

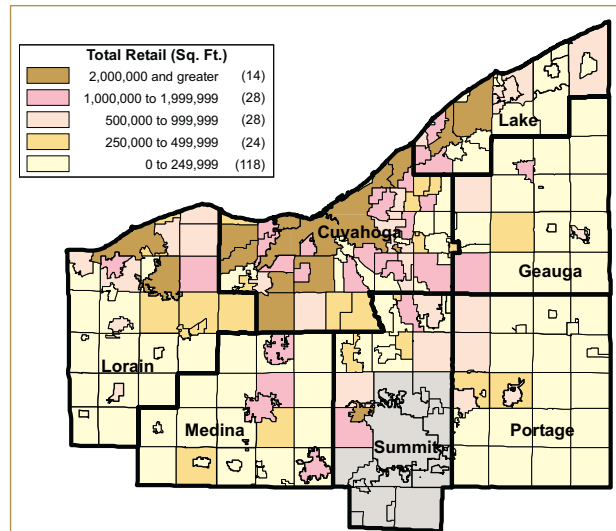
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# **SUMMARY OF FINDINGS**

The major findings of this analysis of the retail sector in Northeast Ohio are:

## RETAIL INVENTORY

- The seven-county region has more than **27,000 stores** and **135 million square feet of retail floor space**.
- More than 200,000 persons, or **20% of the region's work force, are employed in the retail sector**. These employees generate more than \$67 million annually in local income tax revenue.
- Convenience and shopping goods and services, which exclude car dealerships, hotels, commercial amusements and office space, total 79.2 million square feet.
- There are **more than 37 square feet of convenience and shopping floor space per capita** in the region. While there are no national figures available for an exact comparison, the amount of floor space per capita for shopping centers typically is in the 20 to 30 square feet range in other metropolitan areas.
- There are **more than 10 million square feet of vacant retail space** in the Northeast Ohio region. The vacancy rate of 7.4% is slightly more than might be expected for a region of its size.
- A total of **10.1 million square feet of new retail** has been recently constructed or proposed for the region.
- The **region is saturated in the convenience and shopping goods categories by more than 6 million square feet**.
- There is an **overwhelming amount of vacant land, 77 square miles, zoned for more retail in the region**. If all 49,500 acres zoned for retail were developed, more than three times the amount of existing retail development could be built in an already saturated market. Such flexi-



**Map 1. Total Retail (Square Feet)**

SOURCE: Northeast Ohio Regional Retail Analysis

Area	ALL RETAIL		SELECTED CATEGORIES**	
	Number Stores	Square Feet	Number Stores	Square Feet
Cleveland*	4,153	15,068,314	2,712	9,976,638
Suburban Cuyahoga	10,982	59,248,908	7,853	38,897,805
Gauga	1,089	5,072,549	635	2,993,315
Lake	3,279	16,047,772	2,133	10,695,496
Lorain	3,712	18,109,386	2,287	10,747,254
Medina	1,554	7,714,024	1,039	4,910,803
Portage	1,393	5,361,630	963	3,701,129
N. Summit	1,381	9,071,307	973	5,564,391
<b>Total</b>	<b>27,543</b>	<b>135,693,890</b>	<b>18,595</b>	<b>87,486,831</b>

**Table 1. Total Number of Stores and Retail Square Footage**

\*Cleveland data only contains information for surveyed nodes

\*\*Excludes Car Dealerships, Commercial Amusements, Hotels, Local Offices and Vacant Retail

bility in choices for retail developers could prove to be a serious threat to existing retail centers throughout the region.

- There are 14 communities in the region which have at least 2 million square feet of retail space; 9 are in Cuyahoga County, 2 each in Lake and Lorain Counties and 1 in northern Summit County.
- While the population of suburban Cuyahoga County decreased by 9.2% between 1968 and 1998, the amount of retail floor space increased by 90.9%.

### **SPATIAL SUPPLY/DEMAND CONDITIONS**

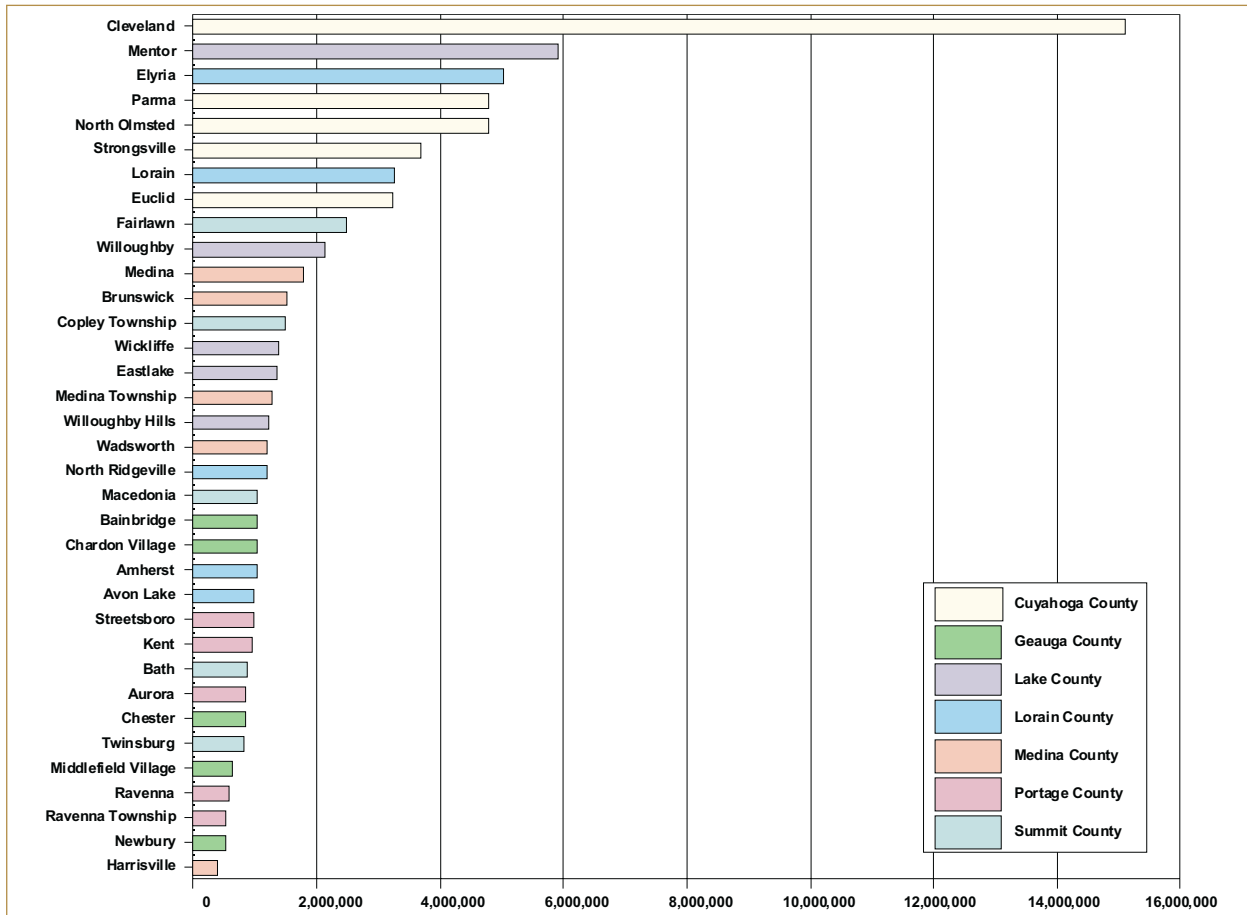
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- There is a **spatial mismatch between the location of proposed developments and the areas which are under served**. Many of the under served areas have the traffic access, infrastructure and population densities to support additional retail but are bypassed in favor of more easily developable locations.
- There is **sales leakage from the central cities and many denser, older communities in the region**, resulting in consumers having to travel significant distances out of their communities to purchase goods and services. There are substantial opportunities for balanced retail development in many areas of the region.
- Overbuilding results in new retail space which competes with existing commercial districts for market share, often leading to lower rents, more marginal businesses, increased vacancies in older retail areas, and reduced property revenues for school districts and communities.
- Without the benefit of public subsidies in proportion to the subsidies which go to new developments, older retail districts will find it more difficult to compete for market share and may experience private disinvestment.
- The proliferation of national retailers in many retail categories threatens locally owned businesses which provide uniqueness and character to retail districts.

### **LOCAL GOVERNMENT REVENUES AND COSTS**

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- The retail sector of the study area generates **more than \$345 million annually** in property tax, income tax and sales tax revenue.
- Cuyahoga County and the Greater Cleveland Regional Transit Authority could each lose \$26 to \$39 million dollars annually beginning in 2002 as a result of lost sales taxes due to electronic commerce.
- Most of the proposed large-scale retail projects are planned in the outlying communities of Cuyahoga County or in surrounding counties. Considerable public subsidies in the form of



**Graph 1. Total Retail Space in the Top Five Communities in Each County in the Retail Study Area**

SOURCE: Northeast Ohio Regional Retail Analysis

transportation enhancements, infrastructure improvements and city services will likely be required. Funding for these public improvements is often limited and competes with other priorities.

- Community tax revenue that is generated by new retail development is often offset by the local government costs of providing additional infrastructure and public safety services, the softening of the revenue from existing businesses, and the costs of environmental mitigation.

## ENVIRONMENTAL IMPACTS

- Retail land use is the source of a number of impacts on the environment. These include airborne pollutants from vehicular trips for shopping purposes, stormwater runoff quality and quantity, as well as noise, light pollution and community aesthetics.
- Retail projects can have significant environmental impacts which extend well beyond the local jurisdiction in which they are located.

- Excess parking capacity, common throughout many areas of Northeast Ohio, unnecessarily increases the amount of stormwater that washes directly into urban streams. This runoff carries with it significant levels of petroleum, nitrogen, heavy metals, and sediment, which contributes to the degradation of streams, rivers, and lakes.
- Land area developed for retail use in the study area **increases surface runoff by 874 million cubic feet annually.**
- If all vacant land in the region currently zoned for retail use was developed, surface runoff could increase by an additional three billion (3,000,000,000) cubic feet per year.
- It is estimated that vehicular shopping trips in the region annually generate **19,100 tons of hydrocarbons, 10,250 tons of nitrogen oxides, 153,000 tons of carbon monoxide, and 2,691,500 tons of carbon monoxide.**
- The traffic associated with a typical large super-regional shopping center (such as each of the eight largest shopping centers in the study area) generates quantities of air emissions causing the centers to rank among the top sources of carbon monoxide and hydrocarbons within the seven-county study area.

## TRANSPORTATION

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- **Retail establishments are significant generators of traffic**, accounting for as much as four times the volume generated by office uses, eight times the volume of light industrial uses, and twenty-four times the volume of residential uses, using an equal area of developed land. It is estimated that **shopping trips in the study area currently generate 5.6 billion vehicle miles annually in the study area.**
- The highway transportation network, particularly the interstate highways, provides excellent accessibility to shopping areas for both employees and residents of the region.
- The heavy traffic and large numbers of turning movements generated by retail development result in a higher number of accidents. The number of accidents around four major shopping centers in the region was three to six times greater than in nearby non-retail areas.
- Numerous businesses are located in a linear pattern along thoroughfares which were zoned entirely for retail development decades ago.
- Most proposed retail development in the region is at the edge or beyond the service areas of public transit providers, thereby limiting the access of transit dependent residents for shopping or employment.

## LAND USE MANAGEMENT

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- Under Ohio law, proposed retail projects which have regional implications with regard to traffic generation, environmental consequences, regional tax inequities and impact on other retail areas are subject only to local land use management authority.
- Because many local government zoning codes do not provide for mixed uses and flexible zoning techniques, the development of continuous strips of shopping areas has occurred in many parts of the region.
- Large tracts of privately owned land in developed areas, including golf courses and environmentally sensitive areas, have been targeted for retail development.

## NATIONAL TRENDS IMPACTING THE NORTHEAST OHIO/GREATER CLEVELAND REGIONAL MARKET

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In addition to the specific findings of this analysis, national retail trends are affecting the retail sector of Northeast Ohio.

- **Dynamic Changes in the Retail Industry**  
The rapidly changing dynamics of the retail industry at the national level will continue to impact land use, transportation networks and aesthetic appearance at the local level.
- **Redevelopment of Older Districts**  
Residents of inner city communities in the country spent more than \$331 billion on retail purchases outside of their communities in 1998. This sales leakage suggests strong retail development opportunities in older communities.
- **Threats to Retail Development**  
The strength of the U.S. economy over the past decade has resulted in continually strong levels of consumer confidence, fueling more retail development projects. However, a number of factors could curtail new construction in the future: a downturn in the economy, low savings rates by consumers, high credit card debt, electronic commerce, overbuilding and an escalation in gasoline prices.
- **Form vs. Function in Retailing**  
From a design standpoint, many consumers prefer a “Main Street” retail form, characterized by human scale architecture, pedestrian amenities and a “sense of place.” However, from a functional standpoint, many consumers prefer to make their purchases at “big box” stores which are freestanding structures surrounded by acres of parking. As a result, some developers are proposing new developments which feature both elements in the design of projects.
- **Proliferation of “Big Box” Stores**  
Three of the four largest retailers in the country feature the “big box” type of design. As these and other store types increase in size, adaptive re-use of these stores will become a major challenge

when they become vacant. Compounding the situation is the practice of many companies to keep buildings vacant rather than allow the property to pass to a competitor.

■ **Increase in Electronic Commerce**

As more consumers become comfortable purchasing goods via the Internet and concerns about security, delivery of goods and refund policies recede, the percentage of products purchased on-line will continue to rise. As a result of this “clicks” and “bricks” competition, the need for building space will diminish in many parts of the country.

■ **Homogenization of Retailing**

Increased competitiveness in the retail sector has forced many local and smaller regional retailers out of business or to sell out to larger firms. Consequently, many retail districts, especially regional malls, feature the same stores and tenant mix.

■ **Development of Retail/Entertainment Venues**

Retailers who add value to a shopping experience have recognized the importance of providing new forms of retailing to attract and retain customers. Urban entertainment centers, which provide amenities such as movie megaplexes, unique dining experiences, and upscale shops, are another retail innovation proliferating throughout the nation.■

