For Different Folks. Because of Richard Florida's influence, today, the causal model for explaining business locational decisions might look something like:

High quality of life residential areas → Knowledge workers → Knowledge companies,

where residential communities with high quality of life characteristics attract masses of knowledge workers, and the knowledge firms then locate nearby in order to tap this sophisticated workforce.

A sound hypothesis that downtown leaders might deduce from this causal model is that the quality and quantity of the housing in and around their downtowns will have a large impact on their ability to attract and retain firms in the knowledge industries. And this hypothesis is confirmed by the number of highly urban cyberdistricts that have emerged in towns and cities that had a rich, architecturally interesting building stock that was primed for redevelopment.

It is important to realize, however, that quality of life is a phrase that can refer to a wide array of components and that the mix of these components will vary for different groups of people, who in turn will prefer different types of geographic locations.

For instance, Kotkin and Siegel refer to research regions such as Silicon Valley, the Rte 128 corridor, the Rte 1 corridor near Princeton, and the Raleigh-Durham area in North Carolina, as "Nerdistsans." They have a large number of new, high technology firms, e.g., those engaged in computer-related activities, the internet or advanced pharmaceutical and biological research. These firms are drawn by the locality's "Nerds," i.e., its well educated work force, in particular, the "scientists, engineers and technicians who constitute the critical raw material for fast-growing technology firms."⁷⁰ In turn, this agglomeration of firms then symbiotically encourages the attraction and retention of a work force with the industry specific skills they need.

The "nerdy" high-tech workforce lives and prefers a "suburban" lifestyle that is devoid of the problems associated with center cities and older suburbs. Consequently, Nerdistsans will often contain "master planned" communities such as Irvine, near Los Angeles, or the Woodlands on the outskirts of Houston,"⁷¹ that are specifically designed to meet the needs of this high tech workforce. These communities are often highly regulated, with strict controls on traffic and sprawl and obsessed by security, open space and quality schools.

In contrast, are the key quality of life concerns of the people and firms drawn to urban cyberdistricts. A safe and secure downtown is certainly one of their primary

⁷⁰ Joel Kotkin and Fred Siegel, Digital Geography: The remaking of city and countryside in the new economy, Hudson Institute, 2000. Indianapolis, Indiana. pp. 36, p. 18

⁷¹ ibid. p.18

concerns, but they see nothing inherently fear-provoking in an urban environment. Given the long, flexible hours of people working in dynamic, small firms, there is a strong demand for housing near their workplaces. The presence of an attractive old housing stock helped the Over The Rhine neighborhood in Cincinnati develop a robust cyberdistrict. The conversion of antiquated office buildings and factory loft spaces into housing has helped Lower Manhattan develop Silicon Alley. Successful cyberdistricts are strong live-work areas.⁷²

Those with an "artistic" penchant among the computer and Internet savvy have a higher propensity to prefer highly urban types of housing. They will be lured by attractive old housing stock as well as attractive old commercial buildings that can be converted to residential uses. Those in more traditional FIRE and professional services (a.k.a. The Suits), with young families, are more likely to prefer suburban types of housing.

People who are attracted to downtown cyberdistricts also show a preference for an urban lifestyle where there is proximity to and easy accessing of art galleries, museums, restaurants, coffee houses, etc. In Boston, for example, the presence of an artists' community and art galleries has helped the former leather district near South Street Station develop into a cyberdistrict. A cyberdistrict may start without attractive restaurants, coffeehouses, etc., but its growth will be attenuated unless they soon appear.

Firms in the emerging digital industries prefer, in urban locations, older warehouse and industrial buildings that have open-air and high ceiling environments. They are seeking flexible spaces that can reflect their penchant for flat organizations and stimulate group interaction and creativity.

The flexible spaces also are suitable for the expansion and contraction of these firms that occurs on a project by project basis.

These firms also like buildings that facilitate interactions between firms that tenant their buildings

Restaurants, coffee houses and bars capable of facilitating the personal contacts and exchanges so essential to cyberdistricts are also important lures

Successful cyberdistricts are walkable in size and pedestrian friendly. They are not car oriented. The cyberdistrict's compactness and pedestrian friendliness facilitates the social interactions and networking that are so important to its proper functioning.

⁷² This fits in with a general pattern among America's downtowns: they are undergoing a reawakening in residential growth, attracting, in particular, increasingly affluent households that do not have school age children... See Lawrence O. Houston, Jr., "Urban Awakening," *Urban Land*, October 1998, pp. 35-41.