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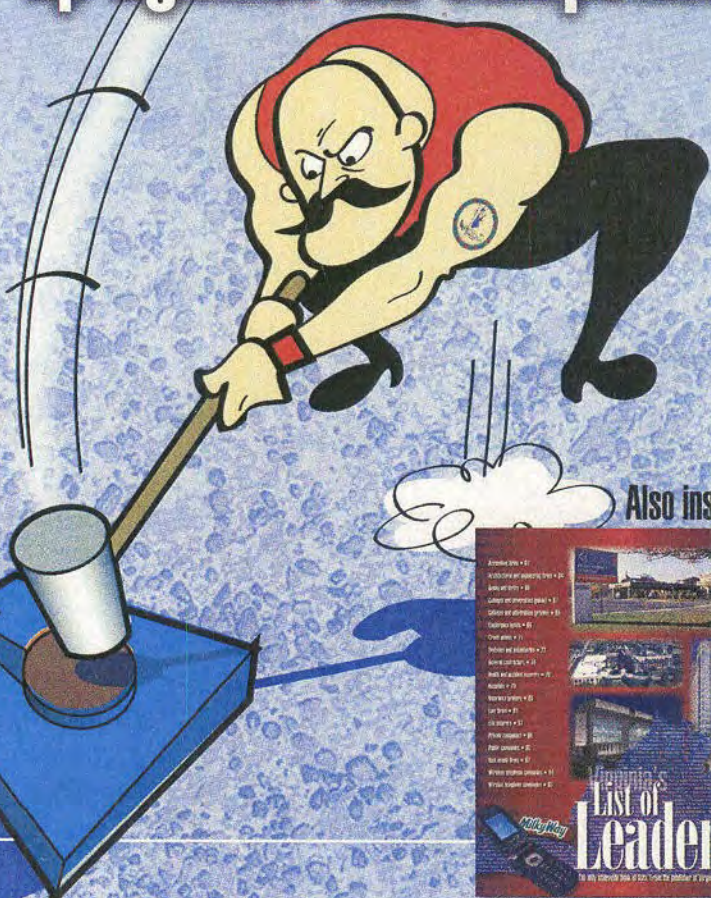
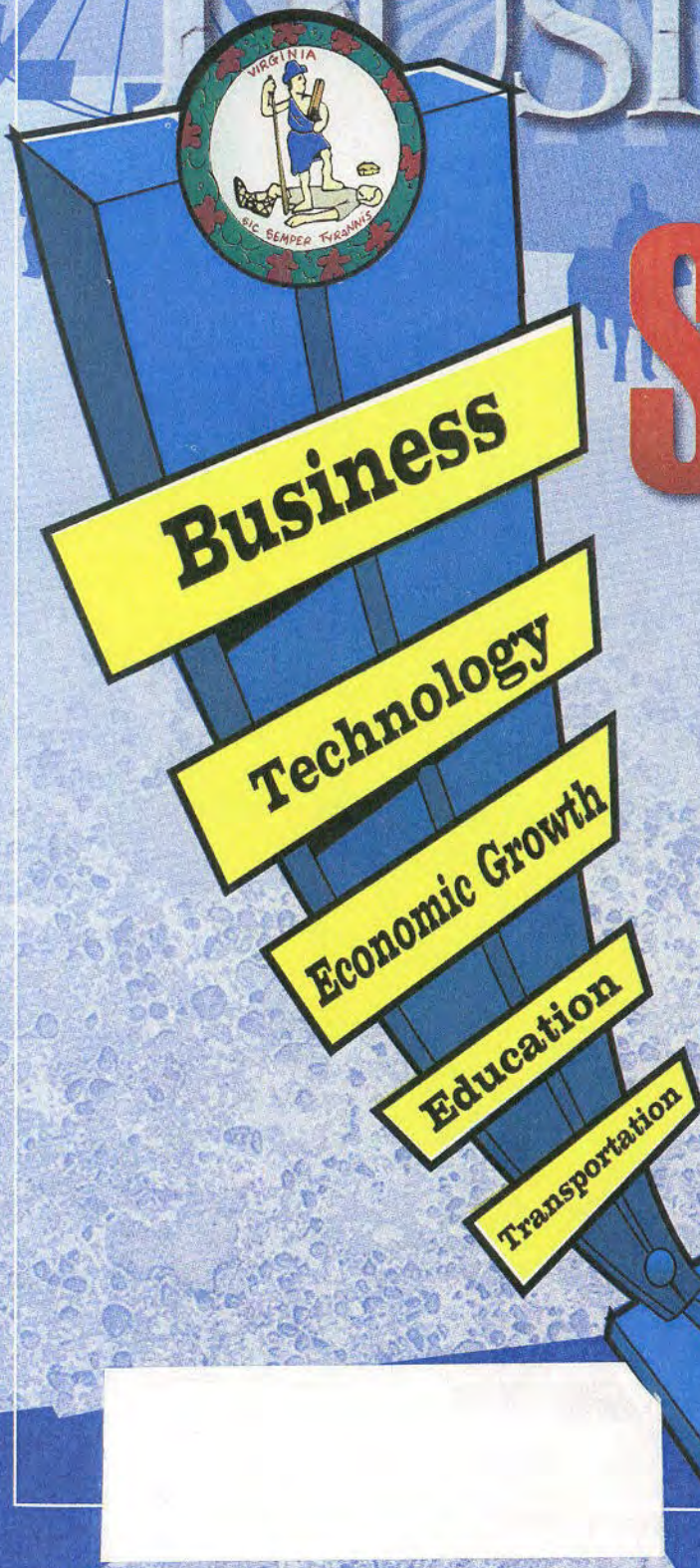
A MEDIA GENERAL MAGAZINE

RV VIRGINIA BUSINESS



Testing its Strength

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The 100 Most Influential People in Virginia Business

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Retail revival?

As downtowns across Virginia flourish, retail is coming back, but with a different look

by Rob Walker

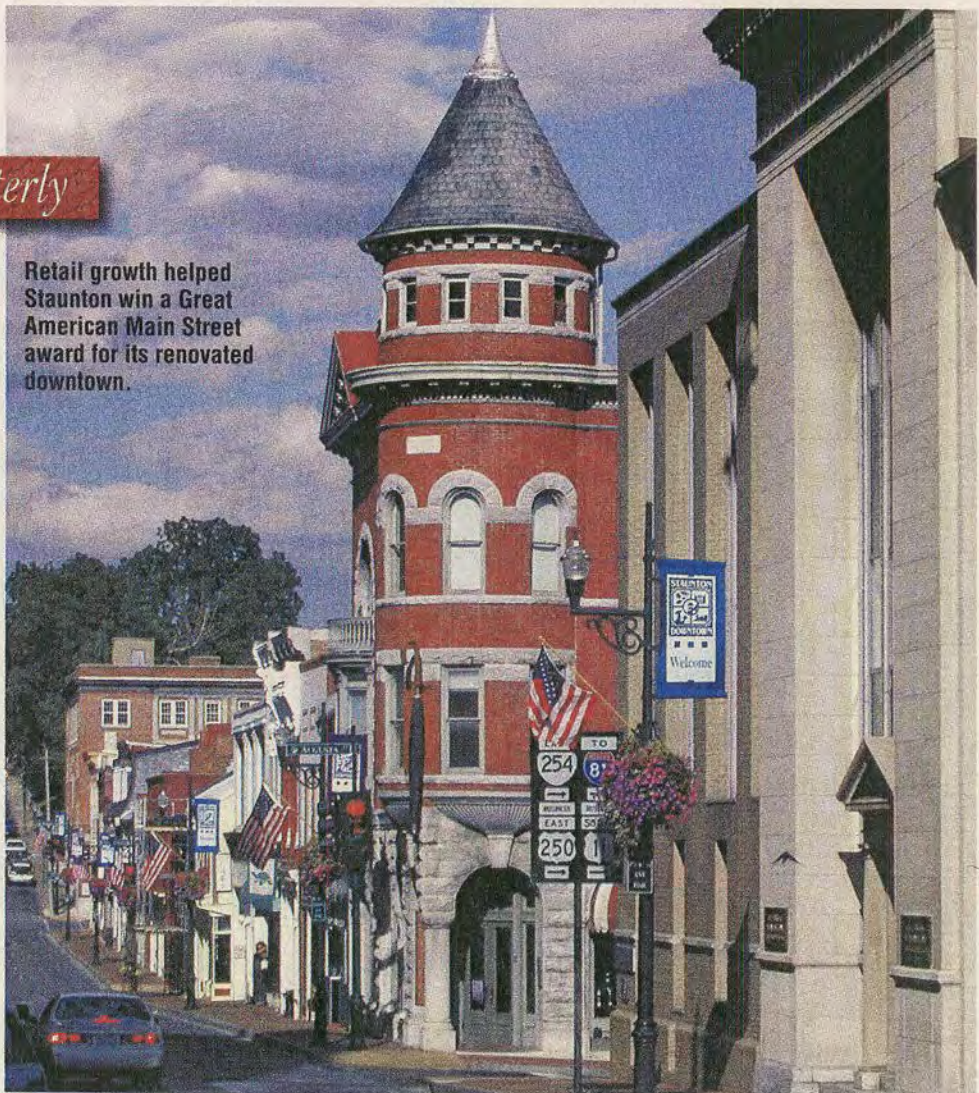
The revival in Virginia downtowns from coastal Norfolk to mountainous Marion is a growing success story, despite one lagging component.

"Retail," says Roger Elkin, vice president of Hall Associates in Roanoke, "has been a tough sell." While vendors vie for space at Roanoke's city market and Norfolk managed to land an entire mall for its downtown, other cities struggle to attract retail, despite the growing cache of urban dwellers.

trends

Developers point to a variety of reasons for the slow pace of development: Parking is scarce in many downtowns and old buildings tend to be small and too expensive to retrofit. Plus, high-profile failures such as the Sixth Street Marketplace in Richmond remind developers that downtown is a different animal. If the mix and location of retail isn't right, people won't come.

Retail growth helped Staunton win a Great American Main Street award for its renovated downtown.



Yet as more residents make their homes downtown, there's a greater demand for retail shops and services. So, retail is returning, but in a different form. "This is not the retail of years ago," says Amy Yarcich, program manager for Virginia Main Street, an organization that helps revitalize smaller cities. Today's niche includes small entrepreneurs and businesses attracted to places that offer incentives, tax credits, and training. A variety of federal, state and local tax programs, block grants, and public-private partnerships focus on infrastructure and have helped create architecturally interesting, walkable downtown districts attractive to a distinct group of retailers.

For instance, Lynchburg and Staunton have been recognized with Great American Main Street awards for the new life in their old downtowns, which includes a healthy dose of retail.

Marion in Southwest Virginia is alive with specialty shops. Cathy Lynn's Interiors and Hometown Gifts along with several restaurants have located near the grand old Lincoln Theater and Francis Marion Hotel, restored recently through public-private efforts.

In some cases, retail is part of a mixed-use project that combines residential, office and retail in one building such as the Rocketts Landing project in Richmond and the 15-story Harbor Heights high-rise under construction in Norfolk (see story on page 44). In downtown Richmond, retail's return has been painfully slow. But with an influx of new residents buying up new and renovated condos, first-floor retail in nearby buildings is starting to gain traction. "There are clusters developing along Broad Street," says Brian Glass, senior vice president of Grubb and Ellis/Harrison and Bates in Richmond. These

efforts will get a major boost in the next few years from the opening of a new Hilton hotel, a new federal courthouse and a long-delayed performing arts center.

The Broad Street corridor already has attracted a collection of arts-related shops and restaurants. A visit to Richmond's First Fridays Artwalk finds hundreds of people looking for something to buy. And they just may find it in the area's eclectic galleries, jewelry shops, video, book and music stores, and clothiers that cater to residents, tourists and business people.

The story is much the same in the thriving area around Roanoke's city market where specialty shops provide everything from kitchen products to high-end women's jeans, says Elkin.

Norfolk succeeded in bringing national retailers, including Nordstrom and Dillard's, to MacArthur Center mall, a 1.1 million-square-foot downtown retail project that's unusual for its size. "There's no place in most old cities for something with that size footprint," notes Glass.

Since the mall opened six years ago, the assessed value of surrounding properties has risen 97 percent. "It's brought in hundreds of jobs, hundreds of thousands of dollars in retail taxes," says Chuck Rigney, Norfolk's assistant director of development.

Some of the tools employed by older cities have proven helpful to Virginia Beach's "new" downtown — the Town Center of Virginia Beach — though the result is more mall than Main Street.

The city invested in infrastructure, including large parking structures, and the private sector followed with retail, residential and offices, says Kurt Taves, who works in real estate and construction with the accounting firm of Cherry, Bekaert and Holland in Virginia Beach. Town Center has attracted national retailers such as Brooks Brothers, Dick's Sporting Goods and California Pizza Kitchen.

While the neon continues to shine bright for downtown retail, the sector still has naysayers. "People are still skeptical, and I'm taking my time," says Glass. "The next several years should be good for retail, but the key word is still patience."

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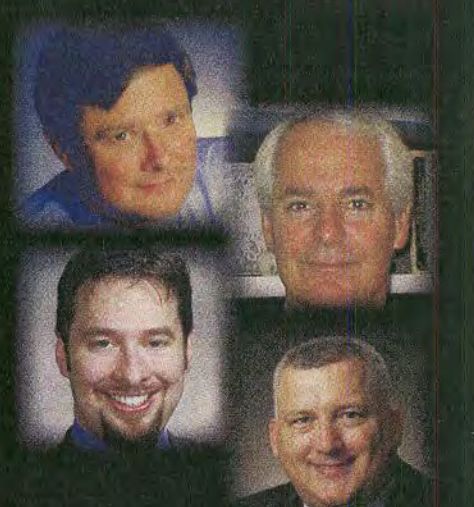
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