Downtown Retail Reality Check:
Winnipeg, MB

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MJB Consulting

- Retail consultants
- Specialize in downtown and neighborhood business districts
- Based in New York City
- Work across North America
  - Saskatoon: “Cultural Crescent”
- Implementation-focused, no plans sitting on shelves

Qualifiers

- Have only been here in Winnipeg for 1.75 days
- Understand different districts in broad brush-strokes
- Full-blown analysis (and nicer-looking power-point) takes *much* longer
- The ones in control are the ones with the land, the money and the clout

Importance of Retail

- Retail is what people first see and most easily understand
  - Impact on downtown's and city's "brand"

Right Now…

- Current approach to retail development lacks imagination
  - “We’ll issue an RFP, see what the private market comes up with…”
  - *Rather than* creating a “vision” and going after it
- Chosen developers might…
  - … not understand retail
  - … compete with each other
- Need to understand what makes retail work, strategize about the role of different sub-districts

What is “Vision” Anyway?

- Re-brand as “market positioning”
  - What demand segment?
  - What target customer?
    - Demographics *and* psycho-graphics
  - What merchandise mix?
  - What price point?
  - What shopping environment?
  - What types of retailers
    - Chains, “mom-and-pops”, local chain-lets
  - What anchor stores/uses?

How Do We Get There…

- Typically…
  - “I think we should have a __”
    - “Wish-list” thinking
    - Not necessarily representative of the market
  - Deal-driven development
    - Not part of a larger positioning/strategy
  - Sales leakage calculations
    - Helps politically and rhetorically
    - “Broad-brush” analytical relevance

How Do We Get There…

- Competition
  - What role can Downtown play in the larger competitive landscape?
    - Importance of psycho-graphics
      - Hipsters, yuppies, “yup-sters”
    - Competing for both shoppers *and* tenants…

How Do We Get There…

- Site Location
  - What do the retailers themselves want?
    - Does the available real-estate work?
    - Are the occupancy costs acceptable?
      - High rents in new space
      - Lower rents in existing structures

Sub-Districts Within A District

- Downtown is not a monolithic retail entity, consists of several “sub-districts”…
  – Portage Place, Portage Avenue, Graham Mall, Winnipeg Square, Exchange District, St. Mary Avenue, The Forks, Main Street N, etc.

Sub-Districts Within A District

- Each one needs to be assigned an appropriate market-positioning, based on factors such as…
  - Existing brand and draw
  - Psycho-graphics
  - Visibility and rents
  - Available space
- … otherwise, in a slow-growth market, cannibalization will result…

Retail Basics

- Generally speaking, retail is an *effect*, not a *cause*
- Retail follows other uses…
  - Residential, tourist, office, student
- … and different types of retail need different types of “drivers”…
  - Supermarket
  - MTS Centre

Retail Basics

- Retail space, like any other “good”, is a matter of supply and demand
  - Over-supply depresses rent levels and property values, creates disincentive for re-investment
  - New space “competes” with existing space
- Of course, there are different types of retail space…
  - Older, cheaper space provides opportunities for start-up entrepreneurs, immigrants

Retail Basics

- “Why don’t they get more stores in Downtown…?”
  - National brands spend sizable sums on store build-out, do not take such decisions lightly
  - “Mom-and-pops”: would you invest your life savings there?

Observations

- Sizable market, with formidable competitors in the suburbs, e.g.
  - Polo Park,
  - St. Vital Centre
- Suburban and exurban households have to pass those competitors to shop in Downtown
  - No freeway spur to/from Downtown
- “Trade area” limited to nearby neighborhoods, heavily low- and moderate-income

Observations

- Downtown’s primary sub-markets:
  - Low- and moderate-income residents in Downtown and nearby neighborhoods
  - Daytime office workers
    - Mainly fast-food and services
    - Tend to “comparison-shop” closer to home

Observations

- Suburbanites will come to Downtown, but *only* for unique attractions or retailers that they cannot find in the suburbs
  - MTS Centre
  - The Forks
- College students (U of W, Red River)
  - Do not live in Downtown
  - Nearby competition in Osborne Village

Observations

- Other Challenges:
  - Nearby competition (e.g. Osborne Village, Corydon Avenue)
  - Slow absorption of “in-land” condos, embrace of “urban lifestyle”
  - Not an especially strong tourist draw, seasonal and Forks-focused
  - Downtown’s spatial dynamics

Going Forward

- “Mega-projects”…
  - Provide the “sizzle”
  - Build positive momentum
  - Improve investment climate
  - Act as anchors/drivers
  - Get politicians re-elected
- … but it is equally important to focus on the small stuff…
  - The far less glamourous, building-by-building revitalization of corridors

Going Forward

- Developing (and getting “buy-in” for the) separate identities for each of the different sub-districts
- Achieving “buy-in” from those with the land, the money and the clout
  - We are constantly “priming the pump” in the suburban market
  - City controls most of the market area
- Focusing on building residential density, in Downtown *as well as* the surrounding neighborhoods

For More Information…

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