

TOWN SQUARE, ANCHORAGE:  
PUBLIC PARK or FESTIVAL MARKETPLACE

by

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ABSTRACT

In conjunction with the Municipality of Anchorage Capital Projects Office, this feasibility study was done to define the goals and establish the economic base for a festival marketplace in the proposed Town Square park in the Central Business District. This study conceptualizes a design for a festival marketplace and sets forth its function. The primary focus of the study was demonstrating the marketplace's investment potential through a market analysis and an assessment of three forms of public assistance.

A scenario creates a vision of how the festival marketplace will look and function within the Town Square. The first chapter describes the history of Anchorage, the need for downtown revitalization, and projections for the commercial and retail viability of the Central Business District. Chapter Two recaptures the process involved in locating the Town Square and the State-funded land acquisition there. Chapter Three describes the goals that must be met in a public square. Chapter Four presents two construction alternatives for Town Square--public park or festival marketplace--and evaluates them. Specialty festival marketplaces in other cities are described. Chapter Five projects the sales volume for a festival marketplace and analyzes the market support from several submarkets. Chapter Six describes the fiscal impacts of the marketplace and demonstrates the effect three forms of public assistance have on the cash flow of the marketplace. From this information the Municipality will determine the desirability of leveraging private investment in a permanent indoor structure that contains ground level specialty shops, indoor small crafts vendors, a large public area with seats and tables, and cultural programs.

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## A Scenario: Town Square 1987

On foot, they converge on Anchorage's Town Square. From the west side of downtown: lawyers from the Alaska State Courthouse, city planners and administrators from the municipal offices, petroleum engineers and geologists from the Atlantic Richfield Oil Company Building. From the east: biologists, land specialists, and natural resource officers from the Federal Building. And from all directions: bank tellers, loan officers, secretaries, accountants, store clerks, hotel personnel, and tour guides from office buildings clustered near Town Square. Downtown employees walk to run errands, shop, eat, or meet noon appointments.

The wind coming off the icy inlet seems to speed people along to the new Performing Arts Center, the F Street pedestrian mall, and Town Square park. As the people travel along the recently widened sidewalks, they can see the large, colored banners of the new festival marketplace in Town Square. The marketplace shops along the perimeter and inside Town Square form a continuous storefront facing the street. Foot traffic slows. People walk under a covered promenade for a closer look at the window displays of the specialty shops: aviators' supplies, clothing, shoes, designer fabrics, furs, quiviut, winter running apparel, cards, international books, coffee and teas, and climbing gear.

Wind and cold and the activity inside the marketplace make the ramp to its entrance inviting. Automatically, glass doors slide open.

People enter a building that opens up into a large central space full of light from skylights overhead. A chamber orchestra plays. The musi-

cians have set up beside the pool and fountain. The strains of music seem to rise to the second story mezzanine and echo to the audience below. People stop to listen. They sit on the ledges of the fountain, on benches, or at tables and chairs scattered throughout the area.

The chamber orchestra, part of the Anchorage symphony, is scheduled for a performance that evening in the new Performing Arts Center. The arts complex can be seen from the windows of the marketplace. As people finish their sack lunches, they cross the common area of the festival marketplace to the windows and entrance on the other side. There they can see the Town Square park: trees, chairs, an ice skating rink.

Inside the marketplace, people stroll through the pull-cart vendors located along the promenade down the middle of the specialty shops. A vendor from the Matanuska Valley sells hand-sewn leather boots. An artist from Homer has an array of candles she cast in kelp bulbs. Pots thrown from a combination of Alaska clays, then glazed with ash made from native ferns, hang from another cart. Colorful harnesses for sled dogs line a vendor's cart. Still another displays jars full of wild game jerkeys--moose, caribou, sheep--and bottles of cranberry liqueur.

Suddenly a rush of people enter the festival marketplace. They have been attending the Aircraft Operators and Pilots Association trade show at the Civic and Convention Center across the street. Lines form at specialty food vendors' carts, the cafe, and several restaurants in the marketplace.

People run into people they know, stopping to converse. "Where are you going skiing this weekend? Alyeska already has an eighteen inch base."

"We're going outside for the holidays; children haven't seen their grandparents--rented a condo in Hawaii for awhile." "Have you seen that new movie at the Fourth Avenue Theater?"

With that, they button their coats and leave the marketplace on the F Street side. On their way back to work, some stop in the F Street Plaza to pick up tickets at the kiosk advertising the symphony at the Performing Arts Center.

A People Mover bus pulls up along the covered sidewalk on Sixth Avenue. It's the shuttle from midtown shopping malls. Local residents who usually frequent the suburban shopping centers disembark at the new festival marketplace in Town Square. The marketplace is also convenient to J. C. Penney and Nordstrom, which are only a block away. Before going inside the festival marketplace, some of the shoppers stop to watch the large tent being set up on the park side of the square for the weekend crafts market. This weekend is the winter Renaissance Fair. Its organizer, the Public Market Guild, is meeting on the second floor of the marketplace to work out last minute details.

\* \* \* \* \*

Apart from this pocket of activity, a lone spectator, a visitor with a whirlwind itinerary through Alaska, has stopped for three or four days in Anchorage. In the park she sits in a chair near some evergreens. To catch what sun there is, she moves her seat. A raven settles in the top of a spruce tree.

Laughter from the ice skaters on the nearby rink seems distant from the visitor. When she walked through the brick archway at the southeast corner of the park, she seemed to leave the traffic far behind. The sun goes behind a cloud.

The visitor rises, straightening her coat. There is a strange comfort in keeping her distance from the activity of the marketplace. With one last look at the Chugach Mountains to the east, she turns to go. A small, single-engined plane on skis makes its final approach at Merrill Field. A jet streams overhead.

The visitor departs. Past the small ice rink and under the banners flapping in the wind, the visitor walks through the marketplace to the pedestrian mall on the other side. There she enters the mainstream of visitors, residents, and employees.

## CHAPTER ONE

### INTRODUCTION

Anchorage is planning to construct a Town Square that will help create a focal point downtown. This public square is only one part of an overall strategy to ensure that downtown remains a vital segment of this fast growing community.

Anchorage can strengthen its downtown by preserving its historical identity and building upon its commercial vitality. The Municipality of Anchorage already is undertaking some projects to accomplish these ends: strengthening existing retail by constructing pedestrian amenities, integrating downtown Anchorage's old structures with an historic railroad town, revitalizing the eastern end of downtown with a state office building complex, and creating a civic core by constructing, in addition to the newly opened Civic and Convention Center, a Performing Arts Center (PAC), and a Town Square in the Central Business District (CBD).

The focus of this feasibility study is the Town Square. The block lying within the arm of the Convention Center and to-be-built Performing Arts Center, Block 51, will be transformed into a Town Square park (Figure 1.1). The Municipality is using voter-approved state appropriations to acquire land and buildings on Block 51 so that a Town Square can be constructed. The public square will provide a vital link in creating a visual focus for the Anchorage region.

The location of Town Square and the elements that should comprise it have been sources of controversy. As a recent editorial in the Anchorage



Daily News (1/20/84) conveyed,

. . . a town square must begin to take shape across the street (from the Convention Center) to fulfill civic commitments made some two years ago."

Many citizens equate this much-awaited Town Square with a public park.

A Mayorally-appointed citizens' committee with planning staff support from the Municipality proposed some designs for Town Square. The committee's proposals were divided over the size of the square and the role of shops there. These factors are crucial to the design of a public square which generates a pocket of activity year-round.

The structures in Town Square should in combination reinforce Convention Center and Performing Arts Center activities, attract both visitors and local residents, and provide for a gathering place, no matter the season's weather. These qualifications suggest the need for a permanent indoor structure that has small shops, crafts and food vendors, and a large common area. The scenario at the beginning of this study described such a structure--a festival marketplace.

Other cities ranging from Boston to Seattle have revitalized their downtown areas by developing specialty/festival marketplaces in public places. Food, specialty shops, and an atmosphere of entertainment comprise a successful festival marketplace. A festival marketplace needs no anchor department store because the unique shops within it, mixed with recreational, entertainment, and cultural activities, form the magnet that attracts people.<sup>1</sup> This concept may be portable to Anchorage, if the

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<sup>1</sup>Urban Land Institute. Revitalizing Downtown Retailing, Trends and Opportunities. Washington, D.C. 1980.

marketplace is scaled to Town Square and accommodates a public park.

This feasibility study will evaluate the festival marketplace concept against the goals for a public square. It will also look at the economic basis for a festival marketplace--its projected sales and market support. Then it will evaluate a process for developing the marketplace, looking at the effect of several types of public assistance on cash flow.

The addition of a festival marketplace to Town Square will surprise some. The proposed structure--in design, use, and purpose--must not be merely a private space. It must provide the amenities of a public space while also maintaining a profitability with specialty retail.

The function of Town Square must be clear before those activities and facilities which would transform Block 51 into an active gathering place can be planned. Understanding the role of a festival marketplace in Town Square requires knowing some history of both Block 51 and Anchorage. Conveniently, the city's history is short (Figures 1.2, 1.3, 1.4, and 1.5).

### **Profile of Anchorage**

Downtown, unlike other areas of Anchorage, such as Midtown, can be seen on foot. Figure 1.5 is the reference map for this short tour.

At the intersection of Fourth Avenue and E street, just one street north of Fifth, where the new Convention Center sits, one can walk to where Anchorage was first sighted. To approach this point, one heads west on Fourth, past the newspaper offices of the Anchorage Times and past Governor

Walter J. Hickel's Hotel Captain Cook. Just beyond the hotel stands a statue of Captain Cook himself.

The navigator who stumbled across Alaska somewhat by mistake looks across the railroad tracks and over the tidal flats to the silty inlet of the Pacific Ocean which now bears his name--Cook Inlet. With the Chugach Mountains at his back, Captain Cook holds his navigation charts and peers in the direction where he made a wrong turn. Alaska did not bring him to the entrance of the Northwest Passage for which he was searching.

The land that drove this man away captivated the very benefactor of the viewing platform where Captain Cook now stands. Atlantic Richfield Oil Company (ARCO) struck oil on the North Slope, which now finances most of the state's activities. ARCO contributed the funds that built the Resolution Point statue and viewing platform just described. Resolution Point is not only a popular tourist attraction, but also a favorite lunch spot for downtown employees.

Neither Captain Cook nor oil, however, first put Anchorage on the map. It was the railroad. When Seward, Alaska, a town south of Anchorage on the Kenai Peninsula, was rejected as the base for the new Alaska Railroad, speculators looked to Anchorage. A railroad was established near the tidal flats where Ship Creek flows into Cook Inlet. A tent city popped up there in 1914. That was Anchorage.

A townsite was later laid out south of there above the bluff. Some of the first permanent buildings that were erected on streets such as Fifth Avenue are now the components of an historic downtown preservation project.

That preservation project is the historic railroad town. An appraiser in Anchorage is studying the feasibility of integrating some historic homes into a multi-use area comprised of both retail shops and non-revenue producing space. This railroad town would be located on a manmade buttress downtown. The buttress, three streets north of the proposed Town Square, was built to stabilize the downtown slide area of the 1964 earthquake.

Much of downtown Anchorage sits on shaky ground. According to the Anchorage Central Business District Comprehensive Development Plan,<sup>2</sup> the buttress has a land use suitability-capability rating of Poor. This means, among other factors, there is a very high risk of seismic ground failure there. It was in the wake of the 1964 seismic disaster that Walter J. Hickel built the Hotel Captain Cook in a high risk area on the west side of downtown. Now his three-tower hotel and parking structure are the locus of the highest valued properties in the CBD.

Since those days of rebuilding after the earthquake, the discovery of North Slope petroleum reserves has flooded Alaska with oil revenues. These revenues have supported the capital budgets of municipalities and given residents access to funds such as low interest home loans. In 1983, a record year for construction in Anchorage, over \$300 million in construction activity occurred, with at least 30 capital projects completed or under construction. But most of the year-round building boom was in single family dwellings. Residents who normally could not afford to own homes, much less build them, took advantage of the loans offered from the state-backed Alaska Housing Finance Corporation (AHFC).

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<sup>2</sup>Municipality of Anchorage, Department of Community Planning. Gruen Associates, Gladstone Associates, CCC, Maynard and Partch. Anchorage Central Business District Comprehensive Development Plan. 1983.

The population of Anchorage, now at 230,000, increased 13 percent in one year, from 1982 to 1983. It is the fastest growing city in the U.S. Forty-five percent of Alaska's residents live in Anchorage, the largest city in the state. These new residents are settling in parts of the Municipality that would not have been profitable to develop if not for the AHFC home financing. Intense residential development, then, is occurring, farther and farther away from downtown, north in Eagle River and in South Anchorage (Figures 1.2 and 1.3).

An increase in the number of automobiles has accompanied the suburban expansion, resulting in traffic congestion. Commuters from either direction often experience 15-minute waits at intersections. Though not long by some city standards, these waits have become campaign issues, and the road system is a common topic of discourse. A bus system exists, but ridership is low.

### **Suburbanization**

These residential patterns have displaced downtown as the geographic center of Anchorage. Downtown to many residents means Midtown, where large regional shopping malls with parking lots are located. Lack of parking downtown and the residential patterns have encouraged many downtown merchants to relocate in the malls. This in itself is not an undesirable development, since shopping opportunities are best located near residential areas. But the downtown area must maintain some sense of community, too.

In a land use and vacant land analysis<sup>3</sup> of the Anchorage area, it was suggested that the Midtown area may become the nucleus of retail, commer-

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<sup>3</sup>Municipality of Anchorage, Department of Community Planning. Land Use and Vacant Land Analysis of the Anchorage Bowl. 1980.

cial, business, and financial activity. The question to be asked now is, how will downtown compete commercially with the Midtown commercial district? Downtown still needs its own scale and type of retail activity.

By 1990, an additional 530,000 million sq. ft. of retail space will be supportable in Anchorage, according to an economic analysis done by Gladstone Associates<sup>4</sup> as part of the Anchorage CBD Comprehensive Development Plan. The same analysis claims 80 percent of that 530,000 sq. ft. will be supportable in the CBD by 1985. An inventory of existing retail facilities, retail sales trends, and regional purchasing power supports this claim.

#### **Central Business District**

According to the Gladstone Associates economic analysis of the Central Business District's (CBD) development potential, the CBD could attract a large proportion of Anchorage's anticipated new retail area, an additional 370,000 sq. ft., by 1985.

Downtown Anchorage, or the Central Business District, has the potential, then, to remain commercially viable. To accomplish this, it must strengthen its existing retail and attract some of the new retail area projected for the entire Anchorage region.

Existing retail in the CBD is anchored by two large department stores, J. C. Penney and Nordstrom. These department stores have a combined

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<sup>4</sup>Gladstone Associates. CBD Development Potentials, Municipality of Anchorage, 1981-1990, a Statistical Summary. Washington, D.C. 1982.

selling area of 180,000 sq. ft. They are located close together, so shoppers can park in a centrally located garage and walk to both stores. Other downtown retail is clustered along Fourth and Fifth Avenues between C and I Streets and singly located throughout the rest of the CBD.

The existing pattern of retail downtown has limited the CBD's retail potential. The CBD lacks a well-defined retail district, a single place to associate with shopping. The scattered location of downtown retail does not generate the pedestrian movement that otherwise might result if shops were located next to office clusters and along major pedestrian routes. It is pedestrian movement that sparks spontaneous shopping. Impulse shopping is a key to success for storefront retail stores.<sup>5</sup>

The Municipality is currently taking actions to enhance the downtown retail district. Pedestrian amenities will soon be under construction for Fourth Avenue, where retail businesses are clustered, and on F Street, between Fifth and Sixth Avenues.

According to the Anchorage CBD Comprehensive Development Plan, some other steps are needed to ensure that the CBD will acquire an additional 370,000 sq. ft. of retail space by 1985. These steps are needed to prevent the loss of any of its existing retail space, too. Suggested actions are:

- Public/private cooperation in land acquisition and development packaging,
- A climate controlled configuration linked with existing department stores (J. C. Penney and Nordstrom), and

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<sup>5</sup>Shlaes, Jared. "Storefronts for Street Life," Center City Report. 1983.

- Parking facilities developed by both the public and private sector with direct linkage to retail development.

If these requirements are not met, the CBD economic analysis alternatively predicts that the CBD could lose as much as 125,000 sq. ft. of existing retail space. This seems unlikely, since that figure reflects the departure of one of the two department stores. Both Penneys and Nordstrom are maintaining a profitability downtown. In 1981, these stores combined earned a sales volume of \$382/sq. ft., compared to a Midtown department store of 355,000 sq. ft., which had a sales volume of \$307/sq. ft.<sup>6</sup> In spite of higher land values downtown, retail there generates the higher sales volume that it must to remain competitive with larger malls.

For the purposes of this feasibility study, the wide range of retail projections will not be a determinant of the viability of a small retail facility on Block 51. The size of the proposed festival marketplace is but 30,000 sq. ft., less than 10 percent of the optimistic projection for retail area added to the CBD. In reality, the inclusion of retail in Town Square, its proximity to both existing department stores, and the planned pedestrian mall suggest the beginnings of a defined retail district downtown.

Therefore, this feasibility study assumed the CBD could support an additional 470,000 sq. ft. of retail space by 1990. This provides the basis for analyzing a 30,000 sq. ft. festival marketplace.

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<sup>6</sup>Gladstone Associates. CBD Development Potentials, Municipality of Anchorage, 1981-1990, a Statistical Summary. Washington, D.C. 1982.



## **Town Center**

It is the potential for growth, not the physical decay characteristic of other cities' downtown areas, which motivates the revitalization of downtown Anchorage. What downtown Anchorage lacks, though, is a focal point, a place where people can sense an historical and cultural identity. Anchorage, being a crossroads for its own state residents, needs a regional focal point that is people-oriented and is diverse in its activities. To integrate activities in the CBD, the Municipality has begun creating a civic core with the Convention Center, Town Square, and the Performing Arts Center. Pedestrian amenities will also be constructed to facilitate movement through this newly emerging civic core.

Private interests can help shape this civic core, too. The siting of public facilities in a localized area was planned to provide a favorable investment environment.<sup>7</sup> Property values adjacent to these facilities probably will rise, but only market activity will determine that. Up to this point, however, commitment to creating a public square on Block 51 has fallen within the realm of the public sector.

## **Town Square**

Downtown Anchorage can develop a community center if activities, employee centers, recreational opportunities, commercial establishments, and institutions are clustered around a gathering place. Town Square and its adjacent F Street pedestrian mall will help link the Civic and Convention Center and Performing Arts Center. Together the public square,

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<sup>7</sup>Municipality of Anchorage, Department of Community Planning. Gruen Associates, Gladstone Associates, CCC, Maynard and Partch. Anchorage Central Business District Comprehensive Development Plan. 1983.

F Street urban plaza, and public facilities will form a gathering place downtown. Because of their proximity to each other and to major hotels and department stores, a self-reinforcing demand for goods and services will result. This synergy probably will lead to favorable retail spillover effects for downtown merchants. This in turn should stimulate private investment in the CBD.

Town Square, through its very location, will become the actual gathering place in the center of downtown activities. Its location at the planned confluence of pedestrian movement through the F Street mall will attract foot traffic if an array of ground level facilities are included in Town Square. Through its design, Town Square not only can provide a park, but can reinforce the commercial viability of the CBD by helping to define a shopping district. This feasibility study will look at just what elements, in addition to the park, should comprise a Town Square that would attract people year-round. A festival marketplace, if there is an economic basis for one, might well provide the indoor public space that complements a town square.

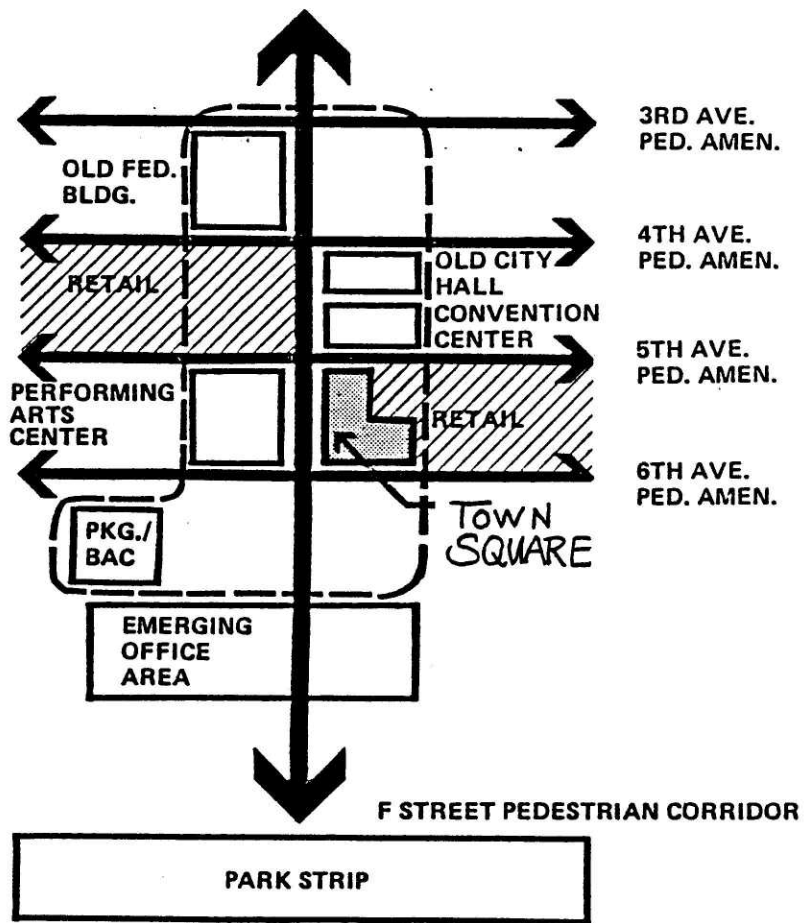


Figure 1.1 Civic Core: Convention Center, Town Square, & Performing Arts Center (Anchorage Central Business District Comprehensive Development Plan).

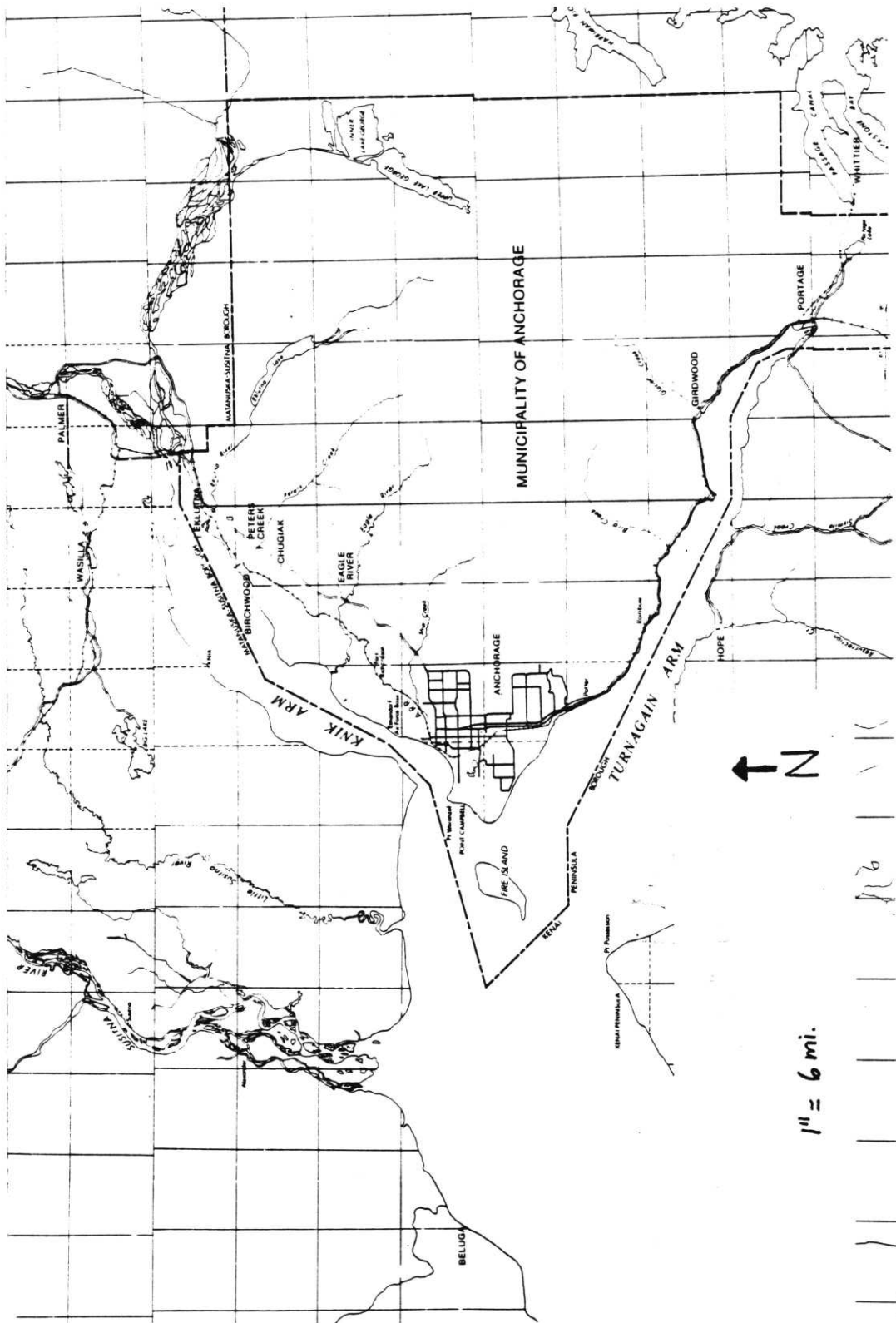


Figure 1.2 Municipality of Anchorage (census profile)

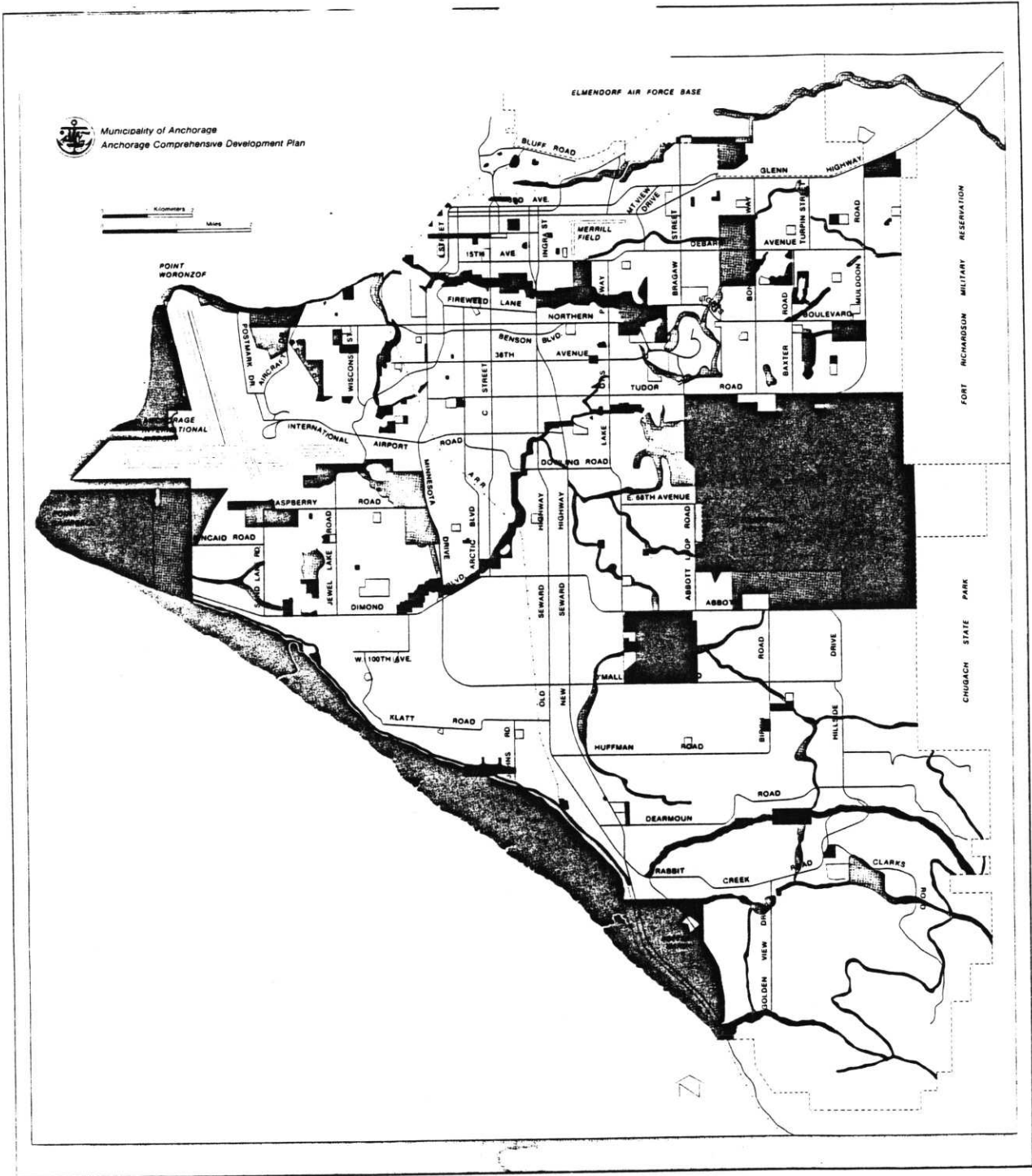


Figure 1.3 Anchorage Bowl

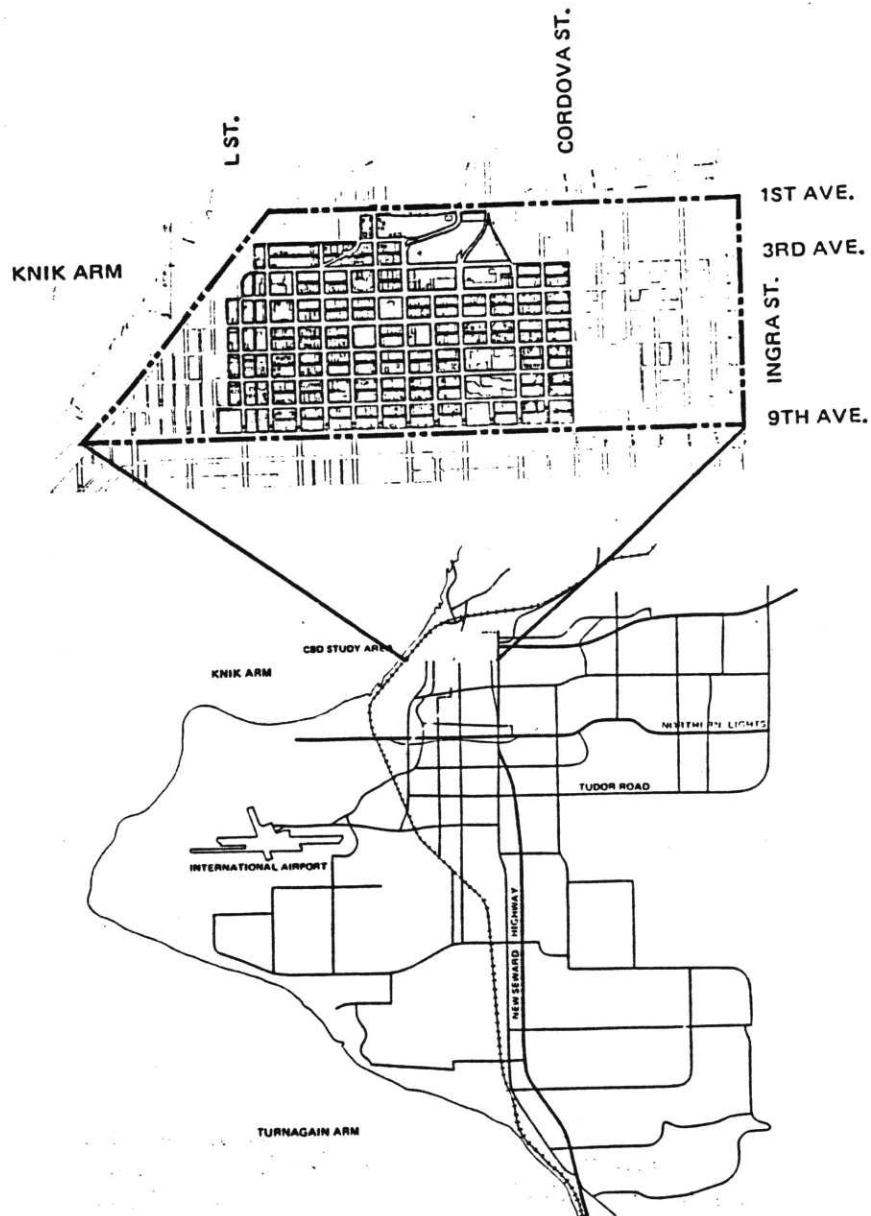


Figure 1.4 CBD study area in the Anchorage region. Insert shows study area boundaries; area of primary concentration is shaded.

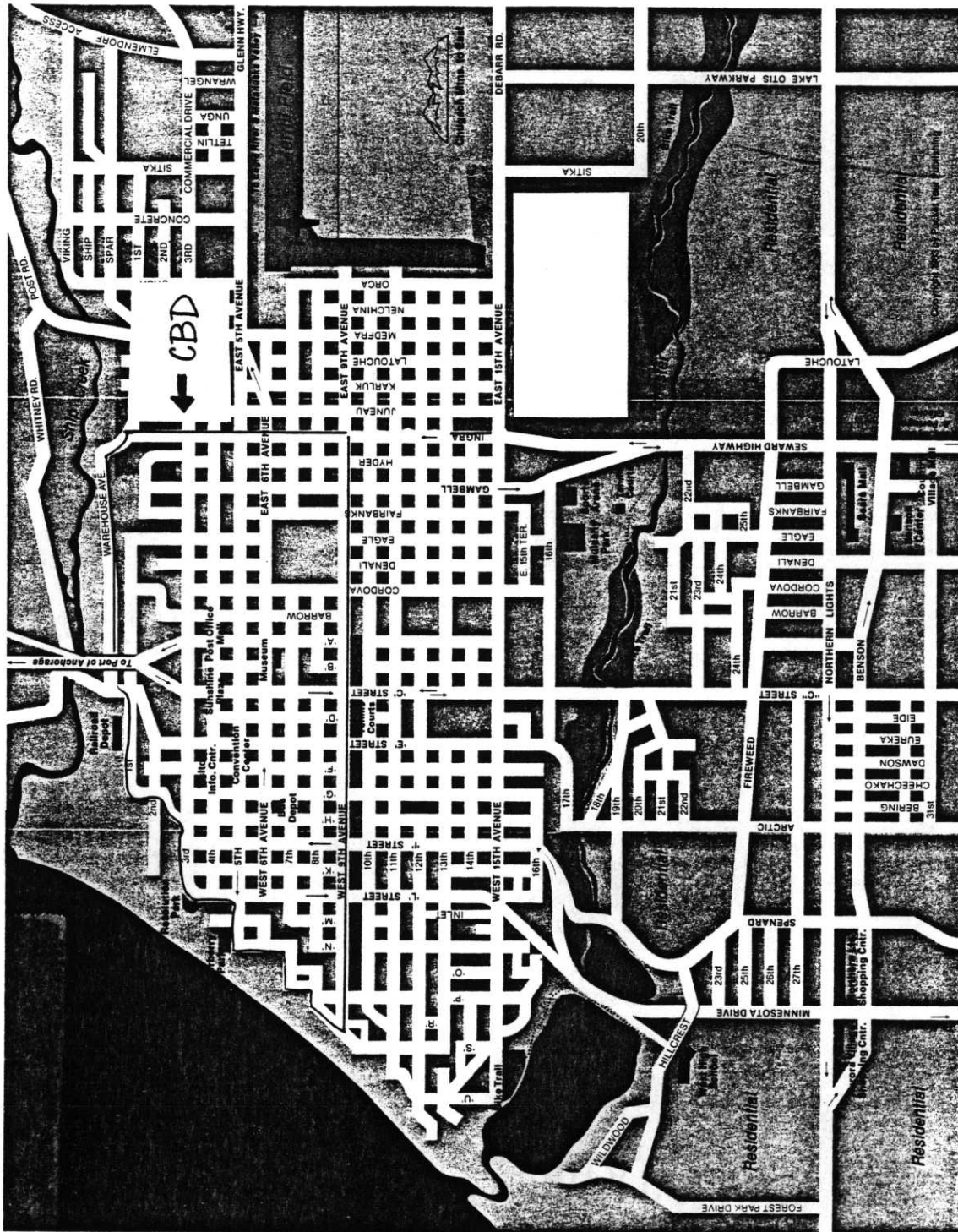


Figure 1.5 Central Business District and Midtown (printed permission Pocket Tour Publishing)

## CHAPTER TWO

### TOWN SQUARE

#### History of Town Square

Locating Town Square has been a controversial issue. The controversy has pivoted around the allocation of park space downtown.

In 1965, a referendum dedicated the Old City Hall block as open space; the headquarters library, with its landscaped parking lot, was then located on the block. The library has since been demolished, and a new headquarters library is under construction in Midtown. In spite of the earlier referendum, in 1980 Mayor George Sullivan spearheaded a large capital projects spending program called Projects 80s. Projects 80s proposed a new convention center, not a park, for the Old City Hall Block. The Municipal Assembly, Anchorage's legislative body, approved the change (Figure 2.1).

The Projects 80s site selections upset a group of citizens. They wanted part of the Old City Hall block left as open space. In 1981, this group of citizens filed a lawsuit challenging the Assembly-approved site change. The Alaska Superior Court, however, ruled that the Assembly decision rescinded the open space dedication.

The open space issue did not die. That same year citizens placed Proposition 10 on the ballot to halt Convention Center construction and rededicate the block for a park. Proposition 10 failed. Instead, Proposition 5, authorizing the expenditure of \$6 million for either Town



Square or Convention Center development, passed. Block 51, across the street from the south side of the Old City Hall block, was deemed the site for the Town Square.

Official opening of the William A. Egan Civic and Convention Center on the Old City Hall block was held in January 1984.

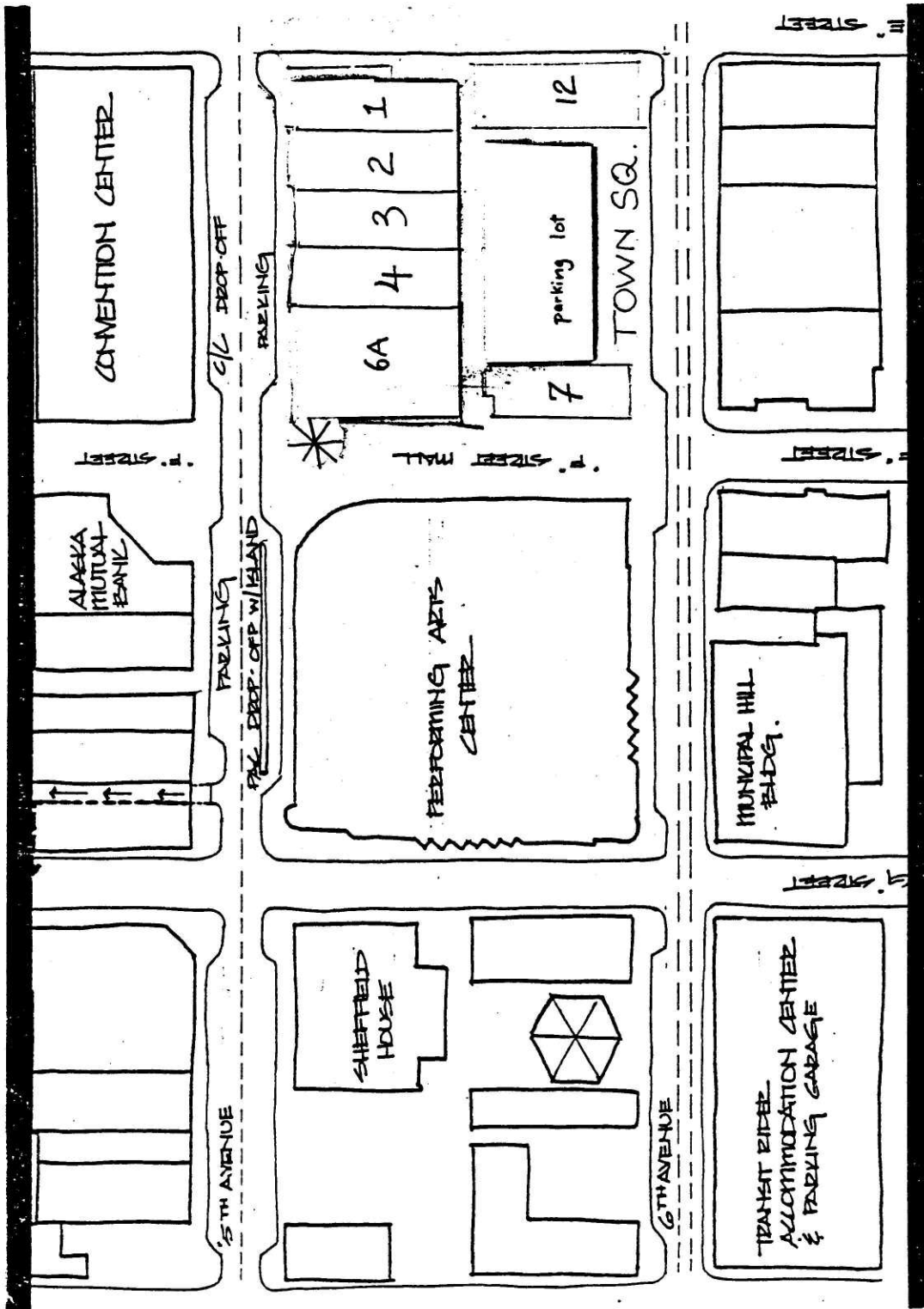


Figure 2.1 Block 51/Town Square and Environs  
(Town Center Committee Report)

## Town Center Committee

One year after his election, 1982, Mayor Tony Knowles appointed a Town Center Committee to define goals for developing Town Center. The focus was on Town Square. This committee recommended the kind of downtown park that should be constructed on the block adjacent to the new Convention Center and to-be-designed Performing Arts Center.

The Committee defined the Town Square as 1) a public park, and 2) a marketplace/gathering place. The amount of open space needed to comprise this public park and the role of existing retail space on the block to that park went unresolved. The majority proposal of the Town Center Committee recommended a full-block public square. This proposal would have necessitated relocating existing retail on Fifth Avenue. The minority proposal recognized the need to retain the Fifth Avenue storefront retail to generate activity in Town Square. This proposal favored a smaller, more lively public square.

### Land Acquisition and Assembly

Through Senate Bill 168, passed in 1981, Anchorage received \$5.5 million to acquire land on Block 51 for a Town Square. This \$5.5 million includes both acquisition and demolition costs. The Municipality has negotiated with property and building owners to buy their properties at fair market value. No eminent domain will be used to acquire property on the block.

Block 51 is located downtown between Fifth and Sixth Avenues (both one-way streets, west and east), and E and F Streets (Figure 2.1). The 330

ft. by 330 ft. block (108,900 sq. ft.) was laid out in the Original Townsite. In fact, one resident on the block is the daughter of one of the original landowners. She lives in a nationally registered historic structure there. The only two trees on the block are in her back yard, which abuts the service alley.

Block 51 is divided into twelve lots and contains a mix of uses. In spite of the development there now, the block's location within the arm of the new Civic and Convention Center and the to-be-built PAC makes it a logical complement to them as a Town Square.

As one can see in Figure 2.2, the chart describing property owners, property values, and acquisition status, the retail storefront on Fifth Avenue will remain on the block. Any Town Square development must mitigate the impacts to these store owners. Considerations are access to limited parking, pedestrian access, and service vehicle access.

The long range plan for the block is synchronized with the acquisition of properties on Block 51 and coincides with the 1987 completion of the Performing Arts Center. Although the Town Square development plan calls for phasing in a park over the entire block, no immediate plans have been made to acquire Lots 1-4. Lot 1 contains a structure on the National Historic Register. The single building houses two small stores--a fabric shop and a general store. The landowner lives behind one of the stores. The structures's historic preservation status dictates that it remain intact on its original site.

For Lots 2-4, the retail storefront, the Municipality would like to acquire first refusal rights immediately. Later, development rights might

Figure 2.2

LAND ACQUISITION: BLOCK 51

Lot	Size	Assessed Valuation			Appraisal Value	Acquisition
		Land	Bldg	Total		
1 Kimball's	6,500	307,400	23,300	330,700	(land) 351,000	No
2 Fuji-en Craig's Shoes	6,500	279,500	249,850	529,350	v air rights = 182,000	No; air rights only
3 Burger King	6,500	279,500	468,475	747,975		
4 Woodworks	6,500	279,500	457,250	736,750	air rights = 39,500	No; air rights only
6A Foster & Marshall	12,998.7	614,900	1,348,075	1,962,975	(land & bldg) 1,900,000	Yes
7 Church	7,000	331,000	97,125	428,125	433,000	Yes
8, 9, 10, 11		p u b l i c p a r k i n g				
12 Shimek's	7,000	331,000	97,125	428,125	433,000	Yes

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be acquired. Fee simple property interests cannot presently be acquired. One tenant of the Fifth Avenue retail storefront is an Anchorage Assemblyman. He owns the Burger King franchise.

The Municipality is presently negotiating to purchase the air rights above the storefront. Acquisition of air rights would prevent any further expansion, but not renovations, from occurring within the storefront. In this way the Municipality can control any development within Town Square.

At present, the Municipality has acquired the lots it needs to assemble enough property on Block 51 to construct a Town Square. These lots are 6A (Foster and Marshall Building), 7 (church), and 12 (Shimek's audio store). The Town Square park will occupy three-quarters of Block 51.

#### **Construction of Town Square**

Through State House Bill 60, \$5.15 million in state capital project monies have been appropriated for construction of the F Street pedestrian mall and Town Square park. Some of this \$5.15 million will be budgeted for the construction of pedestrian amenities, program management, and design services. The amount remaining for Town Square construction will be \$2.7 million. Cost estimates for a park without permanent structures total this amount.

Phased development of Town Square will coincide with the construction of the adjacent F Street pedestrian mall and the Performing Arts Center. By late 1984, a temporary park is planned for the west side of the block.

For the permanent Town Square public park development, the Municipality will retain a design consultant for professional design services. Included in the Town Square park design plans are sidewalk improvements and the F Street pedestrian mall.

In seeking Town Square designers, the municipality has described Town Square as a public park in the center of downtown Anchorage, and the F Street mall as an urban plaza. Options the Municipality has suggested to design consultants for the public square and urban plaza are:

- A water feature--ice rink in winter, carousel in summer
- Banners and flags
- Evergreen tree plantings
- Galleria for small crafts vendors and food concessions
- Play sculpture
- Kiosks with playbill space for Performing Arts Center advertising.

The Municipality has informed prospective Town Square designers that the park is to be a "central public place" around which seasonal festivities would center. The Town Square should be "vibrant with activity, full of light, warmth, and color in winter months as well as summer." The goals for Town Square detailed in the next chapter imply that an indoor structure is needed to generate activity year-round.<sup>1</sup>

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<sup>1</sup>Municipality of Anchorage. "Anchorage Town Square: Request for Proposal." 1984.

## CHAPTER THREE

### GOALS FOR TOWN SQUARE

Town Square will be but a concept in most residents' minds until construction of the park actually begins. Its future location, Block 51, is a place people walk by, not through. Except for the north side of the block, there is little to hold people's interest. People walk past the church, parking lot, and windowless walls with but a glimpse on their way to Penneys or Nordstrom. The north side of the block, however, faces the new Convention Center. There, people are more likely to stroll or walk along the retail storefront that is part of a ground level row of shops on Fifth Avenue.

Apprehension has accompanied plans to transform this city block into a public square. "We're Block 51 if you want to keep us," reads a banner on the outside of the nationally registered historic structure on the northeast corner of the block. Although the Municipality never intended to move the historic building, this illustrates some people's perceptions of what will occur on the block in order for the city to provide Anchorage with a town square.

"There's going to be a town square here," a shopowner who had sold his store to the Municipality explained to a customer. Yet neither he nor the customer could describe what a town square was or what it would look like. The shopowner's comment implied that his shop had been acquired for some public purpose. But looking at the block as it now exists, it is difficult to picture Anchorage residents gathered in their new Town Square park.



A combination of elements must be woven together to recreate Block 51's image if Town Square is to become a focal point for Anchorage. The square must attract people year-round and be a center of activity. A vibrant downtown depends on public activity. Public life best shapes the community if facilities are grouped around a small public square through which pedestrian movement is channelled. Town Square, since it will be a central gathering place in the CBD, should be constructed in such a way that it creates a pocket of activity. It must be a magnet that draws local residents and visitors. Town Square, through its activities and facilities, should engender a feeling of community: Downtown is for People.

#### Elements of a Town Square

There are several elements essential to creating a lively, well-used Town Square: park space, a small public square, a promenade, and a shopping street. The downtown area, like any part of the community, needs public open land where people can relax, rub shoulders, and renew themselves. The provision of green open places and small public squares is important. However, unless the open land, or park, is within three minutes reach of its visitors, it will go unused. A Town Square park designed to incorporate a lot of open space would seem to suggest people seek an escape from city life. But studies of public square usage in other cities have shown people are attracted to lively places full of people.<sup>1</sup> Simply, people are attracted to other people. The Town Square park, then, must contain a combination of facilities that generate pockets of activity.

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<sup>1</sup>Whyte, William H. The Social Life of Small Urban Spaces. The Conservation Foundation. Washington, D.C. 1980.

Creating a lively square in a relatively small town, such as Anchorage, is difficult. Its sidewalks downtown are not bustling with people. The size of the square will determine how effectively these passersby can be drawn into a space that becomes a pocket of activity. A small public square, small being 45 ft. by 60 ft (2,700 sq. ft.)<sup>2</sup> has in other cities exemplified the ideal size needed to enliven a public space. Town Square, excluding the Fifth Avenue storefront, is 78,000 sq. ft. Anchorage's Town Square is large enough to accommodate a range of structures, programs, and park area.

Elements in addition to a small public square that will draw people into Town Square are a promenade and shopping street. A promenade creates a public place within a square where "people can go to see people and be seen."<sup>3</sup> It is a place where people can confirm their sense of community. The sidewalk improvements, canopied walkways, and the F Street mall will channel foot traffic through Town Square. It is this increased foot traffic which will form a promenade.

A shopping street in Town Square would reinforce the commercial and retail viability of downtown Anchorage. A shopping street is a large group of individually owned shops located on or near the square that helps form a local center in the downtown community. To remain vital, a city needs storefront retail at or near street level. At ground level stores are open

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<sup>2</sup>Alexander, Christopher. A Pattern Language. Oxford University Press. New York, New York. 1977.

<sup>3</sup>Whyte, William H. The Social Life of Small Urban Spaces. The Conservation Foundation. Washington, D.C. 1980.

to passersby and offer interesting and colorful wares.<sup>4</sup> Window displays pique the interest of pedestrians and bring them into a public square. A shopping street is most effective if it is a continuous group of autonomous and specialized shops within one structure. Storefront continuity is essential to the success of individual businesses and the enjoyment of downtown pedestrians. Each shop should have its own personality developed by individual tastes and needs, yet collectively the shops should create a festive theme.

The transformation of Block 51 into Town Square should incorporate activities and facilities that capture the elements just described. These elements focus on generating activity in a public square. For Town Square to "emanate light, warmth, and color year-round,"<sup>5</sup> it may need more than an ice rink, banners, kiosk, carousel, and small galleria for foods and crafts vendors. Following are some specific goals for Town Square development, some of which suggest the need for an additional indoor structure. These goals were drawn from studies of public spaces and the Town Center Committee Report. Many of these goals are consistent with the zoning designation for Block 51 (Appendix A).

### Design Goals

° Public Square:

The Town Square park should be an open or partially enclosed public

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<sup>4</sup>Shlaes, Jared. "Storefronts for Street Life," Center City Report. 1983.

<sup>5</sup>Municipality of Anchorage. Anchorage Town Square: Request for Proposal. 1984.

square specifically designed to bring more light, air, and open space to the sidewalk level. Town Square, through its programs and structures, should generate activity and emanate warmth and color year-round.

° Safety:

To prevent crime and deterioration, any structures in Town Square should be oriented toward the street. Orientation toward the street, as opposed to the internal orientation of the suburban mall, will connect the Town Square to the sidewalk, generating a liveliness that attracts people and discourages loitering. Busy streets increase pedestrians' sense of security.

° Linkage with the Convention Center and Performing Arts Center:

Town Square and any structures in it should be designed to complement the ground level effects of the Convention Center and Performing Arts Center. Sidewalk improvements around Town Square should tie into the pedestrian system of the Convention Center and PAC. Sidewalk canopies, like those of the Convention Center, should be replicated on the Performing Arts Center and any structures added to Town Square.

Although a sense of enclosure within a small public square is important, buildings around a square should provide views out onto larger places. Any structure in Town Square should preserve visual access to its landscape.

° Size:

Town Square should occupy, at most, only part of Block 51 so that the retail storefront on Fifth Avenue is retained. Facilities and structures

which enclose space in the square are needed to create an aura of liveliness.

° Through Block Circulation:

All facilities within Town Square should encourage pedestrian access through the square. Permanent structures constructed in the Town Square park should have two sides, both of which provide entrances and exits.

° Public Square/Open Space Transition:

A visual and physical connection between the sidewalk and Town Square park will determine whether or not foot traffic will traverse the square. The transition from sidewalk to public square to park should be almost imperceptible.

### Use Goals

° Crossroads for Human Activity:

Town Square, since it is a public square, should be specifically designed for active pedestrian uses and passive recreation. It should be readily accessible and adjacent to city sidewalks.

° Focal Point:

Town Square should be comprised of facilities and activities which appeal to its diversity of visitors and residents. The public square should attract not only out-of-town visitors, but appeal to its downtown employees and local residents.

° Food:

To attract people, Town Square should offer people an array of places

to eat: indoor and outdoor food vendors, a sidewalk cafe, restaurants, and plenty of movable tables and seats. According to architect/planner William Whyte, who has observed people using a diversity of public squares, "If you want to seed a place with activity, put out food."

° Seating:

Both a diversity and abundance of seats should be provided in Town Square. Numerous studies on designing public spaces for people cite seating as a primary determinant of public square use.

° Downtown is for People:

Pedestrian movement should be encouraged downtown and channelled through Town Square. Increased foot traffic will increase the sales volume of storefronts and will enliven Town Square. People can be encouraged to walk downtown with widened sidewalks, landscaping, and pedestrian-scaled lighting. Structures of interest at ground level also will generate pedestrian movement.

° Synergy: Convention Center, Performing Arts Center, and Town Square:

The Convention Center, Performing Arts Center, and Town Square park should provide self-reinforcing demands for goods and services. Both daytime and nighttime activities should be encouraged in Town Square. Conventioneers, many of them local, will stay downtown for the day. They will create a demand for restaurants and shops within walking distance of the Convention Center.

The Performing Arts Center will spark nighttime activity. To keep people downtown at night before and after performances, Town Square must be well lit and have facilities open after the performances.

The Convention Center and Performing Arts Center are ideally located downtown, a regional central place, for there they will attract people back to the CBD. Town Square should include attractions that further reinforce activities at these public facilities and bolster downtown retail development.

#### Activity Generators within the Public Park:

Providing a gathering place/marketplace in Town Square is as important as providing open space. "People go to lively places, not to escape city life, but to partake of it."<sup>6</sup>

### Financial Goals

#### ◦ Market Support:

The economic basis for adding a new structure such as a festival marketplace to Town Square must be established. For a shopping street to survive in Town Square, adequate market support must exist. Retail expenditures from downtown submarkets--conventioners, visitors, downtown employees, people attending events at the Performing Arts Center, and local residents--should equal or exceed the sales volume of a proposed facility.

#### ◦ Fiscal Impacts:

The cost of extending public services to any development in Town Square should not exceed the tax revenues the Municipality receives from that development.

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<sup>6</sup>Whyte, William H. The Social Life of Small Urban Spaces. The Conservation Foundation. Washington, D.C. 1980.

° Public/Private Cooperation:

Not only the public development of parks and other public places, but the private provision of people places, should be pursued.<sup>7</sup> If possible in Town Square a co-venture between the Municipality and a private developer should be used to develop those structures whose construction costs would exceed state appropriations.

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<sup>7</sup>Municipality of Anchorage, Department of Community Planning. Town Center Committee Report to the Mayor. 1982.



## CHAPTER FOUR

### CONSTRUCTION OF TOWN SQUARE: DEVELOPMENT ALTERNATIVES

Public life best shapes a community if facilities are grouped around a very small public square through which pedestrians move.<sup>1</sup> Anchorage's Civic and Convention Center and to-be-built Performing Arts Center are ideally located adjacent to Town Square. Despite this, creating a busy, lively square in a town as small as Anchorage will be difficult. A unique combination of structures and programs are needed to transform Block 51 into a partially enclosed public space whose access to the sidewalks invites pedestrian use and passive recreation. Anchorage's Town Square need not become an abandoned park that lies barren on the backside of the Fifth Avenue storefront and outside the path of people attending events at the Convention Center and Performing Arts Center. As the development alternatives in this chapter suggest, Town Square can both provide park space and become a gathering place, or marketplace, for its local residents and visitors. A small square full of people year-round, places to sit, food vendors, and an indoor marketplace that accommodates these uses will help form a vital pocket of activity.

There are two construction alternatives for the development of Town Square which are discussed here: 1) public park, and 2) public park plus festival marketplace. Both alternatives are comprised of several options. For instance, a Town Square that includes a festival marketplace might

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<sup>1</sup>Alexander, Christopher; Ishikawa, Sara; Silverstein, Murray. A Pattern Language: Towns, Construction. Oxford University Press, New York, New York. 1977.

encompass the options: a permanent structure with space for specialty shops and crafts vendors, an indoor/outdoor public market, and an underground parking garage. Together these options would form a Town Square that meets the goals for a public square downtown.

### Town Square: Public Park

This alternative for developing Town Square corresponds with the Municipality's plan to phase in Block 51 as a public park and the F Street Mall as an urban plaza.<sup>2</sup> An urban plaza, though not defined in Town Square plans, has been described in other cities such as Seattle as a public square that acts as a crossroads of activity.<sup>3</sup> A crossroads of activity is an integral component of Town Square. The Municipality's plan for a public park and F Street urban plaza in Town Square includes the following options:

- Water feature--ice skating rink in summer and Alaskan carousel in winter
- Banners and flags
- Evergreen tree plantings
- Galleria for food and crafts concessions
- Play sculpture
- Kiosks with playbill space for Performing Arts Center advertising

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<sup>2</sup>Municipality of Anchorage. "Anchorage Town Square: Request for Proposal." 1984.

<sup>3</sup>Miles, Don C.; Cook, Robert S.; Roberts, Cameron B. Plazas for People. Project for Public Spaces, Inc. 1978.

In addition to these options, a sunken amphitheater has been suggested for Town Square by architects of the Performing Arts Center. The Municipality asked these architects to consider the design linkage of Town Square to the arts center.

Each of these options serves some purpose in the Town Square park. The evergreen tree plantings provide green landscape in a part of downtown where little exists. Banners and flags stake out a festive identity for the square. Kiosks advertising PAC events link Town Square to activities at its neighboring facilities. The ice rink and carousel encourage outdoor activities. One of the most important options is the galleria for food and crafts vendors. Food attracts people to an area that then attracts more people, creating activity. It is Town Square's ability to create a magnet for activity which will help form a civic focal point downtown.

Of concern is whether these options planned for the Town Square park can draw enough people to ensure the square is a lively, frequented space. Town Square contains much open space--approximately 82,900 sq. ft., excluding the F Street Mall. Open space in itself may not attract passers-by to use the Town Square park. It has been observed in other cities that people do not actively seek places apart from the urban hubbub to escape from other people. Instead, people are attracted to public squares and parks where other people are visibly enjoying themselves. Public squares smaller than Town Square, small being 40 ft. by 60 ft. (2,400 sq. ft.),<sup>4</sup> keep activity concentrated to a level where the space is perceived as lively.

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<sup>4</sup>Alexander, Christopher; Ishikawa, Sara; Silverstein, Murray. A Pattern Language: Towns, Construction. Oxford University Press, New York, New York. 1977.

This phenomenon can be seen in Anchorage. On a sunny summer day, downtown employees fill the small green in front of the renovated Old City Hall on Fourth Avenue to eat their lunches. The lawn is crowded with clusters of people sitting on the ground. Since the patch of grass and flowers is crowded, one might point to the need for a larger space. But Old City Hall's popularity is a function of its very size. It will never become too crowded, for people seem to instinctively sense the right capacity of a place. By "obligingly leaving, sitting down, or not sitting," the density of this popular public place is kept within range.<sup>5</sup> What downtown Anchorage needs, then, is more small public plazas that have the facilities which attract people.

Town Square, because of its size, will not seem lively to passersby unless the ice rink, carousel, and galleria can create pockets of activity. If perhaps the galleria for small crafts vendors and food concessions were enlarged, more people would be drawn into the square. To ensure foot traffic flows through Town Square all year-round, some of the block should be incorporated into an indoor public place with street level attractions. Voters have set aside a large enough area for both a park and a gathering place/marketplace. As the next alternative demonstrates, Town Square park will be vibrant with activity and full of color, light, and warmth<sup>6</sup> all year round only if it includes a structure called a festival marketplace.

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<sup>5</sup>Whyte, William N. The Social Life of Small Urban Spaces. The Conservation Foundation. Washington, D.C. 1982.

<sup>6</sup>Municipality of Anchorage. "Anchorage Town Square: Request for Proposal." 1984.

## Town Square: Festival Marketplace

This development alternative adds to the Town Square park a 30,000 sq. ft. permanent structure that would encompass specialty shops, small crafts and food vendors, a large common area for the public, and cultural programs. This indoor public space is called a festival marketplace. In addition, this alternative includes the options of a public market and perhaps an underground parking garage, if proven financially feasible.<sup>7</sup>

Ground level attractions, such as shops, which ensure activity in a public square, were missing in the public park alternative. Additional shops would serve much the same function in Town Square as the ice rink, carousel, or galleria for small crafts and food concessions, only on a much larger scale.

New, street level storefronts are needed in addition to the retail in Block 51, which will not be relocated to make way for the Town Square. Although the Town Center Committee minority proposal<sup>8</sup> cited the storefront as a needed activity generator in Town Square, this storefront alone will not channel foot traffic through the square. Retaining the storefront is desirable, but its orientation away from the Town Square, its separation from the F Street pedestrian mall, and lack of an indoor common area may render it less effective than a new festival marketplace. The marketplace

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<sup>7</sup>Although parking facilities are needed in Anchorage, the underground parking garage included in the Town Center Committee's majority proposal may be too costly to develop given the Anchorage market.

<sup>8</sup>The Town Center Committee was divided over the necessity of retaining the Fifth Avenue retail storefront, which resulted in both majority and minority proposals. The majority favored relocating all retail on Block 51 in order to construct a full-block Town Square park. The minority proposal, consistent with studies on public square use, recommended the storefront be retained to attract people to Town Square and reinforce

and retail storefront together would create a self reinforcing demand for goods and services that would also serve people attending events at the Convention Center and Performing Arts Center.

A specialty/festival marketplace by definition is a mix of food, entertainment, specialty, and boutique items that collectively forms its own theme environment. Specialty/festival marketplaces are the modern catalysts of cities' efforts to revitalize their downtown areas. The marketplaces combine the elements of color, light, food, and impulse purchases to attract not only tourists and conventioners, but metropolitan residents, too. Financially successful, specialty/festival marketplaces also result in spillover effects for adjacent downtown merchants. And, unlike shopping malls, the specialty/festival marketplaces become parts of their communities, reinforcing their sponsor cities' cultural and historical identities.

Popular specialty/festival marketplaces such as Faneuil Hall/Quincy Market in Boston, and Pike Street Market in Seattle have rejuvenated those cities' downtown areas. The marketplaces have generally been built in rehabilitated, historic structures approximately 150,000 sq. ft. in size. A high sales volume of \$300/sq. ft. of gross leasable area has been attributed to high tourist spending and local popularity.<sup>9</sup> Anchorage, much smaller than most of the cities developing these specialty/festival market-

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adjacent small retail.

<sup>9</sup>Urban Land Institute. Revitalizing Downtown Retail: Trends and Opportunities. Washington, D.C. 1980.

places, perhaps cannot support a festival marketplace of this magnitude. However, Anchorage's fast growing population with its high personal income and burgeoning tourist industry suggest there is some economic base for establishing a festival marketplace.

The festival marketplace proposed for Town Square would be a new structure. Although some of Anchorage's historic structures are being considered for specialty retail in an historic railroad town on the Fourth Avenue buttress, the 5,000+ sq. ft. houses are smaller than the size structure desired for a festival marketplace.

#### **Boston, Massachusetts: Faneuil Hall/Quincy Market**

Faneuil Hall/Quincy Market in Boston, though larger than the festival marketplace planned for Town Square, has some elements that should be emulated in a smaller version. Quincy Market is a long building with entrances and exits on both ends and on either side. As shoppers and tourists approach the market, they pass mimes, jugglers, and musicians performing on the brick promenade between sidewalk and marketplace. People can walk alongside the Quincy Market, purchase food and drink, and sit on benches there. In case of bad weather, visitors can enter the marketplace through long, glassed-in arcades on both sides of the stone structure. Inside these glass-roofed areas are restaurants and numerous crafts vendors with pull carts. These crafts vendors sell a changing collection of items: hand-sewn purses, imported woolens, tooled leatherwork, pottery, sheep's wool slippers, and hats and caps. Being in the marketplace has been profitable for these pull cart vendors; there is a waiting list for renting cart space. Through the middle of the original structure itself is a long

passageway. People can stroll the length of Quincy Market past an endless array of open air food shops that sell pastries, deli items, ethnic meals, nuts, health food, and much more.

In the center of the marketplace under a dome, tables and chairs are set up for people to sit, eat, converse, and relax. There is a second floor to the marketplace, but only a sit-down restaurant and banquet rooms are located there. People can ascend the stairway to the mezzanine to look down on activity below.

The increased foot traffic near Faneuil Hall/Quincy Market has resulted in positive retail spillover effects. These spillover effects have spawned two long rows of additional, non-food oriented boutiques on either side of the specialty/festival center.

#### **Eugene, Oregon: Fifth Street Market**

Other smaller marketplaces have become parts of communities such as Eugene, Oregon, a city of around 100,000 people located in western Oregon. Eugene's downtown area has blossomed in the last five years, first with a two-story market called Fifth Street Market--an alternative to the malls--and with the addition of a mixed use development including a new performing arts center.<sup>10</sup>

Fifth Street Market is an approximately 60,000 sq. ft., two-story building that abuts an undeveloped lot with some trees. With covered walkways and entrances on one side and the front, the marketplace invites

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<sup>10</sup>The same architectural firm, Hardy Holzman Pfeiffer Associates of New York, who designed Eugene's performing arts center has been contracted by the Municipality of Anchorage to design its arts center.



crowds, particularly on weekends. Unlike Quincy Market, one does not stroll the length of Fifth Street Market. The shops in Fifth Street Market--upstairs and down--radiate from a center. Shops are clustered in a hub and on the perimeter of an indoor promenade. Activities such as artists sketching portraits, weavers spinning wool, and bakers rolling pastries can be seen by visitors walking the shops. Shops include craft items, specialty foods, flowers, and running apparel. At the front of the marketplace upstairs and down are long tables for sitting and eating.

Since Fifth Street Market abuts a vacant lot, unlike Anchorage's Town Square which will abut a convention center and an arts center, its tenant mix will differ from that of Anchorage's proposed marketplace. In Anchorage, the high number of tourists will determine a slightly different tenant mix than that of college town Eugene. The tenant mix of the Anchorage Town Square festival marketplace will be closer to that of Quincy Market. The Town Square scenario at the beginning of this study generally describes that tenant mix.

#### **Anchorage Town Square Festival Marketplace**

The festival marketplace proposed in this alternative is 30,000 sq. ft., with 26,000 sq. ft. of space rented to specialty shops. The size of Anchorage's Town Square festival marketplace is a function of several variables: area of Block 51 available for the Town Square park, ideal size for an activity-filled and lively public square, the projected sales of a festival marketplace and market support for those sales, net operating income of the marketplace, and its cash flow. The economic base for a 30,000 sq. ft. festival marketplace will be addressed by a market and financial analysis in later chapters.

The festival marketplace, even though it would contain shops, embodies many of the elements of a public place. Space would be rented not only to high revenue producing specialty vendors, but also to crafts vendors at a much lower rate. It is the individually owned shops facing out to the street which are the integral element of Anchorage's festival marketplace. These ground level shops will draw people into Town Square and pay for some of the public amenities. A large common area inside the marketplace would include an atrium with plants and lots of movable chairs and tables. In the common area, short plays and concerts would be staged year-round.

A skylight dome would roof the atrium at the elbow of the two wings of this L-shaped marketplace. On both sides of this domed area would be large glass doors facilitating circulation from the street to the pedestrian mall and through the marketplace to the park space.

The marketplace would be no higher than two stories, with shops forming a continuous storefront on the ground level. Some commercial space would occupy the second level. Canopied walkways like those along the Convention Center would run the length of both sides of the festival marketplace. The marketplace would have two sides.

Although locating the festival marketplace is outside the scope of this feasibility study, its location is the key to attracting people into the F Street Mall and the rest of the square. A suggested location for the L-shaped structure is its long leg on the mall and the short leg on either Fifth or Sixth Avenue.

**Public Market.** One of the two options of the alternative for a Town Square park, a festival marketplace, is a public market. Including

programs and a public market in Town Square focus on the public market concept and the square's role as a gathering place.

Scheduled programs and a public market in Town Square would attract local residents downtown. Programs would be seasonal. In the summer an array of concerts, short plays, magic shows, and dance performances would be offered. An example of a perennial summer program is Summerthing in Boston, which is sponsored by the Mayor's office. Events are staged at a half-shell on the Charles River. Many other cities have similar programs. To implement these programs, a portable platform is needed for Town Square. The sunken amphitheater suggested by the Performing Arts Center architects would accommodate outdoor summer programs in Town Square.

According to a feasibility study for a public market done by the Alaska Public Interest Research Group, there is a need for not only permanent space, but weekend space downtown for crafts vendors.<sup>11</sup> The study found support from craftspeople for more summer fairs and a permanent farmers' market style outlet for crafts. Also identified was the need for both a full-time cooperative storefront and a weekend fair near a market area. The inclusion of low rent space for small crafts vendors within the festival marketplace provides for a full-time storefront. An outdoor public market for both crafts and farm products located on Block 51's public parking lot (approximately 50,000 sq. ft.) would accommodate a weekend fair.

Crafts from local artisans and farm products from the Matanuska Valley north of Anchorage would stock the public market. A non-permanent struc-

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<sup>11</sup>Kehrer, Pat; Meter, Ken. A Study on the Feasibility of a Public Market for Anchorage. The Alaska Public Interest Research Group.

ture consisting of wooden stalls and a tent for both summer and winter use would house the market. To organize the market, a nonprofit organization such as Saturday Market in Portland, Oregon, would be formed (see Appendix B). Space would be rented to the vendors for a nominal fee, perhaps \$10 per stall. Service vehicles would use the service alleyway behind the retail storefront on Fifth Avenue.

The public market is not a new concept for Anchorage. In the summers of 1975, 1976, and 1977, a farmers' market was located in a downtown parking lot. The market drew local residents downtown on weekends. It was so popular that vendors sold out of their produce and craft items by noon. Even though the market was financially successful, its management could not locate a permanent location for the market. Ultimately, administration of the farmers' market proved unwieldy for the volunteer management. That management consisted of only three couples who formed the Public Market Guild, Inc.<sup>12</sup>

One of the drawbacks of a public Market in Town Square might be the litter that would result. Although the parking lot contains the market somewhat, the market might pose a conflicting use with the Town Square park. This impact can be easily mitigated.

The public market would play an important role in Town Square by helping to identify a downtown shopping district. The people drawn to a

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1982.

<sup>12</sup>Conversation with Lanie Fleisher, one of the founders of Public Market Guild, Inc. Anchorage, Alaska. 1984.

public market in Town Square would create a new trade area for an expanded festival marketplace within a permanent structure. Ideally, weekend public markets would be held in Town Square before a festival marketplace is even developed.

Portland, Oregon's Saturday Market generated market support for specialty retail in its revitalized Old Town (Appendix B). A public market in Town Square would infuse it with the preliminary activity that would help establish the area as a focal point.

**Underground Parking.** Another possible option of the Town Square park alternative, a festival marketplace, is an underground parking garage. Although this option was suggested by the Town Center Committee's majority proposal, it likely will prove financially unfeasible (Chapter Six). The proposed garage would be built beneath Block 51 and more than replace the 45 spaces lost to Town Square development above. The underground parking garage would contain approximately 600 spaces.

Lack of parking facilities has been cited as a shortcoming of the downtown commercial and retail environment.<sup>13</sup> An underground garage would provide parking both for visitors to Town Square and shoppers going to neighboring department stores. The underground garage would draw local residents to the festival marketplace who otherwise might not have come downtown for lack of parking.

If privately developed and run, an underground parking garage might also provide tax revenues to the Municipality which could in turn be used to pay for both its service costs and those of the marketplace above it. This arrangement would then minimize the costs of the Municipality supplying various forms of public assistance to the development of the festival marketplace.

It seems reasonable that private developers would be interested in constructing an underground parking garage. It is the downtown merchants who would directly benefit from parking convenient to their businesses and a festival marketplace. Downtown businesses would also share in the success of a festival marketplace through a retail spillover effect.

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<sup>13</sup>Conversations with local merchants who left downtown and relocated in the shopping malls.

The revenues from the underground parking garage could also be used for maintaining the park space above it. In Boston's financial district, a group of corporate leaders formed a nonprofit organization to convert an above-ground parking garage into a park with new parking below it (Appendix C). The revenues from the parking garage would pay for its operation and maintenance costs. The remaining revenues would fund park upkeep and the acquisition of more land for small parks.

A private organization committed to Anchorage's downtown community such as the Downtown Development Corporation, a nonprofit arm of the Downtown Anchorage Association, might sponsor such an alternative for Town Square.

Though the parking garage would provide needed parking facilities where merchants chronically complain about the lack of facilities, a garage would encourage automobile travel. Downtown Anchorage is better scaled to bus and pedestrian circulation systems. The underground parking garage would not reinforce the proposed pedestrian amenities program.

## Evaluation of Town Square Alternatives

This section evaluates the public park and festival marketplace development alternatives according to the goals for Town Square's design, use, and financial status. As Figure 4.1 illustrates, a Town Square park that includes a festival marketplace most fully meets the goals for an active gathering place.

### Public Park

If one of the foremost goals of Town Square is that it be a focal point that emanates color, warmth, and light year-round, then the options included in the public park provide visual focus but lack an indoor structure for year-round use. Although colorful banners and a food and crafts galleria may emanate light and generate some activity, the abrupt transition from the canopied walkway to a Town Square dominated by open space may dissuade pedestrian movement through it. The F Street Mall, however, may channel foot traffic through the block. Year-round use of Town Square seems only partially served by an ice rink in winter and a carousel in summer. The ice rink, to ensure its use, necessitates that downtown employees bring ice skates to work or that the rink have rental facilities. Few of the options included in the park plan, except the kiosk and galleria, link Town Square to activities at the adjacent Performing Arts Center.

The overriding characteristic of a Town Square that is a public park with these options is its relative abundance of open space downtown. Unless there are facilities such as a galleria for food and craft vendors,



this lifeless open space may not appeal to conventioners, visitors, downtown employees, or local residents.

As for fiscal impacts, the Town Square public park has already been paid for through state capital budget appropriations. There will be some maintenance costs, however, associated with the sidewalk improvements and the F Street pedestrian mall. These costs, approximately \$11,000 per year,<sup>14</sup> will be covered by mill levies in the road service district.

### **Festival Marketplace**

The festival marketplace by its very nature--a collection of boutique items, food, cultural programs, and entertainment--meets the primary goal of Town Square: to generate year-round activity and emanate color, warmth, and light. The shops within the marketplace would attract people to Town Square and reinforce the retail environment downtown. Although indoor spaces tend to be less private than outdoor ones,<sup>15</sup> Anchorage's climate almost demands an indoor structure to ensure Town Square's liveliness. If the festival marketplace encompasses the elements described in this chapter, it will capture the amenities of an open air public square.

Because the marketplace would be two-sided and relate positively to outside space, it would provide through-block circulation and provide a transition to the open space. The activity generated in the marketplace and the connection

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<sup>14</sup>Estimate from Program Planning and Budgeting Office, Municipality of Anchorage. 1984.

<sup>15</sup>Whyte, William H. The Social Life of Small Urban Spaces. The Conservation Foundation, Washington, D.C. 1982.

between the sidewalk and open space would help ensure the park's use. A festival marketplace in Town Square would reduce the size of the public square to a point where people passing through would enliven it. The festival marketplace with its shops, small crafts vendors, common area, and cultural programs would create an indoor public space that would be a focal point, reinforcing activities in the adjacent facilities, and helping to define a shopping district downtown.

As marketplaces in other cities have demonstrated, and the market analysis in Chapter Five will reveal, the festival marketplace attracts tourists; tourist trade accounts for one-third of gross sales at specialty/festival centers such as Harborplace in Maryland.<sup>16</sup> To be a regional and local focal point, Anchorage's Town Square festival marketplace also would need to draw its local residents downtown. The outdoor public market, one of the options included in the festival marketplace alternative, would provide a highly visible space downtown for local farmers and craftspeople to market their goods. By offering both year-round space inside the festival marketplace and temporary stalls outside, Town Square would provide access to local markets for community-based businesses. This public use of the Town Square could be capitalized by the market rate rental of festival marketplace space to specialty retail merchants. Later chapters will evaluate the festival marketplace for its market support and profitability.

Inclusion of the underground parking garage, though probably not financially feasible, would provide a mechanism through which the private sector could invest in the revitalization of downtown Anchorage.



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<sup>16</sup>Urban Land Institute. Revitalizing Downtown Retail: Trends and Opportunities. Washington, D.C. 1980.

The festival marketplace, with its various options, would provide an excellent investment opportunity for private developers. The Municipality, as land assembler, has laid the groundwork for public/private co-venture in Town Square. A festival marketplace would provide the entity that attracts residents downtown, provides public space, pays for itself, and, given some public assistance, provides a favorable return on investment. In short, a festival marketplace would add magic to the downtown community.

Figure 4.1

EVALUATION OF TOWN SQUARE CONSTRUCTION ALTERNATIVES

 meets goals  
 does not meet goals

Goals	Visual Focal Point	Light	Color	Open Space	Small Lively Sq.	Linkage	Thru Block Circ.	Year-round Use	Food	Seating	Activity	Shops	Fiscal	Tourist Attraction	Local Resident Appeal
<b>PUBLIC PARK</b>															
◦ ice rink											X			X	X
◦ carousel								X			X			X	X
◦ banners			X												
◦ evergreen trees				X											
◦ galleria for foods & crafts					X	X			X		X				X
◦ play sculpture	X														
◦ kiosk						X								X	X
◦ F Street Mall						X	X								
<b>FESTIVAL MARKETPLACE</b>															
◦ marketplace															
specialty shops		X	X		X	X		X	X		X	X	X	X	X
pull cart small crafts vendors					X	X		X	X		X	X		X	X
common area/seats						X		X	X	X	X			X	X
cultural programs											X			X	X
◦ public market	X	X	X	X	X		X		X	X	X	X	X	X	X
◦ underground parking						X						X			X

## CHAPTER FIVE

### MARKET ANALYSIS OF A FESTIVAL MARKETPLACE

A festival marketplace in Town Square is the continuous group of individually owned shops that, along with the F Street mall, would form the pedestrian street needed to attract people to the park. This feasibility study has already shown the public benefit that would be served by a permanent marketplace in Town Square comprised of specialty shops, small crafts vendors, spaces to sit and eat, and cultural events. For the festival marketplace to survive, however, the specialty shops within it require sufficient market support. There must be some economic basis for the festival marketplace.

This chapter describes the market analysis that was done to establish the economic basis and content of the festival marketplace. Other factors that must be considered in determining the viability of a festival marketplace are its fiscal impacts and the process used to develop it. These are discussed in a later chapter.

Other cities' economic bases for developing specialty/festival marketplaces as part of their downtown revitalization efforts have been the increase in sales volume experienced by merchants near the marketplace. Increases in retail sales are the spillover effects resulting from developing marketplaces, siting public facilities, and constructing pedestrian amenities downtown. These spillover effects can offset the property tax increases also associated with downtown improvements.

In downtown Anchorage, these property tax increases would be relatively low. Property taxes downtown will rise only as a function of the higher property values resulting from the siting of the Convention Center, Performing Arts Center, and Town Square there. Adjacent property values will likely rise 20 to 25 percent.<sup>1</sup> As will be explained later, the projected rise in assessed valuation will increase the property taxes of a Block 51 storefront by only .06 percent.<sup>2</sup> This small rise will be made up in increased sales volume.

The sales volume of CBD retail will increase due to the increased numbers of people drawn downtown, both day and night, by the Convention Center, Performing Arts Center, and Town Square festival marketplace. This market analysis shows that a festival marketplace in Town Square would attract sizeable numbers of visitors, downtown employees, and local residents. They would provide market support for both the festival marketplace and other shops in the downtown retail district.

Increased retail sales in downtown areas are drawn from population growth and the existence of a distinctive trade area that attracts a percentage of this growth. Anchorage is growing fast. Its population has, on the average, increased 5 percent over the last five years.<sup>3</sup> And, according

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<sup>1</sup>Conversation with Tom Harrison, Finance Department, Municipality of Anchorage.

<sup>2</sup>According to the Program Planning and Budgeting Office, Municipality of Anchorage, the cost of maintaining the F Street mall and Fourth Avenue pedestrian amenities will be \$11,000. A mill increase of .000003 in Tax Fund Area 01 would cover these maintenance costs. This, plus the 20 percent increase in assessed valuation, would equal a .06 percent increase in property taxes for Block 51 retail merchants.

<sup>3</sup>Anchorage's population over the past five years, from 1979 to 1983, has fluctuated over a wide range of growth rates. In 1979, its population actually decreased by 3.1 percent. In 1982 and 1983, Anchorage's

to preliminary population surveys from the Municipality's research division, Anchorage's population increased 13 percent from 1982 to 1983. This may have been an uncharacteristically high rate of growth, yet it suggests there is increasing market demand for goods and services in Anchorage. The CBD can attract some of this new market if it develops a distinctive retail district.

Needed downtown is a new trade area that includes the existing stores, linking them with new structures. A festival marketplace in Town Square park would reinforce the existing retail and commercial environment and help create a new trade area. It is this new trade area that will attract local residents who might otherwise frequent only the malls.<sup>4</sup>

The results of the market analysis done for a festival marketplace are presented in two parts:

1. Projected sales volume for a 30,000 sq. ft. festival marketplace in Town Square
2. Market support for a festival marketplace from several submarkets: conventioners, visitors, downtown employees, people attending events at the Performing Arts Center, and local residents.

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population increased by 8.8 percent and 13 percent, respectively. This wide range of population growth averages 5 percent over a five-year period.

Van Domelan, Amy; Municipality of Anchorage, Department of Community Planning. 1980 Census Profile: Municipality of Anchorage; Volume I: Population and Housing. 1980.

Anchorage Real Estate Research Committee. Anchorage Real Estate Research Report Volume IX - Fall 1982/Spring 1983. Security Title and Trust Company of Alaska. 1983.

<sup>4</sup>Norvell, Douglas. "Downtowns: Seven Good Bets," Planning. American Planning Association. Chicago, Illinois. May 1981.

The analysis of both the projected sales volume and market support for a festival marketplace was done for a six year period from 1984 to 1990. Although the project completion date of the festival marketplace is not known, it would coincide with the phased construction of the Town Square Park and the Performing Arts Center. These projects are slated for completion in 1987. In addition to construction completion dates, the 1984-1990 study period was chosen to correspond with projections in the Anchorage Central Business District Comprehensive Development Plan for added retail area in the CBD. All dollar figures in the market analysis are adjusted for inflation so are not in 1984 dollars.

#### Projected Sales for Festival Marketplace

	1985	1986	1987
Size of marketplace (sq.ft.)	30,000	30,000	30,000
Sales volume*	170/sq.ft.	180/sq.ft.	190/sq.ft.
Total sales (million)*	\$5.1	\$5.4	\$5.7
* Adjusted for 6% inflation per year			

A 30,000 sq. ft. marketplace in Town Square with a sales volume of \$150 per square foot of gross selling area (1983 dollars) would generate annual total retail sales ranging from \$5 million to \$7 million each year from 1984-1990 (Table 5.2). These projections were based on several assumptions.



The size of the festival marketplace, 30,000 sq. ft., was derived from several factors. Some of these were discussed in "Chapter Three; Construction of Town Square: Development Alternatives." Thirty thousand square feet is large enough to create an indoor public space that not only attracts passersby but also relates positively to the outdoor park space. The festival marketplace compresses foot traffic into a smaller public square, which then ensures the Town Square park "vibrates with activity."<sup>5</sup> Thirty thousand square feet of marketplace would also provide enough space for a mix of high and low revenue producing shops and vendors that would result in a positive cash flow ("Chapter Six; Financial Analysis").

The addition of 30,000 sq. ft. of shopping area and indoor public space in Town Square seems reasonable in light of the projection that the Central Business District can support an additional 470,000 sq. ft. of retail space by 1990.<sup>6</sup> A 30,000 sq. ft. festival marketplace would comprise 8 percent of the total additional retail area predicted for the CBD by 1990 (Table 5.1).

As explained in "Chapter One," 80 percent of the 470,000 additional square feet, or an additional 376,000 sq. ft. of retail area, can be supported in the CBD by 1985. From 1985 to 1990, additional retail square footage in the CBD will increase by a yearly increment of 18,800 sq. ft. The festival marketplace's 30,000 sq. ft. would comprise less area than the additional square feet of retail space the CBD can support over a two-year

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<sup>5</sup>Municipality of Anchorage. "Anchorage Town Square: Request for Proposals." 1984.

<sup>6</sup>Gladstone Associates. CBD Development Potentials, the Municipality of Anchorage, 1980-81, A Statistical Summary. Prepared for the Municipality of Anchorage, Department of Community Planning. Washington, D.C. 1982.

period. Therefore, development of a 30,000 sq. ft. festival marketplace in Town Square over two years between 1984 and 1990 seems plausible.

Since the 30,000 sq. ft. festival marketplace would comprise 8 percent of the projected total additional retail area for the CBD, it was assumed the marketplace would attract at least 8 percent of the Central Business District's new retail sales. These new retail sales are attributable to increases within several submarkets. The submarkets' spending habits will determine what percentage of CBD retail sales their retail expenditures comprise. At the least, their retail expenditures at a Town Square festival marketplace would equal 8 percent of the CBD retail sales attributable to increases within several submarkets. This market analysis correlated the festival marketplace's percentage of additional CBD retail area to a submarket's expenditures there.

The sales volume of the marketplace was estimated at \$150 per square foot for 1983. This figure was determined from the sales volume of specialty/festival marketplaces in other cities, from the sales volume of downtown Anchorage department stores, and from the projected retail sales volume of rehabilitated historic structures in Anchorage.

Festival marketplaces in other cities, such as Rouse Company's 150,000 sq. ft. Harborplace in Baltimore, Maryland, have a sales volume of \$300 per square foot of gross leasable area.<sup>7</sup> Although Harborplace is five times as large as the festival marketplace proposed for Anchorage's Town

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<sup>7</sup>Urban Land Institute. Revitalizing Downtown Retail: Trends and Opportunities. Washington, D.C. 1980.

Square, it exemplifies the relatively higher sales volume that specialty/festival retail centers experience. The festival marketplace in Town Square would attract a range of submarkets. Included in these would be conventioners and tourists, who would boost marketplace sales above those of a conventional mall of its same size.

In Anchorage's CBD, 180,000 sq. ft. of department store area have a sales volume of \$380 per square foot (1981 dollars). The department stores downtown are maintaining a profitability, and their sales volume per square foot is 20 percent higher than that of larger shopping areas in the malls. Although the festival marketplace, with its theme environment created by individually owned shops, is not of a department store, its sales volume would be high. The sales volume of CBD department stores indicates the retail potential of a festival marketplace in nearby Town Square.

A retail market analysis of Anchorage done by Economic Research Associates in 1980<sup>8</sup> estimated that approximately 22,000 sq. ft. of specialty/festival area in the CBD could generate a sales volume of \$100 per square foot. Adjusted for 1983 with an annual inflator of 6 percent,<sup>9</sup> the resulting sales volume of the 22,000 sq. ft. structure would be \$150 per square foot (1983).

The projected sales volume for a festival marketplace in Town Square was then estimated using all of these figures. Considering the festival

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<sup>8</sup>Economics Research Associates. Historic Building Relocation & Adaptive-Use Study; prepared for Municipality of Anchorage. San Francisco, California. 1980.

<sup>9</sup>Anchorage Real Estate Research Committee. Anchorage Real Estate Research Report; Volume IX - Fall 1982/Spring 1983. Security Title and Trust Company of Alaska. 1983.

marketplace's specialty nature and the high profitability of downtown Anchorage's department stores, the sales volume of the marketplace was estimated at \$150 per square foot (1983 dollars). Adjusting this sales volume for 6 percent inflation per year, the figures in Table 5.2 were obtained. Total annual retail sales for the 30,000 sq. ft. Town Square festival marketplace would range from \$5 million to \$7 million from 1985 to 1990.

	A	B	C	D	E	F	G	H	I	J	K	L
3:												
4:	-----											
5:	-----											
6:												
7:	TABLE 5.1											
8:	RETAIL AREA: ANCH., CBD, TOWN SQ. FEST. MRKTPPLACE											
9:												
10:												
11:	ANCH.: projected new retail (sq. ft.)											
12:		1984	1985	1986	1987	1988	1989	1990				
13:	CBD: projected new retail (sq. ft.)											
14:	CBD: % of added retail											
15:	CBD: increase/yr. aft. '85 (sq. ft.)	20000										
16:												
17:	T.S.: festival marketplace (sq. ft.)											
18:	T.S. fest. mrktplace: % CBD added retail											
19:												
20:	-----											
21:												
22:	TABLE 5.2											
23:	TOWN SQUARE FESTIVAL MARKETPLACE: SALES POTENTIAL											
24:												
25:	Inflation rate											
26:	Specialty/festival sales/sq. ft.											
27:	T.S. festival marketplace:											
28:	potential sales/sq. ft.	150	159	169	179	189	201	213	225			
29:	total potential sales volume (thous.)	4770	5056	5360	5681	6022	6383	6766				
30:												
31:	-----											
32:	-----											

## Market Support for a Town Square Festival Marketplace

The feasibility of developing a 30,000 sq. ft. festival marketplace in Town Square partially depends on whether or not there is a market to support its projected retail sales. Market support for the festival marketplace was determined by the retail expenditures from the following submarkets: conventioners, visitors, people attending events at the Performing Arts Center, downtown employees, and local residents. The proximity of the Civic and Convention Center and Performing Arts Center to Town Square suggested some spillover effects onto the proposed festival marketplace. Conventioners and PAC events attendees were differentiated as submarkets.

This market analysis focussed on the new market for a Town Square festival marketplace created by the annual increases in the existing submarkets compounded over six years. Basing market support on the increases within each submarket per year, rather than on the total number within each submarket demonstrates the festival marketplace's financial viability, would not depend on penetrating the existing market. Market support for the festival marketplace was projected from the new trade area created by the Civic and Convention Center, Town Square park, and Performing Arts Center. It must be emphasized that yearly increases in the submarkets attributable to growth rates, not a percentage of existing markets, were used in calculating potential retail expenditures at a Town Square festival marketplace.

From the yearly increases alone in these submarkets, there would be sufficient retail expenditures to support a 30,000 sq. ft. festival market-

place. This market analysis was designed so that, regardless of the construction date, the festival marketplace would penetrate only that part of the existing retail market attributable to the yearly increases within the submarkets.

## Background Data on Visitors

Overnight visitors from out of town would comprise an important sub-market for the Town Square festival marketplace. These visitors include businessmen, people combining business trips with vacation, and vacationers. In other cities specialty/festival centers, visitor, or tourist, spending has accounted for one-third of the gross sales volume.<sup>10</sup>

The data on visitors<sup>11</sup> to Anchorage for this market analysis were based on information from the 1982 Anchorage Visitor Census and Inflight Survey: Fall Wave and Year End Report.<sup>12</sup> Since the report for 1983 had not been compiled at the time of this market analysis, 1982 was the base year used for visitor projections. Total visitor data formed the base from which conventioner and tourist retail expenditures at a festival marketplace in Town Square were extrapolated.

Total visitors to Anchorage in 1982 numbered 733,000. Both non-Alaskans--583,000--and Alaskans--150,000--comprised these visitors. Over half of all visitors, 62 percent, came to Anchorage on business: business, 43 percent; business/ pleasure, 19 percent. Over one fourth of the business and business/vacation visitors to Anchorage, or 19 percent of all visitors, were attending conventions. Most of the remaining visitors, 34 percent, were in Anchorage on vacation.

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<sup>10</sup>Urban Land Institute. Revitalizing Downtown Retail: Trends and Opportunities. Washington, D.C. 1980.

<sup>11</sup>Visitors are defined as non-Anchorage residents who stay at least one night in Anchorage.

<sup>12</sup>Gilmore Research Group. 1982 Anchorage Visitor Census and Inflight Survey Fall Wave and Year End Report. The Anchorage Convention and Visitors Bureau. Anchorage, Alaska. 1983.



The new market for festival marketplace trade in Town Square generated by visitors to Anchorage was determined by compounding the annual increases in the numbers of these visitors. The percentage increase from 1981 to 1982 in the 1982 Visitor Survey was corroborated with the results from an Anchorage specialty retail market analysis.<sup>13</sup> The average yearly increase in visitors used for the market analysis of a festival marketplace was 5 percent.

The increase in visitors from 1983 to 1984 would be approximately 40,000. The visitor submarket for a festival marketplace in 1985 would be 80,000 (Table 5.3).

Visitor spending in Anchorage totalled \$237 million in 1982. This figure included lodging, food, general retail and gas, and entertainment. Excluding lodging and entertainment, visitor retail spending totalled \$60 million, or 25 percent of all their expenditures. Length of stay in Anchorage for all visitors averaged four days. No breakdown of data on stays for type of visitor was available.

On the average, businessmen spent \$600 per trip, \$150 on retail expenditures; those visitors combining business with some vacation spent \$760 per trip, \$190 on retail; and vacationers spent \$640 per trip, \$160 on retail expenditures. Since visitors to Anchorage probably stay in major hotels downtown, this analysis assumed 90 percent of their retail expenditures would occur in the CBD.

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<sup>13</sup>Page, Charles Hall & Associates, Inc.; Economics Research Associates. Historic Building Relocation & Adaptive-Use Study. Prepared for Municipality of Anchorage. San Francisco, California. 1980.

	A	B	C	D	E	F	G	H	I	J	K	L
5:	-----											
6:	-----											
7:												
8:	TABLE 5.3											
9:	BACKGROUND DATA ON VISITORS (bus., bus./pleasure, tourist)											
10:												
11:					1994	1995	1996	1997	1998	1999	1990	
12:												
13:	'82 baseline total		733000									
14:	% increase/yr.		.05									
15:	total visitors (1983)			769650	808133	848539	890966	935514	982290	1031405	1082975	
16:	Fest. marketplace submarket											
17:	incremented yrly. visit. incrase.			38483	78899	121316	165864	212640	261755	313325		
18:												
19:	-----											
20:	-----											

## Conventioneers

<u>Conventioneers: Retail Expenditures at Festival Marketplace</u>		
	<u>1984</u>	<u>1985</u>
Conventions:	\$ 402,000	\$ 874,000
Conferences:	\$ 66,000	70,000
Trade Shows:	<u>\$ 660,000</u>	<u>700,000</u>
Total	\$1,128,000	\$1,644,000

This submarket is comprised of the increased numbers of conventioneers projected from existing conventions and the total number of people attending events at the new Civic and Convention Center. The Convention Center, according to a schedule for its first year of operation,<sup>14</sup> will not attract the conventioneer profiled in the 1982 Visitor Survey. That conventioneer is a businessman combining business with vacation and staying in Anchorage four days. The Civic and Convention Center, however, is scheduled for trade shows which will draw local residents for at most a day's visit downtown. Trade show attendants will spend much less in the CBD than other types of conventioneers.

Conventioneers at locations other than the Civic and Convention Center. Nineteen percent of all visitors to Anchorage are there for conventions. Eighteen thousand more conventioneers will visit Anchorage in 1985 than in 1984. From 1983 to 1984, the increase in conventioneers will be 7,312, but in 1985 the conventioneer submarket will be 15,000<sup>15</sup> (Table

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<sup>14</sup>Municipality of Anchorage, Property and Facility Management Department. "Tentative Event Schedule, William E. Egan Civic and Convention Center." 1983.

<sup>15</sup>submarket = (increase from 1983-1984) + (increase from 1984-1985).

5.4). Each conventioner will spend an average of \$170 (1982 dollars) on retail per four-day stay in Anchorage. This excludes lodging, hotel meals, transportation, and expenses borne by convention sponsors. Conventioner retail expenditures are the average of 1982 businessman and businessman/vacationer retail expenditures and are adjusted annually for inflation.

As explained in "Background Data on Visitors," 90 percent of these conventioner retail expenditures will be captured in the CBD; each conventioner will spend \$150 on retail items in the CBD. In estimating the conventioners' expenditures at a festival marketplace in Town Square, a multiplier of four was applied to the 8 percent of CBD retail sales the marketplace's 30,000 sq. ft. warrant. This multiplier was assumed after analyzing the 1982 Visitor Survey profile of a conventioner. A conventioner in Anchorage combines both business and vacation in her/his visit. Combining business with pleasure suggests higher than business trip spending, especially if there are shopping areas within walking distance of the hotel and/or convention facility. Town Square will be near convention facilities, and a festival marketplace there, by its very nature, would encourage impulse buying. Projected marketplace expenditures for each conventioner are \$50 (1983) per four-day stay in Anchorage.

The market support from conventioners at locations other than the Civic and Convention Center would range from \$402,000 in 1984 to \$2 million in 1987 (Table 5.4).

## **Civic and Convention Center**

Most of the people attending events at the Convention Center do not fit the profile of the conventioner in the previous section. Only six of the 50 events scheduled for the Convention Center in 1984 are conferences, or conventions; the others are trade shows. Although trade shows are several days in length, as are conventions, they generally attract local residents, not out-of-state visitors. A local resident attending a trade show at the Civic and Convention Center will stay downtown for the day. Her/his retail expenditures will be much less than those of a conventioner.

The types of events scheduled for the Civic and Convention Center may change over time. To avoid double counting of conventioners, however, this market analysis assumed a trade show orientation for the Convention Center.

**Conferences.** There are six conferences scheduled for the Civic and Convention Center for 1984. This same number was assumed for 1985. Predictions past 1985 are less accurate due to the lack of information on future events scheduled for the Convention Center. The conferences booked into the Convention Center, on the average, are two days in length and have 400 attendants each. A conferencee, like the conventioner described earlier, combines business with vacation. Her/his average retail expenditures at a Town Square festival marketplace for a two-day stay in Anchorage would be \$30 (1984), half of the four-day conventioner retail expenditures at a marketplace. Conferencee retail expenditures at a Town Square festival marketplace for 1984 will total \$66,000 (Table 5.4).

**Trade Shows.** According to the event schedule, there are 24 trade shows scheduled for the Civic and Convention Center for 1984. The same number was assumed for 1985. Predictions past 1985 are difficult due to the lack of information on future events scheduled for the Convention Center. The trade shows booked into the Convention Center, on the average, have 4000 attendants per show. This yields 96,000 trade show days per year.<sup>16</sup> Retail expenditures at a Town Square festival marketplace for each trade show attendant were estimated at \$7 per day.<sup>17</sup> With the festival marketplace close to the Convention Center, trade show attendants would, at the least, purchase lunch and window shop there. Then they might walk to Penneys or Nordstrom to shop. Trade show attendants retail expenditures at a Town Square festival marketplace would range from \$66,000 in 1984 to \$786,000 in 1987 (Table 5.4).

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<sup>16</sup>24 trades shows x 4000 attendants per show = 96,000 trade show days per year.

<sup>17</sup>\$28 per two-day conference x 1/2 = \$14 per day for conference x 1/2 = \$7 per day for trade show attendant.

	A	B	C	D	E	F	G	H	I	J	K	L
22:												
23:												
24:												
25:	TABLE 5.4											
26:	CONVENTIONERS SUBMARKET SUPPORT for FESTIVAL MARKETPLACE											
27:												
28:												
29:	Non-convention center											
30:												
31:												
32:												
33:												
34:												
35:												
36:												
37:												
38:												
39:												
40:												
41:												
42:												
43:												
44:												
45:	New Market Support											
46:												
47:												
48:												
49:												
50:												
51:												
52:												
53:												
54:												
55:												
56:												
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## Visitors

<u>Visitor Retail Expenditures at a Festival Marketplace</u>		
	<u>1984</u>	<u>1985</u>
Increase in visitors:	31,000	64,000
Retail expenditures per visitor:	\$54	\$57
Total retail expenditures:	\$1,700,000	\$3,700,000

The analysis of market support for a Town Square festival marketplace from the visitor submarket does not include conventioners, since the conventioners were segregated as a separate submarket. The visitor submarket is comprised of people visiting Anchorage on business, businessmen extending their stays with vacation, and vacationers.

The increase in numbers of visitors from 1983 to 1984 will be 31,000. The submarket for the festival marketplace would number 64,000 in 1985 (Table 5.5). Each visitor will stay an average of four days in Anchorage.<sup>18</sup> Retail expenditures per visitor stay in 1984 will average \$170.<sup>19</sup> As the section "Background Data" explained, 90 percent of these retail expen-

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<sup>18</sup>Gilmore Research Group. 1982 Anchorage Visitor Census & Inflight Survey Fall Wave and Year End Report. Anchorage Convention and Visitors Bureau. Anchorage, Alaska. 1983.

The majority of visitors stay in Anchorage from two to six days; four days is the average stay.

<sup>19</sup>Average retail expenditures per visitor were derived from the retail expenditures per: business visitor . . . . . \$150  
 business/pleasure visitor. . . . . 190  
 vacationer . . . . . 160  
 The average of these is \$170.



ditures will occur in the CBD and 32 percent<sup>20</sup> of the CBD retail expenditures would then be captured by a festival marketplace. Projected retail expenditures per visitor stay at a festival marketplace in Town Square are \$54 (1984).

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$$\frac{208\% \text{ (\% of CBD retail sales represented by 30,000 sq. ft. marketplace)} \times 4 \text{ (specialty/festival multiplier)}}{32\%}$$

	A	B	C	D	E	F	G	H	I	J	K	L
80:	-----											
81:	-----											
82:												
83:	TABLE 5.5											
84:	VISITORS (minus conventioners) SUBMARKET SUPPORT for FESTIVAL MARKETPLACE											
85:												
86:		1984	1985	1986	1987	1988	1989	1990				
87:												
88:												
89:	# of non-conventioner visitors/yr.	623417	654587	687317	721683	757767	795655	835438	877210			
90:	Fest. mrktplace submarket											
91:	incremented yrly. visitor increase		31171	63900	98266	134350	172239	212021	253793			
92:	days/stay	4										
93:	retail expend./stay	167	177	188	199	211	223	237	251	266		
94:	% retail expend. in CBD	.9										
95:	CBD retail expend./stay	150	159	169	179	190	201	213	226	240		
96:	multiplier fest. retail	4										
97:	T.S. fest. mrktplace											
98:	% of CBD retail	.32										
99:	retail expend./stay	48	51	54	57	61	64	68	72	77		
100:												
101:	VISITOR MRKTPLACE EXPEND. (thous.)		1684	3660	5967	8647	11751	15333	19455			
102:												
103:	-----											
104:	-----											

## Downtown Employees

<u>Downtown Employee Retail Expenditures at a Festival Marketplace</u>		
	<u>1984</u>	<u>1985</u>
Increase in employees:	400	800
Annual retail expenditures per employee:	\$128	\$136
Total retail expenditures:	\$51,000	\$109,000

To estimate the market support from downtown employees for a Town Square festival marketplace, only the yearly increases in downtown employees, not their total numbers, were used. These increases were calculated from projected additions of office space in the Central Business District.<sup>21</sup> Generally, the increases in downtown employees associated with the increases in office space are one employee per 250 square feet.<sup>22</sup>

According to a development potential study by the economic consultants, Gladstone Associates, office space in Anchorage in 1981 totalled 2.5 million sq. ft. Thirty-six percent of that office space, or approximately 900,000 sq. ft., was located in the CBD. From 1973 to 1981, office space downtown increased each year by an average of 100,300 sq. ft.<sup>23</sup> These figures and an investigation of rent levels led Gladstone Associates to project a total of 1.3 million sq. ft. for the CBD by 1985.

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<sup>21</sup>Gladstone Associates. CBD Development Potentials, The Municipality of Anchorage, 1981-1990, A Statistical Summary. Washington, D.C. 1982.

<sup>22</sup>Herr, Philip B. and Associates. Negotiating Fiscal Impacts. Coalition of Northeast Municipalities. 1980.

<sup>23</sup>100,300 additional sq. ft./250 sq. ft. per employee = 400 additional employees.

For the purposes of this analysis of downtown employee market support for a festival marketplace, the yearly increment of 100,300 sq. ft. of office space for the CBD was used (Table 5.6). This figure seems reasonable in light of several factors. Among these are the following. Office rents downtown, unlike those of retail space, are competitive with other areas of town. Office space added to the CBD each year will be rented. Another factor supporting the 100,300 square feet yearly increase in office space is the pending construction of at least two parking structures; these parking garages will provide much needed parking spots downtown for employees.

The increase in downtown employees from 1983 to 1984 then was estimated at 400. The downtown employee submarket for a festival marketplace will number 800 in 1985.<sup>24</sup> According to a specialty retail market study done for Anchorage in 1980, CBD retail expenditures for each downtown employee in 1984 would be \$1600. Eight percent of this, or \$128, was projected for a festival marketplace in Town Square.<sup>25</sup>

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<sup>24</sup>400 (employee increase 1983-1984) + 400 (employee increase 1984-1985) = 800 (employee submarket for festival marketplace).

<sup>25</sup>A 30,000 sq. ft. festival marketplace in Town Square represented 8% of CBD retail sales, on the basis of its area.

	A	B	C	D	E	F	G	H	I	J	K	L
111:-----												
112:-----												
113:												
114:TABLE 5.6												
115:DOWNTOWN EMPLOYEES SUBMARKET SUPPORT	1984	1985	1986	1987	1988	1989	1990					
116:												
117:increase off. space/yr.	100300											
118:incremented yrly increase in off. space	100300	200600	300900	401200	501500	601800	702100					
119: CBD: increase in employees (emp./250 sq. ft.)	401	802	1204	1605	2006	2407	2808					
120: CBD: retail expend./yr.	1600	1696	1799	1906	2020	2141	2270					
121: Fest. mrktplace:												
122: % of CBD retail	.08											
123: retail expend./employee	129	136	144	152	162	171	182					
124:												
125: D.T. EMPLOYEES MRKTPLACE EXPEND. (thous.)	51	109	173	245	324	412	510					
126:												
127:-----												
128:-----												

## Performing Arts Center

<u>Performing Arts Center Retail Expenditures at Festival Marketplace</u>	
	<u>1987</u>
Attendants at PAC	108,000
Retail expenditure/person per event	\$12
Annual retail expenditures	\$1,300,000

The Performing Arts Center, a 190,000 sq. ft. public facility planned for the block west of Town Square, will be an important addition to the CBD. Once it is completed in 1987, it will draw local residents downtown at night, a time when Anchorage's retail district is least active. People attending performances at the arts center will raise the level of nighttime activity in the CBD to create a new market for retail there.

The Performing Arts Center's close proximity to Town Square suggests some spillover effect onto a festival marketplace. In Eugene, Oregon, use of its new Performing Arts Center has resulted in increased sales volume for nearby shops and restaurants.<sup>26</sup> An Anchorage Town Square festival marketplace with a range of specialty stores and places to eat would reinforce use of the PAC by providing pre- and post-performance attractions. A level of nighttime activity downtown not presently enjoyed would be maintained by both the Performing Arts Center and a Town Square festival marketplace.

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<sup>26</sup>Conversation with Dick Reynolds, director of Eugene Oregon's performing arts center. 1984. The architect of Eugene Center, Hardy Holzman, of Pfeiffer Associates of New York, is also the architect of Anchorage's PAC.

The submarket support from the Performing Arts Center for a festival marketplace was estimated utilizing some PAC attendance forecasts from a status review and fiscal assessment done by a consultant for the city.<sup>27</sup> This review estimated that only 260 performances per year will take place in the Performing Arts Center. Attendance at each performance will be 415 people. These estimates will yield submarket support for a festival marketplace of 108,000 people<sup>28</sup> in 1987 (Table 5.7).

General estimates of PAC attendants' retail expenditures were based on the specific experiences of Eugene, Oregon, and the overall influences of arts centers in downtown revitalization efforts in other cities.<sup>29</sup> Each of the people attending a performance at the Performing Arts Center, at the least, will buy a drink or snack before or after a performance. Many will enjoy dinner at a restaurant. Retail expenditures per attendant, minimally, will be \$15. If there are restaurants and shops downtown, 90 percent of these expenditures will be in the CBD. The festival marketplace, because of its convenient location in Town Square adjacent to the arts center, probably would capture at least 35 percent of the CBD retail expenditures of Performing Arts Center attendants. Total submarket expenditures in 1987 for 108,000 people would be \$1.3 million.

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<sup>27</sup>NBBJ Group. Technical Status Review and Fiscal Assessment: Project 80's; Anchorage, Alaska. 1982.

<sup>28</sup>260 perf./yr. x 415 peop./perf. = 108,000 peop./yr.

<sup>29</sup>Goetsh, Robert; Haedlin, Mary. "Art for Downtowns' Sake," Planning. American Planning Association. Chicago, Illinois. July/August 1983.

	A	B	C	D	E	F	G	H	I	J	K	L
131:	-----											
132:	-----											
133:												
134:	TABLE 5.7											
135:	PERFORMING ARTS CENTER SUBMARKET SUPPORT				1984	1985	1986	1987	1988	1989	1990	
136:												
137:	performances/yr.		260									
138:	audience/performance		415									
139:	PAC attendants/yr.						107900	107900	107900	107900		
140:	retail expend./attendant						15	16	17	18		
141:	% of CBD retail		.9									
142:	CBD retail expend./person						14	14	15	16		
143:	Fest. mrktplace:											
144:	% of CBD retail		.9									
145:	retail expend./attendant						12	13	14	14		
146:												
147:	PAC MRKTPLACE EXPEND. (thous.)						1311	1390	1473	1561		
148:												
149:	-----											
150:	-----											



## Local Residents

<u>Local Resident Retail Expenditures at Festival Marketplace</u>		
	<u>1984</u>	<u>1985</u>
Increase in households	4200	8600
Annual retail expenditure/household	\$215	\$223
Total retail expenditure for household increase	\$903,000	\$1,900,000

A festival marketplace in Town Square would help create the focal point needed downtown to differentiate its shopping district from the malls outside the CBD. It is the festival marketplace's unique combination of specialty shops, a public market, and cultural events which will attract local residents to Town Square.

The retail expenditures at a festival marketplace from the local resident submarket were projected from the yearly increases in households (not total households) and the percentage of personal income (PI) per household spent on retail per year. To avoid double counting of local residents' retail expenditures, downtown employees were subtracted from the increase in households.

From 1983 to 1984, numbers of additional households which will form the festival marketplace submarket will be 4200.<sup>30</sup> The local resident submarket support for a festival marketplace in 1985 will be 8600 (Table 5.8).

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<sup>30</sup>Estimate from Municipality of Anchorage, Department of Community Planning, Research Division. 1983.

Assuming the population of Anchorage in 1983 was 230,000 and will increase 5% a year thereafter, the increase in households between 1983 and 1984 will be 4600.

Each household will have an average of \$56,000 (1984) in personal income.<sup>31</sup> Twelve percent of each household's personal income, or \$6,700 (1984) will be spent annually on retail in Anchorage.<sup>32</sup> Of these retail expenditures, 40 percent, or \$2,700 per household, will occur in the Central Business District.<sup>33</sup> A 30,000 sq. ft. festival marketplace in Town Square would capture 8 percent of each household's CBD retail expenditures, or \$215 (1984) per household.<sup>34</sup>

Total retail expenditures at a festival marketplace in Town Square attributed to the increase in households in 1984 and 1985 would be \$903,000 and \$1.9 million, respectively.

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12,000 (population increase) - 2.5 (persons/household) = 4600 additional households.

4600 households - 400 (1984 increase in downtown employees) = 4200 additional households.

<sup>31</sup>Gladstone Associates: CBD Development Potentials/The Municipality of Anchorage/1981-1990/A Statistical Summary; January 1982.

\$42,000 personal income/household (1980) adjusted for inflation at a 6% annual rate equals \$56,000 PI/household (198\_).

<sup>32</sup>According to Gladstone Associates statistical summary of CBD development potentials from 1981-1990, 5% of PI will be spent on department store sales, and 7% of PI will be spent on non-department store retail sales. Twelve percent of each household's income per year will be spent on retail.

.12 x \$56,000 (PI/household) = \$6,700 (PI spent of retail).

<sup>33</sup>According to Gladstone Associates statistical summary of CBD development potentials from 1981-1990, the CBD retail area will continue to comprise 40 percent of all retail area in Anchorage it did as in 1980. From this, it is assumed 40 percent of local residents retail expenditures will occur in the CBD.

.40 x \$6,700 (PI spent on retail) - \$2,680 (PI spent on CBD retail).

<sup>34</sup>Since a 30,000 sq. ft. festival marketplace will comprise 8 percent of the retail area added to the CBD by 1990, the marketplace will capture at least 8 percent of CBD retail sales attributable to the annual increases within submarkets.

	A	B	C	D	E	F	G	H	I	J	K	L
152	-----											
153	-----											
154	-----											
155	TABLE 5.8											
156	LOCAL RESIDENTS SUBMARKET SUPPORT				1984	1985	1986	1987	1988	1989	1990	
157	-----											
158	population increase/yr.	.05										
159	population ('83 baseline)		230000	241500	253575	266254	279566	293545	308222	323633		
160	persons/household	2.5										
161	increase in households			4600	9430	14502	19827	25418	31289	37453		
162	hseholds. less D.T. employ.			4199	8628	13298	18222	23412	28882	34645		
163	personal income/hsehold			56000	58900	61490	65169	69079	73224	77617		
164	% of PI spent on retail	.12										
165	Anch.: retail expend./hsehd.			6720	6960	7378	7820	8299	8787	9314		
166	CBD: % of retail expend.	.4										
167	retail expend./hsehd.			2688	2784	2951	3129	3316	3515	3726		
168	Fest. marketplace:											
169	% of CBD retail	.08										
170	retail expend./hsehd.			215	223	236	250	265	281	298		
171	-----											
172	LOCAL RESIDENTS MKTPLACE EXPEND. (thous.)				903	1922	3139	4560	6210	8121	10326	
173	-----											
174	-----											
175	-----											

Conclusion

	Potential Market Support	Festival Marketplace Projected Sales
1985	\$7.3 million	\$5.1 million
1986	\$11.5 million	\$5.4 million
1987	\$17.7 million	\$5.7 million

There is sufficient market support for a 30,000 sq. ft. festival marketplace constructed in Town Square between 1985 and 1987. Retail expenditures from the annual increases<sup>35</sup> within the following submarkets would support the marketplace: conventioners, overnight visitors from out-of-town, people attending events at the Performing Arts Center, downtown employees, and local residents (Table 5.9). Market support for the festival marketplace would exceed its projected total sales per year.

As the Municipality rejuvenates downtown Anchorage through public facilities, a Town Square park, pedestrian amenities, and parking structures with ground level retail, a downtown shopping district will take shape. The festival marketplace would provide a magnet for some of these conventioners, visitors, and local residents already drawn downtown by the new Civic and Convention Center and Performing Arts Center. The Town Square marketplace would be a catalyst for drawing increasing numbers of

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<sup>35</sup>Calculations of market support were initialized by the annual increase within each submarket from 1983-1984.

visitors and local residents downtown. The sooner a marketplace is developed after 1984, the less competition it will have in attracting some of the new market. With no distinct retail district, downtown will lose retail trade to other areas of town. A festival marketplace would help differentiate the downtown retail district from the others in Anchorage. A festival marketplace, if it is constructed in 1985 or 1986, it would draw upon the increases within the submarkets without penetrating the existing market for retail. The annual increases within all the submarkets together establish an economic base for the festival marketplace that does not depend on penetrating the existing market for retail trade in downtown Anchorage.

	A	B	C	D	E	F	G	H	I	J	K	L
178:												
179:												
180:												
181:	TABLE 5.9											
182:	TOTAL SUBMARKET SUPPORT for FESTIVAL MARKETPLACE											
183:												
184:				1984	1985	1986	1987					
185:												
186:	CONVENTIONERS			1128	1644	2241	2930					
187:	VISITORS			1684	3660	5967	8647					
188:	DOWNTOWN EMPLOYEES			51	109	173	245					
189:	PERFORMING ARTS CENTER			0	0	0	1311					
190:	LOCAL RESIDENTS			903	1922	3139	4560					
191:												
192:	TOTAL RETAIL EXPEND. at FEST. MRKTPLACE			3767	7335	11520	17492					
193:												
194:												
195:												

The mix of tenants and programs within the marketplace will be determined partially by the strength of each of the submarkets. Using 1985 as a reference year, the conventioner, visitor, and local resident submarkets are strongest (Table 5.9). In 1985, the festival marketplace would capture more of the new market, whereas with each successive year, it must penetrate the market formed by these same increases.

In 1985, visitor retail expenditures will account for 50 percent of the market support for a festival marketplace, local residents for 26 percent, and conventioners for 22 percent. Although the visitor submarket will comprise half of the projected retail expenditures for a Town Square festival marketplace, tourist spending alone has accounted for one-third of specialty/festival center sales in other cities.<sup>36</sup>

In Anchorage, 50 percent of the festival marketplace support from visitors seems reasonable, for the number of visitors outnumbers its population. In 1983, for instance, there were over 730,000 visitors compared to over 230,000 residents. Both visitors and local residents have grown at approximately the same rate. Visitor increases will exceed local resident increases by sheer number. However, the 13 percent population increase from 1983 to 1984 suggests that Anchorage may grow faster than in the past five years. Its local residents will account for increasingly higher percentages of retail expenditures than this market analysis shows.

Visitor spending would not alone ensure the viability of the festival marketplace. Market support from local residents is integral to the

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<sup>36</sup>This is the sales volume of the specialty/festival retail center, Harborplace, in Baltimore, Maryland.

marketplace's development potential. In 1985, marketplace local resident expenditures attributable to population increases will supply 20 percent of the retail expenditures that without, the sales volume of a 30,000 sq. ft. would fall below its projections.

When the Performing Arts Center is constructed in 1987, it and the Civic and Convention Center will play valuable roles in creating a new trade area downtown. The festival marketplace would draw upon submarket increases attributable to these facilities. In 1987, submarkets created by the Convention Center and PAC would comprise almost 15 percent of the market support for a festival marketplace. This means the festival marketplace would provide a reinforcing demand for goods and services with the Civic and Convention Center and Performing Arts Center without penetrating the existing market for small retail.

The results of this market analysis indicate visitor and local resident market support define the festival marketplace as a tourist attraction and a community center. High revenue producing specialty shops, coupled with small crafts vendors would meet the market demands of Anchorage's diversity of visitors and residents.

Projected sales volume and potential market support demonstrate the economic basis for a development, but form only one measure of the feasibility of a festival marketplace in Town Square. The public purpose served in developing a festival marketplace may be more important than sales



volume or high profitability. A festival marketplace in Town Square would not only reinforce the downtown shopping district, but will also help provide a visual, activity-based focal point in the CBD. Within the marketplace, the provision of low rent space for crafts and farm products vendors, the coordination of a public market, and the accommodation of indoor cultural programs would override the need to rent all 30,000 sq. ft. at market rates.

As the next chapter details, a positive cash flow can still be maintained if only some of the festival marketplace space goes for market rate rentals. There is some combination of specialty shops and small crafts pull cart vendors which will yield a positive cash flow.

The potential market support shown by this market analysis should pique the interest of a private developer in the marketplace. But it is the Municipality who by reducing land rents to the developer, granting a partial tax abatement, or offering a financing package, will guarantee a rate of return to the developer. Public assistance in developing a Town Square festival marketplace would help ensure a positive cash flow that in turn would make possible a reasonable rate of return on investment for a private developer and investors. The festival marketplace, with demonstrated market support for its specialty shops, would also provide low rent space and a common area with some minimal forms of public assistance.

## CHAPTER SIX

### FINANCIAL ANALYSIS

Specialty/festival marketplaces are succeeding in revitalizing downtown areas because they encapsulate cities' historical and cultural identities, create festive environments which draw tourists and local residents, and produce spillover effects onto adjacent retail. These specialty/festival marketplaces might not have gotten off the ground were it not for the public assistance used to leverage private investment in them.

The festival marketplace proposed for Town Square, at 30,000 sq. ft., is much smaller than Boston's Quincy Market or Seattle's Pike Street Market. The complex public/private financial arrangements needed in those cities for providing up-front development funds are not necessary for a marketplace of the scale proposed for Anchorage's Town Square. Yet, the Municipality of Anchorage could offer some forms of assistance which, with minimal property tax impacts, would create a favorable investment environment for private development of the festival marketplace.

Private commitment to the revitalization of downtown Anchorage is necessary if the Central Business District is to maintain a retail and commercial viability. Meeting the goals for revitalizing Anchorage's CBD includes both the public and private provision of park spaces. The Municipality has already acquired land on Block 51 for a Town Square park. A festival marketplace sited there would provide incentive for private sector commitment to the vision of downtown Anchorage as a regional focal point. A festival marketplace would provide an indoor public space in Town

Square that also would maintain its profitability with specialty shops. Privately developed, the marketplace would not be subsidized with state monies appropriated for the construction of Town Square.

### Co-Venture

This analysis assumed the festival marketplace would be developed by a co-venture. Under this assumption, the Municipality would rent three 6,500 sq. ft. lots (approximately 20,000 sq. ft.) in Block 51 to a private developer. This contiguous piece of property would not have been available to the private developer had the Municipality not acquired and assembled it with state money. The Municipality has already played its major role in the proposed co-venture; it has been land assembler. The private developer would build a festival marketplace according to design and use restrictions written into a lease by the Municipality. For instance, no anchor department store would be allowed within the marketplace. Twenty-six thousand square feet of the marketplace would be leased to a mix of individually owned specialty tenants at market rate rents. Low rent space would be allocated for crafts vendors. To achieve the required mix of specialty shops and small crafts vendors, the developer of the marketplace would work with the coordinator of the small crafts vendors and outdoor public market, a nonprofit organization such as a Public Market Guild, Inc.

Developing a festival marketplace that would not only encompass high rent specialty shops, small crafts vendors, and a common area, but also maintain a positive cash flow, is critical to attracting equity investors. To ensure the festival marketplace provides both the amenities of an indoor

public space and maintains a profitability, the Municipality could offer one of several forms of public assistance: rent reduction, tax abatement, and provision of a finance package. This feasibility study assessed how each form of public assistance, singly and in combination, would affect the cash flow of a 30,000 sq. ft. marketplace. Ultimately, the cash flow and the projected return on equity will determine the festival marketplace's attraction to investors.

#### **Underground Parking Garage.**

The underground parking garage recommended for Town Square by the majority proposal in the Town Center Committee and suggested as an option in a Town Square park construction alternative (Chapter Four), is not financially feasible. It was not included in the assessment of the effects several forms of public assistance have on the cash flow of a festival marketplace because the following analysis showed its comparatively high costs.

Underground garages generally cost more to develop than above-ground garages. Although an underground garage reserves ground level area for structures and parks, its construction costs may exceed people's willingness to pay higher rates for parking. In downtown Anchorage, this certainly would be the case.

Presently, there is a 45-space municipal parking lot on Block 51 whose spaces rent for \$.25/hr. If a downtown employee rents this space on a daily basis, over 250 days the parking space would yield \$1,000 in revenues for the city. These revenues would not capitalize the same space in an

underground garage. Construction costs per underground parking space are three times that of an above-ground parking garage. If an underground space would cost \$3,000 to develop, the rate needed to pay for that space would be \$12/day or \$.75/hour.

Though parking in downtown Anchorage is scarcer than in the suburban areas, it is not so scarce that people will pay three times the present parking garage rates. It is not reasonable to expect the Anchorage market to pay the rent needed for an underground parking facility in Town Square. To make the underground parking facility break even, the Municipality would need to subsidize it. With the Municipality constructing above-ground parking facilities at three different locations in the CBD near the Convention Center, Performing Arts Center, and Town Square park, there is no pressing need for one at this time beneath Block 51. An underground parking garage is neither financially feasible nor aesthetically desirable in Town Square.

### **Fiscal Impacts**

From the Municipality's perspective, the fiscal impacts of the festival marketplace will partially determine the likelihood of its extending any one form of assistance: rent reduction, tax abatement, or a finance package. The property taxes received from the festival marketplace and the costs of extending services to it will determine how much of the property tax, if any, the Municipality could waive.

The festival marketplace should not impose any undue financial burden on the city; therefore, the cost to the Municipality of extending public

services to the festival marketplace should not exceed the property taxes assessed for that marketplace. However, the fiscal impacts alone should not determine the level of assistance the Municipality would offer such a project. For Town Square to "vibrate with activity and emanate color, warmth, and light year-round,"<sup>1</sup> an indoor public place such as a festival marketplace is needed within the square. As this analysis will show, only some of the property taxes received by the Municipality from the festival marketplace would be needed to cover its public service costs.

Real property taxes in Anchorage are calculated according to mill rates set for 32 different tax fund areas. The Central Business District, along with Midtown, is part of the tax fund area 01. Over one-third of Anchorage's total assessed valuation is in tax fund area 01. The mill rate in tax fund area 01 is 8.89, the highest rate in Anchorage. At least three other tax fund areas have this same mill rate. The property tax on a festival marketplace would be calculated at \$.00889 per dollar of assessed valuation.<sup>2</sup>

Any long-term projection of the fiscal impacts of the festival marketplace is difficult. Anchorage voters, in 1983, passed a property tax initiative that limits the total amount of property taxes that can be collected. Mill rates can still be raised, however. At present, though, the property tax initiative does not allow for the inclusion of voter-approved projects, or capital projects, in the property tax base. These

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<sup>1</sup>Municipality of Anchorage. "Anchorage Town Square: Request for Proposal." 1984.

<sup>2</sup>Municipality of Anchorage. "1983 Roll Certification: Real Property Valuation Summary."

Municipality of Anchorage. "1983 Tax Levy Chart."

projects' operations and maintenance costs will pose a fiscal challenge to the Municipality. Shortfalls in the Convention Center will be covered by the hotel and motel tax. Were the voter-approved projects included in the property tax base per the tax cap, mill rates would only be increased on an area-wide basis, not on a Tax Fund Area basis. These are merely preliminary projections by the Municipality's Program Planning and Budgeting Office.

The festival marketplace would be a privately developed structure. Its sales revenues would cover its operation and maintenance costs.

The tax computations that follow were adjusted for 1985 (Table 6.1). The assessed valuation for a 30,000 sq. ft. marketplace would be \$4,500,000, assuming construction costs of \$150.00/sq. ft.<sup>3</sup> Multiplying this by the 8.89 mill rate for Tax Fund Area 01 yields the property tax for which the festival marketplace would be assessed. The Municipality would receive approximately \$40,000 in property tax revenues from the marketplace.

These revenues may exceed the Municipality's cost of extending public services to the festival marketplace. Generally, two-thirds of local property tax revenues are needed to cover service costs.<sup>4</sup> The service costs

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<sup>3</sup>Means Construction Costs Estimate.

The cost of a festival marketplace was determined from cost estimates for a department store, town hall, and Alaska appraisal reports.

$$30,000 \text{ sq. ft.} \times \$150/\text{sq. ft.} = \$4,500,000.$$

<sup>4</sup>Herr, Philip B. and Associates. Negotiating Fiscal Impacts: A Handbook for Evaluating City Development. Coalition of Northeast Municipalities. 1980.

of a festival marketplace in Town Square would be \$27,000. If the Municipality receives \$40,000 in property tax revenues from the festival marketplace, and public service costs total \$27,000, the Municipality would have \$13,000 tax profit. This money would go into the city's general fund.

Since the Municipality would see a tax profit from a festival marketplace under the present structure, it should consider offering a partial tax abatement as a form of public assistance. The Municipality might reduce the amount of taxes collected from the marketplace by \$13,000; total property taxes paid would be \$27,000. A partial property tax abatement would increase the operating income of a festival marketplace. This tax abatement might increase the cash flow in such a way that the return on equity for investors would be favorably affected. The Municipality should determine if this can be done under the present property appraisal system. If not, policies should be reviewed in light of the goals for downtown revitalization.

#### **Impacts on Existing Retail on Block 51**

The property tax impacts of the new Convention Center and the planned Town Square Park and Performing Arts Center on their neighbors are minimal compared to the positive spillover effects retail merchants will experience. These facilities will draw more people downtown day and night, increasing sales volume. The presence of these new public facilities, part of the Municipality's efforts to strengthen the retail and commercial viability of downtown, have been estimated to increase property taxes in



the Central Business District by 20 to 25 percent in the long run.<sup>5</sup> It is market demand in the next few years that will ultimately determine the rise in land values downtown.

These impacts can be illustrated for a property on Block 51. If one assumes 8.89 mill rate of a 6,500 sq. ft. lot on Block 51 and two buildings valued at \$530,000 would increase to \$636,000. A 20 percent increase in assessed valuation would result in real property taxes of \$5,650 for this example. Property taxes presently paid are \$4,700, so a 20 percent increase in assessed valuation would increase property taxes by less than \$1,000. As the market analysis showed, potential retail expenditures from increases within submarkets suggest spillover effects that far exceed this increase in property taxes.

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<sup>5</sup>Conversation with Tom Harrison, chief appraiser for Municipality of Anchorage. 1984.

	A	B	C	D	E	F	G	H
1	-----							
2	-----							
3								
4	TABLE 5.1							
5	FISCAL IMPACTS of TOWN SQUARE FESTIVAL MARKETPLACE							
6								
7	size of festival marketplace						30000	
8	cost of construction per sq. ft.						150	
9	assessed valuation					4500000		
10	mill rate					.00889		
11	tax revenues for Municipality					40005		
12	costs for extending services to arktplace					26803		
13	tax profit for Municipality					13202		
14								
15	-----							
16	-----							

## Forms of Development Assistance

This analysis focused on how three forms of public assistance would affect the cash flow of a festival marketplace in Town Square. The three forms of public assistance are:

1. Rent reduction
2. Tax abatement
3. Conventional and unconventional financing.

### Rent Reduction

One form of public assistance the Municipality could use to leverage private development is a reduction of the rent charged for the marketplace site. A land rent reduction would decrease the expenses incurred in operating a festival marketplace. Rents are tied to land values. In the Central Business District land sells for \$50-\$60/sq. ft.<sup>6</sup> According to an appraiser's report, land in Town Square would sell for \$60/sq. ft.<sup>7</sup> If the Municipality charged the developer of a festival marketplace market rate rent, rent would total \$9.00/sq. ft. per year. Rent paid for three 6,500 sq. ft. lots (approximately 20,000 sq. ft.) would equal \$180,000.

Rent reduction as a financial option involves no city funds. Since the Municipality assembled property in Block 51 for a Town Square park with state money, it has assumed no debt in land acquisition. The Municipality could reduce the rent charged a developer of the marketplace with no negative fiscal impact to the city.

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<sup>6</sup>Municipality of Anchorage. Department of Community Planning. Anchorage Central Business District Comprehensive Development Plan. 1983.

<sup>7</sup>Real Estate Services Company. Market Appraisals of Various Properties Located within Block 51 of Original Townsite of Anchorage,

This analysis assessed a development option where the Municipality reduced rent. The reduced rent used was \$1.00/sq. ft. per year. Reduced rent paid to the Municipality for 20,000 sq. ft. of land for the marketplace site would total \$20,000 per year.

### **Property Tax Abatement**

Other cities have used property tax abatements to relocate retail downtown and to provide public amenities such as urban plazas. As the section "Fiscal Impacts" detailed, the Municipality of Anchorage would receive property tax revenues from the festival marketplace of \$40,000 year. Generally, only two-thirds of these revenues would be needed to cover public service costs. The remaining \$13,000 comprises a tax profit for the Municipality, who could waive this amount from property taxes collected from a festival marketplace. The \$13,000 would comprise a partial tax abatement. Waiving all property taxes from the marketplace would unnecessarily burden the Municipality with the new development's service costs. The public benefit served in locating a marketplace in Town Square would not outweigh this cost. The property tax abatement suggested here is a partial property tax waiver of \$13,000. If the Municipality offers a tax abatement of \$13,000 to leverage private development, it at least would break even, and the marketplace's operating income would increase.

### **Financing**

There are numerous federal, state, and local mechanisms available to the developer and Municipality for financing this festival marketplace. This analysis looked at the three most likely to be used in Anchorage:

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Alaska. Anchorage, Alaska. 1983.

	<u>Loan-Mortgage Ratio</u>	<u>Interest Rate</u>	<u>Term</u>
Conventional financing	75%	13%	25 yr.
Alaska Industrial Development Bond Authority (AIDA)	75%	9.5%	15 yr.
Municipal bond (revenue)	90%	8.5%	20 yr.

A developer would seek conventional financing and an AIDA loan on her/his own, while the city would sell a revenue bond and arrange a finance package for the developer. The purpose of the financial analysis was to demonstrate the relationship of these forms of financing to the cash flow of the festival marketplace. Although these figures are subject to change and should be updated prior to a development decision, the sensitivity of the cash flow to these forms of debt service should remain relatively constant.<sup>8</sup>

**Conventional financing.** These are the terms a local bank would likely offer to a private developer of a festival marketplace. The terms used in this analysis correspond with those in a property appraisal report of Block 51 land and buildings on Block 51. With these debt finance terms, an equity investment of \$1.1 million would be needed.

**Alaska Industrial Development Bond Authority (AIDA).** AIDA is a state-backed finance authority that offers loans to several individual projects or a single large one at lower than conventional interest rates. Individual projects of no more than \$1 million each can be financed as part of a 20-project umbrella bond. The Town Square festival marketplace with projected construction costs of \$4.5 million would exceed this restriction.

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<sup>8</sup>Information on the forms of financing was obtained from the following: Daniels, Belden; Litvak, Lawrence. Innovations in Development Finance. The Council of State Planning Agencies. Washington, D.C.. 1979.

However, AIDA extends single developer loans for projects whose development costs go up to \$10 million. The festival marketplace, whose projected construction costs are \$4.5 million, would qualify for this kind of AIDA loan. With AIDA's debt finance terms, a festival marketplace developer would need an equity investment of at least \$1.1 million.

**Municipal revenue bonds.** Under this financing option, the Municipality of Anchorage would borrow low interest money and lend it to the developer. The Municipality has access to low interest revenue bonds. It could float a revenue bond and back it with its general fund for favorable terms. If revenue bonds are used to finance projects that generate income, as would the Town Square festival marketplace, a voter referendum to float the bond is not needed. According to a financial implementation study done for prospective specialty retail in downtown Anchorage by some economic consultants, revenue bonds could be secured at 8 percent interest with a pay back period of 20 years. These terms are subject to change, of course. The Municipality would then loan this money to a private developer at terms less than those of conventional financing. To illustrate contrast between this financing option to AIDA-backed loans and conventional financing, some assumptions from the previously cited economic analysis were used to determine the terms the Municipality would offer a private developer. The terms used were an 8-1/2 percent interest rate, 90 percent loan to mortgage ratio, and 20-year term.

## Development Options

The forms of public assistance that have been discussed--land rent reduction, tax abatement, and financing--singly and together would affect the cash flow of a festival marketplace. There are several options available to the Municipality in determining how to stimulate equity investment in a privately developed festival marketplace. At the same time, the Municipality should minimize their costs in the development process.

The development possibilities appear in Tables 6.2 and 6.3. R represents a rent reduction; F--financing, and T--tax abatement.

Table 6.2

Possibility	Assistance		
	Rent Reduction	Tax Abatement	Financing
Possibility 1 Minimum Public Assistance	N	N	conventional
Possibility 2 R	Yes Rent = \$1/sq.ft. per year	N	conventional
Possibility 3 F	N	N	◦ AIDA ◦ Municipal Revenue Bond
Possibility 4 T	N	Yes Prop. tax = \$27,000	conventional
Possibility 5 R & F	Yes Rent = \$1/sq.ft. per year	N	◦ AIDA ◦ Municipal Revenue Bond
Possibility 6 R & T	Yes Rent = \$1/sq.ft. per year	Yes Prop. tax = \$27,000	conventional
Possibility 7 F & T	N	Yes Prop. tax = \$27,000	◦ AIDA ◦ Municipal Revenue Bond
Possibility 8 R, F & T Maximum Public Assistance	Yes Rent = \$1/sq.ft. per year	Yes Prop. tax = \$27,000	◦ AIDA ◦ Municipal Revenue Bond



## Cash Flow of the Festival Marketplace

### Income

Gross operating income to the developer of the festival marketplace would be derived from the rent collected from the specialty tenants and a percentage of these tenants' retail sales. Monthly rents for retail space in downtown Anchorage range from \$1.00 to \$3.00/sq. ft.<sup>9</sup> Rental income from 26,000 sq. ft. of specialty sales area at \$1.75/sq. ft. would equal \$546,000.

The expected sales from specialty shops within the festival marketplace are figured at \$150.00/sq. ft. for 26,000 sq. ft. of gross leasable area. As explained in the market analysis, \$150.00/sq. ft. seems reasonable in light of the sales volume of specialty/festival centers in other cities, the profitability of Anchorage specialty retail, CBD department stores, and sales projections for a 20,000 sq. ft. historic structure adapted to specialty retail use downtown. The developer of the festival marketplace would receive 4% of retail sales. Four percent of sales would equal \$180,000.

Gross operating income, then, for a 30,000 sq. ft. festival marketplace would be \$726,000 (Table 6.3).

### Expenses

Operating expenses incurred by a developer of a festival marketplace would include insurance, heating/utilities, management, and maintenance.

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<sup>9</sup>Real Estate Services Company. Market Appraisals of Various Properties Located within Block 51 of Original Townsite of Anchorage, Alaska. Anchorage, Alaska. 1983.

This analysis assumed a developer, not the tenants, would cover these expenses. Insurance costs were based on 90% coverage and were figured at \$.45 per \$100.00 of the structure's worth. Management costs were figured at 4 percent of gross income. Maintenance costs were calculated at \$.50/sq.ft.<sup>10</sup> Heating/utilities were estimated at \$.08/sq. ft.<sup>11</sup>

Rent and property tax comprise the remaining expenses. They already have been discussed.

° Rent

market rate: \$9/sq.ft. per year

reduced rate: \$1/sq.ft. per year

° Property Tax

full assessment: .00889\* assessed valuation

full tax abatement: -0-

w/partial tax abatement: 2/3\* assessed valuation

Since rent and property tax are two of the optional forms of public assistance, net operating costs will vary among the development possibilities.

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<sup>10</sup>From conversations with local developers, utilities costs were estimated at \$.03/sq. ft. of floor area for gas, and \$.05/sq. ft. for electricity.

<sup>11</sup>Chapter Five; Market Analysis, "Projected Sales of a Festival Marketplace."



	A	B	C	D	E	F	G	H	I	J	K	L	M
54:	-----												
55:													
56:	TABLE 5.3 (cont.)												
57:						Poss.1	Poss.2	Poss.3	Poss.4	Poss.5	Poss.6	Poss.7	Poss.8
58:													
59:	Debt Service												
60:						407500	407500		407500		407500		
61:								393700		393700		393700	393700
62:								394000		394000		394000	394000
63:													
64:													
65:													
66:	CASH FLOW after DEBT SERVICE												
67:						-15910	144190		24195		184195		
68:									-2608		157392		
69:													
70:								-2010		157990		37995	197995
71:												11192	171192
72:													
73:								-2310		157690		37695	197695
74:												10892	170892
75:													
76:	EQUITY INVESTMENT NEEDED												
77:						1125000	1125000		1125000		1125000		
78:								1125000		1125000		1125000	1125000
79:								450000		450000		450000	450000
80:													
81:	RETURN on EQUITY INVEST.												
82:						-.01	.13		.02		.15		
83:									.00		.14		
84:													
85:								.00		.14		.03	.13
86:												.01	.15
87:													
88:								-.01		.35		.08	.44
89:												.02	.38
90:													
91:	-----												
92:	-----												

## **Net Operating Income**

For the various options, net operating income before debt service would range from \$392,000 to \$565,000. At the low end of this range is the development option where the Municipality would offer no public assistance; the developer would pay market rate land rent and pay full property taxes. At the high end of the range of net operating income is the development option where the Municipality would offer maximum public assistance--a reduction in rent and a partial tax abatement.

Of the two forms of public assistance, rent reduction and tax abatement, rent reduction would result in a higher net income for the developer of the festival marketplace. If the Municipality decreased rent to \$1.00/sq. ft. per year, as in Possibility 2, the net operating income before debt service would be \$552,000. If the Municipality assessed the marketplace for only \$27,000 in property taxes, as in Possibility 4, the net operating income before debt service would be \$405,000. Rent affects the net operating income before debt service more favorably than a partial tax abatement.

If the Municipality would offer both a rent reduction and tax abatement to the developer, as in Possibility 6, the net operating income of the festival marketplace would be \$565,000.

Possibilities 2, 4, and 6, which include a rent reduction, partial tax abatement, or both impose no cost to the Municipality, yet result in relatively high net operating incomes.

## **Cash Flow After Debt Service**

Debt service for the festival marketplace was calculated using the

financial arrangements described earlier (Table 6.2). Cash flow after debt service of the festival marketplace ranged from \$15,810 to \$171,00. The lowest cash flow for a festival marketplace resulted when the Municipality neither reduced land rent nor offered a partial tax abatement and the developer used conventional financing. This development option is illustrated by Possibility 1. In fact, in all possibilities where rent was not reduced, the lowest cash flows resulted. It appears, then, neither waiving property taxes nor offering a finance package would affect the cash flow of a festival marketplace as much as a rent reduction.

If the Municipality reduced the land rent to \$1/sq.ft. per year to a private developer, a festival marketplace would operate in the black. Reducing the rent is a form of public assistance which imposes no costs on the Municipality. As Possibility 2 illustrates, offering no other public assistance but a reduction in rent results in \$144,000 in income after debt service. When rent reduction was combined with either the developer obtaining AIDA financing or the Municipality offering a loan package, as in Possibility 5, the cash flow after debt service increased to approximately \$158,000.

More equity investment would be needed, however, with the AIDA loan. The equity investment needed with AIDA financing would be \$1.12 million, compared to \$450,000 for the other form of debt financing.

The return on equity differentiates the two financing options. A 20 percent return on equity is considered high. Within Possibility 5, the return on equity would be higher for a festival marketplace developed with

a Municipal finance package: 35% with the municipal revenue bond, versus 14% with AIDA financing. If the Municipality reduced rent and offered a partial property tax abatement, and the developer used conventional financing, as with Possibility 6, the cash flow after debt service was approximately \$157,000. The return on equity was 14%.

In Possibility 8, where the Municipality would offer the most public assistance--rent reduction, partial tax abatement, and finance package--the cash flow after debt service was \$171,000. With rent reduction, a partial tax abatement, and either developer-arranged AIDA or Municipally packaged financing, the highest cash flow resulted. Depending on AIDA or municipally packaged financing, the return on equity was 15% and 38% respectively. If the Municipality offered all three forms of public assistance to a private developer, only a slightly higher return on equity would result than if just rent reduction and a finance package were offered.

Although the financial terms the Municipality would offer to a developer depends on the bond market, it should package some financing which, together with a rent reduction, would result in at least 20% return on equity.

## EXECUTIVE SUMMARY

The Central Business District of Anchorage is undergoing a facelift. The Municipality is creating a civic core by constructing, in addition to the newly opened Civic and Convention Center, a Performing Arts Center and a Town Square. In the heart of this proposed downtown revitalization is the Town Square park. Construction of a temporary park in 1984 will be the catalyst for Block 51's transformation into a public square. This feasibility study proposes that a festival marketplace be located in Town Square to attract people to the park and reinforce activities at the surrounding public facilities.

### **Project 80's: Town Square Appropriations**

The Alaska State Legislature has appropriated over \$10 million for land acquisition and construction of the Town Square park. The public square will occupy three-quarters of Block 51. Although the festival marketplace proposed in this study would be sited on land in Block 51 acquired with state appropriations, the structure itself would be privately developed; it would not be subsidized.

### **Public Square Concept**

Several elements are essential to creating a Town Square that is a crossroads of human activity. These elements are park space, small public square, a promenade, and a shopping street. These elements should be integrated in order to bring more light, air, and open space to the sidewalk level and also form pockets of activity.



## Goals for Town Square

The design of Town Square is critical to its ability to attract pedestrians. To ensure its use, through block circulation is important. It should contain ground level attractions such as shops which draw pedestrians into the square. Town Square should not only accommodate people already downtown, but should provide a magnet for others to venture into the CBD.

This study suggests a permanent structure that supports the use of the park. The Municipality and a citizens committee have already identified the need for a small crafts and food vendor galleria to generate activity in the Town Square park. The proposed structure is an extension of the galleria, called a Festival Marketplace.

## Festival Marketplace

A festival marketplace is a mix of food, entertainment, specialty and boutique items that collectively forms its own theme environment. It is not a shopping mall. A festival marketplace has an external orientation and combines the elements of color, light, food, and impulse purchases to attract not only tourists and conventioners, but metropolitan residents, too. It is active year-round. Popular specialty/festival marketplaces such as Faneuil Hall/Quincy Market in Boston, and Pike Street Market in Seattle, have rejuvenated those cities' downtowns and have become celebrated parts of their communities.

This study showed that a smaller specialty/festival marketplace is portable to Anchorage. The results of the market analysis reveal sufficient market support for a 30,000 sq. ft. festival marketplace.

## **Design and Function**

The marketplace proposed for Anchorage's Town Square would be a two-story structure encompassing at most 30,000 sq. ft. The structure would occupy three 6,500 sq. ft. lots on Block 51. The marketplace, with canopied walkways and entrances and exits on both sides, would circulate pedestrians through Town Square. The two-sided structure would have ground level specialty shops that are individually owned. No department store would anchor the marketplace. In addition to these market rate rental specialty shops and cafes, the festival marketplace would include small crafts and food vendors. These vendors would rent pull cart space inside for a nominal fee. The festival marketplace would include a common area with movable seats and tables. Cultural programs such as previews of Performing Arts Center events could be held there.

## **Location of Festival Marketplace**

Location of the marketplace is key to its ability to attract people into Town Square. In cities where storefront retail was relocated as part of downtown revitalization efforts, the downtown areas lost their vitality.<sup>1</sup> Town Square, it should face the street or sidewalk. This orientation also provides an imperceptible transition from the street to the Town Square park. This transition would encourage use of the park.

## **Public Market**

In addition to the marketplace in Town Square would be an outdoor public market. This public market in Town Square, much like the farmers

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<sup>1</sup>This observation has come from a survey of case studies from the Partners for Liveable Places and the following references: A Pattern Language, by Christopher Alexander, and "Storefronts for Street Life," by Jared Shlaes, in Center City Report.

market that operated downtown on summer weekends, 1975-1977, would sell crafts from local artisans and produce from the Matanuska Valley. The public market would be located on the municipal parking lot on Block 51. By supporting community-based businesses both inside the marketplace and outside in a public market, the Town Square would appeal to a diversity of residents. The public market would provide a gathering place in Town Square and would generate market support for a festival marketplace constructed later.

### Size

The size of the festival marketplace was determined from other cities' small, well-used public squares, by an analysis of sales volume and market support, and an analysis of cash flow. A 30,000 sq. ft. marketplace effectively encloses part of the square so that it appears lively to passersby.<sup>2</sup> It is this liveliness which will attract people and ensure the Town Square park is used. People favor small squares full of people, rather than empty open land.<sup>3</sup> The optimum size for a public square is 40 x 65 ft. (2,600 sq. ft.). The temporary park alone in Town Square will be approximately 19,000 sq. ft.

The addition of 30,000 sq. ft. of shopping area and indoor public space to Town Square is reasonable in light of the projection that the CBD can support 470,000 sq. ft. of retail space by 1990. There would be 18,800

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<sup>2</sup>William H. Whyte, the urban conservationist, has come to this conclusion in his innovative photographic studies of public spaces documented in The Social Life of Small Urban Spaces.

<sup>3</sup>This feasibility study focused on the cash flow of a 30,000 sq. ft. festival marketplace with 26,000 sq. ft. of specialty shop space. However, the cash flow for the following were also calculated: 30,000 sq. ft. marketplace with 15,000 sq. ft. of specialty shops and a 20,000 sq. ft. marketplace with 15,000 sq. ft. of specialty shops (Appendix D).

sq. ft. of retail area each year. The 30,000 sq. ft. festival marketplace would comprise 8 percent of the projected additional retail area supportable in the CBD by 1990.

### **Market Analysis**

In order to survive, the festival marketplace must have sufficient market support for its specialty shops. The market analysis done in this feasibility study included projections of marketplace sales volume and calculations of market support from several submarkets. Market strength was analyzed from 1984-1990. This six-year period coincides with projections for supportable retail area added to the CBD and to the phased construction of Town Square and the Performing Arts Center.

### **Sales Volume**

Sales volume for the festival marketplace was determined from an overview of other specialty/festival centers, the profitability of downtown Anchorage department stores, and a market analysis of specialty retail in Anchorage. Sales volume of the festival marketplace would be \$150/sq. ft. (1983 dollars). A 30,000 sq. ft. marketplace would generate annual total retail sales ranging from \$5 million to \$7 million over 1984-1990. The festival marketplace could, then, capture 8 percent of the new retail expenditures in the CBD. Although not all 30,000 sq. ft. of the marketplace would be rented to high revenue producing specialty shops, this market analysis showed sufficient market support for that amount of specialty shop area.

## Market Support

Market support for the festival marketplace was analyzed from the new market created by the annual increases within several submarkets. Two of these submarkets would be created by the Convention Center and Performing Arts Center. The financial viability of the festival marketplace would not depend on penetrating the total existing market for retail in the Anchorage area. Retail expenditures from the annual increases within the following submarkets were shown to support the festival marketplace: conventioners, overnight visitors from out-of-town, people attending events at the Performing Arts Center, downtown employees, and local residents. Total market support would range from \$7.3 million in 1985 to \$17 million in 1987. Market support for a festival marketplace would exceed its sales capacity of approximately \$5 million during 1985-1987.

	Potential Market Support	Festival Marketplace Projected Sales
1985	\$7.3 million	\$5.1 million
1986	\$11.5 million	\$5.4 million
1987	\$17.7 million	\$5.7 million

The breakdown of the market support is as follows: taking 1985 as project year, visitor spending would comprise 50 percent of total market support for the festival marketplace, local residents--26 percent, conventioners--22 percent. If the Performing Arts Center were on line in

1985, its share of market support would be 15 percent (Figure 5.9). For detailed breakdowns of retail expenditures for each of these submarkets, please refer to "Chapter Five: Market Analysis."

### **Visitors**

In Anchorage, there are more visitors to the city than residents. In 1983, visitors numbered 740,000 to a local population of 230,000. Any marketplace in Town Square must attract the increases in the tourist trade if it is to survive. The festival marketplace, by its very character, attracts out-of-town visitors. That is why a festival marketplace, not just any structure, is needed in Town Square.

The success of specialty/festival centers in other cities has been due to the high percentage of tourist trade there. Town Square is ideally located downtown close to the major tourist hotels and the visitors center on Fourth Avenue. Minimally, the festival marketplace would capture 32 percent of the visitors' retail expenditures in the CBD, or \$60 per four-day stay (1985).

### **Local Residents**

Without the market support from local residents, the sales volume of the festival marketplace would fall below its projections. Town Square should be a gathering place for all of Anchorage's diversity of residents, so the festival marketplace must contain specialty shops, restaurants, and a public market to match local residents' preferences. On the average, each household could be expected to spend \$236 per year (1985 dollars) at the festival marketplace.

## **Performing Arts Center**

If the Performing Arts Center were on line in 1985, attendants of events there, plus conventioners, would comprise over 30 percent of the market support for a festival marketplace. These submarkets have different spending habits, though. The market analysis segmented conventioners into two groups: business and business/pleasure visitors at convention facilities other than the Civic and Convention Center; and Convention Center conferences and trade show attendants (Table 5.4). Conventioners are comprised of out-of-town visitors and local residents characterized earlier.

The Performing Arts Center will fortify the retail environment in the CBD by bringing people downtown at night. The festival marketplace should attract this submarket with nighttime hours and a selection of restaurants. By attracting the Performing Arts Center submarket, the marketplace would not need to penetrate the existing market for retail trade in 1987.

## **Financial Analysis**

Specialty/festival centers in other cities might not have gotten off the ground without public assistance to leverage private investment in them. Though the festival marketplace proposed for Anchorage's Town Square would not necessitate the large up-front development funds of other marketplaces, there are some forms of assistance the Municipality could offer to encourage private development of the festival marketplace.

An equity investor in a festival marketplace would look at the marketplace cash flow for at least a 20 percent return on her/his investment.

This financial analysis looked at the following forms of municipal assistance: rent reduction, a partial property tax abatement, and a financing package. These forms of assistance, with minimal costs to the city, would favorably affect the cash flow of a festival marketplace.

### **Cash Flow**

This analysis assumed that the Municipality would rent three 6,500 sq. ft. lots to a private developer. The developer would construct the festival marketplace.

**Income.** Income for the developer of a marketplace would come from specialty tenant rentals (26,000 sq. ft.)<sup>4</sup> and a percentage of sales. Expenses would be maintenance, insurance, utilities, land rent, property taxes, and debt service.

Since the land for Town Square has been paid for through state funding, the Municipality could rent the lots to a developer for below the market rent at no loss. This reduced rent was figured to be \$1/sq. ft. per year. In order for the marketplace to contain low rent space for small crafts vendors, a rent reduction is crucial. A rent reduction decreases marketplace expenses so that a reasonable return on investment is yielded.

A partial tax abatement would increase the cash flow of a festival marketplace, though not as much as the rent reduction. Generally, only two-thirds of the revenues collected by the city from property taxes are needed to cover the costs of extending public services.<sup>5</sup> Instead of the

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<sup>4</sup>This general observation resulted from a survey of Northeastern local jurisdictions by Philip B. Herr, MIT professor and planning consultant.



other one-third going into the city's general fund, the Municipality could waive this amount from the taxes assessed for the festival marketplace. The waiver would comprise a partial property tax abatement.

**Debt Financing.** Three forms of debt financing were analyzed in this feasibility study. In two instances, the developer would either secure a conventional loan through a local bank or qualify for an Alaska Industrial Bond Authority loan. The third option would involve the Municipality floating a revenue bond and lending low-interest money to a developer. Though the actual terms of this bond should be updated from those in this analysis, the municipal finance package would require the least equity investment. The festival marketplace, since it would be income producing, could be financed by a revenue bond without voter approval.

**Public Assistance Options.** Following are some results from the analysis of combinations of public assistance on the investment potential of the festival marketplace:

	Return on Equity
Investment	
* Rent Reduction:	13%
* Rent Reduction and AIDA financing:	14%
* Rent Reduction and Revenue Bond:	35%
* Rent Reduction and Partial Tax Abatement:	14%
* Rent Reduction, Tax Abatement, AIDA	15%
* Rent Reduction, tax abatement, revenue bond	38%

## RECOMMENDATIONS

If the Town Square park is to attract tourists and employees already downtown and act as a magnet for local residents, a festival marketplace there is needed. The results of this feasibility study lead to several recommendations for the Municipality.

### **Public Park Plus Festival Marketplace**

In light of the controversy surrounding the location of Town Square, its size, and the role of shops there, the festival marketplace must be carefully defined and presented. Adding a festival marketplace to the Town Square park is not merely adding retail. The festival marketplace must be described as an indoor public space that not only includes shops, but space for small crafts vendors and a large common area.

### **Size of the Festival Marketplace**

The festival marketplace should be large enough so that the green space remaining can be filled with the people needed to create a pocket of activity in the park. If the marketplace is between 20,000 and 30,000 sq. ft., it also would be large enough to maintain a profitability with specialty shops and provide low rent space for small crafts vendors. The allocation of market rate rental space along with public assistance should yield at least a 20 percent return on equity investment. In order for the 26,000 sq. ft. of market rental space to accomplish this, the Municipality must at least reduce the land rent for the developer.

## **Design Controls**

The design of the festival marketplace is crucial to differentiating it from other structures in Anchorage. Unlike a mall, it does not have an internal orientation. Its ground level shops face the street and sidewalks. The festival marketplace is a two-sided structure with entrances and exits on both its sides. The marketplace must not block the sun.

The design of the marketplace should be tightly controlled and legally enforced by the Municipality. The inclusion of the marketplace into the Town Square park cannot be done in the last phases of a design consultant's work. (S)he must be able to work with the idea early in the design phase.

## **Location of the Festival Marketplace**

The festival marketplace must be located where it channels foot traffic into the square so the park is used. It should also reinforce the design and function of the Convention Center and Performing Arts Center, too. The Municipality should coordinate the siting of the festival marketplace with the designers of the Town Square park and the architects of the Performing Arts Center.

## **Tenant Mix in the Festival Marketplace**

It is the mix of tenants which will determine the festive theme of the marketplace. No anchor department store should be allowed. There should be a mix of individually owned specialty shops along with small crafts and food vendors with pull carts. Arts and crafts demonstration should be planned.

The selection of tenants depends on the findings of the market analysis. For out-of-town visitors there should be Alaskan specialty shops:

furs, quiviut, Native arts and crafts, wild game, fish, and berry products. There should be a selection food vendors, cafes, and restaurants to serve the large numbers of visitors, conventioners, and people attending events at the Performing Arts Center. The marketplace should be open weekend evenings, too, unlike most of the downtown shops now.

The festival marketplace must comprise specialty shops and crafts vendors who offer distinctive items for local residents. For instance, a good aviation supply and bookstore is needed.

The Municipality should work with a developer who has some knowledge of specialty/festival retail centers.

#### **Public Market**

An outdoor public market on the municipal parking lot in Block 51 would draw local residents who then would use the Town Square park and festival marketplace. The previous success of the farmers market downtown from 1975-1977 and the annual Renaissance Fair indicate there is market support for a public market.

The Municipality should coordinate work with interested groups to form a nonprofit organization to manage a public market in Town Square.

#### **Construction of the Festival Marketplace**

To capture the increases within the submarkets without penetrating the total existing market, the festival marketplace should be constructed in 1985 or shortly thereafter. The Municipality should coordinate the addition of retail in Town Square with the retail planned for the parking facilities and the Historic Railroad Town.

### **Development of the Festival Marketplace**

The marketplace should be privately developed with no use of the state appropriated construction funds. It should both pay for itself and provide some public amenities.

Appropriations for park construction should include plenty of seating, greenery, ground level lighting, and the F Street Mall.

To encourage private development of the festival marketplace, the Municipality should offer below market rate land rent of \$1/sq. ft. per year to the developer. The Municipality should also offer a partial property tax abatement or a finance package.

### **Careful Presentation of the Festival Marketplace**

To avoid a drive to dedicate Town Square as open space, the Municipality should explain the festival marketplace as the magnet that will draw people into the park. Together with the green space, the existing storefront, and new public facilities, Town Square will provide a festive gathering place all year around.

## APPENDIX A

### Bock 51: Zoning

Block 51 is designated as one of several types of business use districts in the Municipality. Title 21, "Land Use Regulations," of the Anchorage Municipal Code, distinguishes between six types of business use districts. These are depicted on the Municipality's zoning map as:

- B-1 Local and neighborhood
- B-2A Central Business District core
- B-2B Central Business District periphery
- B-2C Central Business District
- B-3 General and strip commercial district
- B-4 Rural Business District

Block 51 is zoned B-2A. The intent of the B-2A business use designation is to concentrate retail and office development in one area which then will "reduce pedestrian walking distances between major retail/commercial generators."<sup>1</sup> In addition, zoning part of the Central Business District B-2A ideally ensures development of compatible uses on the ground floor levels of all development in the district.

The intent of the B-2A business use district, then, is to create a core of activity in the Central Business District. To realize this intent, certain uses and structures are permitted. Principal uses and structures

<sup>1</sup>Municipality of Anchorage. Municipal Code, "Title 21: Land use Regulations.

allowed in district B-2A are differentiated by their visibility from street level and/or their location on ground level. Among those uses permitted when they are visible from street level are department stores, general merchandise, and dry goods stores. Those uses permitted when not visible from street level are business and professional offices. Conditional uses within the B-2A district include skating rinks, parking garages, kiosks, outdoor restaurants, and interior climate-controlled gallerias that connect two or more buildings.

## APPENDIX B

### Portland, Oregon: Saturday Market

This outdoors crafts and food market has been operating in Portland's Old Town for ten years. A non-profit organization rents stalls to vendors from March through Christmas Eve. Severe weather hurt their business in 1983, as the market is set up outside and under the Burnside Bridge near the Willamette River.

The Market has attracted persons into a part of the city that was once run down. It is now on its way to rehabilitation. In fact, Saturday Market may have sparked the gentrification of Old Town that brought in specialty retail shops.

Saturday Market's role in generating a market for specialty retail in Portland, Oregon, suggests a similar role for a public market in downtown Anchorage. A crafts and food market on Town Square or somewhere near Town Square might create a gathering place that generates an activity conducive to a specialty/festival retail marketplace. A public market might attract the local residents who later will come downtown to shop in a new festival marketplace.



## APPENDIX C

### Post Office Square Park-Garage

With Post Office Square in Boston's financial district, an above-ground parking garage occupies 1.5 acres of land. Some of the corporate and financial neighbors of the garage have formed a nonprofit corporation called Friends of Post Office Square (FPOS). FPOS has proposed that the city buy out the garage, demolish it, develop a park, and construct underground parking.

This plan sets aside some green space in an area of the city where high land values would otherwise lead to another high rise when the present garage owner's lease with the city runs out. Surplus revenues from the underground garage, after operation and maintenance costs, would go into a park fund and the city's general revenue fund. The underground parking lot would provide support for park acquisition and maintenance throughout the city.

The public purpose intent of FPOS suggests a type of private/public cooperation for Town Square. For instance, FPOS will construct the parking lot with low interest loans from the Massachusetts Industrial Finance Corporation. After the costs of maintenance, operations, and debt service payments, revenues and eventually garage ownership will be conveyed to the city.

		Min. pub. asst. Poss. 1	Poss. 2 R	Poss. 3 F	Poss. 4 T	Poss. 5 R & F	Poss. 6 R & T	Poss. 7 F & T	Max. pub. asst. Poss. 8 R, F, & T
TABLE D. 1									
CASH FLOW of FESTIVAL MARKETPLACE: IMPACT OF PUBLIC ASSISTANCE									
10:	SITE SIZE (land)	20000							
11:	FACILITY SIZE	30000							
12:	ASSESSED VALUATION	4500000							
13:	SPECIALTY SHOP RENTAL AREA	15000							
14:	GROSS OPERATING INCOME								
15:	Rent from tenants (\$1.75/sf)	315000							
16:	% of retail sales (.04)	90000							
17:									
18:	TOTAL	405000							
19:									
20:	EXPENSES								
21:	Insurance (\$.45/\$100, 90% cover)	18225							
22:	Heating/utilities (2400/mo.)	29000							
23:	Management (.04 gross income)	16200							
24:	Maintenance (\$.50/sf)	15000							
25:									
26:	RENT (\$9.00/sf/mo.)	180000	180000		180000	180000		180000	
27:	reduced rent=\$1/sq. ft.	20000		20000			20000	20000	20000
28:									
29:	PROPERTY TAX (8.89 mill rate)	40005	40005	40005	40005		40005		
30:	tax abate. (tax=0)				0		0	0	0
31:	tax abate. (.57%AV)	26803			26803		26803	26803	26803
32:									
33:	Total expenses		298430	138430	298430	258425	138430	98425	258425
34:						285228		125228	285228
35:									
36:	NET OPERATING INCOME		106570	266570	106570	146575	266570	306575	146575
37:	(before debt service)					119772		279772	119772
38:									
39:	FINANCING								
40:	Loan to mortgage ratio								
41:	conventional	.75	3375000	3375000		3375000		3375000	
42:	AIDA	.75			3375000		3375000		3375000
43:	Municipal revenue bond	.9			4050000		4050000		4050000
44:	Mortgage								
45:	Interest rate								
46:	conventional	.13							
47:	AIDA	.095							
48:	Municipal revenue bond	.095							
49:	Term (in yrs.)								
50:	conventional	25							
51:	AIDA	20							
52:	Municipal revenue bond	15							
53:									

Table D.1 30,000 sq. ft. marketplace with 15,000 sq. ft. of specialty shops

	A	B	C	D	E	F	G	H	I	J	K	L	M
54:	-----												
55:													
56:	TABLE D.1(cont.)												
57:						Pass.1	Pass.2	Pass.3	Pass.4	Pass.5	Pass.6	Pass.7	Pass.8
58:													
59:	Debt Service												
60:						407500	407500		407500		407500		
61:								393700		393700		393700	393700
62:								394000		394000		394000	394000
63:													
64:													
65:													
66:	CASH FLOW after DEBT SERVICE												
67:						-300930	-140930		-240925		-100925		
68:									-287728		-127728		
69:													
70:								-287130		-127130		-247125	-87125
71:												-273928	-113928
72:													
73:								-287430		-127430		-247425	-87425
74:												-274228	-114228
75:													
76:	EQUITY INVESTMENT NEEDED												
77:						1125000	1125000		1125000		1125000		
78:								1125000		1125000		1125000	1125000
79:								450000		450000		450000	450000
80:													
81:	RETURN on EQUITY INVEST.												
82:						-0.27	-0.13		-0.23		-0.09		
83:									-0.26		-0.11		
84:													
85:								-0.26		-0.11		-0.22	-0.08
86:												-0.24	-0.10
87:													
88:								-0.64		-0.28		-0.55	-0.19
89:												-0.61	-0.25
90:													
91:	-----												
92:	-----												

Table D.1 (cont.)

		Min. pub. asst.	Poss. 1	Poss. 2	Poss. 3	Poss. 4	Poss. 5	Poss. 6	Poss. 7	Max. pub. asst.
			R	F	T	R & F	R & T	F & T	R, F, & T	
10	SITE SIZE (land)	13000								
11	FACILITY SIZE	20000								
12	ASSESSED VALUATION	3000000								
13	SPECIALTY SHOP RENTAL AREA	15000								
14	GROSS OPERATING INCOME									
15	Rent from tenants (\$1.75/sf)	315000								
16	% of retail sales (.04)	90000								
17										
18	TOTAL	405000								
19										
20	EXPENSES									
21	Insurance (\$.45/\$100, 90% cover)	12150								
22	Heating/utilities (2400/mo.)	19200								
23	Management (.04 gross income)	16200								
24	Maintenance (\$.50/sf)	10000								
25										
26	RENT (\$9.00/sf/mo.)	117000	117000		117000	117000			117000	
27	reduced rent=\$1/sq. ft.	13000		13000			13000	13000		13000
28										
29	PROPERTY TAX (8.89 mill rate)	26670	26670	26670	26670		26670			
30	tax abate. (tax=0)					0		0		0
31	tax abate. (.67%AV)	17869				17869		17869	17869	17869
32										
33	Total expenses		201220	97220	201220	174550	97220	70550	174550	70550
34						192419		88419	192419	88419
35										
36	NET OPERATING INCOME		203780	307780	203780	230450	307780	334450	230450	334450
37	(before debt service)					212581		316591	212581	316581
38										
39	FINANCING									
40	Loan to mortgage ratio									
41	conventional	.75	2250000	2250000		2250000		2250000		
42	AIDA	.75			2250000		2250000		2250000	2250000
43	Municipal revenue bond	.9			2700000		2700000		2700000	2700000
44	Mortgage									
45	Interest rate									
46	conventional	.13								
47	AIDA	.095								
48	Municipal revenue bond	.085								
49	Term (in yrs.)									
50	conventional	25								
51	AIDA	20								
52	Municipal revenue bond	15								
53										

Table D.2 20,000 sq. ft. marketplace with 15,000 sq. ft. of specialty shops

	I	A	B	C	D	E	F	G	H	I	J	K	L	M
54:	-----													
55:														
56:	TABLE D.2(cont.)													
57:														
58:														
59:														
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61:														
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65:														
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Table D.2 (cont.)

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