

Market Demand and Land Use



"Establish a mix of uses that contribute to a vibrant downtown."

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Summary

Historically, downtown has served as a retail, cultural and office center as well as an entertainment destination. Today, entertainment establishments have given downtown an energetic and vibrant feel, while office uses continue to serve as anchors for economic stability. This chapter looks at the current balance of land uses and market demand issues that create challenges to furthering the advancement of downtown. Maintaining a healthy mixture of uses has been a key element to downtown's success and will play an even more vital role as the area continues to evolve.



Working with existing and potential businesses is a pivotal to the implementation of this section. Ensuring that, as more franchise businesses look to enter the market, that the existing businesses are encouraged to

remain. These businesses will help keep the local flavor alive in downtown and maintain an appropriate blend of uses.

That being said, downtown is expected to continue as an entertainment destination. This niche should be strengthened by continued growth of arts and culture related uses and activities that enhance the already established retail businesses. Establishment of an arts district would help to bolster cultural opportunities as well as make use of the community's vast creative talents. Working with groups such as 40 North 88 West and the University of Illinois, will allow downtown to enhance its role as a cultural center in the region.

This includes understanding both how downtown is viewed from a traditional market analysis standpoint as well as understanding its potential based on trends and examples occurring in other communities. Attached as an appendix to this plan is a market position study completed by Business Development Incorporated in 2005. This study helps determine downtown position in the community in relation to other commercial centers.



Challenges

While the success on Downtown Champaign in recent years has been exciting, the downtown market is still considered by many to be challenging, unproven, and difficult to enter. The challenges described below reflect comments from focus groups conducted with key stakeholders:

Mix of Uses

Over the past five years, downtown has grown as an entertainment destination with the addition of over 20 restaurants and bars located within the core area. The development of these uses has helped to spur building renovation of existing buildings and solidified downtown as a destination capable of attracting visitors on a regional scale. However, the expansion of other retail uses has been slower to develop. Adding a base of retail uses with the existing entertainment uses will help to create a stronger downtown economy.



Local Business Retention

One of the qualities which gives Downtown Champaign its unique flavor is the collection of locally owned businesses. These businesses, many of which have been long-standing at their current location, offer an experience to the consumer that is unique anywhere else in the region. As downtown continues to grow and develop attracting national franchises will strengthen its position as a regional destination and serve to legitimize the downtown market. At the same time it is important to maintain a healthy mix of local and nationally based businesses to keep downtowns unique character.



Lack of Market Data

Many communities have created development corporations or associations that keep track of development and changing statistics in their downtown area. Downtown Champaign has only a volunteer membership organization with few resources or part-time staffing at best. As a result, it has struggled to collect the necessary data to properly market existing businesses and attract new companies to the area. The real estate market in downtown is often times not well understood with no central location for listings of other important data. Demographic and financial data is often times incomplete and out of date. Understanding ways to capture this data and disseminate it to the businesses will strengthen downtown's market share and entice new development to the area.





Need for Residential

For a downtown to continue its recent success, and develop a wider range of businesses and services, a residential base is necessary. Many of the upper floors of commercial buildings have been converted to 1 and 2 bedroom apartments. However, the net result of these projects has been approximately 50 new units. Ultimately, to draw a greater mix of businesses, higher density residential developments will be needed. There is an opportunity for infill projects in a number of areas around downtown. In addition making a stronger connection to the surrounding neighborhoods adds to this residential base. The neighborhoods coupled with new construction can add the necessary population to support a wider variety of retail uses.

Unknown/Unproven Market Conditions

One concern expressed during stakeholder interviews with local realtors was the lack of an established market downtown. Because downtown went nearly 15 years between large scale construction projects, many view downtown as a high risk investment for new development because projects are more complex and may not provide the same return on investment as fringe development. It was expressed that many are watching to see whether the One Main Development succeeds as an indicator of how infill development in downtown works. Properties are rarely listed for sale and unknown to prospective buyers which makes new entry into the market difficult. There is also an extremely wide range of rents for commercial space that adds to the notion that an unstable market exist.



Promotion of the Art

Champaign-Urbana has resources present in the community that promote arts and culture, including the University of Illinois, Parkland College, and the Champaign Arts Council. Because of this and the character, including pursuing a cultural theme for downtown is feasible with the right partnerships.

Guiding Principles

The following guiding principles shall guide decisions and policy related to market demand and land use issues in downtown.

Cultivating a greater variety of land uses is critical to the success of downtown. This includes attracting retail, entertainment, housing, office, and service uses.

Developments in downtown should provide a mix of uses including first floor retail and upper-story residential/office.

An emphasis should be placed on attracting more people to live and work in downtown including the attraction of corporate headquarters.

The presence of arts and culture is an important aspect to creating a downtown that is unique, vibrant and desirable.

Downtown is the cultural center of the community and is an ideal location for events and programs designed to celebrate Champaign's culture.

Downtown will succeed best with an appropriate mix of locally based and nationally based businesses. Nationally based businesses serve as good anchors for locally owned businesses because of their greater familiarity to the public and larger advertising budgets.

Strategies

The following strategies are action steps that would implement the market demand and land use goals of the Plan.

- Complete a market analysis for downtown to establish demographic data and identify strategies information and develop strategies to attract more retail, residential and corporate office uses to the downtown area, and better understand the role of downtown in the context of all of Champaign's business centers.
- Cluster new retail uses in a central downtown location to strengthen the market draw.
- Work to add higher densities for the number of new residential units in and near downtown within the next 10 years, and include a diverse range of housing types and prices.
- Develop a program to promote creation of artist live-work and/or gallery space in downtown. Focus on the Market Street and Chester Street areas to cultivate arts related uses.
- Determine a consistent funding source and amount for supporting downtown events.
- Support existing cultural facilities in downtown such as theaters and the Children's Museum, and create new facilities. Develop a concept for creating a "Theater District".
- Determine where mixed-use projects with first floor retail are highest priority for infill development projects. Promote a mix of uses for developments in the "Core" of downtown.
- Create a program that would discourage building vacancies in the downtown.
- Conduct regular retention visits to existing businesses to determine their needs.
- Recruit new businesses that have a broad appeal to residents and visitors.



Strategy 1 - Market Analysis

Complete a market analysis for downtown to establish demographic data and identify strategies information and develop strategies to attract more retail, residential and corporate office uses to the downtown area, and better understand the role of downtown in the context of all of Champaign's business centers.

Commentary

Understanding the existing business climate and its future potential, is essential to overcoming concerns and barriers that exist for new investors. To strengthen this understanding, a market analysis should be developed to give specific information about how downtown competes citywide, regionally and statewide. Gathering this information will be crucial to business attraction and retention.

A preliminary study has been completed and is attached as an appendix to this document. In 2005 the Planning Department commissioned Business Development Incorporated (BDI) to begin taking a look at how other commercial areas in Champaign effect downtown's position. The next phase of this study will expand on this analysis and provide a comprehensive market picture. IT will also identify strategies to promote business growth and development in downtown.

Key Players:

- Planning Department
- City Manager's Economic Development Office

Strategy 2 - Cluster Retail

Cluster new retail uses in a central downtown location to strengthen the market draw.

Commentary

Retail has the greatest chance of success when it is clustered in one location. This allows stores to create synergy with each other and gives shoppers a one-stop destination offering multiple shopping experiences. With the recent development of “One Main” and a potential project at Neil and Church Street, this area is quickly becoming the center of downtown activity. Together, these developments provide the best opportunity to achieve a significant cluster of retail uses.

Key Players:

- Downtown Developers
- Downtown Businesses
- Planning Department

Strategy 3 - Diversity of Housing

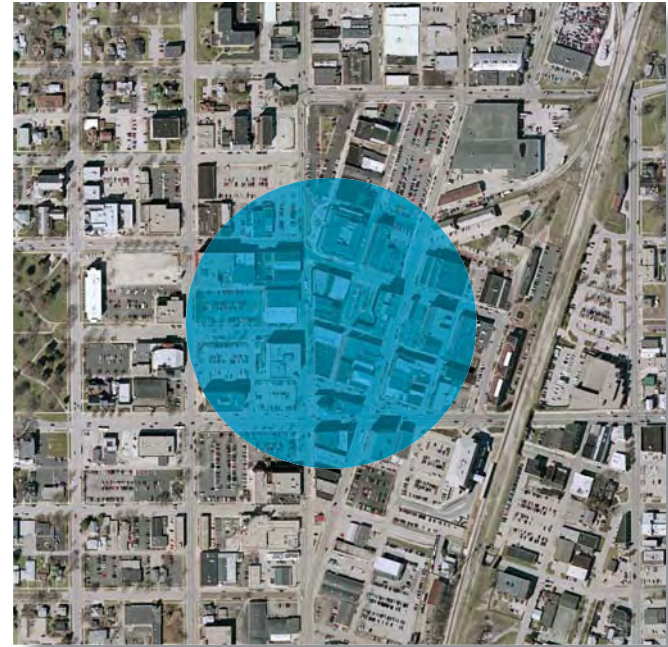
Work to add higher densities for the number of new residential units in and near downtown within the next 10 years, and include a diverse range of housing types and prices.

Commentary

The success of downtown is enhanced by having a greater number, and a diverse population of residents. Infill projects tend to be more complex and provide smaller returns than they do in the fringe locations. Renovation projects add units in smaller numbers and are often expensive to complete. To achieve greater success, strategies should be established to ensure that a variety of housing is available and affordable for a range of income levels, a variety of housing styles and options must be present. A variety of housing styles and prices in the surrounding neighborhoods also supports for the continued success of downtown

Key Players:

- Planning Department
- Neighborhood Services Department
- Downtown Developers
- Downtown Businesses
- Downtown Property Owners
- Apartment Owners Association



Clustering retail in the core will strengthen the combine marketing power of the entire downtown.



Apartment and condominiums such as this encircle the downtown area which help provide housing options to the downtown area.



Strategy 4 - Incentivize Artist Live-Work Space

Develop a program to promote creation of artist live-work and/or gallery space in downtown. Focus on the Market Street and Chester Street areas to cultivate arts related uses.

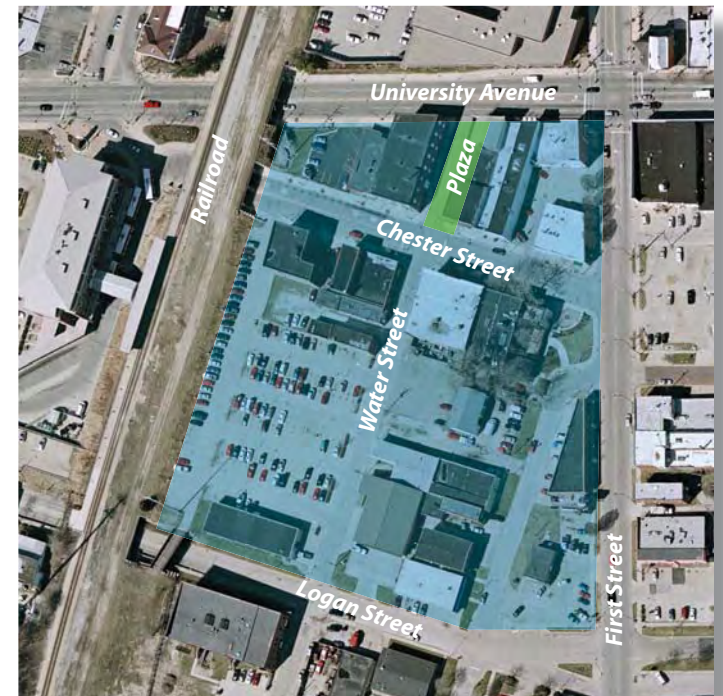
Commentary

Along with the University of Illinois and Parkland College, downtown serves as a central point for cultural activities in Champaign. Great potential exists to expand on this cluster by expanding opportunities for artists in the community to live, create and show their work in a central place. Two areas are identified in this plan (Market Street and Chester Street) where the presence of existing warehouse space and adequate access makes the development of residential units and gallery space for artists feasible. There already exist some art studios and merchants in the Chester and Water Street Corridors. Expanding this area could also assist in strengthening the connection between the Burnham Hospital Redevelopment and Campustown. The Market Street Corridor between University and Main Street also has the potential to develop into artist space because of its close proximity to the pedestrian center of downtown and its low vehicular presence. Both areas should be explored as potential artist live-work neighborhoods.

Key Players:

- Planning Department
- 40 North 88 West
- City Manager's Office
- Public Works Department
- Downtown Developers
- Downtown Property Owners
- Convention and Visitors Bureau

Located adjacent to downtown core, this once industrial area along Chester and Water Streets would provide an ideal location for an artist live work district.



Strategy 5 - Support for Downtown Events

Determine a consistent funding source and amount for supporting downtown events.

Commentary

Downtown has become a popular venue for community events. Most events such as the Downtown Festival of the Arts and Taste of Champaign are run entirely by the Champaign Park District. However, with the increasing frequency and cost of these events, more assistance will be needed to maintain a high quality as well as this more aggressive schedule. Coordinating events and stable funding will be needed along with better partnerships between and benefitting parties.

Key Players:

- Champaign Downtown Association
- Champaign Park District
- Convention and Visitors Bureau
- Downtown Businesses
- City Manager's Office



Strategy 6 - Arts and Theater Facilities

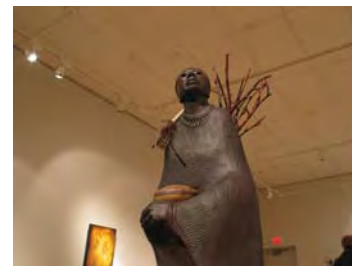
Support existing cultural facilities in downtown such as theaters and the Children's Museum, and create new facilities. Develop a concept for creating a "Theater District".

Commentary

The existing art and theater spaces in Champaign serve as primary attractions for visitors and citizens alike. The Orpheum Children's Science Museum and Springer Cultural Center creates a family-friendly environment. The Virginia Theater and Boardman's New Art Theater serve as downtown performance and movie spaces. Each of these facilities should be maintained and enhanced to create regional draws that complement each other to create an Arts and Entertainment District. Additionally, opportunities should be sought to restore the theater space in other historic downtown theater, such as the Orpheum and Rialto Theaters.

Key Players:

- Private Developers
- 40 North 88 West
- Convention and Visitors Bureau





Strategy 7 - Mixed Use Redevelopments

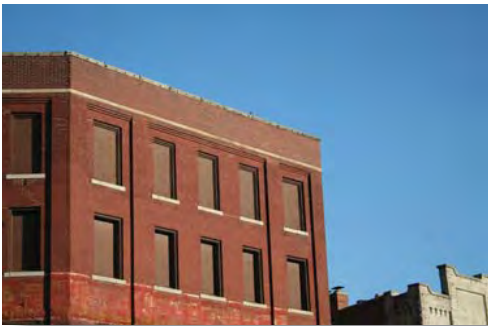
Determine where mixed-use projects with first floor retail are highest priority for infill development projects. Promote a mix of uses for developments in the “Core” of downtown.

Commentary

Mixed-use developments are preferred in downtown, although in some areas outside of the Core a single use development may be appropriate. The mix can be a combination of ground floor retail and upper floor office or residential. It is, however, important to include this ground floor retail, as it promotes pedestrian interaction and more attractive and active interesting street environment.

Key Players:

- Planning Department
- Public Works Department
- City Managers Economic Development Office



Strategy 8 - Vacant Building Program

Create a program that would discourage building vacancies in the downtown.

Commentary

Vacant buildings in the heart of downtown damage the vibrancy and reputation of the area and present real threats to neighboring buildings and property values. There are serious risks created by the continued decay of vacant structures. This strategy calls for developing a program to both promote renovation of these buildings while establishing penalties for long-term vacancies. These buildings provide great opportunities for continued reinvestment without the need for new construction. A number of remaining vacant buildings face challenging renovations and incentives may be needed to overcome the higher cost of these projects and potentially lower returns.

Key Players:

- Property Owners
- Building Safety Division
- Fire Department
- Planning Department
- Neighborhood Services



Strategy 9 - Business Retention Services

Conduct regular retention visits to existing businesses to determine their needs

Commentary

Working with existing businesses to determine their needs and concerns will help to ensure these businesses are able to survive in a changing market place. Key to this strategy is creating a mechanism to respond to issues and needs identified in the retention visits.

Key Players:

- Business Owners
- Champaign Downtown Association
- Planning Department
- City Managers Economic Development Office
- Chamber of Commerce

Strategy 10 - New Business Recruitment

Recruit new businesses that have a broad appeal to residents and visitors.

Commentary

As downtown develops and more retail space becomes available, recruitment of new businesses will be necessary to achieve retail diversity. Although a majority of recruitment will likely be conducted by developers and property owners of downtown buildings, the City should assist in attracting and educating new businesses about the community and downtown planning efforts.

Key Players:

- Developers
- Property Owners
- Planning Department
- City Manager's Office
- Champaign Downtown Association
- Chamber of Commerce
- Economic Development Corporation

