The fate of downtown

Business leaders worry about competition from new Parole complex, mall

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Competition from new developments at the edge of the city will pose a serious threat to downtown unless merchants do more to market the area, several city and business leaders said last week.

"The competition is real, but it's not something to be afraid of," said Bob Burdon, president and chief executive officer for the Annapolis and Anne Arundel County Chamber of Commerce. "They cannot just sit there and say this is the way we've always done it. What that will do is lead to the decline of the downtown area."

Mayor Ellen O. Moyer also predicted changes on the horizon.

"We are special, but there will indeed be challenges," she said.

The warnings come in the wake of what city officials call unprecedented competition from the $400 million Annapolis Towne Centre at Parole complex set to open next October with upscale shops, restaurants and condos. The Westfield Annapolis mall is
undergoing a more than $100 million expansion that includes 1,000 new parking spaces and 60 new specialty shops opening in November.

Although many argue the city has remained vibrant as Parole Plaza and other shopping destinations opened, city officials said the new developments create a double whammy for the city. And a move by the mall to offer storefront space to downtown businesses during the holidays has created even more of a threat, said Mike Miron, the city's economic development director.

"They are going after some of our businesses with these pie-in-the-sky temporary leases," he said.

Analysts said Annapolis isn't alone. The dilemma facing downtown is playing out in cities across the country, with the growing trend of "lifestyle centers," pedestrian-friendly retail developments offering shopping and entertainment.

"You can see this in every city," said Eugene Fram, professor of marketing at Rochester Institute of Technology in New York. Consumers "have more buying options than they've ever had before."

Focus on uniqueness

Joseph Cater, president of Market-Economics in Annapolis, said new development has already hurt businesses in other port cities. Annapolis must re-emphasize its uniqueness in the midst of more shopping choices and changing market dynamics, Dr. Cater said.

"I think the (status quo) used to work in the 1950s and 1960s in the good-old days but this is not the good-old days," Dr. Cater said.

The historic waterfront city of Newport, R.I., is a similar city that found itself in a similar situation. Newport has tackled the competition with a multipronged approach, said Keith Stokes, executive director of the Newport County Chamber of Commerce, which acts as the economic development planning arm for the city.

The chamber assists local merchants with their streetscape and business planning and works to make sure major retail developments are connected to downtown by a public transit system with water taxies, bus shuttles, motor coaches and bike and walking paths.

"The key is we have the new city and the old city and we connect the two through inter-modal transit," Mr. Stokes said. "It makes perfect business sense."
Newport's 1,300-member chamber also has encouraged merchants to implement uniform hours and consistent parking, something that will keep he said.

"Many times as customers, we walk in downtown merchant areas and it’s hit or miss, or to be fair, it becomes a bit eclectic," Mr. Stokes said. "What we tell merchants is what you need to do is focus on what you can control."

In Charleston, S.C., another historic waterfront city, officials launched a $21 million streetscape project in 2000 to repave streets, install new streetlights and place utilities underground so "no wires are crossing the street," said Sharon Brennan, the city's economic development director. To ensure the city has the right retail mix, Charleston brought in a well-known retail consultant to analyze parts of the city including King Street, a main corridor.

Charleston is also encouraging merchants to extend shopping hours at least one night a week through the holiday season and then through the year, she said.

Clare Vanderbeek, who was recently hired as executive director of the Annapolis Business Association, said she would like city merchants to stay open one night a week until 9 p.m. Currently, stores open and close at various times, she said.

"The malls are open a set number of hours," she said. "In order for us to remain competitive, we need to adopt that kind of program."

Still, not everyone agrees the mall and the Parole complex will create competition.

"Every generation, there this whole death-of-downtown thing and it's really not true," said Larry Vincent, who owns Laurance Clothing on Main Street and keeps the store open until 9 p.m. on Fridays and Saturdays.

He said the city should focus on competing with other historic districts - not malls that attract a different demographic.

Bill Greenfield, a leasing agent with Hyatt Commercial, said the city will remain vibrant thanks in part to an eclectic mix of shops dictated by various landlords. They charge higher rents that only well established business owners can afford as opposed to first-timers who may be gone in six months, he said.

"What you end up with is a lot of different stores, there is some overlap, but I think downtown has a draw because it is historic downtown Annapolis," he said.

Meanwhile, officials from the mall, the Parole complex and the upscale Park Place development said downtown isn't considered the competition.
"Our feeling at Westfield Annapolis is the more choices the merrier," said Carol Fearns, the mall's general manager.

She said the mall has approached four downtown merchants that expressed an interest in opening at the mall during the holidays.

"We actually think it's a great way to help downtown promote their wonderful stores," she said, adding that there are no signed agreements and she cannot release names.

Brian Gibbons, president and CEO of Greenberg Gibbons Commercial, the company developing the Parole complex, said his project has a different business model from downtown.

"You don't have the nationally recognized tenants, the Anthropologies and the Brooks Brothers," he said. "You can't replicate historic Annapolis."

Jeremy Parks, vice president of developer Jerome J. Parks Cos., developer of Park Place, said his development was designed with downtown in mind, picking shops that complement existing stores downtown. Park Place's large parking garage, coupled with bus shuttles, are designed to keep tourists and residents in Annapolis, he said.

"We don't want to duplicate anything that is going on downtown," Mr. Parks said.

Linking the three

In response to the competition, city officials have quietly launched several initiatives to update Annapolis including renovating City Dock and repaving roads and sidewalks. Ms. Moyer said the city will extend its shuttle service to the new Parole complex and that she believes the city's effort to create a Main Street program, a downtown revitalization program that focuses on historic preservation and economic development, will help.

Mr. Miron last week took a trip to the historic town of Frederick, where it took seven years to get a Main Street program up and running, he said.

"We're going to lobby the state through the different government agencies to say 'hey, you know we need this,'" he said.

In addition to the Main Street program, Mr. Miron said a triangulated transit system linking downtown, Parole and the mall will be crucial to staving off competition. Officials from the mall and the Parole complex said their companies are willing to discuss the idea with the city.
"That is a potential win for everybody," Mr. Gibbons said.

To pull off a transportation system, the city must invest in equipment to entice visitors to the city, which is invisible from Route 50, Mr. Burdon said.

"You don't see the city until you're actually in it," he said. "When you come down Route 50 you're going to see Parole."

He said the city must also work to improve outer West Street, the gateway to Annapolis.

Mayor Moyer said efforts to improve the street have come to halt because the road is state-owned and the city has no authority to perform streetscape upgrades. She said the city is working with the county to provide loans to business owners who want to improve their facades along West Street.

"We're really depending on private businesses to step up to the plate," she said.

But Mr. Burdon said it's the city that should step up and provide incentives to business owners to improve their properties along the road.

"I'm sorry, but all the tar and asphalt on the street is not going to help the matter," he said.

- No Jumps-