



Ravinia Business District Market Study

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October 2009

Contents

Acknowledgments	4
Index of Tables	5
Index of Figures	6
Background	7
Study questions and goals	8
Methodology	8
Limitations	10
Market potential	11
Buying power and sales void	13
Other factors	17
Consumer surveys	21
Comparisons to the City of Highland Park population	21
Shopper habits and destinations	23
Farmers Market and Ravinia Festival attendance	26
Perceptions and experiences	27
Trade area	28
Business mix	29
Consumer wishes	31
Rents	34
Market analysis conclusions	35
Market strategies	37

Strategy 1: Convenience goods & services	39
Strategy 2: Dining & entertainment	41
Strategy 3: Offices & amenities	43
Strategy 4: Highly-specialized retail	45
Strategy compatibility, by customer	46
Development	47
Public improvements	50
Economic impact	51
Benchmarking	51
Conclusions and recommendations	52
Disclaimer	55

Acknowledgments

We would like to extend our appreciation to Mayor Michael Belsky, Highland Park City Council, City Manager David Limardi, Assistant City Manager William Jones, and Community Development Director Michael Blue. Our great gratitude to Economic Development Coordinator Carolyn Hersch, who managed this initiative and all its related meetings, resources, and surveys. Thank you to Economic Development Intern Emily Smith for help with survey distribution, data entry, focus groups, and other duties. Thanks to the Ravinia Neighbors Association for assisting in launching the Ravinia study and for organizing a public meeting in Jens Jensen Park. We are also grateful to all the residents, Ravinia business owners, property owners, and professionals for their time and input during this project. We extend special thanks to the following:

Highland Park City Council

Michael Belsky, Mayor

Jim Kirsch

Scott Levenfeld

Steve Mandel

Terri Olian

Nancy Rotering

Lawrence Silberman

Index of Tables

Table 1: Groceries: Buying power and sales void	14
Table 2: Drug store purchases: Buying power and sales void	14
Table 3: Dry cleaning, laundry services and alterations: Buying power and sales void	15
Table 4: Hair and nails: Buying power and sales void	16
Table 5: Restaurant dining: Buying power and sales void	16
Table 6: Buying power for other common retail goods	17
Table 7: An estimate of potential RBD restaurant sales to Ravinia Festival goers	20
Table 8: Household incomes of survey respondents, compared to Census updates	22
Table 9: Age of survey respondents, compared to Census updates for adult population.	22
Table 10: Reason for being in Ravinia (Intercept Survey)	23
Table 11: Frequency of trips to competing retail centers (Resident Survey)	24
Table 12: Where people last shopped for a variety of goods and services (Intercept Survey)	25
Table 13: Ravinia purchases only (two surveys compared)	26
Table 14: Ground-floor business inventory and square-footage comparison, 1993-2009	30

Index of Figures

Figure 1: Three, five, and ten-minute drive times	13
Figure 2: Three-minute drive area around Highland Park drug stores	18
Figure 3: Five-minute drive area around Highland Park drug stores	18
Figure 4: Post card mailed to Highland Park households.	21
Figure 5: Intercept survey locations	22
Figure 6: Perceptions and experiences of the Ravinia Business District.	27
Figure 7: Where current shoppers live (Intercept Survey)	28
Figure 8: What people like BEST about Ravinia (Resident Survey)	32
Figure 9: New businesses people would like to open in Ravinia (Resident Survey)	33
Figure 10: Market-based strategies cross-cut four broad categories of work	37
Figure 11: Compatibility of Market Strategies	46

Background

The Ravinia Business District, like many traditional business districts across the country, has changed its function over the past 30 years. A district that once offered most of the day-to-day retail goods and services needed by its surrounding residents – grocer, pharmacy, stationer, hardware – has become largely obviated by changes in the very nature of retailing. The district doesn't have the same kind of compelling purpose it once had in an era when people made many purchases closer to home.

As a neighborhood-oriented shopping district, shoppers didn't go to Ravinia to buy business attire or trendy home furnishings. Many of those functions continue to be served by downtown Highland Park and downtown Chicago. Given the kinds of things people buy very close to home today, Ravinia has more retail space than it needs to serve the immediate neighborhood. But Ravinia remains an important anchor to a residential community and an important secondary hub for Highland Park.¹

The City of Highland Park initiated this market study for several reasons:

- Ravinia is seeing an increasing number of ground-floor vacancies;
- Area residents have expressed concerns for the District's future;
- There are several ideas for the way forward – including traditional retail, dining, office, and others – but no consensus on the best direction; and
- A tax increment financing (TIF) district, created in 2005, is starting to capture property valuation revenues to be used for future public improvements. A plan for those improvements will be developed in the near future and should be consistent with the district's anticipated economic development needs.

The City engaged the Community Land Use and Economics Group to examine the market potential of Ravinia and recommend a relevant and sustainable economic development plan that could be supported by the City and embraced by all the people who care about Ravinia.

¹ In this report, we frequently use "Ravinia" to refer to the Ravinia Business District. In instances where we refer to the outdoor performance venue, we use "Ravinia Festival."

In the work of commercial district revitalization, there are typically several supportable directions. Our goal has been to examine a broad range of options and their economic feasibility so Ravinia's neighbors, commercial property owners, business owners, and elected leaders can make the best decisions for Ravinia's future.

Study questions and goals

We have sought to identify what's economically possible in Ravinia and test those options against the diverse preferences of residents, shoppers, business owners, and property owners. There is no single answer to what can work, and each potential strategy comes with a balance of benefits and impacts.

Ultimately, our goal is to guide the Ravinia Business District toward a strategic direction – one that has broad support and one that tightly integrates future revitalization work around a core set of principles.

With that in mind, we had three study questions:

1. How is the Ravinia Business District performing today?
2. What are its best opportunities for future development – not necessarily to *grow*, but to become more vibrant and sustainable?
3. After examining the opportunities, what are the consequences of choosing one direction or another?

Later, we will test which of these opportunities can engender the greatest community support.

Methodology

Our work in Ravinia consisted of three research components leading to the findings summarized in this report. This will be followed by an implementation-planning component.

1. Background and orientation. In May, 2009, we visited the Ravinia Business District and toured downtown Highland Park and nearby competing shopping areas. We interviewed

residents, business owners, property owners, city staff, and elected officials, and we reviewed available background materials, which included:

- Market Analysis for the Ravinia Business District (1993)
 - Ravinia Strategic Plan (1994)
 - Ravinia Business District Tax Increment Financing Redevelopment Plan (2005)
 - Ravinia Streetscape Concept (2005)
 - Central Business District Retail Market Analysis (2007)
2. Sales potential and sales void research. Using standard industry sources (including the *Census of Population*, the *American Community Survey*, the *Consumer Expenditure Survey*, and demographic reports from ESRI), we calculated consumer buying power for a set of relevant retail and service purchases. Using the *Economic Census*, local tax data, and *Dollars & Cents of Shopping Centers*, we estimated current retail sales in Ravinia.
 3. Primary market research on local consumers. We conducted two consumer surveys: one of Highland Park residents and another of shoppers on the street in Ravinia. As a follow-up to the surveys, we held three focus groups in order to delve deeper into questions raised in the survey analysis.

Through on-site interviews, telephone interviews, surveys, focus groups, and a community blog, we made significant efforts to involve the Highland Park community. In total, we interviewed more than 80 people. The Office of Economic Development posted study updates in *The Highlander*, along with links to the market study project's blog.

We used the quantitative and qualitative data we gathered to arrive at a set of potential “market strategies” (or market directions). We then expanded on those strategies to address the influence they would have on retail tenanting, public improvements, marketing, and future development.

This Ravinia market study will conclude with an implementation component – which should be the point of departure from ‘studying’ to ‘doing.’ Following acceptance of the final report, the City will convene a Ravinia leadership group and CLUE Group will facilitate a “Playbook” (or work

plan) in order to make the ideas contained in this document a reality. The Playbook will later be attached to this report as an addendum and active work plan.

L i m i t a t i o n s

As is true of all demographic, economic and market studies, the reliability of our analysis is limited to the reliability and quality of the data available. Our research assumes that all data made available by federal, state, and city sources is accurate and reliable. For Highland Park, there are several specific limitations worth mentioning:

First, because our analysis has been conducted at the end of the decade, between the 2000 and 2010 US Censuses, population data is not as current as it would be if this analysis were conducted early in the decade, when population data is new. (The new, annual American Community Survey is designed to account for intra-Census periods, but the data have not been released at the “place” level yet.) Similarly, the Economic Census, conducted every five years, is available for 2002, but 2007 data have not yet been released at the “place” level. We have relied on mid-Census projections by ESRI, and our own estimates of population and retail sales changes in the areas included in this analysis.

Second, the retail market catchment (or trade) areas of shopping districts like Ravinia are not confined to the boundaries of political jurisdictions (such as the City of Highland Park). We have therefore made estimates based on reasonable assumptions about Ravinia’s catchment based, in part, on the distribution of respondents to the intercept survey. In general, our estimates tend to be somewhat conservative.

Third, retail sales tax data are not available for the Ravinia business district itself. We have estimated current retail sales by using several standard sources, extrapolating from City sales tax data, and by using our own national research on typical per-store sales in traditional business districts.

Given these limitations, our report reflects what we believe are reasonable estimates of historic trends, current conditions, and future possibilities.

Market potential

For centuries, downtowns and neighborhood commercial districts functioned as the commercial, civic, and social hubs of their communities – the places where people came together to conduct business, administer government, relax, and celebrate. But America’s communities have gone through a series of profound transformations over the past several decades. The staples of everyday living (like food markets and hardware stores) have moved to larger-format stores on highways and strip centers, while traditional commercial districts have evolved – many becoming more convenience, specialty, or entertainment-oriented.

Retail businesses generally fall into one of three broad categories:

- Convenience: Retail goods and services for which shoppers tend to patronize the closest business, like gas stations, dry cleaners, and grocery stores. “Impulse” retail – like card shops, florists, and bakeries – can also fall into this category.
- Comparison: Retail goods and services for which shoppers like to compare styles, brands and prices before making a purchase, like apparel, shoes and (sometimes) furniture and restaurants. For this reason, comparison retail businesses tend to cluster together (e.g., several shoe stores in a mall), and a comparison business is likely to be more successful if located in a cluster than if it is freestanding, without related businesses nearby.
- Destination: Retail goods and services for which shoppers will travel significant distances. These might include specialty businesses (like Field Violin in Ravinia), large clusters of related businesses (like antiques or restaurants), or businesses that offer exceptional service and that have developed a very loyal clientele.

A retail market analysis assesses the district’s current economic performance, estimates the types and amounts of retail development the community can realistically support, and tests the viability of possible retail development options.

A sales void analysis first estimates the amount of money people are likely to spend on various retail goods and services (buying power) and then subtracts the estimated actual sales taking place in the district:²

$$\text{Buying Power} - \text{Actual Sales} = \text{Sales Void or Surplus}$$

In theory, a sales void should indicate support for additional businesses to capture the spending leaking to other places. The amount of additional retail space supportable by a sales void can be calculated using industry standards for sales-per-square-foot, by type of retailer. For a given retail or service category:

$$\text{Sales Void} \div \text{Sales/SF} = \text{Size of supportable new retail store}$$

In practice, sales voids should be assessed in the context of the larger retail environment and current consumers' shopping patterns. Filling a sales void for "apparel" in Ravinia, for example, *could* come at the expense of clothing stores in downtown Highland Park.

Sales void calculations are most relevant for convenience and, to a lesser extent, comparison purchases. Consumers are more likely to travel to a shopping center (or downtown Chicago) to make comparison-type purchases, and destination purchases are little influenced by trade areas and distance. In addition, many comparison and specialty purchases are made online, without regard to the location of the seller. We therefore looked first at sales voids (or surpluses) for goods and services actually available in Ravinia.

This map represents 3, 5, and 10-minute drive times from the intersection of Roger Williams and St. Johns Avenues in Ravinia. Because Highland Park and the suburbs around Highland Park are densely retailed, we have used the three-minute drive time to represent the convenience-shopping trade area.

² Buying power calculated using Census updates (ESRI) and Consumer Expenditure Survey, and ESRI Retail Goods and Services Expenditures reports.

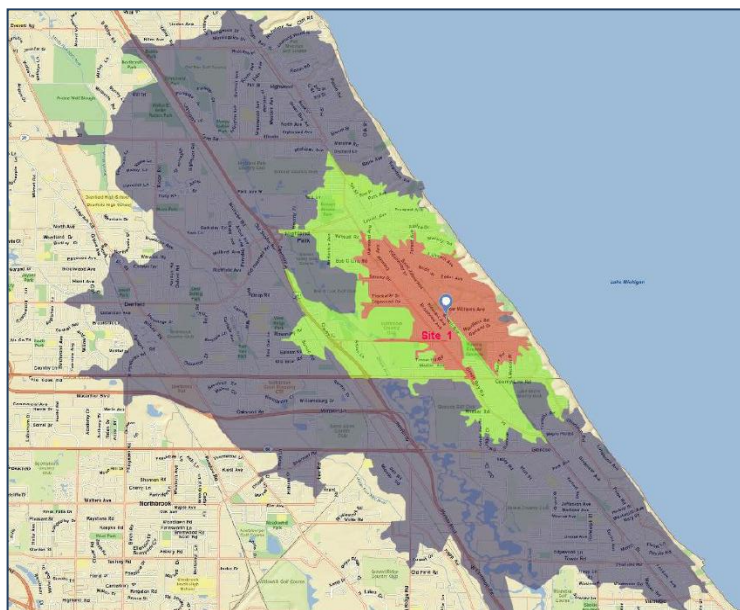


Figure 1: Three, five, and ten-minute drive times from the intersection of Roger Williams and St. Johns Avenues. (Source: ESRI)

Buying power and sales void

For products and services available in Ravinia, we calculated sales potential based on a conservative three-minute, convenience-based drive time, though in some cases, actual trade areas may be slightly larger. (We used the small trade area because surveys showed three-fourths of Ravinia shoppers live in the southeast quadrant of Highland Park.) We then estimated actual sales for Ravinia businesses, by category, and calculated the sales void/surplus. We did the same calculations for Highland Park as a whole to provide a context larger than the neighborhood itself.³

³ Actual sales were estimated from several sources, including City sales tax reports, the *Economic Census, Dollars & Cents of Shopping Centers*, and CLUE Group's national database of independent businesses. We have reported a conservative estimate. The State could not make available detailed sales tax data for Ravinia because, "by law, all information received by the Illinois Department of Revenue from sales tax returns is confidential. The [RBD] does not contain four or more like businesses, and/or enough similar amounts of receipts to release the data, while ensuring complete taxpayer confidentiality."

Table 1: Groceries: Buying power and sales void

	Ravinia neighborhood (3-minute drive)	Highland Park (city)
Estimated actual sales	\$ 1,050,000	\$ 132,240,000
Buying power	21,400,000	112,500,000
Sales (void) or surplus	\$ (20,350,000)	\$19,740,000

Limited groceries are available in Ravinia at Seven-Eleven and Walgreen's. Consisting primarily of "we've-just-run-out-of-milk" kinds of staples, the offerings do not begin to meet the consumer demand for groceries in the immediate neighborhood. The \$20 million in leakage of local grocery sales could, in theory, support a store similar in size to Dee Jay Foods in Glencoe. Two factors limit this potential, however:

- There is currently a grocery sales surplus in Highland Park of approximately \$19.7 million, meaning there is no unmet demand in the city.
- A full-line grocery store would require a larger format footprint and parking lot than Ravinia can presently accommodate.

If a small grocery store were incorporated into a future development in Ravinia, there is sufficient nearby spending to support it. However, *some* of that spending would represent a transfer of purchases currently being made at other Highland Park stores.

Table 2: Drug store purchases: Buying power and sales void

	Ravinia neighborhood (3-minute drive)	Highland Park (city)
Estimated actual sales	\$ 6,000,000	\$ 83,788,304
Buying power ⁴	4,775,000+	25,400,000+
Sales (void) or surplus	+/- \$ 0. (See explanation)	+/- \$ 0. (See explanation)

⁴ Buying power for prescription and non-prescription drugs, and personal care products.

We estimate drug store-type sales in Ravinia at \$6 million. Buying power in the Ravinia 3-minute-drive area is about \$4.8 million for *prescription and non-prescription drugs and personal care products* only. Does that mean Ravinia is attracting additional drug store sales from elsewhere? Probably not. The reason is, drug stores today sell more than prescriptions and personal care products; they sell toys, photographic supplies and services, smoking products, reading materials, cosmetics, cleaning supplies, office supplies, and groceries. Walgreens (and Seven-Eleven) is capturing a small slice of that additional spending, bolstering total drug-store sales.

Table 3: Dry cleaning, laundry services and alterations: Buying power and sales void

	Ravinia neighborhood (3-minute drive)	Highland Park (city)
Estimated actual sales	\$ 1,500,000	\$ 3,500,000
Buying power	388,000	1,950,000
Sales (void) or surplus	\$ 1,112,000	\$ 1,550,000

Highland Park generates about \$3.5 million in gross annual sales of cleaning and laundry services, but buying power in the city is estimated at just under \$2 million – meaning there exists a citywide sales surplus. Ravinia has *four* cleaners – more than can be supported by consumer spending in the neighborhood. Both of the following are likely happening:

- Several cleaners in Ravinia appear, by our observation, to be under-performing; therefore, the number of cleaners may not be sustainable for the long-term.
- Ravinia cleaners are probably attracting some sales from outside the immediate neighborhood – primarily from other parts of Highland Park.

Ravinia cannot support additional cleaners. Depending on operating costs of the individual businesses, it is possible that the over-supply will lead to a smaller number of cleaners in the future.

Table 4: Hair and nails: Buying power and sales void

	Ravinia neighborhood (3-minute drive)	Highland Park (city)
Estimated actual sales	\$ 1,567,000	\$ 9,582,000
Buying power	1,077,000	5,512,000
Sales (void) or surplus	\$ 490,000	\$ 4,070,000

As in the laundry-services category, gross annual reported sales of hair salons in Highland Park appear to be greater than citywide buying power. The same pattern is true for Ravinia as a sub-market. Ravinia hair salons are likely drawing customers from other parts of Highland Park (or beyond), and, at the same time, we believe several salons are under-performing. As spending on discretionary products and services has contracted nationally, combined with Ravinia's over-supply of salons, we believe that one or two of these businesses are vulnerable, depending on their operating costs.

Table 5: Restaurant dining: Buying power and sales void

	Ravinia neighborhood (3-minute drive)	Highland Park (city)
Estimated actual sales	\$ 3,391,000	\$ 46,918,000
Buying power	16,827,000	52,968,000
Sales (void) or surplus	\$ (13,436,000)	\$ (6,050,000)

In the category of restaurant dining (liquor included), there is a large sales void of \$13.4 million in the Ravinia neighborhood. Citywide, there is a smaller overall sales void of \$6 million. These voids have two important implications:

- Some restaurants in the RBD appear to be under-performing. It is possible – e.g., by improving food, service, marketing, or value – that the under-performers could increase their sales and capture a larger portion of the unmet consumer demand.

- The citywide sales gap for restaurant dining could *theoretically* support an additional 20,000 square feet of restaurant businesses without impinging on restaurant sales downtown or in other parts of Highland Park.

We don't recommend immediately developing 20,000 square feet of new restaurant dining in Ravinia. However, we conservatively estimate that Ravinia's local market could support one or two new restaurants in the range of 2,000 to 3,000 square feet, housed in existing Ravinia commercial buildings. If Ravinia became a destination, it could support even more.

Other factors

Could there be a sales void for other kinds of retail goods and services?

There are, of course, other local consumer demands which are not met by the Ravinia Business District, the following being the most significant retail categories:

Table 6: Buying power for other common retail goods

	Buying power (3-minute drive)
Apparel	\$ 7,039,000
Appliances	1,665,649
Furniture	3,691,000
Housewares	415,069
Watches and jewelry	1,180,000

All of these are typically *comparison type* purchases. While there are a very small number of RBD retail sales in a couple of these categories (e.g., children's apparel, furniture and home furnishings, and jewelry), these are niches where, if there is not already a cluster of related businesses, it is difficult for a neighborhood business district to establish a new foothold.

Could Ravinia's trade area grow larger than the immediate neighborhood? Yes, it certainly could – and for certain categories of purchases, this can make a great deal of sense. There are also two caveats to consider:

- By virtue of its wonderful, village-like location, the Ravinia Business District is on a relatively isolated road system, so it is not “on the way” to anywhere. Potential consumers outside the neighborhood will be coming to Ravinia as a destination, not a convenience.
- As the trade area expands, buying power increases geometrically – but the sales void does not! Let's take the example of drug stores, which are (largely) an undifferentiated type of retailer selling similar kinds of goods. The Walgreen's in Ravinia probably has a trade area of three minutes' drive, or perhaps a bit more. If we were to map the drug stores in Highland Park and draw a three-minute drive area around each, there would be only a bit of overlap, particularly between Ross and Walgreen's in downtown. (Figure 2)

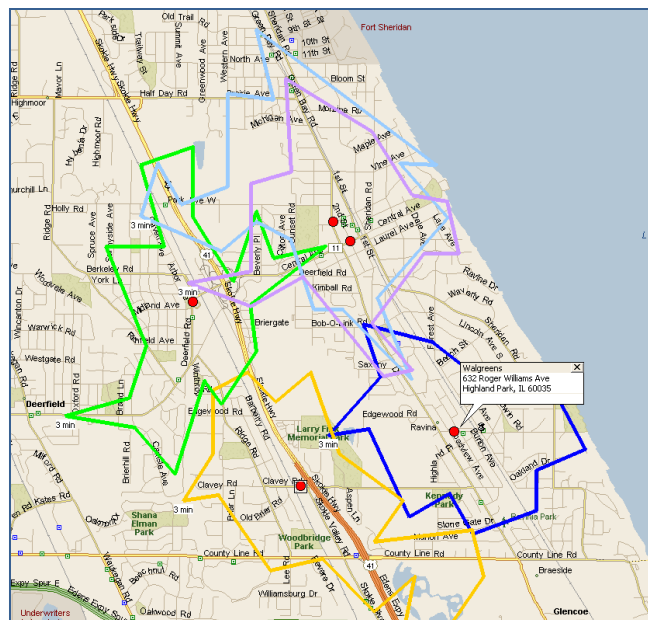


Figure 2: Three-minute drive area around Highland Park drug stores. (CLUE Group)

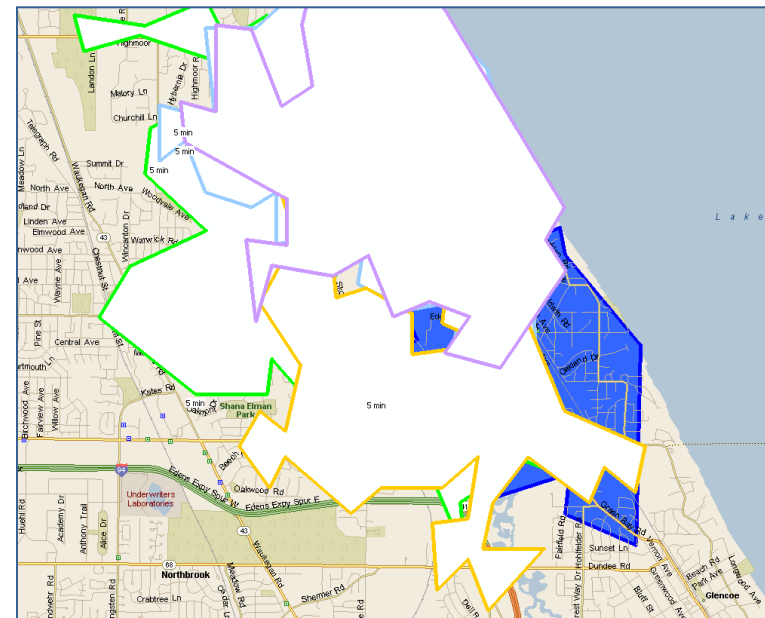


Figure 3: Five-minute drive area around Highland Park drug stores; Ravinia 5-minute drive area in blue. (CLUE Group)

If the trade area for each store were to expand to five minutes, Ravinia's Walgreen's (blue) would draw from a much larger pool of customers. But if the trade areas for the other stores expanded, as well, they would cannibalize nearly all the Ravinia sales. (Figure 3)

Other sources of buying power

Additional non-local consumers (e.g., office workers) can add to the buying power generated by residents. We considered several traffic generators that bring people into or near the Ravinia Business District:

- Commuters. Highland Park accounts for approximately 9,000 Metra boardings per week, and perhaps 20-25% of those boardings take place at Ravinia Station. The survey indicates that 95% of Ravinia Station commuters live in the Ravinia neighborhood (and virtually 100% of Ravinia Station commuters live in Highland Park). Because 95% of Ravinia Station commuters are neighborhood residents, they are already included in the buying power estimates, above.
- Vehicular traffic. About 1,800 cars travel Roger Williams Avenue in the RBD each day. This is a small number of vehicles and most neighborhood residents use Roger Williams to enter or leave the area.⁵ Therefore, much of the buying power represented by those driving on Roger Williams is also already included in the buying power estimates, above.
- Ravinia Festival. Between June and September, the Ravinia Festival brings non-resident customers to the neighborhood from throughout the Chicago region. The Festival reports seasonal attendance of 600,000 across 100 concerts. Even a modest capture rate by Ravinia restaurants represents significant revenue potential. A modest capture rate of 2% (1% dine-in and 1% take-out) could add \$200,000+ to the gross annual sales of Ravinia restaurants – that's an additional 6% over estimated existing sales of \$3.4 million. Equally important, these sales would occur during summer months, which is typically a slow season for restaurants in non-resort areas.

⁵ Compare to Central Avenue in downtown Highland Park at about 7,400 vehicles per day.

Attracting Ravinia Festival goers would require some innovative business practices and marketing. These are discussed later in this report under the “Dining & Entertainment” strategy.

Table 7: An estimate of potential RBD restaurant sales to Ravinia Festival goers, if RBD restaurants captured 2% of Festival attendees.

	No. of additional covers [meals] per season	\$ per cover	Gross sales
Dine-in	6,000	\$20	\$ 120,000
Take-out	6,000	15	90,000
Total	12,000		\$ 210,000

Consumer surveys

CLUE Group conducted two related surveys to understand Ravinia customers' habits and preferences.

- Resident Survey. We conducted a survey of Highland Park residents to understand their shopping habits and their perceptions of the Ravinia district. Postcards were mailed to 2,000 randomly-selected households, inviting them to take an online survey.⁶ We received 239 completed surveys – a response rate greater than 10%.⁷
- Intercept Survey. An on-street intercept survey was conducted at strategic points in the Ravinia Business District. Surveys were conducted by city staff and volunteers over a period of two weeks in June 2009. The Intercept Survey used a set of questions virtually identical to the resident survey. It allowed us to analyze the behaviors and preferences of current RBD shoppers (regardless of where they live), who, from a marketing efficiency standpoint, represent an easier audience to reach than non-customers.

Comparisons to the City of Highland Park population

Respondents to both surveys reported higher household incomes than the Highland Park population as a whole. About 44% of respondents to both surveys reported household incomes over \$200,000. (That compares to an actual 25% of all Highland Park households, according to Census updates.)

By age, both surveys had a bias toward older respondents than the city's adult population as a whole; this is particularly true in the 55-64 bracket of the resident survey, and the 45-64 brackets of the intercept survey.

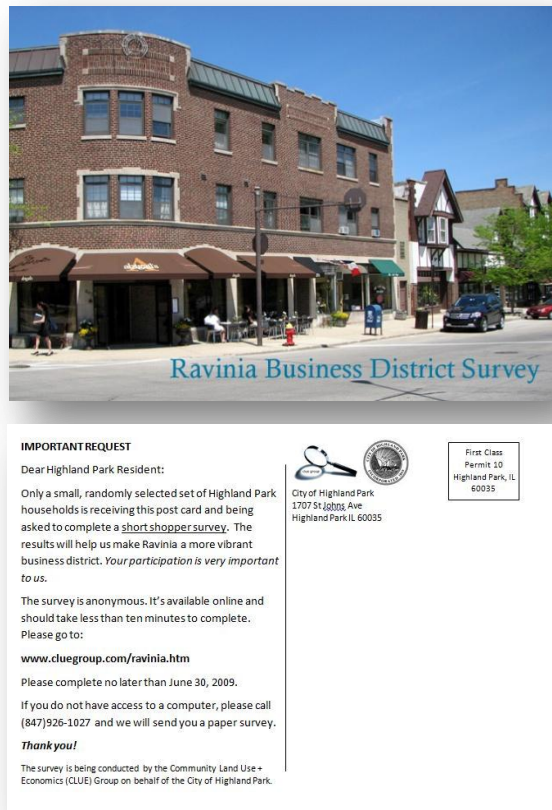


Figure 4: Post card mailed to Highland Park households.

⁶ Reminder postcards were sent one week after the initial mailing. Recipients were invited to request a paper survey, if they preferred. Mailing sample represents 15% of Highland Park households.

⁷ Because the Highland Park population is demographically relatively homogeneous, the sample of 239 surveys provides a maximum 5% margin of error with a 95% confidence level.



Figure 5: Intercept survey locations

Table 8: Household incomes of survey respondents, compared to Census updates

	Census update	Resident survey	Intercept survey
Under \$15,000	4%	0%	2%
\$15,000 - \$24,999	4%	1%	1%
\$25,000 - \$34,999	5%	3%	3%
\$35,000 - \$49,999	8%	1%	3%
\$50,000 - \$74,999	11%	7%	6%
\$75,000 - \$99,999	12%	12%	12%
\$100,000 - \$149,999	21%	18%	17%
\$150,000 - \$199,999	11%	15%	13%
\$200,000+	25%	43%	44%

Table 9: Age of survey respondents, compared to Census updates for adult population.

	Census update	Resident survey	Intercept survey
Under 25 years old	7%	0%	8%
25-34 years old	10%	6%	7%
35-44 years old	18%	15%	14%
45-54 years old	23%	22%	30%
55-64 years old	19%	31%	26%
65-74 years old	12%	15%	10%
75 years old or older	11%	13%	6%

Both of these biases are consistent with survey experiences in other communities: for a variety of reasons (e.g., interest in the subject, educational level, etc.), older and higher-income people are often more inclined to respond to this type of survey.

Because Intercept Survey respondents were selected by a surveyor using a random-sampling methodology, the response pool is subject to fewer self-selection biases than the Resident Survey. We are aware of two selection biases worth noting:

- Surveyors reported that Highland Park residents were more willing respondents than non-residents. Therefore the survey likely under-represents non-resident shoppers.
- Only seven surveys were completed after 6:00 pm. While fewer people are on the streets in the evenings, we also believe that restaurant diners are under-represented in the sample.

Shopper habits and destinations

The greatest number of respondents reported their primary purpose for coming to Ravinia as shopping or making a retail purchase (37%); only 10% reported the primary purpose of their trip as using a service business.⁸

Table 10: Reason for being in Ravinia (Intercept Survey)

Shopping/made a retail purchase (e.g., anything you can put in a bag)	37%
Commuting	12%
Services (e.g., hair, nails, cleaner, bank)	10%
Farmers market	10%
Dining	7%
Bike path	4%
Work in Ravinia	2%
Visiting a professional office (doctor, lawyer, insurance agent, etc.)	2%
Other	15%

The survey also asked about frequency of trips to other competing retail centers (Table 11). Based on the Resident Survey, Highland Park households make many of their shopping trips within the City, most frequently to downtown, but also to Ravinia. Northbrook is also reported as a frequent shopping destination. (The “median” more accurately reflects the typical resident because it is not influenced by outlier data points.)

⁸ Of the 15% who reported “Other” as their reason for coming to Ravinia, most said they were “walking through” or lived nearby.

Table 11: Frequency of trips to competing retail centers (Resident Survey)

	Average no. of trips per month	Median no. of trips per month
Downtown Highland Park	6.9	5
Ravinia Business District	3.0	1
Northbrook	2.6	2
Crossroads Shopping Center	1.8	1
Old Orchard Shopping Center	1.1	0
Glencoe	0.7	0
Lake Forest	0.5	0
Winnetka	0.4	0

When we compared the Resident Survey responses in Table 11 to the same question in the Intercept Survey, we found current Ravinia shoppers *come to Ravinia more frequently than Highland Park residents as a whole, visiting Ravinia a median of 4 times per month.* (This compares to a median of 1 visit per month for residents overall.)

In a separate question, respondents were asked specifically where they shop for a variety of goods and services. Respondents to both surveys gravitate toward Highland Park, with the exception of apparel purchases (Table 12). Several differentiating points emerged for Ravinia:

- Ravinia is particularly strong for convenience purchases, including cleaners, greeting cards, hair and nails, and pharmacy.
- The most important competitor for Ravinia – even in the convenience category – is downtown Highland Park.
- For hair and nails services, and pharmacy purchases, Ravinia is a more likely destination than downtown Highland Park.
- For restaurant purchases, Ravinia is weaker than downtown Highland Park, but a stronger competitor than downtown Glencoe.

Table 12: Where people last shopped for a variety of goods and services (Intercept Survey)

	Downtown Chicago	Downtown Glencoe	Downtown Highland Park	Ravinia Business District	Shopping center in Highland Park	Shopping center outside Highland Park	Other place	Online or catalog	Never buy
Banking	3%	3%	77%	2%	2%	3%	7%	4%	0%
Cafe / coffee shop	2%	1%	50%	6%	9%	9%	14%	0%	10%
Cleaner or laundry	0%	0%	27%	41%	10%	2%	14%	0%	6%
Clothing / shoes (men's)	2%	0%	22%	0%	5%	37%	17%	7%	12%
Clothing / shoes (women's)	1%	1%	21%	0%	4%	30%	15%	10%	16%
Collectibles or antiques	1%	0%	4%	1%	1%	4%	23%	4%	61%
Greeting cards	1%	0%	28%	23%	20%	8%	14%	0%	5%
Hair/nails/barber	4%	3%	26%	30%	7%	8%	20%	0%	3%
Medical offices	4%	0%	41%	1%	3%	7%	42%	1%	0%
Pharmacy + personal care	0%	2%	30%	37%	17%	3%	9%	0%	0%
Post Office	1%	0%	61%	23%	3%	1%	10%	0%	0%
Restaurant: casual dining	0%	1%	45%	10%	6%	8%	29%	0%	1%
Restaurant: fine dining	16%	0%	17%	10%	1%	9%	43%	1%	4%
Take-out food	0%	1%	48%	17%	8%	4%	14%	0%	8%

When the two survey sets are placed side by side (Table 13), for Ravinia purchases only, current RBD shoppers are more likely to make a variety of purchases in Ravinia than Highland Park residents as a whole. While apparel and other comparison purchases remain negligible, current shoppers show a stronger likelihood of making several types of convenience purchases (e.g., cleaner, greeting cards, pharmacy, take-out food) as well as dining and entertainment purchases (e.g., café, restaurants) in Ravinia.

Table 13: Ravinia purchases only (two surveys compared)

	All residents (Resident Survey)	Current shoppers (Intercept Survey)
Banking	2%	8%
Cafe / coffee shop	6%	13%
Cleaner or laundry	41%	52%
Clothing / shoes (men's)	0%	1% ⁹
Clothing / shoes (women's)	0%	0%
Collectibles or antiques	1%	3%
Greeting cards	23%	38%
Hair/nails/barber	30%	34%
Medical offices	1%	3%
Pharmacy + personal care items	37%	61%
Post Office	23%	42%
Restaurant: casual/family dining	10%	24%
Restaurant: fine dining	10%	17%
Take-out food	17%	26%

Farmers Market and Ravinia Festival attendance

Two-thirds of Intercept respondents attend the Farmers Market at least once per season. The median attendance among those who go is five times per season, though some go every week. Among Highland Park residents as a whole, about half (53%) attend the Ravinia market at least once per season, with a median of three visits per season among those who go.

About 90% of Intercept and Resident survey respondents attend the Ravinia Festival at least once per season. Among those who go, their median attendance is 4 times per season.

⁹ Although men's apparel is not available in Ravinia, survey responses often contain small anomalies, like this one. Sometimes referred to as "noise", they have no significance.

Perceptions and experiences

Respondents to both surveys indicated very similar perceptions and experiences: they are very satisfied with many of Ravinia's qualities – accessibility, convenience, cleanliness – but are relatively dissatisfied with the business mix.

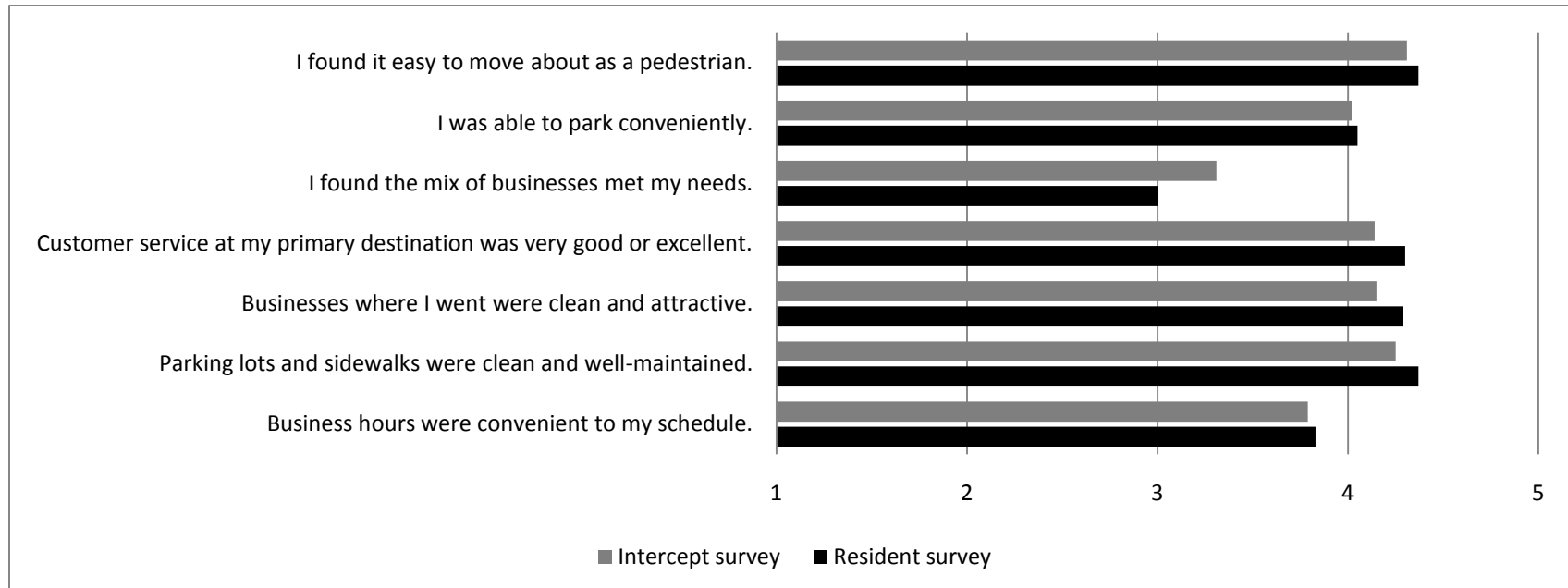


Figure 6: Perceptions and experiences of the Ravinia Business District. (1=Strongly disagree; 5=Strongly agree)

In our experience, parking is typically rated more negatively than other qualities and characteristics, but that is not the case for Ravinia. Also, our experience has usually shown current shoppers to have more *positive* perceptions of a business district than the population as a whole. In Ravinia, overall differences between the two survey populations are minimal and do not follow the typical trend.

Trade area

Ravinia's primary current trade area is extremely local. Based on the Intercept Survey, 92% percent of Ravinia's customers live in Highland Park. Further, 78% of those who live in Highland Park live in the southeast quadrant of the city. This underscores the convenience-based function of the district.

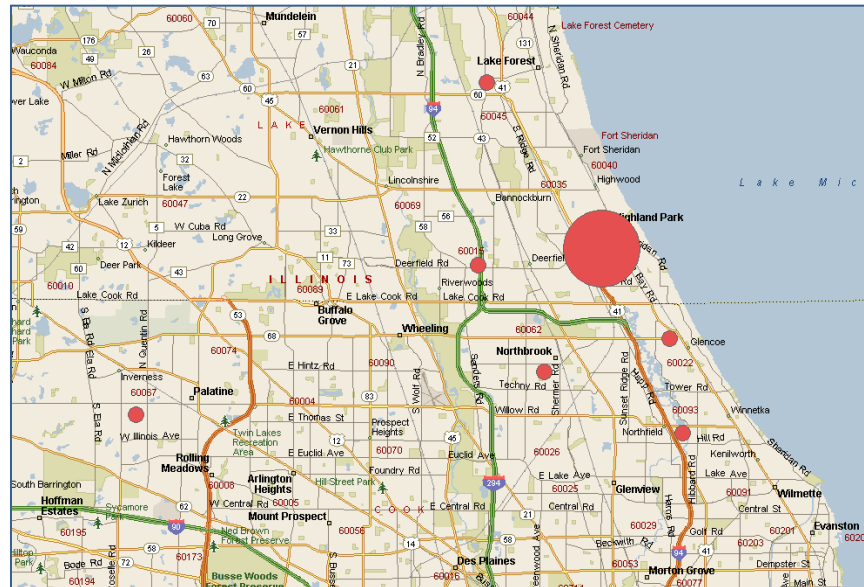


Figure 7: Where current shoppers live (Intercept Survey)

While the sample of Ravinia shoppers who live *outside* Highland Park is small, they tend to live within five miles of the district and they tend primarily to shop at places outside Highland Park. No single reason brought them to Ravinia – they represent an equal mix of people who work in Ravinia, were visiting a professional office, dining, shopping, or going to the Ravinia Festival.

Ravinia's trade area has actually grown *smaller* in recent years. A 1993 intercept survey of Ravinia shoppers found 28% of respondents lived outside of Highland Park. This trend is consistent with the evolution of the district, which has seen increased vacancies and a more homogeneous business mix.

Business mix

We inventoried the RBD businesses, recording the number of establishments by type and their approximate square-footage. Retail, personal services, and restaurant uses dominate, but vacancies are significant.

We had access to historic data from the 1993 Ravinia study and we have compared the two sets, below (Table 14).¹⁰ The timing of the previous study is worth noting, as the country was just emerging from a recession (1990-1991); it is not clear to what extent that recession or its then-nascent recovery affected the RBD at that time.

- The most dramatic change in use in Ravinia between 1993 and 2009 resulted from the closing of the supermarket, shortly after the 1993 study. It was later replaced by Walgreen's on the same site, which increased the amount of space devoted to non-grocery retail.
- Retail-use declines over the 16-year period have actually been larger than they first appear in the table: If "groceries" were included as "retail", total space occupied by retail in 1993 would have been almost 45,000 square feet. Today, including groceries (Seven-Eleven) and the new Walgreen's, retail tenants in Ravinia total less than 30,000 square feet.
- Office uses have declined over the 16-year period, much of which can be attributed to the now-vacant medical building at 625 Roger Williams.
- Personal services (hair, nails, cleaning) and restaurant uses have not changed dramatically since 1993.¹¹

¹⁰ Square-footages are approximate, based on maps and on-street observation. Total ground floor square footage 1993-2009 may not match for a variety of reasons, including new construction since 1993. We have made two minor changes in how we categorized businesses compared to the 1993 inventory: for example, we have classified insurance as an "office" use and the Post Office as a "retail" use. Some businesses are both retail and service (e.g., jewelry and jewelry repair; violins and violin repair); we have classified these as "retail."

¹¹ Historic data are not definitive for hair salons. The 1993 inventory included "shoe repair," which no longer exists. The number of hair salons today is probably slightly higher than it was in 1993.

- Vacancies have skyrocketed: in 1993, ground-floor space was essentially 100% occupied; today it is 22% vacant.

As retail-space vacancies have increased since the 1997 ground-floor retail requirement, it appears that the regulation has not helped to reduce storefront vacancies. In recent years, property owners and brokers report a lack of demand by retail operators for space in Ravinia, but they report occasional inquiries for office tenants in storefront spaces – a use that is not currently permitted.

Table 14: Ground-floor business inventory and square-footage comparison, 1993-2009

Business category	1993			2009			Change 1993-2009	
	No. of businesses	SF	% of total SF	No. of businesses	SF	% of total SF	Change in no. of businesses	Change as % of total SF
Groceries	3	23,000	24%	1	3,000	3%	-2	-21%
Housing	0	0	0%	1	1,500	2%	+1	+2%
Misc service ¹²	8	9,300	10%	4	5,400	5%	-4	-4%
Office ¹³	N/A	15,600	16%	4	7,500	8%	N/A	-8%
Personal services (hair, nails, cleaning)	11	17,400	18%	11	19,900	20%	0	+2%
Restaurant ¹⁴	7	10,400	11%	8	14,300	14%	+1	+4%
Retail ¹⁵	16	21,650	22%	10	25,800	26%	-6	+4%
Vacant	0	0	0%	8	22,000	22%	+8	+22%

¹² Includes photography, fitness, and banking.

¹³ Includes insurance and medical offices.

¹⁴ Includes carry-out restaurant uses.

¹⁵ Includes “anything that can be put in a bag” other than groceries (e.g., clothing, jewelry, drug store), and the Post Office.

Consumer wishes

The holes that emerged in the changed business inventory were echoed in the consumer surveys and in interviews we conducted: People still miss the hardware store (now, almost 20 years later) and continue to miss the grocery store. Many of the same people expressed dissatisfaction with the proliferation of hair salons and cleaners. (In fact, the number of hair salons and cleaners has remained relatively stable, but overall variety has declined as some retail and grocery businesses have closed.)

Open-ended questions in the Intercept and Resident surveys captured the likes, dislikes, and wishes of shoppers and residents. People value Ravinia for its convenience – a quality mentioned more than any other in the survey comments. They like its charming, neighborhood feel, but at the same time some wish it were more lively. In fact, a remarkable 14% mentioned parking (or easy parking) as one of the attributes they like *best* about Ravinia! (In our experience, truly an unusual finding.)

In addition to convenience, other positive themes mentioned included:

- Charm and quaintness
- Restaurants (often by name)
- Lack of crowds; quiet atmosphere
- Jens Jensen Park
- The Farmers' Market

The “word cloud,” below, scales the comments of “what people like *best*” according to their relative prevalence in the responses and gives a visual sense of the ideas people expressed.

[illegible]

- More (or better) businesses; esp. additional retail businesses
- Additional restaurants
- Improved appearances of buildings and landscaping
- Fewer hair salons and cleaners
- The return of businesses that have been lost (e.g., hardware, grocery)
- Expanded store hours

Ravinia Business District Market Study

the former Sheltons, still missed after many years; the storefront remains (what we refer to as) an occupied vacancy.

The wish lists were as notable for what they *didn't* mention as for what they did: Only a handful of people want traditional apparel and home furnishings businesses to come to Ravinia. (Some comments provided context: enough of these goods are available downtown, it seems.)

R e n t s

Most of the properties are owned by small, local landlords. The majority of current listings for retail space in Ravinia are reported by brokers and property owners to range from \$15 to \$20 per square foot, with a couple of outliers as high as \$25. (Rates of \$15 to \$20 represent a decrease of 10-15% from just a year ago, in late 2008.) However, there is wide variation by location and quality of space, and brokers note that no deals are currently in progress.

The vacancy rate is influenced by several factors, in addition to rent:

- Brokers and owners are not receiving many inquiries, or are receiving inquiries from under-capitalized prospects.
- Tenants typically lack sufficient capital to make tenant improvements.
- Landlords lack capital or expertise to partner with tenants on interior improvements, or, sometimes, to deliver the property in “vanilla shell”, usable condition. The inability to deliver a vanilla shell can be a significant deterrent to new business development.
- Some landlords are offering limited rent abatements as a leasing incentive, sometimes in lieu of property improvements, but these are typically negotiated ad hoc.

Market analysis conclusions

The Ravinia Business District has, in theory, tremendous opportunities: it is a physically intact and attractive district, with relatively easy access and parking, located in the heart of an upper-income Chicago suburb. Its current retail base is convenience oriented, a niche in which it performs adequately, but which is missing some staples and which doesn't fulfill the expectations of neighborhood residents and the Highland Park community as a whole.

The increase in ground floor vacancies can be attributed to many things (including large-scale changes in the retail industry), but the data indicate that *the vacancy rate has not been improved by the ground-floor retail ordinance*.

Some changes in occupancy have impacted the district's performance. For example, the grocery store served as a traffic generator for the whole district, and Walgreen's serves a similar function. However, a grocery store generates more weekly shopping trips than a drug store, and therefore has a greater spillover benefiting other nearby businesses.

Area residents want a grocery store to return to Ravinia, and there is significant buying power within the neighborhood. However, Ravinia neighborhood grocery spending appears to be captured by other Highland Park food stores. In addition, since Ravinia last supported a full-line supermarket, grocery store formats have changed to larger stores serving larger trade areas.

Restaurant dining is an anchor category in Ravinia and there is clear market potential for growing it. Restaurants have an opportunity to capture additional neighborhood customers, as well as customers from elsewhere in Highland Park and nearby suburbs.

Most of Ravinia's other retail businesses are highly specialized, destination businesses. For these, the quality and uniqueness of the business itself is the test of its viability, rather than the buying power of the neighborhood. For these businesses, trade area and buying power have little relevance.

It is *possible* for Ravinia to capture additional spending in other traditional retail categories that currently have a small presence in the district (e.g., home furnishings, apparel, jewelry), but doing so would take aggressive work, some of which pushes against current retail trends:

- Credit tenants are downsizing, as has been seen with the closing of Banana Republic, Eddie Bauer, and others in downtown.
- After the recession, many forecasters are predicting an economic reset, where retail spending will remain lower than pre-recession levels, and spending will therefore support less retail space.

Ravinia's strength and its limitation is its location. As a neighborhood convenience district, its market is the small residential area surrounding it. There are some opportunities to broaden the set of offerings, but there is more retail space in the district than convenience-spending alone will support. Traditional retail (e.g., apparel, home furnishings), with its dependence on variety and foot traffic, presents the greatest business development challenge for Ravinia, while restaurant dining presents the clearest expansion opportunity.

Market strategies

For historic and older commercial districts to reestablish themselves as vibrant, competitive places, their revitalization and management should be guided by dynamic, *market-based strategies* that cross-cut all aspects of the revitalization process – physical improvements, business development, marketing, and more. We use market analysis as a foundation to define these cross-cutting market-based strategies that serve as a framework for a comprehensive program of development activities.

Commercial districts are economic ecosystems in which many factors – physical infrastructure, the markets served by district businesses, public perceptions of the district, financial incentives, and much more – are tightly interrelated. We typically use the four broad categories of work advocated by the National Trust for Historic Preservation’s National Main Street Center as a springboard for a comprehensive revitalization agenda that then flows from these market-based strategies, helping ensure balance and opening participation in the revitalization process to the broadest possible range of participants.

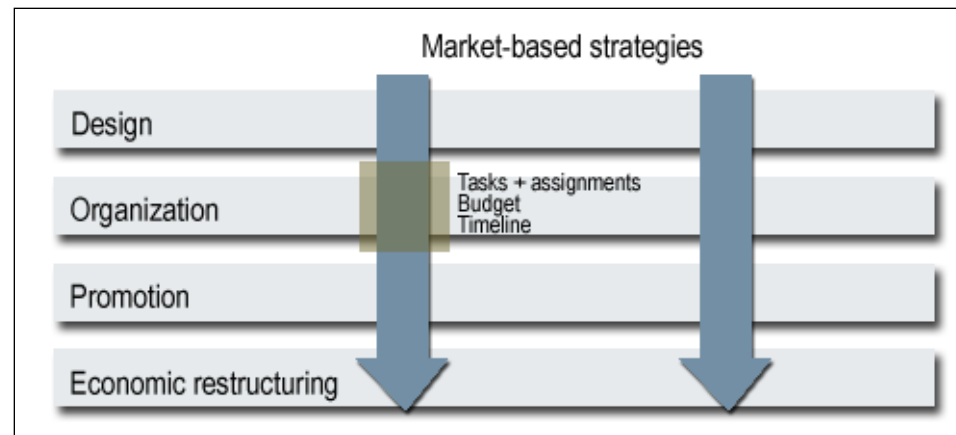


Figure 10: Market-based strategies cross-cut four broad categories of work, providing focus for the revitalization initiative's tasks, assignments, budget, and timeline.

In Ravinia, as in most commercial districts, there is more than one viable Market Strategy. And it is possible to pursue more than one strategy simultaneously – if they are compatible. Building on Ravinia’s strengths (including its buildings, businesses, customers, and accessibility), we considered a broad list of potential strategies, including several that we determined are unlikely to be viable (e.g., a home furnishings niche, or an apparel cluster). We have suggested four options, not all of which should be pursued together:

- Convenience goods & services
- Dining & entertainment
- Offices and amenities, and
- Highly specialized retail

Each of the proposed strategies presents a set of target customers and suggested business types. We have also provided examples of supporting promotion and marketing activities, as well as relevant policy implications or barriers to the strategy’s development.

Which strategy should Ravinia choose? **The best market strategy is one that exists at the intersection of *market viability* and *community desire*.**

Strategy 1: Convenience goods & services

Description: The Ravinia Business District functions as a neighborhood-serving commercial center, offering a full range of convenience-oriented retail goods and services.

“Convenience goods and services” represents both a continuation and expansion of Ravinia’s present function: a district that serves a small trade area, but with a diversified convenience-oriented business mix. Because it is neighborhood-serving, the marketing and promotion activities should be focused on the local audience: For example, the Farmers’ Market and Jens Jensen Park should be programmed for frequent, family-oriented activities, and a weekend alternative should be considered for the market.

Infrastructure and public improvements needs are modest, since the strategy assumes short-term parkers and many customers within walking distance. While Ravinia has need for better directional signage (current signs are small and easy to miss), this strategy does not require elaborate sign systems and gateways, as it is oriented toward local customers already familiar with the district.

The convenience business most desired by residents is a grocery store. Market demand suggests this is feasible, but development and capitalization will be challenging. We think an existing local or regional operator could open a satellite business with a modified product line and expanded produce and groceries – e.g., “Bob’s Deli II”.

Because there is not sufficient convenience-product demand to fill *all* retail spaces in Ravinia, this strategy suggests allowing ground-floor office uses in strategic locations.

Customers	Business mix
<ul style="list-style-type: none"> ▪ Commuters ▪ Home-office workers ▪ Telecommuters ▪ Green Bay Trail bike riders ▪ Stay-at-home moms & dads ▪ Nannies & caregivers ▪ Kids and teens ▪ Seniors 	<ul style="list-style-type: none"> ▪ Bakery ▪ Café ▪ Cleaners ▪ Hair salons and barber ▪ Casual restaurants ▪ Take-out food ▪ Drug store ▪ Florist ▪ Ice cream ▪ Small grocery

New business concepts	Marketing & events	Policy & land-use	Barriers
<ul style="list-style-type: none"> ▪ Lease train station to a café operator ▪ Open “Bob’s Deli II”, with an emphasis on sandwiches, high-quality produce & prepared foods 	<ul style="list-style-type: none"> ▪ Leverage impact of farmers market with restaurant demos, kids planting vegetables, ecology and water-pollution demos ▪ Promote dog-walking activities, with water bowls outside stores, dog treats in stores, poop pick-up bags in public dispensers 	<ul style="list-style-type: none"> ▪ Limit number of hair salons & cleaners ▪ Consider allowing ground-floor office, esp. in northwest quadrant of district ▪ Reduce parking requirements for new multi-unit housing ▪ Encourage additional commuters to originate at Ravinia (Note: If more commuters originate at Ravinia, this may require additional commuter parking) 	<ul style="list-style-type: none"> ▪ Captive convenience market limited to ¼-mile walk area or several minute drive ▪ Limited daytime shopper activity

Strategy 2: Dining & entertainment

Description: Ravinia expands its dining and entertainment options, including restaurants, cafés, and take-out offerings. The district serves an audience both local and regional.

“Dining and entertainment” already functions as a sustainable niche in Ravinia, and the recent addition of Abigail’s Restaurant has strengthened the existing cluster. Available buying power in Highland Park can support additional restaurant businesses and, with future expanded offerings, Ravinia can become a destination district for diners from adjacent suburbs. Bike riders along the Green Bay Trail could conveniently stop for a snack. The cluster would also be advantageous in attracting patrons attending concerts at the Ravinia Festival, though marketing to them would require a strategic effort like flyers, ads in Festival programs, and delivery or food carts at the Festival entrance area.

The best promotional events are grounded in an authentic, local attribute. This strategy is perfectly suited for playing on one of Ravinia’s unique claims to fame: its use as the setting for several scenes in the 1983 movie, “Risky Business.” We suggest a special annual “adults-only” night at the Ravinia Festival for a screening of the film, followed by a Tom Cruise look-alike contest, or Bob Seger karaoke, at a re-opened Shelton’s.

Peak demand hours for restaurant use are compatible with existing commuter and convenience uses, since highest parking needs are in the evenings. On the liabilities side of the balance sheet, additional traffic and noise may not be acceptable to some residents.

Customers	Business mix
<ul style="list-style-type: none">▪ Highland Park residents▪ Other North Shore suburbs▪ Green Bay Trail bike riders▪ Families with kids▪ Couples without kids▪ Singles▪ Ravinia Festival goers	<ul style="list-style-type: none">▪ Café▪ Casual-dining restaurants▪ Fine-dining restaurants▪ Ice cream and desserts

New business concepts	Physical improvements	Marketing & events	Policy & land-use	Barriers
<ul style="list-style-type: none"> Wine bar Firehouse Restaurant and a self-service bed & breakfast upstairs Existing restaurant expands to open a new restaurant in the district, using a different concept. (Surveys indicate demand for additional casual dining.) 	<ul style="list-style-type: none"> Graphic identity and improved way-finding sign system important for non-locals, esp. from points along Green Bay, St. Johns, and bike path Public art with references to scenes from “Risky Business” 	<ul style="list-style-type: none"> “Taste of Ravinia”, as extension of (or separate from) downtown “Taste” (as restaurant cluster expands in Ravinia) Adult-night “Risky Business” screening at Ravinia Festival Tom-Cruise-look-alike contest Karaoke contest for Bob-Seeger songs and “Old Time Rock’n’Roll” at Shelton’s Promote restaurants to Festival goers Restaurant district graphic and guide Programmed pre-Festival concerts in Jens Jensen Park 	<ul style="list-style-type: none"> Evening parking demand allows shared parking with commuter lots 	<ul style="list-style-type: none"> Moderate increase in traffic, parking, and noise may not be acceptable to neighbors All Ravinia restaurant and <i>retail</i> businesses will need to keep later hours to make the district vibrant at night

Strategy 3: Offices & amenities

Description: Ravinia becomes a choice location for independent knowledge workers desiring smaller, quiet office spaces.

Office uses have declined in Ravinia (principally with the vacancy of the medical office building), but could be re-established. Office is a low-impact strategy which makes productive use of excess commercial space and, at the same time, increases the supply of customers for convenience and dining businesses. Some new development will be needed to support office growth in the district. (The medical office building at 625 Roger Williams is poorly designed and not competitive in the marketplace.) Additional offices will not generate downtown-like foot traffic, but will bring a small additional stream of professionals and their clients.

Office space in Ravinia would function as a satellite district to downtown Highland Park: it would offer cheaper rents, easier parking, and a quieter setting. At the same time, Ravinia already offers a number of amenities that office workers want and need: post office, restaurants, transit, and light office supplies (e.g., at Walgreen's).

Some residents may be disinclined toward this strategy because it represents a change-of-course from previous efforts to grow traditional retail uses in Ravinia.

Customers	Business mix
<ul style="list-style-type: none">▪ Daytime, independent workers, including:<ul style="list-style-type: none">- Architects- Graphic designers- Web designers- Tutors (SAT, etc.)- Physical therapists- Psychotherapists- Career coaches▪ Clients of office workers	<ul style="list-style-type: none">▪ Café▪ Restaurants with lunch service▪ Take-out food▪ Post Office▪ Limited office supplies▪ Greeting cards▪ Drug store▪ Cleaners

Physical improvements	Marketing & events	Policy & land-use	Barriers
<ul style="list-style-type: none"> ▪ Wi-fi throughout district ▪ Dedicated daytime parking for office tenants 	<ul style="list-style-type: none"> ▪ Distribution of menus, office delivery of food. ▪ Restaurant lunch specials for office workers ▪ Promotion of farmers' market to office workers 	<ul style="list-style-type: none"> ▪ Redevelop parcel(s) in northwest quadrant of district ▪ Permit some ground-floor office use, esp. on west side of Roger Williams, north side of street 	<ul style="list-style-type: none"> ▪ Lack of local development expertise to build new office space ▪ Likely two to five-year delay in market demand for new space

Strategy 4: Highly-specialized retail

Description: Ravinia hosts and incubates a collection of super-specialized retail, catering to destination customers with specific interests, coming from across the North Shore and southern Wisconsin.

Ravinia already hosts a cluster of super-specialized retail, ranging from violins to knitting supplies to wigs for cancer patients. The businesses do not function as an economically connected set, but rather are located in the district because they need a *retail space* (as opposed to being home or office-based) and because, unlike traditional retailers, they are not dependent on foot traffic. At the same time, they are service-oriented retailers, with limited potential for online sales. They have likely chosen Ravinia because it provides affordable storefront space in a quiet, safe, attractive environment. However, they tend to keep irregular hours and create only small amounts of sidewalk traffic or spillover to other businesses.

Any of these businesses could develop into a micro-cluster of its own: e.g., needlework businesses, various musical instruments businesses, or artisan-type jewelry galleries. Ravinia's location on the Green Bay bike trail makes the district an ideal spot for bike repair or a retailer selling specialized biking equipment. (Ravinia is also the perfect spot to offer a public air pump!) (Downtown Glencoe recently added a bicycle retailer, though it sells a very narrow product range and appears not to sell accessories or repair services.)

For some of these businesses, Ravinia could function as a business incubator – a place where entrepreneurs test their ideas or move home-based businesses to retail locations. In several instances, the district already serves this role.

Customers	Business mix
<ul style="list-style-type: none">▪ Destination shoppers self-selected by interest or need, coming from virtually anywhere.	<ul style="list-style-type: none">▪ Musical instruments▪ Bicycles and bike repair▪ Knitting and needlework▪ Jewelry and jewelry repair▪ Wigs and accessories for cancer patients

Strategy compatibility, by customer

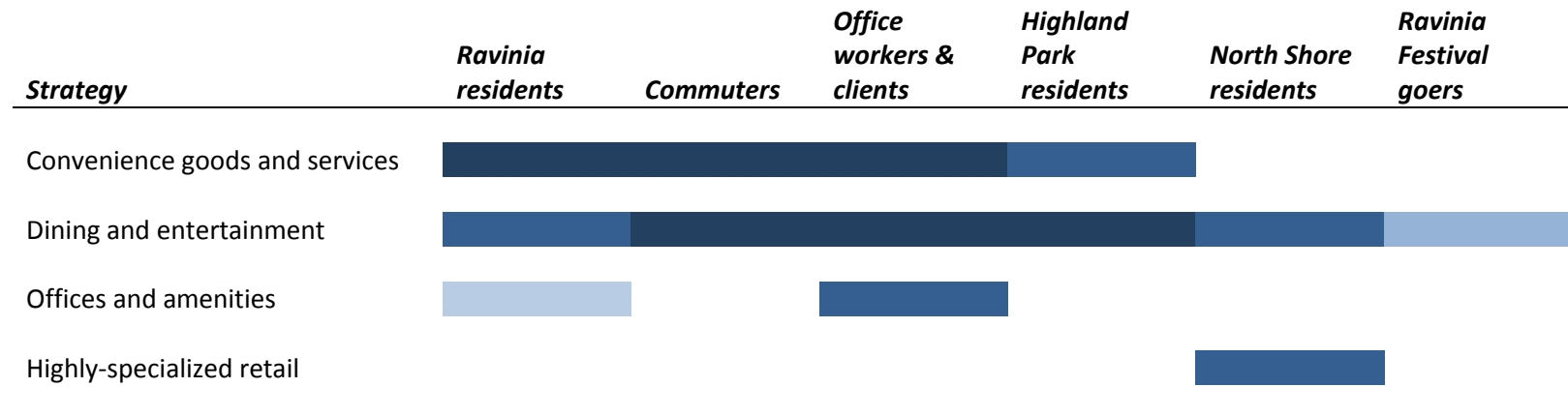


Figure 11: Compatibility of Market Strategies

Key:

Dark Blue	Best fit with Strategy
Medium Blue	Good fit with Strategy
Light Blue	Fair fit with Strategy
White	Weak fit with Strategy

The findings of this market study, along with the small size of the Ravinia Business District itself, suggest some opportunities – as well as natural limitations – on which strategies fit best. Among the four we’ve presented, the RBD cannot effectively pursue all of them simultaneously.

Figure 11 is a schematic way to visualize compatibility among the several strategies. The dark segments of the bands indicate the consumer groups for which each strategy is a “best fit”; lighter bands indicate a moderate fit. “Dining and entertainment” cross-cuts the broadest range of customer groups and is potentially attractive to people living outside Highland Park. “Convenience goods and services” addresses local needs while being highly compatible with most of the “Dining and entertainment” consumer segments.

Development

The east side of Roger Williams is intact and historic. It presents a village-like environment well-suited to restaurant dining and small retailers, and the buildings themselves are strongly connected to the visual identity of the district. It is also the area of the district with the greatest density, as it incorporates upper-story residential in several buildings on the same block. Many properties on the west side of the tracks, however, need exterior and/or landscaping improvements. Although the architecture on the west side is more eclectic, newer buildings (e.g., Taylor Reese condo building) have improved overall design quality. We even think a few buildings (e.g., Hunan Pearl and the Barber Shop), with their full-front windows, are under-appreciated for their vernacular reference to Chicago-style modernism.

In support of several of the potential market strategies described above, we recommend that new development address the “demand” side of the marketing equation, rather than the “supply” side of the retail equation. That is, we recommend bringing additional customers to Ravinia by building new multi-unit housing and/or office space.

The redevelopment opportunities in Ravinia lie primarily on the west side of Roger Williams, on the north side of the street. In this area, there are three buildings of low visual quality and/or inefficient design. These include:

- 515-555 Roger Williams (Seven-Eleven shopping center)
- 575-579 Roger Williams (Wayne’s Cleaners shopping center)
- 625 Roger Williams (medical office building)

We think an ideal parcel for increasing density, bringing new customers, and improving the street’s visual character is the former medical office building on west Roger Williams. The current building makes inefficient use of the site, both in its footprint and single-story height. Its impermeable, zig-zag brick walls create a dead zone on the street. In addition to its poor exterior design, brokers report that the interior space is not desirable in the current office market.

The medical office building site is approximately 19,000 square feet (parcel area) with a 2007 sale price of \$2.4 million. The lot size and zoning allow a three-story building with 15-22 units

(depending on size and configuration of units), and possible consideration for reduced parking requirements because of nearby transit.

We modeled a schematic pro forma and found that, at current land acquisition, site clearing, and lower-end construction costs, a residential building would cost about twice as much per square foot as current minimum NOI and rent structures could support. In order for the project to work, it will require reduced costs or a subsidy. Alternatively, the site could be developed as a small office building – a less expensive construction alternative to residential development. A new building on this parcel should not necessarily require ground-floor retail, as the market in Ravinia is unlikely to grow enough to support the additional space. Instead, a well-designed residential building (or residential plus office) can address and engage the street and, at the same time, improve upon the visual quality of the existing, vacant building.

The other two parcels (Seven-Eleven and Wayne’s Cleaners shopping centers) house anchor businesses for the Ravinia district and therefore should not be considered for redevelopment in the short term. As the housing market improves, the Seven-Eleven shopping center presents an opportunity to replace the existing structure, incorporate upper-story residential, retain the existing ground-floor retail, and complement the new three-story condo building kitty-corner across the street.

Right now, there is no market for office or residential real estate development in Highland Park – or almost anywhere else, for that matter. But there will likely be a gradual return of demand over the next two to five years. When planning for development in Ravinia, we recommend considering these trends:

- Many experts believe there will be a long-term, moderate shift from home ownership to renters. Several factors will be at play as people no longer see their home as their primary investment, and as retired baby-boomers choose to reduce the responsibilities associated with ownership.
- Creating alternative housing models will allow people to stay in Highland Park as they age; being near transit and convenience shopping are essential for these residents.

- There will likely be gradual reductions in automobile ownership rates (e.g., two-car households reducing to one car) and this will potentially reduce parking ratio demands for new development.
- There may be more at-home workers, as many people who have hung out their own shingles during this current recession continue to operate their own businesses.

We believe new development in *certain portions* of the Ravinia district need not include a retail component (as described above), but nevertheless should be built to the lot line and engage the street, avoiding front-loaded parking, but with possible set-back considerations for café dining.

Based on the current climate and expected housing trends, we believe any new housing built in Ravinia should be rental, or rental and condo mix. Although it should have quality finishes, it should not be super-luxury, and should consider the broadest possible market:

- Retirees looking to downsize from a house
- Young couples moving out from the city
- Young divorced persons moving out of a house but wishing to stay in the community
- Young families looking to enroll in the school system

An increase in residential density in Ravinia will support the primary goal of strengthening the district's commercial foundation.

Public improvements

Several proposals have been put forward for public improvements in the RBD: The 1994 Strategic Plan recommends extensive streetscape upgrades and several road and intersection realignments, while the 2005 TIF study (Camiros) stresses more general design objectives, such as pedestrian orientation and attractive buildings.

Ravinia is an attractive district and relatively easy to navigate as a pedestrian or driver. Some buildings are in greater need of upgrading than the public space, but the district could benefit from some improvements in the public realm. As far as we are aware, there are currently no engineered drawings or cost estimates for comprehensive public improvements. Some of the interventions proposed in the 1994 plan, however, are probably beyond the district's needs.

Public improvements for Ravinia should support the market strategy(ies) that Ravinia pursues. The following are a few examples of how public improvements should vary by market strategy:

“Convenience goods and services” strategy

- Upgraded crosswalks
- Bicycle racks
- Upgraded directional signs from Green Bay Road and St. Johns Ave.

“Dining and entertainment” strategy

- Comprehensive way-finding system and graphic identity to guide non-local visitors
- Changes to lighting and landscaping of parking areas for additional evening use
- Additional screening of parking areas from adjacent residences
- Outdoor benches and tables around the train station (if café idea is pursued)
- Broader sidewalks for café dining (new development)
- Public art and/or dining-themed banners

Some improvements to the public space are appropriate to all strategies: e.g., seasonal plantings, pedestrian and bicycle amenities, and reduced use of cobra lights (where they still exist). While public improvements alone will not attract new businesses and customers, they can provide a more compelling environment for economic development.

Economic impact

We recommend that revitalization efforts in Ravinia focus on creating a sustainable, occupied business district – rather than trying to recreate the vibrancy of downtown, or pursuing any development with the greatest revenue potential for the city. Parcel sizes limit opportunities for intensive *retail* uses in Ravinia, although we do advocate more intensive development of multi-unit housing. The real value of an occupied, beautifully-maintained Ravinia Business District will not be justified by the revenue it generates for City coffers, but by the value it creates for residential properties in the neighborhood. Even if gross taxable retail sales in Ravinia increased 10% per year, compounded, for the next five years, the incremental benefit to the City (over current sales tax receipts) would be only about \$85,000 over five years, or about \$17,000 per year.

Benchmarking

There are many other ways to measure progress in Ravinia in addition to gross sales and sales tax receipts. We recommend tracking the following, in order to demonstrate progress and investment to prospective businesses, property owners, and developers:

- Number of businesses, by category
- Retail space occupied, by category
- Ground floor rents
- Change in trade area (by customer tracking)
- Attendance at Ravinia events
- Additional meals sold during Ravinia Festival season
- Commercial property sales
- Commercial property improvements
- Public improvements

Conclusions and recommendations

After identifying the possible alternatives for economic development, most communities get stalled at the point of choosing a direction – choosing a market strategy. A choice inevitably involves trade-offs: pursuing one thing and not another, or, perhaps, not taking the business prospect that walks through the door, but scouting out a better fit. The decision of which Market Strategy(ies) to pursue in Ravinia is Highland Park’s, and the decision should be informed by all the players who have a stake in an improved Ravinia Business District. Based on the broad picture presented by Ravinia’s market conditions, consumer preferences, local and regional competition, and community desires, we believe the best option is a ***dual strategy of “Convenience goods and services” and “Dining & Entertainment”***. These should be augmented by residential and office, as lower-quality structures are redeveloped in the future.

We recommend this dual strategy because convenience uses alone will not support all the available space, and because an extensive restaurant cluster could have a larger environmental impact than favored by neighbors. We believe it is possible to expand restaurant uses in Ravinia at a moderate, low-impact scale while still achieving a critical-mass cluster.

Choosing this approach means pursuing something different from what is in Ravinia today. While it doesn’t mean that current businesses that don’t match the strategy will (or should) close – even in a strategic approach, there is always room for some diversity of business types – it means that, as new space becomes available, the approach to fill it or redevelop it should match the agreed strategy.

It is important that the strategy be embraced by Ravinia’s stakeholders. And it is important that the strategy be supported by a work plan with a full set of interrelated projects and activities. These extend beyond business development to include building and streetscape improvements, marketing and events, and small-business assistance.

We’ve suggested a representative business mix, along with a few projects and activities, under the respective market strategies. Shortly after this report is accepted by the City, we will facilitate a session to agree on a direction and map out a Playbook – a work plan which also includes references to examples, resources and methodologies. The Playbook will include a

broader set of marketing and public-improvements activities to strengthen the agreed strategies.

Supporting the strategies, we recommend the following policy changes for Ravinia:

- Modify the ground-floor retail requirement. Change the ground floor retail ordinance to permit *some* office use. This may be achieved by a cap on the number of office-type businesses (i.e., number of storefronts), or office uses may be restricted to one portion of the district. In addition, we recommend requiring, and/or offering assistance with, window displays in storefronts occupied by non-retail users.
- Reduce cleaners, hair and nails. The current number of hair/nail salons and dry cleaners exceeds the local market demand and may not be sustainable for the long term. In addition, their prevalence does not match residents' desires for the Ravinia district. In order to avoid further expansion in these categories, we recommend creating a cap on the number of dry cleaners and on the number of hair salons in the district. The cap could be set at the existing number of businesses (i.e., so one salon must close for a new one to open), or, if a long-term reduction is desired, at a number slightly lower than the current inventory of each.
- Create a "vanilla box" grant program. A significant barrier for new independent businesses is the current condition of some retail spaces. We recommend the City establish a matching-grant program to assist property owners in clearing and conditioning interior retail spaces to improve their marketability. Possible sources include an allocation of TIF funding or a redirection of façade grant funding.
- Underwrite rent for new restaurants. If Ravinia chooses to pursue a dining and entertainment strategy, City leaders should work with Ravinia property owners to establish a targeted attraction program for three to five new restaurants. Offering a significant subsidy will make it relatively easy to encourage restaurants to open in, or relocate to, Ravinia. But the subsidy will have to be substantial and long-term: it could take three years before new restaurants in Ravinia become known and established. Gradually, they should be able to attract customers from a wide enough area to support a higher rent structure.

- Solve the Shelton’s vacancy. We recognize that this vacancy is complicated and only partly related to the lack of demand for space. This storefront – and its historic former business – are part of Ravinia’s identity and should be part of its future. We recommend exploring the broadest set of options (relationship-building, incentives and regulation) to return the building to productive use – ideally, as Shelton’s restaurant.

Who will do all this?

We were not tasked with creating an entity to implement. However, little can happen without some such entity. In the work of revitalization, the public sector can accomplish some tasks (like fixing streets or sidewalks, or adjusting land-use or permitting regulations), but change requires a partnership – particularly with residents and property owners – who can support and effect an agreed plan. The City’s community and economic development staff can help, and the Ravinia Neighbors Association can help. But neither is organized with the RBD as its focus, and neither represents all of the public and private partners that must play a part. We recommend the City convene a Ravinia Leadership Group in preparation for the Playbook facilitation. The Leadership Group should consist of around 10-12 people and should include:

- City staff
- Elected official
- BEDC commissioner
- Ravinia business owners representing two or three business categories
- Ravinia property owner(s)
- Ravinia Neighbors Association member(s)
- Ravinia resident(s), in addition to RNA
- Ravinia Festival representative
- Optional: A broker
- Optional: Representative from the school
- Optional: Representative from Highland Park Bank and Trust

This Leadership Group may be interim or transitional, but they should be tasked with the responsibility to assist in publicly vetting the plan, and then setting it on an implementation course.

Disclaimer

Retail market analyses, their components (such as retail sales gap analyses) and derivative business development plans provide important guidance on how a commercial center should, theoretically, be able to perform and on the sales and rent levels businesses should be able to achieve. However, a number of factors affect the actual performance of retail businesses and commercial centers, including the skills of the business operator, level of business capitalization, quality of the physical environment, changes in overall economic conditions, district marketing programs, and numerous other factors. The information and recommendations in this market study are intended to provide a foundation of information for making retail development decisions in the Ravinia Business District, but they do not and cannot ensure retail success.

We have made all reasonable efforts to research the basis for all findings and conclusions as thoroughly as possible. We have noted several specific data limitations on page 10 of this report.

This report's findings, conclusions, and recommendations are solely those of the consultant and should not be assumed to represent the opinions of the City of Highland Park or any other party.