



# MAIN STREET AT WORK

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## DESIGNING A MARKETPLACE

What’s happening on Main Streets now? What are the best practices, the newest strategies, the lessons learned? In this column, National Trust Main Street Center staff will share the latest trends and successes from the field.

Communities need to transform knowledge of the market into proactive design of a marketplace. A lot of communities hope that a market analysis can dictate which businesses (including real estate investments) are likely to be successful. Market opportunities are often “calculated” *one business at a time* according to generic classifications of business types. But it is the collective, not the individual, that determines commercial district success. Your downtown will not become a strong marketplace thinking about one property at a time, one lease at a time, or one business at a time.

It will take a concrete and compelling vision of a fully functioning future marketplace to attract the entrepreneurs and investors who will eventually realize that vision. Commercial districts that outcompete downtown attract businesses by using a sound market position and a well-designed clustering or leasing plan to sell potential business owners on their ability to become part of a successful place.

In Chapter 9 of *Revitalizing Main Street*, entitled “Improving Commercial Dynamics,” I wrote a section on clustering businesses in which I stated that a clustering plan would help entrepreneurs decide where best to locate in your district. In hindsight that statement did not go far enough. You need to more fully understand how your downtown marketplace functions and can function to help investors decide how best to invest.

I noted that Main Street programs probably won’t be able to actively cluster businesses through lease management. While that may be true, Main Street should develop a leasing plan. Independent, impulsive leasing produces weaker marketplaces than cooperative, strategic leasing. While it remains true that Main Street’s Economic Restructuring Committee must be strategic, it may not need to be patient or subtle. It will not pay to present downtown as being desperate. To be successful, downtown needs to approach revitalization from a confident position of strength; it must be proactive not reactive.

Successful commercial developers lease their space to create the right combination and critical mass of businesses to attract

available customers. They use the numbers – the demographics – to understand their position in the regional and local markets and to ensure that enough of the right customers are available for the assembled businesses to break even or better. They don’t do business-specific market research. Main Street needs a similarly choreographed process to stimulate reinvestment by many independent and neighboring property and business owners. This is an art of combination that must be consistent with the market position and checked against the science of the market and the reality of any given space.

Market analysis pursued by a Main Street organization needs to inform that program’s decision making in all areas:

The best strategies or steps for filling vacancies in historic commercial districts are to:

- 1 **Retain existing businesses** so you don’t have new vacancies and can help businesses expand or spin off. The business owners who are already successful in your district are the best prospects for starting new enterprises. They can open a second business that perfectly complements their first and adds to the critical mass of businesses necessary to attract customers to the district.
- 2 **Passively recruit prospective businesses** that find you without any targeting on your part. Inquiries will increase with an organized business owner attraction program.
- 3 **Establish a business owner attraction program.** Recruited businesses can fail even if a market opportunity exists and businesses that you didn’t recruit can flourish even if a market opportunity wasn’t identified. It all comes down to the quality of the business owner.
- 4 **Develop and support entrepreneurs.** The majority of businesses that are attracted to historic commercial districts are independent “mom & pop” entrepreneurs with some existing tie to the community that can be captured through steps 1-3 and then supported and grown through step 4.
- 5 **Actively recruit (last, and in many ways, least).** Any effort or expenditure to actively recruit new businesses will fail if steps 1-3 are not in place and may not be necessary if steps 1-4 are in place.



Todd Barman worked with Altavista, Va., to help the Main Street program, Altavista on Track, transform its knowledge of the downtown market into proactive design of a marketplace. During an Economic Restructuring Technical Assistance visit, he facilitated a brainstorming exercise to flesh out a downtown market position: "Downtown Altavista specializes in establishments that make life simpler. Neighborhood residents, downtown employees, visitors to the many civic gathering spots, and rural retirees, have easy and convenient access to the basic products and services they need everyday and want with personal attention from independent businesses."

shape how it develops space (design), develops businesses (economic restructuring), develops customers (promotion), and develops partners (organization) – actions leading to the right combination and critical mass of businesses to attract that commercial district's available customers. Main Street programs should expect all potential investors to run their own numbers to make their own decisions.

Thinking like a commercial district developer involves:

- Defining and refining a market position for the downtown;

- Managing the downtown business mix and clusters; and
- Fully utilizing valuable space; and
- Selling development proposals to potential reviewers, funders, and tenants.

Successful commercial developers are good at communicating their development vision using verbal descriptions, architectural renderings, and diagrams/schematics. That is why they are able to get approval, attract investors, and lease space even before they break ground. The NTMSC is working to empower Main Street programs to use similar tools to attain similar results.

After helping Altavista on Track develop a market position, Todd Barman worked with the group to draft a Clustering/Leasing Plan for the Virginia Main Street community's downtown.

