



## **Downtown Assessment 2017**

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Prepared for: City of Georgetown

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# Executive Summary

## Purpose

The City of Georgetown and the Georgetown Economic Development Corporation (GEDCO) partnered with Catalyst Commercial to conduct a five-part retail study that would be the basis for a Retail Merchandising Plan. As part of this process, Catalyst conducted a separate assessment for Downtown to develop a custom strategy for its unique environment. This is an important component to the Retail Merchandising Plan because Downtowns play an important role in the community and serve as a key retail area. This assessment complements the 2014 Downtown Master Plan by using the existing vision set forth to develop a merchandising strategy with an overall goal of creating a more vibrant, more sustainable, and broader retail environment.

## Process

As part of this process, Catalyst conducted a physical review of downtown, held downtown stakeholder interviews, facilitated a workshop in June 2016, and held a lunch session in January 2017. The interviews and workshop provided input regarding current efforts to attract and retain businesses, as well as input on the perceptions, challenges, and opportunities facing Downtown.

## Summary

Downtown Georgetown is a successful and vibrant component of the City's commercial core. Our findings show that in Downtown \$2 out of every \$3 spent is on food and drinks. Downtown consists of over 44 retailers and 30 restaurants, of which many are "unique" to Texas or one of a kind. This creates a destination and differentiates Georgetown from other regional retail. The City has experienced an influx of new investment and, as a result, retail sales increased in Downtown by 61% from just over \$18,000,000 in 2012 to more than \$29,000,000 in 2015.

While Downtown is successful, we uncovered three main themes that encompassed a majority of the opportunities and challenges for Downtown. These include a need for enhanced operational improvements, better organizational structure, and improved tenant mix or "merchandising." A summary of the findings is below:

**Business Operations.** Downtown would benefit from more retailers offering extended hours during the week and on weekends to draw more customers. Non-retail uses should focus on second floor spaces or non- "core" areas to enhance vibrancy. Increased residential would also build on the market and add to the vibrancy for Downtown.

**Downtown Organization.** Downtown has a large number of various groups and organizations that work to promote Downtown. An inter-organizational group consisting of all (or a majority) of the various downtown stakeholders should be created to align independent activities and coordinate the merchandising and programming of Downtown.

**Merchandising Strategy.** Downtown should expand entertainment options, increase mixed-uses and a variety of housing, attract more destination restaurants and limit non-retail on the square in the core of Downtown. Mixed-use opportunities should be encouraged to leverage existing infrastructure and merchandising should also include unique concepts that expand arts and entertainment to increase spending choices by consumers.

To refine the merchandising strategy, a survey of Downtown patrons would assist in forming a targeted marketing campaign to increase alignment with market opportunities. Future outreach efforts should be aligned with the vision and values for Downtown.

Additional information and the full list of recommendations and strategies can be found starting on Page 10.

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# Downtown Georgetown

Georgetown's greater downtown, the Downtown Overlay District, is a 40+ block area that surrounds the historic Town Square and is generally bounded by the South San Gabriel River to the north, University Avenue (Highway 29) to the south, Martin Luther King Street to the west, and Myrtle Street to the east. It includes a mix of commercial and residential uses framed by established neighborhoods. The Downtown core, which contains a majority of existing retail, is between 5th and University along and parallel to Austin Avenue.

## Champions of Downtown

Downtown consists of many organizations (non-profits, businesses, and government agencies) with different operational goals. It is critical that organizations meet regularly to discuss opportunities that support Downtown as well as one another to achieve outcomes that will provide mutual benefits.

Non-profits also play an important role. For example, the Downtown Georgetown Association (DGA) is a member-based non-profit organization focused on Downtown. The DGA coordinates a large number of events to promote Downtown. The Georgetown Convention and Visitors Bureau (CVB) functions as the marketing and branding arm for the City. Per the 2013-2015 CVB Board Priority Focus Areas, the emphasis is to develop a marketable identity that focuses on signature elements, and to market Georgetown as a unique destination thereby raising exposure and promoting tourism as a whole. The Chamber of Commerce also plays a key role in Downtown and the City's business community. With over 1,000 members, it is one of the largest chambers in Central Texas. Its focus on Georgetown's economic growth and vitality aligns with the goals and mission for Downtown.

The City and County have an important role in Downtown to establish governance and policies in support of the health and vitality of Downtown. Locally, the City controls zoning, development standards, and infrastructure. The City can also support economic development through recruitment, retention, and expansion efforts targeted toward projects identified to enhance Downtown. The City's Main Street Program seeks to build partnerships among stakeholders, as well as supports marketing and promotional activities, preservation of historic commercial buildings, and the overall economic vitality of Downtown. It promotes public-private partnerships and reinvestment in historic commercial structures in Downtown through the Main Street Facade and Sign Grant Program.

In addition, businesses must understand that their operations can directly impact the function and vitality of Downtown. For example, if a majority of restaurants and businesses have limited hours, this can create a missed opportunity to serve people leaving an event or looking for nightlife after hours. The private sector has a responsibility to ensure that storefronts are active, customer service and products are exemplary, and uses are suitable for the environment.

Our assessment revealed one of the most critical issues impacting Downtown is structural alignment. While a common vision has been established for Downtown through the 2014 Downtown Master Plan, we observed a lack of collaboration/joint effort between the numerous Downtown-focused organizations.

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# Downtown Market Summary

Downtown Georgetown is opportunely located to serve a wide audience. Located just off Interstate 35, and near the SH 45 and SH 130 toll roads, Downtown's location creates regional accessibility. Just 26 miles from Austin, it also allows for significant synergy with Austin's large population base and tourism.

## Downtown Retail Market Highlights

1. There are over 44 unique shops and 30 restaurants in Downtown.
2. Retail sales increased in Downtown by 61% from just over \$18,000,000 in 2012 to more than \$29,000,000 in 2015.
3. Every \$2 out of \$3 from retail sales in Downtown are related to food and beverage sales.
4. Almost 50% of all Georgetown residents, or approximately 34,000 people (11,875 households), live within 3 miles from Downtown.

## Trade Area Summary

**Population:** The population of the Primary Trade Area (PTA) is 134,000 compared to the City of Georgetown at 56,798, with a growth rate estimated at 22.5% from 2015 to 2020 (STI PopStats).

**Workforce:** The 2015 estimated workforce in Georgetown's PTA is 31,215.

**Income:** The 2015 estimated average household income in Georgetown's PTA is \$92,418.

**Purchasing Power:** The residential population in the PTA creates over \$10B in spending power and the workforce creates over \$2.5B. The total supportable retail square footage in the PTA is 41M square feet.

## Target Audience

Local Residents	2nd home owners	Weddings
Day trippers	Local workers/employers	Commuters
Students	Retirees	Medical tourists
Millennials/Creative Class	Local tourists	Snow birds
Young professionals	Conference go'ers	Regional tourists



# Existing Tenant Mix

The Primary Trade Area for Georgetown shows Downtown Georgetown has a wide potential target audience to draw from; however Downtown should not be “all things to all people.” The merchandising strategy should align with the various target audiences and their needs and wants.

Downtown already has a significant base of high quality tenants. These include: personal services, antiques, boutiques/apparel store, jewelry stores, and artisans. Downtown also has several museums, theaters, and regional attractions that draw tourists and regional visitors to downtown.

Future merchandising should complement the existing service retail, 44 unique shops and 30 destination restaurants. This will ensure that new concepts will continue to increase the draw for downtown and create expanded options for its customers.

## Downtown’s Merchandising Strategy

Downtowns are unique and the recruitment strategy should also be customized to reinforce the diverse tenant mix. The Merchandising Strategy should reinforce the brand and uses should enhance pedestrian activity, economic activity and generate synergistic activity with existing concepts.

- ▲▲ Expand entertainment options near the Downtown core using music venues and family entertainment
- ▲▲ Increase in-fill housing options for 24/7 activity, including flexible housing choices and urban living
- ▲▲ Target active restaurants with patios on the square to create more energy in the Downtown core
- ▲▲ Limit non-retail on the square and at key locations
- ▲▲ Support iconic mixed use at Downtown gateways to strengthen the entryways and create better transitions between Downtown and other areas
- ▲▲ Develop strategy to attract unique high-quality retail operators through targeted recruitment
- ▲▲ Consider expanding arts/cultural events to attract and incubate artists/the creative class
- ▲▲ Consider promoting culinary concepts and expanded food options

Existing Downtown Tenant Mix	
Category	Total
Antiques/Collectables/Décor	9
Boutique/Apparel	8
Restaurant/Bistro/Café	6
Hair/Beauty	5
Restaurant/Mexican	4
Restaurant/Winery	4
Restaurant/Pizza	3
Restaurant/Upscale	3
Jewelry/Gifts	3
Bank	3
Artisans	3
Restaurant/Asian	2
Restaurant/Coffee	2
Spa	2
Restaurant/Bakery	2
Consignment/Resale	2
Shipping	1
Restaurant/Chicken	1
Specialty Glass	1
Restaurant/BBQ	1
Music	1
Textile	1
Toys/Books/Gifts – Kids	1
Food	1
Sporting Goods	1
Restaurant/Sandwich	1
Floral	1
Interior Design	1
Restaurant/Burgers	1
<b>Grand Total</b>	<b>74</b>

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## Values-based Merchandising

Catalyst conducted two workshops with downtown operators, owners, and major stakeholders to identify core values, or the themes that support the Downtown vision. The second workshop, conducted in January 2017, refines the vision and values that were explored in the earlier workshop. For example, attraction of specific businesses could place emphasis on uses that reinforce the historic character, such as a restaurant/bar that uses an authentic western motif. A summary of these core values that were identified during this process are shown in the adjacent text box.

Recruitment should focus on expanding uses that cater to the broader audience, but also uses that complement established customer bases so that new efforts do not dilute the existing success of Downtown. The recruitment should also align with the Downtown Master Plan. For example, active retail and restaurants should be clustered within the core, and in-fill mixed-use concepts may be more appropriate along Austin Avenue. This could also include eclectic restaurants for students (i.e. Taco Deli & Amy's Ice Cream) or spas for tourists and locals with discretionary income, shopping for day-trippers, etc.

Targeted concepts should also be identified from the themes that emerge from the values that get developed during the next phase of implementation. For example, if experience or arts/culture venues are a priority, then recruitment should focus on concepts that focus on arts and entertainment and expand the existing artisan base. This could include experiential retail such as "pop up shops" and active storefronts<sup>2</sup>.

If active living is a key focus, then a targeted focus may include gyms, yoga studios, and dance studios. Supporting uses would be sporting goods and athletic wear (i.e. Lululemon and Athleta) stores to cater to "active" lifestyles.

In addition, the Merchandising Plan recognized capacity in Georgetown for greater spending on household related items. Therefore targeted merchandising for Downtown could focus on home goods and boutiques with high quality housewares to cater to the regional appetite for home-related retail merchandise.

### Merchandising Themes

- ▲ ▲ Uses that enhance Georgetown's Historic Character
- ▲ ▲ Local or niche stores to promote Downtown as a signature destination
- ▲ ▲ Unique and diverse uses that are "one of a kind" as a differentiation to other retail shopping
- ▲ ▲ Experiential places that can create vibrancy and engage customers
- ▲ ▲ Uses that enhance the quality of life to support Georgetown's existing tenant mix
- ▲ ▲ First-class/High quality
- ▲ ▲ Charming
- ▲ ▲ Concepts that support "Active Living" for active lifestyles and health-conscious consumers

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<sup>2</sup> See: [repetto.com](http://repetto.com) for an example of active storefront displays

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# Recommendations



- Explore management structure of Downtown and explore an inter-organizational committee between various stakeholders (city, non-profits, and operators) to facilitate collaboration among various agendas to optimize outcome.
- Develop an operational plan that aligns resources, investments, and future activities of multiple entities.
- Examine existing policies to ensure that they accomplish the desired outcomes (historic overlay, programming activities, etc.)
- Retail consultant to recruit “high impact” prospects for Downtown that align with the merchandising strategy
- Prioritize future public investments that “activate” key areas in Downtown
- Coordinate with landlords and owners to calibrate leasing plan

## Process

The Downtown Master Plan should be the guiding document that serves as the framework for the merchandising strategy for Downtown. This targeted merchandising mix should reinforce the brand for Downtown and align with the established vision and core values. The strategy should allow enough flexibility to consider a broad range of quality uses while guiding decision making for Downtown to ensure alignment with Georgetown’s historic and authentic context.

Recruitment should focus on expanding the selection of high quality destination restaurants, services, and specialty stores that have a unique selection and are targeted to align with the vision. One example of this would be a food-based market district. Successful examples can be found nationwide in mature cities such as New York, Philadelphia, and Los Angeles, but also in emerging regional markets such as Bentonville, Arkansas. For example, the Bentonville model is holistic and focuses on providing place for “foodpreneurs” to create food products (i.e. catering kitchen), providing a distribution hub for locally sourced foods, providing access to locally grown food through local restaurants, and providing experiences through classes and demonstration.

Recruitment should also include developers that have experience in revitalization of historic buildings, or developers that have experience developing buildings in downtown environments that align with the vision. This can be accomplished through RFQ and RFP processes for City-owned land, or working through individual owners and their representatives to find partners to activate existing under-utilized properties.

Recruitment should be a continuous engagement process. Downtown should have dedicated resources for a full-time “concierge” for downtown that includes recruitment, which the new Downtown Development Manager could fill. This role should also serve as a steward who has oversight or input on events, design guidelines, and drives the brand awareness for Downtown. This concierge should take a lead role in the “Downtown Inter-Organizational Group”.

Downtown should be proactive in sourcing additional public spaces, such as parks, outdoor art, splash pads, and outdoor lawns. As it has been identified in the Downtown Master Plan, the City should continue to explore opportunities for an active green space/lawn that can be used for a wide variety of events. The open space should allow for programming and be managed to mitigate impacts on Downtown operators, but continue to draw a regional audience and keep Downtown active and vibrant.

While the Downtown Master Plan suggested continued events, these should occur in key areas (not just the square) and involve coordinated theming with the merchandising strategy for Downtown.

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To explore expanding arts/culture, the City initiated an Economic Impact Study for Arts and Culture including but not limited to visual and performing arts, art education, cultural festivals, art supply stores and live music, within the city limits to be completed in spring/summer 2017. This study measured arts, entertainment, and other events and can be used for future decision-making and support for future investments for art related uses<sup>3</sup>.

One major opportunity observed is the need for an inter-organizational group consisting of all (or a majority) of the various downtown groups to align efforts in Downtown. Although Downtown has substantial resources, an overarching committee that can champion consensus on overall operations and management would optimize the efforts of all stakeholders. This body should be independent but aligned with the City and could be served by an existing organization. Many cities use a downtown association, or similar organization to serve this function. This body should coalesce the many organizations and coordinate the various missions and activities. A coordinated strategy would greatly enhance the functionality of Downtown.

For Downtown to grow to the next level, it must take advantage of a broader customer base and explore a concerted approach to extending hours of operation. This represents a challenge. Many owners do not stay open because of the cost/benefit of staying open later and the lack of customers in the evening. The easiest solution is to be consistent. Offer extended hours around events or nights and work toward expanded hours.

In addition, there were diverse thoughts on what type of retail businesses should be recruited to Downtown. The 2014 Downtown Master Plan identified the need to establish a “Retail Recruitment Program” to target specific businesses and industries as well as strengthen marketing and events programming. The Downtown stakeholders should build consensus on a unified set of principles/core values that can be used to develop targeted retail recruitment and Downtown marketing strategies. These core values could be the glue between all the different stakeholders and help create an alliance on future policy making, including retail recruitment and economic development prioritization.

The targeted categories were developed from a block-by-block merchandising strategy that supports the master plan goals and principles. This would prevent ad-hoc merchandising and ensure a strategic approach. Just as zoning must be flexible to accommodate market changes and evolving needs, the merchandising strategy should also allow for a broad range of uses, but should be thoughtful and aligned with physical constraints and local context.

We heard a range of opinions about what Downtown customers are looking for. The City should conduct a survey of Downtown patrons to identify their needs/wants for Downtown. This can assist with refining a retail merchandising strategy and calibrate attraction to real time needs and wants. This should also be founded in market research to ensure targets are more than aspirational and ensure a broad range of options and choices.

While vision and strategy are key, value creation will be achieved through implementation. Activation should include a marketing plan and a specialist to recruit “high impact” prospects for Downtown, such as the Downtown Development Manager. This role should lead the merchandising strategy and work with the downtown committees to facilitate key investments and activate strategic areas in Downtown. This role should also include strong collaboration with existing owners to ensure alignment with the individual business plans of owners/landlords and the overarching Downtown strategy.

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<sup>3</sup> See: Economic Impact from Arts and Culture Study: <https://arts.georgetown.org/economic-impact/>

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## Existing Resources

Downtowns are complex environments that have multiple layers of policy, governance, structure, owners, and organizations. To orchestrate these moving parts, there are several City resources that provide direction and guidance for development in Downtown.

Summaries of the major components guiding Downtown Georgetown are:

### Downtown Master Plan

The 2003 Downtown Master Plan was updated in March 2014 to enhance the overall vision for downtown in response to changing demographics, new priorities, and recent development successes. It established a policy base regarding capital improvements and other public investments, new private-sector development, and opportunities for public-private partnerships. The Plan identified three fundamental elements for a successful Downtown Georgetown:

1. It is a pedestrian-oriented place.
2. It is the heart of the city.
3. It is a key economic center for the entire business community. The goal was to maintain the Downtown's uniqueness and historic character while accommodating growth and new opportunities.

The Plan reviewed existing conditions, provided updated framework and development strategies, addressed forms of access (pedestrian, bike, auto), parking, way-finding signage, landscaping, green space, and the arts with implementation strategies to serve as guidelines for the future development of the downtown district.

### Downtown Design Guidelines

The Downtown (and Old Town) Design Guidelines and regulations are used to guide redevelopment to preserve the character of Downtown while supporting current development needs. This is a process that will continue to change as Downtown evolves. For example, the City recently updated the Unified Development Code (UDC) to include a Downtown Overlay District. The guidelines are used to promote infill and redevelopment while preserving the unique character and history of downtown.

### Main Street Program 2015-16 Strategic Plan

The Georgetown Main Street Program seeks to enhance downtown vibrancy and historic preservation by using the National Main Street Center's Four-Point Approach of organization, promotion, design, and economic vitality. The Main Street Program Strategic Plan has 3 goals:

1. Attract and retain a healthy business mix;
2. Raise awareness and funding for Georgetown Main Street Program projects; and
3. Promote Downtown's image as a signature destination.

### Other studies and plans:

- 2013-15 Convention and Visitors Bureau Board Priority Focus Areas
- City of Georgetown Management Services Economic Development Strategic Plan 2011
- Market Study for Downtown District 2011
- ERA Strategic Retail Plan and Market Feasibility Report 2007
- Economic Development Strategic Plan 2002-2004 Cultural District designation by the Texas Commission on the Arts in 2013
- Economic Impact from Arts and Culture Study 2017

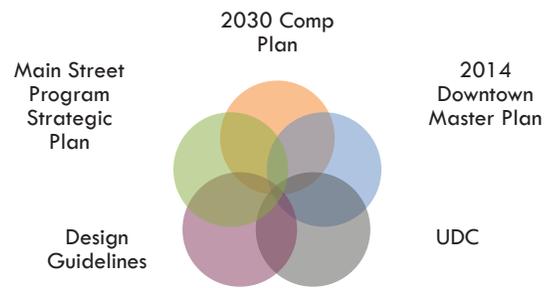


Figure 4 - City Plans and Policies

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# Appendix

## Recent City Improvements

One of the greatest catalysts in downtown redevelopment and revitalization are upgrades and replacement of public infrastructure. The City of Georgetown has played a large role in the renaissance of Downtown Georgetown by investing significantly in planning projects, the recent parking study, and facility improvements, including streets, sidewalks, and parking lots. A partial list of improvements is included below:

### Accomplished

- ▲▲ MLK and & 8th Parking Lot
- ▲▲ Rehabilitation of 9th St. from Main to Rock
- ▲▲ Rehabilitation of 8th St. from Austin to Rock
- ▲▲ Rehabilitation of 2nd St. from Austin to College
- ▲▲ Installation of CDBG funded sidewalk along 3rd St. from Rock to MLK
- ▲▲ Installation of CDBG funded sidewalk along 8th St. from MLK to Rucker
- ▲▲ Downtown Parking Study
- ▲ Downtown West Program Document and Schematic Design
- ▲▲ 6th St. rehabilitation between Austin and Main
- ▲▲ Cutler St. rehab all around the Square
- ▲▲ Expanded the Downtown Overlay District
- ▲▲ Expanded the boundary and extended the duration of the tax increment reinvestment zone (TIRZ)
- ▲▲ Adopted the Sidewalk Accessibility Ordinance

### Upcoming/Planned

- ▼▼ Founders Park improvements
- ▼▼ Vehicular way finding update (vendor currently printing signs)
- ▼▼ Signal at 5th and Austin
- ▼▼ Austin Ave Bridge preferred alternative (Winter 2017)
- ▼▼ VFW Park Renovation
- ▼▼ Downtown west phase I construction

### Upcoming Sidewalk Projects

- ▼▼ 8th St. (MLK-Rock)
- ▼▼ 10th St. (Main-Rock)
- ▼▼ 11th St. (Main-Rock)
- ▼▼ Church St. (8th-9th)
- ▼▼ 8th St. (Church-Myrtle)
- ▼▼ Austin Ave (9th-University)

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## SWOT Analysis

### SWOT ANALYSIS SUMMARY



#### STRENGTHS

- Quality Historic Downtown
- Historic Courthouse
- Strong Resources
- National Reputation



#### WEAKNESSES

- Lack of coordinated vision
- Lack of communication between businesses and organizations
- Conflicting/competing organizational goals
- Merchandising strategy



#### OPPORTUNITIES

- Cater to Millennials
- Expand market
- Brand awareness
- Increase hours of operators



#### THREATS

- Loss of historic integrity
- Development regulations that constrain growth
- New development which dilutes the historic fabric of downtown
- Success of City events outgrowing public space on the Downtown square

# Merchandising Matrix

		Target Audience					
		Local Residents	Employees	Students	Retailers	Local Tourists	Non-local Tourists/Day Trippers
Values Merchandising	Historic						
	Local or Niche	Amy's Ice Cream, Hopdoddy, Torchy's Tacos, Taco Deli, Craft wine/beer/distillery					
	Unique and Diverse	Mast General Store, Hey Sugar Candy, Kilwin's					
	Experiential	Food Trucks, Pop-Up Retail (CoStar, ModCloth), Art Studio					
	First-Class	Royal Blue Grocer					
	Charming	Modern Boutiques, Specialty food, Art Galleries					
	Active Living	Bicycle Shop, Bikram Yoga, Cycle Studios					