

Commuter Sales: *How Stopping and Shopping Can Work for Your Community*

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When it comes to transit-oriented development, most of us get the warm fuzzies. When it comes to sprawl, we all feel pretty repulsed. And, in general, that's no surprise. Sprawl conjures up images of traffic congestion, loss of green space, and land use patterns that encourage single occupancy/single-purpose driving. In contrast, transit-oriented development is associated with clusters of mixed-use buildings, ringed with conservation land, atop transit hubs that serve pedestrians, bikers, and the rare internal combustion engine vehicle.

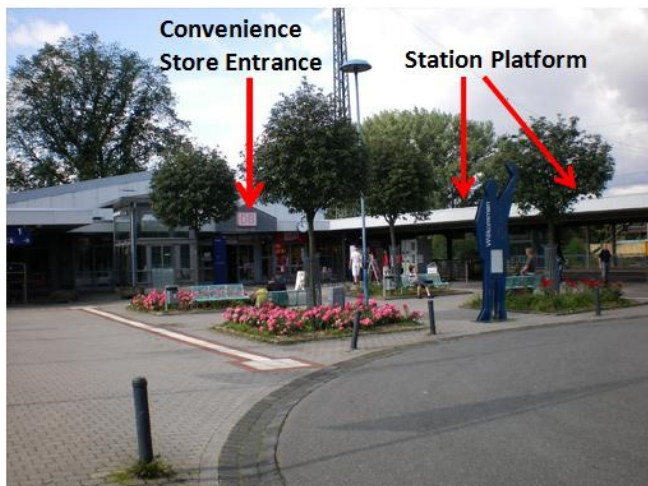
While Smart Growth planners generally have a sense of how to promote and incorporate transit and TDM into existing mixed and multi-use development, most transit professionals in the United States do not have much expertise incorporating mixed-use activity into their transportation projects in less densely populated areas—especially at suburban commuter rail stations. The fact is, adding mixed and multiple activities—specifically, carefully tailored retail, dining, and entertainment—at commuter rail stations and hubs benefits both local communities and commuters. These benefits are likely to include more satisfied customers, riders, and higher rail usage rates. Whether you represent a transit, planning, state, regional, or municipal agency, consider deploying retail strategically into targeted commuter rail stations to get the stopping and shopping on track in your community.

How It Works Overseas

Throughout Japan and Europe, especially in Germany and France, commuter rail riders find a variety of goods and services that enhance the commuting experience at many of their stations. Station areas bustle, and, frequently without leaving a station's orbit, commuters can purchase a cornucopia of goods: foods and beverages, snacks, newspapers and magazines, umbrellas and other weather-related gear such as hats, scarves, sunglasses, etc. Pushcarts sell freshly baked pastries,



Aerial view of the train station in Northeim, Germany demonstrates the variety of possible goods and services at a suburban railway station (Picture Courtesy Wikipedia)



Ground-level picture the same train station in Northeim, Germany with a view of the store entrance, pedestrian area and adjacent platform (Picture Courtesy Wikipedia)

sandwiches, fruits and vegetables, flowers, wine and beer, children's books and games, and many other local goods that respond to local needs and desires. In addition to goods, many services are offered: shoe repairs, drop off wash-and-fold laundry stores, dry cleaners, tailors, key makers, watch repairers, post offices, banks, clinics, and small grocers.

How It (Mostly) Works in the U.S.

Retail with this level of vibrancy and diversification does not often appear at or near U.S. rail stations—especially those located outside of the downtown hubs. Where retail does exist, it is both quantitatively and qualitatively different from the European/Japanese expression. Mostly, retail evolves after stations are built and only in areas where high volumes of suburban commuters generate a significant market demand.

Where transit stations are not marooned islands surrounded by a sea of asphalt parking, this retail often is subsumed by large, mixed-use complexes near the rail station with traditional shopping center tenants, department store anchors and national chains, large parking structures for shoppers and commuters, condominiums, rental apartments, movie theatres, and restaurants.



Wellington Station, in Everett, MA, is a good example of TAD. The station is located within a short drive of a department store shopping center. Both the station and the center are surrounded by large parking facilities: Wellington Station, Everett, MA (Picture Courtesy Bing Maps)

In other cases, the pattern is reversed, and developers push to add rail stations and housing units adjacent to regional malls.



This development is often referred to as “transit-adjacent development,” or simply TAD. Some transit-oriented development advocates oppose TAD because of its perceived continuation of physically dispersed non-integrative, car-centric land use patterns.¹

The West Natick Station, in Natick, MA, presents another example of TAD. The adjacent strip mall features little or no safe pedestrian or cyclist access from the station. (Picture Courtesy Bing Maps)

Small Is Beautiful/Where Additional Opportunities Await

While larger-scale transit-retail developments can work and benefit inner cities and emerging “suburban cities,” such as Arlington, VA, and Bethesda, MD, this model is not suitable nor viable in less dense suburban and exurban areas where even clustering communities cannot create a sizable market. And yet, for the appropriate type of retail development, there *is* a sizable market of smaller commuter rail towns whose retail needs are not being met. And, in meeting those needs, there is a win-win-win-win situation for towns, commuters, local businesses, and the environment.

Take the case of the nearly 70 small cities and towns within a 60 to 90 minute commuter rail ride of Boston, Massachusetts. Residents of many of these commuter rail towns are becoming increasingly interested in riding commuter rail to avoid congestion and high gas prices. Even though transportation modes of all types have recently seen a decline of travelers during the

recession, transit ridership rates in the 10 years prior to the economic downturn have generally been trending upwards. The opportunity to capture commuter sales and generate a community retail hub and a new municipal profit center is ripe.

Small Town Retailing 101

To exploit this opportunity, developers and public sector stakeholders need to do some homework and become expert in today's demographic and retail trends. These trends call for fostering smaller, locally owned and operated stores that become destinations for target markets, including the much ballyhooed "Aging Consumer." As the theory goes, the older the Baby Boomers get, the less interest they have in traveling farther for cheaper goods served up by Big Box "Associates" who don't know the merchandise or Boomers' needs.

More specifically, at these retail destinations, consumers will be looking to:

- **Buy Local.** More than ever, for certain types of goods, consumers are looking for closer shopping options that stock local, specialty merchandise, from gourmet foods at farmers markets to homemade soaps and beauty products to home furnishings, greeting cards, quilts, children's knitwear, and candles to name a few.
- **Demand Customer Service.** Smaller shops cannot compete with the big boxes on price, but they can on customer service. This attribute is becoming more and more important to consumers as the sheer number and complexity of widgets explodes.
- **Trade Up.** Another way around price is to offer better, higher quality goods that justify a higher price tag. Studies show that people are willing to pay more—if they perceive a higher value. This is especially true in the grocery store and food sectors. Smaller shops catering to a specific market can stock higher priced goods that deliver on quality as their customers perceive that value.
- **Maximize Mobility Options.** There is also a growing demographic seeking work and homes close to transit stations. Proximity to these stations furnishes more transportation options and often fewer and shorter encounters with congestion, shorter commuters, and a hedge against rising fuel costs. One study suggests that over the next 20 years, approximately 15 million households nationally will look for housing in transit zones.⁴

Stations and Property Values: There's a Link

Can you hear the whistle blowing? If so, you might be in for a pleasant surprise regarding the value of the property you are on. The authors of a 2006 study on the impacts of commuter rail in Eastern Massachusetts found evidence to "suggest that properties located in municipalities with commuter rail stations exhibit values that are between 9.6 and 10.1 percent higher than properties located in municipalities without a commuter rail station."²

The news gets better for commercial properties: "Substantial capitalization benefits were found, on the order of 23 percent for a typical commercial parcel near a light rail train stop and more than 120 percent for commercial land in business district and within a quarter mile of a commuter rail station."³

Before attempting to bring retail to rail and take advantage of these trends, be sure to follow these important steps:

- **Know Your Riders.** Conduct a market study of current and potential riders. Look for key demographic indicators, such as the current and estimated age group of transit users (childless couples in their fifties will have different travel patterns and consumer needs than a two-child thirty-something family). Also, don't *overestimate* the impact of ridership on your market. Commuter rail can bring an intangible sense of vibrancy and urbanity to a small town center or neighborhood—but it may not deliver the people. And let's face it, atmosphere doesn't pay the rent.
- **Do Your Retail Homework.** Once you know your market, start thinking about what the right mix of shops and tenant types will be to attract and retain customers. A creative leasing agency can help. In general, consider these concepts:
 - Think in terms of a retailing “hierarchy” and its three layers, as described by Chris LeTourneur and Kieron Hunt⁵:
 - *Distress* needs might include such things as take-away food items, newspapers, magazines or coffee. In short, these items could hypothetically be bought in the short time it takes for a train to pull into a station, while leaving enough time for the commuter to board.
 - *Convenience-oriented* needs could be marketed to local residents and shop owners as well as to commuter rail passengers; including such things as a stand-alone pharmacy, some type of mom-and-pop store providing basic food stuffs, or some other small-scale CVS-style store offering both of these services. Convenience retail could also create for the community and commuters a “destination for top-up shopping, which refers to additional shopping for items that may have been forgotten during one's weekly shopping at a supermarket.”⁶
 - *Impulse* retail is similar to the niche retail commonly found at airports or malls, is often located in kiosks, and specializes in smaller items like watches, jewelry, and miscellaneous travel accessories.
- **Safe and Easy Access and Station Area Security.** A pedestrian-friendly physical design located adjacent to the rail stop is key. So is strategically placed and well lit parking with clear paths to the retail. Creating a safe environment and projecting that sense of safety is critical.
 - Include ample parking for shoppers and commuters, yet avoid big parking garages, which tend to be unpopular and deadly to creating a pleasing pedestrian atmosphere conducive to a unique shopping experience.
 - Improve station area safety by designing and developing for more and constant foot traffic. Commuter stations during non-peak hours, when there are few travelers on or around a platform, can come across to pedestrians as being “unsafe,” and may in fact be unsafe if muggers and thieves are drawn to the empty space. By attracting passengers and non-passengers alike to station area shopping during non-peak travel

hours, the area will remain populated and can provide an “effective and productive way to make passengers feel more secure.”⁷

- **Incentives for business.** Strong retail development is not a field of dreams. If you build it, they probably won’t just come—not unless there are financial and other incentives to attract tenants, such as creating a rental structure that compares favorably with nearby regional retail centers. It could encourage and allow for flexible and creative uses at the station area, such as seasonal farmers markets, Christmas and other holiday craft fairs, etc.
- **Give local residents and officials a voice in the process.** Another key component to the success of a transit village is offering members of the community a chance to offer their feedback regarding such concerns as increased noise and traffic congestion, blocked views, etc. Planners and/or developers should hold public meetings, meet one-on-one with residents, and actively solicit public comments in person and online. The bottom line: the process must involve stakeholders before the key decisions are made.

View from the Caboose

We live in an uncertain age. Jobs are lost—and created—quickly and often as the result of macro trends beyond the control and vision of employees or even managers and higher ups. Gas prices are constantly in flux. And the weather on any given day is anyone’s guess. But some things won’t be changing any time soon: people still need and want stuff, and, people will still seek out the most affordable, comfortable, and time efficient way to get around. So why not build on the comfort and convenience of commuter rail by taking advantage of the abundant retail development opportunities at stations and provide travelers with easily accessible goods and services?

In pursuit of those opportunities, don’t neglect basic retail principals: Goods and services offered should fit market *needs*, not just *wants*. Just because development is attached to a transit station doesn’t guarantee success, and the lack of a bank or grocery store could turn a transit village into a ghost town. And “location, location, location”—stations can contribute to great retail locations, if you know how to make them work.

¹ For more on the comparison between TOD and TAD, see: Tim Halbur. 2007. “TOD’s Evil Twin: Transit-Adjacent Development”, *Mass Transit Magazine* April 2007. Accessed online February 24, 2010 (<http://www.masstransitmag.com/publication/article.jsp?pubId=1&id=5847&pageNum=1>)

² Armstrong, Robert J. and Daniel A. Rodriguez. 2006. “An Evaluation of the Accessibility Benefits of Commuter Rail in Eastern Massachusetts using Spatial Hedonic Price Functions,” *Transportation* 33: 21-43.

³ Cervero, Robert and Michael Duncan. 2001. “Rail Transit’s Value-Added: Effects of Proximity to Light and Commuter Rail Transit on Commercial Land Values in Santa Clara County, California,” Berkeley Paper prepared for the Urban Land Institute National Association of Realtors Washington, D.C. June 2001 (Accessed online March 17, 2010: <http://www.urbantools.org/policy-papers/transportation/rail-transit-added-land-value-in-santa-clara-county-ca.pdf>)

⁴ Center for Transit-Oriented Development. 2004. Hidden In Plain Sight: Capturing The Demand For Housing Near Transit. National TOD Market Study for Reconnecting America. (Accessed online March 22, 2010: http://www.reconnectingamerica.org/public/display_asset/hipsi).

⁵ LeTourneur, Chris and Kieron Hunt. “Travel Retail.” *Urban Land*, February 2003: 52-59.

⁶ LeTourneur, Chris and Kieron Hunt. “Travel Retail.” *Urban Land*, February 2003: 52-59

⁷ Ross, Julian. *Railway Stations: Planning, Design and Management*. (Architectural Press: Boston, MA 2000): p. 246.