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Mississippi – Katrina Retail Study

While the Katrina disaster has caused severe damage to numerous historic downtowns and shopping centers along the Mississippi Gulf Coast, the storm' s long-term impact may accelerate the movement of the region's commercial centers away from historic coastal towns toward Interstate 10 (I–10). The region's pre-Katrina retail market consisted of a complex combination of three distinct market segments: local residents, regional visitors, and casino tourists. Although the Gulf Coast region has seen numerous new commercial construction projects during the past decade, it is still considered to be underserved and lacks many leading major retailers.

This study finds that the seventy-mile-long Mississippi Gulf Coast retail market has shifted its critical mass away from the urban centers along U.S. Highway 90 (U.S. 90) to key intersections along I–10. At present, the post-Katrina retail market is experiencing tremendous demands for most retail categories as residents begin rebuilding and resupplying their households. However, most of this retail spending is occurring in discount department stores and shopping centers that lie outside of Gulf Coast towns and cities. At the same time, many of these coastal towns are suffering from significant storm damage and sudden loss of population.

Like many American regions, the Mississippi Gulf Coast's eleven downtowns have lost their primary role as meaningful providers of necessary goods and services for their communities. In compensation, many of these towns service the tourist market with

restaurants, specialty boutiques, and gift shops. Despite their declining retail, these towns and cities continue to house most local governmental services and private-sector offices and also serve as a draw for an emerging residential market.

The Katrina disaster represents an opportunity for the Gulf Coast communities to reverse the existing migration of commerce to suburban shopping centers along the I–10 corridor. With proper planning, the historic Gulf Coast towns can capture additional commercial market share and reinforce U.S. 90 as the region's center of commerce. This study finds that if the current migration of retail toward the Interstate is left unchecked, then the historic downtowns will have to focus on tourism, resorts, and casinos as their primary market niche.

Purpose and Limits of Study
The Congress of the New Urbanism commissioned the Gibbs Planning Group (GPG) to participate in a weeklong charrette by assisting in the programming and planning for rebuilding eleven Gulf Coast communities damaged by Hurricane Katrina. From west to east, these communities are Waveland, Bay St. Louis, Pass Christian, Long Beach, Gulfport, D'Iberville, Biloxi, Ocean Springs, Gautier, Moss Point, and Pascogoula.

The study's findings are solely based upon GPG's seven-day visit to the Gulf Coast region, which included brief interviews with the public and local stakeholders. These interviews and the information gathered therein and elsewhere have not been independently verified. The report's observations and recommendations should not be the sole basis of any master planning, design, land purchases, capital improvements, leasing, financing, or development. GPG recommends that further market analyses be performed before implementing any planning and development enhancements.

Market Segments
Local Residents:
Prior to Katrina, local year-round residents represented the region's primary retail market segment with a population of over 300,000 residing in eleven waterfront communities. These residents average $46,000 in annual household income, which is higher than the state average and about equal to the national average for families. The Gulf Coast includes pockets of both poverty-stricken neighborhoods and high-income neighborhoods, with the highest incomes concentrated in the waterfront communities of Pass Christian and Ocean Springs.

Gulf Coast year-round residents fulfill most of their primary demands for goods and services at the region's malls, shopping centers, and historic downtowns. For major holiday, luxury, and specialty shopping, these residents must travel one to two hours to New Orleans, Baton Rouge, Mobile, or Jackson. The Edgewater Mall, centrally located in Gulfport on U.S. 90, is the region's leading shopping center. Anchored by Sears, JC Penney, and Dillard's, this mall is the largest supplier of primary goods for the region's shoppers.

Regional Visitors:
Historically, the Mississippi Gulf Coast region has provided an attractive vacation and second-home location for Baton Rouge, New Orleans, Jackson, and Mobile families. Located only one to two hours away by car, the Gulf Coast area offers communities with laid-back atmospheres and small-town characteristics, pleasant waterfront breezes and sandy beaches. Waveland, Bay St. Louis, Pass Christian, Ocean Springs, and Moss Point are the most popular second-home and vacation destinations in the study area. In addition, the Diamond Head area near Bay St. Louis has become a popular planned resort community.

Well-heeled vacationers and second-home residents have caused a significant increase in the region's number of quality restaurants, better specialty shops, and art galleries. As affluent baby-boomers reach their retirement age, more and more of their second homes will become their primary residences.

Casino Tourists:
The Gulfport-Biloxi region has become one of America's leading casino destinations. It is estimated that over 10 million tourists from throughout the country visit the area each year. According to informal interviews with local retailers, a large percentage of their trade is from casino tourists. These tourists shuttle between the casinos and the historic small towns of Ocean Springs, Bay St. Louis, and Pass Christian where they can visit art galleries, restaurants, and gift shops. One retailer told GPG that nine out of ten female shoppers came from the casinos, "abandoned" by their husbands who were gambling at the casinos or fishing in the Gulf.

This study concludes that, with the exception of the historic downtowns, many of the casino visitors were most likely bored with the pre-Katrina shopping options. Power centers, enclosed malls, and discount department stores do not provide the desired variety and interest that today's tourists expect.

Existing Retail
The region is serviced by a variety of historic downtowns and shopping centers, including two enclosed regional malls, five major community centers, ten to twelve grocery-anchored neighborhood centers, numerous big-box anchors, and six Wal-Marts. The Waveland and Pass Christian Wal-Mart stores were closed by the storm, though the Waveland location has opened a temporary tent store. Most of the Gulf Coast Wal-Mart stores have relatively limited trade areas of only three- to five-mile radii, each encompassing 6,000 to 10,000 households, or about the same number of shoppers as two standard supermarkets. For the most part, the Wal-Mart stores provide services at the neighborhood scale, rather than at the level of a super-regional market as is often reported.

The newer, major community shopping centers and cinemas are located along I–10 at its interchanges with U.S. Highway 49 and I–110. The I–10/U.S. 49 interchange is quickly becoming the region's "main-main" center of commerce. At present, this interchange includes a major outlet mall, a 500,000 square-foot community center, and a multi-screen

cinema, but it will gain even more commercial significance with the addition of a proposed 900,000-square-foot shopping center.

The existing market is capable of supporting numerous new retailers and shopping venues, including mainstream retailers like Target and Kohl's. Upper-end retailers, such as Pottery Barn, Ann Taylor, J. Crew, Talbots, and Brooks Brothers, could also participate in this market, if properly marketed to vacationers and casino tourists. A developer of open-air lifestyle centers (similar to Destin Commons in Destin, Florida) is reported to be considering an unannounced location in the central Gulf Coast area.

Potential Retail Demand
In general, the region remains under-serviced for many retail categories, including warehouse goods, better home furnishings, electronics, home improvement, and both upscale and discount apparel. The region also has the potential to support a significant number of casual and themed restaurants and lifestyle tenants.

Although the eleven historic downtowns are likely never to regain their dominance as the primary locations for regional destination shopping, it is possible that these towns can acquire significant market share. This study finds that most of the Gulf Coast downtowns have a "once-in-a generation" opportunity to regain their market share.

The expansion of downtown retail will require numerous coordinated efforts, including the following:

- Establishing an effective Business Improvement District (BID) Authority.
- Rebuilding or restoring the historic downtowns' buildings and urban characteristics.
- Implementing new urban planning and design principles and polices that establish form-based zoning codes and regulatory boards.
- Installing market-based parking lots and parking decks.
- Implementing a coordinated leasing plan and installing a leasing team that can effectively attract leading local, regional, and national retailers.
- Encouraging anchor tenants to return, such as department stores, popular discount chains, and big-box retailers.
- Adopting and enforcing modern signage, streetscape, and building facade improvements, including a sunset time frame to ensure needed improvements.
- Implementing regional planning that discourages commercial suburban sprawl across I–10.
- Encouraging medium to high-density residential development in the downtowns.
- Locating new casinos in downtown shopping districts or linking existing casinos to the downtowns.

Ideally, shoppers would frequent town centers two to three times per week for neighborhood goods and services, such as groceries, gourmet prepared foods, and video

rentals. These shoppers would also return to the town centers on a regular basis for dining with their spouses or with friends. Each town center should target approximately 80,000 square feet of space for luxury apparel, shoe, jewelry, home furnishing, and gift stores. Rather than being the primary reason for visiting downtown, these stores are more likely to be incidental to grocery shopping or restaurant dining.

A limited number of service businesses, such as medical, financial, real estate, and design, would augment each downtown by diversifying its tenant mix. As much as possible, the town's brand and businesses should have a character that makes shoppers feel that downtown is their and their neighbors' personal village center.

Planning Guidelines
The rebuilt town centers should reinforce the character of historic Mississippi main streets. As much as possible, street block sizes, streetscapes, and signage should be of the same scale as is commonly found in the Gulf Coast region. However, this is not to suggest that an exact replica or *faux* stage set be created. Real-world retailing requirements and shopper demands must be acknowledged and incorporated in the plan.

Moreover, each town center should become an almost seamless extension of its existing main street shops and surrounding neighborhoods. Authentic towns are not (and never were) perfect. A close look at the surrounding Mississippi communities reveals a wide range of quality in design and maintenance standards. In each case, these attributes work together to form a real sense of place.

The following general planning guidelines are recommended for each proposed town center:

- Mix land uses: retail, residential, office, and civic. This mixture contributes to distinguishing a town center from a lifestyle center.
- Include streets, sidewalks, and on-street parking similar to existing main street dimensions and materials.
- Maintain a village/town scale rather than a city scale; for example, twelve- to fourteen-foot-wide walks and small, understated parks.
- Allow for as much frontage and storefront exposure on local highways as possible.

Design Recommendations
The residents and city officials have demonstrated a strong commitment to creating attractive, quality communities. This value should be respected and become the basis for designing and rebuilding existing downtowns and new shopping centers. New buildings should appear as if they were "always there," and new landscaping should be of equal or better quality than the community's existing high standards. Construction materials should be local and long lasting.

Streetscape

The historic town centers and casinos should be rebuilt at a standard higher than what the Gulf Coast market has been accustomed to. Building design, construction, landscape, and signage should strive to be representative of an authentic small Mississippi town or city. For example, Ocean Springs represents an appropriate scale and character for a small village, whereas Historic Gulfport offers a model of a larger city. Ideally, new developments will seamlessly merge with existing main streets and surrounding neighborhoods.

Caution should be taken not to overdo the physical improvements (light fixtures, signage, and landscaping), which could result in a too upscale, city-type of character. As much as possible, and without creating a cliché, all improvements should reinforce the region's equestrian and agricultural heritage. Each center should strive to model its brand on a Levi's stonewashed jacket rather than an Armani suit—with good fit and tasteful color, yet remaining relaxed and comfortable.

Parking

Parking is one of the most critical issues facing any shopping district. People do not have to shop in a particular area, so when parking is difficult most potential shoppers will skip stopping, often never to return. The problem of parking is compounded in urban locations because of multiple tenant uses and limited space. Moreover, the parking problem is often made worse by employees and business owners occupying the prime parking spots and by the city's failure to adequately enforce parking regulations.

Shoppers demand parking directly in front of convenience stores, such as video or carryout food stores. If parking is unavailable in the town center, the typical shopper will assume that its overall parking is problematic or inconvenient and, as a result, forego shopping there in the future.

Most neighborhood shoppers prefer to run in and out of specific retailers and are unwilling to park in remote lots. In contrast, shopping-center customers are willing to park at a distance so long as the entrance is visible. This double standard held by American consumers is not necessarily fair to the small downtown merchant, but the behavior is a reality that must be addressed. The unwillingness to park in remote lots or in underground decks could put many small neighborhood shops at risk. Grocery store or anchor tenant shoppers will often use garages because of the longer duration of their visits.

Shoppers have different parking expectations for destination businesses than they do for neighborhood and convenience shops. When visiting restaurants, fashion boutiques, and home furnishing stores, shoppers tend to make multiple store visits, often spending more than an hour shopping. In exchange for the greater variety of stores and merchandise offered in a destination-type center, shoppers are willing to park further away from storefronts than they would in a neighborhood center. Visitors to destination centers also perceive parking to be more convenient (and closer) when they can see store entrances

from their parking stalls, even if they are hundreds of feet away.

In general, town center commercial districts should offer parking ratios and designs that are competitive with modern shopping centers. Present standards range from 3.5 to 4.5 cars per 1,000 square feet of gross building area. One way of achieving this is for municipalities to encourage shared parking between retail and office uses.

General Tenant Recruitment Guidelines
The following outlines GPG's general suggestion for consideration as a leasing guideline for each of the study area communities:

Waveland (19,000–28,000 square feet)
Retain the community's creative arts focus, which offers an affordable alternative to Bay St. Louis and other major cities.
Two to three restaurants (5,000–8,000 square feet)
Six to ten gift and art shops (12,000–15,000 square feet)
Neighborhood retail (2,000–5,000 square feet)

Bay St. Louis (145,000–200,000 square feet)
Eight to ten restaurants (20,000–30,000 square feet)
Twelve to fifteen gift and art galleries (30,000–50,000 square feet)
Anchor store: books, sporting goods, apparel (15,000–25,000 square feet)
Neighborhood services with grocery store (80,000–100,000 square feet)

Pass Christian (250,000–320,000 square feet)
Five to six restaurants (15,000–20,000 square feet)
Twelve to fifteen gift and specialty stores (15,000–20,000 square feet)
Neighborhood services (20,000–30,000 square feet)
Community center with discount department store (200,000–250,000 square feet)

Long Beach (28,000–32,000 square feet)
Restaurants (8,000–12,000 square feet)
Neighborhood services (20,000–30,000 square feet)

Gulfport (210,000–300,000 square feet)
Restaurants (30,000–50,000 square feet)
Fashion and core merchandise (80,000–120,000 square feet)
Anchors: books, music, department store, sporting goods (50,000–60,000 square feet)
Neighborhood services (50,000–70,000 square feet)

D'Iberville (175,000–300,000 square feet)
Restaurants (10,000–15,000 square feet)
General merchandise (15,000–25,000 square feet)
Community retail with anchors (150,000–250,000 square feet)

Biloxi (175,000–300,000 square feet)
Restaurants (30,000–50,000 square feet)
Fashion and core merchandise (80,000–120,000 square feet)
Anchors: books, music, department store, sporting goods (50,000–60,000 square feet)
Neighborhood services (50,000–70,000 square feet)

Gautier (25,000–40,000 square feet)
Two to three Restaurants (5,000–10,000 square feet)
Neighborhood services (20,000–30,000 square feet)

Moss Point (20,000–32,000 square feet)
Two to three Restaurants (8,000–12,000 square feet)
Neighborhood services (12,000–20,000 square feet)

Pascagoula (64,000–86,000 square feet)
Restaurants (12,000–20,000 square feet)
Fashion and core merchandise (10,000–15,000 square feet)
Anchors: books, music, department store, sporting goods (20,000–20,000 square feet)
Gift stores (8,000–12,000 square feet)
Neighborhood services (12,000–20,000 square feet)

Robert Gibbs
Gibbs Planning Group
330 E. Maple Street No. 310
Birmingham, Michigan 48009
RETAIL CONSULTANT + TOWN PLANNERS + MARKET RESEARCH
gibbsplanning@aol.com