COMMERCIAL CORRIDORS
STRATEGIC INVESTMENT
FRAMEWORK

Federal Reserve Bank of Philadelphia
March 26-28, 2008
PRESENTATION OVERVIEW

• Study partners
• Project motivations
• Innovative approaches
• Understanding the status quo
• Offering prescriptive analysis
• Next steps
PROJECT MOTIVATIONS

• Evolution of urban retail shopping
• Commercial corridor revitalization as a public policy priority
• Strategic inter-corridor approach
INNOVATIVE APPROACHES

• Data collection
  – Large household survey (10,000+ shopping trips)
  – Revenue Department data by establishment by year (1995-2005)
  – Arms-length home sales (265,000+ transactions from 1995-2007)

• Analytical tools
  – GIS
  – Bi-variate cross-tabs
  – Multi-variate regressions
UNDERSTANDING THE STATUS QUO

• Conditions
  – Corridor characteristics – describing Philadelphia’s commercial corridors
  – Neighborhood characteristics
  – Corridor competition
  – Corridor interventions

• Outcomes
  – Consumer choices
  – Retail sales
  – Neighborhood real estate value
CORRIDOR CHARACTERISTICS

• Where are our retail centers and what are their characteristics?

• Classification by Philadelphia City Planning Commission, 2002
  – Type
  – Character
  – Stage of development

• Perceptions
  – Cleanliness and safety
  – Leadership
  – Retail mix
Corridors by PCPC character

Pedestrian/Transit Corridor
Auto-Oriented Strip
Free-Standing Center
Specialty Center
Mixed Character

LISC
Helping neighbors build communities

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NEIGHBORHOOD CHARACTERISTICS

• How can we characterize the neighborhoods in and around these retail centers?
  – Geography
  – Anchor institutions
  – Transportation access
  – Crime
  – Demographics
  – Home lending patterns
  – Foreclosures
Murders committed near each corridor in 2006
CORRIDOR COMPETITION

- What and where is the competition with commercial corridors for shopping dollars?
  - Large-scale chain retailers
  - Chain drug stores
  - Chain grocery stores
  - Other corridors by type
Large-scale chain retailers within 1 mile of each corridor
CORRIDOR INTERVENTIONS

• City interventions:
  – Business Property Improvement Program
  – Business Security Assistance Program
  – Neighborhood Center Completions
  – Economic Stimulus Funding
  – Exterior Commercial Improvement Program
  – CDC Tax Credit Program
  – BIDs/NIDs

• Non-City interventions:
  – Pennsylvania Horticultural Society
  – Community Design Collaborative
  – LISC
  – Mural Arts Program
  – Pennsylvania Fresh Food Financing Initiative
  – US Empowerment Zones
  – Pennsylvania Enterprise Zones
  – Philadelphia Association of Community Development Corporations

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CONSUMER CHOICES

• What do we know about shopping patterns in Philadelphia?

• Characteristics of 10,000+ shopping trips
  - Origin and destination
  - Distance traveled
  - Demographics of shopper
  - Type of shopping trip
  - Good type
  - Mode of transportation

• Market share of trips by corridor and type
• Retaining vs. importing vs. exporting shoppers
Market share of shopping trips by corridor
### Top 15 Corridors by Market Share

<table>
<thead>
<tr>
<th>Rank</th>
<th>Corridor</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Aramingo Avenue</td>
<td>5.03%</td>
</tr>
<tr>
<td>2</td>
<td>Market West - Center City</td>
<td>4.14%</td>
</tr>
<tr>
<td>3</td>
<td>Market East - Center City</td>
<td>3.92%</td>
</tr>
<tr>
<td>4</td>
<td>Central Germantown &amp; Vicinity</td>
<td>2.94%</td>
</tr>
<tr>
<td>5</td>
<td>Frankford Ave.-Lower Mayfair</td>
<td>2.57%</td>
</tr>
<tr>
<td>6</td>
<td>Grant and the Boulevard (includes Whitman site)</td>
<td>2.26%</td>
</tr>
<tr>
<td>7</td>
<td>24th Street/Oregon-Passyunk (incl. Quartermaster site)</td>
<td>1.92%</td>
</tr>
<tr>
<td>8</td>
<td>56th and Market</td>
<td>1.67%</td>
</tr>
<tr>
<td>9</td>
<td>Whitman Plaza &amp; Vicinity</td>
<td>1.57%</td>
</tr>
<tr>
<td>10</td>
<td>Ivy Ridge Center &amp; Vicinity</td>
<td>1.51%</td>
</tr>
<tr>
<td>11</td>
<td>Frankford and Megargee</td>
<td>1.49%</td>
</tr>
<tr>
<td>12</td>
<td>One and Olney Square</td>
<td>1.48%</td>
</tr>
<tr>
<td>13</td>
<td>Chestnut Hill</td>
<td>1.43%</td>
</tr>
<tr>
<td>14</td>
<td>6500-6800 Haverford Ave.</td>
<td>1.33%</td>
</tr>
<tr>
<td>15</td>
<td>Sears/Cottman-Bustleton Center</td>
<td>1.27%</td>
</tr>
<tr>
<td>15</td>
<td>Franklin Mills</td>
<td>1.27%</td>
</tr>
</tbody>
</table>
RETAIL SALES

• How are retail centers currently doing in terms of retail sales?

• Corridor retail – sales, payroll, # establishments
• Same-store growth rates = indicator of corridor performance over time
• Raw revenue/payroll amounts = indicator of corridor performance relative to other corridors
[Placeholder for future visual]
NEIGHBORHOOD REAL ESTATE VALUES

- How are property values doing in and around retail centers?

- Sales transactions, 1995-2007
  - Annual number of transactions
  - Average house price near each corridor

- Excellent indicators of neighborhood change over time

- Questions:
  - Does corridor performance affect neighborhood real estate value?
  - How do corridor interventions affect neighborhood real estate value?
[Placeholder for future visual]
OFFERING PRESCRIPTIVE ANALYSIS

• How does crime affect perception of safety at the corridor level?
• What effect do arts organizations have on corridor success?
• How does transit access (or lack thereof) affect shopping patterns?
• Does high income density near a corridor necessarily mean success for that corridor?
• Does a high concentration of poverty near a corridor necessarily mean failure for that corridor?
• As a neighborhood becomes wealthier or poorer, what effect does that have on corridor success?
OFFERING PRESCRIPTIVE ANALYSIS (continued)

• Under what circumstances does the introduction of new retail competition help or hurt a nearby corridor?
• Which interventions have proven most effective in leading to corridor success?
• Are there pockets of retail opportunity in which demand for a type of good is greater than supply?
• Are there any corridors that have not yet thrived and yet contain many of the characteristics of successful corridors?
• What is the interplay between nearby corridors – does a corridor gain or lose when another nearby corridor is struggling?
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NEXT STEPS

• Finalize analysis
• Complete report and related deliverables
• Transition materials to the City of Philadelphia
• Lay the groundwork for future exploration
• Pursue additional findings at the neighborhood level