# 3

# Section Three: The Market

## Introduction to Major Findings

The following report is one aspect of a major effort underway to make improvements to Hudson's downtown and waterfront. In a combined effort with The Cavendish Partnership and The Hudson Opera House, Inc., Douglas J. Kennedy & Associates has produced a 'Vision Plan' and Market Analysis as tools to be used in a long term downtown and waterfront improvement program. The two elements of this effort --- the Vision Plan and the Market Analysis --are closely linked.

This section of the report, which focuses on the Market Analysis, covers three basic elements:

- *Fact Finding* - Where does the downtown stand now? What are the markets? How well is it doing in those markets?
- *Analysis* - What potential is there for growth and retail sales in the downtown's markets? What are the short and long term opportunities?
- *Recommendations* - What new uses can be supported by the downtown and waterfront markets? What are the market based strategies which should be pursued? How can Hudson recruit new uses?

The report and its findings are based on a broad-based data gathering and analysis effort. From a data perspective, a range of federal, state, local and private documents were used to provide a quantitative basis for the findings. These are cited in the report. Just as importantly, a series of public workshops and more than twenty five interviews with Hudson contacts were completed to provide a direct link with market realities. Finally, a successful public survey was completed which provided a strong basis for findings and recommendations. Both the Hudson Vision Plan Task Force and the Columbia Hudson Partnership were instruemental in collecting and refining the materials used for this analysis.

Finally, a note regarding definitins. In this report, ther term 'study area' refers to both the downtown area along Warren Street and the Hudson River waterfront. This study area extends east and west along Warren Street from the 800 block to Front Street and includes two north-south projections along 4th Street and Front Street.

## Summary of Major Findings

- Downtown retailing patterns have changed. Hudson's downtown can no longer count on Hudson residents and the residents of neighboring towns to provide its shopper base. Markets have become more specialized, and downtown needs an effective strategy to best take advantage of each of its markets. The markets defined in this analysis are the following:

  **Downtown Area** - residents living in the City, most of whom can walk to downtown business. This population (about 8,000 persons) has below average incomes and a high percentage of elderly persons.

  **Hudson Employees** - Hudson remains a significant job center. Many people who work in the City drive (or walk) through the downtown on a regular basis.

  **Traditional Trade Area** - Residents of Hudson and other communities in the area, totaling almost 31,000 persons. Given recent positive trends in the area's economy, this trade area has stabilized and will experience slow growth during the next five years.

  **Travel Markets** - Hudson's location with respect to the regional transportation network, near the northeast's major metropolitan area puts it in an excellent position to tap into the growing travel market. Further, antique retailers have already established this market for the downtown.

- The downtown has a significant amount of commercial space, with 180,000 square feet in active retail/service use and an additional 70,000 that could be converted to retail/service use. However, it cannot possibly match space found in regional malls, and should not attempt to compete directly with these concentrations of space.

- With plenty of commercial space available, Hudson can clearly accommodate both stores oriented toward local markets and those oriented toward travelers. Antique stores are not 'pushing out' locals' stores. They are simply successful in tapping their market.

- One obvious 'hole' in Hudson's downtown is the lack of recreational attractions. Movies, museums, amusements would help to attract more shoppers to the downtown.

- The regional economy is generally positive. There is growth in jobs and a projection of slow population growth. The maintenance of the existing employment base is critical for the downtown.

- The response to the survey contains a wealth of information. Among these findings, three significant points emerge:

Most people in the area use the downtown for convenience retail and services. They do not think about downtown as a place to do traditional shopping. Nevertheless, they are quite interested in returning traditional shopping to the downtown.

Area residents do much of their shopping on Fairview Avenue, or at regional malls in Albany and Kingston.

There is a strong concern with social issues in Hudson. Drug use, street people and crime are on many respondents' minds.

- The downtown currently taps only a small percentage of the retail spending potential of its trade areas. Declining retail sales in recent years are a factor of both lack of new activity in Hudson and aggressive development by the competition. There is little question that any concerted improvement program by the downtown will result in the recapture of some of this retail spending potential.

- Several immediate potentials make sense for the downtown.

Open the waterfront for boaters and the public and make it the center of civic activity. This will create a positive impetus for the entire downtown and, in the longer run, create new markets for retail uses.

Move immediately to take further advantage of the travel markets. The market is already there -- it merely needs to know that Hudson has something more to offer other than antiques.

Develop strategies to create investment in Hudson's commercial buildings.

# Fact Finding

## Trade Areas

Traditionally, downtowns in the northeast have enjoyed well defined trade areas—the geographic areas from which they regularly drew their customer base. In a traditional setting, a central town or city with a commercial base drew not only on its own residents, but on the residents of surrounding, rural communities. The limits of any town's trade area depended on the extent of its commercial offerings and the distance to other, competing centers.

Downtowns still have trade areas, but current market realities have changed the traditional trade balance, and these areas are not so clearly defined as in the past. Business owners can no longer assume that nearby residents will automatically do their shopping in the downtown area.

Without question, the introduction of shopping centers over the past 50 years has had the most impact on traditional trade areas. By drawing former downtown shoppers to centralized shopping locations, shopping centers have forced downtowns to compete more aggressively for customers. Columbia County's shopping centers are relatively small by regional centers and do not include any major malls. Nevertheless, they have had an obvious impact on Hudson's downtown. With the recent completion of a state-of-the-art 'big-box' store on Fairview Avenue (Wal-Mart) the level of competition has been increased. Further, major malls in the region have enticed local residents to look farther afield to satisfy their shopping needs. These compete for customers from trade areas throughout the region.

Less obvious is the impact of mail order and other non-traditional forms of retailing, including television and 'on-line services.' The convenience which these retailing approaches offer also draws shoppers away from downtowns. Where downtowns formerly dealt with a single market, they must now compete with a number of retail centers and numerous retailing approaches. This loss of local shoppers is a serious concern. A 1992 survey of Columbia County residents sponsored by the Columbia County Chamber of Commerce found that 94 percent of those surveyed did some shopping outside of the county—41 percent of those surveyed did so on a regular basis. In most instances, these shoppers were attracted by the variety and pricing found at regional malls.[1]

At the same time that competition has increased for downtowns, growth in travel activity in the region over the years has greatly increased the size of the potential customer market. Millions of people move through the region on an annual basis, each of whom represents a potential downtown shopper. Finally, many downtowns have recognized that one of their strongest assets is the people who work there—office workers, store owners, service people who are in the downtown every day.

---

1 Source: '*Shopping Preferences Survey*,' undertaken by Columbia County Chamber of Commerce in 1992. Results based on statistical analysis of 400 completed surveys.

Downtowns have found that they can better serve their market by redefining their trade areas. Recognizing that their potential customer base is diverse, both in terms of geography and demographics, downtowns can more effectively attract and retain new customers by catering to the shopping needs of each group. This approach makes sense for Hudson.

Access is an important component of markets—Hudson's location gives it good access to a number of local communities in Columbia County, as well as to major, northeastern metropolitan markets. The following are significant:

- For most Hudson residents, walking access to downtown stores is possible. This is a significant advantage over any other shopping concentration in the region.

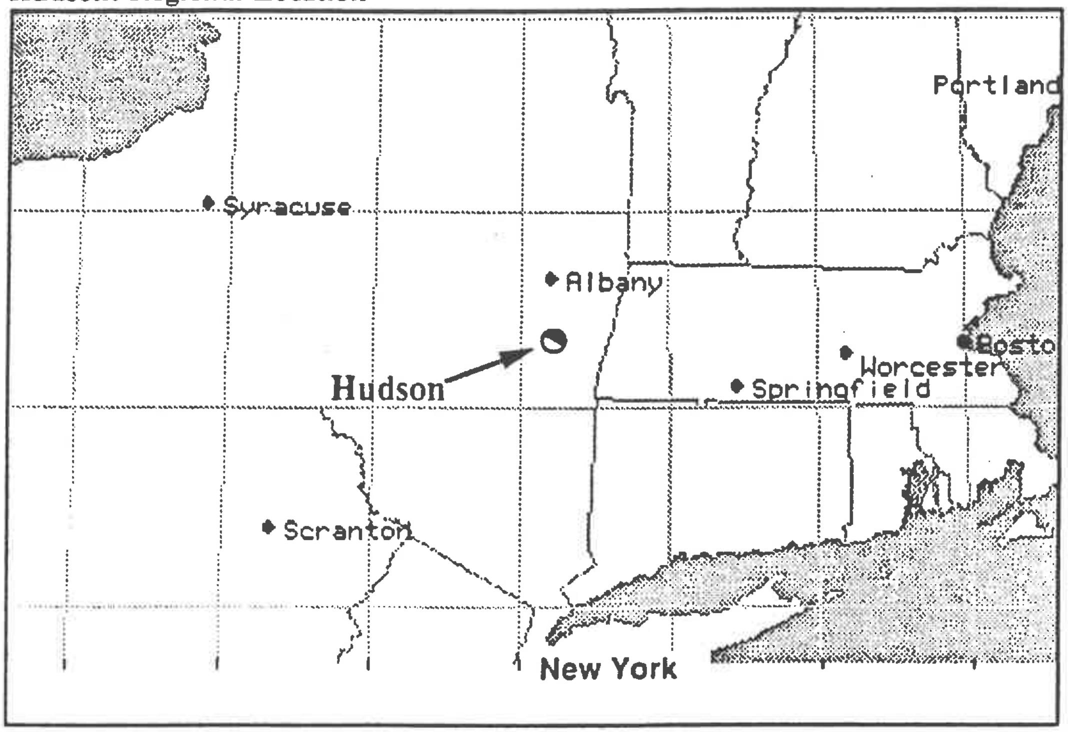
- The county road network provides direct connections to a number of rural towns in Columbia County. Routes 9, 9G, 23, 66 and others provide driving links and relatively short trips to these communities. Further, the Rip Van Winkle Bridge makes for a quick trip to Catskill and other Greene County communities.

- Although not located on a major highway, Hudson isn't difficult to get to from regional markets to the north and south. The Thruway (Interstate-87) and the Taconic Parkway, provide good north-south links. In addition, the Berkshire section of the Thruway (Interstate-90) provides a link with the New England states.

Perhaps just as significantly, Hudson has commuter and regional train lines. While railroads are clearly an underutilized resource at this time, train travel could be an important asset for Hudson in the future.

The map below shows Hudson's location with respect to the northern New England region.

**Hudson: Regional Location**




In the past, downtown Hudson's competition came from other urbanized shopping concentrations in the region. While these traditional shopping areas still provide some competition, it is the shopping centers located in and around these communities which currently provide the most direct competition. The survey undertaken as part of this study indicate that mall in the Albany area (Cross Gate, Colonie) and the combination of strip centers along Fairview Avenue present the most competition for the downtown today.

In defining trade areas, it is important to keep in mind the scale of the retail center. When combined, Hudson's retail and service space are equivalent to a typical sized community shopping center. While this is certainly a significant shopping presence, it does not compare with some of the major malls in the region, several of which exceed one million square feet of sales area.

Based on these factors, four potential trade areas have been defined for the downtown. They are:

*Downtown/Walking Market* - the urbanized area including and immediately surrounding Warren Street and the waterfront—the City of Hudson. This is a densely populated area with a current population of just under 8,000 persons, most of whom live within walking distance of downtown stores.

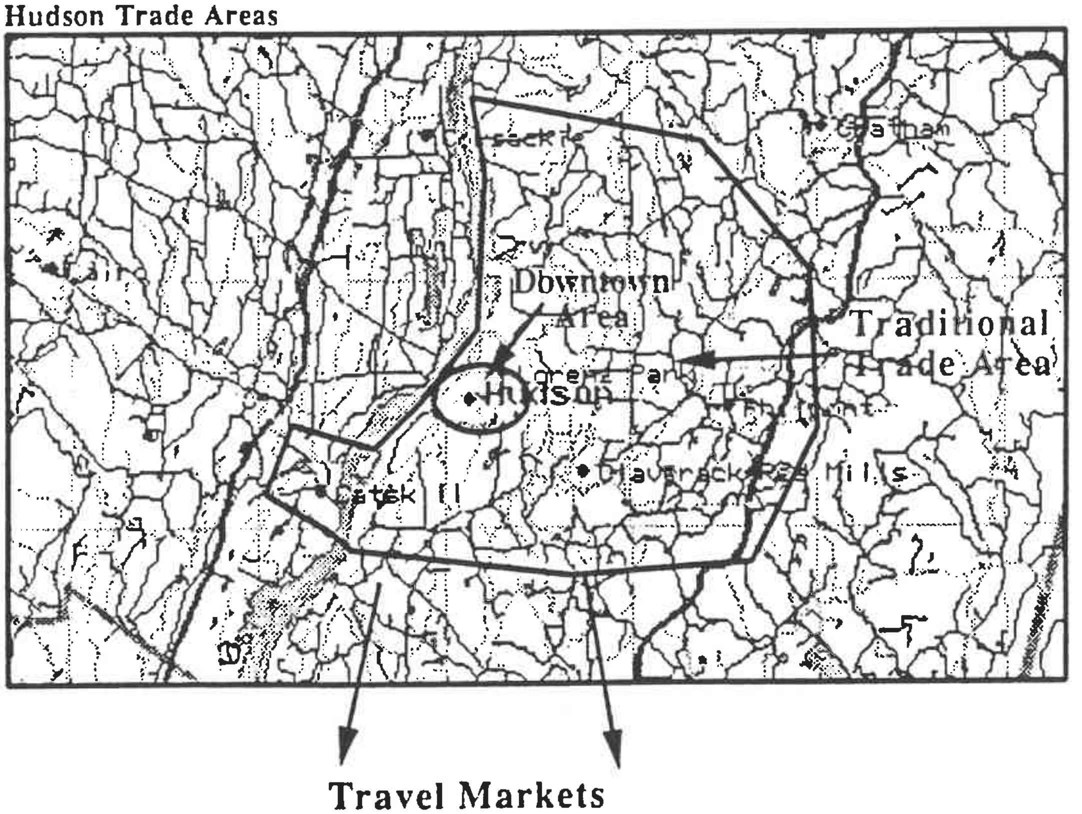
*Employee Market* - Hudson remains an important employment center in the region. Hudson's employers, which consist of businesses, industries, government and several institutions, create a substantial concentration of potential customers during working hours.

*Traditional Market* - Warren Street retains some hold on the traditional market area surrounding the city. While this geographic extent of this market has decreased in response to competition, the market remains important to basic retailing. The market has been defined as a semi-circle with a radius of ten miles centered on Hudson, including all of Hudson and all or parts of Greenport, Stockport, Claverack, Livingston, Germantown, Taghkanic, Ghent, Kinderhook and Stuyvesant. The semi-circle is bounded on the west by the Hudson River, with the exception of the Town of Catskill, which has been included. The current population of this market is about 30,750 persons.

*Travel Markets* - a brief visit to Hudson makes it clear that travelers-weekenders-second home owners play an important role in the retail market. With a location in easy range of the New York metro area, Columbia County is an easy day or weekend trip objective. While not a regional destination, it is apparent that the county is well positioned to tap into the travel market. While the travel market potentially extends throughout the U.S. and Canada (as well as internationally) it is apparent that it principally consists of persons from metropolitan areas through the northeast and mid-Atlantic states.

The following map delineates the Walking, Traditional and Travel Trade areas. The Employment trade area is similar to the Walking market in geographic extent, including employers throughout the City of Hudson.

Hudson Trade Areas



# The Downtown Today

An assessment of downtown's potential future market requires a careful review of what is already there. Specifically, it's important to complete a thorough inventory of current downtown uses—with a focus on commercial businesses. In addition to providing an information base upon which to estimate current sales levels and assess business activity, a land use inventory provides a good basis for comparison—How does Hudson's downtown compare with its competitors? Just as importantly, the inventory of uses provides a base upon which to move forward with recommendations. Successful downtowns use current successes to move forward toward new ones. As such, it is important to fully understand the retail markets in which the downtown already has some success, and to identify those in which the downtown has no presence.

The inventory of commercial space covers the Warren street and waterfront study area, which include the great majority of Hudson's commercial space. The inventory was completed using a partial, computer data-base prepared by the Hudson Vision Plan and completed with a variety of information, including; a thorough field review of downtown buildings, data and mapping from the assessor's office and interviews with and data from building and business owners.[2]

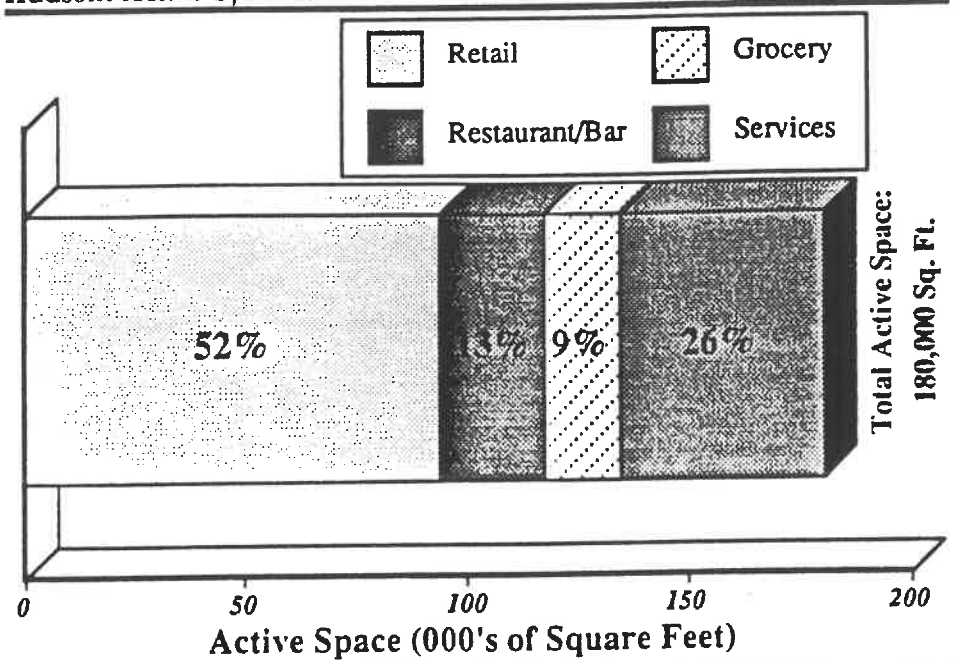
### Floor Space Inventory

The graphic below breaks down *active* study area space into four categories: Retail; Restaurant/Bar; Grocery, and; Services.

---

2 The Vision Plan data-base contains building addresses, broad use categorizations, building owner and business owner addresses, and other miscellaneous data. Mr. Kritzman, Hudson's assessor, was also able to provide key background data. It should be noted that building uses undergo constant change.

**Hudson: Active Space Use Breakdown**




Field work identified a total of about 180,000 square feet of active commercial space in the study area.[3] Just over half this space (about 90,000 square feet) is devoted to retail stores, about 22 percent is devoted to restaurant/bar and grocery space, and roughly 47,000 square feet is devoted to services space. Office space and residential units also account for a substantial amount of downtown space.

## *Use Change Potential*

In most downtowns, there is a hierarchy of uses, with uses at the high end claiming the best locations and paying the most rent. While the hierarchy may vary, these uses are typically from high to low: Retail–Services–Office–Residential–Warehouse/Storage. In a highly successful downtown, retail uses have typically claimed all ground floor space and may actually have moved into some upper stories. At the other extreme, a downtown with little market success may see apartments claiming former ground-floor storefronts.

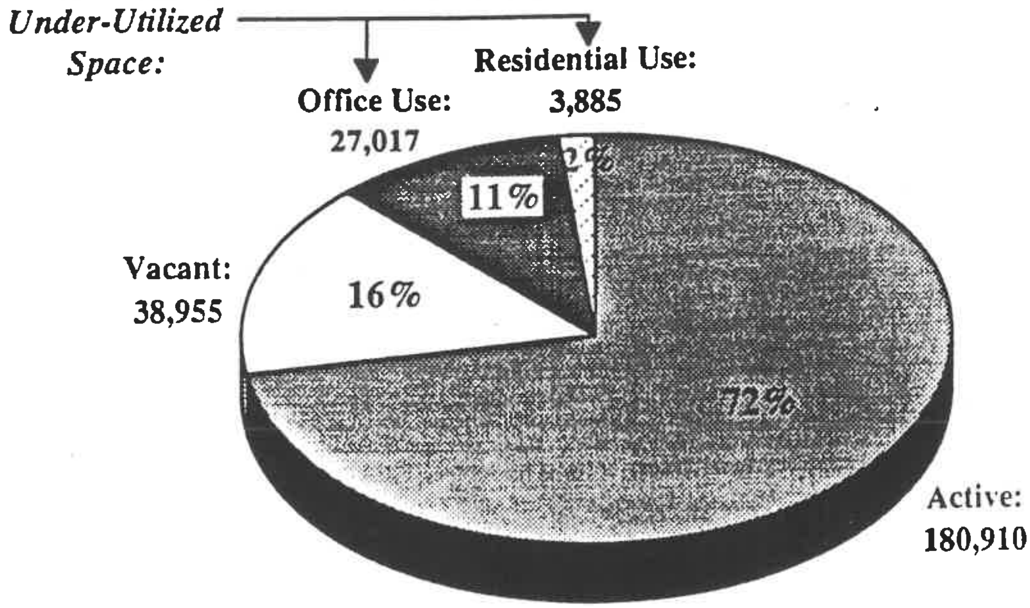
Future development potentials will depend on either new building space or the availability of existing building space. The graphic below breaks down *all* of the commercial space in the study area, including active space, space which could potentially contain a commercial use *and* space which currently contains a lower end use (residential or office) but which is clearly better suited for a retail or service use. These are referred to as 'under-utilized' spaces.[4]

---

3 Total does not include office space except that open to regular public usage, such as medical offices.

4 For currently vacant uses, potential use categorization was determined based on location and appearance—a first floor space with large display windows would be categorized for retail-service use.

## Hudson: Active, Vacant and Under-Utilized Space




Currently, there are almost 39,000 square feet of vacant space in the downtown, accounting for 16 percent of downtown's floor space. An additional 31,000 square feet of space is currently under-utilized—either in office or residential use. If demand were sufficient, this space could be converted to retail or service uses. In total then, the study area contains about 70,000 square feet of space which has the potential to be converted to retail/service space. If this occurred, Hudson would offer a shopping area totaling 250,0000 square feet of space—-without any new building development.

With this additional space available, there is substantial potential for the downtown's commercial sector to grow. This would argue against selecting out any particular kind of store, or assuming that one sector is "pushing out" another. There is more than adequate space available for a broad variety of retail and service uses.

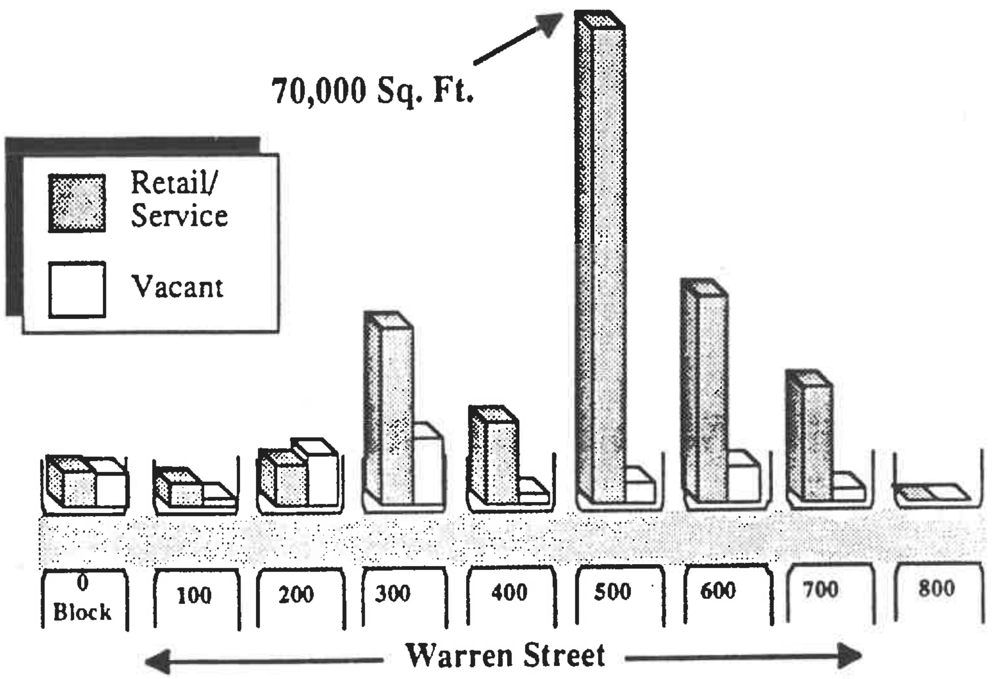
---

Obvious mis-uses—a residential apartment occupying a storefront commercial space—were placed in the 'under-utilized' categories.

## *Commercial Space Distribution*

Active and vacant commercial space is not evenly distributed along Warren Street and the waterfront. Even a casual observer will note that Warren Street's shopping focus is currently on the 500 and 600 blocks—although commercial activity occurs up and down the street. The following graphic shows the current distribution of active and vacant commercial space along Warren Street, in terms of square feet of space.

Warren Street: Active and Vacant Commercial Space Distribution




Although the activity center remains the 500 and 600 blocks, commercial activity occurs from the 0 block to the 700 block. Contacts indicate that the 'hot spots' during the next couple of years could be the 300 and 400 blocks—and the 0 block if waterfront redevelopment gets going.

## *Space Categorization and Scale*

Downtown or shopping center retail/service space can typically be placed in one of three major categories: Convenience Retail; Shoppers Retail and; Services. These are briefly defined below:

*Convenience Retail* - retail businesses which serve everyday needs, such as grocery stores, convenience stores, eating/drinking places, drug stores or hardware stores. Typically, consumers don't comparison shop for these items. As such, these stores don't necessarily need to be part of grouping of stores.

*Shoppers Retail* - retail businesses which serve comparison shopping needs. Typically these are items which consumers will 'shop around' for, visiting several stores and comparing several similar items before making a purchase. This includes; department stores, specialty foods, apparel, furniture and specialty stores.. Clustering is often important for these stores as shoppers like to make comparisons.

*Services* - businesses which offer services to shoppers such as beauty shops/barber shops, banks, recreational facilities, etc.

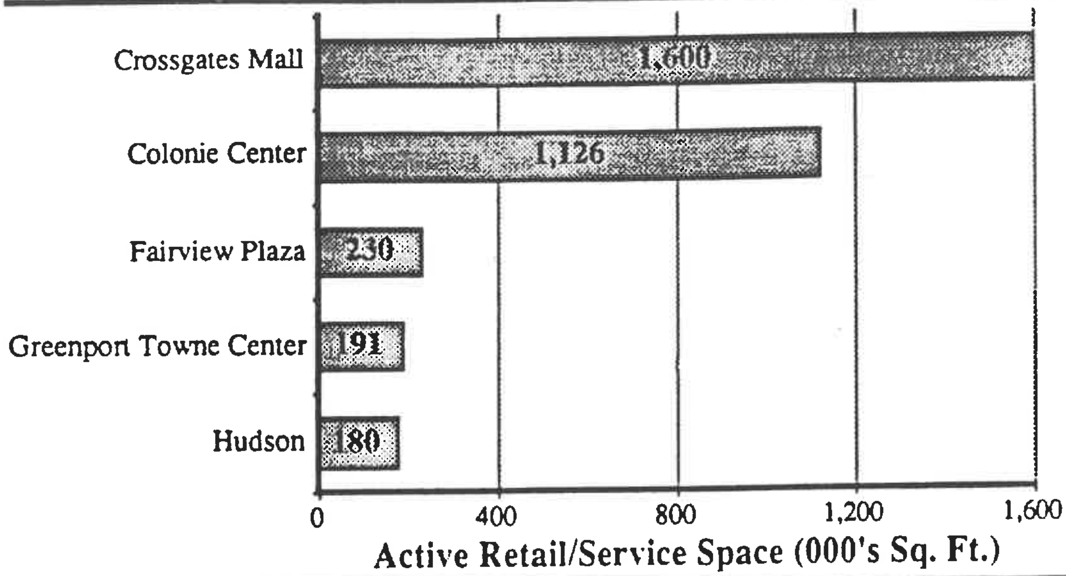
In order to fully serve a community's full range of commercial needs, a downtown or shopping center needs to offer all three types of space. Further, there needs to be enough space devoted to each to offer the consumer some choices. The following table shows the absolute and percentage breakdowns of the three types of space, among *active* space in the study area.

**Hudson: Active Space: Shoppers, Convenience & Services**

| | *Active Space* | *% of Total* |
|---|---|---|
| Shoppers Retail | 81,531 | 45% |
| Convenience Retail | 49,689 | 27% |
| Services | 49,689 | 27% |
| **Total** | 180.910 | |

The 180,000 plus square feet of active shoppers, convenience and service space in Hudson makes it an average sized shopping center when compared with other commercial concentrations in the region. The graphic below compares the total square footage in downtown with several other major shopping centers in the region.

**Commercial Space Comparison: Hudson and Regional Shopping Centers**



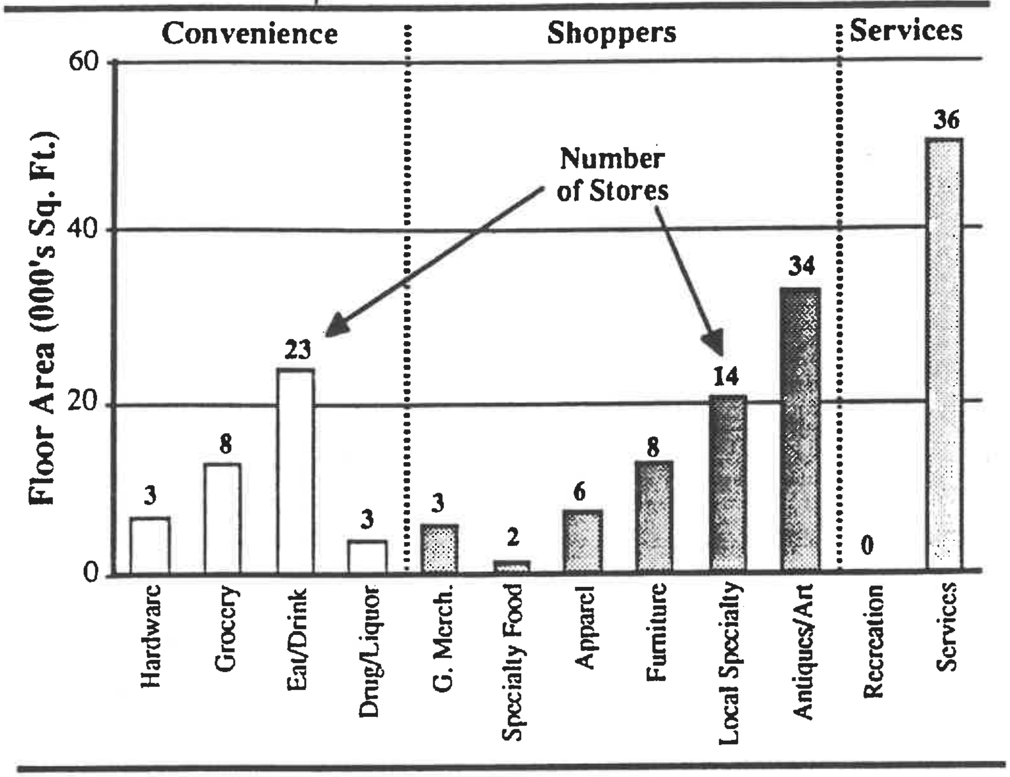

Sources: National Research Bureau and Field Surveys

When compared with major malls in the region, Hudson concentration of active retail/service space is relatively small.

## *Retail/Service Breakdown*

A more detailed review of Hudson's retail/service space provides clearer view of what is, and what is not available. The graphic below breaks down the study area's retail/service space by category, both in terms of square feet of floor space, and number of businesses in each category. In addition, note that businesses have been categorized into the convenience, shoppers and service groupings.

**Hudson : Commercial Space Distribution**




Note: G. Merch. = General Merchandise

The number of stores or floor area which constitutes 'critical mass' varies by category—while two or three drug stores may be more than adequate to serve shoppers' needs, it could take 10 to 15 specialty clothing stores to draw shoppers to a shopping center. A quick review of the data indicates that Hudson may lack 'critical mass' in a number of commercial categories. In a number of instances, the lack of space in a particular category is covered by stores on Fairview Avenue. It is apparent that there are few categories in which downtown has a sufficient number of stores or floor space to serve as a viable attraction to area shoppers. In particular, note that there are relatively few stores in the 'shoppers' categories—General Merchandise, Specialty Foods, Apparel, Furniture and Local Specialty. The only shoppers category which is well represented—and clearly has critical mass—is Antiques/Art. Shoppers stores oriented toward local markets are clearly on the edge—near or past the point where their size and diversity is sufficient to draw in customers. In addition, the lack of a recreational business (Movie Theater, Bowling, etc.) in Hudson is an obvious deficiency. Recreational uses draw people into downtown areas and induce retail spending.

## *Summary*

- Hudson has sufficient commercial building space to make it a real attraction for shoppers—assuming the stores and services meet their needs.

- There is substantial, *existing* potential for additional retail and service development in Hudson—without any new building construction. 70,000 square feet of potential retail/service space is either vacant or in office and residential use. There is little reason for concern that any retail category will 'crowd-out' another.

- Hudson's commercial sector includes entries in most significant retail sectors, with the obvious exception of 'big-box' and major discount retailing.

- There is a real concern that the amount of space and variety of retailing in the shoppers category is insufficient to continue to draw in shoppers.

# Economic Conditions

Trends in the economy have an obvious impact on retail markets—employment and wages are the base upon which consumers can make expenditures. As employment and wages increase, consumers have more resources with which to make expenditures. This is particularly true for shopper goods—purchases which may often be completed with discretionary income. Local/regional employment and wage trends have evident implications for the employment, downtown and traditional trade areas. To the extent that the regional economic direction reflects national trends, they also have implications for the travel market.

## Employment and Wages

The following table compares labor force, employment and unemployment trends in Columbia County and New York State.

Labor Force, Employment & Unemployment: Columbia County, New York

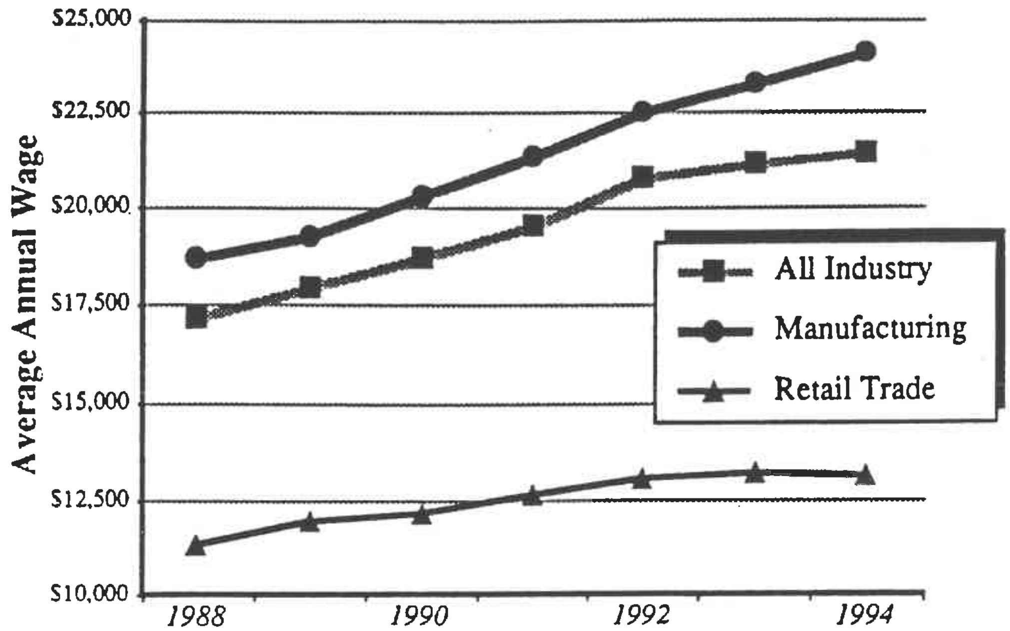
| | *Columbia County* | | | *New York State (Values in 000's)* | | |
|---|---|---|---|---|---|---|
| | *Labor Force* | *Employment* | *Unemployment Rate* | *Labor Force* | *Employment* | *Unemployment Rate* |
| 1988 | 30,300 | 29,400 | 3.0% | 8,526 | 8,168 | 4.2% |
| 1989 | 30,000 | 28,800 | 4.0% | 8,681 | 8,238 | 5.1% |
| 1990 | 31,500 | 30,500 | 3.2% | 8,827 | 8,368 | 5.2% |
| 1991 | 31,300 | 29,500 | 5.8% | 8,723 | 8,097 | 7.2% |
| 1992 | 31,200 | 29,300 | 6.1% | 8,645 | 7,911 | 8.5% |
| 1993 | 32,700 | 31,000 | 5.2% | 8,632 | 7,969 | 7.7% |
| 1994 | 32,700 | 31,100 | 4.9% | 8,571 | 7,978 | 6.9% |
| 1995* | 32,860 | 31,380 | 4.5% | 8,534 | 8,084 | 5.3% |
| % Change 1991-'95 | +5.0% | +6.4% | | -2.2% | -0.2% | |

Source: New York Department of Labor, Research & Statistics

While the impact of the recent recession was painful for Columbia County, there has been constant improvement since unemployment reached 6.1 percent in 1992. Not only has the unemployment rate decreased, but the labor force and employment have increased. The county has generally done better than the state. Most significantly, employment has shown a strong positive trend since 1991, easily outdistancing the economic performance of the state as a whole.

Wages are also a good indicator of broad trends. The following graphic shows trends in annual average wages for Columbia County in All Industries, as well as in Manufacturing and Retail Trade alone.

**Average Annual Wage Trends: All Industries, Manufacturing, Retail Trade: Columbia County**




| % Increase 1988 - 1994 | |
|---|---|
| All Industries | 24.9% |
| Manufacturing | 29.2% |
| Retail Trade | 15.7% |

Source: New York Department of Labor, Research & Statistics

Generally, county-wide wage levels have improved over the past few years, even during the recent recession. However, when inflation is taken into account, these increases are less impressive. The overall increase in wages of 24.9 percent between 1988 and 1994 was slightly below the inflation rate of 25.3 percent during the same time period. As in almost any market, wages in Retail Trade are well below the average. This reflects low hourly wage rates and a great deal of part-time employment. However, it is clear that Retail Trade wages have not come close to matching the rate of inflation.

The following are several additional points to keep in mind regarding the area economy:

- As noted in a recent publication regarding Columbia County, "Economic self-sufficiency has yet to be achieved, however, inasmuch as a third of the workforce commutes outside the county.[5] Major destinations of Columbia County workers include Albany to the north (11

5 From: *Columbia County Chamber of Commerce Membership Directory, Demographics*, The Columbia County Chamber of Commerce, 1995.

percent of employed residents), and Dutchess County to the south (7 percent of employed residents).[6]

- County-wide, the most significant sources of employment are Services, Government and Retail Trade. In 1990, these industries accounted for 24.0, 20.9 and 19.6 percent of total employment, respectively.[7] During the past twenty years, the most significant change in the distribution of employment by industry has been a significant increase in government employment. A number of contacts point out the importance of county employees to the Hudson economy.

- As noted in a recent report, "Four of the ten largest employers in the County are located in Hudson. Kaz, Inc., which manufactures humidifiers, vaporizers and heating pads, is the county' largest business and employs 292 individuals. L&B Products Corporation, maker of restaurant furniture employs 210 people; Emsig, the world's leading button manufacturer, employs 200, and W.B. McGuire Co., Inc. which produces loading dock equipment, employs 130...The other six largest manufacturers in the county are: Columbia Corporation (Chatham); Crellin International, Inc. (Chatham); Kimberly-Clark (Ancram); COARC (Mellenville); McKechnie Packaging (Philmont); and Ceramaseal Inc. (New Lebanon).[8]

## Trends

Discussions with local contacts indicate that most feel the Hudson and Columbia County area to be in a period of relative stability. The recession hit the area hard and appears to have had a lasting effect. There is a strong relationship between consumer confidence and retail purchases. Even in a situation where basic statistical indicators are positive—as they are for Columbia County—media reports of isolated layoffs can reduce confidence, and make households less likely to make consumer purchases. During the 1988 to 1992 period, this concern was real as there were net employment losses in the area. Reports of a poor economy made people uncomfortable about making purchases of any kind. Over the long run however, consumer markets respond to basic employment trends—if employment increases, shoppers will once again enter the stores.

## Summary

Generally, contacts indicate that there are three keys to the Hudson area economy:

6 Columbia Economic Development Corporation.

7 Source: New York State Department of Economic Development, Division of Policy and Research.

8 From: *The Hudson Opera House: Flagship for the Community, A Planning Document*, Submitted by Ann McIntosh & Associates, Inc., January, 1995, p. 3.

- Health Care Industry - employment at the hospital and related medical offices, nursing homes and other health care providers is not only a major element of the area economy, put an essential for Hudson's downtown—many of these workers are customers for Hudson's stores.

- Government Employment - between county and state employees, government workers are a substantial element of the local workforce. Cutbacks or expansion in this workforce clearly effects the region. Government cut-backs would be a concern.

- Manufacturing - in contrast with many other regions, manufacturing has done well during the past few years. Manufacturing jobs typically provide above average level wages, and a solid economic base for any community.

## The Survey

A market study should incorporate input from persons not involved in focused interviews or otherwise directly involved in the project. Specifically, it is important to gather data from shoppers and persons who work in the study area. To that end, a survey instrument was prepared and distributed with the assistance of the Columbia Hudson Partnership and area businesses and employers. The survey instrument (See Report Appendix) was designed to incorporate short answers regarding the downtown market, assets, deficiencies and improvement needs. Survey distribution was handled in four ways[9]:

1 Surveys were distributed to several of Hudson's major employers who, in turn, distributed them to all of their employees.

2 Surveys were distributed to county employees working in and around Hudson.

3 Multiple copies of the survey were dropped off at a number of downtown stores/services and public places—along with 'drop-off' boxes—to be made available to shoppers.

4 Additional copies were made available by the Columbia Hudson Partnership to interested groups or individuals.

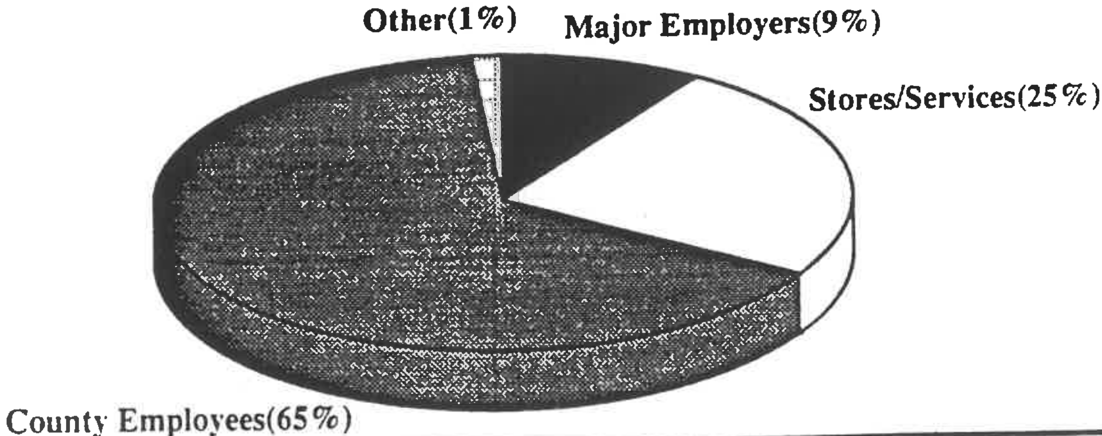
Overall, the response to the survey was good.[10] With almost 270 surveys returned, the effort returned a substantial amount of background data regarding how downtown is currently used and perceived, who is the competition, and what improvements people would like to see. Survey results are summarized below:

- Overall, 268 surveys were returned. Response breakdown among the major four groups is graphically presented below.

9 Individual survey forms were coded to indicate the source of each returned survey.

10 It should be noted that the survey was available to anyone who wanted to complete one. Thus the results do not represent a pure statistical sample of the population. Nevertheless, survey results are valuable as they shed light on respondents' uses and opinions regarding the downtown.

**Survey Response: By Source**




Combined, shoppers who picked up surveys at stores around the downtown and county workers accounted for 90 percent of the returned surveys. As such, the returns reflect the views of people who shop and particularly those who work in Hudson. 77 percent of the survey respondents work in Hudson.

- 71 percent of the survey respondents were female, while 29 percent were male. This clearly does not reflect the gender distribution in the area.[11] However, it is apparent that females continue to bear the burden of most household shopping—as such, the survey response comes from those with the most direct shopping experience.

The median age of survey respondents was 43.0 years. This compares to 36.6 years for *all* residents of the traditional market area and 45.1 years for all adult residents of the traditional market area.

The average household size of surveys respondents was 2.75 persons. This compares to 2.52 persons for all households in the traditional market area.

Although most survey respondents did not supply specifics regarding total household income (respondents were given the option of indicating their household income range), the returns indicate that the average household income of survey respondents was in the area of $47,700. This compares to a median income level of $29,820 for the traditional market area, and $17,102 for the walking trade area alone.

Overall, surveys were returned by a range of persons. However, it is likely that survey respondents were more likely to be part of a traditional households (larger household size) and of significantly higher than average income for the trade area. Low income residents were not well represented in the survey.

11 51 percent of the traditional trade area's residents are females.

- Predictably, the great majority of the survey responses were from residents of Hudson and the immediately surrounding communities, as shown in the following table:

**Survey Response: Respondents' Residence**

| *Respondent Town (Zip Code)* | Number of Responses | % of All Respondents |
|---|---|---|
| Hudson (12534) | 123 | 47% |
| Germantown/Clermont (12526) | 17 | 7% |
| Claverack (12513) | 15 | 6% |
| Kinderhook (12106) | 11 | 4% |
| Philmont (12565) | 10 | 4% |
| Ghent (12075) | 10 | 4% |
| Valatie/Chatham Ctr. (12184) | 9 | 3% |
| Stuyvesant (12173) | 7 | 3% |
| Catskill (12414) | 5 | 2% |
| Livingston (12541) | 5 | 2% |
| Ancram/Taghkanic (12502) | 5 | 2% |
| Craryville (12521) | 5 | 2% |
| | 222 | 85% |

- Most survey respondents visit downtown Hudson on a regular basis, as shown in the following table:

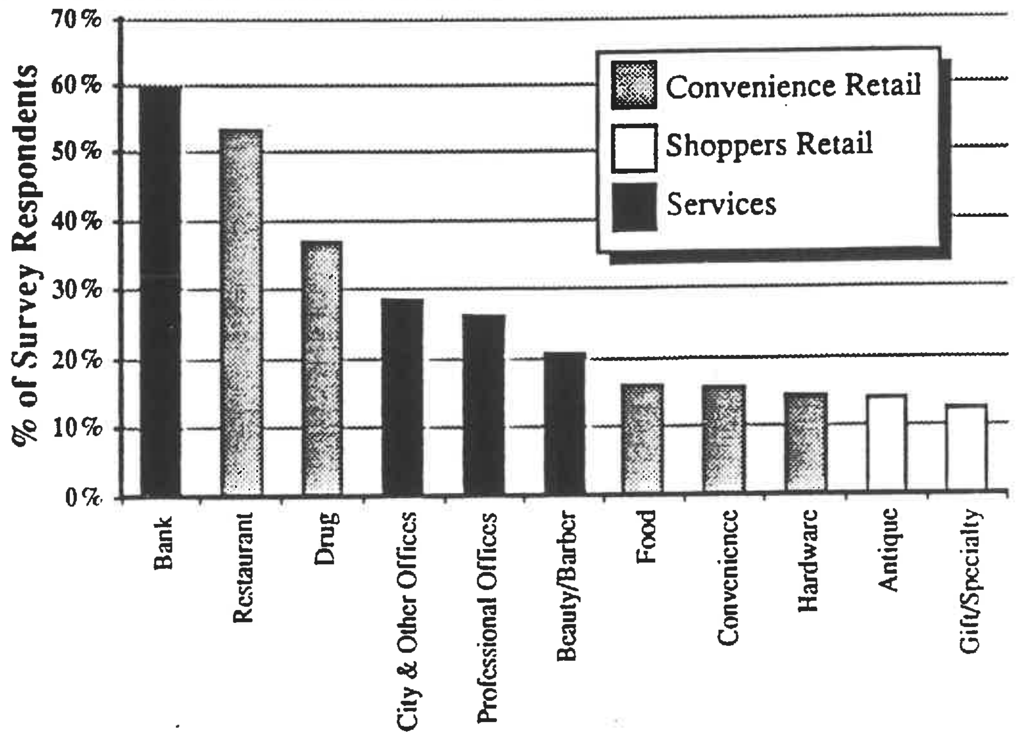
**Survey Response: Frequency of Visits to Downtown**

| *Frequency of Visit* | *Number of Responses* | *% of Total* |
|---|---|---|
| • Less Than Once Per Week | 71 | 28% |
| • Once a Week | 19 | 7% |
| • 2 - 3 Times a Week | 50 | 19% |
| • 4 or More Times a Week | 118 | 46% |
| | 258 | |

- The vast majority of respondents indicated that their trips to downtown typically originate either at work or home.

- Respondents were asked to indicate what businesses or other locations they typically visit on trips to downtown. The following graphic shows the locations most frequently noted by respondents. Note that the places they visit have been broken down into the major categories of: Convenience Retail, Shoppers Retail and Services.

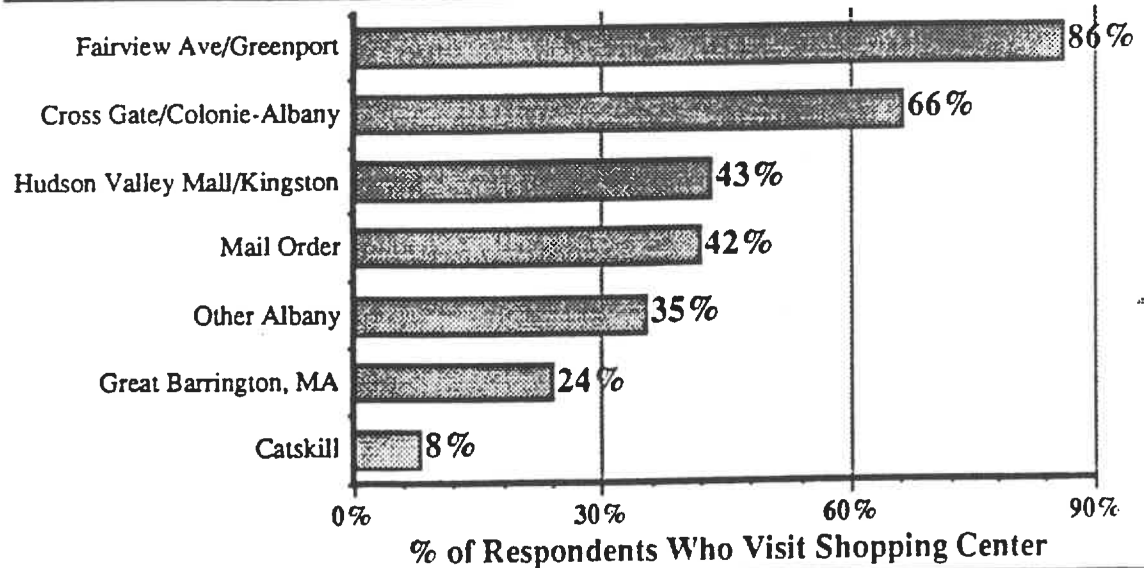
**Survey Response: Where Visitors Go in Downtown**




Downtown Hudson is used primarily for Services and Convenience Retail. Only two Shoppers Retail uses—Antiques and Gifts/Specialty Shops—were a typical place to visit of more than ten percent of survey respondents. Only eight percent indicated that they visit downtown clothing stores on a regular basis.

- A number of regional shopping concentrations present competition to the downtown. Virtually all respondents indicated that they shop somewhere other than the downtown—most indicated two or more locations or sources of goods other than downtown. The percentage of respondents who indicated that they regularly visit the listed shopping centers is shown in the graphic below. Again, note that many respondents indicated more than one location.

**Survey Response: Where They Shop**




**Notes:** Percentage figures represent percentage of survey respondents who indicated that they visit (or use) a particular location.

86 percent of all respondents indicated that they shop on Fairview Avenue, while 66 percent indicated that they travel to the Cross Gate or Colonie malls in the Albany area, which is about 30 miles from Hudson. Similarly, 43 percent of the respondents are willing to drive 25 miles to the south to Kingston's shopping offerings. Significantly, 42 percent use mail order as alternative to shopping in stores.

- The Price Chopper and Shop Rite in Greenport are the most popular food shopping locations, attracting 40 percent and 38 percent of survey respondents respectively. No other grocery stores were listed by more than five percent of the respondents.

- Survey respondents offered a wide variety of recommendations for new stores, services and businesses in the downtown. The following table lists the recommendations mentioned by five percent or more of all respondents.

**Survey Response: Suggested New Stores**

| *Store Type* | *Number of Mentions* | *% of Total* |
|---|---|---|
| Clothing | 99 | 37% |
| Shoe Store | 41 | 15% |
| Department Store | 26 | 10% |
| Restaurant | 20 | 7% |
| Supermarket/Grocery | 20 | 7% |
| Bakery/Coffee Shop | 19 | 7% |
| Gift Shop | 19 | 7% |
| Bookstore | 12 | 5% |

For many respondents, a traditional downtown with clothing, shoe and department stores is preferred. In addition, it is apparent that respondents would like more diverse restaurants and to be able to do grocery shopping downtown.

- Based on the variety and thoughtfulness of comments, survey respondents have given a great deal of thought to what measures could improve the downtown. Among the major themes which emerged are: Changing store hours to meet working peoples' needs; Creating tax incentives for attracting new business; Opening up the waterfront for public access; Increasing the number of downtown festivals and activities; Creating more positive activities for teenagers; Developing increased community 'spirit' involving a number of cooperative projects.

While there were a number of positive recommendations, it is apparent that many respondents are concerned with the 'social problem,' which they define as including crime, drugs, prostitution and unruly people on the street. In addition, there is a great deal of concern with garbage collection and absentee landlords.

# Analysis

## Trade Area Demographics

Consumer expenditures are guided by basic demographic factors. Gender, age, income, household type and ethnicity all factor into buying patterns. A basic knowledge of these factors in any trade area is enormously helpful in estimating its buying power. Further, a projection of demographic trends is instrumental in estimating potential, future buying power. Demographic trends will have a significant effect on retailing in the coming years. For instance: Nationwide by 2010, the number of persons in the prime home buying and furnishing years aged 25 to 34 will fall by about 6 million from 1995. At the same time, the population in the peak-earning but slower-consuming, middle-aged years of 45 to 54 will rise by nearly 41 million.[12]

The four trade areas are discussed below in terms of major demographic factors:

### Downtown/Walking Trade Area

The City of Hudson covers an area of about 2.2 square miles. However, the *populated* area is smaller (about 1.0 square mile) and is densely populated in comparison with other communities in the area. This is significant. As recently noted in the Wall Street Journal, "Population density is what retailers love most—bodies with disposable income crammed in the smallest possible area." The current population density of about 8,000 persons per square mile in the downtown market compares to about 180 persons per square mile in the entire *traditional* trade area. The following points summarize major demographic factors in this trade area:

- Hudson's population remained essentially stable during the 1980's, with a small increase from 7,986 in 1980 to 8,034 persons in 1990. This contrasts with many downtown areas, which lost population. More recent data indicates that Hudson may have lost a small amount of population since 1990. Overall, it is reasonable to estimate that this market has about 8,000 persons.

- In contrast with the region, Hudson's population has a significant racial diversity. 1990 Census data indicated that about 22 percent (1,739 Persons) of the population was black.

- In 1990, there were 3,163 households in the area, with a small average size of 2.29 persons. The relatively small average size reflects a significant number of persons living alone—reflective of a significant elderly population.

  1,060 (33.5 Percent) of the area's households own their homes, while the remaining 66.5 percent (2,103 households) are renters. In comparison, 65 percent of all U.S. households own

12 From: *Reinventing Real Estate*, Urban Land Institute, 1995.

their homes. In addition, note that 34 percent (1,072 households) of downtown's households *do not* have access to a motor vehicle. This compares to only 11.5 percent in the U.S.[13]

- The age distribution of downtown residents is compared with the distribution for Columbia County and the U.S. in the following table.

**Age Distribution Comparison: Downtown, Columbia County, U.S.**

| | | Age Range | | | | |
|---|---|---|---|---|---|---|
| | | *0-17* | *18-44* | *45-64* | *65+* | *Totals* |
| Downtown | • Persons | 1,888 | 3,219 | 1,362 | 1,565 | 8,034 |
| | • % of Total | 23.5% | 40.1% | 17.0% | 19.5% | |
| Columbia Cty. | • Persons | 15,342 | 23,694 | 12,911 | 10,266 | 62,982 |
| | • % of Total | 24.4% | 37.6% | 20.5% | 16.3% | |
| U.S. | • Persons (000's) | 63,607 | 107,321 | 46,587 | 31,195 | 248,710 |
| | • % of Total | 25.6% | 43.2% | 18.7% | 12.5% | |

**Source:** U.S. Bureau of the Census (1990)

A relatively large segment of the downtown market's population consists of persons aged 65 years or more. Children aged less than 18 years account for only a slightly below average segment of the population.

- The median household income in the downtown is $17,102. This compares to a Columbia County figure of $30,528 and a U.S. figure of $30,056. The distribution of household incomes in the downtown is shown in the following table, along with a county-wide comparison.

13 Source: U.S. Bureau of the Census.

**Household Income Distribution: Downtown and Columbia County**

| | Household Income Range | | | | | |
|---|---|---|---|---|---|---|
| | $0-14,999 | $15-24,999 | $25-34,999 | $35-49,999 | $50-74,999 | $75,000+ |
| Households | 1,447 | 549 | 464 | 425 | 217 | 61 |
| • % of Total | 46% | 17% | 15% | 13% | 7% | 2% |
| Columbia Cty. | | | | | | |
| • % Distribution | 20% | 20% | 18% | 20% | 16% | 7% |

**Source:** U.S. Bureau of the Census (1990)

Almost 65 percent of the downtown's households have incomes in the lower range (less than $25,000) while just under 30 percent are in the mid-range ($25,000 to $49,999). Very few are in higher income brackets. Overall, the income profile makes it clear that the downtown market is oriented toward lower income households.

Overall, several points should be noted regarding the downtown trade area:

- The area is densely populated and is racially diverse.
- Given the proximity to the downtown commercial area and the high percentage of households without motor vehicles, this market can be viewed as a 'built-in'—many of these residents will automatically make purchases from downtown stores.
- Many residents are in upper age brackets and have low income levels. For these households, basic goods and services are most important.

## *Employee Market*

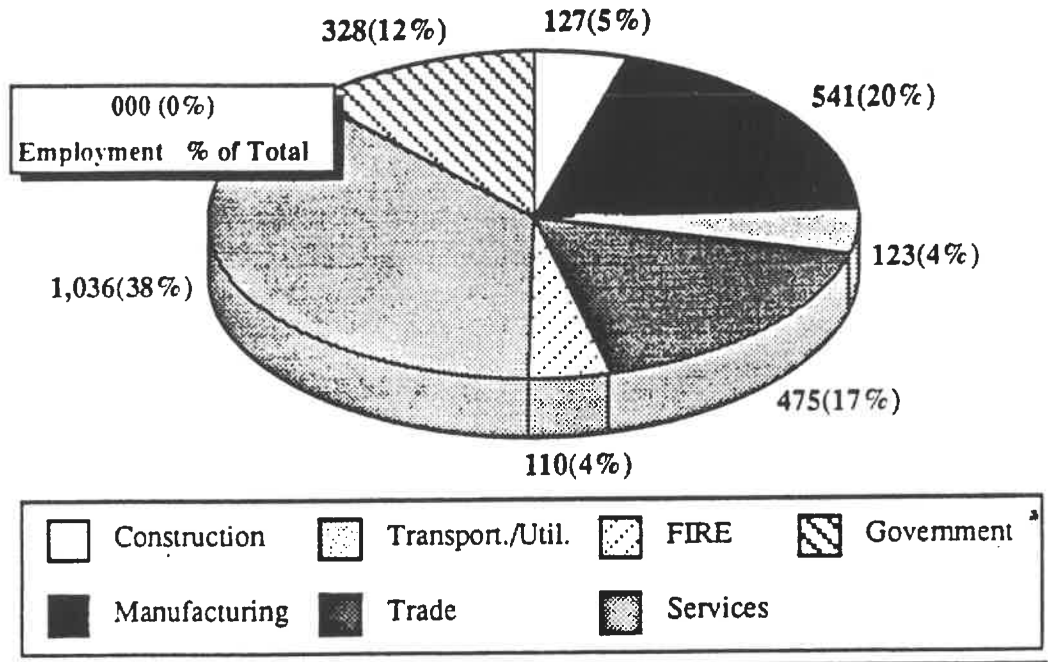
Hudson has long been an employment center, providing jobs in basic industry, as well as in commercial businesses in and around the downtown. Unlike many other communities throughout the northeast, Hudson has retained manufacturing employment, even as health services, business services and other industries have grown in importance. While a change in focus has occurred, the city remains a major source of jobs, exceeded by no other community in Columbia County. Several important points are summarized below:

- Jobs in Hudson are distributed through and around the downtown area. At the east end of the city, the Columbia Memorial Hospital (with 780 employees) and many associated health care services and health care professionals' office are the most evident sources of jobs. In the Front Street and waterfront area, several manufacturers create a substantial employment base. Commercial businesses, financial institutions, offices and other employers also generate a substantial number of jobs along the full length of Warren Street. Given this distribution of employment, a substantial segment of workers commuting to Hudson must drive through the downtown area.

- Unfortunately, the New York State Department of Labor does not provide employment statistics for smaller cities such as Hudson. However, it is certainly reasonable to estimate that between 6,000 and 9,000 persons are employed in the city.

- The following graphic shows the breakdown of employed Hudson residents, by industry grouping:[14]

**Employed Hudson Residents: Breakdown by Industry of Employment**




Note: FIRE - Finance, Insurance, Real Estate

- Four of Columbia County ten largest manufacturing employers are located in Hudson, including Kaz, Inc., L&B Products Corporation, Emsig, and W.B. McGuire, Co. Countering a regional trend Columbia County manufacturing employment and wages have been increasing in recent years.

- Data drawn from the survey detailed in this report indicates that 206 of the respondents work in Hudson. Among the respondents who work in Hudson, the average household income was in the $40,000 to $45,000 range, well above the average for the downtown and traditional markets. Responses (among those who provided income information) were distributed as shown in the following table:

14 Source: U.S. Bureau of the Census, 1990 data.

**Household Income Distribution: Survey Respondents Working in Hudson**

| | Household Income Range | | | |
|---|---|---|---|---|
| | *$0-24,999* | *$25-49,999* | *$50-74,999* | *$75,000+* |
| Number Responses | 28 | 73 | 53 | 23 |
| • % of Total | 16% | 41% | 30% | 13% |

- Many of Hudson's workers do not live in the city. Of the Hudson workers who responded to the survey, 54 percent lived outside of the city. Non-local workers represent a real potential for downtown businesses—if they can convince them to spend their retail and service dollars near their place of work.

## *Traditional Trade Area*

For many downtowns, the traditional market area is *the* primary area from which it must draw its sales. As such, demographic trends are a clear indication of sales potential. The area's demographics are summarized below:

- Economic trends inevitably have an impact on an area's population. The slow growth of the economy during the past few years has been accompanied by a slow population increase.[15] The following table shows population and change, average household size, households and change for the period 1980 through 1994. In addition, projections for 1999 are shown.

**Population, Households Size and Households: Traditional Trade Area**

| | *1980* | *1990* | *1994* | *Projection 1999* |
|---|---|---|---|---|
| Population | 27,897 | 30,837 | 30,729 | 31,046 |
| • Population Change | | +2,940 | -108 | +317 |
| Avg. Household Size | 2.64 | 2.53 | 2.52 | 2.50 |
| Households | 10,271 | 11,666 | 11,694 | 11,907 |
| • Households Change | | +1,395 | +28 | +213 |

**Sources:** U.S. Bureau of the Census
Strategic Mapping

15 Population growth rates have varied within the market area. While Hudson has lost population, some of the outlying towns' populations have increased.

After experiencing a strong 10.5 percent increase during the 1980's, the traditional market area's population stabilized between 1990 and 1994. Overall stabilization has been a combination of some population loss in the City of Hudson and slow population increase in outlying communities. The 1999 projection indicates that this situation will reverse itself and that the market area will again see some small population gain. Without question, this population increase will accelerate if there is a significant improvement in the regional economy. The trade area's average household size has decreased during the period shown in the table, similar to virtually all markets in the U.S. Because household sizes have decreased, the area has shown increases in total households during every period. Decreases in average household size have slowed down. Nevertheless, they are enough to project household growth which will exceed the rate of population growth over the projection period.

- Racial diversity is far less significant in the traditional trade area than in the downtown trade area. 1994 estimates indicate that 91.3 percent of the population is white while 7.1 percent black. Hispanics account for 2.7 percent of the population.[16]

- About 69 percent of the traditional trade area's households occupy their housing unit on an ownership basis, while 31 percent rent. The percentage who are homeowners slightly exceeds the U.S. average.

- The age distribution of traditional trade area residents is compared with the distribution for the U.S. in the following table. In addition, the projected 1999 trade area distribution is shown.

Age Distribution Comparison and Projection: Traditional Trade Area and U.S.

| | | Age Range | | | | |
|---|---|---|---|---|---|---|
| | | *0-17* | *18-44* | *45-64* | *65+* | *Total* |
| ***Current Distribution*** | | | | | | |
| Traditional Area | • Persons | 7,529 | 11,616 | 6,177 | 5,439 | 30,729 |
| | • % of Total | 24.5% | 37.8% | 20.1% | 17.7% | |
| U.S. | • % of Total | 25.6% | 43.2% | 18.7% | 12.5% | |
| ***Projected Distribution*** | | | | | | |
| Traditional Area | • Persons | | | | | 31,046 |
| | • % of Total | 24.9% | 36.3% | 21.5% | 17.1% | |

**Sources:** U.S. Bureau of the Census
Strategic Mapping

16 Data from Strategic Mapping.

The traditional trade area is notable for its relatively high percentage of persons aged 65 years or more—17.7 percent in the trade area versus 12.5 percent for the entire U.S. Hudson's large elderly population is a factor in this age distribution. Interestingly, the 65 years or more population is expected to decrease as a percentage of the total over the next five years. This runs counter to trends in most markets. The 0 to 17 years and 45 to 64 years brackets will increase as a percentage of the total.

- The median household income in the traditional trade area is $29,820. This is very similar to the U.S. figure of $30,056. The current and projected 1999 distribution of household incomes in the trade area is shown in the following table.

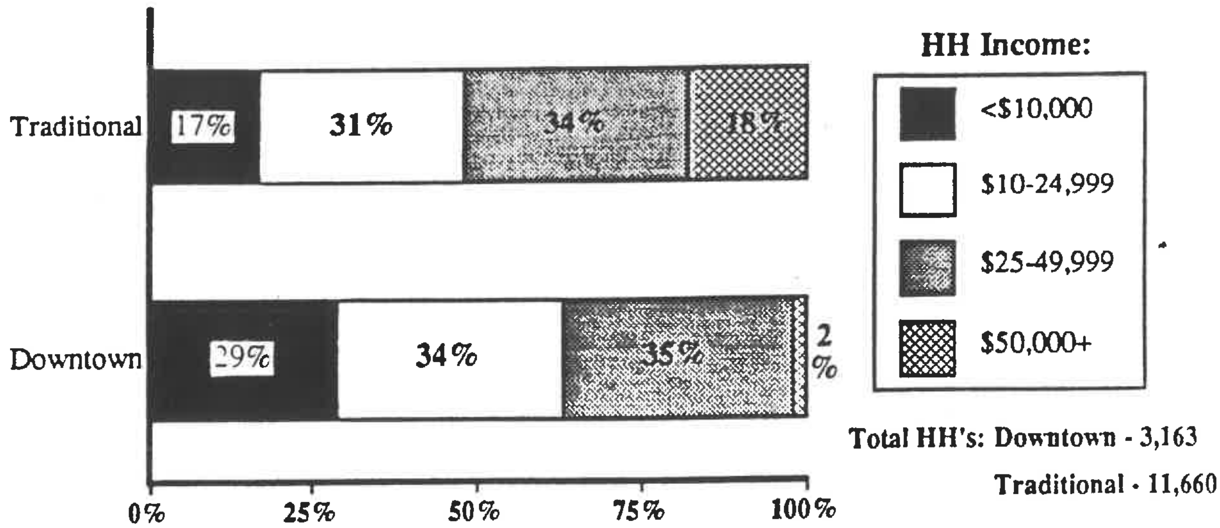
**Household Income Distribution: Traditional Trade Area**

| | Household Income Distribution | | | | | |
|---|---|---|---|---|---|---|
| | $0-14,999 | $15-24,999 | $25-34,999 | $35-49,999 | $50-74,999 | $75,000+ |
| *1994* | | | | | | |
| Households | 2,853 | 2,152 | 1,731 | 2,187 | 1,813 | 947 |
| • % of Total | 24% | 18% | 15% | 19% | 16% | 8% |
| *1999 Projection** | | | | | | |
| Households | 2,429 | 1,953 | 1,715 | 2,250 | 2,131 | 1,429 |
| • % of Total | 20% | 16% | 14% | 19% | 18% | 12% |

**Note:** * - projections do not correct for inflation.
**Source:** Strategic Mapping

42 percent of the traditional trade area's households have incomes less than $25,000, while 24 percent have incomes in excess of $50,000. Clearly, the traditional trade area has a higher income distribution than the downtown alone. The distribution of incomes in the downtown and traditional trade areas is compared in the following graphic.

Income Distribution Comparison: Downtown and Traditional Trade Areas




Sources: U.S. Bureau of the Census
Strategic Mapping

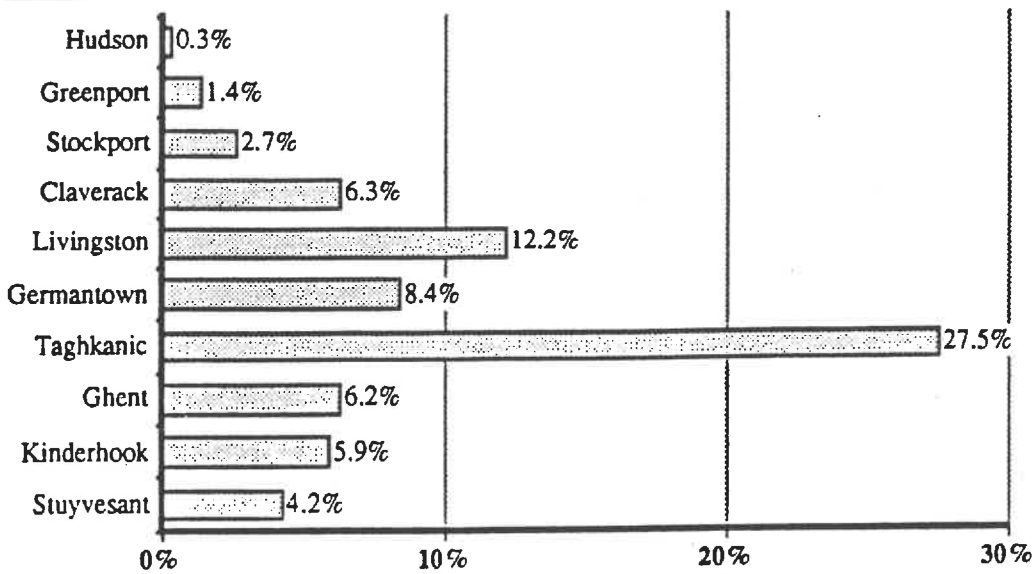
## *Travel Markets*

The growth of the travel market has been well documented in the media. Put simply, pleasure travel has become one of the nation's major industries, and an aging population is expected to put even more emphasis on travel during the coming years. Pleasure and recreational travel are particularly important—and competitive—in the northeast, where metropolitan markets provide a large base of potential travelers. Since travel activity in the region involves millions of people, it is difficult to pin down the market's demographic characteristics. However, a number of facts regarding this market are relevant to Hudson:

- Columbia County and the region have a strong built-in base of travelers and recreationalists—in the form of a large stock of second homes. In fact, data from the 1990 Census suggests that Columbia and Greene Counties combined have approximately 3,950 second homes.[17] While second homes are not a significant factor in Hudson itself, they are important in some of the other communities within the traditional trade area. The graphic below shows second homes as a percentage of total housing stock.

[17] Sources: U.S. Bureau of the Census and CACI.

**Second Homes as Percentage of Total Housing Stock:**
**Traditional Trade Area Communities**




Second homes bring a substantial number of 'effective' residents to any market—persons who live and spend in an area on a part-time basis. While the number of 'person-nights' generated by second homes is difficult to estimate with precision, it is reasonable to assume that the typical second home is occupied for about 35 percent of the year and that the average number of persons occupying the unit is three. On this basis, the 3,950 second homes in Columbia and Greene County bring about 1.5 Million 'person-nights' to the region on an annual basis.[18] This is the equivalent of an additional population of 4,000 to 4,500 persons.

The second home population is particularly significant for retailers who can identify products which are attractive to this market. Second home owners are a highly affluent group who regularly make discretionary expenditures on retail goods. Hudson's antique retailers have already shown how significant this market can be.

- There are several significant attractions in Columbia County which draw in a substantial number of persons. The table below shows estimated attendance at major county attractions in 1993.[19]

---

18 3,950 (Units) X 365 (Nights Per Year) X 0.3 (Occupancy Factor) X 3.0 (Average Persons) = 1,297,575 Person-Nights ~ Say 1.3 Million.

19 Source: Ann Cooper, Columbia County Travel Office.

**Major Columbia County Attractions: Estimated Attendance (1993)**

| | *Estimated Attendance* |
|---|---|
| Lebanon Valley Speedway | 339,786 |
| Lake Taghanic State Park | 220,980 |
| Olana | 216,227 |
| Clermount | 154,448 |
| Catamount | 99,797 |
| Taconic State Park | 99,797 |
| Other Attractions | 57,027 |
| **Total** | **1,188,063** |

In addition to the direct expenditures generated by the attractions, people traveling to and from the attractions make secondary expenditures at area businesses. The presence of an established ski facility in the county (Catamount) is significant. It is well established that the alpine skier market has a high degree of affluence. A recent survey of alpine skiers found that over 60 percent of the households that have skiing members have incomes in excess of $50,000.[20]

Not surprisingly, the majority of the persons who are drawn to these attractions live within a relatively short driving range. The following table shows the percentage distribution of these persons by origin.[21]

**Major Columbia County Attractions: Geographic Distribution of Attendants (1993)**

| | *% Distribution by Origen* |
|---|---|
| Columbia County | 16.0% |
| New York Metro Area | 8.3% |
| Capital-Saratoga Region | 15.3% |
| Other New York State Counties | 7.6% |
| Berkshire County (MA) | 26.9% |
| Other State/Country | 25.9% |

20 Sources: National Sporting Goods Association and Ski Area Management.

21 Source: Ann Cooper, Columbia County Travel Office. Several attractions not reflected in data.

- A number of contacts noted that Columbia County lacks a major lodging facility, limiting the number of travelers who can spend the night in the area, and making it difficult for the county to attract significant meeting/convention business. An inventory of lodging facilities indicates that there are 249 hotel/motel rooms and 134 bed & breakfast rooms in the county.

- The presence of a major concentration of antique retailers in Hudson makes it clear that the travel market is a vital part of the local economy. Antique dealers report that the great majority of their business is generated by non-local persons. As such, these businesses (and others that draw on travelers) represent a net export—bringing outside dollars to the local economy.

- Columbia County is not a 'name' travel destination. Nevertheless, its combination of attractions and rural 'charm' make it the kind of place that travelers from urban areas like to visit. Perhaps just as significantly, the county's multiple-mode transportation system brings a significant number of people into the area. For instance: In 1993, Amtrak reported 102,418 boarders at its Hudson station; In 1993, the Columbia County Airport reported almost 7,000 plane uses, and; 1994 traffic over the Rip Van Winkle Bridge was reported at about 2.3 million vehicles.[22]

In assessing the travel market, it is also important to keep in mind several trends:

*Trip Duration* - increasingly, travelers are replacing the traditional two week vacation with a number of short trips over the course of a year. This tends to keep travelers closer to home, and is helpful to a location like Hudson which is located within an easy driving range of the northeast's largest metropolitan market.

*Eco-Tourism* - an increasing segment of the travel market is interested in discovering more about the environment in the places they travel. At the extreme end, travelers spend their entire vacation studying/observing a particular ecology. However, for most travelers, eco-tourism might mean spending a few hours finding out about wildlife or plant species. The ecology of the Hudson River could be of interest to these people.

*Cultural Tourism* - travelers are also increasingly interested in the customs, ethnicity, industries and other unique elements of the places they visit. Hudson's unique history could serve as a real attraction to these travelers.

*Bus Tours* - the bus tour business has shown steady growth in recent years. Most observers attribute this to an aging population. Experience has shown that any attraction or community which can convince bus tour operators that bus travelers will find interesting sights or shopping can typically assure themselves of a steady flow of bus business during tourist seasons.

Clearly, the region's visitors range broadly in terms of age, income, household type and other demographics factors. However, persons who have the time and financial means to travel are

---

22 Columbia County Travel Office.

typically of above average income. Right now, Hudson is not a travel destination point—except to antique shoppers. However, its location within an easy drive of several major metro areas puts it in a good position to tap into the regional market.

# Retail Performance

An assessment of recent sales trends in retail is important for two principal reasons:

- To provide a basis to understand trends.
- To provide a comparison point with total sales potential and to assess where opportunities exist for improvement.

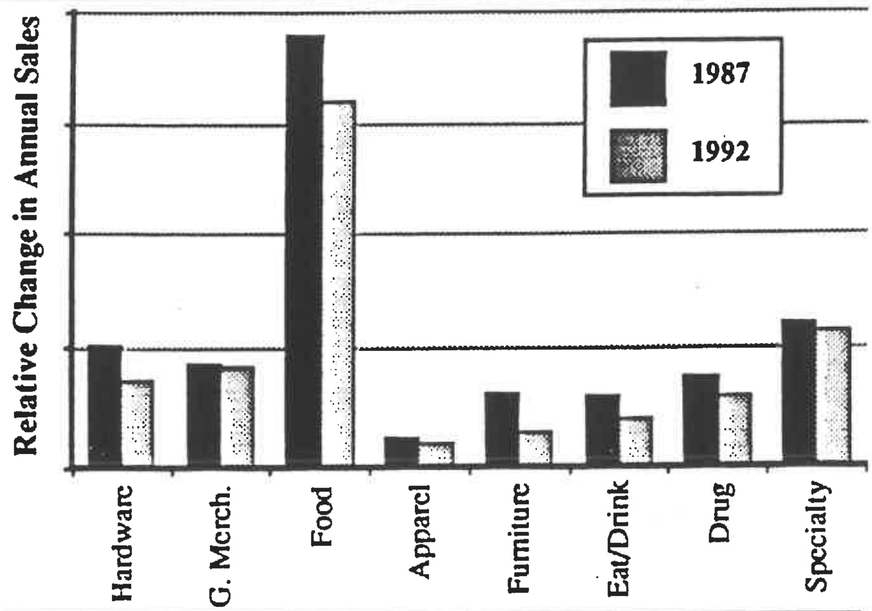
Retail sales performance has been assessed both in terms of regional comparisons and in terms of local performance.

## Citywide Retail Trends and Regional Comparison

Recent data shows that Hudson as a community has lost retail market share in recent years. This is shown in some detail below. In reviewing the data keep in mind that it includes all retail activity in the city, not just the study area. However, the study area includes the *great* majority of the retail space in the city. As noted in this report, the traditional downtown has about 181,000 square feet of *active* retail/service space, 90,000 square feet of which is classified as pure retail space. Clearly, there is additional retail space in the immediate area. For many people, shopping along Fairview Avenue in Greenport is essentially the same as shopping in Hudson.

The following graphic shows the 1987 to 1992 trend in retail sales, by category, for the City of Hudson. In each instance, total sales in each category have been adjusted to today's dollars using the Consumer Price Index (CPI). These adjustments provide a more realistic picture of actual trends in sales. Also note that not all retail categories have been included. Several retail categories—such as auto sales—are typically not found in downtowns or shopping centers and have not been included in the analysis. Finally, the *real* percentage change in sales for each category has been shown.

**Hudson Retail Sales Trends by Category: 1987 - 1992**




| Real Change in Sales Volume | -27.9% | -3.3% | -15.3% | -17.4% | -52.6% | -33.6% | -21.1% | -6.6% |
|---|---|---|---|---|---|---|---|---|

**Notes:** All values adjusted for inflation.
G. Merchandise = General Merchandise

**Sources:** Census of Retail Trade
Bureau of Labor Statistics

In real terms, retailing in Hudson has lost ground. Overall, sales in the categories shown above declined by 18.7 percent between 1987 and 1992. This included losses in all categories and dramatic declines in several, such as: Furniture (-52.6 Percent); Eating/Drinking (-33.6 Percent), and; Hardware (-27.9 Percent). In contrast, Specialty Stores (-6.6 Percent) and General Merchandise (-3.3 Percent) showed relatively small decreases.

Changes in retail sales by category for Hudson have been compared with those for all of Columbia County and New York State in the table below. Again, all values have been adjusted for inflation and the period of change is from 1987 to 1992.

## Comparative Changes in Retail Sales by Category: Hudson, Columbia County, New York

| | Real, Percentage Change in Sales: 1987 to 1992 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Hardware | G. Merch. | Food | Apparel | Furniture | Eat/Drink | Drug | Specialty | Total |
| Hudson | -27.9% | -3.3% | -15.3% | -17.4% | -52.6% | -33.6% | -21.1% | -6.6% | -18.7% |
| Columbia Cty. | -32.3% | -13.6% | -7.5% | 17.4% | -41.9% | 0.4% | 20.3% | -13.6% | -13.5% |
| New York | -10.7% | -12.8% | -6.0% | 2.9% | -8.2% | 0.3% | 21.2% | -1.9% | -3.6% |

**Notes:** All values adjusted for inflation.
G. Merchandise = General Merchandise

**Sources:** Census of Retail Trade
Bureau of Labor Statistics

Between 1987 and 1992, Hudson's retail sector experienced a more severe decline than Columbia County's as a whole and a far more serious decline that the state's retail sector. Both the county and the state managed to register real increases in several sectors—Apparel, Eating/Drinking, Drug—while Hudson's sales decreased in each category.

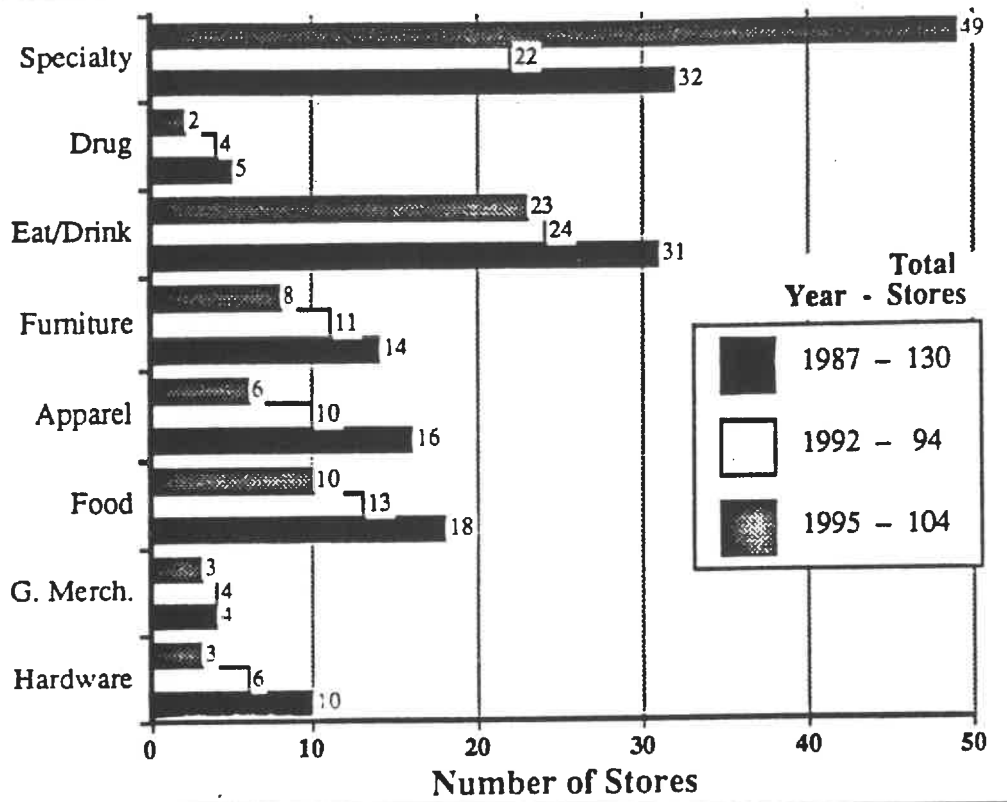
Several factors account for the general loss of retail sales, and for the relatively severe loss in Hudson alone:

- While 1987 sales occurred during a positive economic period, the northeast was just beginning to emerge from the recession in 1992.
- In Hudson, these downward trends reflect the loss of some retail stores in town (See Below). However, they are probably more directly related to the increasing strength of competition, including a number of new stores along Fairview Avenue, as well as the popularity of regional malls.

Hudson's retail sales data indicates that the town is gradually losing ground to competitors on a total sales basis. Retail vibrancy can also be assessed in terms of numbers of stores. Shoppers may be attracted to a relatively small (in terms of sales) retail concentration if there is both diversity and choice—a number of small shops with unique goods will attract shoppers from a broad area.

The graphic below tracks the number of retail stores, by category, in Hudson for the period from 1987 to 1995. Again, only those retail categories which are typically found in shopping centers or downtowns have been included. The 1987 and 1992 values are based on the Census of Retail, while the 1995 values are based on a field inventory of all stores in the study area.[23]

**Total Stores in Selected Retail Categories: Hudson**




In the selected categories, the number of stores in Hudson declined by over 25 percent between 1987 and 1982. This included decreases in every category. Between 1992 and 1995, the *total* number of stores actually increased by 10. However, the overall figure disguises the fact that decreases occurred in every category except Specialty stores. The increase in Specialty stores was undoubtedly caused by the growth in the antique retailing business. Antique stores now occupy a number of storefronts which would otherwise be vacant.

---

23 Data from U.S. Bureau of Census, *Census of Retail for 1987 and 1992*. Current (1995) values for the study area are based on field surveys performed by the project consultant. Note that some retail categories (Gas Stations, Building Supplies, Automobiles, etc.) are excluded from the data. In addition, note that the field study only covered the defined study area. A small number of Hudson's retail stores are located outside of the study area.

## *Focus on Local Retail*

Current sales levels for downtown/study area retail businesses have been estimated and are shown in the table below. The table breaks out estimated downtown sales levels by major retail category. The sales estimates are based on both published data regarding typical sales levels in non-metro retail centers as well as data gathered in interviews with individual business owners.[24]

**Current Retail Sales Estimates (Annual Basis): Downtown Hudson**

| Retail Category | Estimated Annual Sales ($000's) | % of Total |
|---|---|---|
| ***Study Area*** | | |
| • Hardware | $1,187 | 5% |
| • Grocery | $2,937 | 11% |
| • Specialty Food | $289 | 1% |
| • Eating/Drinking | $4,167 | 16% |
| • Drug | $706 | 3% |
| • Liquor | $302 | 1% |
| • General Merchandise | $648 | 2% |
| • Apparel | $1,811 | 7% |
| • Furniture | $1,758 | 7% |
| • Local Specialty | $5,263 | 20% |
| • Antiques/Art | $6,855 | 26% |
| **Study Area Total** | **$25,921** | |

It is estimated that the downtown accounts for about $25.9 Million in retail sales. Based on the estimate, Antique/Art sales account for 26 percent of downtown Hudson's retail sales. While downtown's traditional Shoppers Retail categories—General Merchandise, Apparel, Furniture—only account for about 16 percent of all sales, Shoppers Retail overall accounts for 62 percent of total sales. This is due to the strong presence of local specialty and antique/art stores.

24 Some data drawn from: *Dollars & Cents of Small Town/Non-metropolitan Shopping Centers: 1995, A Dollars & Cents of Shopping Centers Special Report*, Urban Land Institute, 1995.
Several business owners were willing to report on their individual sales statistics. This data was used as a comparison with available data to gauge sales performance in Hudson. Individual sales statistics are not directly reported.

## Retail Potential

With a variety of data sources it is possible to make current estimates and projections of the retail sales potential of a defined area. In this instance, current estimates and projections have been developed for the traditional and downtown trade areas. These values are based on number of factors including:

*Demographics* - basic demographic values such as population, households, household composition, household income and age distribution are significant indicators of retail sales potential.

*Buying Patterns* - regional and national buying trends are also significant factors. Over time, various retail categories will go up and down depending on consumer needs and desires.

*Growth and Change* - the demographic characteristics of a defined area will change with or without growth—populations age, income levels change, etc. Strong growth (or decline) can also have a substantial impact on retail sales expectations.

In assessing retail sales in the traditional and downtown trade areas, several factors should be kept in mind: 1) There are strong differences between the traditional and downtown trade areas. Most specifically, the overall income level in the downtown trade area is *low*. This significantly affects buying power; 2) There has been, and is expected to be, relatively little population growth in the area—unless there is a notable change in the economic situation, and; 3) The estimates only deal with the retail spending of full-time residents of both trade areas. Spending at local stores is certainly affected by two opposing factors: Spending by full-time residents *outside* of the trade area, and; Spending by non-residents (travelers, second home owners) *inside* the trade area.

- The estimates and projections have only been completed for retail categories which are typically found in a shopping center–or downtown, although not appropriate in all locations. A number of retail categories, such as auto sales, gasoline sales, catalog sales have not been included. These categories have been totaled in the 'other retail' grouping.

- The estimates and projections refer to the *total* retail spending potential of persons living in the two trade areas, including spending in many other locations. It is apparent that only a segment of these dollars are spent in downtown. One of the goals of any downtown program is to increase the 'capture rate' of these dollars.

## *Traditional Trade Area Spending*

The table below shows spending estimates for the traditional trade area, on several bases: 1) Total, estimated spending by category in 1995; 2) Total, projected spending by category in 2000; 3) Estimated, per household spending by category in 1995, and; 4) Projected, per household spending by category in 2000. In addition, the table shows the annual, percentage increase-decrease in spending by category, as well as totals for the selected categories and totals for all other retail categories.[25]

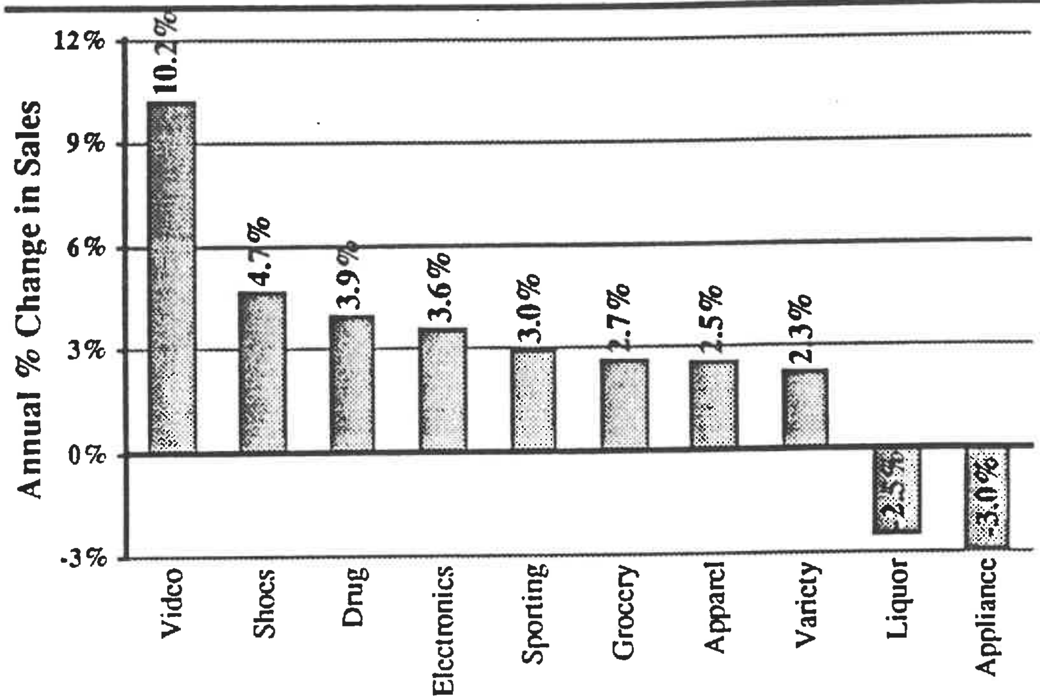
**Estimated Retail Spending in Selected Categories: Traditional Trade Area**

| | Estimated Sales Potential (in $000's) | | Estimated Sales Per HH ($$'s) | | Annual Sales |
|---|---|---|---|---|---|
| | *1995* | *2000* | *1995* | *2000* | % Change |
| Apparel | 10,772 | 12,205 | 917 | 1,019 | 2.5% |
| Appliance | 1,194 | 1,028 | 102 | 86 | -3.0% |
| Convenience | 10,925 | 11,448 | 930 | 957 | 0.9% |
| Department | 9,641 | 10,469 | 822 | 875 | 1.7% |
| Drug | 11,222 | 13,608 | 956 | 1,131 | 3.9% |
| Electronics | 3,792 | 4,517 | 323 | 376 | 3.6% |
| Fast Food Rest. | 7,938 | 7,711 | 677 | 645 | -0.6% |
| Full Service Rest. | 7,778 | 7,499 | 663 | 627 | -0.7% |
| Furniture | 3,640 | 3,365 | 310 | 281 | -1.6% |
| Grocery | 44,744 | 51,069 | 3,811 | 4,261 | 2.7% |
| Hardware | 2,047 | 2,131 | 175 | 178 | 0.8% |
| Home Centers | 9,897 | 10,051 | 844 | 842 | 0.3% |
| Jewelry | 1,331 | 1,229 | 114 | 103 | -1.6% |
| Liquor | 1,661 | 1,467 | 141 | 122 | -2.5% |
| Mass Merchandiser | 14,206 | 15,754 | 1,210 | 1,316 | 2.1% |
| Photo | 236 | 233 | 20 | 20 | -0.2% |
| Shoe | 1,864 | 2,346 | 159 | 194 | 4.7% |
| Sporting Goods | 2,770 | 3,210 | 236 | 267 | 3.0% |
| Toy | 1,082 | 1,035 | 92 | 87 | -0.9% |
| Variety | 747 | 836 | 63 | 70 | 2.3% |
| Video | 906 | 1,474 | 77 | 118 | 10.2% |
| Sub-Total | $148,395 | $162,684 | $12,642 | $13,575 | 1.9% |
| Other Retail | $148,009 | $160,611 | $12,609 | $13,444 | 1.6% |
| Retail Total | $296,404 | $323,296 | $25,251 | $27,019 | 1.8% |

25 Spending estimates developed by DOUGLAS J. KENNEDY & ASSOCIATES in conjunction with Strategic Mapping.

Overall, spending in the selected categories is expected to increase by about $14.3 Million between 1995 and 2000, an annual rate of increase of 1.9 percent. While there will be an overall increase, a more detailed analysis of the data reveals that there will be 'winners' and 'losers' among the selected retail categories. This is shown graphically below, for the largest percentage gainers and losers. The graphic shows projected, annual, *percentage* change in sales.

**Retail Winners and Losers: Traditional Market Area**




Based on the projections, there is solid potential for expansion in video stores, shoe stores, drug stores and electronics stores in the traditional trade area. However, prospects are not strong for liquor and appliance stores.

### *Downtown Trade Area*

Current and projected spending by retail category estimates have also been developed for the downtown trade area. These are shown in the following table.

**Estimated Retail Spending in Selected Categories:**
**Downtown Trade Area**

| | Estimated Sales Potential (in $000's) | | Annual Sales |
| --- | --- | --- | --- |
| | *1994* | *1999* | % Change |
| Apparel | 1,286 | 1,510 | 3.3% |
| Appliance | 143 | 127 | -2.3% |
| Convenience | 1,631 | 1,666 | 0.4% |
| Department | 1,151 | 1,295 | 2.4% |
| Drug | 1,675 | 1,981 | 3.4% |
| Electronics | 453 | 559 | 4.3% |
| Fast Food Rest. | 1,185 | 1,122 | -1.1% |
| Full Service Rest. | 929 | 928 | 0.0% |
| Furniture | 435 | 416 | -0.9% |
| Grocery | 6,679 | 7,433 | 2.2% |
| Hardware | 306 | 310 | 0.3% |
| Home Center | 1,477 | 1,463 | -0.2% |
| Jewelry | 159 | 152 | -0.9% |
| Liquor | 248 | 214 | -2.9% |
| Mass Merchandiser | 1,697 | 1,949 | 2.8% |
| Photo | 28 | 29 | 0.5% |
| Shoe | 223 | 290 | 5.4% |
| Sporting Goods | 331 | 397 | 3.7% |
| Toy | 129 | 128 | -0.2% |
| Variety | 112 | 122 | 1.8% |
| Video | 135 | 215 | 9.7% |
| Sub-Total | $20,412 | $22,306 | 1.8% |
| Other Retail | $21,155 | $21,898 | 0.7% |
| Retail Total | $41,566 | $44,204 | 1.2% |

A small increase in retail sales potential is projected.

## Market Share

One approach to assess a downtown's current retail performance is to compare existing sales levels with the total potential of its trade area. This 'market share' or 'capture rate' analysis is commonly utilized in retail assessments, and is useful as a check on how well the downtown (or shopping center) is doing within its market. In simple terms, the market share is determined by dividing existing downtown sales by the total potential sales of its trade area.[26] The data required to complete this analysis is presented in other sections of this report.

The market share analysis is helpful in defining the role of Hudson's downtown in the trade area, although it merely substantiates a finding which is readily apparent. Several factors have eroded the downtown's share of trade area sales over the years: 1) Intervening opportunity—Fairview Avenue shopping centers offer a convenient shopping location for many trade area residents; 2) Attractive outside opportunities—regional malls to the south and north of the trade area offer wide variety in an attractive shopping environment, and; 3) Obsolescence—retailing in the downtown has not always 'kept up with the times.' Taken together, these factors result in a substantial segment of potential sales being pulled out of the downtown.

The table below compares estimated *downtown* sales (by category) with potential sales for the traditional trade area. Again, note that potential sales is the total amount estimated to be expended by trade area residents, and that only retail categories which are commonly found in shopping centers-downtowns have been included. Dividing *estimated* by *potential* sales results in a percentage figure representing the market share. Note that video stores—a retail category commonly found in shopping centers—is not represented in Hudson's downtown.[27]

---

26 For example, if existing downtown sales are $5,000,000 and the potential sales within the trade area are $10,000,000, the market share is 50 percent.

27 Based on a recent press report, this situation is likely to change in the near future.

**Market Share Estimates: Downtown Retail Categories**

| *Downtown* | Study Area Estimated Sales: ($000's) | Potential Sales Traditional Trade Area ($000's) | *Market Share* |
|---|---|---|---|
| • Hardware | $1,187 | $11,944 | 10% |
| • Grocery/Specialty Food | $3,226 | $55,668 | 6% |
| • Eating/Drinking | $4,167 | $15,717 | 27% |
| • Drug | $706 | $11,222 | 6% |
| • Liquor | $302 | $1,661 | 18% |
| • General Merchandise | $648 | $24,595 | 3% |
| • Apparel | $1,811 | $12,636 | 14% |
| • Furniture/Furnishings | $1,758 | $8,627 | 20% |
| • All Specialty | $12,118 | $5,419 | 224% |
| • Video | $0 | $906 | 0% |
| Downtown Totals | $25,921 | $148,395 | 17% |

Overall, downtown's market share of total retail sales in the traditional trade area is about 17 percent, indicating that less than one in five of trade areas residents' retail dollars are expended in the downtown. However, market share varies by category. Categories in which the market share is quite low—Grocery, Drug, General Merchandise—are the categories in which there is substantial competition from large stores in outlying shopping centers. Major supermarkets, discount department stores (Wal-Mart), and drug chains compete quite effectively for residents' dollars. In contrast, market share in the Eating/Drinking category is relatively high. This is influenced by employment in Hudson—many office workers patronize downtown restaurants during their lunch hour.

Clearly, market share in the Specialty category is far off the norm at 224 percent. This is directly related to the presence of a major antique retailing concentration in the downtown. Because these stores attract a great deal of spending from persons who live outside the trade area, total spending actually exceeds the amount that trade area residents would be expected to spend in this category. While antique stores don't necessarily increase downtown's market share within the trade area, they clearly improve downtown's overall retail performance.

The analysis substantiates the conclusion that relatively few of the retail dollars expended by trade area residents go to downtown businesses. Given a market share of 17 percent, it is evident that improvements to the downtown have the potential to increase sales levels.

## Competition

Downtowns are not alone in facing strong competition for retail dollars. Nationwide, virtually all retailers are facing a situation which will make profitability difficult to achieve during the next few years. As noted in a recent assessment of the industry, "despite a more liquid market, the total amount of retail square footage is still too high relative to demand. And the rise of new forms of retailing, new locations and formats, major retail consolidation, and ever increasing pressure on retailers to provide the best value will continue to challenge even the best centers." The article concluded by stating, "The safe bet for retail in the coming years is change.[28]" In short, retailing success will be gained only with innovative marketing approaches, unique mixes of goods, and service.

During the past few years, the major trend in retailing has been consolidation—the emergence of larger stores ('big boxes') encompassing more retail categories. The trend toward more and bigger big boxes continues. At its most extreme, both Wal-Mart and K-Mart are focusing their growth plans on superstores of around 100,000 square feet that combine general merchandise and groceries. In addition, the general trend toward power centers continues. One reason is that, in an era of scarce real estate capital, big-box retailers can finance their own development. For retailers and small shopping concentrations that cannot compete with the big boxes on volume and price, the most effective strategies involving focusing on different product lines and providing a level of shopper entertainment and service which cannot be matched by a major discounter.

Survey findings and conversations with business owners in the downtown make it clear that there are several major sources of competition for the downtown:

*Fairview Avenue*- in addition to a variety of strip retail, there are four distinct non-enclosed shopping centers along Fairview Avenue. They are: 1) Fairview Plaza—total of 230,000 square feet, anchored by Shop Rite; 2) Greenport Plaza—less than 100,000 square feet, anchor spaces vacant; 3) Greenport Towne Center—total of 190,525 square feet, anchored by 115,459 square feet Wal-Mart and 63,913 square feet Price Chopper, and; 4) Strip Center—less than 100,000 square feet, anchor space vacant.[29] Wal-Mart's entry along Fairview Avenue has clearly caused a falling out—pre-existing centers are having difficulty filling anchor spaces and have some evident maintenance issues. There is no question that Fairview Avenue is attractive to area shoppers and draws a substantial amount of retail dollars which might otherwise go to downtown stores. However, it appears that most of this impact has already taken place. The construction of the Wal-Mart store has principally hurt other Fairview Avenue shopping centers.

*Regional Malls* - Colonie Center and Crossgates Mall in Albany, along with the Hudson Valley Mall in Kingston draw many Hudson area shoppers out of Columbia County. These major

---

28 From: *Reinventing Real Estate*, Urban Land Institute, 1995.

29 Data from National Research Bureau 1996 Shopping Center Directory and field inspections.

shopping concentrations hold a real attraction to local residents, primarily because of the range of goods and one-stop shopping which they offer.

*Mail Order* - as anyone who looks over their mail during the October to December period knows, mail order has become a major business, and the range of goods and pricing are immense. During the next few years, shopping via computer or interactive television could also become major factors in retailing. From a competitive standpoint, downtown can potentially offer a level of entertainment and personal interaction which is not available with 'media' shopping.

Downtown will continue to face competition and should not expect to regain its former position as the preeminent retail center in the region. Nevertheless, it can carve out its own niche and beat competitors with service and a higher level of shopper entertainment.

## *The Current Situation—The Pros and Cons*

In reviewing Hudson's market situation, several significant, positive points emerge. They are:

- Hudson has three important elements that downtowns throughout the northeast seek: 1) A waterfront; 2) A large collections of 19th century commercial buildings, and; 3) An existing tourist market thanks to antique dealers.
- The downtown has substantial population density, a combined impact of residents and down-town workers. This captive audience is a substantial advantage over shopping centers.
- Building costs and rents are relatively low. While this clearly reflects under-investment in the downtown, it also creates a situation in which it is easier for a retail business to start-up, or for entrepreneur to purchase and upgrade a commercial building.
- In contrast with many downtowns, Hudson has two potential centers of activity—Warren Street and the waterfront. This allows it to attract different kinds of users and markets.
- Hudson can tap into several markets, including: city residents, employees, residents of nearby towns, and non-local travelers.

At the same time, there are some critical issues facing Hudson:

- *It's a downtown* - while vocal support for downtowns throughout the northeast is strong, the reality is that most people shop elsewhere. Downtowns will always suffer when compared in terms of pure convenience for the shopper.
- Dis-investment not only results in poorly maintained buildings, it also makes it difficult to generate a positive 'look and feel' for the downtown.
- Hudson's traditional shoppers retail is near the point where its mass is simply not enough to draw in shoppers.

Clearly, a comprehensive improvement program will be required to both capitalize on the downtown's positive points, and counteract the negative.

# Recommendations . .

## Recommendations and Strategies

Hudson's downtown faces a real challenge—while the regional economy slowly improves, it faces a continued test of its market strength as shopping centers and big-box retailing proliferates. Any downtown faces constant competition from outlying shopping centers, shifting preferences of shoppers, and changes which threaten their business base. However, Hudson possesses several prominent features upon which to base its revitalization. These include: A waterfront whose potentially has barely been tapped; One of the best collections of historic commercial buildings in the northeast; The Opera House project, which has the potential to bring together a number of community elements; An active retail concentration—antiques—which has *already* drawn the travel market into the city, and; A locally oriented retail community which has survived the brunt of the shopping center attack, and which can provide a base upon which to build. Nevertheless, in order to accommodate the changing preferences of consumers, and the efficient merchandising approaches of major retailers, the downtown must constantly reevaluate its market position, and offer a range of businesses and services which will enable it to develop solidify its hold on its current market, and develop new market niches.

Local business people and others concerned residents have already given a great deal of thought into what can make the downtown and waterfront successful. These ideas will serve as a springboard for further work. This market analysis provides a further base to develop those ideas, and to turn them into action strategies. Among the most important points resulting from the analysis are these:

- This *is* an active retail market. Moreover, there is activity on more than one level:

  - Hudson retains entries in traditional, downtown retailing areas—there are apparel stores, furniture stores, specialty shops and a variety of services. However, it is essential to note that this activity, and it hold on traditional markets, is tenuous. Recent losses of furniture and apparel businesses could bring the downtown to a point where it no longer has sufficient critical mass to attract shoppers. Unfortunately for the downtown, other regional shopping centers have moved well ahead of their offerings. On the positive side, the impact of shopping centers and malls on downtown has already occurred—big box stores appear to have more direct impact on existing strip centers than they do on downtown stores.

    Even in the face of strong competition, individual Hudson retailers have achieved success—by knowing their market and providing what it wants. Knowledgeable retailers should continue to be encouraged to locate in the downtown. Over the short run, Hudson will probably see the most dramatic increase in business by focusing its energies on the employee and travel markets. As these markets grow, and more businesses and activity is concentrated in the downtown, it will become easier to re-establish Hudson's hold over its traditional market. Once a constant level of activity is achieved in the downtown, many of the traditional retailers that the survey indicates people want (apparel stores in particular) will find a base upon which locate in downtown.

« The antique retailing market is clearly active and thriving—the continued entry of new shops and interest in developing additional buildings for this purpose are strong indicators that this is a positive market. Antiques have already done for Hudson what downtowns throughout the northeast are constantly attempting to do—attract non-local shoppers and get them to spend retail dollars.

- With a geographic area that essentially stretches from the waterfront to the 800 block of Warren Street, Hudson's downtown is of sufficient size—and building space—to support a critical mass of retail/service space, and contain a variety of stores which appeal to varying markets. With 180,000 square feet of active retail/service space, and an additional 70,000 square feet of vacant and underutilized space which could be converted to retail/service use, it is apparent that Hudson can support businesses which are oriented to a variety of markets. The 'conflict' between locally oriented and travel market oriented businesses is a false issue—there is more than sufficient building space for all of these businesses. However, it is apparent that those stores which are most successful at tapping their markets will command the best spaces.

- Shopping centers and 'big box' stores are purposely developed to appeal to the mass market. Experience with downtowns throughout the region makes it clear that success demands a more focused approach—pick markets which have potential and concentrate stores and services on those markets.

  Hudson can potentially tap into one or more of several markets or trade areas. The research and interviews which went into this analysis made it clear that each market—downtown residents: Hudson employees; the traditional trade area; the travel market—has some unsatisfied needs which point to potential new uses in downtown.

  Ideally, downtown will provide some value to each of these markets by containing a mix of uses which draws shoppers from each. However, a strong performance in any individual market sector will automatically improve the downtown's chances of being successful in all.

- Hudson is not a travel destination in its own right. However, given its heritage, setting along the Hudson River and location with respect to the regional transportation network, it is clearly well positioned to tap into the travel market. Two factors will be important here during the next five to ten years: 1) The Hudson River Valley is a well established travel destination, attracting pleasure and recreational travelers almost on a year-round basis; 2) Virtually all projections call for strong growth in the U.S. travel industry over the coming years.

  Two principles are important to keep in mind:

- Wherever possible, new uses should complement existing businesses. Virtually any store manager in any downtown can list other businesses which, because of their presence, bring additional customers to their store. When possible, seek new businesses which might have a complementary relationship with the downtown market.

- Successful downtowns seek to be successful in market niches, rather than attempting to be all things to all people. The traditional downtown, which served all of the shopping needs of the residents of its trade area, is no longer a reality.

## Use Recommendations

Recommended new uses for the downtown and waterfront are listed below, based on the findings of the market analysis. The use recommendations are organized based on their primary orientation toward one of the four markets discussed in this report. This is intended to assist in developing strategies for increasing market share in each of the markets. However, it is not intended to suggest that a use listed under a particular market can only serve that market—clearly, the most successful businesses can find ways to appeal to a variety of markets, thus rounding out their clientele.

The use recommendations are based on a variety of factors, including:

*Demographics* - the current and projected future age and income distribution and household makeup of each market contribute significantly to their expected retail spending patterns.

*Consumer Buying Trends* - while basic demographics are strong predictors of spending, it is apparent that consumers' tastes and preferences change. Perceptions of the state of the economy and the need to 'keep-up' will affect spending over time. For instance, significant increases in restaurant spending during the 1980's have slowed as more households starting to eat at home.

*Competition* - even strong category increases in spending don't help in a market which is saturated by a particular kind of store. The recommendations are sensitive to existing stores in the competitive area *and* the kinds of uses which are most likely to work in the downtown. It does not make sense to duplicate stores already found on Fairview Avenue. However, there is reason to believe that downtown can be competitive with some of the offerings of these shopping centers.

*Surveys* - respondents to virtually any downtown survey will indicate that they'd like to see more apparel stores in downtown, yet this has become a difficult retail category in which to achieve success. As such, it is important to assess survey results both in terms of what respondents say they want, and what makes sense when demographics, trends and competition are taken into consideration. Because of the strong response, the Hudson survey is helpful in identifying both those uses which are both popular, and those which have real market support.

In reviewing the recommended uses, please keep the following in mind:

- Without question, there are store types and businesses beyond those listed below which will find support in downtown. It is beyond the scope of this analysis to assess the potential of every possible retail store—of which there are an infinite variety. Rather, the intent of the analysis is to point out basic business categories which are likely to find market support. Many successful variations on these basic themes also have good market potential.

- The existence of a market for a retail category does not guarantee success. Without question, *it is the entrepreneurial capabilities of the business owner which will determine whether or not a business venture is successful.* Retail stores for which there is no apparent market have been successful when the owner knows their market, manages well and provides a product that people want. Similarly, stores for which there is an evident market fail if not managed, stocked and marketed properly.

*Downtown & Employee Markets—Use Recommendations*

There is substantial overlap in the needs for these two markets. Essentially, the focus for both is on day to day needs—for employees, this means lunch and perhaps some quick shopping or services needs which can be filled before work, during the lunch hour or on the way home; given the relatively low income profile in the downtown and a high percentage of elderly residents, shopping is also focused on day to day needs—groceries, drugs and basic services. Entertainment, such as a video store or movies might also be important to these markets. *These are markets which exist now.* Further, it is apparent that the employee market is a strong one—Hudson remains the principal employment center in Columbia County.

- The presence of a large downtown workforce and a significant resident population indicate that there is a need for food products, both grocery and prepared.

  The following should be considered, either independently or in combination: 1) Grocery store(s). This store(s) should be oriented toward the needs of residents and employees within walking distance. A growing trend in the region is more eating at home. However, households are typically not willing to prepare dinners from 'scratch.' Many supermarkets and grocery stores have found that there is a significant market for 'home-prepared' dishes—items cooked at the store and ready to heat up at home. This would be particularly attractive to employees; 2) Specialty food shops—Hudson already has a fair variety of food choices, but few shops that focus on a specialty. The recent opening of Lou's Fish Market on the 200 block is a good example of focusing on a market niche—since the downtown is not suited for a major supermarket, the best market opportunity is specialization. Specialty food shops would also include a health food store; 3) Bakery—with only one downtown bakery in operation, this is an area with some untapped potential; 4) A cafe/coffee shop (could be combined with a book store.)

- A florist. There is currently no florist in the study area. This is a retail/service operation which generates steady business both among residents and nearby employees.

- A video store. This is clearly a growth market and there is currently no store in the downtown. Based on a recent news report, a store will be opening in the former Lorbrook Manufacturing warehouse at State and Seventh Streets, in a 'superstore' (large) format.[30] This operation will absorb a significant segment of the available market. However, there may still be sufficient market available for a smaller operation at the western end of the study area, near the waterfront. A downtown video store would need to be carefully located so as to allow commuters to pick-up and drop-off videos easily.

- Movies or other entertainment. The lack of a recreational use is a significant 'hole' in Hudson's downtown. A movie house would give local residents something to do in the evening and bring in people from outside.

- A book store with magazines and newspapers.

- Gift shops.

- Business services are expected to be the most significant source of new service jobs over the next five to ten years.[31] Uses like advertising, credit reporting and collections, mail and copying, building maintenance, equipment rental, temporary help, and computer services will all see growth in the coming years and could provide good users for upper level office spaces in downtown buildings.

- Used clothing is a retail growth category in the region, *both at the lower and mid to high end*. It could be worthwhile considering a multi-consignment operation as a short or long term use of underutilized downtown space.

*Traditional Trade Area Market—Use Recommendations*

The traditional market has become the most difficult for the downtown to tap. Consumers have become accustomed to looking to shopping centers, big boxes and malls for their basic shopping needs. Most downtowns have not served as real shopping centers for a long time even as the level of competition has increased. From a strategic perspective, success in serving other markets (particularly the travel market) increases downtown traffic to a point where traditional retailers can consider a downtown location. Luckily for Hudson, the antique industry has brought traffic to a point where this is already occurring.

- There is strong support for a bookstore, both from market and popular perspectives. Bookstores can be undertaken in a number of formats. In this instance, it would appear to

---

30 Source: Article in The Independent, November, 1995.

31 See: American Demographics, November, 1995.

make sense to include newspapers and popular magazines which would also appeal to the employee market. Further, a cafe might be integrated into the operation.

- Similarly, there is market and popular support for a sporting goods store, probably in a army & navy format.

- An art and crafts supply store would fill a gap in Hudson's retail offerings and respond to a need expressed by surveyed shoppers.

- Specialty food stores could be attractive to the traditional market, particularly if there are sufficient numbers and variety to be an attraction in their own right.

- Electronics stores will show strong growth during the next five to ten years. Typically, this area is covered successfully by chain stores (Radio Shack) in shopping center formats. However, a downtown specialty store, with emphasis on high (or low) end goods, and a strong service component, could be a potential.

- Downtown currently lacks any amusement or recreational uses. This is an obvious deficiency, one which makes it difficult to bring families into the downtown. Any number of facilities, including a movie theater, bowling alley, video arcade, or small amusement facility would help to correct this inadequacy. There would appear to be potential to provide an attraction in conjunction with waterfront development.

Perhaps one of the strongest lessons to be learned from the ongoing competition between downtowns and big box retailing is that downtowns are most successful if they specialize and offer a high level of service. It is difficult for a downtown retailer to open and operate a store which offers all things to all people—maintaining inventory is arduous and financially demanding. As such, downtowns should attempt to pick a retail category (such as women's' apparel) and persuade a number of specialized retailers to cover one aspect of that category. When approached in this way, retailers can afford to carry extensive inventory in their specialty while shoppers get choice by visiting several shops.

- Market projections call for strong growth in the shoe category.

- Apparel in a clustered–specialized format. The safest bet would be to focus on women's' apparel with experienced retailers, as noted in recruiting strategies below. However, it is important to note that there are currently no men's apparel stores in downtown. A cluster of men's clothing stores would be difficult to accomplish, but unique in the region.

- Gift shops can carry over to the employee and travel markets. There appears to be potential for building on a specialty in the housewares and home decorating area.

### *Travel Market—Use Recommendations*

With an active antique retailing concentration, Hudson's downtown has already taken a major step toward attracting the travel market. Given this foothold, and the downtown and waterfront's additional development opportunities, there is real potential for further tapping this market. The travel market includes a number of components. From Hudson's perspective, the major goals would be to attract: 1) Day and weekend trippers to the Hudson River Valley—these are primarily travelers from New York and other major metropolitan areas in the region; 2) Second home owners in Columbia, Greene and Dutchess Counties; 3) Regional travelers moving through the Hudson River Valley, and; 4) Boaters along the Hudson River.

At this time, the major segment of Hudson's hold on the travel market is oriented toward antiques—people hear about Hudson's antique shops either through marketing efforts or word of mouth and make a special trip to the downtown. The challenge for the downtown and waterfront is in two parts:

1 How to further exploit the antique market—convince antique shoppers to look into Hudson's other offerings.

2 How to create enough interest to bring more general travel activity to Hudson.

In both instances, access to creative waterfront development will play an important role. Overall, the challenge will be to get travelers to put Hudson 'on their map.'

- Several use recommendations are oriented toward taking further advantage of the existing antique market. In addition, these recommendations will have value in attracting the broader travel market. In assessing this market, it is important to keep in mind that most of these shoppers live in regions with extensive shopping opportunities. As such, it will be essential to provide shopping opportunities which are not routinely available in metropolitan areas—shops which reflect Hudson and the region:

  « Gift Shops - in keeping with travelers' interests, shops and goods should reflect local culture, resources and crafts.

  « Furniture/Reproductions - Hudson appears to be in the process of losing much of its traditional furniture retailing base. However, many of the people shopping for antiques are seeking to furnish either their primary or second home. While antiques draw them to Hudson, other high quality furnishings could also draw their spending.

  « Home Furnishing Services - one Hudson business is already capitalizing on antique restoration—a natural outgrowth of antique retailing. Restoration, interior/exterior residential design, upholstery, etc. are all services which are related to antiques and home furnishing.

- Housewares - high quality housewares also fit into the overall home furnishing theme.

- Art Galleries - this is a trend which is already underway. Once a sufficient number of galleries are established, it is reasonable to expect that the same effect which now draws antique shoppers to Hudson will be established for art shoppers.

- Restaurant/Food Service - Hudson already has reasonable range of food service businesses ranging from the low to higher end. These businesses already draw on travel expenditures. Given market trends, there is not a need for a substantial number of new quality restaurants. However, waterfront redevelopment plans should definitely include a signature restaurant, with unobstructed views of the river (see Waterfront Uses). In the longer run, strong market acceptance of waterfront attractions could result in a demand for additional food and drinking establishments along Front Street.

- Produce and Crafts Showcase - a straight retail or consignment operation which showcases and makes available for sales regional food and craft products will be a significant attractions for travelers. This operation would offer the 'Best of Columbia County.'

- Lodging - Hudson and Columbia County suffer from a lack of lodging facilities. The upcoming re-opening of the St. Charles Hotel will be an obvious benefit in this area. There will be additional demand for lodging in Hudson as the antique and art businesses grow, and particularly as the waterfront becomes an attraction. Downtowns which attract 'upscale' shoppers have seen a great deal of success with urban bed & breakfasts—typically redevelopment of historic downtown buildings. Portsmouth, New Hampshire is an good example of a downtown with a number of smaller, thriving, lodging establishments.

- Artisan/Crafts/Artists Cluster - in recent years, a number of communities in the northeast have found success by encouraging clusters of artists, artisans or crafts people to move to their downtowns. In addition to creating uses for under-utilized buildings, these clusters create real interest from the travel industry—both for the items which they produce for sale and because travelers are interested in watching their creative and productive processes. Crafts-persons, artisans and artists would be drawn to a cluster of buildings, or large, open space, where they would set up working spaces and tourists would be encouraged to view these working areas. A centralized consignment shop in one of the buildings or at a remote location would offer the finished products for sale. Wherever possible, these persons should be encouraged to relate to the local market—classes and workshops would be excellent ways to involve local persons.

  Clustering artisans and crafts-persons presents a strong potential for Hudson in attracting the travel market. The downtown has several elements—under-utilized building space with relatively low rents, which are well suited to such a cluster. While the ultimate direction of such a cluster will depend on market response, Hudson's heritage as an early industrial community would make a crafts/artisans cluster the natural choice. This could be woven into the fabric of the town's history and work well with travelers' growing interest in local culture. This is also a significant overall building use strategy for the downtown, as detailed under Strategies below.

Overall, there are three principals to keep in mind when marketing retail goods to the travel market: 1) They are interested in products which are unique and can't be found where they live; 2) The look for goods which reflect local crafts, resources and culture, and; 3) They want to be entertained while they shop.

***The Waterfront—Use Recommendations***

Use recommendations for the waterfront are in two parts—oriented toward the short and longer term. Right now, it's apparent that the waterfront simply needs to be opened up—to be an asset which is available to Hudson's residents. Further, its functionality as a boating and recreational focus needs to be increased. While there are some commercial components which work well with these shorter term needs, it is important that Hudson's principal retail focus remains on Warren Street. In the longer run, additional commercial and recreational-commercial elements will be an enhancement to the waterfront.

*Short Term Recommendations*

- Make the waterfront more accessible, both for boaters and pedestrians. Like many waterfronts in the northeast, Hudson's river frontage is not inviting to the public. The series of improvements detailed in the waterfront physical plan—open public space, parking, boat ramp(s), pedestrian walks, etc.—are all important components of a inviting and secure waterfront.

- A public market would be an excellent waterfront use and serve as an immediate attraction to get residents into the habit of visiting the area. The market could be set up to sell local produce and crafts and be a weekly event.

- The improvement of the waterfront for boating, both in terms of access/egress and docking, will create an obvious market for commercial space found in any marina. Boating supplies, fuel, service, ice and simple food (Beverages, sandwiches) are items which will find a ready market.

*Longer Term Recommendations*

- A signature restaurant will find a strong market from boaters, regional travelers and area residents. The restaurant should be sited to provide unobstructed views of the river, as well as boating and marina activity.

  A brew pub might also be a potential use in the waterfront area. The warehouse off North Front Street is a possible location for this use.

- A children's' museum in combination and/or an ecological center would be a strong attraction to the waterfront, as well as an excellent use of water frontage. Again, the warehouse off North Front Street is a possible location for these uses.

- Work on developing transportation oriented attractions. These might include: 1) Scheduled and chartered fishing and scenic boat rides on the Hudson; 2) Ferry service; 3) Railroad excursion trips. In each instance, these attraction would focus on Hudson's waterfront and provide additional market for the waterfront and Warren Street.

- Additional retail use. As the waterfront becomes a significant attraction for Hudson residents, boaters and the travelers, a market will develop for small specialty shops. These would not be designed to compete with basic retail along Warren Street, but would appeal to persons making discretionary purchases.

## Strategies and Recruiting

Knowing what uses will find a market in downtown is important. It's also essential that Hudson have a strategy which will guide its efforts in establishing priorities and finding uses for downtown spaces and redeveloping the waterfront. With a knowledge of the market and established priorities, recruiting efforts can be undertaken in a directed and efficient way.

The following are a number of key points regarding strategy and recruiting:

- The Hudson Vision Plan offers a variety of choices for physical improvement. A number of factors are likely to come into play in setting priorities. Priorities for retailing are the following:

  « *Visibility* - shoppers need to be able to see stores. This is often difficult in a downtown where buildings and other elements can obstruct views. However, simple actions like integrated directional signage systems, opening up alleyways, and effective building signage can be quite helpful. Of particular importance is improving the visual appearance of the 400 block, as casual shoppers along the 500 block now assume there is nothing to see west of 5th Street.

  « *Access/Parking* - make it easy for shoppers to park their car and get to their intended location. Again, a downtown setting presents some challenges. However, as long as shoppers have clear directions, and know that they are going where they want to go, they are likely to make the effort. Wherever possible, pedestrian access routes should take advantage of scenery (particularly views of the river) and make the experience of getting to the store entertaining for the shopper.

  « *Activity* - shoppers, and travelers in particular, like to make purchases in an active and entertaining atmosphere. Downtown improvements which create public spaces, facilities for events and other signs of people-activity should be given priority. Elements of the Vision Plan which encourage activities and events should be given priority.

In keeping with the trends toward eco and cultural-tourism, an effort should be made to inform tourists about Hudson's natural and cultural history. On a small scale, this could simply be informative signs and descriptions of natural settings and buildings. On a larger scale, these elements could be incorporated into a heritage-naturalist trail through the downtown area.

- In comparison with many northeastern downtowns, Hudson's streetscape is attractive. However, there are clear concerns with garbage receptacles and collection systems, as well as with the condition of sidewalks up and down Warren Street. Where possible, improvements should be completed to these infrastructure elements.

  In the event that streetscape elements are to be focused only one or several blocks, it is recommended that these occur on the 200, 300 and 400 blocks. Physical improvements will make these blocks more attractive and work to encourage more building investment and location of retail uses.

- In primary retail areas (now the 400, 500, and 600 blocks, building owners should be encouraged to stress retail and service activity on first floors and office (as opposed to residential) uses on upper floors. This is not intended to decrease the number of residential apartments but to ensure that space with potential for office uses is fully utilized. An early goal should be to pack as many daily employees into this area as possible.

- An efficient traffic system is a plus However, virtually any successful downtown has traffic congestion. Streetscape plans should contain elements which slow traffic down, giving its occupants time to see and identify stores and other elements of interest in the downtown.

- A clear and consistent sign system is a must. The graphic design components of the sign system should extend to all elements of the downtown and waterfront, including: promotional brochures; highway signs; directional signs; parking identification signs; points of interest signs, etc. Shoppers and travelers are unlikely to stop unless they are sure of where they are going. A consistent sign system gives them confidence about finding their points of interest and being sure of finding a good parking space. Antique and traditional retailers should cooperate on these items.

- Lack of building investment and 'absentee landlords' are issues which were noted by virtually every contact in Hudson. The results of dis-investment are evident—buildings in poor repair, underutilized and vacant space. This is a significant issue which is not likely to be rectified in the short run. However, one point is clear—any significant building investment in a building by an owner puts pressure on neighboring building owners to do the same. The effect of a significant building investments in the 200, 300 and 400 blocks are evident—they have created small pockets of positive use and an increased level of comfort for shoppers.

A number of downtowns have attempted to use low rents as incentives to bring in new businesses. While rents are relatively low on the 200 to 400 blocks, business owners will remain wary of locating in buildings with obvious deferred maintenance. It is recommended instead that business owners be encouraged to purchase buildings, develop businesses and live in this area. With purchase prices as low as the $30,000's and $40,000's for historic, three story commercial buildings, values will be regarded as astounding by potential buyers from metropolitan areas. This concept could work well as an incentive to bring crafts-persons, artisans and artists to the downtown. Several other downtowns, including Holyoke, Massachusetts and Rutland, Vermont have either instituted or are in the planning stages for programs of this type. A program of this type would require local financing for purchase and improvements.

Cooperation among building owners will be critical for all uses. Wherever possible, building owners should be encouraged to clean-up usable spaces, or make sufficient improvements for the uses they would like to attract. Further, rents should be reasonable. Finally, as noted under recruiting below, building owners should make appropriate listing data available for each building space they would like to rent.

- *Other Items* -

  « *Store Hours* - many contacts and survey respondents complained that store hours don't accommodate working people. A concerted effort to keep stores open until 6 P.M. on most nights, and having ate least one evening of shopping per week should be launched.

  « *Activities* - Hudson has already undertaken several successful downtown activities, designed to draw people into the downtown. This should be continued, and designed to include activities which will be interesting for a variety of people, including those with diverse interests and income levels. It is interesting to note that Warren Street is approximately one mile in length. An annual "Warren Street Mile"—a series of one mile running races from the 800 block to the waterfront—could be a good idea.

- *Recruiting* - until the improvement program gathers real momentum and businesses start to seek Hudson out as a location, Hudson will need to keep an active business recruitment program in place. This recruitment program will require many of the elements of regional industrial development efforts, but will have a slightly different focus as small retailers have a different set of needs. The recruitment program will including following elements:

  « *Marketing Materials* - have materials ready to present to a potential downtown retailer. These materials should provide: background on the community; background demographics and market information (elements of this report); background on improvement plans for the downtown (the Vision Plan), and; listing data on spaces which could be suited to the prospect.

  « *Project Team* - a multi-disciplinary team should be in place which is charged with identifying, contacting and following-up with prospects. This team will actively seek out prospects, meet with them and present appropriate materials, work locally to find a suitable location and accommodate individual needs and, follow-up with the prospect until they decide to locate in town.

Make sure that commercial real estate brokers are fully informed about the project team's activities. Brokers will clearly play an important role here—both in terms of bringing potential retailers to Hudson and for generating ideas regarding the use of buildings.

« *Target Prospects* - armed with the background data and findings contained in this report, as well as the proposals included in the downtown master plan, the project team will identify types of retailers/businesses which they will seek out for Hudson. Once these priorities are set, the team should do field visits to other communities throughout the region to identify specific retailers who meet their needs, and who can be targeted for the recruitment process. Hudson should not discourage people new to retailing from locating in downtown. However, experience shows that retailers who have already gone through the process of starting up a store and reacting to markets over time have the best prospects for success in a new venture.

« *Creative Media* - Hudson will want to get out the 'good word' on its improvement plans and activities where, and whenever possible. Contacts with media people throughout the region should be established for this purpose. Further, note that the World Wide Web is becoming popular as a place for communities to market themselves.

« *Activity and Vision* - completing the downtown master plan will take time and money. There will be frustrations along the way. However, as long as the community keeps its goals in mind and maintains some level of activity—no matter how small—the effort will be a success. This sense of goals and vision is important for maintaining optimism locally *and* for convincing potential locators not only that Hudson is the place to be now, but that it will continue to improve during the coming years.

# Appendix

## Survey Instrument

# Downtown Hudson Survey

Please take the time to complete this survey, which will assist us in planning for the downtown's future. You may return the completed survey to the box which has been provided, or mail to: **Columbia Hudson** **tnership, 444 Warren St., Hudson, NY 12534.** **THANKS!!**

1 Where do you live? ______________ Zip Code? ______________ **9**

2 What is your gender: Male _______ Female _______ Your age? ______________

3 Total number of persons in your household (include yourself)? ______________

4 What is the total income of your household? ______________ (Indicate the range if you'd rather not be specific: ) \$0-24,999______ \$25,000-\$49,999______ \$50,000-\$74,999______ \$75,000+______

5 How often do you visit downtown Hudson? Less than once a week ________
2 - 3 times a week ________ Once a week ________ 4 or more times a week ________

6 When you visit downtown Hudson, are you usually coming from:
Home ________ Work ________ School ________ Elsewhere ________

7 What types of stores, businesses or other places do you use when you come to downtown Hudson? Check all that apply.

| | | | |
|---|---|---|---|
| Food store ______ | Drug store ______ | Antique Shop ______ | Church ______ |
| Professional office ______ | Bank ______ | Beauty/Barber shop ______ | Gift/Specialty Shop______ |
| Convenience store ______ | Hardware store ______ | Library ______ | Clothing store ______ |
| Restaurant/Take-Out ______ | City/State/Social Service offices ______ | Other (Specify) ______________ | |

8 Do you work in downtown Hudson? Yes ________ Not Employed ________
If you are employed outside of Hudson, what is the Zip Code at your place of work? ______________

9 Besides Hudson, where else do you regularly shop? Check all that apply.
Fairview Ave./Greenport ______ Hudson Valley Mall Area/Kingston _______ Mail Order ______
Cross Gate/Colonie, Albany Malls ______ Other Albany Area Shopping _______ Catskill ________
Great Barrington, MA _______

10 Where do you do most of your grocery shopping? Store name ______________ Location ______________

11 Other than grocery shopping, what two stores or shopping centers do you visit most frequently/?
Store/Shopping Center ______________ Location ______________
Store/Shopping Center ______________ Location ______________

12 What kinds of new stores, services or other businesses do you think would most improve downtown Hudson?
Please be specific:______________________________________________
______________________________________________
______________________________________________

13 Other than new businesses, what steps should be taken to improve downtown Hudson? ______________
______________________________________________
______________________________________________

**Please use the other side of this form if you need more space.**