

Economic Development

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Retail Development, Economic Development, and Sustainability

- Current political environment considers retail development to be economic development
- However, is retail development sustainable economic development?
- Retail Life Cycle
 - 4 Phases
 - *Innovation/birth;*
 - *Accelerated development/growth;*
 - *Maturity; and*
 - *Decline*
 - 20 year life cycle

Retail Development, Economic Development, and Sustainability

The Retail Life Cycle Illustrated in Northeast Ohio

- “Shopping centers can either change, grow, or die.”
- **Change**
 - Severance Town Center (Cleveland Heights)
 - Westgate Mall (Fairview Park)
- **Grow**
 - Great Northern Mall (North Olmsted)
- **Die**
 - Euclid Square Mall (Euclid)
 - Randall Park Mall (North Randall)

Location as a Factor of Economic Development

- Location is the sum of multiple parts
- Through proper placement of retail, retail can be an economic generator for a community
- Example where location influences economic development:
 - Severance Town Center
 - *Of the 50,700 Cleveland Heights residents in 2000, 18,814 are within a 1 mile radius of Severance Town Center*
 - *More recently, an estimated 18,171 Cleveland Heights residents are currently within a 1 mile radius of Severance Town Center (a 3.4 % decrease in population)*
 - *Population and income levels have changed*

Location as a Factor of Economic Development

- **Severance Town Center**
 - No highway access, but located near East Cleveland, South Euclid, University Heights, and Lyndhurst
 - Severance Town Center has enjoyed increased sales due to the placement of big-box stores
- **Steelyard Commons**
 - Assemblage of over 1 million square feet for retail use
 - Retail spatial monopoly
 - Immediate trade area: In 2000, City of Cleveland residents spent approximately \$1.3 billion on retail purchases at suburban stores (Source: First Interstate)
 - Convenient access to I-71, SR 176, I-490, I-90, and I-77

Big Box Retail's Effect on Economic Development

- Is retail development economic development?
 - “A mismatch of perspectives and paradigms”
- Big box retail removes more money from local economy
- Local retail gives more back to local economy
- Provides opportunity for retail niche

A background image showing a city skyline with various buildings and a bridge, overlaid with a semi-transparent dark blue gradient.

Impact of Retail Development on Employment and Wages

- **Jobs**
 - Retail developments do provide some benefits to a regional economy
 - Retail and sales positions—directly within community
 - New developments employ high paying construction, architecture, and engineering professionals—usually within the region

Impact of Retail Development on Employment and Wages

- **Temporary vs. permanent changes**
- **Characteristics of retail sale jobs**
 - Minimum wage
 - Fixed salary/commission
 - No benefits
 - Average duration of retail employee
 - Students
 - Elderly/retirees
- **Primary Jobs**
 - Retail is not a primary job
 - No avenue for wealth creation



Movement of Retail 1993-2002

- **Job Shifts**

- General merchandise stores (SIC 5300) 64% decline in Cleveland vs. 11% increase in the suburbs
- Food stores (SIC 5400) 32% decline in Cleveland vs. a constant 0.2% in the suburbs
- Apparel and accessory stores (SIC 5600) 25% decline in Cleveland vs. a constant 0.4% in the suburbs

Policy Recommendations for Sustainable Retail Development

- Realistic assessments of costs/benefits of retail
- Diversification
- Prevent over-retailing through market studies
- Force developers to have a re-use strategy prior to establishing new retail or have a demolition bond requirement
- Public/private partnerships
- Location of retail
- Strategies to limit negative impacts of big box retail
- Provide incentives for creating entertainment/retail districts
- Community Benefits Agreement (CBA)