

# **Retail Positioning Strategy and Work Plan**

South Norwalk (“SoNo”) Business District

January 2011

Undertaken on behalf of the Norwalk Redevelopment Agency  
by MJB Consulting



A Retail Real Estate Consulting Firm

# Table of Contents

<u>Section</u>	<u>Page</u>
Executive Summary	3
I. Macro Factors	5
II. Micro Factors	9
III. Selling Points	15
IV. Competition	17
V. Positioning	23
VI. Work Plan	26

## Executive Summary

Decrepit and lifeless into the 1980's, Norwalk's South Norwalk neighborhood has been transformed over the last quarter-century by a massive City-led redevelopment effort involving more than \$750 million in public and private sector investment.

Central to all of this has been the emergence of the "SoNo" business district, effectively the downtown not just for the neighborhood but also, the entire suburb of some 83,000 people, and arguably the premier destination for dining and nightlife in affluent Fairfield County.

Yet despite its many draws and successes, SoNo continues to struggle with retail<sup>1</sup>, and remains challenged in a number of important ways as it tries to compete for potential shoppers and prospective tenants within the fiercely competitive Fairfield County market.

For example, effective anchors and desirable co-tenancies are few. Daytime foot traffic is low. Parking is not free. Demographics are not especially strong. Lease rates are high. More appealing alternatives sit nearby. These are fundamental shortcomings that plague the district both in bad times and good.

In the summer of 2010, the Norwalk Redevelopment Agency contracted with New York City-based MJB Consulting (MJB), a national retail planning and real estate consulting firm, to provide guidance on what sort of retail positioning *would* be realistic and sustainable for SoNo in light of these challenges.

MJB's scope-of-work for the assignment consisted of the following: multiple visits to the district and surrounding neighborhood at various times of the week, day and evening; survey of competing districts and centers; review of the demographic/psycho-graphic profile; and interviews with more than twenty landlords, brokers, merchants and other stakeholders.

MJB's primary findings and recommendations are as follows:

- Larger chains are likely to gravitate to competing districts/centers with superior co-tenancies in their respective categories. Independently owned retailers are more realistic for SoNo.
- The ideal sorts of independents are "specialty" shops that sell merchandise one cannot find elsewhere in Fairfield County (or elsewhere at that price point), because they are able to pull from beyond chain-filled competitors and expand the trade area.

---

<sup>1</sup> For the purposes of this summary and report, "retail" refers only to shopping, and not dining and nightlife.

- Specialty shops are most appropriate for North Main Street, provided that landlords are willing to align lease rates with what such tenants can afford – in the teens per sq.ft. -- and subdivide larger floor-plates.
- Specialty retailers are more likely to be interested in SoNo if they cater to a consumer who already shops there, either young singles interested in “cheap chic” shopping, or affluent, artsy “yup-sters” looking for the unique and eclectic.
- SoNo can support and should pursue additional food and drink concepts for Washington Street as well as secondary streets like South Water Street and South Main Street.
- The most important sort of development for building retail potential in the longer term is residential, specifically, high-density, multi-family housing that can increase the absolute number, educational levels and household incomes of potential shoppers nearby.
- The cost of parking in SoNo has been based in recent years on the Parking Authority’s internal finances (i.e. debt service), rather than the true market value of the parking resource as determined by the consumer. Staying with the former approach will continue to impact on SoNo’s competitiveness and viability as a business district. At the same time, property owners and shopkeepers must concede that in densely developed urban settings where land is at a premium, paid parking is generally a given.
- Many of the areas where SoNo needs to improve – cleanliness, perceptions of safety and marketing, for example – are, not coincidentally, ones for which Business Improvement Districts (BID’s), or Special Services Districts (SSD’s) as they are called in the state of Connecticut, will typically take responsibility. There is a need for such an organization in SoNo.
- In the event that the merchants and property owners cannot agree to form an SSD, there are other alternatives that may be considered, like a Maintenance District (MD) or Local Improvement District (LID), which cover only certain prescribed improvements or services.

## I. Macro Factors

### a. Few retail-driven anchors

Anchor stores and uses play a critical role in determining the retail potential of a given business district or shopping center. Most importantly, as the primary traffic drivers, they dictate the draw that is possible for the other businesses, both the kinds of potential consumers that are on the street and the distances from which they are willing to come.

SoNo's largest draw is the Maritime Aquarium at Norwalk, which attracts upwards to 500,000 visitors per year, from across the larger region.<sup>2</sup> The biggest challenge with this sort of traffic is that it consists primarily of families with children under 12, which will typically spend some money in the gift shop, eat at one of the local restaurants and then leave. Generally speaking, parents are hard-pressed to shop with younger kids in tow, limiting the Aquarium's usefulness as a true shopping anchor.

SoNo also contains the 30,000 sq.ft. Klaff's home design flagship, which draws tradesmen and affluent homeowners from across Fairfield County with its high-end product mix, and the 35,000 sq.ft. Lillian August Warehouse, which sells the company's eclectic, upscale home furnishings at clearance prices. These two stores, however, are also limited in their usefulness as anchors, in that they do not generate much repeat traffic, as the average consumer only remodels or redecorates their home periodically.

The **Saks Fifth Avenue** on Greenwich's Greenwich Avenue is an example of an ideal retail anchor for an urban business district. With its wide array of merchandise categories, it is a generator of repeat traffic. It draws patrons during the day, when people are more likely to shop. And it sits in a central location on Greenwich Avenue, maximizing the potential for synergy with other stores nearby.

The new 15,000 sq.ft. Compare Foods supermarket, on the other hand, does generate repeat traffic, as the average household buys groceries roughly once per week. Indeed, its target market of Latino immigrants, which rarely dines at restaurants and mainly eats at home, likely shops at food markets more often than that.

With its location facing on the Webster Lot, the Compare Foods is able to provide convenient, in-front parking, and with its decision to offer validation for up to \$2, that parking is free as well. Customers could then shop in other nearby businesses without having to look and pay for another space, thereby creating a reliable source of daytime traffic for ones geared towards a similar demographic.

---

<sup>2</sup> According to the institution's executive director, Jennifer Herring, in an August 2, 2010 phone interview.

This sort of anchor is not going to provide much support for stores such as And & Company and Thomas K. Libby Ceramics, which trade at a high price point, but it will benefit lower and more moderately priced boutiques like, for instance, Connie B's, which prides itself on selling "decent quality at a fair price"<sup>3</sup> and where most of the clothing costs less than \$100.

Finally, one other major driver is Bow-Tie Cinemas' SONO Regent 8, which attracts a generally younger audience – on a repeat basis -- with its slate of first-run Hollywood blockbusters. A relatively strong performer, the multiplex generates traffic for the district's various bars and moderately priced eateries, although its impact on retail is limited because moviegoers are not typically combining that activity with shopping.

From the perspective of the retailer, then, the anchors with the greatest sway would be the grocery store, for low- and moderately-priced shops, and the multiplex, for eating and drinking places. Both of these are seen as capable of driving large volumes of repeat traffic to SoNo. The anchoring for higher-end shopping, on the other hand, is considerably weaker.

#### b. Few retail co-tenancies

In lieu of large anchors, comparison retailers<sup>4</sup> are drawn to districts/centers which already offer a large selection of similar offerings, because businesses that trade in these sorts of goods prefer to locate in settings that already draw consumers looking to "comparison-shop", since these can generate more traffic than such stores would be able to draw on their own.

Take, for example, the typical clothing store. All other things being equal, it would prefer to open in a business district which already contains twenty other apparel retailers and attracts large amounts of traffic for this reason, than in one in which it would be the first or the second, and therefore, solely or mostly responsible for generating customers.

A comparison retailer considering SoNo for a new location would likely view the opportunity as one in which she would be primarily or mostly responsible for generating her own traffic. All other things being equal, that merchant would ideally prefer a location where she can rely on other anchors and/or shops to shoulder at least some of that burden.

The importance of desirable "co-tenancies" holds for both larger chains as well as independents. The former are well known for "behaving like lemmings" and moving in packs, but even the latter type of merchant prefers to locate in close proximity to other

---

<sup>3</sup> As quoted in a September 23, 2010 interview with the owner.

<sup>4</sup> Comparison retailers are ones which sell goods for which consumers typically "comparison-shop" on the basis of price, style and/or quality. Examples include clothing, shoes and furniture. Convenience-oriented businesses, on the other hand, focus on goods and services that consumers usually buy on the basis of convenience, like groceries, pharmaceuticals and dry-cleaning.

stores selling similar sorts of merchandise, so as to be able to capitalize on the cross-traffic thus generated.

c. No daytime foot traffic

With its multiplex anchor, restaurants and bars, SoNo is at its busiest in the evenings, on the weekends, but again, with few effective daytime anchors and no critical mass of comparison retailers, foot traffic before 6 p.m. is quite slow, leaving existing shopkeepers with most of the responsibility for generating store traffic.

SoNo does boast a small number of daytime workers, mostly white-collar types in financing or technology-related jobs at 50 Washington Street, The Lock Building, The Maritime, etc., which generate a modest spike in foot traffic during the lunch hour, at quick-service food and beverage providers, like, for instance, Soup Alley and Bulls Head Market Café. These employees, however, are unlikely to have the time or the inclination for serious shopping.

Expectations for the 95/7 project involve some 300,000 sq.ft. of office space, which translates to another 1,200 workers. However, they would be situated beyond walking distance – typically estimated at ¼ mile – and they might object to looking and paying for parking just to eat or drink in SoNo. A key factor, of course, would be the number and appeal of alternatives (including company cafeterias) that exist on site.

d. Rents too high to sustain specialty retail

Comparison goods can be further sub-divided into “commodity” and “specialty”. Commodity retail concepts are ones with multiple locations, where the merchandise mix and price point do not vary much from one location to the next and where, as a result, consumers will shop the store that is most convenient for them. For commodity brands, then, SoNo’s trade area would be defined as that area within which SoNo would be the most convenient option.

Take, as an example, J. Crew. The national chain operates stores on Greenwich Avenue in Greenwich, Stamford Town Center in Stamford and Main Street in Westport. A resident of, say, Greenwich, is not going to drive to a new J. Crew in SoNo if one already exists closer to home, in Greenwich. The same holds for a Stamford resident accustomed to shopping at the Stamford location. Therefore, J. Crew would only consider such an addition if, after removing the trade areas surrounding each of these competitors, the remainder contained a sufficient number of likely J. Crew shoppers, which it does not.

Specialty retail concepts, on the other hand, are ones that cannot be found elsewhere in the region, and that are therefore able to draw from beyond the nearby commodity-filled districts/centers. An example would be a clothing boutique selling smaller labels that are not offered anywhere else in Fairfield County (or not offered anywhere else *at the same price-point*): consumers would presumably drive past all of the chain-filled districts/centers just to shop at that store, thus creating a much larger trade area.

Given the proximity of nearby competitors (see p. 16 below), a strategy focused on attracting commodity brands to SoNo is unlikely to be successful. Specialty concepts, on the other hand, enable SoNo to look beyond its immediate trade area, pull from further afield and develop its own identity within Fairfield County's existing retail hierarchy.

The challenge with specialty shops, however, is that, as entrepreneur-driven businesses, they are only sustainable if occupancy costs are suitably low. As a rule-of-thumb, new independent operators need for rents to figure in the teens per square foot. But at present, space on Washington Street is priced in the low \$30's to low \$40's per square foot, while North Main Street generally falls in the \$20's.

The independents able to survive on Washington Street tend to be ones that are relatively well-established, enjoy a below-market lease rate and/or have a business model that does not rely on large volumes of foot traffic. That is, they generate large amounts of revenue from non-retail sources (e.g. "B-to-B", shipping, Internet, etc.), and/or they sell especially high-margin merchandise and do not, in theory, need as many customers to cover their costs.

This partly explains why SoNo has filled with restaurants and bars: generally speaking, businesses that sell alcohol, with its exorbitantly high markup, are able to afford higher rents, driving levels well past what most "mom-and-pop" shops can sustain. In other words, SoNo's reputation as a dining and nightlife quarter thwarts the one kind of shopping that it has a realistic chance of attracting.

## II. Micro Factors

### a. Automobile Accessibility

In a largely suburban community such as Norwalk, it is particularly important to be visible and accessible to the automobile, as the primary form of transportation. More specifically, most retailers would ideally want to be located along freeway and arterial thoroughfares that generate large amounts of pass-by traffic, like, for instance, I-95 and U.S. 1.

In this respect, SoNo is not as well positioned as say, the downtowns of Darien and Fairfield, both located along U.S. 1 and near an I-95 interchange. However, it is accessible from Dr. Martin Luther King Jr. Drive/West Avenue, a wide, heavily trafficked arterial with nearby ramps, just one-third of a mile away, to/from I-95 and SR 7. Business districts have emerged as destinations in far more out-of-the-way locations than this

In terms of **transit access**, South Norwalk boasts a Metro-North train station along the system's New Haven Line and at the southern terminus of its Danbury spur. It is primarily used, however, by commuters arriving and leaving by car, and less by pedestrians headed for or coming from SoNo. Largely this is due to custom -- except for trips to/from New York City, Metro-North is not really thought of in Fairfield County as a means of accessing shopping, dining and entertainment.

### b. Parking

Parking assumes outsized importance in a suburban setting like Norwalk's. SoNo does *not* offer free parking: visitors arriving by car must either pay at an on-street meter, at a rate of \$1.00/hour, available for a maximum of two hours, or pay at one of the various decks or lots (see chart below). The only exceptions are in the on-street spaces after 6:00 p.m. or 9:00 p.m. (on North Main Street), and on Sundays.

<b>Facility (ownership)</b>	<b>Access</b>	<b>Cost</b>
Webster Lot (municipal)	Dr. Martin Luther King Jr. Drive	\$1/hr, \$5 max (\$2 between 6 and 10:30 pm); validation with cinema during off-peak showings
Maritime Garage (municipal)	North Water Street	\$2 for 0-1 hrs, \$7 for 1-24 hrs, \$1 if entering after 5 pm
Haviland Lot (municipal)	Haviland Street	\$1 for 0-1 hrs, \$2 for 1-2 hrs, \$3 for 2-3 hrs, \$4 for 3-4 hrs, \$5 for 4 or more hrs
North Water Street Lot (municipal)	North Water Street	\$1 for 0-1 hrs, \$2 for 1-2 hrs, \$3 for 2-3 hrs, \$4 for 3-4 hrs, \$5 for 4 or more hrs
Washington Street #1 (private)	Washington Street	Not posted
Washington Street #2 (private)	Washington Street	\$5

Table 1. Off-street Parking Facilities in SoNo.  
Source: MJB Consulting

Free parking, however, is generally taken as a given in Fairfield County. Four of SoNo's six direct competitors (see chart below) – at least for shopping<sup>5</sup> -- do not charge. A fifth, Stamford Town Center, charges a small amount. Downtown Greenwich's rates for metered parking – at \$0.75/hour -- are closer to SoNo's, but in that case, the unparalleled co-tenancy more than compensates.

SoNo, meanwhile, has the highest rates and does not even approach the co-tenancies of Downtown Greenwich. Furthermore, the City of Norwalk enforces its regulations until a later hour – 9:00 p.m., on North Main Street -- than any of the others.

<b>Competitor</b>	<b>Parking</b>
Downtown Greenwich	Free on-street parking after 5 pm and on Sundays, free parking in lots after 5 pm, 12 pm on Saturdays and on Sundays; \$0.75/hour for metered parking on street and in lots until 5 pm and 12 pm on Saturdays
Stamford Town Center	\$0.50 for 3 hrs in parking deck
Downtown Darien	1-hr free on-street parking; free parking in lots
Connecticut Avenue/U.S. 1	Free parking in lots
Downtown Westport	1-hr free on-street parking; 2- or 3-hr free parking in lots
Downtown Fairfield	Free on-street parking after 6 pm; 2-hr free on-street parking until 6 pm

Table 2. Parking at Competing Districts/Centers.  
Source: MJB Consulting

Separate from the cost, there is also the “experience” of parking in SoNo. The Norwalk Parking Authority has recently implemented some much-needed improvements, like, for example, replacing the gate and booth at the Webster Lot with new pay-by-space stations, and adding customer service kiosks to both the Webster Lot and the Haviland Deck. However, others still need to be made.

For example, “way-finding” signage for parking remains inadequate, with precious little, for example, on Washington Street itself, where the bulk of the restaurants and bars are

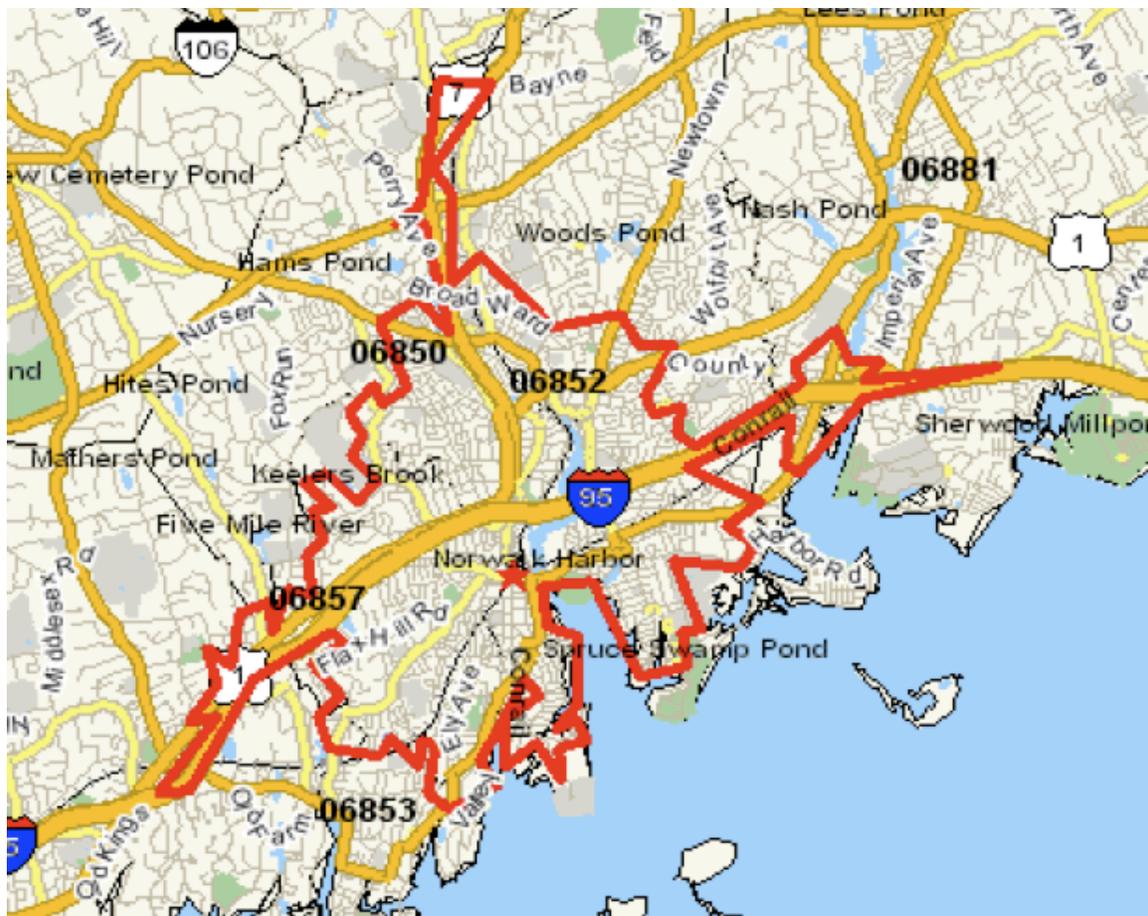
<sup>5</sup> Downtown Stamford, outside of the Stamford Town Center mall, is not considered a direct competitor because its shopping component is relatively limited.

located. Also, the signs are not lit and can be easily missed at night, when most patrons would be arriving. Furthermore, private lots are poorly regulated: for instance, it is not immediately clear if the mid-block one on Washington offers public parking and, if so, at what rates.

c. Primary trade area demographics

Norwalk has traditionally been understood as more of a “blue-collar”, middle-class town than its rarefied neighbors in Fairfield County, and South Norwalk, in contrast to the rest of Norwalk, an ethnically and socioeconomically diverse neighborhood with significant numbers of recent immigrants. These suppositions are mostly confirmed by the demographic profile for SoNo’s “primary” trade area.

A primary trade area is defined as that area from which a given shopping precinct derives roughly 60-70% of its customer base. Given the presence of nearby competitors, SoNo’s primary trade area can be said to correspond to the polygon created by a five-minute drive time from the intersection of Main Street and Washington Street (see map below).



5-Min Drive Time Trade Area

Demographic highlights are as follows:

- Population (2010 estimate): 54,000. After 7% growth in the 1990's, the population has **stagnated** since 2000, with virtually no change in the last decade and a roughly 1% per-decade decline expected by 2015. This is not entirely surprising, given that Norwalk is largely built-out and mature at this point, although Fairfield County as a whole has managed to grow slightly, by 2% in the 2000's.

- Ethnicity (2010 estimate): 63% white, 30% Hispanic, 20% African-American and 5% Asian. Partly due to the ethnic distributions in South Norwalk, the trade area is considerably more **diverse** than the County as a whole, which is 76% white and just 16% Hispanic, 10% African-American and 4% Asian.

- Marital Status of 15+ Population (2010 estimate): 39% married, 16% separated or divorced, 39% never married. This relatively high percentage of **singles** partly explains SoNo's vibrant nightlife. In comparison, 51% of the County is married, 15% separated or divorced, and 30% never married.

- Educational Attainment of 25+ Population (2010 estimate): 32% with a B.A. degree or higher. The trade area is **less well educated** than Fairfield County, where 44% have earned a B.A. degree or higher, but it is relatively well-educated in comparison to the nation as a whole, where the percentage is just 28%.

- Profession of 16+ Population (2010 estimate): 57% white-collar, 22% service and farm, 21% blue-collar. The trade area has a relatively low percentage working in white-collar positions and a particularly high percentage employed in **lower-level service jobs**, versus the County, at 68% and 16%, and even the nation, at 60% and 18%.

- Median Household Income (2010 estimate): \$65,000. Partly due to the lower-income population in South Norwalk, the trade area is considerably **less affluent** than the County as a whole, where the median is \$84,000. It does compare rather favorably to the national median, which is just \$53,000.

- Median Owner-Occupied Housing Value (2010 estimate): \$362,000. This figure might fall below the \$420,000 countywide, but it is extremely high in relation to the national median of \$171,000 and in proportion to the trade area's median household income of \$65,000, evidence of both the **high cost-of-living** and the **relatively low discretionary income**.

- Owner-Occupancy (2010 estimate): 53%. Partly due to the concentration of apartment buildings in South Norwalk, the trade area is **more transient** than the County as a whole, with rentals accounting for 47% of the occupied units in the former and just 28% in the latter.

The demographics of SoNo's trade area are compared in the table below to the characteristics of the populations living within the five-minute drive times of its chief competitors (see table below). Not surprisingly, SoNo does not compare so favorably,

with figures for population growth, educational attainment, median household income and median property value that are significantly lower.

	Population	Population Growth, '00 to '10	B.A. or Higher	Median Household Income	Owner-Occupancy	Median Housing
<b>SoNo</b>	<b>54,000</b>	<b>0</b>	<b>32%</b>	<b>\$65,000</b>	<b>53%</b>	<b>\$362,000</b>
Greenwich	35,000	+2%	49%	\$90,000	54%	\$749,000
Stamford	90,000	+4%	40%	\$70,000	49%	\$420,000
Darien	43,000	+3%	46%	\$89,000	67%	\$614,000
Westport	18,000	+5%	68%	\$129,000	85%	\$838,000
Fairfield	45,000	-2%	45%	\$74,000	67%	\$407,000

Table 3. Demographics: SoNo Versus its Chef Competitors.  
Source: Nielsen, MJB Consulting

#### d. Atmospherics

For the most part, SoNo provides for a comfortable and pleasing pedestrian experience, with zero-setback buildings, street-level storefronts, large display windows, historic architecture, etc. However, its setting in suburban Fairfield County, where the bar is set high by rarefied environments like Greenwich's Greenwich Avenue and Westport's Main Street, creates certain expectations that a more urban space like SoNo can struggle to meet.

In many cases, these revolve around cosmetics and aesthetics. The sidewalks, for instance, could be cleaner, and the cigarette butts fewer. The brick pavers and stone crosswalks appear past due for renovation. The kiosks look dated and at times dilapidated, and they lack useful information. And the store signage, while mostly attractive and tasteful, looks cheap and tacky in some instances.

The issue is also one of perceived safety. The SoNo business district shares the reputation of the broader South Norwalk neighborhood as dangerous and crime-ridden. That is, even if it is the South Main Street corridor that makes the frequent appearances on the crime blotter, and even if it is in the area of the Metro-North station where the prostitution and drugs supposedly lurk, the perceptions of Washington Street and North Main Street are impacted all the same.

And in a certain sense, visitors and prospective tenants often conflate the two, basing their perceptions of safety on their (sometimes even sub-conscious) read of the physical environment. Think, for example, about the impression created by outdated and rundown kiosks, by missing "bricks" in the brick paving, by cheap store signage: one can conclude that there is no one in SoNo "minding the store", that is, there is no caretaker who looks after the district and keeps it safe and orderly.

### III. Selling Points

#### a. Established destination

While SoNo lacks critical mass as a shopping destination, it has developed a broader reputation as a dining and nightlife quarter. In addition to the multiplex anchor, its collection of upscale dining establishments attracts an affluent and trend-conscious crowd, while its roster of bars and lounges draws a generally younger set later in the weekend evenings.

This has two benefits. First, it makes SoNo the one with the co-tenancy advantage: for example, to the extent that a particular business district is already known for its high-quality eating establishments and attracts diners looking for a range of choices, a restaurateur would – again, all other things being equal -- prefer to locate there, as opposed to standing alone without the benefit of a larger brand.

Second, it creates an opportunity for existing shops. Such merchants should remain open well into the evenings, at least on the weekends, in order to catch the attention of the large number of potential customers patronizing the bars and restaurants. Even if they would not be likely to shop at those hours, the visibility would help to build awareness and to drive traffic at other times.

#### b. Artsy reputation

SoNo has long enjoyed a reputation within Fairfield County as “artsy” and eclectic, featuring upscale, chef-driven restaurants, like Match and Pasta Nostra; shops for the more creatively inclined, such as Lillian August Warehouse, Galerie Sono, Thomas K. Libby Ceramics, Cayambe, Sassafras and Beadworks; and popular events like the annual “SoNo Arts Celebration”.

These sorts of offerings position SoNo as a “specialty” business district (see p. 7 above), selling goods and/or experiences -- -- like, for example, Pasta Nostra, with its high-quality ingredients, handmade pastas, artfully crafted dishes and “chef Joe” Bruno’s outsized personality -- that one cannot find at competing commodity-filled districts/corridors elsewhere (or elsewhere, at that price point) in Fairfield County, and for which one is therefore willing to drive a great distance.

In so doing, these businesses enable SoNo to broaden its draw beyond the primary trade area (see p. 11 above) and pull from the more affluent communities further afield. Indeed, a secondary trade area corresponding to a fifteen-minute drive time (see map below) captures an even more desirable demographic, with, for example, higher levels of educational attainment, higher household incomes and higher property



Highlights of a “secondary” trade area corresponding to a 15-minute drive time from SoNo (see map above) are as follows:

- Population Growth (2000-2010): 2% (versus 0% for primary)
- Educational Attainment (2010): 49% with B.A. degree or more (versus 32% for primary)
- Median Household Income (2010): \$87,000 (versus \$65,000 for primary)
- Median Owner-Occupied Housing Value: \$587,000 (versus One \$362,000 for primary)

c. United ownership of retail real estate

One of the primary challenges in the urban business district is that, unlike the suburban shopping center, which is typically owned and managed by a single entity, there are multiple property owners with their own agendas and preferences, and no coercive mechanism – except for the City’s “eminent domain” power -- with which to ensure collective action.

However, in SoNo’s case, just two property owners – T.R. Sono Partners and Q Sono LLC – control the lion’s share of the retail real estate, and both of these landlords have been making earnest attempts to improve the caliber of the district’s retail mix. If their “buy-in” to a particular positioning and tenanting strategy can be secured, then it might be possible to effect dramatic change relatively quickly. If, on the other hand, it cannot, the district will continue to flounder.

## IV. Competition

For the purposes of this discussion, we will be focusing primarily on comparison goods, like clothing, shoes and home decor.

SoNo is already an established destination for dining and nightlife (see p. 14 above), and the goal of this study is to understand how it might achieve a better balance between these uses and shopping.

Furthermore, comparison shops can pull from further afield than other types of retail (e.g. convenience) and expand the trade area beyond just the immediate South Norwalk neighborhood.

Finally, the district's parking supply, concentrated in paid lots and decks, makes more sense for comparison trips, such as an afternoon of shopping, than for "in-and-out" conveniences like, for instance, a can of soda or a visit to the ATM. That is, consumers will theoretically be far more willing to pay a small fee for paid parking if they plan to be in SoNo for a significant amount of time and/or spend a significant amount of money. On the other hand, they would be less likely to do so if they are just in the district for a small, relatively quick purchase.

The following describes each of the competing business districts and shopping centers for comparison goods in greater detail, from west to east:

### **Greenwich Avenue/Greenwich**

14.4 miles, 19-minute drive (via I-95, Exit 3/Arch Street)

Stamford Town Center and Main Street Westport may be closer (see below), but neither approaches the scale of Greenwich Avenue, a lengthy shopping street that boasts an extremely large selection of upscale national brands, anchored by Richards, Saks Fifth Avenue and a flagship Ralph Lauren store. Vacancies have grown in number and rent levels have dropped significantly from as high as \$180/sq.ft. during the boom, but space is still very expensive, ranging today from \$70 to \$90/sq.ft. NNN plus incentives.<sup>6</sup>

### **Stamford Town Center/Stamford**

8.2 miles, 13-minute drive (via I-95, Exit 8/Elm Street)

Not necessarily offering the most pleasant mall-going experience and not without its leasing struggles, Taubman Co.'s Stamford Town Center is still a force to be reckoned with, boasting the nearest locations for luxury brands such as Saks Fifth Avenue and Ross-Simons as well as trendy, moderately-priced retailers such as H&M, Zara and Forever XXI. Not surprisingly, given its wide-ranging tenant mix, the center draws a more diverse clientele than most of SoNo's other competitors.

---

<sup>6</sup> Quoted rent levels are based on conversations with area retail brokers.

### **Downtown/Stamford**

9.3 miles/14-minute drive (via I-95, Exit 8/Elm Street)

Outside of the Stamford Town Center mall (see above) and a freestanding Target store (the closest one to Norwalk), shopping in Downtown Stamford is limited. However, it remains a competitive threat to SoNo, with its substantial populations of daytime workers and nearby residents, its large inventory of available space and its similar rent levels ranging from \$25 to \$53/sq.ft NNN.

### **Main Street/Westport**

4.9 miles, 8-minute drive (via I-95, Exit 17/Saugatuck Avenue)

A still-popular destination for upscale national brands, Westport's Main Street is jokingly referred to as "the nicest mall in Fairfield County". Storefront vacancies remain few, and rent levels, while significantly lower than the \$160/sq.ft. during the boom, are still relatively high, ranging today from \$60 to \$90/sq.ft. NNN.

### **U.S. 1/Norwalk**

The high traffic counts and large lot sizes have transformed U.S. 1 into Fairfield County's premier strip corridor. This is where one can find the major supermarkets (e.g. Super Stop & Shop, ShopRite Super Grade A, Stew Leonard's, Whole Foods Market), big-box stores (e.g. Costco Wholesale, Wal\*Mart, Home Depot, etc.), off-price clothing retailers (e.g. T.J. Maxx, Old Navy, Mandee, Marshalls, Annie Sez, etc.), Norwalk's third cinema (i.e. Bow-Tie Royale) and its one large-format bookstore (i.e. Barnes & Noble). With some exceptions (e.g. REI, Lillian August, Whole Foods, etc.), U.S. 1 focuses on a low to moderate price point, with value and convenience as its chief selling points.

### **Downtown/Darien**

3.8 miles/8-minute drive (via U.S. 1)

Long content as a sleepy village center, Downtown Darien is finally looking to raise its profile and develop its own identity, with the last six years having seen a number of infill projects along its stretch of U.S. 1 with exciting new retailers like Brooks Brothers, Lucy and now, Whole Foods Market. Rent levels, at \$35 to \$50/sq.ft., are competitive with SoNo's Washington Street. However, this evolving soft goods component is still struggling to establish itself: Ann Taylor LOFT has already closed, for example.

### **Downtown/Fairfield**

9.8 miles/14-minute drive (via I-95, Exit 21/Mill Plain Road)

Many would argue that cultural epicenter of Fairfield County today is Fairfield, with the Regina Quick Center for the Arts, two universities, and in Downtown, the Fairfield Theater Company, the Community Theatre, a Borders bookstore and even an alternative coffeehouse, Las Vetas Lounge. Downtown also boasts a handful of larger

apparel chains as well as a number of clothing boutiques for young moms. Furthermore, rent levels remain competitive with SoNo's Washington Street, ranging from \$30 to \$50/sq.ft.

In addition to these existing competitors, one needs also to consider the new ones that could potentially materialize in the near future. The three most talked-about projects are as follows:

### **Waypointe**

Before the economic downturn, Stanley M. Seligson Properties was proposing a 1.2 million square-foot mixed-use project with 535,000 sq.ft. of retail, consisting of big-box stores, smaller shops, restaurants and entertainment venues. The developer more recently announced a revised development plan involving a far less ambitious amount of square footage, with an initial two phases encompassing 170,000 to 200,000 sq.ft. of street-level retail and restaurants along West Avenue.

It is difficult to assess the competitive impact of this revised plan, as few details have been revealed. However, the project's original pro forma was assuming lease rates – averaging in the upper \$30's per sq.ft., and considerably higher than that for smaller in-line bays – which do not seem possible without the sort of critical mass initially envisioned. In other words, the retail space would likely be priced more expensively than the current opportunity justifies, and struggle to land and retain tenants.

### **95/7**

Before the economic downturn, the site's developer, Spinnaker Real Estate Partners, and its retail broker, Staubach Retail Services, had been in discussions with a number of possible retail anchors as well as various restaurateurs. But lacking an anchor tenant for its large office component, the project is now stuck in a bit of a holding pattern, with only the infrastructure improvements (e.g. moving of the utilities, grading of the site, widening of West Avenue) moving forward.

Assuming, however, that the envisioned mix does ultimately materialize at 95/7, one should be careful not to overestimate its potential impact on SoNo retail. As discussed earlier (see p. 7), office workers do not usually have the time and/or the inclination for serious shopping, especially if, in order to do so, they would have to take the additional step of driving/parking somewhere else.

Those who visit 95/7 specifically for the retail anchors there would be more promising candidates for cross-shopping, although they would also have to drive to and park in SoNo, which, at this point in the district's evolution, they would probably only be willing to do for existing destinations like Lillian August Warehouse or Klaff's, and not just to browse and window-shop.

95/7, then, can have a positive impact if it brings more shoppers to the area who then proceed to other retail draws in SoNo. For example, an anchor like The Container Store, or even Target for that matter, would help to generate spin-off for destination home stores in the district, resulting in more customer traffic overall than they were generating on their own.

The 95/7 project is less useful, on the other hand, if the retail traffic that it generates has no specific reason to cross-shop in SoNo. This is because the district, as a shopping precinct, does not yet have the critical mass to attract as a destination in its own right, independent of its individual stores, like, say, Greenwich's Greenwich Avenue or Westport's Main Street.

While SoNo lacks critical mass as a shopping destination, it has developed a broader reputation as a dining and nightlife quarter, and those patronizing the stores at 95/7 might be inclined – for example, at the end of the day -- to tack on a visit to the district for that reason. SoNo eateries might lose patronage to new food/drink concepts at 95/7 at first, but the two should be able to co-exist in the longer term.

(Continued on next page)

## **95/7 (continued)**

Finally, the non-anchor, in-line space planned for the 95/7 project could compete directly with SoNo landlords for similar restaurant and retail tenants, who, even if they did have to pay somewhat higher rents to locate there, would probably view the premium as justified by the closer proximity to larger anchor stores. Of course such “competition” might be illusory, in that these operators might not have even considered the area were it not for the development of 95/7.

## **Wall Street Place**

POKO Partners will soon begin construction on Phase I of its mixed-use project in Norwalk Center, with roughly 16,000 sq.ft. of retail space projected. Information on lease rates is not available, but these bays will not be easy to fill in the near term, given the low levels of foot traffic and the surfeit of vacant storefronts available at cheap rents. Indeed, POKO will probably need to subsidize its retail tenants for the foreseeable future. For this reason, the development poses little threat to SoNo.

On a related note, given the challenges of attracting and sustaining retail in Norwalk Center in the near-term, a zoning requirement for ground-floor retail there will likely lead to widespread vacancy, and is therefore ill-advised.

Based on this survey, SoNo’s competition can be understood in a number of different ways. SoNo would seem to compete with three other districts/centers for upscale commodity brands: from west to east, they are Greenwich’s Greenwich Avenue, Stamford’s Stamford Town Center mall and Westport’s Main Street. In addition, it vies with both the Town Center mall and with U.S. 1 in Norwalk (Connecticut Avenue/Westport Avenue) for more mid-market chains.

In reality, however, SoNo does not compete directly with any of these, as all of them are so far ahead in terms of the kinds of co-tenancies that they can offer. Furthermore, SoNo simply does not have the sorts of larger-format spaces that would be needed to accommodate many of the more moderately priced concepts one finds on U.S. 1 and, to a lesser extent, in Stamford Town Center.

On the other hand, SoNo is better positioned than these others to attract the independent operator. It can offer lower occupancy costs than would be possible on, say, Greenwich’s Greenwich Avenue. It would welcome such operators in a way that a mall like Stamford Town Center typically does not. And it can provide for a higher profile than U.S. 1, where boutiques can be easily lost amidst all of the signage and mega-stores.

In this sense, SoNo is more directly competitive with the likes of Downtown Stamford (outside Stamford Town Center), Downtown Darien and Downtown Fairfield, where the rent levels are more comparable and the landlords more welcoming. These are the ones with which it will be vying for those independent operators who might prefer other districts with large numbers of national brands but cannot find or afford space there.

At present, however, Downtown Fairfield's co-tenancies are significantly better, and its setting is more agreeable to Fairfield County's suburban sensibility, while Downtown Stamford can point to its far greater numbers of daytime workers and affluent residents. Probably SoNo's most even match would be with Downtown Darien, where comparison retail remains somewhat unproven.

## V. Positioning

### a. Specialty retail on North Main Street

SoNo will be severely challenged to attract larger national brands, given its lack of desirable co-tenancies in comparison to competitors like Westport's Main Street. However, these sorts of retailers generally have their pick of locations; independents, on the other hand, cannot afford to be so choosy, oftentimes having to content themselves with alternatives that are less than ideal. For this reason, SoNo has a far more realistic shot of attracting the latter.

Independently owned businesses can be better for SoNo as a whole, however, if they are true specialty shops offering truly unique merchandise. Again, a commodity like, say, Banana Republic, would only be capable of pulling from that area within which a SoNo location would be the most convenient. A "one-of-a-kind" retailer, on the other hand, could draw from well beyond the commodity-filled districts/centers and thereby greatly expand the trade area (see p. 15 above).

These sorts of merchants would be more likely on North Main Street, where there remain a greater number of still-available spaces and storefronts tend to be priced a bit more affordably. Even there, however, lease rates will probably need to decline still further, to the teens per sq.ft., and landlords will need to sub-divide larger floor-plates, in order for this sort of retail to be realistic and sustainable.

### b. Independents for budget-conscious singles

Generally speaking, independents with specialty concepts are more likely to be interested in SoNo if they cater to a consumer who already shops there. For example, young, 18-to-34-year-old singles – who follow fashion but favor low to moderate price points, and who therefore flock to "cheap-chic" retailers that offer trendy styles at affordable prices – can be found today in stores like American Apparel and Connie B's.

These young singles also patronize SoNo on the weekend evenings, drinking in pubs such as Black Bear Saloon, The Ginger Man, Donovan's and O'Neills. They might not be likely to shop at those hours, but the added visibility that retailers enjoy as a result of the nightlife would still help to build awareness and perhaps to drive traffic at other times.

This sub-market can also be combined with the one created by the recent arrival of Compare Foods, which primarily draws Hispanic immigrants looking for a similar low to moderate price point. Indeed, Connie B's is an example of a concept that has been able to achieve just this sort of blend. "We get professional women, homemakers, construction workers, Hispanics," says the owner. "Everyone today is looking for a bargain".

### c. Independents for "yup-sters"

The other sort of consumer already in SoNo, as mentioned before (see p. 14), is the one who can be found at stores like Lillian August Warehouse, Sassafras, Galerie Sono, Cayambe and Thomas K. Libby Ceramics. These so-called “yup-sters”, ranging from mid-twenties to empty nesters, have stable careers and make good salaries, but they are creative and alternative in their sensibilities and tend to gravitate to areas that have developed wider reputations as hip and artsy.

These shoppers are willing to spend on fashion yet still look for styles that would be considered “eclectic”, “funky” or even “bohemian”. They are the sorts of young professionals who would shop at, say, an Urban Outfitters or an Anthropologie, or the kinds of baby boomers who would gravitate to brands such as Eileen Fisher, Chico’s or Coldwater Creek.

This is the slice of the upscale sub-market for SoNo to target because the more traditional sensibility – Ann Taylor clothing and Ethan Allen furniture, for example – already appears to be well covered in Fairfield County. Also, the yup-ster mindset would be drawn to the sort of “one-of-a-kind” specialty shopping that is realistic for SoNo. Finally, it is the niche that one would most naturally associate with the district’s artsy reputation.

#### d. More food and drink for Washington Street

The few still-available spaces on Washington Street are probably best filled with additional restaurant and lounge concepts, as they are most likely to be able to afford and sustain the high rent levels there.

Some might feel that there are already “too many” restaurants and bars in SoNo, but what does that mean? “Too many”, in relation to what? Dining and nightlife tends to thrive in settings where there are a large number of options and where consumers come to “comparison-shop” (or bar-crawl, for that matter). These are categories in which SoNo has a clear competitive advantage, in terms of co-tenancy and brand, and it would make sense to push that further. Indeed, with these sorts of districts, the ones that do not constantly add to and innovate with their mix ultimately fall behind – as SoNo has done, for example, with the new Red Lulu Cocina & Tequila Bar -- because the consumer is always looking for something new and fresh.

One might argue that this will ultimately lead (or is leading) to cannibalization, but the numbers suggest something different. For example, sales leakage figures suggest the potential of capturing even more market share in the “full-service restaurant” category. The full-service restaurants within a five-minute drive of SoNo enjoy a net inflow of sales dollars in the category, grossing roughly \$47 million while the residents within that same polygon spend just \$41 million on sit-down dining. This makes sense, given that SoNo is a destination for food, but the disparity could be much greater: for example, residents within a five-minute drive of another regional dining destination, Downtown Port Chester, also spend \$41 million, but the full-service restaurants there gross \$90 million!

	<b>Expenditures</b>	<b>Gross Sales</b>	<b>Difference</b>	<b>% Difference</b>
SoNo	\$41 million	\$47 million	+\$6 million	+15%
Port Chester	\$41 million	\$90 million	+\$49 million	+120%

Table 4. Sales Leakage in Full-Service Restaurant Category

Source: Nielsen, MJB Consulting

e. Food and drink on secondary streets

Secondary streets with still-available storefronts, like, for instance, Water Street and South Main Street, might be appropriate for retail in the future, when additional development (see p. 28 below) increases the level of activity there, but until then, specialty shops which do not already enjoy destination appeal would likely struggle with the relative lack of foot traffic.

Dining would be the most promising category for the near term, as consumers have shown repeatedly – indeed, in SoNo itself – that they are willing to travel to areas they would otherwise ignore or avoid just for the opportunity to eat at a unique, especially high-caliber and/or new restaurant. Indeed, such corridors, with their more affordable rents, could serve to incubate concepts that might not be able to afford higher-priced space on, say, Washington Street.

## VI. Work Plan

- **Present the retail positioning strategy and secure necessary “buy-in”.** This is a critical first step: studies often sit on a shelf because key actors and stakeholders – the ones ultimately responsible for its implementation – are never brought in to the process, given the chance to offer feedback and made to feel a sense of “ownership”, and charged with specific action items.

First, there is a need for additional education on tenancing realities. For example, certain landlords remain convinced that large national chains – a la Greenwich’s Greenwich Avenue and Westport’s Main Street -- are a realistic possibility for SoNo. Again (see p. 6), most such operators will gravitate to districts/centers with better co-tenancies in their respective categories.

Secondly, there has to be agreement on where retail uses should be concentrated in SoNo. As discussed above (on p. 22), it makes sense to steer specialty shops towards North Main Street, where the visibility remains high but lease rates are a bit closer to where they would need to be. At the same time, it would not be wise, at least for the near term, to encourage shopping on secondary streets with low levels of foot traffic.

Thirdly, if specialty shopping is to become the primary tenancing focus for North Main Street, then there needs to be some downward adjustment on rent levels. As discussed above (on p. 22), the lease rates in the \$20’s per sq.ft. are still too expensive for the kinds of independent merchants that are most likely to be interested in the opportunity there.

Finally, there should be an understanding of the kinds of shoppers to target. As the old marketing adage goes, it is always easier and less costly to try to wring more sales from existing customers – who are already in the district for other reasons -- than to create entirely new ones from scratch. This means more concepts geared towards twenty-something singles as well as affluent yup-sters (see p. 23 above).

These recommendations will mean very little if SoNo’s property owners (and their brokers) are not prepared to accept them as starting points for their tenancing strategies. If key actors and implementers refuse to listen to what the market is saying, storefronts will stay vacant, leasing efforts will remain disconnected and valuable opportunities to create synergy will be lost.

In order, then, to secure the necessary buy-in, an organizational consultant – like, for instance, Denver, CO-based Progressive Urban Management Associates (PUMA) -- should be retained, a series of workshops and meetings planned specifically for the presentation of the retail positioning strategy (in addition to the one included in the current scope-of-work), and a further round of edits and refinements made in response to attendee feedback.

Once the strategy is finalized, another round of workshops and meetings should be scheduled for the purpose of assigning specific implementation responsibilities to the

various actors, with smaller, one-on-one meetings arranged in cases of likely pushback and intransigence. Further gatherings will be planned at set points in the future to assess progress and to change tactics (if necessary).

**- Utilize existing business-assistance programs to support elements of the retail positioning strategy.** The small-business incentive programs at the City of Norwalk's disposal, specifically, the Urban Retail Loan Program, Grow Norwalk Fund and the Enterprise Zone, should, in the case of retail, be used to nurture existing businesses *and* seed new ones, and *only* in those areas and for those types that have been outlined above (see p. 22 above).

For example, an independent clothier should be entitled to incentive dollars if they expand or open on North Main Street, in an effort to keep specialty shops on and direct new ones to the corridor where they are most likely to be successful (see p. 22 above). Such a business should not, on the other hand, receive assistance for locating on South Main Street, where retail would likely struggle in the near term (see p. 24 above).

**- Promote further intensification of SoNo and its nearby neighborhoods.** Specifically, this means more residents. Of all of the different types of development that are happening in and near the district, new housing is the one likely to have the greatest impact. Office and hotel projects can help with food and drink, but residential can also be supportive of retail, as consumers typically do most of their convenience and comparison shopping where they live.

Importantly, the addition of new housing means, in this context, the addition of new, relatively *high-density* residential fabric, at a height of 5 to 6 stories. Of course this is a controversial issue in Norwalk, which toes the line between city and suburb, but as has been shown by projects such as the R&G Corset Factory, SoNo Lofts, The Maritime and even Avalon Norwalk, this is one of the only parts of Norwalk that can support higher-value, multi-family development.

Supporting higher population densities in this case, then, will help to ensure a better balance of income levels in SoNo's primary trade area: the more market-rate housing units that are added, the higher the overall medians (for example, for household income), and the greater the absolute numbers (for example, of households making \$100,000 and up) that prospective tenants will be seeing in the demographic profiles.

For example, SoNo should take full advantage of its waterfront setting by redeveloping vacant and underutilized sites along the Norwalk River with high-density residential uses. In a similar vein, earlier plans for parking decks and new housing on the Webster "Superblock" should be revisited. Furthermore, new transit-oriented development should be pursued in the area of the South Norwalk train station.

Intensification should be promoted not only in SoNo proper: revitalization efforts in adjacent neighborhoods – for example, the housing units envisioned in the Seligson project, mixed-use developments planned for Norwalk Center (Wall Street Place and

Head of the Harbor) – are also important, in that they, too, would help to increase residential densities in and improve the demographics of the primary trade area.

- **Work towards reasonable compromise on the paid versus free parking issue.** The cost of parking in SoNo has been driven in recent years by the Parking Authority’s internal finances (i.e. debt service), rather than the true market value of the parking resource as determined by the consumer. Staying with the former approach will continue to impact on SoNo’s competitiveness and viability as a business district. At the same time, property owners and shopkeepers must concede that in densely developed urban settings where land is at a premium, paid parking is generally a given.

In order to allow for a more comprehensive understanding of the issues involved, a national parking expert – like, for instance, Kimley-Horn & Associates’ Dennis Burns -- should be brought in to listen to all stakeholders, provide a broader context by referencing comparable business districts elsewhere, present best practices, offer possible solutions and promote constructive dialogue with the City regarding its approach to managing this critical resource. The results should be incorporated into the parking study currently being undertaken by the Redevelopment Agency and the Parking Authority.

Also, even with the Parking Authority’s recent upgrades, more can be done to improve the parking *experience* in SoNo. For example, the Parking Authority should be pushed to provide additional signage on Washington Street directing motorists to existing lots and decks, and to attach some means of lighting so that they are visible in the evenings. Furthermore, private lots should be required to post clear pricing information.

- **Redouble efforts to convince landlords and merchants of the need for some sort of district-wide management entity for SoNo.** Many of the areas where the SoNo district needs to improve – cleanliness, perceptions of safety and marketing, for example – are, not coincidentally, ones for which Business Improvement Districts (BID’s), or Special Services Districts (SSD’s) as they are called in the state of Connecticut, will typically take responsibility.

SSD’s typically provide street cleaning and public safety services, supplementing the efforts of municipal agencies in those areas. For example, the New Haven Town Green Special Services District employs roughly a dozen “Ambassadors” who walk and bike the streets of Downtown New Haven and, among other things, tend to the sorts of “quality-of-life” issues – like, for instance, litter and vagrancy – that concern SoNo business and property owners.

Such supplemental services are especially important in SoNo’s case because it sits in Fairfield County, one of the most well-to-do counties in the United States, where, as discussed earlier (on p. 13), the bar has been set rather high by communities like Greenwich, Westport and Fairfield. For this reason, an urban space like SoNo has to

meet certain suburban standards just to be a part of the conversation. This means no litter on the ground, no vagrants on the sidewalks, etc.

An SSD would not only help SoNo in maintaining and policing the public realm, but also, in providing a level of assurance to prospective tenants that there is someone always “minding the store”, keeping things predictable and safe, and thus approximating the role that an owner or management entity would assume in a suburban shopping-center environment.

An SSD would also become SoNo’s chief advocate. At present, no organization plays this role for SoNo, and so the Norwalk Redevelopment Agency has stepped in to fill the vacuum, by undertaking this study, for example. But ideally, a political entity with a broader development mandate should not be in the position of championing the interests of just one district, as that then triggers a debate about SoNo’s relative importance vis-à-vis the other areas of the city and whether it deserves greater priority.

The Redevelopment Agency has tried three times in the past to unify landlords and merchants behind the idea of creating an SSD for SoNo, but these efforts were ultimately unsuccessful. However, there may be reason for renewed hope with the recent formation of the SoNo Collaborative, a group of business and property owners which has already started to work with the City of Norwalk on improvements to the district and which could one day morph into an SSD. Again, a consultant specializing in the unique challenges of organizational management and capacity building (see p. 27 above) should be retained for this purpose.

In the event that the merchants and property owners cannot agree to form an SSD, there are other alternatives that may be considered, ones that might be more appropriate for business districts which, as the saying goes, need “to crawl before they can walk”, and develop a precedent for collective action before making a larger commitment to it.

For example, in some states a Maintenance District (MD) or Local Improvement District (LID) can levy assessments for certain prescribed improvements or services, like, for instance, to pay for the expense of streetscape maintenance, supplemental security or free parking. The levy would be imposed at levels needed only to cover the cost of the improvement/service, on a pro-rata basis. In some cases, a public entity, like the City, can agree to be responsible for a portion. A board of property owners works in cooperation with the local municipality to take bids, collect the tax and ensure that it is spent properly. There is no management entity or “office”, and no debates on how to use the money.

- **Undertake a branding/marketing campaign for SoNo.** In addition to serving a supplemental “clean and safe” function and advocating on behalf of the district’s interests, a new SSD, with the help of an outside consultant, would lead a branding exercise and develop a comprehensive marketing campaign positioning SoNo very clearly in the minds of consumers and prospective tenants.

One way of distinguishing SoNo is by underscoring its collection of true specialty businesses – both retailers and restaurants – and the “one-of-a-kind” goods and experiences that they offer. This would represent a clear contrast with commodity-filled competitors like Greenwich’s Greenwich Avenue, Stamford’s Stamford Town Center and Westport’s Main Street.

This message can be made to resonate still further by adding the yup-ster dimension (see p. 23 above). After all, it is not just that SoNo’s businesses sell something unique and different, but rather, that they offer an opportunity for consumers to identify and brand *themselves* – both in their own minds and to the world -- as unique and different, creatively inclined and alternatively minded.

This added nuance differentiates SoNo against its more direct competitors, namely, Downtown Stamford, Downtown Darien and Downtown Fairfield. All three of these boast independently owned businesses, but only the last one can truly position itself as a yup-ster magnet (see p. 17 above), and it does not yet appear to have taken the initiative of defining itself in such terms, possibly providing an opening for a more aggressively marketed competitor.

In this sense, T.R. Sono Partners’ “Design District” concept is an important first step. As part of its “Mission” statement, it describes SoNo as “a design and *creative* center for commerce, culture, education and recreation”<sup>1</sup>. The problem with the name, however, is that it does not give yup-sters a reason to return again and again; after all, consumers only design their homes every so often. It somehow needs to imply a broader mix of retail categories to encourage repeat traffic.

An important part of such a campaign would be an updated, compelling website. A Google search for “South Norwalk” reveals two websites that appear to have been designed as guides for the SoNo visitor – [www.southnorwalk.com](http://www.southnorwalk.com) and [www.sonoctguide.com](http://www.sonoctguide.com) -- but neither of these is visually appealing or introduces any sort of brand image for SoNo, nor are they all that useful or even current.

T.R. Sono Partners’ [www.sonodesigndistrict.net](http://www.sonodesigndistrict.net) site offers a better model in these respects. However, it is designed primarily as a leasing tool to fill the property owner’s remaining vacancies, and needs to be directed towards the consumer as well. For example, it could provide more information on SoNo’s individual businesses beyond just their names.

Such a campaign would also include a modest number of clever and well-placed advertisements, with content directed squarely at, and placement in niche publications favored by, SoNo’s target markets (see p. 23 below). This would encompass strategies for both traditional print vehicles as well as electronic media, and include relevant social-networking portals.

Another critical piece of the marketing effort would focus on the communicating of the brand as an aspect of the physical environment. For example, it would be conveyed through new banners and signage (gateway and way-finding) as well as new kiosks, which

would also include district maps and easy-to-use business directories. It could also be expressed in advertisements that share the window-display space of vacant storefronts with the Norwalk Arts Commission.

It is important to state here that the marketing/branding campaign is but one piece of a much broader and more comprehensive effort, that it cannot stand on its own but rather, **must** be undertaken in tandem with the other tasks enumerated in this section (e.g. securing buy-in, increasing residential densities, rethinking parking strategy, creating a management entity, etc).

- **Position the SSD as a useful partner in the leasing process.** For example, the SSD (or the Redevelopment Agency, if one is not formed) should strive to fill the role of information clearing-house, by establishing itself as the “go-to” source on vacant or soon-to-be-vacant retail spaces, possible site assemblages, available incentives and assistance, etc.

A database of available spaces should consist of at least the following:

- Address and block/lot
- Square footage and dimensions
- Lot acreage and dimensions (if different)
- Current tenant (if applicable), with date of lease expiration
- Nearby co-tenancies
- Nearest automobile parking
- Zoning, permitted and previous uses
- Level of existing build-out
- Preservation and environmental constraints
- Preferred uses, asking rents/terms
- Contact info for landlord and broker (if applicable)

Most of this information -- with the exception of preferred uses and asking rents/terms, which property owners might not want to state publicly – should be provided on the new SoNo website (see p. 31 above). Of course F.D. Rich & Company already shows its available spaces on its “SoNo Design District” website, but only those and not others.

The website could also help by providing prospective tenants and local brokers with information relevant to site location decision-making that can be difficult to secure. One only needs to head to the websites of one of the large data-mining outfits in order to create a demographic profile, but it would be more difficult, for instance, to obtain data on traffic counts or parking utilization rates.

The website could also take the opportunity to recast existing data in a more flattering light. For example, as discussed earlier, SoNo’s primary trade area does not compare favorably with the ones for chief competitors on figures like educational attainment and median household income (see p. 11 above). However, when one looks at absolute numbers, its demographic profile starts to look more compelling.

For instance, even though SoNo has by far the lowest percentage of residents having earned a B.A. degree or higher, it boasts 12,222 such individuals, similar to the number for Greenwich and higher than that for Westport. Similarly, while its median household income is the lowest, it contains 6,130 households making \$100,000 or more, again, roughly the same as the total for Greenwich and greater than the one for Westport.

	B.A. or Higher (Median)	B.A. or Higher (Absolute #)	Household Income (Median)	Household Income of \$100,000+ (Absolute #)
<b>SoNo</b>	<b>32%</b>	<b>12,222</b>	<b>\$65,000</b>	<b>6,130</b>
Greenwich	49%	12,375	\$90,000	6,535
Stamford	40%	25,549	\$70,000	11,588
Darien	46%	13,386	\$89,000	7,107
Westport	68%	8,039	\$129,000	4,014
Fairfield	45%	13,099	\$74,000	6,384

Table 5. Demographics: SoNo Versus its Chef Competitors, in Absolute Numbers  
Source: Nielsen, MJB Consulting

Of course, one would be foolish to argue that SoNo offers just as appealing of a retail opportunity as Greenwich or Westport. However, these figures do paint a very different portrait of the primary trade area than the one that emerges from a windshield survey of the immediate environs or from comparisons based on percentages and medians, pointing to significant numbers of well educated, high-earning households nearby.

Finally, many BID's try to play an even more active role in economic development by hiring an in-house, full-time retail recruiter to canvass for prospective tenants on behalf of landlords and brokers. However, such an effort is typically undertaken only in more established BID's that have already mastered their other functions in clean and safe, marketing, etc.