District Retail Strategies: Phase II

Retail Merchandising Mix Plan

A Collaborative Effort of

Portland Development Commission
Association for Portland Progress

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INTRODUCTION

This document represents the second phase of the District Retail Strategies in a joint effort between the City and local business community to guide Portland's downtown retail sector into the 21st Century. Phase I established the foundation for strategies to ensure that Portland's downtown will capture its share of the regional market growth in the next 10 years. Phase II translates the broad foundations into specific retail plans for the districts within the downtown.

Background

In 1998, Keyser Marston Associates (KMA), Inc. prepared a market analysis for the Portland Development Commission (PDC) identifying the existing and future potential for retail in the downtown core. The Portland Downtown Retail Market Analysis concluded that downtown Portland is not currently capturing its share of retail sales and that, based on the future residential and visitor growth projections, downtown has the potential to capture a significant amount of additional retail sales. The report recommended that the City look to destination retail as a primary means of increasing downtown's market capture share.

In addition, one of the key conclusions of the Market Analysis is that the expenditure potential available to downtown is projected to increase by about $300± million[1] between 2000 and 2010, of which an estimated $170± million would be potentially available to support net new retail and eating and drinking space and $130± million would potentially be available to support increased sales at existing retail and eating and drinking establishments downtown. The $170± million for net new space translates generally into approximately 250,000± sq.ft. of net new GAFO space (General Merchandising, Apparel, Furniture and Furnishings and Other Specialty Retail Uses) and 100,000± sq.ft. of net new eating and drinking space, or a total of 350,000± of net new space downtown. The majority of the projected increased expenditure potential is expected to come from residents in the Primary Trade Area and downtown employees.

Upon reviewing the market analysis report, the Downtown Retail Council (DRC) pointed to the value of a carefully balanced mix of retail choices in downtown. It is the unique array of retail choice — large and small, local and national, independent owners and chains, pricing levels and product lines — that gives downtown Portland its particular appeal and sets it apart from other cities. Thus, they were concerned for the future of independent retail businesses in the downtown and offered to participate in the continuing study of the downtown retail market.

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[1] See Table 4.4 in Keyser Marston's 1998 Portland Downtown Retail Market Analysis.

Phase I

To address these concerns, the DRC formed the District Retail Strategies Task Force. In the spring of 1999, Task Force began Phase I: development of strategies creating the foundation for maintaining downtown's retail market share in the metropolitan area and for capturing additional retail sales in the future. The Task Force's efforts culminated in the District Retail Strategies: Phase I Report in October of 1999. The Phase I Report identifies the retail opportunities and constraints present in the downtown areas, and proposes specific actions to help independent and national retailers successfully meet the challenges identified.

Phase II

PDC has retained Keyser Marston Associates to continue with Phase II of the Retail District Strategies, which is the development of a Retail Merchandising Mix Plan. The Association for Portland Progress (APP) is assisting KMA in the preparation of Retail Merchandising Mix Plan and has retained an independent retail consultant, Gerry Paiva, to provide local retail expertise. PDC has also retained Bryan Sampsel of Norris, Beggs, and Simpson, to provide information on local market conditions. PDC is coordinating and monitoring the preparation of this Plan. APP will use the Report in its preparation of the Implementation Plan, which constitutes the final phase of this three-phase effort.

Phase III

Upon completion of the Retail Merchandising Mix Plan, an advisory group comprised of major and independent retailers, commercial brokers, property owners, managers, and leasing agents will develop strategies and tactics for Plan implementation, which will constitute Phase III of the District Retail Strategies.

Purposes of the Retail Merchandising Mix Plan

The Retail Merchandising Mix Plan is a refinement of the retail strategy, which was broadly identified in Phase I for each of the Retail Districts. The goals of the Plan are:

1. To ensure that the nature and size of the retail mix in the downtown districts will maximize downtown's potential to increase market share and retail sales;

2. To maintain and enhance downtown Portland as the vital commercial hub of the metropolitan area while creating a balance among the Districts; and

3. To create an opportunity for local retail tenants whose uniqueness will: (a) add to downtown's ability to offer both merchandise and ambiance that is difficult to duplicate in most shopping centers and other downtowns, and (b) help reinforce downtown Portland as a significant destination retail location.

Retail Merchandising Mix Plan Elements

The Retail Merchandising Mix Plan is defined as having the following elements:

- A quantity of tenants by category of merchandise that reinforces a "theme" for each of the unique districts of downtown. The theme itself will have resulted from one or more of the following factors: historic circumstances, unique physical features, evolving usage, public policy decisions and economic forces, including quantities of existing space by type of use or merchandising category.

- A critical mass of retail that achieves its identity by the creation of adjacencies or, geographic points of concentration, within the district, thereby causing the district to stand out in customers' minds amongst available shopping choices.

- A unique identity achieved through a combination of merchandise, presentation, ambience and service all working together. In this regard, the "one of a kind" local tenants or nearly "one of a kind" regional tenants play a vital role in the Retail Merchandising Mix Plan as they are essential in creating that sense of unique district distinction.

- A mix of local, regional, and national tenants that is consistent with the rent characteristics of the district 's personality and with the primary target markets that make sense for each district.

- The contribution that each unique district in the downtown can make not only by establishing a theme to improve the district itself but also by creating a stronger downtown overall by offering a variety of experiences and shopper opportunities within proximity to each other.

District Definition

In its Phase I Report, the Task Force identified four districts in the downtown as having geographic characteristics that can make each a distinct retail destination. Identifying the theme or "flavor" of each district helps determine the cluster of complementary retail uses that both promotes the district and expands the visitor and local market. Separate theming will also help define each district's role relative to the overall downtown based on its distinguishing as well as its complementary characteristics. District by district "theme-ing" articulates the qualities that define each district and serve as the foundation for implementing related visual, marketing, and promotion elements that enable retail uses in the district to maximize their sales potential. The four districts identified are as follows and shown on Map 1[2]:

- *Retail Core District* (generally bounded by SW Salmon on the south, West Burnside and SW Stark on the north, 9th and 10th on the west, and Naito Parkway on the east)

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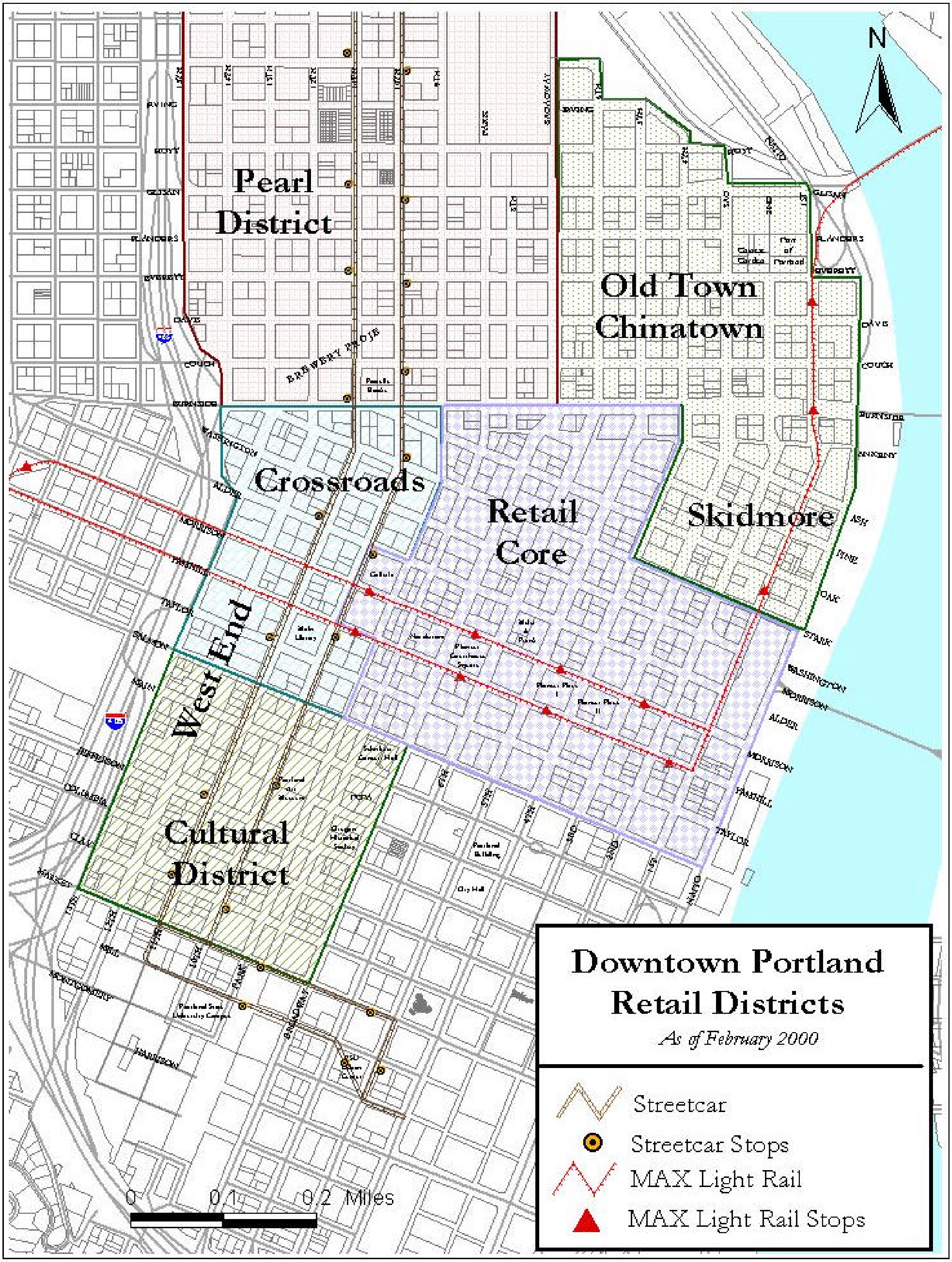
[2] Note: The boundaries are intended to provide a general geographic delineation of the four districts. As such, they are approximate and flexible and may overlap along some edges.

- *Historic Old Town/Chinatown/Skidmore District* (generally bounded by SW Stark and West Burnside on the south, Broadway on the west, NW Glisan on the north and Naito Parkway on the east)

- *Pearl District* (generally bounded by West Burnside on the south, I-405 to the west, NW Lovejoy and Hoyt on the north and Broadway on the east)

- *West End/Crossroads and Cultural Districts* - with two principal retail/entertainment subdistricts: Crossroads and Cultural Districts (generally bounded by SW Market Street on the south, I-405 on the west, West Burnside on the north, and SW 9th and Broadway on the east)

This report summarizes the key existing characteristics which distinguish the four retail districts above, and recommends a merchandising plan in concert with a theme for each.



Downtown Portland
Retail Districts
As of February 2000
Streetcar
Streetcar Stops
MAX Light Rail
MAX Light Rail Stops
0
0.1
0.2 Miles
N
Pearl District
Old Town Chinatown
Crossroads
Retail Core
Skidmore
West End
Cultural District

EXECUTIVE SUMMARY

This report summarizes the salient characteristics of each of the four downtown retail districts today (2000) and proposes a merchandising mix plan for guiding retail development in the districts in the future (2010). The salient characteristics that define or "theme" a district generally include the following:

- *Retail Defining Characteristics* - identifies the predominant uses and the particular mix of uses, which (1) distinguish and differentiate an area and (2) give it a sense of place and destination.

- *Retail Inventory and Composition* – provides an estimate of the existing amount of retail space in each district, based on APP's retail database, the City's 1999 Pearl District Parking Study Survey, consultants' qualitative assessment of the districts, and other available data sources.

- *Nature of the Shopping Place* - describes the configuration of the retail clusters or concentrations, such as linear/street retail, shopping center, or shopping complex.

- *Location Concentration* - identifies the geographic concentration of retail uses (which may or may not be the same or similar types of uses) in the district.

- Tenant Mix – indicates the approximate mix of (1) local/independent tenants, (2) regional tenants and (3) national tenants. For the purpose of this study, <u>local/independent tenants</u> are defined as those with 2 stores or fewer, located in the greater Portland area; <u>regional tenants</u> are those with 3 or more stores, located in the northwest region, <u>national tenants</u>
are typically brand or chain stores, with a multi-state presence, which may include locally-owned operations. The estimated mix of tenants is based on a review of the APP retail database, information provided by the local retail consultants, and general survey observations.

- *Merchandising Mix* - indicates the most frequent type of retail shopping pattern, which may range from serious comparison shopping (i.e., typically done in major regional centers) and impulse shopping (i.e., typically done in specialty stores) to convenience goods shopping (i.e., typically done in local, neighborhood centers.)

- *Price Points* - indicates the price and the general quality level of the merchandise.

- *Primary User Markets* - indicates the primary retail users of the district, which typically include one or more of the three major segments in the Portland downtown market: residents, employees, and visitors. A smaller, but differentiated segment, is that of students attending the educational facilities nearby.

- *Role* - sets forth the purpose or function of the district relative to downtown overall and its contribution to helping to promote, enhance, and establish downtown as a major, regional retail destination.

- Size and Comparison of Opportunity – provides an estimate of the amount of net new retail space that can potentially be captured in each district, based on (1) the total amount of square footage (approximately 350,000 sq.ft.) projected to be supportable in KMA's 1998 Portland Downtown Retail Analysis and (2) an allocation of that total amount based on a qualitative assessment of the competitive strength of each of the district.

A description of the above salient characteristics for each of the four downtown retail district — as they exist today and as desired for the future — are summarized, respectively, in Tables 1 and 2. Table 1, Existing District Characteristics (2000), also includes a summary of existing challenges faced by each of the districts. Table 2, Recommended Retail Merchandising Mix Plan, includes a summary outline of the recommended retail changes and supportive enhancements needed to transform the future vision for the district into reality.

After the summary matrices, this report is organized into four sections: one for each of the downtown retail districts.

TABLE 1
PORTLAND DISTRICT RETAIL STRATEGY
EXISTING DISTRICT RETAIL CHARACTERISTICS (2000)

DISTRICTS *(APPROXIMATE BOUNDARIES)*	**RETAIL CORE** Salmon, 9th/10th, Burnside, Stark, Naito	**HISTORIC OLD TOWN/ CHINATOWN** Stark/Burnside, Broadway, Glisan, Naito	**PEARL** Burnside, I-405, Lovejoy/Hoyt, Broadway	**WEST END/CROSSROADS AND CULTURAL**[i]	
SUBDISTRICTS				**CROSSROADS** (Salmon, 13th, Burnside, 9th/10th)	**CULTURAL** (Market, 12th, Salmon, Broadway)
DISTRICT DEFINING CHARACTERISTICS	▪ Traditional Downtown Retail Center - Dept. Stores - Specialty Retail - Restaurants ▪ Pioneer Place ▪ Offices ▪ Hotels ▪ Non-Traditional Movie Theaters ▪ Pioneer Square	▪ Nightlife/Entertainment ▪ Chinatown ▪ MAX line and Transit Mall ▪ Proximity to Convention Center and Rose Quarter ▪ Historic Buildings and Skidmore Foundation ▪ Saturday Market ▪ “Made in Oregon” ▪ New Office and Residential ▪ Galleries ▪ Services for Transient Population	▪ Lifestyle Retail - Powell’s Books - Home Furnishing/ Antiques - Art Galleries ▪ Restaurants ▪ Loft Housing & Renovated Warehouses ▪ Entertainment ▪ Pacific NW College of Arts and Portland Institute of Contemporary Arts ▪ On Edge of Major Residential New Growth	▪ Adjacency to Retail Core and Pearl ▪ Local Specialty Tenants (Eclectic) ▪ Ethnic Restaurants- “Restaurant Row” ▪ Street Car Line Under Construction ▪ Governor Hotel	▪ Portland Art Museum, Oregon Historical Society ▪ Churches ▪ Proximity to PSU ▪ Residential ▪ Heathman Hotel ▪ Portland Center for the Performing Arts (PCPA) ▪ Schnitzer Concert Hall
EXISTING RETAIL INVENTORY[ii] *AND COMPOSITION*	Est. 1.4 ± million SF:[iii] 58% Specialty Retail 29% Dept./Anchor Stores 8% Eating and Drinking 4% Other Retail	Est. 550,000 ± SF[iv] 48% GAFO 46% Eating and Drinking 6% Galleries	Est. 650,000 ±SF[v] 80% GAFO 12% Eating and Drinking 8% Galleries	Est. 200,000± SF[3,4] 57% GAFO 35% Eating and Drinking 8% Galleries	Est. 100,000± SF[vi] Est. 95% GAFO 5% Eating and Drinking

TABLE 1 (continued)

DISTRICTS	**RETAIL CORE**	**HISTORIC OLD TOWN/CHINATOWN**	**PEARL**	**CROSSROADS**	**CULTURAL**
EXISTING LOCATIONAL CONCENTRATION AND NATURE OF THE SHOPPING PLACE	Dept. Stores: Meier & Frank, Nordstrom, Sak's 5th Ave. Shopping Complexes: Pioneer Place, Galleria (links core with West End); Fox (under construction) Street Retail: Alder, Morrison & Yamhill from 2nd to Park	Multiple Points of Interest but No Single Focus: Saturday Market/Skidmore Fountain, New Market Village, Chinatown on 4th Ave, 1st Ave MAX Line	Glisan, Hoyt, & Everett	Street Retail: Morrison from 9th to 11th, 10th from Alder to Taylor, Yamhill from Park to 10th and Burnside Triangle	Street Retail: Broadway to 10th and along the Park Blocks
EXISTING TENANT MIX[vii] *(By No. of Tenants)*	30%-40% Local/Regional Tenants 60%-70% National/Brand Tenants	70%-75% Local/Regional Tenants 25%-30% National/ Brand Tenants	70%-75% Local/Regional Tenants 25%-30% National/ Brand Tenants	90%-95% Local/Regional Tenants 5%-10% National/Brand Tenants	90%-95% Local/Regional Tenants 5%-10% National/Brand Tenants (Safeway)
EXISTING MERCHANDISING MIX	▪ Major Dept. Stores ▪ Up-scale National Specialty Stores	▪ Evening Entertainment ▪ Restaurants, Food ▪ Local Artists & Products ▪ Ethnic Groceries ▪ Souvenirs	▪ Destination Retail: Books (Powell's) ▪ Home Furnishings, Antiques ▪ Art ▪ Restaurants	▪ Eclectic Tenant Mix ▪ Destination Retail: Finnegan's; Real Mother Goose; Art Media ▪ Vintage, Retro	▪ Convenience Store/Safeway Grocery ▪ Oregon Historical Society and Portland Art Museum Bookstores and Gift Shops
EXISTING PRICE POINTS	Moderate to High	Low to Moderate	Moderate to High	Moderate	Moderate
CURRENT PRIMARY USER MARKETS	▪ Close-In Residents ▪ Downtown Workers ▪ Visitors/Tourists (Families) ▪ Weekend Shoppers	▪ Tourists ▪ Downtown Workers ▪ Weekend Shoppers ▪ Event Goers ▪ Nearby Residents	▪ District Workers ▪ Nearby Residents ▪ Downtown Workers ▪ Weekend Shoppers	▪ West End Residents ▪ Downtown Workers ▪ Event Goers (especially Civic Stadium)	▪ Event Goers ▪ Restaurant Goers ▪ Residents

TABLE 1 (continued)

DISTRICTS	**RETAIL CORE**	**HISTORIC OLD TOWN/CHINATOWN**	**PEARL**	**CROSSROADS**	**CULTURAL**
EXISTING CHALLENGES	Insufficient parking Inadequate public transit on evenings and weekends Scattered surface parking lots. Pockets with no retail frontage Increasing rents Expensive rehab (upper floors)	Burnside Street barrier Visitor and Shopper compatibility with transient population Creating attractive path to Classical Chinese Gardens Fragmented property ownership Costly rehab of older buildings Lack of continuous retail frontage Increasing rents	Burnside Street barrier Negative image of Burnside as “Front Door” to District Insufficient street parking and street lighting Meshing of entertainment with residential (noise) Costly rehab of older buildings Lack of continuous retail frontage Increasing rents	Conversion of Galleria into a positive force Upgrade of 10th and Yamhill Garage Burnside Street as barrier Costly rehab of older buildings Dispersed land ownership Lack of continuous retail frontage Increasing rents	Insufficient parking Lack of retail mass and linkages Costly rehab of older buildings Lack of continuous retail frontage Increasing rents

1. These districts are in addition to the residential neighborhood in the southern portion (the remainder) of West End.
2. Includes GAFO (General Merchandise, Apparel, Furniture/Furnishings, Other) and Eating and Drinking. Estimates based on available data from APP and Norris, Beggs & Simpson. Generally excludes retail and restaurants in hotels. Composition breakdowns are approximate.
3. Assumes Galleria is in Retail Core District inventory.
4. Based on APP’s Business Improvement District Program retail database.
5. Based on the City’s 1999 Pearl District Parking Study Survey, excludes retail services and auto related uses.
6. Estimate only. No survey data available.
7. Estimate only. Based on review of APP retail database; information provided by local retail consultants and windshield surveys.

TABLE 2
PORTLAND DISTRICT RETAIL STRATEGY
RECOMMENDED RETAIL MERCHANDISING MIX PLAN (2010)

DISTRICTS *(APPROXIMATE BOUNDARIES)*	**RETAIL CORE** Salmon, 9^{th}/10^{th}, Burnside, Stark, Naito	**HISTORIC OLD TOWN/ CHINATOWN** Stark/Burnside, Broadway, Glisan, Naito	**PEARL** Burnside, I-405, Lovejoy/Hoyt, Broadway	**WEST END/CROSSROADS AND CULTURAL**[viii]	
SUBDISTRICTS				**CROSSROADS** (Salmon, 13^{th}, Burnside, 9^{th}/10^{th})	**CULTURAL** (Market, 12^{th}, Salmon, Broadway)
ROLE	Be a Nationally Recognized First Tier Downtown	Be: (1) Entertainment/Arts District Oriented to Convention & Downtown Visitors (2) Host to Saturday Market (3) Asian Marketplace	Be: 1. Trend-setting Lifestyle Retail Hub for Metro Area 2. "Trendy" Restaurant/Bar Area 3. 24-Hour Creative Services (Multi-Media).Com Incubator Area	Be: 1. Downtown Location for New Local Tenants 2. Crossroads for Pearl and Core Districts	Be a Complementary Retail District Supporting Cultural Uses
SIZE AND COMPOSITION OF OPPORTUNITY[ix]	+100,000 to 150,000 SF 80% GAFO 20% Eating and Drinking[x]	+50,000 to 75,000 SF 30% Specialty Retail 30% Neighborhood Commercial 40% Eating and Drinking)	+100,000 to 125,000 SF 60% Specialty Retail 40% Eating and Drinking +50,000± of Neighborhood Commercial/Eating and Drinking	+50,000 to 75,000 ±SF 50% Specialty Retail 50% Eating and Drinking	Minor Addition 70% Eating and Drinking 30% Specialty Retail
	Total = 1.5-1.55 M± SF	**Total = 600,000 – 625,000 ±SF**	**Total = 800,000 – 825,000 ± SF**	**Total = 250,000 – 275,000 ±SF**	**Total = 100,000 + SF**

TABLE 2 (continued)

DISTRICTS	RETAIL CORE	HISTORIC OLD TOWN/CHINATOWN	PEARL	CROSSROADS	CULTURAL
RECOMMENDED THEME	▪ Upscale, Traditional Retail Center (High Quality Merchants) - Dept. Stores - Fashion-Oriented Uses	▪ Entertainment ▪ Asian Specialty Retail and Entertainment ▪ Oregon-themed Retail	▪ Trend-Setting Lifestyle (Home & Garden) - with national and regional brand home furnishings	▪ Eclectic, Local and Ethnic Retail and Restaurants	▪ Cultural-Oriented Specialty Retail (including gift shops and bookstores) and Small Cafes/ Restaurants
DESIRED NATURE OF SHOPPING PLACE	▪ Shopping Complexes ▪ Galleria and Department Store Expansion/Upgrade ▪ Street Retail	Street Retail (3^{rd} and 4^{th}), with connection to 5^{th} and 6^{th} bus stops.	▪ The Brewery Retail Complex ▪ Street Retail ▪ Rehabbed Warehouse Retail	▪ Street Retail (10^{th} & 11^{th}, Morrison, Alder)	▪ Street Retail connecting with 10^{th} and Park Blocks ▪ Vicinity of Safeway
DESIRED FUTURE LOCATIONAL CONCENTRATION	In addition to existing: ▪ West End of Morrison, Yamhill ▪ Fox Tower ▪ Department Stores and Galleria ▪ Smart Park Garages ▪ Renovated Pioneer Courthouse Square	Three new concentrations, with strong links created: ▪ Chinatown's 4^{th} Ave (Path to Classical Garden) ▪ Skidmore Fountain Vicinity (SW1st along light rail) ▪ E/W link street-Ankeny/Ash	In addition to existing: 10^{th} & 11^{th} as north/south connectors of Powell, Blitz, Glisan, and Everett	Reinforce: ▪ 10^{th} & 11^{th} (Taylor to Alder) ▪ Morrison Street ▪ "Singer" Boutique Row ▪ Federal Reserve Building Site Rehab/Reuse ▪ Streetcar Stops	Reinforce: Broadway to 10^{th} along Park Blocks
DESIRED TENANT MIX[xi] *(by No. of Tenants)*	20%-30% Local/Regional Tenants 70%-80% National/Brand Tenants	70%-75% Local Regional Tenants 25-30% National/Brand Tenants (More Restaurants Emphasis	70%-75% Local/Regional Tenants 25%-30% National/Brand Tenants (More Home Furnishings Emphasis)	90%-95% Local/Regional Tenants 5%-10% National/ Brand Tenants	90%-95% Local/Regional Tenants 5%-10% National/ Brand Tenants (Safeway)

TABLE 2 (continued)

DISTRICTS	**RETAIL CORE**	**HISTORIC OLD TOWN/CHINATOWN**	**PEARL**	**CROSSROADS**	**CULTURAL**
DESIRED MERCHANDISING MIX	**Additional:** ▪ Large format apparel ▪ Electronics ▪ Specialty retail ▪ Renovated & Retenanted Galleria ▪ Dept. Store Expansion *(Emphasis on unique to the market retailers)*	**New:** ▪ Festive (Family-Oriented) Retail/ Entertainment ▪ Ethnic "Fusion" Restaurants ▪ Neighborhood Commercial, i.e., grocery stores, drug stores and dry cleaners ▪ Asian Market **Expansion:** ▪ Saturday Market	**Expansion:** ▪ Home Furniture/ Accessories/Furnishings ▪ Trend-Setting Restaurants ▪ Contemporary Art Galleries ▪ Neighborhood Commercial, i.e., grocery stores, cleaners, print copy shops, etc.	**Expansion:** ▪ Signature and Trendy Restaurants on Morrison Street ▪ Upscale Boutique Retail on "Singer Block" ▪ Cutting Edge Retail (Burnside Triangle, which holds a lot of entertainment venues) ▪ Electronics	**New:** ▪ Sidewalk Cafes ▪ Boutique Hotels ▪ "Chef" Restaurants ▪ Art Galleries/Shops ▪ Small Performing Arts Venues
ENHANCEMENTS BENEFITING RETAIL	▪ More public transportation, parking ▪ Downtown Lighting District ▪ Extended and coordinated shopping hours ▪ Wayfinding systems, i.e., signs/banners, information kiosks ▪ Transit mall rehab ▪ Pioneer Courthouse Visitors Center ▪ Street activities, i.e., flower stands, vendors, street performers / artists	▪ Information kiosks and "wayfinder" signage ▪ Transit Mall improvement ▪ Services for visitors, i.e., souvenirs/gifts, food options, film processing ▪ Façade improvements ▪ Building lighting ▪ Streetscape improvements ▪ Burnside improvements	▪ Sidewalk and streetscape improvements with flowerpots, benches, information kiosks, and "way finders" ▪ Improvement of visual image of parking lots ▪ Signs and banners ▪ Lighting appropriate to District theme ▪ Additional bus service ▪ Improved access via public transit ▪ Short-term parking facility	▪ More short-term, visitor parking ▪ Elimination of surface parking lots ▪ Attractions (sign/banners, information kiosks, etc.) ▪ Sidewalk amenities, i.e., flowerpots, benches, vendors along 10th and 11th, etc. ▪ Organization of diverse interests in District ▪ Establish links with streetcar and MAX	▪ "Kid-oriented" area between Library and museums ▪ Sidewalk amenities, street artisans, food and flower vendors, etc. ▪ Streetcar links

1 These districts are in addition to the residential neighborhood in the southern portion (the remainder) of West End.

2 The lower end of net new retail space recommended, i.e., 350,000± sq.ft., reflects the increase in expenditure potential between 2000 and 2010 projected in KMA's 1998 Portland Downtown Retail Market Analysis. The upper end assumes more optimistic conditions. The allocation of the total new space addition by District and type of retail is based on KMA's assessment of the likely opportunities in each district.

3 GAFO defined as General Merchandise, Apparel, Furniture/Furnishings, Other Specialty Retail.

RETAIL CORE DISTRICT

1. Definition of District

The Retail Core District in Portland's downtown is generally defined as the area bounded by SW Salmon Street on the south, Naito Parkway on the east, West Burnside Street on the north, and blends into the West End Crossroads along SW 9th and 10th Avenues (see Map 1). This area is the hub of the region's major retail destination and draws support from throughout the northwest. The intent of the Retail Merchandising Mix Plan is to identify opportunities for enhancing and strengthening the Core's role as the premier retail shopping center of the region.

2. Existing Retail District Characteristics

District Defining Characteristics

The retail character of the Core District today is established by its major anchor stores, shopping complexes and street retail. It is a traditional downtown retail center with a complex of department store, specialty retail and restaurant establishments. Three major department stores, Meier & Frank, Nordstrom and Saks' Fifth Avenue are strategically located along the light rail couplet formed by Morrison and Yamhill Streets and serve as anchors for the Core. Pioneer Place with over 150,000 sq. ft. of existing upscale retail space (300,000 sq.ft. when its expansion is completed in March 2000) is also a major regional attractor. Additional new concentrations of space are at the ODS Tower and the Fox Tower (to open August 2000). Other flagship stores such as Niketown, Columbia Sportswear and Nordstrom Rack, or unique, "one of a kind stores", such as The Real Mother Goose and Portland Cutlery, reinforce the destination shopping nature of the Core District.

The character of the Core also benefits from a number of special attractions in the area, including the presence of the largest concentration of office space in the Portland market, a cluster of boutique and business hotels, the light rail couplet down the Morrison/Yamhill, the transit mall (though the transit mall also presents challenges), a number of movie theatres, the special events at both Pioneer Courthouse Square and Waterfront Park, and its urban parks and trees ambiance. The small size of the Portland's 200' block is an added advantage as it is easily walkable and thus is perceived as more pedestrian-friendly. The Core is also easily accessible by car and public transportation, and offers inexpensive, short-term parking at a number of privately-owned and the City's Smart Park Garages.

Retail Inventory

The Core is also defined by an estimated 1.4[3] million sq.ft. of shopping and entertainment, which makes it one of the largest such concentrations in the Portland Metropolitan Area. When the additional retail space from adjacent districts are included, total amount of retail/ entertainment space makes the extended downtown a dominant retail destination. Of the approximately 1.4 million sq.ft. retail space inventory in the Core, an estimated 58% is in specialty retail space; an estimated 29% is in department and anchor store space; 8% in eating and drinking and the remaining 4% in other retail uses.[3]

Location Concentrations and Nature of the Shopping Place

Retail in the Core is currently concentrated in three types of shopping places: (a) department stores, (2) retail complexes such as Pioneer Place and Galleria, and (3) street retail, such as along Morrison and Yamhill, from approximately SW 2nd to Park Avenue.

Of great importance to the effectiveness of the Core is its close proximity and easy walking distance to many of downtown's principal attractions. In this respect, the small block size of the Core (200 by 200 feet) contributes to the pedestrian-friendly environment of the downtown. It should be noted, however, that the retail continuity is broken up by full-block projects built in the 60's and 70's before the required retail zone was established.

The nature of the shopping place in the Core is threefold. Much of the retailing is street retail. However, on a square footage basis, the largest concentration of retail space is either in the form of department stores or shopping complexes, such as Pioneer Place, the Fox Tower, and the Galleria.

Tenant Mix, Merchandising Mix and Price Points

The Core includes a broad mix of local, regional and national tenants, offering a range of mid-to high-price point merchandise. Local/regional tenants are estimated to comprise about 30% to 40% of the total retail store inventory in the Core; national tenants are estimated to comprise the remaining 60% to 70% of the total. In general, the higher price point tenants are clustered in the proximity of the department stores and Pioneer Place, along Morrison and Yamhill, while the value-oriented tenants are located in the more peripheral locations. This distribution of tenants is largely a function of rent gradients within the Core. The higher-price point tenants can afford the higher rents, and have the financial credit status required by owners and developers of new or rehabbed shopping complexes in the most desired locations.

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[3] See KMA's 1998 Portland Downtown Retail Market Analysis for basis of estimate.

Such rent gradients also have a major influence on distribution of local/regional versus national brand tenants. The percentage of local/regional tenants who have the rent paying capacity and financial credit status to qualify for "100% locations" and premier space is limited and, conversely, the amount of space that developers can provide to such tenants is also restricted. Therefore, it is estimated that well over one-half of today's tenant mix is occupied by national brands, and that this trend will continue. While a limited number of local/regional tenants will be accommodated in the premier locations and complexes, most will locate either in the periphery of the Core or in the downtown districts that surround the Core where rents are less prohibitive.

Primary User Market

The Core District draws its support from three major market segments: (1) residents, primarily from the close-in, affluent neighborhoods, who often shop on weekends (2) employees working downtown, and (3) visitors. Residents provide an estimated 50% of the retail sales downtown. Visitors are also a strong retail support segment, providing up to 35% of downtown retail sales. Employees provide the remaining 15% of the estimated retail sales support downtown.

Challenges of the District

While Portland's retail core is one of the stronger in the United States, the District is also confronted by several challenges. Specifically, the Meier & Frank building and the Galleria are physically and functionally obsolete by today's retail standards, and as such should be considered "vulnerable." Even the Nordstrom building is now older and does not meet the size and design standards of a contemporary flagship store. These buildings need to be renovated and/or repositioned, or at least be placed on a "watch list" in order to remain competitive in the future. However, the high cost of renovating an older building while occupied is often a deterrent to the upgrade/rehab of a property.

There is a shortage of parking in the downtown office core due to tight parking regulations. Parking is expected to become more of an issue as retail and cinema are added to the Core. For example, parking availability will be even more constrained when parking on Park Block 5 is eliminated. Public transportation on the weekends, in the evenings, and during holidays will need improvement. Mitigation will also be needed to deal with the heavy traffic on Broadway and the truck loading zones in the area, which impede pedestrian flow. Transit mall rehabilitation with active retail is another issue that needs attention.

In all Districts, the retail street frontage is often interrupted by non-retail uses, surface parking lots, etc., which detracts from the pedestrian ambiance of the District.

Other challenges also experienced in all four of the downtown retail districts are increasing retail space rents and the costly rehab of older buildings, which, in some areas, are impacting the ability of the smaller, locally-owned/operated stores to survive, expand and/or locate in the downtown.

These issues will need to be addressed as part of the Phase III - Implementation Strategy for the Core District.

3. Recommended Retail Merchandising Mix Plan

Role

The recommended role for the Core District is to reaffirm, strengthen and enhance its position as one of the first tier downtowns of the United States. Portland's downtown has achieved great momentum in the last decade. The task at hand is to continue this transformation of the downtown into a 24-hour place that is vibrant with people, activities and life, a source of pride for Portland residents, and an increasing attraction to the ever growing, world-wide convention and visitor industry.

Size and Composition of Opportunity

Keyser Marston Associates Inc.'s 1998 market analysis projects an opportunity for the overall downtown retail market to grow by at least 350,000 sq. ft. in the next ten years over and above the new space now being added. Such growth would place over 3,000,000 sq.ft.[4] of retail in Portland's downtown by the year 2010. The retail-merchandising plan for downtown should anticipate that about one-third to one-half, or 100,000 sq.ft. to 150,000 sq.ft., of that opportunity could potentially be added to the Core, either in the form of new stores locating in the area or expansion of existing stores, for a total of 1.5 million to 1.55 million sq.ft. of retail. The bulk of this addition, or about 80% is recommended to be GAFO-type of retail (General Merchandise, Apparel, Furniture and Furnishings, Other), with the remainder in Eating and Drinking.

Recommended Theme

The primary theme for the Core should be attraction/recruitment of new, quality retail and entertainment tenants which are (1) unique to the Portland Metropolitan Area, (2) compatible with both the fashion-oriented apparel uses that give the Core its personality, and (3) complementary to the new cinema/cultural additions in the downtown. Thus, the overall merchandising strategy for the Core is to mirror the existing Pioneer Place Pavilion by attracting "first in the marketplace" and "one in marketplace" retailers, a number of which can and should

[4] Inventory estimates may differ, depending on the definition of "downtown" and "retail", i.e., whether uses, such as galleries and showrooms, retail services, and above/below street-level retail are included.

be national or brand tenants. Equally important is the retention and expansion of existing, successful local tenants.

Nature of the Shopping Place

The core area merchandising plan should also recognize that department stores, though less important today as anchors than 25 years ago, are still major destination tenants with the ability to draw from a large trade area, and whose advertising dollars can be very important to marketing a location. Saks' 5th Avenue will open its expansion in March 2000. Thus, primary dialogue for potential improvements should be initiated with the other two downtown department stores, Meier & Frank and Nordstrom, which are still located in older facilities that have not been upgraded.

It is expected that shopping complexes, such as the Galleria and Pioneer Place and street retail will continue to be the major form of retail shopping destinations.

Future Location Concentrations

Geographically, the first effort should be to encourage many of the new retail uses to locate at the west end of Morrison and Yamhill to (1) reinforce that portion of the Core District, and (2) create a synergistic retail that can generate a sufficiently high level of pedestrian energy for spill over to the West End District and thus help activate the retail there. Future major nodes of retail concentration will likely include the Fox Tower, which is expected to have approximately 65,000 sq.ft. of retail and theaters, as well as the existing department stores and the Galleria. Smaller retail nodes should also be created at the ground level of the Smart Park Garages. Other nodes should include the north edge of the Core with spillover to Historic OldTown/Chinatown/Skidmore and east of SW 3rd to encourage pedestrian traffic from the waterfront into the more populated core area.

Tenant Mix

Given the regional-oriented nature of the retail in the Core, it is recommended that the mix of national brand tenants be increased by at least 10%, to 70% or 80% of the total retail tenant mix, by 2010, which would provide the Core with a stronger retail presence in the metropolitan region.

Merchandising Mix

Additional types of retail that will complement the existing mix include large format apparel stores (such as Old Navy), electronic uses, and additional specialty retailers. Marketing efforts should focus on recruiting or attracting retailers, which are unique to the downtown marketplace, e.g., “one-of-a-kind” stores. Renovation and retenanting of the Galleria will also be one of the single most important accomplishments to put in place for the strategic vision for the Core District. Projects with equal impact, such as a department store expansion, should be pursued within the Core District.

Enhancements Benefiting Retail

Enhancements that will support the retail theme for this District include the following key elements recommended by the District Retail Strategies Task Force in the Phase I Strategy Report:

- More public transportation and parking, especially on weekends and during holidays;
- Downtown Retail Core Lighting District;
- Extended and coordinated shopping hours to attract shoppers after work and after events;
- Wayfinding systems, i.e., signs/banners, information kiosks, flower stands, vendors, street performers/artists to add interest, activities and excitement to the Core;
- Transit mall rehabilitation; and
- Pioneer Courthouse Visitors Center

TABLE 3
PORTLAND DISTRICT RETAIL STRATEGY
EXISTING DISTRICT RETAIL CHARACTERISTICS (2000)

Retail Core

APPROXIMATE BOUNDARIES	Salmon, 9th/10th, Burnside, Stark, Naito
DISTRICT DEFINING CHARACTERISTICS	▪ Traditional Downtown Retail Center - Dept. Stores - Specialty Retail - Restaurants ▪ Pioneer Place ▪ Offices ▪ Hotels ▪ Non-Traditional Movie Theaters ▪ Pioneer Square
EXISTING RETAIL INVENTORY [5] AND	Est. 1.4 ± million SF:[6] 58% Specialty Retail

[5] Includes GAFO (General Merchandise, Apparel, Furniture/Furnishings, Other) and Eating and Drinking. Estimates based on available data from APP and Norris, Beggs & Simpson. Generally excludes retail and restaurants in hotels. Composition breakdowns are approximate.

COMPOSITION	29% Dept./Anchor Stores 8% Eating and Drinking 4% Other Retail
EXISTING LOCATIONAL CONCENTRATION AND NATURE OF THE SHOPPING PLACE	Dept. Stores: Meier & Frank, Nordstrom, Sak's 5th Ave. Shopping Complexes: Pioneer Place, Galleria (links core with West End); Fox (under construction) Street Retail: Alder, Morrison & Yamhill from 2nd to Park
EXISTING TENANT MIX[7] (By No. of Tenants)	30%-40% Local/Regional Tenants 60%-70% National/Brand Tenants
EXISTING MERCHANDISING MIX	▪ Major Dept. Stores ▪ Up-scale National Specialty Stores
EXISTING PRICE POINTS	Moderate to High
CURRENT PRIMARY USER MARKETS	▪ Close-In Residents ▪ Downtown Workers ▪ Visitors/Tourists (Families) ▪ Weekend Shoppers
EXISTING CHALLENGES	▪ Insufficient parking ▪ Inadequate public transit on evenings and weekends ▪ Scattered surface parking lots ▪ Pockets with no retail frontage ▪ Increasing rents ▪ Expensive rehab (upper floors)

Table 4
PORTLAND DISTRICT RETAIL STRATEGY
RECOMMENDED RETAIL MERCHANDISING MIX PLAN (2010)

Retail Core

APPROXIMATE BOUNDARIES	Salmon, 9th/10th, Burnside, Stark, Naito
ROLE	Be a Nationally Recognized First Tier Downtown
SIZE AND COMPOSITION OF OPPORTUNITY[xii]	+100,000 to 150,000 SF 80% GAFO 20% Eating and Drinking[xiii]
	Total = 1.5-1.55 M± SF
RECOMMENDED THEME	▪ Upscale, Traditional Retail Center (High Quality Merchants) - Dept. Stores - Fashion-Oriented Uses

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[6] Assumes Galleria is in Retail Core District inventory.

[7] Estimate only. Based on review of AAP retail database; information provided by local retail consultants and windshield surveys.

DESIRED NATURE OF SHOPPING PLACE	▪ Shopping Complexes ▪ Galleria and Department Store Expansion/Upgrade ▪ Street Retail
DESIRED FUTURE LOCATIONAL CONCENTRATION	In addition to existing: ▪ West End of Morrison, Yamhill ▪ Fox Tower ▪ Department Stores and Galleria ▪ Smart Park Garages ▪ Renovated Pioneer Courthouse Square
DESIRED TENANT MIX (by No. of Tenants)[xiv]	20%-30% Local/Regional Tenants 70%-80% National/Brand Tenants
DESIRED MERCHANDISING MIX	**Additional:** ▪ Large Format Apparel ▪ Electronics ▪ Specialty Retail ▪ Renovated & Retenanted Galleria ▪ Dept. Store Expansion *(Emphasis on unique to the market retailers)*
ENHANCEMENTS BENEFITING RETAIL	▪ More public transportation, parking ▪ Downtown Lighting District ▪ Extended and coordinated shopping hours ▪ Wayfinding systems, i.e., signs/banners, information kiosks ▪ Transit mall rehab ▪ Pioneer Courthouse Visitors Center ▪ Street activities, i.e., flower stands, vendors, street performers/artists

1 The lower end of net new retail space recommended, i.e., 350,000± sq.ft., reflects the increase in expenditure potential between 2000 and 2010 projected in KMA's 1998 Portland Downtown Retail Market Analysis. The upper end assumes more optimistic conditions. The allocation of the total new space addition by District and type of retail is based on KMA's assessment of the likely opportunities in each district.

2 GAFO defined as General Merchandise, Apparel, Furniture/Furnishings, Other Specialty Retail.

HISTORIC OLD TOWN/CHINATOWN/SKIDMORE DISTRICT

1. Definition of District

The Historic Old Town/Chinatown/Skidmore District is defined as the area bounded generally by SW Stark and West Burnside Street on the south, SW Broadway on the west, NW Glisan Street on the north and Naito Parkway on the east, as shown on Map 1. This area encompasses the historic origins of downtown and creates a "bridge" across West Burnside Street. Recent public and private investments in the area, including new office and residential development and the construction of the Classical Chinese Garden, are generating more activity in the area now than in the past 30 years. The often-bustling daytime activities and active nightlife scenes are creating opportunities for additional specialty retail and entertainment uses in this emerging area.

2. Existing Retail District Characteristics

District Defining Characteristics

Historic Old Town/Chinatown/Skidmore District is a complex and diverse community. As noted above, the area offers a mix of nightlife/entertainment activities, an enclave of ethnic food and specialties, and a sense of local history and culture. Due to its wide mix of uses, the area attracts both residents in the immediate neighborhood as well as visitors from outside of the region, including tourists and attendees from the Convention Center across the River. Popular activities include shopping at the Saturday Market, where local goods and products made in the Pacific Northwest attracts residents and visitors alike, wandering through the galleries, sampling the variety of ethnic restaurants, viewing the historic architecture, gathering at the Skidmore Fountain and exploring the emerging vibrant nighttime scene in the District. The area is also home to a transient population, who is served by a broad range of social services located in or near the District. There is also increasing interest from creative service firms seeking office space in some of the older buildings in the area.

Thus, the wide diversity of the District creates ample opportunities for new development. The goal of the Merchandising Mix Plan for this District is to support growth while preserving its sense of history and the richness of its diversity.

Retail Inventory

The area is estimated to contain over 550,000 sq.ft.[8] of retail space. The majority of the retail space is in restaurants, galleries, and antique shops; the remainder is in small, local and ethnic specialty retail uses. An estimated 40% of the retail uses are eating and drinking establishments, with a significant number of bars, clubs, and ethnic restaurants. The area is best known at this time, however, for the Saturday Market, which is expanding to year-round activity with the purchase of the Skidmore Building. It is expected that the area will also become known for its Classical Chinese Garden after it opens.

Location Concentrations and Nature of the Shopping Place

There are multiple points of interest within the Historic Old Town/Chinatown/Skidmore District, including: the Saturday Market, the Skidmore Fountain vicinity, New Market Theater (a complex of small specialty retail), Chinatown on NW 4th Avenue, and NW 1st Avenue along the MAX Line. Chinatown, in particular, with the soon-to-be completed Classical Chinese Garden, is projected to attract over 100,000 visitors each year to the area. Because the area has multiple points of interest, it needs a strong focus and linkages that can bring together the disparate array of retail uses in the District.

Tenant Mix, Merchandising Mix and Price Points

The District is dominated by local and regional independent retailers (estimated to comprise 70% to 75% of the total number of retail tenants), with a few national retailers represented in the mix. The keen interest in the Historic Old Town/Chinatown/Skidmore can be attributed to the large number of independent retailers in the area. The local flavor is further highlighted by local arts, crafts, souvenirs and other products made in the Pacific Northwest featured at the Saturday Market, galleries and antique stores in the District. Evening entertainment and the ethnic specialties available in the District also attract strong interest from both visitors and residents. At the present time, however, there is limited convenience retail in this District.

Due to the historic nature of the area, many of the buildings tend to be older and require substantial renovation. Thus, without renovation, they offer a low cost opportunity for small, local entrepreneurs or artists to market their products, most of which are priced at a low to moderate-price level. The affordable pricing of these local merchandises appeals especially to residents and visitors to the area and contributes to the draw of this District.

Primary User Market

The Historic Old Town/Chinatown/Skidmore District draws its support from four major market segments, with some overlap, as follows: (1) tourists, (2) downtown workers, (3) weekend shoppers from the greater Portland Metropolitan Area, and (4) event goers, i.e., to the sports or

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[8] Estimated based on APP's Business Improvement District Program retail database.

convention facilities across the River. Easy access to the District is provided by public transportation such as the Transit Mall, and the MAX Light Rail; however, no data are available at this time on the number of riders that embark/disembark in this District. Gathering such data may be a recommended task for implementation in the next phase.

Challenges of the District

The greatest challenge to the Historic Old Town/Chinatown/Skidmore District is the visual and physical barrier presented by West Burnside Street. The poor quality of the buildings, streets, and uses on West Burnside creates a strong negative first impression on visitors to the area. The wide width of Burnside is also a danger for pedestrians wishing to cross safely and comfortably. Another source of traffic safety concern and frustration is the District's awkward mix of signals and stop signs which are confusing, especially for visitors unfamiliar with the District. As this problem is addressed, it is important to focus on pedestrian safety and access as much as on auto access.

Additionally, while the District has incorporated the needs of the transient population into its development, the presence of this population is a deterrent to some visitors, especially in the evening. Another significant challenge is the impact of transients on the street environment.

Another challenge of the District is the need to create a safe and attractive path to the new Classical Chinese Gardens.

As in the Core District, costly rehab of older buildings, discontinuous retail street frontage, and increasing rents are conditions that impact on the retail viability of the area and need to be addressed.

Development is further hindered by the fragmented property ownership. Parcels in the District are small, with few single large owners. Historic buildings on the parcels are an additional consideration in development of the property. Thus, land assemblage is difficult and costly. Current property owners have not been inclined to sell or to make investments to improve their buildings, given the current lack of a critical mass of residents and foot traffic in the area.

Above all, the District must address the issue of use conflicts between entertainment and residential uses in the area, i.e., noise and parking, which are likely to worsen with the expansion of the District in the future.

3. Recommended Retail Merchandising Mix Plan

Role

The recommended role for the District is to serve as a major entertainment center, providing an opportunity for a gathering of diverse groups of people and activities. As an area for entertainment, it would reinforce the "bridge" concept by bringing together: (1) visitors from both the Convention Center and sports complex across the river and downtown to the south, (2) residents, locally and from throughout the region, during the week and on weekends through events such as First Thursdays and Saturday Market, and (3) local businesses and artisans.

The District would also provide a "one-of-a kind" regional retail experience, serving as a venue for showcasing local talent and products, and thereby becoming a regional destination in its own right. An added dimension is the ethnic markets that the District also serves. The District is directly across from the Japanese Historical Plaza across the Naito Parkway, which is a major destination for Japanese residents and visitors in general. Though limited, the existing Chinatown still serves an important commercial and social role in the Chinese community. With the Classical Chinese Garden in place and a Chinese Community Center under planning, Chinatown can be solidified and enhanced to become a true working and functioning commercial and cultural center for Asians in the Greater Portland Metropolitan Region.

Size and Composition of Opportunity

Given the multi-faceted role of the District, it is anticipated that the area has the potential of adding another 50,000 sq.ft. to 75,000 sq.ft. of retail space, for a total of around 600,000 sq.ft. to 625,000± sq.ft. in the area. It is recommended that the additional retail space include a mix of local specialty retail, neighborhood services and eating and drinking uses.

Recommended Theme

The recommended theme for the District, consistent with its role as a "bridge" between Downtown and the Convention Center across the river, would be entertainment, with local emphasis. A complementary theme is the inclusion of ethnic/Asian specialty retail and Oregon-themed retail, which would add to the richness of the urban experience in this District.

Nature of the Shopping Place

The nature of the retail is expected to be street retail (i.e., along NW 3rd and 4th Avenues), with the exception of Saturday Market, which is clustered under the Burnside Bridge area and around 1st Avenue, Skidmore Fountain area. Certain Saturday market shops are also located now in the Skidmore Building all week.

Future Location Concentrations

This new mix of uses should be concentrated at three locations, with the strongest possible linkage to each other: (1) the Chinatown area generally between NW 3rd and 4th Avenues connecting to the Chinese Classical Garden, (2) the vicinity of the Skidmore Fountain along NW 1st Avenue and the Light Rail, and (3) along SW Ankeny and Ash Streets, to SW 3rd Avenue (Chinatown), connecting to the Chinatown Gate at NW 4th and Burnside. In addition, retail should also be concentrated around each of the three MAX Light Rail Stations, with sufficient intensity to capture the interest of rail passengers, especially those traveling between the Convention Center, downtown, and other destinations to the south and west.

Tenant Mix

The mix of tenants should remain essentially the same as existing, i.e., with about 70% to 75% local/regional independents and 25% to 30% national/brand tenants. It is recommended, however, that a stronger emphasis be placed on attracting national or regional brand restaurants, which are often able to create stronger draw of visitors to an area because of name familiarity.

Merchandising Mix

The types of tenants recommended include a range of small "festive" retail tenants, such as “fun” food (e.g., soda fountains, diners, pretzel shops) and specialty retail (e.g., ethnic and artisan shops, craft workshops, candle shops, kite stores, chocolate factories) that has the ability to entertain and interest visitors rather than merely sell traditional goods. The intent is to create a fun, events-oriented environment and destination for families and a broad range of age groups.

Another type of tenant to be encouraged are restaurants that succeed in taking advantage of the multi-ethnicity of the District to create “special of the house” culinary originals, i.e., by creatively combining or "fusing" together different ethnic and traditional dishes. The area can also benefit from the addition of several large format, national or regional brand types of restaurants, which, because of their more recognizable name and more powerful marketing ability, will be able to attract a broader clientele to the area.

The mix of tenants should also include local neighborhood commercial uses, especially a grocery store and a drugstore, to serve the needs of the emerging residential population in the Yards at Union Station.

Enhancements Benefiting Retail

Key improvements that will likely enhance the retail concept recommended for Historic Old Town/Chinatown/Skidmore include those highlighted by the Task Force:

- Information kiosks and wayfinder signage, especially around the three MAX Light Rail Stations;

- Transit Mall improvements to enhance streetscape, increase pedestrian safety and revitalize retail storefronts;
- Development of “festive” services for visitors, i.e., souvenirs/gifts, food options (i.e. soda fountains), film processing;
- Façade improvement;
- Building lighting;
- Streetscape improvements; and
- Burnside improvements.

TABLE 5

PORTLAND DISTRICT RETAIL STRATEGY
EXISTING DISTRICT RETAIL CHARACTERISTICS (2000)

Historic Old Town/Chinatown/Skidmore

APPROXIMATE BOUNDARIES	Stark/Burnside, Broadway, Glisan, Naito
DISTRICT DEFINING CHARACTERISTICS	▪ Nightlife/Entertainment ▪ Chinatown ▪ MAX line and Transit Mall ▪ Proximity to Convention Center and Rose Quarter ▪ Historic Buildings and Skidmore Foundation ▪ Saturday Market ▪ "Made in Oregon" ▪ New Office and Residential ▪ Galleries ▪ Services for Transient Population
EXISTING RETAIL INVENTORY [9] AND COMPOSITION	Est. 550,000 ±SF[10] 48% GAFO 46% Eating and Drinking 6% Galleries
EXISTING LOCATIONAL CONCENTRATION AND NATURE OF THE SHOPPING PLACE	Multiple Points of Interest but No Single Focus: Saturday Market/Skidmore Fountain, New Market Village, Chinatown on 4th Ave, 1st Ave MAX Line
EXISTING TENANT MIX[11] (By No. of Tenants)	70%-75% Local/Regional Tenants 25%-30% National/ Brand Tenants
EXISTING MERCHANDISING MIX	▪ Evening Entertainment ▪ Restaurants, Food ▪ Local Artists & Products ▪ Ethnic Groceries ▪ Souvenirs
EXISTING PRICE POINTS	Low to Moderate
CURRENT PRIMARY USER MARKETS	▪ Tourists ▪ Downtown Workers ▪ Weekend Shoppers ▪ Event Goers ▪ Nearby Residents
EXISTING CHALLENGES	▪ Burnside Street barrier ▪ Visitor and Shopper compatibility with transient population ▪ Creating attractive path to Classical Chinese Gardens ▪ Fragmented property ownership ▪ Costly rehab of older buildings

[9] Includes GAFO (General Merchandise, Apparel, Furniture/Furnishings, Other) and Food. Estimates based on available date from APP and Norris, Beggs & Simpson. Generally excludes retail and restaurants in hotels. Composition breakdowns are approximate.
[10] Based on APP's Business Improvement District Program retail database.
[11] Estimate only. Based on review of AAP retail database; information provided by local retail consultants and general survey observations.

	▪ Lack of continuous retail frontage ▪ Increasing rents

TABLE 6

PORTLAND DISTRICT RETAIL STRATEGY
RECOMMENDED RETAIL MERCHANDISING MIX PLAN (2010)

Historic Old Town/Chinatown/Skidmore

APPROXIMATE BOUNDARIES	Stark/Burnside, Broadway, Glisan, Naito
ROLE	Be: (4) Entertainment/Arts District Oriented to Convention & Downtown Visitors (5) Host to Saturday Market (6) Asian Marketplace
SIZE AND COMPOSITION OF OPPORTUNITY [12]	+50,000 to 75,000 SF 30% Specialty Retail 30% Neighborhood Commercial 40% Eating and Drinking
	Total = 600,000 – 625,000 ±SF
RECOMMENDED THEME	▪ Entertainment ▪ Asian Specialty Retail and Entertainment ▪ Oregon-themed Retail
DESIRED NATURE OF SHOPPING PLACE	Street Retail (3rd and 4th), with connection to 5th and 6th bus stops.
DESIRED FUTURE LOCATIONAL CONCENTRATION	Three new concentrations, with strong links created: ▪ Chinatown's 4th Ave (Path to Classical Garden) ▪ Skidmore Fountain Vicinity (SW1st along light rail) ▪ E/W link street-Ankeny/Ash
DESIRED TENANT MIX (by No. of Tenants)[13]	70%-75% Local Regional Tenants 25-30% National/Brand Tenants (More Restaurants Emphasis
DESIRED MERCHANDISING MIX	**New:** ▪ Festive (Family-Oriented) Retail/ Entertainment ▪ Ethnic "Fusion" Restaurants ▪ Neighborhood Commercial i.e., grocery stores, drug stores and dry cleaners ▪ Asian Market **Expansion:** ▪ Saturday Market
ENHANCEMENTS BENEFITING RETAIL	▪ Information kiosks and "wayfinder" signage ▪ Transit Mall improvement ▪ Services for visitors, i.e., souvenirs/gifts, food options, film processing ▪ Façade improvements ▪ Building light ▪ Streetscape improvements ▪ Burnside improvements

[12] The lower end of net new retail space recommended, i.e., 300,000± sq.ft., reflects the increase in expenditure potential between 2000 and 2010 projected in KMA's 1998 Portland Downtown Retail Market Analysis. The upper end assumes more optimistic conditions. The allocation of the total new space addition by District and type of retail is based on KMA's assessment of the likely opportunities in each district.

[13] Based on KMA's assessment of each District's existing characteristics and opportunities.

PEARL DISTRICT

1. Definition of District

The Pearl District is loosely defined as bounded by West Burnside Street on the south, I-405 on the west, NW Lovejoy and NW Hoyt Streets on the north, and NW Broadway on the east. Historically an older, industrial area, the District is currently undergoing rapid transformation to a "Soho" of Portland. (See Map 1.) Many of the older warehouses have been converted to housing, commercial, and other non-industrial uses. As the Pearl District grows, its popular locales will continue to attract shoppers and diners to the area. The challenge will be to maintain the charm of the District, which comes from its industrial ambiance combined with trend-setting retail shops and restaurants, and to enhance this unique mix of retail uses while still serving the retail needs of the new residents.

2. Existing Retail District Characteristics

District Defining Characteristics

The District has an eclectic blend of industrial uses and warehouses, many of which have been converted to specialty retail, commercial and residential uses. The mix of specialty retail in the Pearl, which consists of large number of home furniture and furnishing stores (such as Lux Lighting, Blue Pear, French Quarter, What the Wind Blew In), antique stores, garden shops, and galleries, can also be called "lifestyle" retail. In the case of the Pearl, the mix of retail reflects the upscale taste and preferences of the new residential population in the area, which tends to be young, affluent, highly educated, professional single or couple households living in the newly-developed lofts, apartments or condominiums at the northern edge of the District. Support from this new population contributes to the success of uses, such as Powell's Books, in the area. Cultural institutions in the District, such as Pacific Northwest College of Art (PNCA) and Portland Institute of Contemporary Art (PICA), contribute to the District's "Soho" environment.

There are also a number of restaurants in the area, many of them with an ethnic theme. These trend-setting restaurants, as well as the proposed redevelopment of the Brewery Blocks, will continue to appeal both to residents in the area and workers in downtown nearby.

The "Soho" environment of the area and the availability of large, older warehouses for conversion have also attracted several internet companies, multi-media and other creative service firms, the largest of which is the advertising firm of Wieden and Kennedy. It is anticipated that additional creative/high tech service firms will continue to be attracted by the non-traditional lifestyle of the Pearl District as the area expands.

Retail Inventory

The District is estimated to have retail and restaurant space inventory of over 650,000 sq.ft.[14], the bulk of which is in converted warehouse space. This inventory includes retail on both the street and upper levels. The largest, single, stand-alone retail space is Powell's Books, which has just completed its expansion for a total of 68,000 sq.ft. and houses over 600,000 books. The other retail space, such as home furniture and galleries, is typically mid-size; the remainder tends to be smaller, infill spaces along the street fronts.

There are a limited number of retail services catering to residents in the area. However, plans are currently underway to include a specialty food market in the proposed Brewery Blocks.

Location Concentrations and Nature of the Shopping Place

The retail uses in this District are concentrated primarily between three streets: NW Glisan, NW Hoyt, and NW Everett, with a smattering to the south. However, there is no linkage between this retail location cluster and the single, most visible landmark currently existing in the entire District, Powell's Books. It is expected that the Central City Streetcar lines and the development of the Brewery Blocks will focus growth along NW 10th and 11th as well.

Tenant Mix, Merchandising Mix and Price Points

As in the Historic Old Town/Chinatown/Skidmore District, the retail tenants in the Pearl are predominately local or regional, independent tenants who comprise an estimated 70% to 75% of the total retail tenant inventory. They include primarily major destination retail uses, such as books (Powell's), home furnishings, antiques/arts and restaurant establishments. A number of the local tenants, such as Sheepskin of Oregon, Gallery 33, Blue Pear, feature local talents and products. Others, such as French Quarter and Gallery Zen, offer a more international mix of merchandise. Thus, pricing for the goods in the Pearl varies widely, depending on the target clientele, but generally falls in the moderate to high range.

Primary User Market

The primary support for the Pearl District appears to come from residents and workers from within the District as well as from downtown. Residents from the larger metropolitan area are also attracted to the District as a retail destination on weekends. A number of the workers within the District are from 24-hour multi-media/service firms. Thus, these workers, together with the area's residents, are able to provide more after-hours and weekend support for the businesses in the area. To date, visitor support does not appear to be significant in the District.

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[14] Based on the City's 1999 Pearl District Parking Study Business Survey. Excludes retail services, auto-related and other non-GAFO retail. Includes approximately 50,000 to 60,000 sq.ft. of gallery space.

(However, a market support survey is recommended to be included in the work for Phase III, Implementation Strategy for the District, to help better understand the target market for the proposed retail uses so that the specific nature and type of retail can be identified.)

Challenges of the District

As in the Historic Old Town/Chinatown/Skidmore District, West Burnside creates a visually and functionally uninviting "Front Door" into the Pearl. The high speed and volume of traffic also discourage pedestrian crossing between West Burnside and the West End.

Further, with the continued addition of residential units, the increasing residential density and the growing number of visitors attracted to the District, concerns are emerging over the adequacy of parking and the future quality of life in the area. Additional concerns of the residents, as in the Historic Old Town/Chinatown/Skidmore District, are the increasing conflicts between the entertainment and residential uses, i.e., noise and parking, in the Pearl.

As in the other Districts, the costly rehab of older buildings, discontinuous retail street frontages and increasing rents are also challenges that need to be addressed in the Pearl.

3. Recommended Retail Merchandising Mix Plan

Role

The role envisioned for the Pearl District is to become a major trendsetting Lifestyle/"Urban Home and Garden" center for the Portland Metropolitan area. It can also serve a dual role: (1) as the "overflow" area for similar "lifestyle" types of retail uses and trend-setting restaurants/bars from the nearly-built out NW 23rd Avenue retail area further west, and (2) as the area for complementary uses to NW 23rd Avenue when the District is connected to 23rd by the Streetcar. The area, in essence, will become the retail base for supporting the new residential community being created in the vicinity of downtown. This concept — that of creating a new residential environment in close proximity to a major employment center — is one of the key precepts of the “New Urbanism" approach in planning new communities today.

A secondary role of the District is to provide retail services to incubator firms, such as multi-media or creative service start-ups locating in the area. Employers from these firms often generate demand for 24-hour retail services, especially eating establishments, which will increase after-hour activities in the District.

Size and Composition of Opportunity

The rapid transformation of the Pearl District from old industrial to new retail and residential uses is anticipated to continue. Given the existing under-utilization of properties and the strong interest in the area, the District has the potential of substantially increasing its current inventory of specialty retail space. In addition, the estimated 1,200 additional residential units proposed for the District as part of the River District Urban Renewal Plan, will intensify retail demand in the area.

The brunt of this demand will be met in large part by the proposed Brewery Blocks development, which includes plans for more than $250 million of housing, office and retail space (including a grocery store) on five blocks of the old Blitz-Weinhard Brewery. The transformation of these blocks into a major retail/entertainment and upscale residential community will create a key link between the Pearl District, West End, Historic Old Town and the Core Districts. In essence, the Brewery Blocks can potentially have a significant catalytic effect on that part of downtown.

Thus, opportunities exist for development of an estimated 100,000 sq.ft. to 125,000± sq.ft. of specialty retail and eating and drinking plus another 50,000± sq.ft. of neighborhood retail/commercial uses serving residents of the area. Much of the new space is anticipated to be accommodated in the Brewery Blocks development . Thus, the total amount of retail space in the Pearl District by the Year 2010 is projected to be in the 800,000 to 825,000 sq.ft. range. However, once the Brewery Blocks development is successfully established, the District has the potential to significantly increase its share of the overall retail demand in the downtown.

Recommended Theme

The recommended theme for the District is trendsetting, "Lifestyle" retail, with emphasis on uses catering to the Home and Garden, such as home furniture and furnishings, galleries and antiques. The theme can be complemented with "trend-setting" specialty retail and restaurant uses to reinforce the "Soho" image for the area.

Nature of the Shopping Place

In addition to street retail and Powell's Books, the Brewery Blocks will become a major destination place within the Pearl District. The types of uses envisioned in this project, such as entertainment, food and specialty retail, should create a linkage — physical, visual and/or functional — to Powell's Books and to Central City Streetcar stops. The goal is to intensify the synergy and activities created by the proximity of these two powerful anchors so that the benefits can spill far over to the rest of Pearl as well as to the surrounding districts (i.e., West End and Historic Old Town/Chinatown/Skidmore).

Future Location Concentrations

The current concentration of retail between NW Glisan, NW Hoyt and NW Everertt Streets should be extended to NW 10th and 11th as eventual connectors to Powell's Books and the

Brewery Blocks at the southern end of the District. If successful, the 10th and 11th Avenue Streetcar extension can also spill over into the West End District, thereby creating a retail linkage between the two areas.

Tenant Mix

The mix of tenants should remain essentially the same as existing, i.e., with about 70% to 75% local/regional independents. It is recommended, however, that a stronger emphasis be placed on attracting national brand furniture/furnishings tenants appropriate to the market, which typically can draw from a broad, regional base.

Merchandising Mix

It is recommended that local and regional independent tenants continue to be heavily represented in the future tenant mix. However, it is also recommended that the mix include national brand home furniture or furnishing stores. The national/international presence of these uses can help promote, reinforce, and further establish the District as a major, indisputable "Lifestyle" retail destination.

Complementary uses include both existing as well as additional trend-setting restaurants, contemporary art galleries, showroom, and artisan workshops. Resident-serving uses, such as grocery stores, cleaners, print/copy shops, can also contribute to the retail diversity of the District.

Enhancements Benefiting Retail

The District Retail Strategies Task Force recommended a number of improvements to the District, including the following:

- Sidewalk and streetscape improvements with flowerpots, benches, information kiosks, and "way finders" to guide people to the stores;
- Improvement of visual image of parking lots, such as fences at the Post Office complexes;
- Signs and banners to direct pedestrian further into the District from streetcar stops, Powell's and the Brewery Blocks development, in order to connect the streetcar with surrounding retail;
- Lighting appropriate to the District's theme;
- Additional bus service;
- Short-term parking facility; and

- As the Pearl and River Districts grow, improved access via public transit.

TABLE 7
PORTLAND DISTRICT RETAIL STRATEGY
EXISTING DISTRICT RETAIL CHARACTERISTICS (2000)

Pearl

APPROXIMATE BOUNDARIES	Burnside, I-405, Lovejoy/Hoyt, Broadway
DISTRICT DEFINING CHARACTERISTICS	▪ Lifestyle Retail - Powell's Books - Home Furnishing/ Antiques - Art Galleries ▪ Restaurants ▪ Loft Housing & Renovated Warehouses ▪ Entertainment ▪ Pacific NW College of Arts and Portland Institute of Contemporary Arts ▪ On Edge of Major Residential New Growth
EXISTING RETAIL INVENTORY[15] AND COMPOSITION	Est. 650,000 ±SF[16] 80% GAFO 12% Eating and Drinking 8% Galleries
EXISTING LOCATIONAL CONCENTRATION AND NATURE OF THE SHOPPING PLACE	Glisan, Hoyt, & Everett
EXISTING TENANT MIX[17] (By No. of Tenants)	70%-75% Local/Regional Tenants 25%-30% National/ Brand Tenants
EXISTING MERCHANDISING MIX	▪ Destination Retail: Books (Powell's) ▪ Home Furnishings, Antiques ▪ Art ▪ Restaurants
EXISTING PRICE POINTS	Moderate to High
CURRENT PRIMARY USER MARKETS	▪ District Workers ▪ Nearby Residentsy ▪ Downtown Workers ▪ Weekend Shoppers
EXISTING CHALLENGES	▪ Burnside Street barrier ▪ Negative image of Burnside as "Front Door" to District ▪ Insufficient street parking and street lighting ▪ Meshing of entertainment with residential (noise) ▪ Costly rehab of older buildings ▪ Lack of continuous retail frontage ▪ Increasing rents

[15] Includes GAFO (General Merchandise, Apparel, Furniture/Furnishings, Other) and Food. Estimates based on available date from APP and Norris, Beggs & Simpson. Generally excludes retail and restaurants in hotels. Composition breakdowns are approximate.
[16] Based on the City's 1999 Pearl District Parking Study Survey, excludes retail services and auto related uses.
[17] Estimate only. Based on review of AAP retail database; information provided by local retail consultants and general survey observations.

TABLE 8
PORTLAND DISTRICT RETAIL STRATEGY
RECOMMENDED RETAIL MERCHANDISING MIX PLAN (2010)

Pearl

APPROXIMATE BOUNDARIES	Burnside, I-405, Lovejoy/Hoyt, Broadway
ROLE	Be: 4. Trend-setting Lifestyle Retail Hub for Metro Area 5. "Trendy" Restaurant/Bar Area 6. 24-Hour Creative Services (Multi-Media).Com Incubator Area
SIZE AND COMPOSITION OF OPPORTUNITY [18]	+100,000 to 125,000 SF 60% Specialty Retail 40% Eating and Drinking +50,000± of Neighborhood Commercial/Eating and Drinking **Total = 800,000 – 825,000 ± SF**
RECOMMENDED THEME	▪ Trend-Setting Lifestyle (Home & Garden) - with national and regional brand home furnishings
DESIRED NATURE OF SHOPPING PLACE	▪ The Brewery Retail Complex ▪ Street Retail ▪ Rehabbed Warehouse Retail
DESIRED FUTURE LOCATIONAL CONCENTRATION	In addition to existing: 10^{th} & 11^{th} as north/south connectors of Powell, Blitz, Glisan, and Everett
DESIRED TENANT MIX (by No. of Tenants)[19]	70%-75% Local/Regional Tenants 25%-30% National/Brand Tenants (More Home Furnishings Emphasis)
DESIRED MERCHANDISING MIX	**Expansion:** ▪ Home Furniture/ Accessories/Furnishings ▪ Trend-Setting Restaurants ▪ Contemporary Art Galleries ▪ Neighborhood Commercial, i.e., grocery stores, cleaners, print copy shops, etc.
ENHANCEMENTS BENEFITING RETAIL	▪ Sidewalk and streetscape improvements with flowerpots, benches, information kiosks, and "way finders" ▪ Improvement of visual image of parking lots ▪ Signs and banners ▪ Lighting appropriate to District theme ▪ Additional bus service ▪ Improved access via public transit ▪ Short-term parking facility

[18] The lower end of net new retail space recommended, i.e., 350,000± sq.ft., reflects the increase in expenditure potential between 2000 and 2010 projected in KMA's 1998 Portland Downtown Retail Market Analysis. The upper end assumes more optimistic conditions. The allocation of the total new space addition by District and type of retail is based on KMA's assessment of the likely opportunities in each district.

[19] Based on KMA's assessment of each District's existing characteristics and opportunities.

WEST END/CROSSROADS AND CULTURAL DISTRICTS

The overall West End District is generally defined by West Burnside on the north, I-405 to the west, SW Market Street on the south, and SW 9th on the east. It overlaps the Retail Core District along its northeastern edge. The West End actually is comprised of two distinct subdistricts: Cultural (south end) and Crossroads (north end). The boundaries of these subdistricts are shown on Map 1.

Each of the subdistricts within the West End is characterized by a different type of land use and serves a different function. For example, the Crossroads area is at the only 100% light rail corners in the City where it intersects with the Central City Streetcar. It is also at the west end of the Fareless Square. Additionally, it has extraordinary auto access. The Cultural area is the center of the City's major cultural facilities, including the Oregon History Center, Portland Center for the Performing Arts, Portland Art Museum, and the Central Library. The rest of the West End is predominately residential, housing downtown employees, retirees as well as the student population from Portland State University nearby.

The focus of the West End Retail Merchandising Mix Plan is on the Crossroads and Cultural Subdistricts, where a clear, well-defined retail image or theme has yet to be defined.

The following sections describe the existing retail characteristics in the Crossroads and Cultural areas and the recommended retail concept for each in the future.

West End Crossroad Subdistrict

1. Definition of Subdistrict

The Crossroad Subdistrict is located at the northern end of the West End, bounded generally by Salmon Street, SW 13th Avenue, West Burnside Street and SW 9th Avenue. As discussed above, this area is served by the MAX light rail, the Central City Streetcar, local buses, and private autos. The intersection of these lines bisect the district into a number of sub-quadrants (see map). As a result of this fragmented street fabric, there is no cohesive use pattern in this area and few, if any, pedestrian amenities. The goal of the Retail Merchandising Mix Plan is to weave the disparate retail elements of this Subdistrict together into the overall urban fabric of the downtown and, in the process, define a retail form and purpose for the area.

2. *Existing Retail Characteristics*

Subdistrict Defining Characteristics

Due to its overlap with the Retail Core and the Pearl District, the West End Crossroads Subdistrict is often viewed as a transitional area between these two major areas of activities. As such, it is the breeding ground for a wide variety of uses. Existing uses in the area are highly mixed, ranging from telecommunication companies to apparel, home furnishings, other specialty retail and retail services. Though not as trend-setting as the Pearl, this area is also home to a large number of restaurants featuring Pacific Northwest specialties, such as Jake's Grill and South Park, and ethnic cuisine, such as Bush Garden and Suriya. The area also has a heavy concentration of bars and clubs at the north end. Other uses in the area include a mix of antiques, art galleries, home furnishings, toys and gifts, and beauty/barber shops. The distinguished Heathman Hotel, with its well-known restaurant, is also a major landmark that serves the subdistrict.

The area is also distinguished by its mix of building "styles", which has multi-level architecturally interesting structures alongside single level, non-descript, newer buildings. In addition, the street frontages are often interrupted by surface parking lots so that the retail flow is significantly discontinuous.

Retail Inventory

Although there are a large number of specialty retail uses in the Crossroads area, they are primarily small tenants. The larger tenants are generally restaurants. The estimated total retail space inventory in this area is between 150,000 sq.ft. to 200,000 sq.ft.[20], all on the street level. (The Galleria is included in the Core District square footage.)

Location Concentrations and Nature of the Shopping Place

In general, retail uses such as apparel, specialty retail and restaurants, are concentrated along SW Morrison Street and SW 9th Avenue, from SW Alder and SW Taylor Streets, which are busy arterials with little pedestrian amenities. However, there is one street segment — SW Morrison between SW 9th and 11th — which offers a nice cluster of quality retail and a pedestrian-oriented streetscape environment not typically found in this Subdistrict.

Tenant Mix, Merchandising Mix and Price Points

The types of goods offered in this Subdistrict vary from value retail to eclectic, or "edge", retail, priced generally in the moderate range. As expected, the area is dominated by local

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[20] Estimated based on APP's Business Improvement District retail database.

businesses that prefer the lower rents in this area as opposed to retail space in the Core. An estimated 90% to 95% of the existing number of retail tenants are local or regional tenants. The remaining 5% to 10% are estimated to be national or brand tenants.

Primary User Market

Primary users include office workers downtown, close-in residents and visitors to the Civic Stadium who are attracted by the eclectic mix of edge retail and restaurants in the area.

Challenges of the Subdistrict

A major challenge is to convert the Galleria into a positive force for the West End Crossroads Subdistrict. The limited tenancy of the Galleria has impacted the perceived economic viability of the area. The recommended renovation and retenanting of the Galleria , i.e., with large format and/or national/regional brand retail tenants, will provide an opportunity to restore investor confidence in the area. The challenge for the Subdistrict is to find ways to leverage the future success of the Galleria (if achieved) in the overlapping Core District, such as upgrading the façade of the 10th and Yamhill Garage nearby.

As in the other retail districts, another challenge is the visual and physical barrier created by the Burnside Triangle which affects both the image and the traffic and pedestrian circulation at the intersection of this District with the Pearl District.

A third challenge of the Subdistricts is the costly rehabilitation required of the older buildings, which often leads to increased rents.

Additional challenges, as in the other Districts, are the interrupted retail street frontage and the increasing rents in the area which impact the retail viability of the area.

Above all, the dispersed land ownership — with no dominant private landowners and a significant number of non-profit owners, such as the First Presbyterian Church, United Way, and YWCA — creates a layer of complexity in coordinating any major development activities in the area, i.e., assembling land for a project, establishing a Business Improvement District, achieving consensus of future District goals, etc.

3. Recommended Retail Merchandising Mix Plan

Role

The recommended role for the West End Crossroad Subdistrict is to provide "incubator" space for new, local start-ups, capitalizing on the area's downtown location, its proximity to the Core, Cultural and Pearl Districts, its access to the streetcar network, and the still relatively lower costs of the area. In this sense, the area would continue to function as a "crossroad" between the various retail concentrations in the Downtown Core and the Pearl Districts by providing the missing retail links needed to connect these other areas.

Size and Composition of Opportunity

The Crossroads Subdistrict has a number of underutilized or vacant properties. If development opportunities can be successfully marketed, the area has the potential of increasing its current inventory of retail space by an estimated 50,000 sq.ft. to 75,000± sq.ft. to a total of 250,000 to 275,000 sq.ft., with the bulk of the space tenanted by small, local retailers. It is anticipated that the Subdistrict will be able to attract large and/or national/regional brand tenants at strategic and/or high profile locations, such as the Galleria, at this time.

Recommended Theme

The recommended theme should continue to be a mix of eclectic local specialty retail, with an emphasis on "incubator" or start-up retail uses, services and restaurants.

Nature of the Shopping Place

Including the Galleria, the retail should remain street retail, with infills concentrating along SW 10th and 11th Avenues and along the existing retail/restaurant row on SW Morrison Street and SW Alder Street.

Future Location Concentrations

In addition to street retail, i.e., SW 9th and 11th Avenues between SW Taylor and Alder, SW Morrison Street, and SW Alder between SW 11th and 12th Avenue ("Singer Block"), another potential retail concentration would be the site of the Federal Reserve Building. The Federal Reserve Building is strategically located near the northern junction between the West End Crossroads Subdistrict and the Burnside Triangle. Currently, the Building is set back with a surface parking lot abutting the SW 10th Avenue frontage. Part of the Federal Reserve Bank site could be developed with wraparound retail or other use, such as a museum, to:

1. Provide interest at the street level for pedestrians,

2. Create a major retail anchor at the north end of the Subdistrict to energize the Subdistrict, and

3. Provide a continuous retail frontage along 10th between the Crossroads and the Burnside Triangle, which would serve as a link between the West End and the Pearl District.

An additional node of retail activities is the Smart Park Garage on 10th Street, which could offer relatively inexpensive retail space with convenient parking access which could also strengthen the existing retail in the area.

Tenant Mix

The mix of local versus national tenants (exclusive of the Galleria) is recommended to remain relatively the same (i.e., 90% to 95% local/regional tenants and 5% to 10% national/brand tenants), as this area is anticipated to provide opportunities for entry or "incubator" types of retail tenants, which are primarily local/regional independents.

Merchandising Mix

The recommended merchandising mix should be an expansion of the retail/restaurant uses currently along SW Morrison Street, the boutique uses between SW 11th and 12th Avenue on Alder ("Singer" block), and the cutting "edge" retail uses, bars and clubs in the vicinity of the Burnside Triangle. These are the strongest retail uses in the Subdistrict and should be built on to create a sufficient mass of retail interest in the area. Other retail uses, such as electronic stores, can also add diversity to the mix.

Enhancements Benefiting Retail

Among the enhancements recommended by the DRC Task Force for West End are the following:

- More short-term, visitor parking;
- Elimination of surface parking lots, which are disruptive to pedestrian flows;
- Attractions (sign/banners, information kiosks, etc.);
- Sidewalk Cafes, flowerpots, benches, vendors along 10th and 11th;
- Organization of diverse interest groups in the District to represent a single, unified voice; and
- Establish links with the Streetcar and MAX.

West End Cultural Subdistrict

1. Definition of Subdistrict

This Subdistrict is defined generally as the area in the southern portion of West End, bounded by SW Market Street on the south, SW 12th Avenue on the west, SW Salmon Street on the north, and SW Broadway on the east. As the cultural center of the City, the area generates substantial foot traffic. The exception is the south end of SW 10th where the blocks are relatively longer and thus appear rather foreboding and unfriendly to pedestrians. Regardless, at the current time, there is little retail and amenities in this Subdistrict to attract and retain visitors to facilities in the area.

2. Existing Retail Characteristics

District Defining Characteristics

This Subdistrict is dominated by cultural and civic uses, including the Multnomah County Central Library, the Portland Art Museum, the Portland Center for the Performing Arts, Schnitzer Concert Hall, and the Oregon Historical Society. The Heathman Hotel and restaurant is a notable landmark serving this Subdistrict. The area also has a number of churches in or at its periphery, including the First Unitarian Church, St. James Lutheran Church and the 6th Church of Christ Scientist. It is also in close proximity to the Portland State University (PSU). All these resources draw visitors to the area.

However, these facilities are not centralized and thus lack the synergy and critical mass needed to truly establish the area as a nationally recognized destination of arts and culture.

Retail Inventory

The area has an estimated 100,000 sq.ft.[21] of retail space at the present time, consisting of the Safeway store, some small food and specialty retail uses catering to the PSU students nearby, and gift shops and bookstores at several of the cultural facilities in the District.

Location Concentrations and Nature of Shopping Place

There are a few scattered retail uses along 10th and the Park Blocks, in the vicinity of PSU, and within the cultural facilities. Otherwise, retail uses in the area are minimal and discontinuous.

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[21] Estimated only. No actual survey data available.

Tenant Mix, Merchandising Mix and Price Points

An estimated 90% to 95% of the retail tenants are local and regional tenants. National tenants, the major of which is Safeway, comprise the remaining 5% to 10%.

The few food and retail uses in the area are targeted primarily at the student and retiree populations nearby and thus tend to be at the moderate end of the price range. There are a limited number of book and gift shops associated with the museum and other facilities, which tend be at the higher end of the range.

Primary User Market

The area generally consists primarily of tourists, such as visitors to the cultural and civic facilities and churches in the Subdistrict, students and residents. This could change when the Central City Streetcar begins operations in Spring 2001.

Challenges of the Subdistrict

The major challenge in this Subdistrict is to create sufficient and continuous retail mass and amenities so that it becomes an exciting, vibrant, and interactive destination for visitors to the area. An area requiring special attention is SW 10th Avenue, where a combination of retail clusters and urban design may be needed to visually and functionally break up the long, uninviting block frontages at its south end. The retail clusters can also serves as links to the various facilities in the Subdistrict.

The area suffers at present from insufficient parking. Other challenges include the increasing commercial rents in the District, which impact on the viability of many of the existing uses, and the prohibitive costs of rehabbing/upgrading the older buildings in the District.

3. Recommended Retail Merchandising Mix Plan

Role

The area will reinforce and affirm its role as the cultural center of the region. Retail uses will complement and serve the existing cultural/civic uses.

Size and Composition of Opportunity

Until there is a significant increase in the number of visitors to the area, the amount of retail uses is expected to remain nominal, with a slight addition of specialty retail and food by Year 2010.

Recommended Theme

The recommended theme for the Subdistrict is specialty retail uses complementary to the cultural/civic uses in the area, such as bookstores and gift shops and supportive entertainment uses such as sidewalk cafes and restaurants catering to the arts and cultural crowd.

Nature of the Shopping Place

Retail in this area should remain primarily street retail, although there may be a few clusters in the vicinity of the more active cultural/civic facilities, such as the Performing Arts Center and the Library.

Location Concentration

Additional retail in the future should concentrate on the Park Block "spine" connecting most of the cultural facilities to the rest of West End and to downtown. Thus, this retail concentration should extend from 10th to Broadway.

Tenant Mix

The tenant mix recommended is to maintain a high proportion of local/regional independent tenants (i.e., 90% to 95%) relative to national/brand tenants (5%-10%).

Merchandising Mix

The merchandising mix should remain primarily local, with a mix of sidewalk cafes, boutique hotels, restaurants featuring local "chef" talents, art galleries and shops featuring local artists, and possibly the addition of some small performing arts venue, i.e., "Off-Broadway" concepts. The purpose is to create a variety and mix of retail that would add interest and excitement to the area.

Enhancements Benefiting Retail

Enhancements that would support the retail concept for this District, as recommended in the Phase I District Retail Strategies Report, include the following:

- "Kid-oriented" area between library and museums;
- Sidewalk cafes, street artists, food and flower stands; and
- Streetcar links.

Remainder of West End District

For the remainder, or southern portion, of the West End — which is predominately residential — the retail concept is clear. The area currently lacks local-serving retail; thus, the Retail Merchandising Mix Plan for this area recommends City support and encouragement of additional convenience retail uses in the Subdistrict, such as food, drugs, and services to support the local residential population. Planning is underway for the development of a neighborhood center anchored by a 40,000 sq.ft. Safeway Store at Jefferson Street, SW 10th and 11th Avenue. Additional local-serving retail uses at this location will help to transform this center into a major convenience retail destination for residents in the area. The nature and timing of the City support will be addressed in the Implementation Plan to be prepared in the next phase, Phase III, for this Subdistrict.

TABLE 9
PORTLAND DISTRICT RETAIL STRATEGY
EXISTING DISTRICT RETAIL CHARACTERISTICS (2000)

West End/Crossroads and Cultural Districts[22]

APPROXIMATE BOUNDARIES	**Crossroads** (Yamhill, 12th, Burnside, 9th/10th)	**Cultural** (Jefferson, 11th, Yamhill/Salmon, Broadway)
DISTRICT DEFINING CHARACTERISTICS	▪ Adjacency to Retail Core and Pearl ▪ Local Specialty Tenants (Eclectic) ▪ Ethnic Restaurants-“Restaurant Row” ▪ Street Car Line Under Construction ▪ Governor Hotel	▪ Portland Art Museum, Oregon Historical Society ▪ Churches ▪ Proximity to PSU ▪ Residential ▪ Heathman Hotel ▪ Portland Center for the Performing Arts (PCPA)
EXISTING RETAIL INVENTORY[23] AND COMPOSITION	Est. 200,000± SF[3,4] 57% GAFO 35% Eating and Drinking 8% Galleries	Est. 100,000± SF[24] Est. 95% GAFO 5% Eating and Drinking
EXISTING LOCATIONAL CONCENTRATION AND NATURE OF THE SHOPPING PLACE	Street Retail: Morrison from 9th to 11th, 10th from Alder to Taylor, Yamhill from Park to 10th and Burnside Triangle	Street Retail: Broadway to 10th and along the Park Blocks
EXISTING TENANT MIX[25] (By No. of Tenants)	90%-95% Local/Regional Tenants 5%-10% National/Brand Tenants	90%-95% Local/Regional Tenants 5%-10% National/Brand Tenants (Safeway)
EXISTING MERCHANDISING MIX	▪ Eclectic Tenant Mix ▪ Destination Retail: Finnegan’s; Real Mother Goose; Art Media ▪ Thrift, 2nd Hand	▪ Convenience Store/Safeway Grocery ▪ Oregon Historical Society and Portland A Museum Bookstores and Gift Shops
EXISTING PRICE POINTS	Moderate	Moderate
CURRENT PRIMARY USER MARKETS	▪ West End Residents ▪ Downtown Workers ▪ Event Goers (especially Civic Stadium)	▪ Event Goers ▪ Restaurant Goers ▪ Residents
EXISTING CHALLENGES	▪ Conversion of Galleria into a positive force ▪ Upgrade of 10th and Yamhill Garage ▪ Burnside Street as barrier ▪ Costly rehab of older buildings ▪ Dispersed land ownership ▪ Lack of continuous retail frontage ▪ Increasing rents	▪ Insufficient parking ▪ Lack of retail mass and linkages ▪ Costly rehab of older buildings ▪ Lack of continuous retail frontage ▪ Increasing rents

[22] These districts are in addition to the residential neighborhood in the southern portion (the remainder) of West End.
[23] Includes GAFO (General Merchandise, Apparel, Furniture/Furnishings, Other) and Food. Estimates based on available date from APP and Norris, Beggs & Simpson. Generally excludes retail and restaurants in hotels. Composition breakdowns are approximate.
[24] Estimate only. No survey data available.
[25] Estimate only. Based on review of AAP retail database; information provided by local retail consultants and general survey observations.

TABLE 10
PORTLAND DISTRICT RETAIL STRATEGY
RECOMMENDED RETAIL MERCHANDISING MIX PLAN (2010)

West End/Crossroads and Cultural Districts[26]

APPROXIMATE BOUNDARIES	**Crossroads** Salmon, 13th, Burnside, 9th/10th	**Cultural** Market, 12th, Salmon, Broadway
ROLE	Be: 3. Downtown Location for New Local Tenants 4. Crossroads for Pearl and Core Districts	Be a Complementary Retail District Supporting Cultural Uses
SIZE AND COMPOSITION OF OPPORTUNITY[27]	+50,000 to 75,000 ±SF 50% Specialty Retail 50% Eating and Drinking	Minor Addition 70% Eating and Drinking 30% Specialty Retail
	Total = 250,000 – 275,000 ±SF	**Total = 100,000 + SF**
RECOMMENDED THEME	▪ Eclectic, Local and Ethnic Retail and Restaurants	▪ Cultural-Oriented Specialty Retail (including gift shops and bookstores) and Small Cafes/ Restaurants
DESIRED NATURE OF SHOPPING PLACE	▪ Street Retail (10th & 11th, Morrison, Alder	▪ Street Retail connecting with 10th and Park Blocks ▪ Vicinity of Safeway
DESIRED FUTURE LOCATIONAL CONCENTRATION	Reinforce: ▪ 10th & 11th (Taylor to Alder) ▪ Morrison Street ▪ "Singer" Boutique Row ▪ Federal Reserve Building Site Rehab/Reuse ▪ Streetcar Stops	Reinforce: Broadway to 10th along Park Blocks
DESIRED TENANT MIX (by No. of Tenants)[28]	90%-95% Local/Regional Tenants 5%-10% National/ Brand Tenants	90%-95% Local/Regional Tenants 5%-10% National/ Brand Tenants (Safeway)

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[26] These districts are in addition to the residential neighborhood in the southern portion (the remainder) of West End.

[27] The lower end of net new retail space recommended, i.e., 350,000± sq.ft., reflects the increase in expenditure potential between 2000 and 2010 projected in KMA's 1998 Portland Downtown Retail Market Analysis. The upper end assumes more optimistic conditions. The allocation of the total new space addition by District and type of retail is based on KMA's assessment of the likely opportunities in each district.

[28] Based on KMA's assessment of each District's existing characteristics and opportunities.

TABLE 10 (continued)

APPROXIMATE BOUNDARIES	**Crossroads** Salmon, 13th, Burnside, 9th/10th	**Cultural** Market, 12th, Salmon, Broadway
DESIRED MERCHANDISING MIX	**Expansion:** ▪ Signature and Trendy Restaurants on Morrison Street ▪ Upscale Boutique Retail on “Singer Block” ▪ Cutting Edge Retail (Burnside Triangle, which holds a lot of entertainment venues) ▪ Electronics	**New:** ▪ Sidewalk Cafes ▪ Boutique Hotels ▪ “Chef” Restaurants ▪ Art Galleries/Shops ▪ Small Performing Arts Venues
ENHANCEMENTS BENEFITING RETAIL	▪ More short-term, visitor parking ▪ Elimination of surface parking lots ▪ Attractions (sign/banners, information kiosks, etc.) ▪ Sidewalk amenities, i.e., flowerpots, benches, vendors along 10th and 11th, etc. ▪ Organization of diverse interests in District. ▪ Establish links with streetcar and MAX	▪ “Kid-oriented” area between Library and museums ▪ Sidewalk amenities, street artisans, food and flower vendors, etc. ▪ Streetcar links

RECOMMENDATIONS AND IMPLEMENTATION

Recommendations

Key implementation actions that have been identified by the consultant at this time include the following:

Overall

- Conduct a consumer intercept survey in each of the four retail districts to provide better understanding of the origin and nature of the existing market support segments so that the types of retail targeted can be matched more closely to retail demand.

- Incorporate into appropriate existing web sites to (1) promote Portland as "one of the top 10 places in the U.S. to do business"; (2) provide pertinent information to businesses considering potential location or relocation to Portland; and (3) provide resource links to other web sites for new or existing businesses seeking assistance.

- Coordinate with the West End Vision Plan and Portland Department of Transportation (PDOT) to advocate for retail recommendations to develop a comprehensive solution to the Burnside Triangle issue. The complexity of the issue, which involves traffic circulation, pedestrian safety, urban design, land use, etc., requires a multi-disciplinary approach that takes into consideration the diverse needs of multiple interest groups.

- APP to explore the possibility of including into the Clean and Safe Program those blocks within the districts which are not currently part of the Program but which are part of the overall downtown.

- Reexamine and amend, as needed, existing plan and zoning designations in the districts to ensure that they are consistent and supportive of the recommended retail concept for the area.

- Identify a major pedestrian spine that enhances and reinforces the retail concepts recommended in this Report, i.e., links together the major retail location concentrations in each district; links the retail concentrations to the major transit stops within the district. Plan elements should include streetscape, benches, street lighting, signage, banners and other wayfinding systems, and other design amenities.

- Develop a downtown parking plan to anticipate future demand. Also explore with the appropriate public transit providers the possibility of upgrading weekend services.

- Initiate exploratory discussions with the City regarding the upgrading of street level retail in the Smart Garages downtown. Most of these garages are strategically located such that the proper retenanting of the space can add to the synergistic retail mix of the district. In addition, the garages can be improved to attract more utilization, i.e., by adding more lights, security, etc. and by creating promotional linkages to downtown stores, events and other activities.

- Establish a retail database to track, monitor, and periodically analyze changes in retail inventory and tenancy. The purpose is to provide City with the capacity to intervene early before a district's economic health is impacted, for example, by identifying early the need of existing tenants for expansion space.

Core District

- Continue discussions with department stores regarding their upgrade, expansion and/or relocation plans.

- Continue to work with the Galleria on the renovation and retenanting of the building.

- Transit mall rehabilitation.

- Extended hours for MAX and bus service for evenings and weekends.

Historic Old Town/Chinatown/Skidmore

- Encourage more activities and new development complementary to Chinatown in the vicinity of the Chinatown Gate at West Burnside.

- Encourage continuous retail frontage along NW Everett Street to connect the MAX Station stops with the Chinese Classical Garden and Chinatown.

- Increase efforts to promote the adopted Old Town/Chinatown Development Program.

- Fix Burnside.

Pearl District

- Identify potential site(s) for clustering of neighborhood service uses.

West End District

- Expand Morrison Street and Alder Street by encouraging the addition of retail uses similar or complementary to those existing.

- Organize the diverse interest groups in the District to represent a single, unified voice.

- Work with existing cultural facilities and nearby retailers to organize events and programs to promote the district as a whole.

- Initiate discussion with the Federal Reserve on the potential reuse of part of its site fronting on SW 10th Street.

The above actions represent a sample of the key strategies that can potentially be considered for implementation in the near term. Additional strategies and details on implementation will be developed in the Implementation Phase of this three-phase effort.

Implementation

The Implementation Plan will comprise the third component of Portland Downtown's District Retail Strategies. The key elements of the Plan, when complete, will include the public and private actions needed, the approximate time frame, the resources available, and the lead entity and others required to implement the district retail strategies proposed in this Phase II Report. A complete Plan will be developed subsequent to the release of this report.

Key strategies and actions to be articulated will be linked to retail developments. Each action will have a role in assuring the continued growth of the independent retail base that currently exists and that supports the retail concept recommended for the specific district. The goal is to encourage the most appropriate retail mix in each district and in downtown overall.

It is recommended that an advisory committee be formed to work with PDC staff, APP, the DRC, and other experts in formulating the Implementation Plan. It is further recommended that property owners, businesses, residents, brokers and other stakeholders participate on the advisory committee to provide public input to the Plan. The collaboration among APP, PDC and the DRC will continue during the implementation, with APP taking the lead.

Limiting Conditions to Projections, Conclusions, and Recommendations

Keyser Marston Associates, Inc. (KMA) has made extensive efforts to confirm the accuracy and timeliness of the information contained in this document. Such information was compiled from a variety of sources deemed to be reliable including state and local government, planning agencies, real estate brokers, and other third parties. Although KMA believes all information in this document is correct, it does not guarantee the accuracy of such and assumes no responsibility for inaccuracies in the information provided by third parties. Further, no guarantee is made as to the ultimate retail development in each of the Retail Districts as herein described as it is not possible to project with accuracy the future economic conditions which may affect the balance of supply and demand in each of these Districts.

The accompanying projections and analyses are based on estimates and assumptions which were developed using currently available economic data, project specific data and other relevant information. It is the nature of forecasting, however, that some assumptions may not materialize and unanticipated events and circumstances may occur. Such changes are likely to be material to the projections and conclusions herein and, if they occur, require review or revision of this document.

APPENDIX – DISTRICT RETAIL MAPS

Retail Districts (overall)
Retail Core District
Historic Old Town / Chinatown / Skidmore District
Pearl District
West End / Crossroads
Cultural District

[i] These districts are in addition to the residential neighborhood in the southern portion (the remainder) of West End.

[ii] Includes GAFO (General Merchandise, Apparel, Furniture/Furnishings, Other) and Eating and Drinking. Estimates based on available data from APP and Norris, Beggs & Simpson. Generally excludes retail and restaurants in hotels. Composition breakdowns are approximate.

[iii] Assumes Galleria is in Retail Core District inventory.

[iv] Based on APP's Business Improvement District Program retail database.

[v] Based on the City's 1999 Pearl District Parking Study Survey, excludes retail services and auto related uses.

[vi] Estimate only. No survey data available.

[vii] Estimate only. Based on review of APP retail database; information provided by local retail consultants and windshield surveys.

[viii] These districts are in addition to the residential neighborhood in the southern portion (the remainder) of West End.

[ix] The lower end of net new retail space recommended, i.e., 350,000± sq.ft., reflects the increase in expenditure potential between 2000 and 2010 projected in KMA's 1998 Portland Downtown Retail Market Analysis. The upper end assumes more optimistic conditions. The allocation of the total new space addition by District and type of retail is based on KMA's assessment of the likely opportunities in each district.

[x] GAFO defined as General Merchandise, Apparel, Furniture/Furnishings, Other Specialty Retail.

[xi] Based on KMA's assessment of each District's existing characteristics and opportunities.

[xii] The lower end of net new retail space recommended, i.e., 350,000± sq.ft., reflects the increase in expenditure potential between 2000 and 2010 projected in KMA's 1998 Portland Downtown Retail Market Analysis. The upper end assumes more optimistic conditions. The allocation of the total new space addition by District and type of retail is based on KMA's assessment of the likely opportunities in each district.

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