

BUSINESS DEVELOPMENT – RETAIL

CURRENT CONDITIONS

The retail sales potential of any geographic market is based upon two factors:

- 1) The number of households within the market and the income of those households. These variables are dynamic and depend, in large part, upon a variety of factors beyond the control of any entity tasked with maximizing a market's retail potential.
- 2) The market's ability to compete successfully against neighboring markets. Meaning that if there are gaps in the local market's supply of desirable retailers, residents are forced to shop and dine in neighboring markets. Or conversely, is the market pulling shoppers and diners in from outside of its borders?

Consumers are often willing to forego secondary costs when they desire products and services being offered outside of their local trade area, thus it is imperative for any market to draw retail spending dollars from neighboring areas and to fend off the outflow of retail spending beyond its borders. With regards to this inflow/outflow of retail sales, Frederick County naturally finds itself in a tug-of-war with the City of Winchester. Because potential incoming retailers likely consider Frederick County and Winchester as a single market containing "pocket markets", little can be done to influence the end results of this competition. The availability of land, the location of new developments and the location of "pocket markets" within the Frederick County/Winchester market as a whole, are all determining factors in whether a new development or incoming retailer locates within the city or the county. However, the Winchester/Frederick County market collectively finds itself in a larger tug-of-war with neighboring markets, particularly Martinsburg/Berkeley County, and Front Royal/Warren County, where recent retail development has likely reduced both the city and the county's inflow of retail sales.

Beyond the basic service retailers (grocery, drug, general and discount department, gas, fast-food, etc.), there are countless specialty retailers that, due to their internal growth structure and nature of their products, look at non-urban markets from a distinctly regional perspective. Examples of such retailers include Pottery Barn (home furnishings), and The Cheesecake Factory (dining). It is unlikely that we will see any such retailer open an establishment in Frederick County/Winchester and another in a neighboring market. Thus the stage is set for an ongoing inflow/outflow specialty retail sales competition, and the Frederick County/Winchester market must be prepared to position itself to win this competition against its neighboring markets.

FUTURE FOCUS

Over the next twenty years, population growth in Frederick County and its environs will continue to fuel retail development and the opening of basic service retailers throughout the area.

With such growth, specialty retailers will, in considering the potential of Frederick County and neighboring markets, select sites to establish their brands within the region. Each site selection will have an effect on subsequent decisions made by other specialty retailers creating a domino effect where one market within the region gains a cumulative prominence. Due to its size, average household income, central location within the region, access, the continued growth of Winchester Medical Center, the establishment of federal agency operations, and intangible factors such as the County's historical, architectural, and aesthetic charm, Frederick County is well-positioned to gain such prominence. If successfully promoted against neighboring markets, Frederick County will establish itself as the dominant market within the region.

To achieve this goal, Frederick County must strategically identify prime areas for commercial land use in key locations to capitalize on future commercial opportunities. In addition, Frederick County must effectively market itself to the network of developers, national and regional retail trade organizations, retailers, and tenant-representation real estate agents and brokers that influence site selection decisions.

While the county's ability to attract national and regional developers and retailers to the area cannot be understated, the county must not underestimate the importance of supporting locally-owned and operated developments and retail establishments. The growth of such locally-owned businesses within the market's retail mix will have a direct positive impact to the vitality of the market's retail profile and the quality of life of local residents.

To assure retail growth preserves the aesthetic integrity of the area (which in turn will make it more attractive to potential retailers), Frederick County must encourage high standards with regards to the architectural design and upkeep of retail developments.

COMMUNITY BENEFITS

The community benefits of a vital retail environment cannot be understated. Successful growth of retail equates to an increase in sales tax revenue to support county services and capital improvements. A strong retail environment also plays a key role in the quality of life for the residents of any geographic area and thus plays an integral role in an individual family, a corporation, or other entity deciding to relocate to that area. Retail growth also equates to more jobs, both directly (with the retailers themselves) and

BUSINESS DEVELOPMENT - RETAIL

indirectly (a strong retail environment plays a role in drawing relocating employers to the area).

POLICIES/IMPLEMENTATION

POLICY: **PROMOTE FREDERICK COUNTY AS A DYNAMIC, VITAL RETAIL MARKET.**

IMPLEMENTATION:

- Engage National and Regional Trade Organizations.
- Strategically identify prime areas for commercial land use in key locations to capitalize on future commercial opportunities.
- Participating as an exhibitor in events such as the International Council of Shopping Center's National Trade Exposition and Leasing Mall (which brings together more than 30,000 developers, owners, retailers, lenders, and municipalities) or smaller events of a regional nature (The ICSC also holds an annual event in Washington, D.C.).

POLICY: **REQUIRE FUTURE DEVELOPMENTS TO BE OF A HIGH QUALITY AND REQUIRE UPKEEP OF EXISTING DEVELOPMENTS, THUS ASSURING LONG-TERM VIABILITY OF DEVELOPMENTS, AND THE ONGOING ABILITY TO MAKE A POSITIVE IMPRESSION ON POTENTIAL DEVELOPERS AND RETAILERS CONSIDERING ENTRY IN THE MARKET.**

IMPLEMENTATION:

- Promote enhanced architectural/design requirements for future retail development, including structure appearance, landscaping, and signage.
- Establish and implement regulations regarding upkeep of existing and future retail development including the removal of exterior debris, the removal of non-approved signage, and the maintenance of landscaping.

POLICY: **PROVIDE EASY ACCESS TO UP-TO-DATE MARKETING MATERIALS AND RESOURCES TO POTENTIAL DEVELOPERS, RETAILERS, AND TENANT-REPRESENTATION REAL ESTATE AGENTS AND BROKERS.**

BUSINESS DEVELOPMENT - RETAIL

IMPLEMENTATION:

- Develop and periodically update general retail marketing materials for the market, including brand-establishing information (history, appeal, etc.), demographics (population disbursement, income data, etc.), and access and existing retail locations (maps).
- Provide electronic access to these materials (via web download) for developers, agents/brokers, and retailers.

POLICY: **CONDUCT AN IN-DEPTH ANALYSIS OF THE MARKET'S RETAIL POTENTIAL VERSUS ITS CURRENT PERFORMANCE. UNDERSTAND IF THE DAILY RETAIL DEMANDS OF THE CITIZENS OF THE FREDERICK COUNTY/WINCHESTER MARKET BEING MET BY THE EXISTING SUPPLY OF RETAIL ESTABLISHMENTS. ANECDOTAL EVIDENCE SUGGESTS THE MARKET ENJOYS SUCH BALANCE, WITH AN EVER-GROWING ARRAY OF RETAIL AND DINING ESTABLISHMENTS.**

IMPLEMENTATION:

- A comprehensive analysis of census and business data for the region should be conducted to determine if Frederick County has an adequate supply of retail and dining establishments.
- Conduct an analysis to determine which retail segments in Frederick County are underperforming and determine where new opportunities for retail growth lie.

COMMUNITY PARTNERS AND STAKEHOLDERS

- Winchester – Frederick County Economic Development Commission
- Chamber of Commerce

SUPPORTING MATERIALS AND RESOURCES