

Understanding Your District:

Using Data & Real-World Signals



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Why Market Understanding Matters for Main Street Strategy

It's not about filling space, it's market alignment.

Data helps:

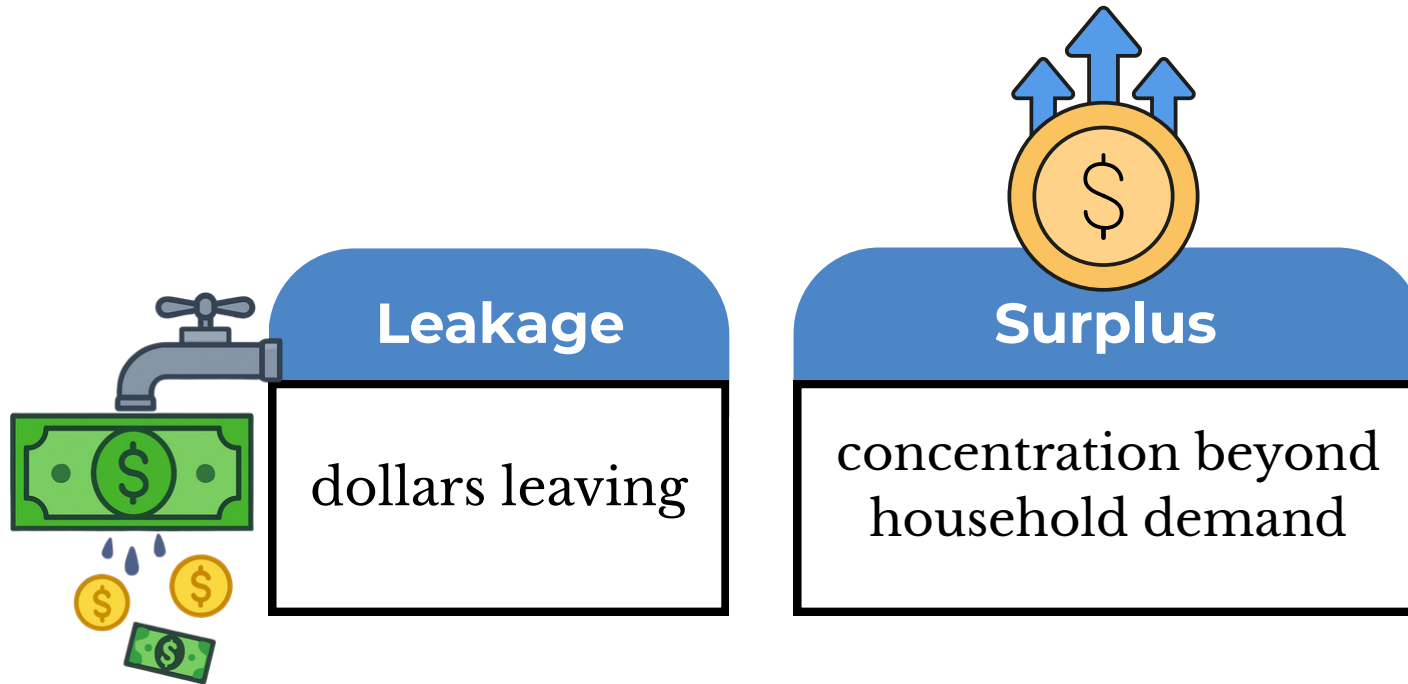
- Avoid over recruitment
- Avoid aspirational but unsupported uses
- Support conversations - you're the convener!

Data isn't the whole story...pair with real-world observations
= smart decisions

You don't need to be a consultant - be the storyteller who understands your market.

Leakage & Surplus: The Basics

Two Signals, Not Two Answers:



Neither is an automatic recruitment order

When Leakage & Surplus Coexist

This Is Where Strategy Lives

- Leakage \neq “what’s missing”
- Surplus \neq “too much”
- Both require interpretation



Leakage Example: Housing + Home Goods

District Snapshot - Rural Virginia Main Street

Primary Trade Area

(District)

- Population ≈ 6,500
- Median Age = 49
- Median Household Income = \$61,000

Secondary Trade Area

(County)

- Population ≈ 22,000
- Median Age = 47

Recent and planned housing: 140 new units approved or under construction
– Mix of townhomes, small-lot single-family, and rental units

What the Data Shows

- No home furnishings or home décor businesses downtown
- No lighting, rug, or specialty home goods retailers within a 15-minute drive
- Closest cluster of home goods stores is a 22–30 minute drive away
- Consumer survey feedback (repeated responses):
 - “We go out of town for anything for the house”
 - “Downtown doesn’t have places to shop for home updates”
 - “I’d rather buy décor locally if it existed”

Observed Behavior

- Increased weekday activity from new residents
- Strong lunch traffic, limited afternoon retail browsing
- Visitors already coming downtown for dining and events

Surplus Example: Dining

District Snapshot

Primary Trade Area

(District)

- Population \approx 8,200
- Median Household Income = \$58,000

Secondary Trade Area

(County)

- Population \approx 28,000

Employment base:

- County government offices
- Regional healthcare campus
- School system and support services

What the Data Shows

- 12 food & beverage establishments within the downtown district
- Leakage/surplus analysis shows dining surplus relative to households
- Food & beverage sales are among the highest downtown categories
- Daytime population nearly doubles resident population on weekdays

Observed Behavior

- Restaurants consistently busy during lunch
- Weekend evenings regularly show wait times
- Events and festivals drive additional dining traffic
- Visitors report coming downtown specifically 'to eat'

What's the lesson here?

Leakage & Surplus
(Doing the work to analyze the story)



“Good recruitment strategy lives between the two.”

Two Trade Areas, Two Functions

Primary	Secondary
Daily Needs	Experiences
Convenience	Choice
Repetition	Occasional

Who Is Spending Money?

Estimating Demand Manually

Residents

- Data.census.gov
- American Community Survey (5-year estimates)
- IRS Migration Data - www.irs.gov/statistics/soi-tax-stats-migration-data
- Local Housing Data
 - Planning Dept., Comp plans, local realtor or assessor data, building permits

Workers

- [U.S. Census OnTheMap/LEHD](#)
- local and regional EDO
- Planning District Commissions

Visitors

- Local Tourism or DMO
- Lodging & Meals Tax Reports
- Event Organizers
- Chambers of Commerce

What's Already There Matters

Supply Tells a Story

- Walk your district
- Categorize by use (not brand)
 - Note storefront size, hours, condition, and price point (whether for sale or rent)
 - Identify the “near misses” (Example: Coffee shop with no food, boutique that caters only to seasonal shoppers, under merchandised stores)
- Overrepresentation matters
 - *“We have 6 women’s boutiques but are they all doing well? Are they aligned with our demographic?”*

Overrepresentation tells you just as much as absence.

Turning Data Into Meaning

- ✦ Better Questions = More Data
- ✦ Daily vs occasional vs seasonal
- ✦ Convenience gap vs quality gap
- ✦ One operator, many, or hybrid?



Spotting Leakage Without a Report

- ✦ Connecting the Dots
- ✦ People vs retail mix
- ✦ Daily needs vs destination uses
- ✦ Repeat comments = evidence



Have you done a consumer survey?

Common Misinterpretations

What to Avoid

“Leakage means
recruit that
brand”



“If we recruit
it, they will
come”

“What people ask for always works”

Four Filters for Recruitment

Every Opportunity Must Pass All Four

(If so..this is a real opportunity, not just a good idea)

Market support

- Look for consistent demand - not one time interest
- Use data and weave the market story

Physical fit

- Consider space size, layout, visibility, access and parking
- If the building or block don't fit, a good concept can fail

Identity alignment with transformation strategies

- Does the concept align with what the district is becoming?
- Does it feel authentic to residents and existing businesses?
- Are you trying to copy another community's identity?

Realistic operator

- Does the right kind of operator exist?
- Is it a high capital concept requiring a national chain or franchise?
- Consider capital needs, experience level, and lifestyle fit

Defining the Right Business

Not Just Any Business

*“We’re not recruiting a restaurant—
we’re recruiting a 1,200–1,800 sq ft weekday lunch concept that
complements existing dinner options.”*



Quick Takeaways

- Data + observation vs. assumptions
- Leakage is a tool, not a directive
- Surplus helps tell the story - analyze it
- Recruitment follows readiness
- You don't need perfect data - just consistent, intentional analysis

Your district already tells you what it can support - your job is learning how to listen.

Do an annual analysis and note any thematic changes or changes in consumer habits and behavior.

Tool Kits provided:

- 10 question survey for shoppers
- District Business Inventory Sheet
- Top 10 Questions to ask yourself post leakage and surplus data collected
- Leakage & Surplus Stoplight Decision Tool



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Retail Leasing, Reframed:

Tools for Main Street Advocates



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We'll learn to:

- Understand how retail leasing works in downtown and historic districts
- Recognize healthy versus harmful lease structures
- Bridge the gap between landlord expectations and small business reality
- Match the right tenant to the right space
- Engage landlords in productive, persuasive conversations that align private property goals with downtown-wide success

Bad leases don't just hurt one business — they destabilize the entire district.

Why Downtown Leasing Is Different

- Downtowns are not suburban retail centers
- Historic buildings introduce complexity and cost
- Small, independent businesses operate with:
 - Limited capital
 - Thin margins
 - Steep learning curves
- Vacancy affects more than one property — it affects perception, foot traffic, and momentum

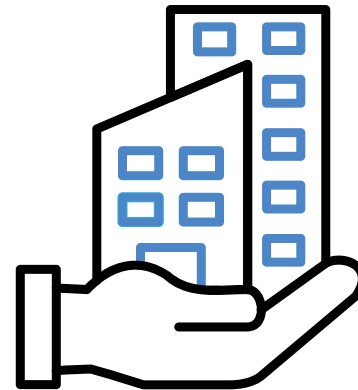
A lease that works on paper can still fail in a downtown context.

Understanding the Landlord Perspective

Empathy before persuasion

Common Downtown Landlord Mindsets:

- “This building is my retirement”
- “I can wait for the right tenant”
- “Rent is based on what I need, not what they can afford”
- “Vacancy gives me leverage”
- “Local businesses are risky”



Landlords think in terms of property value.
Main Street Directors think in terms of place value.

Market Rent vs. Achievable Rent

(Where directors build credibility)

Market Rent

- What has been paid before
- Broker suggestions
- Aspirational comparables
- “What this space is worth”

Achievable Rent

What a realistic small business can:

- Open under
- Operate under
- Grow into
- Renew successfully

Market rent is theoretical. Sustainable rent is proven through occupancy.

Directors are encouraged to:

- Speak in ranges, not absolutes
- Use per-square-foot logic
- Focus on all-in rent, not just base rent
- Treat vacancy duration as a real economic factor



What a Qualified Tenant Looks Like

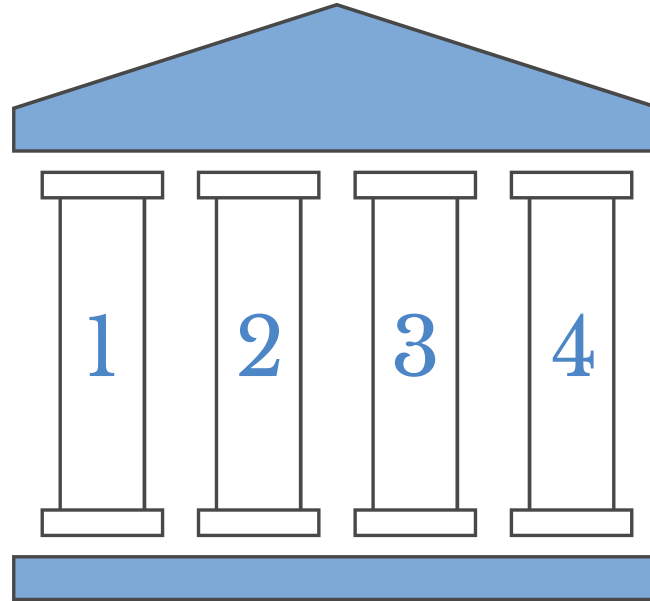
Let's reframe "Qualified"

In downtowns, a qualified tenant is not the one who can stretch the most — it's the one who can last the longest.



A qualified tenant knows what they can realistically sustain.

The Four Pillars of a Qualified Downtown Tenant



1. Financial Readiness (Not Wealth)
2. Concept - Space fit
3. Operational Maturity
4. Willingness to operate as a downtown partner

Matching the Right Tenant to the Right Space

The Cost of Mismatch

Tenant Failure

- Hardened landlords
- Repeated vacancy cycles
- Damage to downtown narrative

Common Downtown Mismatches

- First-time food operator + heavy infrastructure space
- Inventory-heavy retail + narrow/deep footprint
- Experience-based business + low visibility
- Creative concepts + no build-out buffer

Gold Standard Language:

This isn't a bad tenant — it's not the right space under these terms.

The DOs & DON'Ts of Small Independent Retail Leases

DOs of Healthier Small Retail Leases

- Encourage clear distinctions between maintenance and replacement responsibilities
- Normalize shared risk through TI, free rent, or phased-in rent
- Match lease length to the maturity and experience of the business
- Promote predictable occupancy costs where possible
- Prioritize long-term occupancy over top-dollar rent

DON'Ts & Common Pitfalls

- Long initial lease terms for first-time or unproven operators
- Full tenant-funded build-outs in older or complex buildings
- Rent escalations that outpace Main Street revenue growth
- Vague lease language shifting unlimited risk to tenants
- Assuming tenants fully understand lease implications

What Is Typically Tenant vs. Landlord Responsibility

- HVAC Systems
- Building Structure & Envelope
- Plumbing & Electrical
- Build-Out & Improvements
- Maintenance vs. Capital Improvements
- CAM & Operating Costs

Patterns That Predict Leasing Trouble

- Older buildings paired with full tenant responsibility
- Long terms stacked with high rent and personal guarantees
- Emotion-driven deal making under pressure

If a lease only works when everything goes perfectly, it is not a healthy lease for a small independent retailer — or for a downtown.

The Landlord Conversation — Influencing Outcomes

Director Role in the Conversation

- ⊗ A negotiator
- ⊗ A regulator
- ⊗ A tenant advocate
- ✓ A trusted messenger
- ✓ A collaborator for positive outcomes
- ✓ A bridge between individual & collective success

The Reframe:

Instead of arguing price...

- Talk about longevity
- Talk about vacancy risk
- Talk about tenant mix
- Talk about stability and renewal

Downtown success is cumulative — one bad lease weakens
everyone.

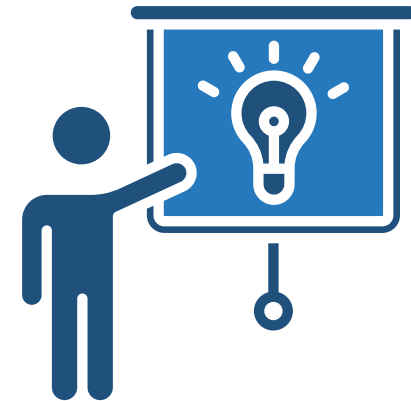
Role-Play: The Unrealistic Landlord

Let's practice:

- Credibility without confrontation
- Data-informed reframing
- Calm persistence
- Aligning private and public goals

Let's debrief:

- What shifted tone
- What triggered defensiveness
- Where story beat math
- Where preparation mattered most



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Beyond Ribbon Cuttings

Solutions & Strategies to Support the Stages of Business Ownership



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Which most describes your district?

- A. Being asked for advice or ideas is routine.
- B. A self-serve mindset is the norm.
- C. Change does not happen often.



When are you most sought out?

- A. When things are great!
- B. When there are early concerns or needs.
- C. When things get to a point of crisis.



When it comes to solutions & strategies, I feel...

A. Pretty solid. I have well developed and effective options.

B. I'm open to new tools & ways to improve.

C. This is an area I want to strengthen.





Stages of Business Ownership

Excitement & Possibility Stage

- Hope is high.
- Deliverables are easiest.
- A small win can feel BIG.
- You can set the tone for the lifetime of the relationship if you stay routinely engaged.



START HERE.



New Challenges Stage

- They are routinely realizing how much they don't know.
- Reach out with intent to ask clarifying questions to identify opportunities or challenges early.
- Be ready with solid resources.



Connections & Resources



Professional Resources

Your aim is to make the business of doing business easier for them.

- Quality connections.
- Thoughtful referrals.
- Time saving tools.



Working Top Down



Beyond Ribbon Cuttings

Professional Contacts

Property & Development

Retail Focused Attorney
Commercial Real Estate Agent
Economic Development Team
Property Owners
Commercial Contractor
Merchandizing expert
Trades Team: HVAC, Roofer,
Electrical, Plumber
Interior Designer
Graphic Designer
Sign & Print Shop

Finance & Lending

Commercial Banker
SBDC Contact
Financial Analyst
Insurance Professional
Bookkeeper
CPA

Event & Marketing

Event Planner
Social Media Experts
Website Developer
Tourism/Chamber
Photographer
Caterers



Momentum & Confidence Building Stage

- They are finding their stride and building confidence.
- They may be looking to expand products or services.
- Funding may be needed.
- Reach out with curiosity and support.

Financial Resources

Equip & empower them to consider the right funding for the right reasons.

- Federal Level
- State Level
- Specialized & Private Level



Funding Types

- Storefront activation
- Business startups
- Pop-ups & placemaking
- Entrepreneur competitions

- Inventory & equipment
- Expansion capital
- Cash flow stabilization

- Existing storefront upgrades
- Location-based investment
- Job creation/reinvestment

- Capital-intensive retail
- Established businesses with growth plans

Direct Grants:

DT Investment
Community Vitality
Financial Feasibility
Community Business Launches

Flexible Capital:

SBA Loans
CDFI
VSBFA

Local/Regional:

Revolving loan funds
Façade improvement
Small business & pilot grants
Enterprise Zone incentives
Community Foundations

Federal Programs:

SBA Microloans
SBA 7(a) loans
SBA 504 loans
(owner-occupied real estate)

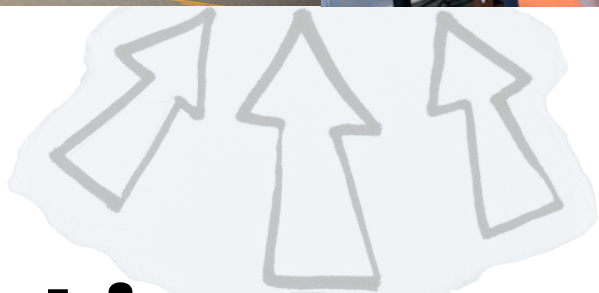
Community Capital

- Alternative to traditional funding.
- Offering buy-in in exchange for credits and insider access.
- Businesses are free to build or buy what they need.
- Loyal customer support.





Collaborations & Community



Working Bottom Up



Community Events



Activity:

Music Festival
Maker focused
Off Roding
Garden tours
Arts Festival



Seasonal/Annual:

Historic
Fall
Holiday
Daffodil
Peanut



Theme:

Derby Days
Chocolate Crawl
Sip & Shops
Restaurant weeks
Scavenger Hunts



Collaborations:

Sign Wars
Passports
Easter egg hunts
Fashion shows
Shop & Savor

***“The little things?
The little moments? They
aren’t little.”***

~ Jon Kabat-Zinn



Your vision, your passion and your ability to keep the "Main" thing, the main thing is the glue that holds things together.

Guard your heart and your energy.

Don't do this alone.



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Succession Planning:

It starts when the business opens

What does this mean?



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Why does it matter?

Many Main Street businesses are:

- Longstanding and owner-operated
- Deeply embedded in community identity
- Anchors for foot traffic and district activity

A significant number of baby boomer owners are approaching retirement:

- Often without a succession plan
- Leading to sudden closures or rushed decisions
- Some locally rooted businesses are being sold to outside investors:
- Ownership and decision-making move off Main Street
- Local presence and long-term alignment may change

Succession planning isn't about leaving — it's about continuity.

Main Street Manager's Role

Conveners, Not Consultants

- × Not providing legal, tax, or financial advice
- × Not steering owners toward a specific outcome
- × Not pushing exit conversations

What Main Street does well

- Serve as a trusted, neutral relationship
- Normalize early, low-pressure conversations
- Connect owners to:
 - SBDCs, SCORE, Small Business Financing Authorities
 - Local lenders and CDFIs
 - Workforce and economic development partners
 - Local government tools and incentives
 - Trusted consultants

How would you start the conversation?

Beyond “Selling the Business”

Common transition paths

- Family transitions
- Employee ownership or internal buyouts
- Sale to a local or regional entrepreneur
- Gradual transition with mentoring
- Sale of the business while retaining property ownership
- Exploring shared equity or co-ownership models

Succession often touches two related but distinct assets:

- The business
- The building

They may evolve on different timelines and planning for that matters.

Intentional Ownership and Advance Thinking

Owning the building is one of the strongest tools a Main Street business owner can have:

- Builds long-term wealth
- Stabilizes occupancy
- Keeps control local
- Supports district resilience
- Core planning idea
- Encourage owners to think separately about the future of the business and the future of the building — even when they own both.

This is about thinking and planning, not separating ownership.

Why This Distinction Matters

Different life cycles

- Businesses may slow, change, or end with retirement
- Buildings often serve the district for generations
- Early thinking avoids “all-or-nothing” decisions later

Ownership creates options

- Selling the business while keeping the building as retirement income
- Leasing to an employee or local successor
- Transitioning from operator to property steward
- Holding the building until the right long-term fit emerges

These paths → Preserve local ownership
→ Keep storefronts active
→ Reduce vacancy risk

Early thinking prevents disruption without planning:

- Retirement, burnout, or health issues can force rushed decisions
- Business and building are sold together
- Buyer pools shrink
- District outcomes become unpredictable



Main Street's value Helping owners ask:

*“How do I want each asset to support my future
— and the district's future?”*

Danger of the Net Zero Revenue Business

Why they do it?

- Avoid tax liability - “living off the business, not the profit”
- Dangers During the Business Journey
- Legal Risk of Tax Evasion
- Zero Capital Buffer
- Loss of Credibility and Growth
- Limited Financing Access
- Audit Risk

The Pitfalls of Trying to Sell this Business

- Valuation Based on Profit
- “Add Back” Scrutiny
- Valuation Gap
- Suspicion of Fraud
- Low Sales Price

Owners with Multiple Businesses

When one owner or family operates multiple downtown businesses:

- Closures may happen simultaneously
- Employment losses compound
- Vacancies cluster
- Customer habits and pedestrian patterns shift abruptly
- District confidence can be shaken
- The risk is not change — it's compressed change

Main Street's goals:

- Slow the impact
- Maintain continuity
- Retain local ownership and knowledge
- Protect district momentum
- Not every business needs the same timeline or outcome.

Guiding Principles:

Sequence transition; don't compress it.

Practical Transition Strategies

Staggered transitions: encourage owners to think about transitioning one business at a time.

Portfolio thinking

Each business may serve a different role:

- One transitions to new ownership
- One remains a stable income source
- Another may be repositioned or closed intentionally

Internal successors multi-business owners often have:

- Longtime managers
- Trusted supervisors
- Deep institutional knowledge

“If you ever decide to step back, have you thought about transitioning one business first rather than all at once?”

Retaining Property Ownership

Owning the buildings allows:

- Businesses to transition individually
- Properties to remain locally controlled
- Continuity of appropriate district use



“Your buildings don’t have to transition on the same timeline as your businesses.”

Roundtable Activity (5–6 minutes)

Starting the Conversation in Your District

Let's Discuss:

1. One business that would significantly impact the district if it closed
2. One building with long-term district importance
3. One partner who could support succession conversations
4. One open-ended, non-threatening question you feel comfortable asking

Let's Share:

- One insight
- One conversation starter



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Thank you for joining us!

