

City of New Rochelle

Department of Development

MEMORANDUM

TO: HONORABLE MAYOR AND CITY COUNCIL

THRU: Charles B. Strome, III, CITY MANAGER

FROM: Craig King, COMMISSIONER OF DEVELOPMENT

DATE: July 6, 2007

SUBJECT: Retail Initiative

Opportunity for Downtown Retail Branding

New Rochelle, historically, has had a strong and vibrant downtown that served as a regional shopping center. Beginning in the 60's the City experienced significant decline in its retail mix. That retail situation has changed somewhat in the mid to late 90's when Avalon and New Roc City were built. However, these projects did not bring significant retail revitalization. With the coming of more high-rise towers, the revitalization of Echo Bay and over 2,000 units of high end housing the City is seeking to exploit this significant change and use it to transform the retail landscape of downtown New Rochelle.

This memo will identify retail revitalization issues and recommend a series of actions to address the opportunity of retail underperformance in a rapidly expanding downtown. The primary recommendation is to hire a real estate consultant who will prepare a comprehensive strategy for retail revitalization in New Rochelle.

There are a number of interrelated factors affecting the retail sector in New Rochelle. These factors are as follows:

1. The retail sector continues to under perform in New Rochelle. With the exception of Marshall's at Palmer Square, there have been no national brand retailers who have come to the Downtown. The reasons for this a complex. But a primary factor is that retailers perceive New Rochelle as a place where there is little retail demand. This, in turn, keeps shoppers at a distance. The retailer's concern about lack of demand becomes a self-fulfilling prophecy. This should change with the transformation of the downtown. The question is how to communicate this change to retail decision makers.

2. The City does not have a clearly articulated “retail strategy” that has identified a market and means to attract quality retail to New Rochelle. With the emergence of significant residential units in the City, it may be time for the City to prepare its own retail development and marketing strategy.
3. There is a general perception that there is no “demand” for quality retail space in downtown New Rochelle. There are large blocks of retail space that remain empty in New Rochelle including the Davenport Lofts ground floor. How can this demand be more thoroughly evaluated? Is there a more nuanced approach to finding quality retail in restaurants, niche retail or other non-national brand marketing?
4. Cappelli Enterprises controls a significant amount of existing retail and potential retail space in the downtown. The repositioning of New Roc could bring significant retail activity to New Rochelle. The development of LeCount Square will add another 250,000 SF to this critical mass. The City has not independently tested the retail market and therefore has no way of evaluating the potential of this significant retail block.
5. The BID has expressed a desire to see a more sophisticated approach to retail infill development so that the retail mix of discount stores and marginal retail in the downtown will be replaced with a better quality of retail. The BID has long promoted the idea of a retail marketing strategy that seeks design furniture retailers, home goods and restaurants. This strategy has had success, particularly with regard to attracting new restaurants but the strategy may merit a re-examination.

Suggested Action

After staff discussions, it was recommended that a consultant be hired to help the City to identify and implement aggressive retail revitalization. The scope for this consultant is detailed below:

1. **Hire A Consultant To Develop City Retail Marketing Strategy (RMS)** - The City should undertake its own efforts to understand what is the market for retail development (national brand and niche retail) in New Rochelle? This could be in collaboration with the BID and the Chamber. This RMS will aid in potential targeted marketing and “level the playing field” in discussion with developers.

The Scope of Services and Budget for this Consultant is as follows:

I. Undertake a Comprehensive Retail Market Analysis for Downtown New Rochelle

The retail market analysis will review both the supply and demands elements in the New Rochelle Submarket and will include:

- a. Consumer Demand and Purchasing Power in New Rochelle Sub-Region
- b. Changes in Demand with Changes in Downtown Residential Mix
- c. Impact of the changing Identity of New Rochelle

- d. Changes in Demand with Demographic Changes Downtown and in the Region
- e. Supply Shortages in New Rochelle Sub-Market
- f. Survey of Large Scale Retailers
- g. Survey of Small Scale Retailers
- h. Impact of Externalities Such as Price of Energy
- i. Analysis of “Critical Mass” in Retail Supply

Product: Detailed market analysis and strategy that will explain the present retail market in terms of supply and demand and will explain how this market might be more effectively exploited. A primary focus and product of this analysis is how the proposed changes in the downtown will affect retail demand.

II. Prepare an Analysis for a “Branding Strategy” for New Rochelle

The Consultant will be requested to prepare a “Branding Strategy” that will incorporate all of the following elements:

- a. Identify any Aspects of Downtown New Rochelle that are Unique and give New Rochelle a Competitive Advantage.
- b. Identify Possible Activities that could Provide New Rochelle with a Possible Competitive Advantage
- c. Provide four to five examples of other Communities that have successfully employed a retail branding strategy.
- d. Discuss how the New Roc, Trump Plaza and LeCount Square could, collectively, serve as a means to attract a critical retail mass to New Rochelle.
- e. Prepare comprehensive Strengths/Weaknesses/Opportunities/Threats – SWOT – that will assess these characteristics as they apply to Downtown New Rochelle.
- f. Describe the strategy of how large scale retail, Main Street niche retail and the emerging Echo Bay waterfront can be combined into a comprehensive retail branding effort.

Product: A fully articulated strategy that will be able to “brand” Downtown New Rochelle in such a way that the shopping public and retail decision makers revise their perceptions of Downtown New Rochelle as a destination to live, work and shop. This strategy must be based on a realistic assessment of changes and opportunities in the downtown and actions that can be taken by the City, BID and Chamber to realize this strategy.

III Implementation Plan

After completing all the tasks identified above, the Consult will produce a detailed plan for the retail revitalization of Downtown New Rochelle. This analysis will include, but not be limited to, a comprehensive analysis of market conditions, the unique aspects of Downtown New Rochelle and

how those aspects can be exploited to the advantage of New Rochelle given prevailing market conditions.

Finally, the consultant will prepare a complete implementation plan that will describe the specific steps that must be taken to realize the retail revitalization of New Rochelle. These steps will not be general recommendations but will be specific and measurable actions that will help to realize this revitalization strategy. This will include specific actions by City of New Rochelle, the BID and the Chamber and may include the following:

- Preparation of Marketing Material
- Meetings with Retail Executives
- Further Improvements to the Downtown
- The Identification and Implementation of Downtown Events
- Attend ICSC Meeting

Product: A detailed implementation plan including meetings with retail decision makers and the preparation of marketing material needed for the rebranding of Downtown New Rochelle. This implementation plan will include a detailed schedule and measurable objectives to determine the success of this effort.

V. Budget

The City can develop a sophisticated understanding of the market that can be communicated to retail decision makers so that New Rochelle can be perceived an appropriate location. The cost of putting this strategy together will be in the range of \$70,000 to \$120,000. Marketing material may cost from \$25,000 to \$40,000.