

September, 2005

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NPCR is coordinated by the Center for Urban and Regional Affairs at the University of Minnesota. NPCR is supported by grants from The Minneapolis Foundation, the McKnight Foundation, The Bremer Foundation, and The St. Paul Travelers Foundation.

Neighborhood Planning for Community Revitalization

330 Hubert H. Humphrey Center

301 - 19th Avenue South

Minneapolis, MN 55455

phone: 612/625-1020

e-mail: ksn@umn.edu

website: <http://www.npcr.org/>



Downtown Saint Paul Retail/Commercial Inventory

September 2004

Brian Schaffer
Research Assistant
NPCR/CURA

EXECUTIVE SUMMARY

Retail businesses located in downtown St. Paul are facing both unique and common challenges. The study results illustrate that there seems to be a difference in the needs of businesses. This difference is not based on the type of business, but based on access (street or skyway) and location. Street and skyway retailers need the customer traffic generated by an increase in retail establishments. Increasing office occupancy will also help generate more traffic. Many street level businesses report they would benefit by more short term parking in close proximity to their locations.

The majority of the businesses surveyed are not doing as well as they have in years passed. Although this decline in business has been steady for nearly five years many of the retailers are cautiously optimistic that business will pick up in the next year. This optimism stems from the increase in housing and the slow turn around in the economy. The CapitolRiver Council can make efforts to help improve the retail environment by working with the City of St. Paul and business owners to help alleviate the lack of short term parking. Increasing the amount of occupied retail and office space would also have a direct improvement on customer traffic for the retail and commercial businesses downtown.

BACKGROUND & PURPOSE

The downtown St. Paul community is underserved with retail services. With the increase in residential housing the CapitolRiver Council –District 17 (CRC), the district planning council for the downtown area, was concerned about the community’s lack of retail services. CRC commissioned this study to establish a baseline of information on the state of retail and commercial activity in downtown and to identify barriers and opportunities for community economic development in the area. CRC expressed that the information created for the project not be limited to the duration of the project and be outdated once the study was complete. The goal was that this study would stand as a foundation on which CRC can continue to build on. As a result, the information obtained through the inventory and the survey was inputted into a Microsoft Access Database that can be easily updated to be kept current. This database is a key product from the study. It was used to create all the queries and analysis done in the following report. When combined with GIS, as was done for this report, the database becomes even more powerful by allowing the data to be viewed spatially.

The project consisted of three parts: a physical inventory, the creation and distribution of a survey to downtown businesses, and GIS analysis of the inventory and survey results. The physical inventory contained basic information about businesses: address, type of business, location (i.e. skyway, street, freestanding, etc), and hours of operation. With the input of local stakeholders a survey was created to gather information on the state of the businesses in downtown. Information obtained included how businesses’ felt they were doing 5 years ago, 1 year ago and how they will do in the next year. Who their primary customers were? What other businesses would compliment their business? What improvements in downtown would have the greatest impact on their business? And what are the advantages and challenges of doing business in downtown?

182 surveys were sent to downtown businesses and 45 were returned, a 25 percent response rate. The key themes that came from the survey were that businesses were concerned about short term parking for customers and retail and office vacancies. Improvement in these three areas would have the most direct improvement on the downtown businesses. The survey responses were added to the Access database created for the inventory. Further analysis of parking concerns and retail vacancies were completed using GIS and by linking the survey results to the inventory information.

INVENTORY

Process

The inventory began with obtaining a list of downtown businesses from the St. Paul After Hours website. This list was originally provided to St. Paul After Hours by St. Paul's Planning and Economic Development department. The list contained businesses' name, type, address, and telephone number. This list served as the foundation of the inventory. The information provided in the list was verified by physical inspection of the businesses. Businesses that were not on the list were added and those that had recently closed were noted. Additional information was also gathered during the verification process; this information included hours of operation and access (i.e. skyway, street level, etc). The addresses were then geocoded using GIS to map the locations of all the businesses.

Results

Business Type	Number in Study Area	Percent of Total	Access		Hours	
			Street	Skyway	Open M-F After 6pm	Open Saturday
Restaurant/Bar	57	28%	44	12	32	34
Fast Food	24	12%	12	12	8	10
Specialty Store	19	9%	13	6	2	7
Grocery/Convenience	17	8%	7	10	5	6
Salon/Spa	12	6%	5	7	5	8
Coffee/Tea	10	5%	5	5	1	2
Gallery	9	4%	8	1	0	3
Gift/Floral	7	3%	4	3	0	1
Furniture/Home Décor	6	3%	6	0	2	4
Business Services	5	2%	2	3	0	0
Jewelry	5	2%	3	2	0	2
Fitness Training	4	2%	2	2	4	4
Auto Services	3	1%	3	0	0	1
Car Rental	3	1%	3	0	0	3
Pet food/Supplies	3	1%	2	0	1	2
Photo Services	3	1%	0	3	1	0
Bookstore	2	1%	2	0	1	2
Clothing/Retail	2	1%	1	2	1	2
Gift Shop	2	1%	2	0	1	2
Pharmacy	2	1%	2	0	0	0
Shoe Repair	2	1%	0	2	0	0
Cleaners	1	0.5%	0	1	0	0
Locksmith	1	0.5%	1	0	0	1
Total	203		128	74	64	95

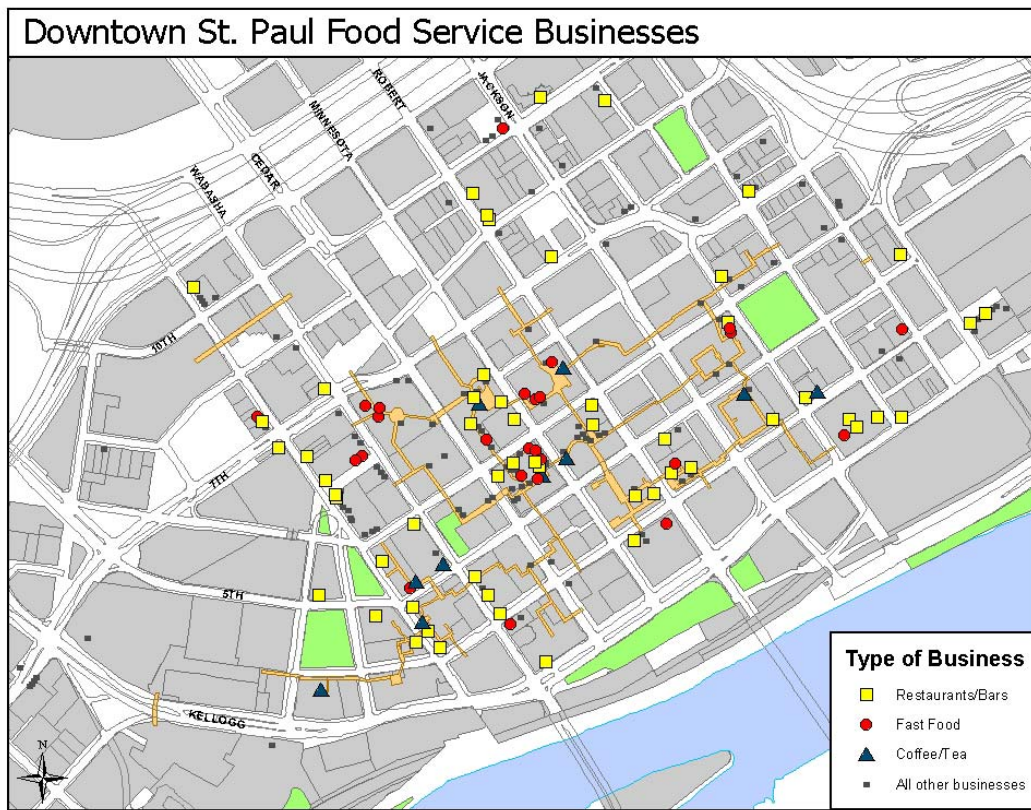
Table 1. Type, Access, and Hours of Businesses

Explanation of Business Categories

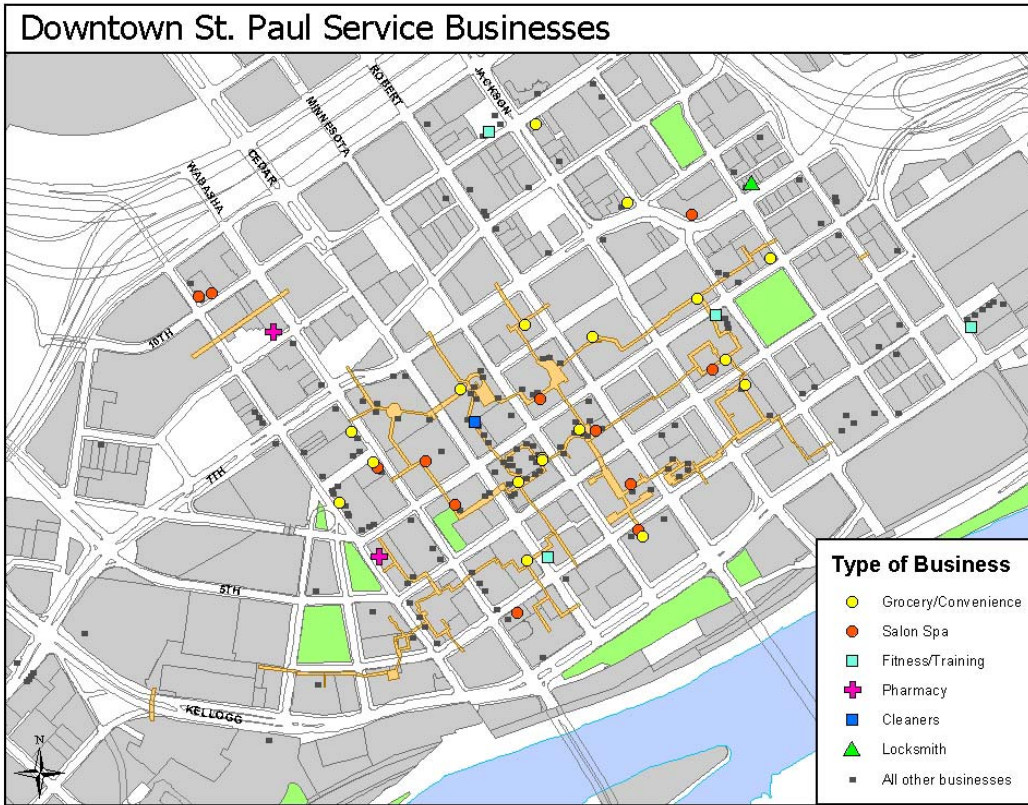
- *Specialty stores* include a wide variety of stores including businesses such as Pedro's Luggage, 2 Grrrls, and Candyland.

- *Grocery and Convenience Stores* were rolled into the same category. Trying to determine what separated a grocery store from a convenience store proved to be beyond the scope of the project.
- *Walgreens* For the purpose of this study Walgreens is categorized as a grocery/convenience store; while it does have a pharmacy, the pharmacy hours are considerably less than the store hours. Also, the product mix carried in the store is similar to those of many of the grocery and convenience stores.
- *Business Services* The business service category is made up solely by printing service businesses.

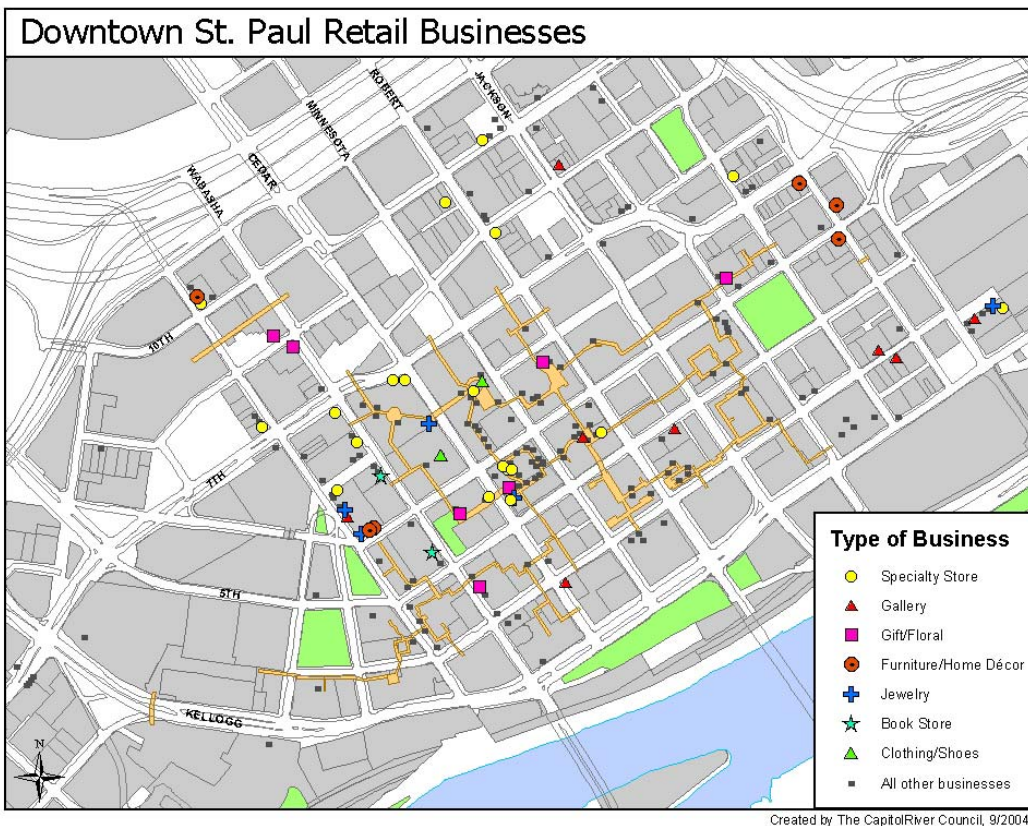
* Full page version of the following maps are available in the appendix and at www.capitolrivercouncil.org.



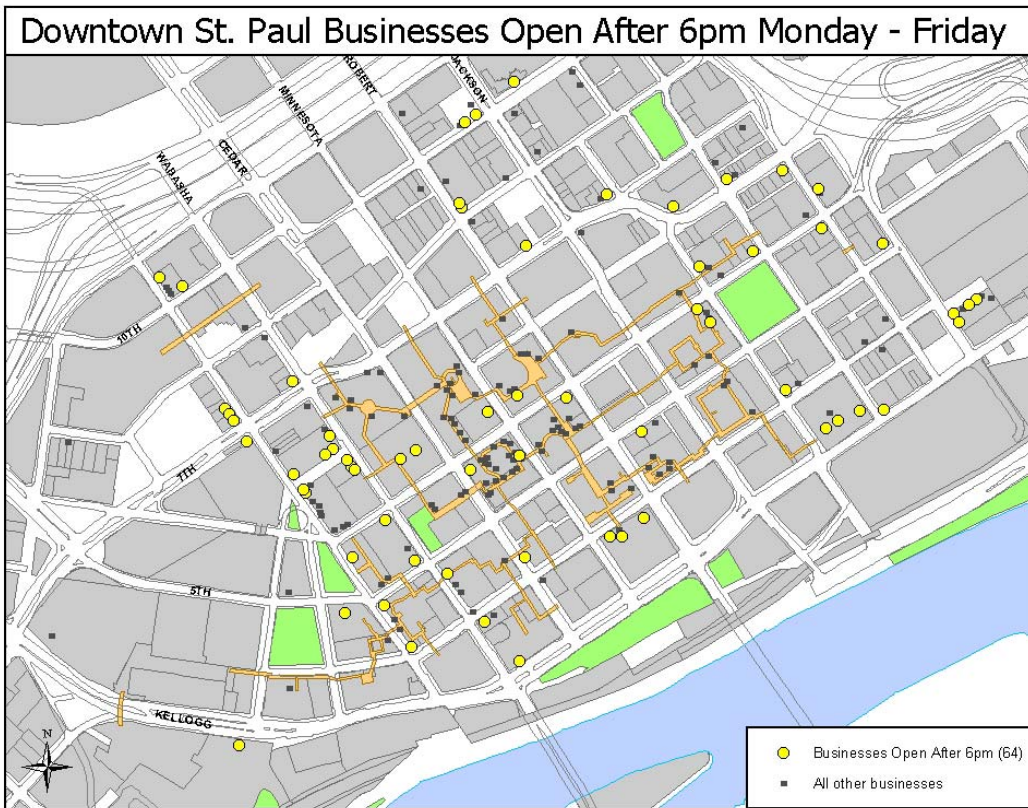
Map 1



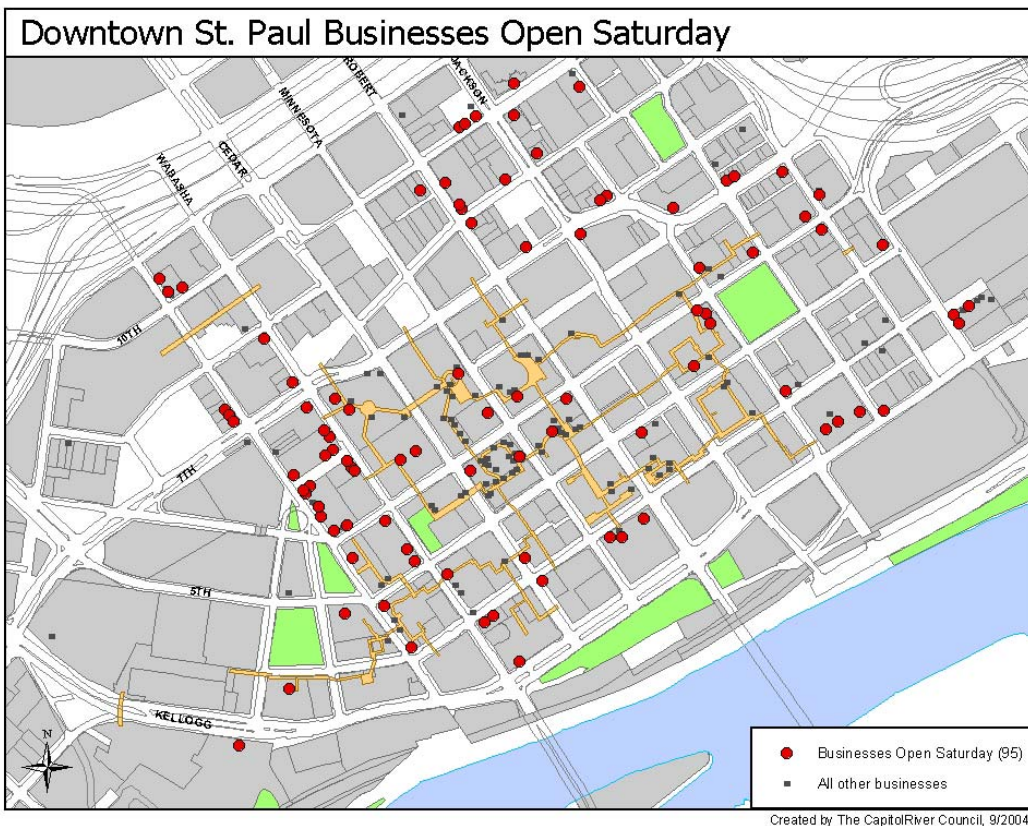
Map2



Map 3



Map 4



Map 5

Highlights

Restaurants and Bars represent 28 percent of all the businesses in downtown. Many are clustered around nodes along St. Peter Street, Wabasha, and 5th Street, but there is still a high level geographic distribution as can be seen in Map 1.

In April 2004 a survey of downtown residents was conducted by the CapitolRiver Council. In this survey 66 percent of the respondents stated that they would like a grocery store that is open evenings. There are five grocery/convenience stores in downtown St. Paul that are open after 6pm on the weekdays. Of those five, four are located on the street level. Three close before 8pm and the other two close at 9pm. The two stores that could be categorized as full service grocery stores close at 6pm.

Another concern was that downtown St. Paul closes down after the workers leave. The data collected through the inventory makes it possible not only to count the number and type of businesses open after hours; it makes it possible to map the data. There are 64 businesses open after 6pm Monday thru Friday and 95 businesses open on Saturdays. To view the locations of these businesses see Maps 4 and 5.

SURVEY

A survey was developed to gather information from existing downtown retailers about the benefits and barriers of doing business downtown. Downtown business owners, commercial real estate professionals, and other local stakeholders were consulted when crafting the survey. The result was a 13 question survey that would illuminate both the rewards and challenges of being located downtown. See Appendix 1.

The survey was mailed to 182 downtown businesses. The survey included a preaddressed postage paid envelope for the return of the survey. The businesses located on West Seventh Street southeast of the Kellogg Blvd intersection were not included in the study. Their physical attributes were collected as part of the inventory, but the CapitolRiver Council felt that they were out of their jurisdiction.

Results

182 surveys were distributed and 45 of those were returned, a 25 percent response rate. The distribution of the types businesses can be seen in Table 2. The most responses were received from restaurants; they made up 27 percent of the total responses. 27 percent of the businesses that responded are located on the skyway and the other 83 percent have street access (located at the street level or in the interior of a building on the first floor). 22 percent of the respondents are open after 6pm Monday thru Friday and 42 percent of the respondents are open on Saturdays.

Type of Business	Total	% of Total
Restaurant/Bar	12	27%
Gift/Floral	5	11%
Grocery/Convenience	4	9%
Specialty Store	4	9%
Gallery	4	9%
Jewelry	3	7%
Salon Spa	3	7%
Fast Food	2	4%
Fitness Center	2	4%
Photo Services	2	4%
Business Services	1	2%
Coffee/Tea	1	2%
Furniture/Home Décor	1	2%
Shoe Repair	1	2%

Table 2. Survey Respondents

1. How long have you been located in your current space?

Less than a year	5	11%
1-2 years	2	4%
2-5 years	8	18%
5-10 years	7	16%
10-20 years	10	22%
More than 20 years	13	29%

Nearly one third of the businesses surveyed have been located in downtown for over 20 years. While this distribution may not be representative of the distribution of all downtown businesses, it does identify businesses that have survived the varying downtown retail climates of the past 20 years. These businesses might be able to offer greater insight into the state of downtown retail because of their experience.

3. Is your business doing better than it was?

One year ago?

Yes	16	36%
No	22	49%

Five years ago?

Yes	14	31%
No	19	42%

A question that this survey was to determine was if the skyway businesses were doing better or worse than the street level businesses. Three of the 16 businesses that stated that they were doing better than a year ago are located on the skyway. Of the 14 businesses that said they were doing better than five years ago only 3 were located on the skyway. Again, skyway businesses represented 27 percent of the total survey responses.

Further analysis was done to determine if the businesses that reported to be doing better or worse had any other similarities. The type of business did not seem to determine the

response to the question. The age of the business also had a negligible effect on the response. Location seemed to be the only factor that these survey respondents had in common. Clusters of businesses reporting that their business was worse were in the areas around Robert St. and 10th St, the skyway near 5th Street Center, and businesses located in the Rossmor Building and Pioneer Building. Businesses reporting that they were doing better were less clustered, but areas of concentration were along St. Peter Street between Kellogg and 7th Streets and the 401 Building.

The survey also asked businesses to explain why they the felt they were not doing as well as before; nearly 50 percent stated that they felt the loss of office tenants was the reason.

4. Do you feel that your business will be better off in the next year?

Yes	21	47%
No	14	31%
Not Sure	7	16%

While the majority of business stated that they are worse of than a year ago or five years ago; it is a positive sign that nearly half of the businesses surveyed believe they will do better in the next year. Of those 21 businesses that felt that they will be better off next year, 50 percent of those contributed their optimism to the increase in residents and the slow come back of the office market. Other businesses stated that they are optimistic because of more aggressive marketing campaigns and the improving economy.

5. Who do you see as your primary customer?

Downtown Workers	21	47%
Specific Demographic Group	12	27%
Downtown Residents	9	20%
Everyone	5	11%
Event Goers	1	2%
No Response	6	13%

Only one respondent stated that event goers were their primary customer, this is interesting since four of the businesses that responded to the survey are restaurants in close vicinity of the Excel Center and the Ordway. The majority of businesses stated that they feel that downtown workers and residents are their primary customer. The specific demographic group category refers to businesses stating senior citizens, females between the age 30 and 50, or other demographic groups as their primary customer. This was an unanticipated answer and is the result of the way the question was structured.

6. What types of retail do you think are needed in downtown?

Business Survey

Office Supply Store	28	62%
Movie Theater	24	53%
Unique Clothing Store	24	53%
Bookstore	24	53%
Grocery Store -open evenings	22	49%
Liquor Store	20	44%
Bakery	18	40%
Hardware Store	10	22%
Art Supply Store	8	18%
Butcher	8	18%
Furniture Store	7	16%

Residents Survey

Office Supply Store	67	25%
Movie Theater	209	64%
Unique Clothing Store	91	34%
Bookstore	135	51%
Grocery Store -open evenings	174	66%
Liquor Store	88	33%
Bakery	146	55%
Hardware Store	64	24%
Art Supply Store	55	21%
Butcher	65	25%
Furniture Store	25	9%

This question was first asked in the resident’s survey that was conducted in April 2004. It was asked again in the business survey to examine if there are similarities between what residents and business identify as downtown retail needs. Both the residents and the businesses stated a desire to have both a movie theater and bookstore downtown. The two bookstores that are located downtown are Lee’s Books and Shinders. There is a three screen movie theater located in Galtier Plaza, it occasionally plays films as part of film festivals, but doesn’t play first run movies. The 1999 Commercial Market Study for Downtown St. Paul prepared by Gibbs Planning Group also suggested that a multi-screen theater and bookstore be located somewhere downtown.

The businesses ranked two other retail types highly that were not nearly as greatly demanded by the residents. The most demanded retail type was an Office Supply Store, 66 percent of respondents thought this business should be located in downtown. This is not surprising since many of the businesses that responded were small independent businesses that need easy access to office supplies. The Gibbs study stated that a 10,000 square foot office supply store should be located in downtown. 53 percent of the survey respondents stated that downtown needed a unique clothing store. 75 percent of the specialty retail survey respondents stated that a unique retailer is needed in downtown. Over 50 percent of the restaurant respondents and 67 percent of the jeweler respondents also stated this. Many of the businesses felt that unique retailers would draw more customers downtown and that their businesses would benefit from this increased traffic.

8. What investments in downtown do you feel will strengthen your business?

More Retail	17	38%
Parking	11	24%
Housing	8	18%
More Office Businesses	7	16%
Entertainment	4	9%
Marketing	3	7%

Only one of the skyway businesses that responded to the survey stated that improvements in parking would strengthen their business. None of the street level businesses stated that more firms occupying office space would improve their business. Parking, retail and housing were the most popular answers from the street level businesses. These responses

suggest that skyway businesses and street level businesses have different customers and needs, while this may or may not be true both levels of business stated that more retail would improve their businesses. This response came from all the different types of businesses, locations, and types of access represented in the survey.

9. What factors would strengthen your business? (please rank according to importance)

Overall Results

1	skyway level foot traffic
2	proximity to occupied office/retail space
3	street level foot traffic
4	proximity to workers
5	proximity to housing
6	being part of a vital commercial node
7	proximity to a transit stop

Business located on the skyway represented 27 percent of the survey respondents, yet skyway level foot traffic was ranked as the most important factor in strengthening downtown businesses. These results are misleading; 15, 33 percent, of the respondents either did not answer this question or answered it in away that could not be coded. Of those 15 respondents, 12 (27 percent of all the respondents) were considered street level businesses. Only one street level business ranked skyway level foot traffic first, this business happens to be located in the interior of an office building on the first floor. Further analysis was done to determine if there was a difference in response between the skyway and the street level business.

Skyway Level Business Results

1	skyway level foot traffic
2	proximity to occupied office/retail space
3	proximity to workers
4	proximity to housing
5	street level foot traffic
6	being part of a vital commercial node
7	proximity to a transit stop

Street Level Business Results

1	proximity to occupied office/retail space
2	street level foot traffic
3	proximity to workers
4	proximity to housing
5	being part of a vital commercial node
6	skyway level foot traffic
7	proximity to a transit stop

Proximity to occupied office/retail space seems to be the most important overall factor, followed by proximity to workers and housing. This echoes the responses from question 8, question 10 and conversations with downtown business owners; retail businesses need other retail businesses to drive customer traffic.

10. Which two factors would have the most direct impact on improving customer traffic?

More Parking	14	31%
More Occupied Office Space	9	20%
More Retail	8	18%
Marketing	8	18%
Fill Vacant Office & Retail Space	6	13%
More Housing	4	9%
Entertainment	4	9%
Businesses Open Later	4	9%
Better Traffic	2	4%
Decrease Crime	2	4%

Parking continues to be a topic that businesses are concerned with. Almost all of the businesses that responded with parking concerns are located on the street level; of the 14 businesses that responded that more parking would have the most direct impact on improving customer traffic only one was a skyway level business. As in Question 8, the responses to this question seemed to vary depending on if the business was located on the skyway or street level. All but two of the respondents who stated ‘More Occupied Office Space’ would help their business were located in the skyway. Interestingly though, when the businesses were asked to rank the factors in Question 9 street level businesses ranked ‘proximity to occupied office/retail space’ first. Similarly over half the businesses that stated that filling vacant spaces would have a direct impact on their business were located in the skyway. Conversely, street level businesses represented over half of the respondents who stated that more retail, specifically street level retail, or marketing would have the greatest impact on their business.

The lack of retail and office businesses continues to be a dominant matter that all businesses feel has a major impact on their businesses. If the similar responses of More Occupied Office Space, More Retail, and Fill Vacant Office and Retail Space are combined they represent 51 percent of respondents.

11. What are the challenges of being located downtown?

Increasing customer traffic	16	36%
Parking	12	27%
Crime	3	7%
Vacancies	3	7%

The responses to this question reiterate the themes that businesses in downtown need more customer traffic. Traffic can be driven by increasing the number retail stores, filling office vacancies and creating more housing. Underlying all of that is parking. Access to the aforementioned will make doing business in downtown easier for customers, employees, and employers.

ANALYSIS

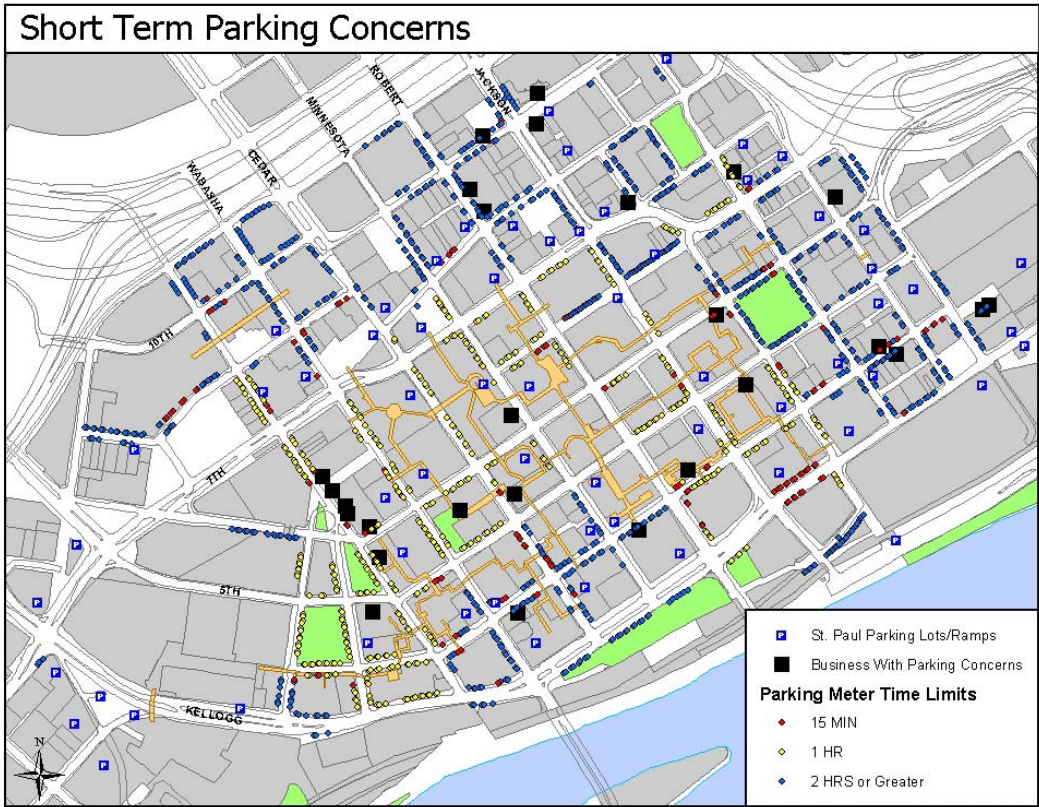
The survey illuminated three major issues affecting downtown businesses: Parking, Retail Occupancy, and Office Occupancy. In addition to basic maps of business hours and location, GIS was used to do more in depth analysis of the some of these key issues brought to light by the survey.

Parking

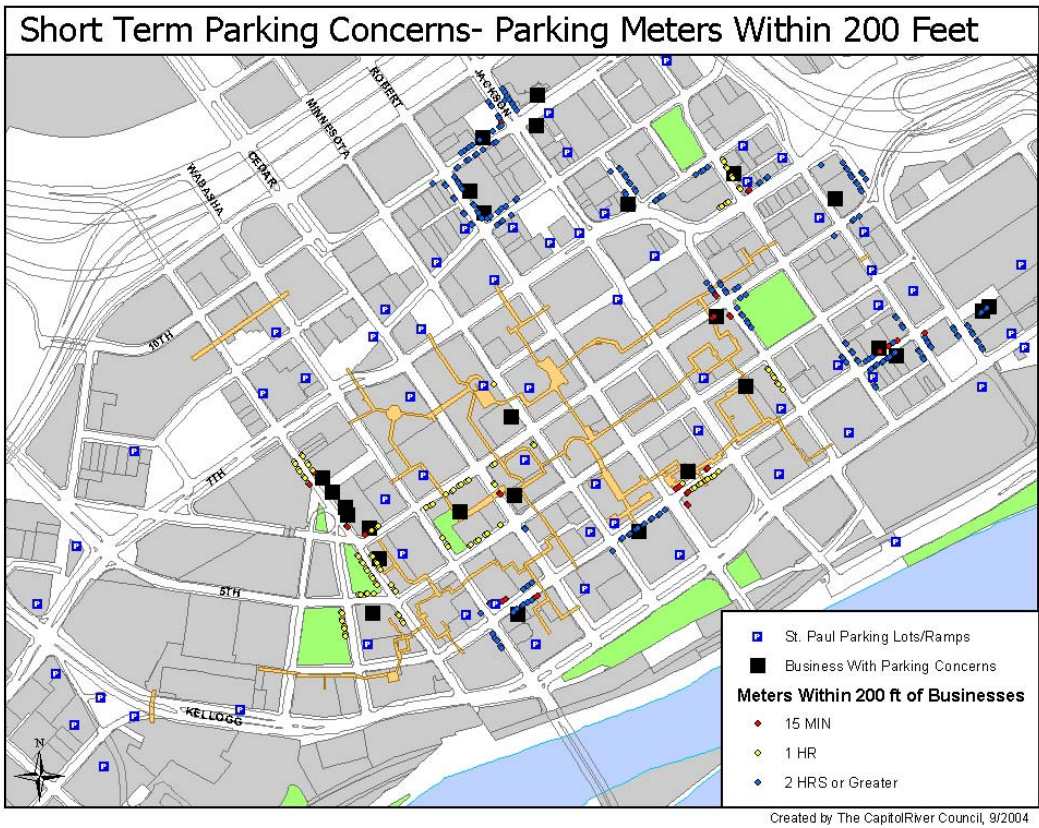
Parking was listed as a key issue by many of the survey responses. 31 percent of the business stated that improving parking would have the most impact on their customer traffic. During many of the follow up interviews conducted with the survey respondents it became evident that increasing short term parking was the improvement desired.

To further understand the short term parking issue GIS was used to map the locations of 27 businesses that stated parking was a concern in comparison to parking meter and ramp locations. The CapitolRiver Council was able to obtain parking meter location, cost, and duration from St. Paul Public Works for all the meters in downtown. St. Paul's Transportation Management Organization (TMO) provided locations and rates for all the parking lots and ramps in downtown. The result of combining this data is a map identifying areas around businesses with little or no short term parking.

Using GIS, parking meters within 200 feet of businesses with parking concerns were identified. Of the 347 parking meters identified, 33 had a 15 minute time limit and 107 had a one hour time limit. There were six businesses in the north quadrant that had neither one hour nor 15 minute on-street parking.



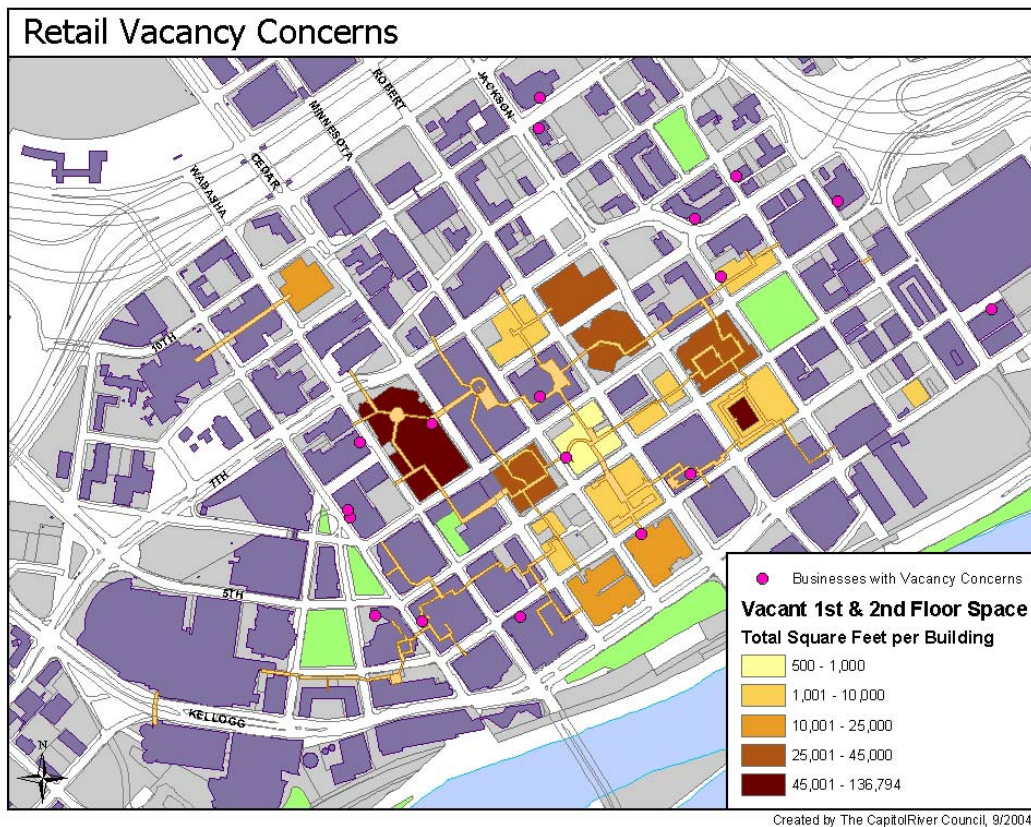
Map 6



Map 7

Retail Vacancies

The CapitolRiver Council was able to obtain a list vacant commercial space from a local real estate broker. This information reflects the space available on August 12, 2004 and is only for buildings in the 55102 zip code. For the purposes of this analysis space located on the first and second floor of buildings was considered possible retail, despite if it was designated as office space. Third floor space was also considered as possible retail space if it was located in an atrium with access to the skyway, such as in the Wells Fargo Center. The total amount of vacant square feet per building was mapped against the businesses that stated that the lack of retail was a challenge and/or that filling vacant space would improve their business.



Map 8

The occupancy of commercial space changes quite regularly, this map is only a snapshot of the conditions on August 12, 2004. It was created to illustrate how vacancies are affecting retail businesses. Further analysis of this should be considered; one way of better showing the data is showing vacant space as a percent of total retail space (defined as first and second floor space).

CONCLUSION

Retail businesses located in downtown are facing many similar challenges. The majority of the businesses surveyed are not doing as well as they have in years passed. Although the decline in business has been steady for nearly five years many of the retailers are cautiously optimistic that business will pick up in the next year. While downtown businesses are experiencing similar challenges, they identified some different issues that would improve their businesses. The difference in businesses seemed to be most evident when compared by their access. Skyway and street level businesses experience some different conditions that make doing business difficult. Street level business identified improved parking conditions would have the largest impact on their businesses followed by increasing the number of retail establishments. Skyway businesses identified that filling the office vacancies would have the biggest impact on their businesses followed by more retail establishments. Overall the biggest challenge facing downtown businesses is increasing their customer traffic. Improving parking conditions and filling vacant office and retail space would help alleviate the challenge of increasing customer traffic.

The CapitolRiver Council should work with the City of St. Paul and business owners to help improve the parking conditions for downtown businesses. The changes in the regulations for the handicap use of meter parking might help improve the short term parking problem, but as of the time of this study the impact can not be ascertained.

The CapitolRiver Council should pursue collaboration with building owners to help address the vacancy issues surrounding retail and office space. Groups such as St. Paul's Building Owners and Managers Association (BOMA) and the Downtown Building Owners Association (DBOA) are possible partners that CRC could collaborate with.

Marketing may also help to increase customer traffic. Many of the street level businesses are scattered around downtown. They are off the everyday paths of many downtown workers. Residents seem not to circulate through all of downtown so many businesses are only known by those who live or work within a few blocks. Increasing the profile of these businesses through marketing and advertising in conjunction with other more well known and established businesses would have a direct impact on improving their customer traffic. Despite the fact that marketing was not ranked highly in the survey it seems that it is a task that the CapitolRiver Council could easily tackle compared to the other investments, such as housing and retail which are more considerably more capital intensive.

While this report identifies many of the issues that arose from the study, much more can be done using the database that was created. Further analysis of the inventory and survey results can be done using the database or by combining the database with GIS data to do spatial analysis. The foundation for future analysis and research has been laid with this study.



Downtown Saint Paul Commercial & Retail Survey

The CapitolRiver Council is the District Council for downtown Saint Paul (District 17), and works to make the downtown neighborhood a better place to live, work, and visit. The CapitolRiver Council is committed to supporting and promoting downtown businesses. In an effort to establish a base line for the state of commercial and retail activity downtown, we are asking businesses to fill out this survey. We hope this information will be used to identify businesses' needs and strategies to help develop stronger commercial and retail activity. Survey results will be published on the CapitolRiver Council's website, www.capitolrivercouncil.org, in September.

Business Name: _____
Address: _____
Type of Business: _____
Size (Sq. Ft) of space: _____
Hours: _____

1. How long have you been located in your current space? _____

2. Were you previously located in another downtown St. Paul location? If so, where and why did you move? _____

3. Is your business doing better than it was?
One year ago? Yes ___ No ___
Five years ago? Yes ___ No ___
explain: _____

4. Do you feel that your business will be better off in the next year?
Yes ___ No ___
explain: _____

5. Who do you see as your primary customer?

6. What types of retail do you think are needed in downtown? (check all that apply)

<input type="checkbox"/> movie theater	<input type="checkbox"/> liquor store
<input type="checkbox"/> hardware store	<input type="checkbox"/> bakery
<input type="checkbox"/> furniture store	<input type="checkbox"/> bookstore
<input type="checkbox"/> art supply store	<input type="checkbox"/> butcher
<input type="checkbox"/> office supply store	
<input type="checkbox"/> unique clothing store	
<input type="checkbox"/> grocery store open evenings	
<input type="checkbox"/> Other _____	
<input type="checkbox"/> Other _____	

7. What types of businesses would compliment your business? _____

6. What investments in downtown do you feel will strengthen your business? _____

9. What factors would strengthen your business? (please rank according to importance)

- ___ skyway level foot traffic
- ___ street level foot traffic
- ___ being part of a vital commercial node
- ___ proximity to housing
- ___ proximity to occupied office/retail space
- ___ proximity to workers
- ___ proximity to a transit stop
- ___ Other _____

10. Which two factors would have the most direct impact on improving customer traffic?
1 _____
2 _____

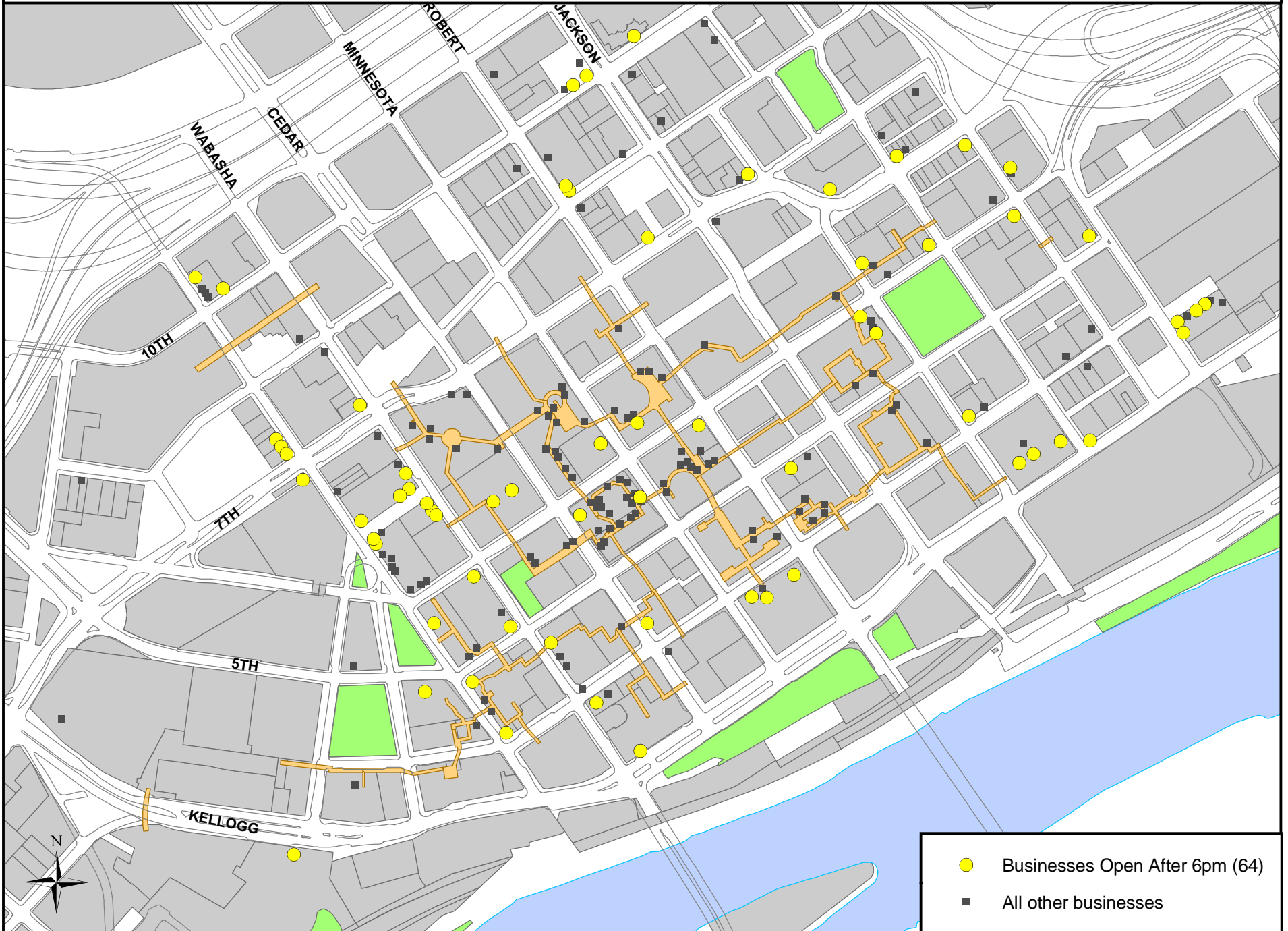
11. What are the advantages of being located downtown? _____

Challenges? _____

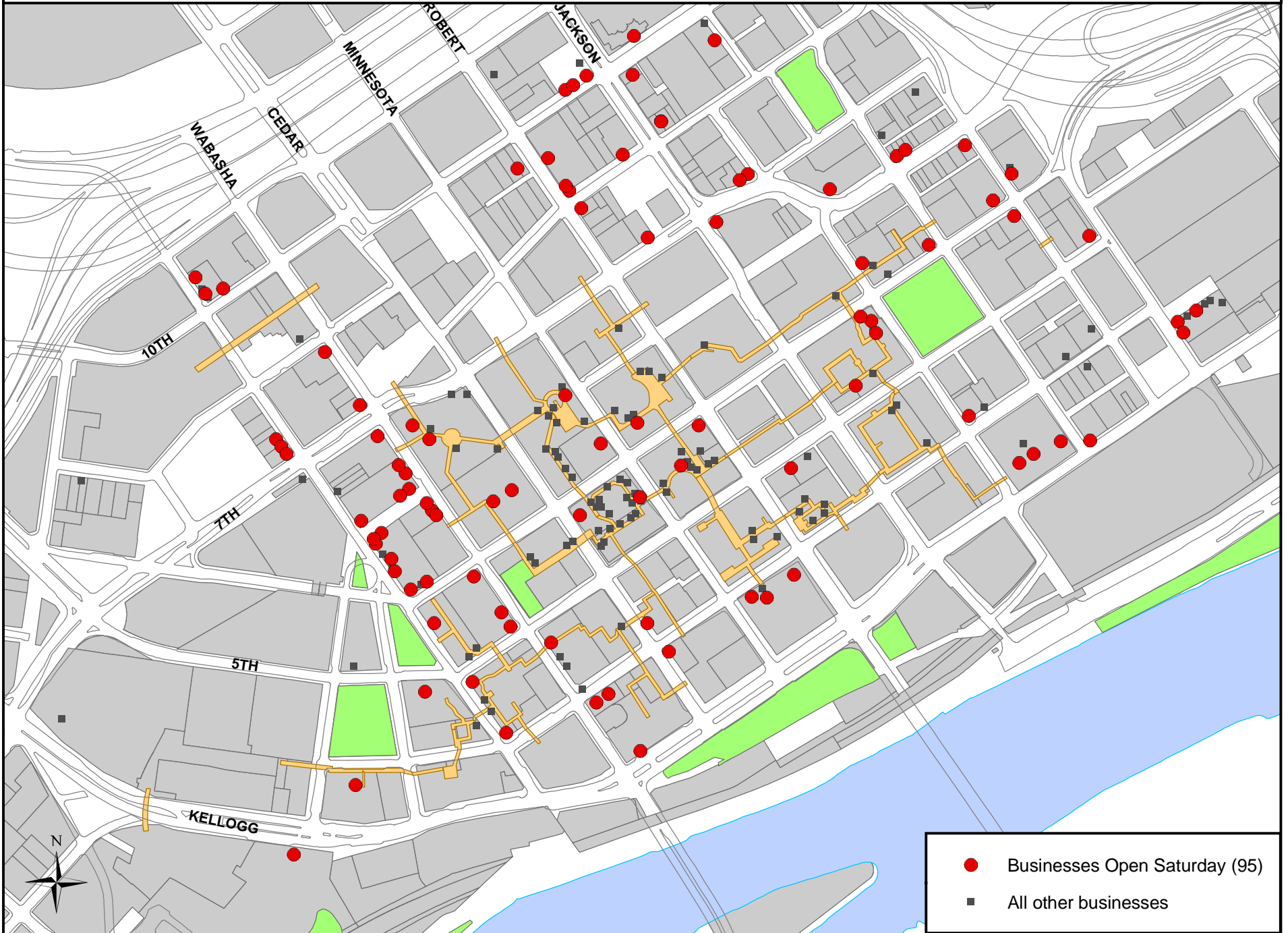
12. How many parking spaces do you have available to your business? In the form of:
On-street parking? _____
Surface parking lot? _____
Parking ramp? _____

13. How many parking spaces do you need?
On-street parking? _____
Surface parking lot? _____
Parking ramp? _____

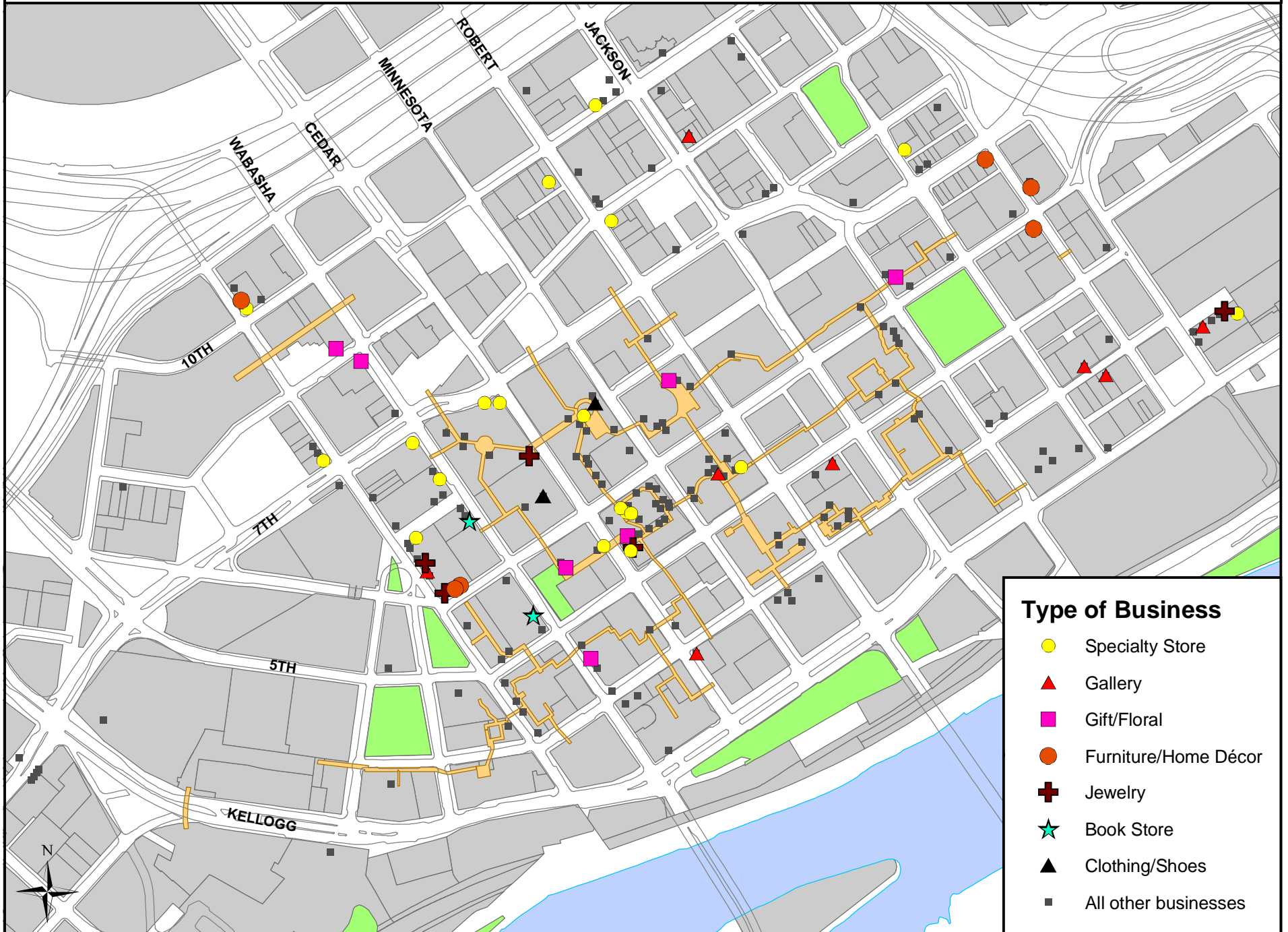
Downtown St. Paul Businesses Open After 6pm Monday - Friday



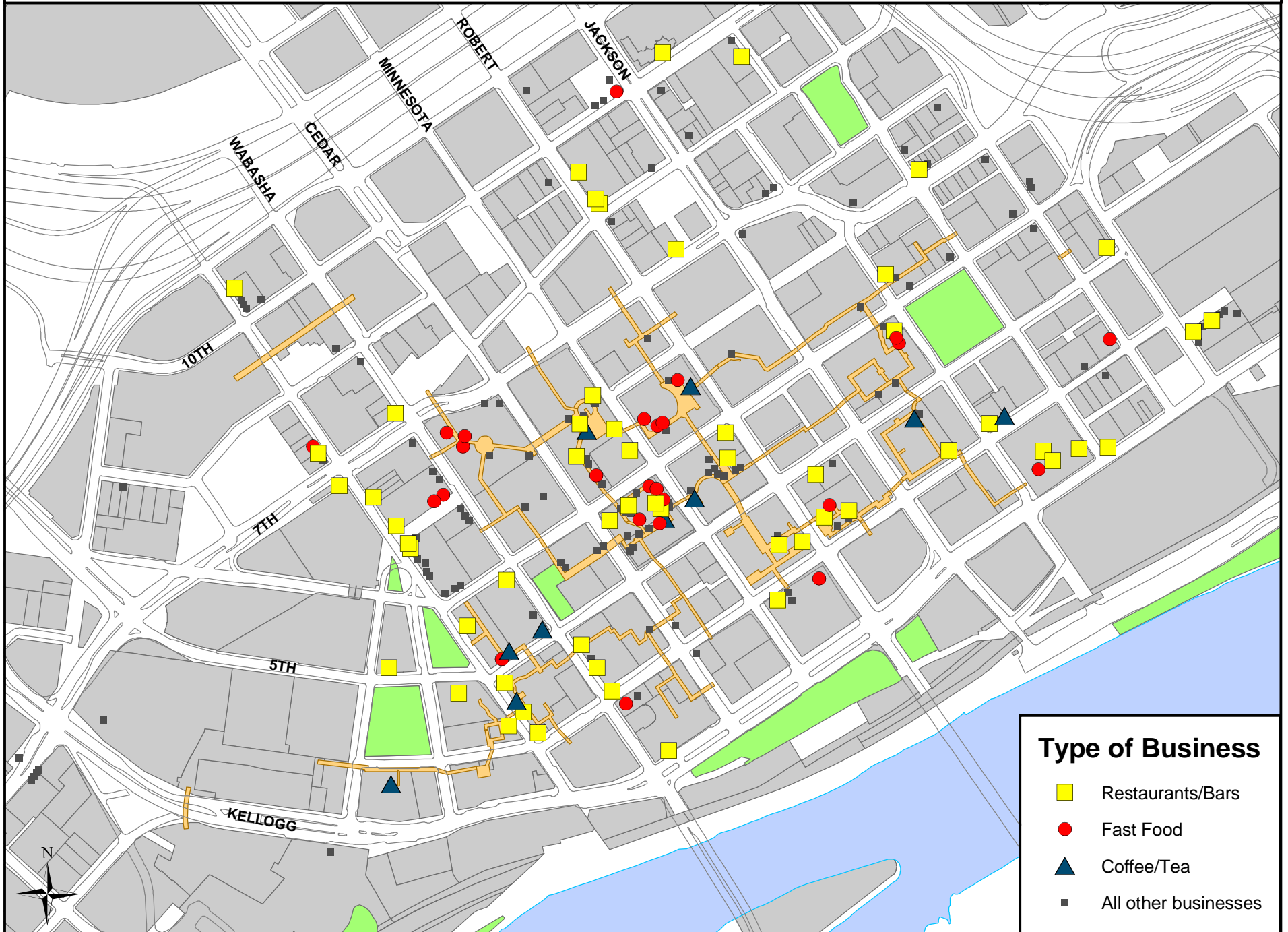
Downtown St. Paul Businesses Open Saturday



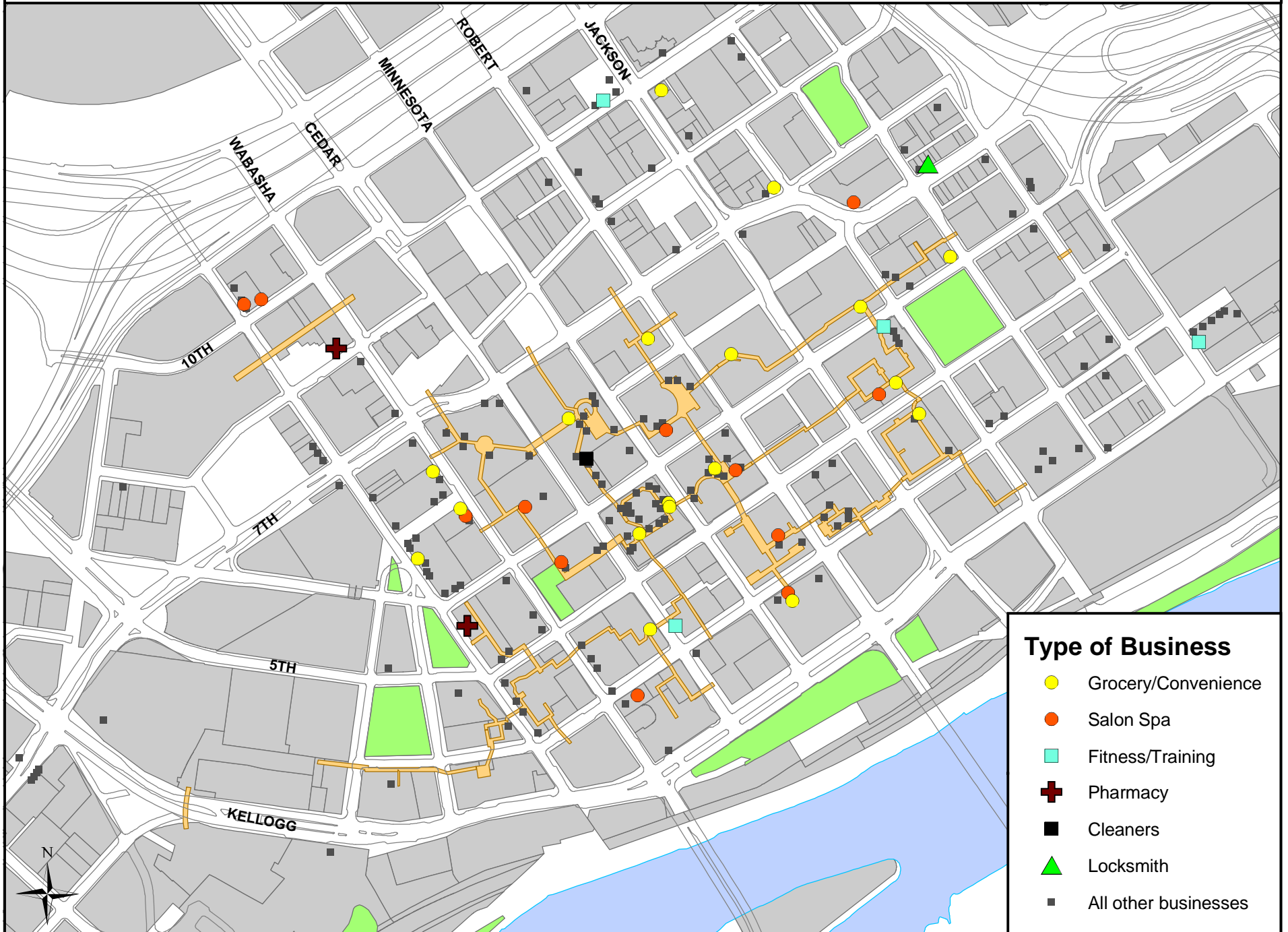
Downtown St. Paul Retail Businesses



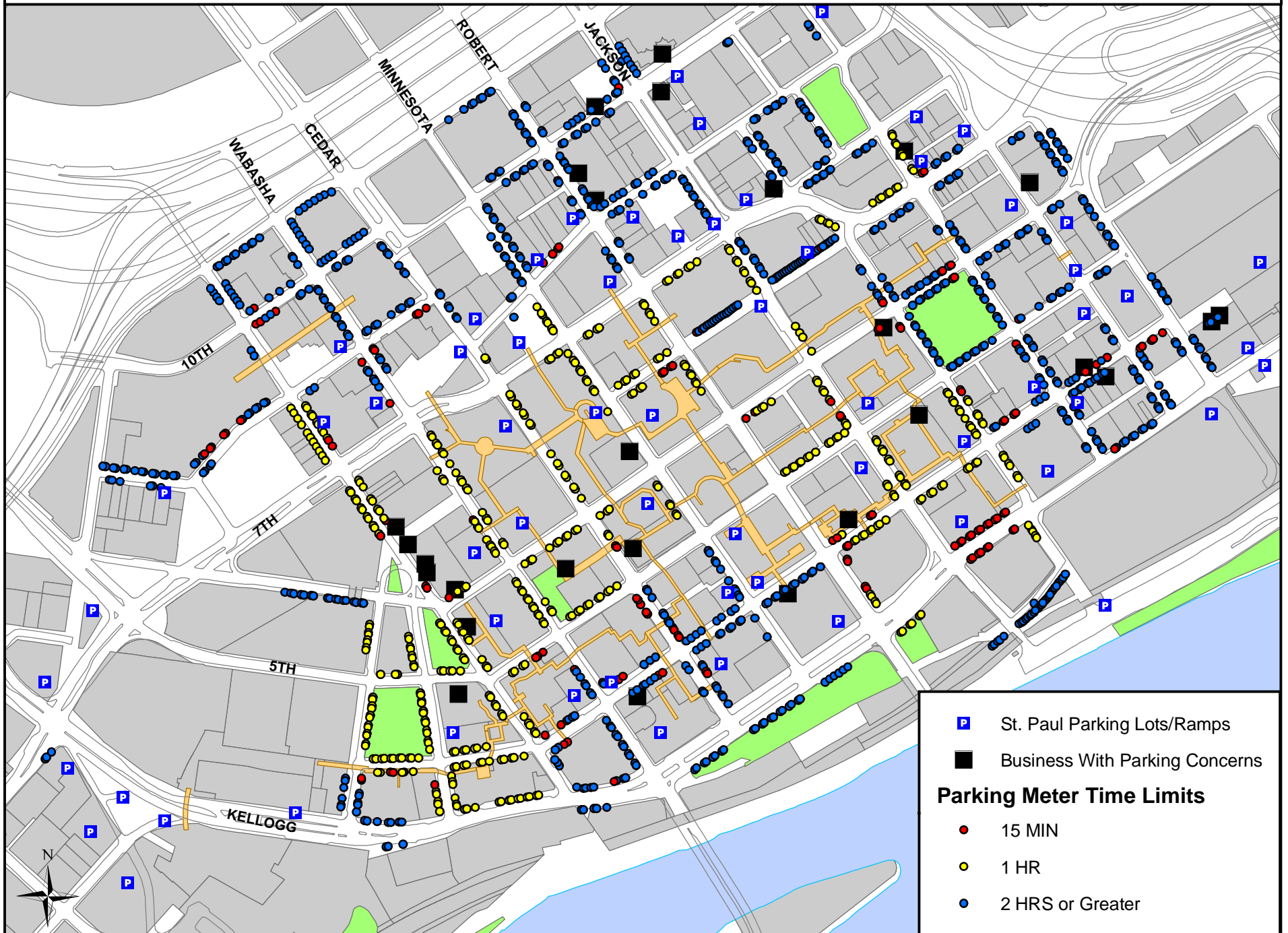
Downtown St. Paul Food Service Businesses



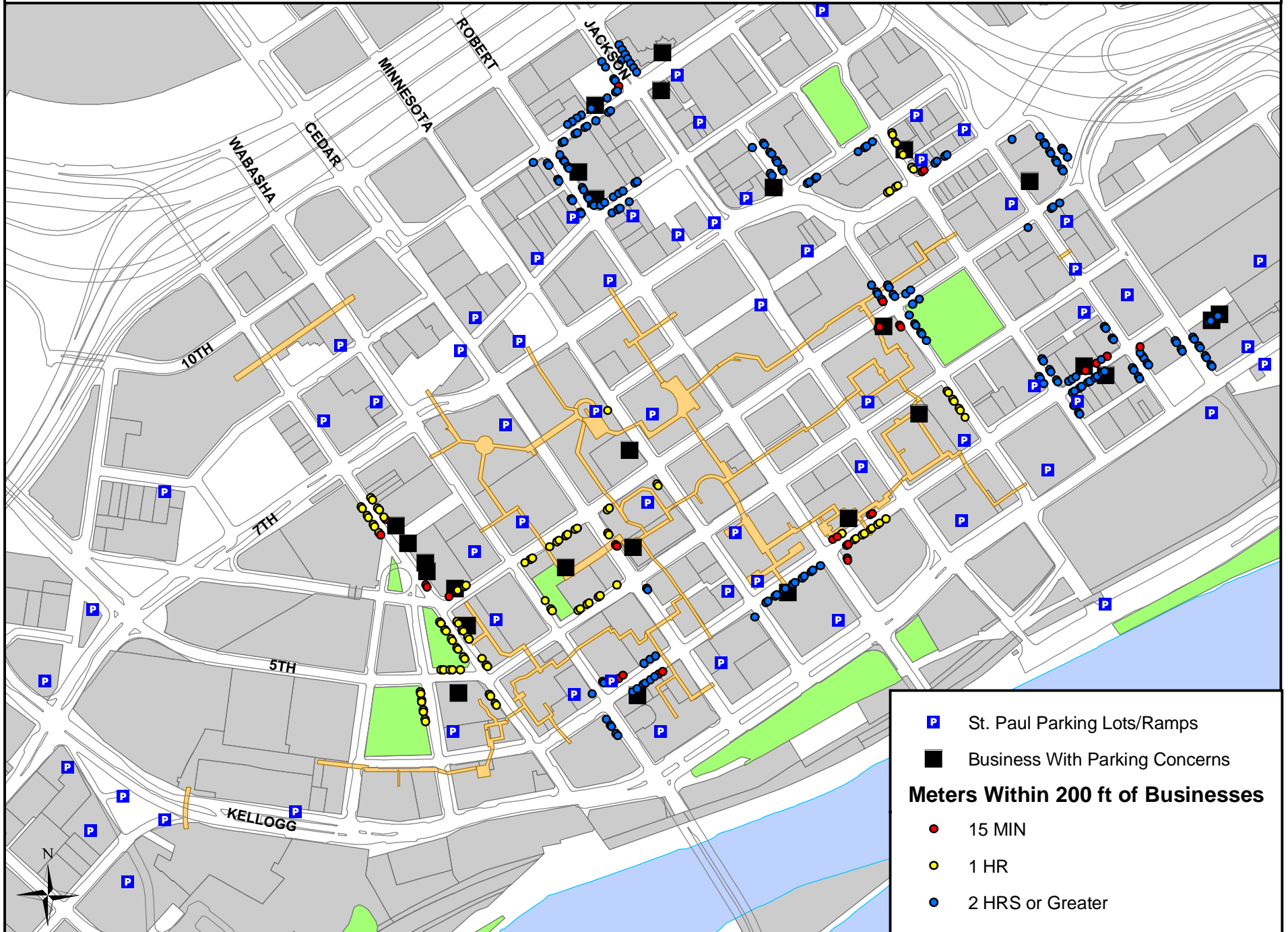
Downtown St. Paul Service Businesses



Short Term Parking Concerns



Short Term Parking Concerns- Parking Meters Within 200 Feet



Retail Vacancy Concerns

