

# The Public Market as an Engine for Economic Revival

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As a commercial real estate appraiser I am asked by financial institutions to evaluate real estate for economic use and market value. In 28 years of consulting I frequently see high profile redevelopment projects fail to produce sustainable economic benefits. During the same time frame I regularly see small public markets return large spin off economic benefits. Speaking from experience I would call public markets “economic engines.”

In travel from Anchorage to Auckland, San Francisco to Shanghai, London to Bergen, and Paris to Munich I see great cities with something in common. Viable cities have viable public markets. Oxford, England has two markets, open-air and covered. The open-air market opened in 1100 A.D. The covered market is 900 years newer. World class market cities have vibrant, sustainable public markets with viable retail shops adjacent to market sites.

To illustrate successful public markets as economic development I will draw from two US Midwestern communities, Ann Arbor, a city of 100,000 and Jackson, Michigan a city of 50,000. A case study of what works and doesn't work in a US Cuban historic district is added for economic perspective.

What comes first? The Chicken or the egg?

A successful market economic engine must attract growers and shoppers.

You may ask, which comes first, the chicken or the egg?

- Without farmers we would not have chickens or eggs.
- Farmers need public markets to sell farm products.

Where can shoppers buy free-range chicken and farm fresh eggs?

- Without public markets shoppers have limited choices.
- Shoppers need access to public markets for direct purchases.

Farmers and shoppers both benefit from public markets. Direct sales from grower to consumer puts \$1 of each food dollar in a local grower's bank instead of 25 cents to the grower and 75 cents for distribution and retail outlets, which could be out of town or outside the state.

How do we know what will attract farm growers to a specific site or market?

If you have a grower waiting list you must be doing something right.

If you don't have a grower waiting list, how can we recruit growers?

1. Visit other public markets and post market notices.
2. Visit and interview farmers at the farm or by phone.
3. Attend market start-up workshops and conferences.
4. All of the above.

Where have public markets successfully spun off economic development?

Ann Arbor and Jackson Michigan are two cities with successful markets.

Each city is different. Ann Arbor is a university town. Jackson is a former railroad hub. Both cities lost all three downtown stores to suburban shopping malls. 100% blocks were 100% empty. Both invested in public markets. Buildings adjacent to these markets now thrive 6-7 days a week.

## CASE STUDY # 1: ANN ARBOR FARMERS' MARKET

What size public market makes a critical mass for economic development?

The numbers behind Ann Arbor's public market show the base year 1976 supported a 134-stall market. The market has since expanded to 144 stalls with new restrooms and an office. Possible relocation of a vacant city owned house for a pavilion addition could permit a full build out to 168 stalls.

Ann Arbor's public market featured 83 vendors actively selling 10 to 39 market days a year. A small number of growers (8 growers) sold year round more the 40 days a year. A restricted number of craft vendors (7 out of 134 stalls) sell primarily during the holiday season and during other months.

Stall rentals and parking income make Ann Arbor's Market self supporting.

### How do public markets spin off economic development?

Ann Arbor's Market is limited to seasonal produce sold direct by growers.

Resale of produce, bananas, oranges, or pineapple is not permitted.

Observing a gap in the market, a local attorney, Arthur Carpenter, bought two vacant warehouses located next to the downtown public market. Once proposed for razing for Urban Renewal in the 1950-60's it is fortunate the brick, concrete block and frame buildings permitted adaptive reuse. Kerrytown was named after County Kent in Ireland. The model is based upon European markets where shoppers shop daily for fresh produce, breads, wine, cheese, meats, fish and other goods sold by small shop owners.

### What is the KERRYTOWN SHOPS market appeal for shoppers?

Shopper surveys and shopper counts show Kerrytown attracts shoppers from a market trade area of 30 to 50+ miles. Visitors from Toledo to the south, Plymouth and Northville to the northeast, Brighton to the north and Jackson to the west shop at Kerrytown Shops.

About one third of the shoppers and visitors attracted to the public market shop at Kerrytown. Shopper surveys conducted in the public market show tourist visitors from Washington D. C. , Pennsylvania and Chicago as well as Germany, Ireland, Italy, Persia, China, Korea, Columbia and El Salvador.

Shoppers and visitors attracted to the market eat at Kerrytown cafes and restaurants, which are unique compared with national chain restaurants. Kerrytown cafes began with a Korean deli and Margaret Oliver's Italian Pasta Kitchen. Later a Japanese restaurant, Kerrytown Bistro, Wine Shop and Danish cafe now Kav's kitchen and outdoor grill add to dining choices.

Kerrytown is specialty shops. Harver Imports, Marsh & Fields, A Wee Bit of Scotland and other locally owned shops offer unique merchandise, which led Kerrytown to grow from one shop to a collection of over 20 local shops.

### Could you call Kerrytown Shops an incubator for start-up businesses?

Turnover is present. Brewbakers, a microbrewery bakery closed.

Two shops have relocated to Briarwood, a regional shopping center.

Two shops also relocated to downtown Main and Liberty Streets.

Another specialty shop relocated to a downtown Toledo retail site.

### What impact did the Ann Arbor public market have on Kerrytown?

Shoppers buy local produce in the public market. At Kerrytown shoppers buy meat, fish, bread and year round produce. Public market shopper counts of up to 6,400 shoppers a week offers Kerrytown shops a potential capture of 1/3 of public market shoppers. One Kerrytown shop owner reported, "We wouldn't be here, if it were not for the farmers' market."

The second Kerrytown Shop warehouse tenants offered shoppers a candle shop, bath shop, Smith and Nathan Shaker furniture shop and Kitchenport.

The anchor tenant, Kitchenport began as a locally owned shop. A group of gourmet cooks opened the kitchen and cooking shop, Kitchenport, in the basement of the flat iron building across from the market. When the kitchenware and cooking class business grew Kitchenport leased the entire second floor of the former Luick lumber warehouse building.

A third warehouse was acquired and leased for a pottery shop and furniture store. Workbench™ furniture occupied two floors and grew to three floors.

### How much retail space is in the Kerrytown Shops next to the public market?

Kerrytown's Market Building's 5,200 square feet in 1969 expanded to 34,465 square feet of retail space. The Godfrey Building warehouse and an addition on the second floor of the market building in 1980 connected the three warehouses and brought the total retail space up to 55,400 square feet.

### What is the increase in Tax Base from the Kerrytown Shops?

Before the conversion to Kerrytown Shops the real property assessment totaled \$101,100 for three warehouses. After the Kerrytown conversion, addition and expansion the assessed value changed to \$1,711,792.<sup>1</sup>

### Why do communities and sponsors want to support public markets?

- Public markets attract shoppers and tourism visitors.
- Public markets attract spin off restaurants, cafes and shops.
- Public markets support local sustainable agriculture.

### What level of shopper counts could be expected for a 134 stall market?

The base year shopper count for the Ann Arbor Farmers' Market is 6,429 shoppers over 20 hours for 2 \_ days of operation during month of August. The actual count based upon FRG shopper counts is shown in Table 1:

TABLE 1: PUBLIC MARKET SHOPPER COUNTS<sup>2</sup>

Day	Open	Shopper Count	
Weekday	4 hours	667 shoppers	10%
Weekday	8 hours	1,787 shoppers	28%
Weekend	8 hours	3,975 shoppers	62%
Total	20 hours	6,429 shoppers	100%

Recognizing Ann Arbor Farmers’ Market is an established market different results could be possible in different cities, neighborhoods or locations.

What level of economic activity is supported by shopper counts?

The base year retail sales for 134 stalls can be estimated based upon average sales and the number of growers.

Note: The base year data is prior to building a new market office and restrooms plus layout improvements and addition of 10 additional stalls.

Assuming three different amount of shopper of retail purchases we

1. First project a retail sales estimates for the entire public market.
2. Secondly we estimate gross sales per stall per day of market operation.
3. Thirdly, while sales per grower are not show here, this estimate is a function of seasonal variety and amount of produce, flowers, baked good or plants sold and the number of stalls held by the grower.

What are the total projected public market retail sales per day?

TABLE 2: PROJECTED PUBLIC MARKET RETAIL SALES<sup>3</sup>

Day	Open	Shoppers	\$10	\$15	\$25
Weekday	4 hours	667	\$6,670	\$10,005	\$16,675
Weekday	8 hours	1,787	\$17,870	\$26,805	\$44,675
Weekend	8 hours	3,975	\$39,750	\$59,625	\$99,375
Total	20 hours	6,429	\$64,290	\$96,435	\$160,725

Using actual baseline shopper counts and projected sales per shopper we can project total sales for the public market for the 20 hours and 2 1/2 day operation for a peak season week in August.

What are the projected average public market sales per market stall?

TABLE 3: DAILY MARKET GROWER SALES PER STALL<sup>4</sup>

Day	Open	Stalls	\$10	\$15	\$25
Weekday	4 hours	20	\$333	\$500	NA
Weekday	8 hours	44	\$406	\$609	NA
Weekend	8 hours	134	\$297	\$445	\$742
Total	20 hours	198	\$325	\$47	NA

Projections estimate sales per shopper of \$10, \$15 and \$25 for the total market divided by the number of stalls typically occupied on market days.

Note: The projected daily grower sales per stall could different for start-up markets or open-air markets with or without on site managers. Where growers are permitted to rent two or three stalls the sales for an individual grower could be projected by a factor times the base average sales per stall.

What are the three principle economic benefits of public markets?

**PUBLIC MARKETS BRING GROWERS AND SHOPPERS TOGETHER.**

1. Shoppers can buy local, fresh produce directly from the grower.
2. Growers can support themselves and pay taxes to keep farming.
3. Communities benefit from spin off retail shops and added tax base.

**PUBLIC MARKETS SUPPORT SPIN OFF CAFES AND RETAIL SHOPS**

1. Cafés and deli’s serve public market shoppers and visitors.
2. Restaurants benefit from public market shoppers & visitors.
3. Stall owners open new shops to serve shoppers & visitors.

Not every public market creates spin off development. Markets located behind shopping centers, in hidden parking lots and on cleared redevelopment sites can fail.

**PUBLIC MARKETS SUPPORT SUSTAINABLE AGRICULTURE**

1. Ann Arbor Market Growers retain a total of 3,212 acres
2. Direct jobs created by Ann Arbor’s Market total 226 jobs
3. Indirect jobs spin-off café, deli, retail shops total 400 jobs

What are examples of other public markets with spin off development?

**TABLE 4: PUBLIC MARKETS WITH SPIN OFF DEVELOPMENT**

<b>Location</b>	<b>Open</b>	<b>Spin Off Development</b>
Ann Arbor, Michigan	7 days Year round	Kenytown Shops 20+ shops, three buildings
Jackson, Michigan	6 days Year round	Bell Tower Market Deli and 5+ shops
Ybor City, Florida	7 days Year round	Began as start up market Now 24 hr weekend Café

**CASE STUDY # 2: Jackson Farmers’ Market and Bell Tower Indoor Market**

How did a city of 50,000 develop an outdoor and indoor downtown market?

Downtown stores vacated as retail shops left for suburban malls. J. C. Penney, Fields Department Store and a Jacobson’s store left a struggling retail climate.

The DDA director retained FRG’s public market consultant to conduct shopper surveys, interview market growers and seek community wide input.

FRG consultants suggested (1) relocating a street market to a downtown site and (2) linking the outdoor market to a vacant building for an indoor market.

The potential to convert the city owned, vacant former bus garage into an indoor market required DDA, Community Development Department and City Council support. Consultants presented market support to the DDA, City Council, Merchant Associations and Service Clubs.

A bank donated a bell and caillon for the Bell Tower Market. The City Engineer repaired the parking lot deck over an underground river. With the help of before and after photos taken when a painter sandblasted crud and grime from the old bus garage the City Council backed the project. Channel 10 reported live coverage from City Council Chambers and displays in the hallway.

With DDA and Community Development Funding, the outdoor covered market became a reality. The indoor market first leased to an out of town operator was subsequently sold to a local deli and meat market owner. The sale placed the Bell Tower market on local tax rolls. Deli business volume increased up to 800 customers a day. Meat market increased to four refrigerator display cases. A bakery, ice cream shop, Secretary of State office and flower shop line the perimeter shop space. An atrium with clear story windows lights the center courtyard eating space. Existing restrooms were refurbished and updated.

What are the results of the Jackson’s public market and indoor market?

Jackson’s Bell Tower Market in the former bus garage is open six days a week. Public market became fully leased for the growing season with little turnover.

The indoor market is on the tax rolls. Out door market privately managed by the indoor market owner.

See Bell Tower indoor/outdoor market plan FRG’s original concept design.

Note: The outdoor covered market is now replaced in 2002 with a new linear market overlooking the opened up river bed running through the parking lot. The former publicly owned Bell Tower Indoor Market (now Kohl's Market) is sustainable private venture with a 20 year operating history

### CASE STUDY #3: Ybor City Public Square and Covered Market Pavilion.

#### How did an inner city neighborhood benefit from a public market?

Ybor City's downtown district faced decline and boarded up buildings.

A newer Sheriff's office, jail and half way house dominated the street scene.

The Cuban district was considered in transition and lost its former appeal.

City of Tampa and Ybor City Economic Development Office retained a team.

#### Who were the members of the redevelopment market analysis and design team?

At a real estate valuation conference workshop in Washington D. C. a participant invited FRG Consultants to join in the team with local architects, Fleischman & Garcia, AIA, and the Evans Marketing Group, a Baltimore firm.

The team retained FRG Consultants for input on public market design concepts. FRG led interviews with local farm growers in person, by phone and by mail.

As a result of grower and FRG input a preliminary concept for a small 16 stall market in the street was replaced with an expandable market of Spanish design surrounding a center fountain and festival square covering a vacant city block.

One of two city blocks with flattened rubble from razed buildings was selected.

Consultants met with the City of Tampa to explore the closing of two streets.

One of the two streets was closed, which linked a historical Cuban bakery structure with the public market site and festival square.

#### What is the experience of the Ybor City Market and Festival Site?

The farmers' market required recruiting of growers by personal interviews.

A strawberry field and orange grove owner were invited after several visits.

A Plant City pecan vendor, tomato growers and others were also invited.

The market neighborhood revived as an evening entertainment district.

Note: The City subsequent was able to lease the first phase of market shed to a café. The café and bakery is open 24 hours on weekends during winter months.

#### What went right?

The concept design for the first phase was developed for a covered market.

The main focus of the Ybor City park plaza became the center park fountain.

The neighborhood is viable during the evening with 24 hour weekend hours.

#### What was left out?

The fountain has running water. The market shed had a roof and no water.

FRG's recommend public restrooms were omitted from the initial market.

Temporary portable kitchen and toilets had to be set-up for café in the street.

## CONCLUSION

### The Public Market as an Engine for Economic Revival

If successfully positioned, programmed and promoted a public market can attract repeat shoppers, tourist visitors and spin off economic development.

We have give examples of three public markets and spin off economic development for which we have consulted and tracked over time including

- Ann Arbor Farmers' Market and the Kerrytown Retail Shops
- Jackson Farmers' Market and the Bell Tower Indoor Market;
- Ybor City Public Square and Covered Market Pavilion.

As a commercial real estate appraisers and economic development consultants we see public markets as potential economic engines with positive impact. We are trained to evaluate sites, market trade areas, shopper profiles, site concept layouts, estimate

potential rental income and operating costs. We see the impact of different alternatives for sustainable economic development in urban neighborhoods.

If you seek a thriving community, a public market offers a big impact for its cost.

- Ann Arbor gained 20 Kerrytown retail shops in three former warehouses.
- Jackson benefits from the Bell Tower indoor market deli café and shops.
- Ybor City's Market Pavilion offers a café/bakery open 24 hrs. weekends.

What could attract shoppers and visitors to your community or neighborhood?

- Could shopper surveys tell what shoppers expect and why they shop?
- Can Shopper Counts tell how many shoppers shop and track trends?

How is value added to a community by growers and local business owners?

- What are direct benefits of job creation, tax base and farmland retention?
- What are the indirect benefits of market spin off for local cafés and shops?

### Notes

<sup>1</sup>Source: Ann Arbor City Assessor's Office.

<sup>2</sup>Source: FRG shopper survey, Ann Arbor Farmers' Market, base line 1976 survey.

<sup>3</sup>Source: FRG shopper survey, Ann Arbor Farmers' Market, base line 1976 survey.

<sup>4</sup>Source: FRG shopper survey, Ann Arbor Farmers' Market, base line 1976 survey.