

PGAV

December 2019



KIRKWOOD, MO

DOWNTOWN COMMERCIAL MARKET STUDY



OK HATCHERY
FEED & GARDEN STORE

DO NOT
CLIMB ON
CHAIRS

TABLE OF CONTENTS

EXECUTIVE SUMMARY	3
PREVIOUS PLANS	4
EXISTING CONDITIONS	10
MARKET ANALYSIS	25
DESTINATION ASSESSMENT	40
IMPLEMENTATION	46

EXECUTIVE SUMMARY

The City of Kirkwood is home to an historic, unique Downtown neighborhood. The area provides Kirkwood with many things, including most importantly, its character. Residents and City leaders are proud of the Downtown and want it to continue to succeed in the long-term. This commercial market study for Downtown Kirkwood is the next step in ensuring a sustainable future.

Why does a thriving Downtown district matter?

Economy: Downtown Kirkwood provides an attraction visited by people throughout the region and allows the City and its residents to capture revenue from these visitors. Without the outsiders patronizing the businesses in Downtown Kirkwood, it would not be able to thrive in the same way, and would therefore return less tax dollars to the City which fund the City's various services for residents.

Employment: Downtown Kirkwood provides employment for both residents of Kirkwood and of the region. The many businesses present there employ people living in the area and support families in our region through quality jobs.

Services: Downtown Kirkwood provides access to a variety of goods and services. From dental offices to gift stores to local restaurants, the downtown area provides access to things not found in many other parts of St. Louis County. The mix found in Kirkwood is unique and helps to contribute to the feel of a thriving Downtown.

Community: Lastly, and most importantly, Downtown Kirkwood brings community members together. Through events, visiting restaurants, shopping at the businesses, and enjoying Downtown, the area brings people from the City together and provides an opportunity for residents from around the region to enjoy the area. Having a thriving Downtown area in Kirkwood is crucial to the small-town, community feel of which the City is so proud.

With all of these benefits in mind, this market study looks at the current conditions of Kirkwood and makes recommendations about its future. Kirkwood has a healthy Downtown with a mix of residential, retail, and office uses. With relatively low vacancy, the Downtown economy remains strong. With a healthy local economy, small areas for new business growth, and larger areas for bigger development projects, Downtown Kirkwood can make an intentional effort toward filling in the Downtown in a strategic and planned way.

Recommendations from the market study and analysis include:

- Focus on the retention of local businesses and addition of new retail to maintain the healthy mix that currently exists and leverage the existing customer base
- Consider replacing older, larger-scale developments on underutilized parcels with a more intentional, urban-scale, mixed-use development
- Retain the character of Downtown by attracting unique and locally owned restaurants in key locations
- Prioritize a boutique hotel development



PREVIOUS PLANS



Downtown Kirkwood Master Plan

In 2018, Kirkwood finalized the Downtown Kirkwood Master Plan. The plan included a robust existing conditions assessment, looking at the regional context of Kirkwood and how that relates to transportation. The plan looked at the street network and open space, transportation options, and community facilities. A parking study also helped to illuminate how Downtown Kirkwood was being used at various times of the day. Through a survey and extensive data collection, the existing conditions assessment led into a high level market analysis looking at short and long-term economic development goals based on the regional market.

Key recommendations from this market analysis included:

- Remove code and procedural barriers to developing smaller multi-family housing projects that will address demand for “missing middle” housing.
- Actively recruit unique retail to the corridor, particularly businesses that offer special shopping experiences and/or successful integration of eCommerce into their business models.
- Attract more non-chain, fast casual restaurants where people can grab a quick meal without table service.
- Address parking from a holistic perspective, and consider transitioning surface lots in prime areas into higher and better uses.
- Encourage developments that integrate the existing character of Kirkwood with more modern elements that are attractive to younger consumers.
- Test the potential market for co-working space in Kirkwood by doing a pilot project in a currently under-used space.
- Commission an in-depth retail market study.

The Master Plan provided several graphics indicating key redevelopment sites targeted for both the short term and long term. The map on the following page indicates short term development opportunities, meaning they are achievable in the next 5 years, and long-term options that are likely to take 10+ years. As is clear from this map, opportunities are clustered in the northern part of Downtown Kirkwood where there are lots for redevelopment and under-utilized parcels. There is also an identified cluster of short-term redevelopment opportunities near the new Performing Arts Center.

The map below depicts short and long term development sites as defined in the 2018 Downtown Kirkwood Master Plan.



Downtown Kirkwood Framework Plan

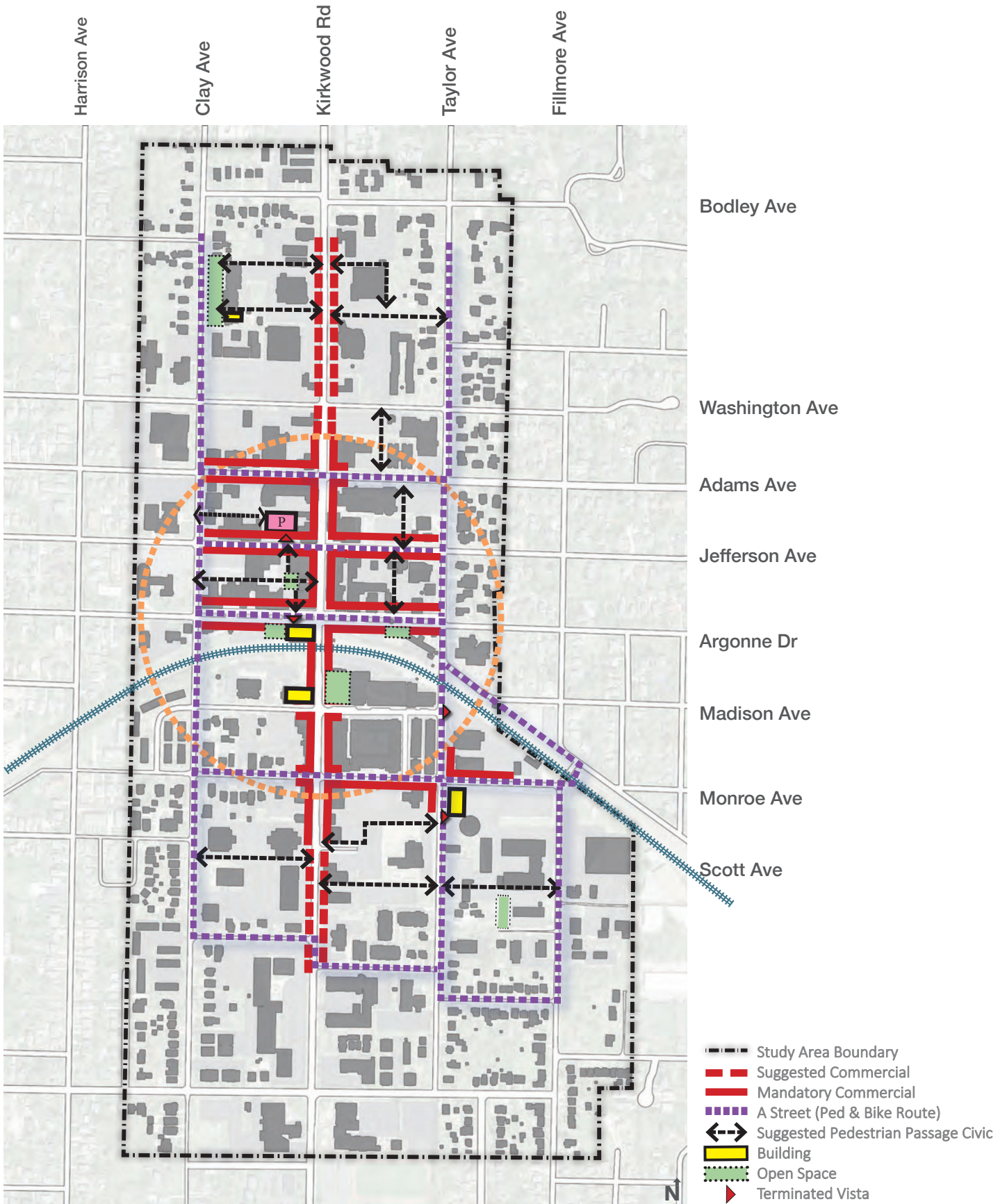
As part of the 2018 Downtown Master Plan, the City of Kirkwood also adopted a Framework Plan to provide standards to guide future development within downtown Kirkwood. Revised in June of 2018 and again in May of 2019, the document is intended to serve as a guide for long-term development and infrastructure decisions in Downtown Kirkwood.

The current Framework Plan, displayed on the following page, identifies areas of commercial development with some being suggested and others mandatory. It also identifies pedestrian connections to allow for the flow of movement, particularly between longer blocks, particularly those at the southern end of the Downtown area, near the new Performing Arts Center and less dense commercial development.

Previous iterations of the Framework Plan called for different uses on Adams Ave and Jefferson Ave west of Kirkwood Rd which are now identified as Mandatory Commercial. The 2019 revision also updated Monroe Ave east of Kirkwood Rd to reflect Mandatory Commercial near the new Performing Arts Center.

Recommendations regarding additional updates to the Framework Plan are included at the end of this report.

The map below depicts the Framework Plan as amended in May of 2019.





**EXISTING
CONDITIONS**



LAND USE ANALYSIS

The map to the right depicts the existing land uses in Downtown Kirkwood. The land uses are mixed, with a healthy blend of commercial, single family, duplex/townhouse, multi-family, industrial/utility, and institutional uses.

Kirkwood Road acts as the spine of Downtown Kirkwood, running north and south and serving as the main transportation route through the district. To the east and west are smaller roads, primarily used for local transportation. Kirkwood Road is predominantly flanked by commercial use, with a block of multi-family located at the southern end of Downtown, a large mixed-use section of multi-family just south of the train tracks, and a small multi-family section at the northern end. The City Hall, Police Station, and train station parcels are prominent institutional uses and a deviation from the primary commercial use on Kirkwood Rd.

Outside of the first block off Kirkwood Road, the uses change from commercial and multi-family to almost exclusively single-family homes, multi-family homes, and institutional uses. An exception to this is the area around the new Performing Arts Center where there is commercial and light industrial, bordering the train tracks to the south.

There is very little public space in the traditional sense, with McEntee Memorial Park and Veterans Walkway by City Hall, Ken Connor Park at East Argonne and North Kirkwood, Walker Park at Washington and Taylor, Station Plaza, and a triangle shaped section where the Farmers' Market is currently. Other than that, the public spaces in Downtown are limited. This helps to underscore the importance of ensuring the passive public space (i.e. streets, sidewalks, etc.) are pedestrian friendly and encourage a nice experience for both residents and visitors.

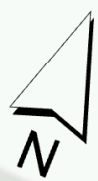
The map to the right includes 940 addresses. Multi-tenant buildings, residential or commercial, have multiple addresses. Of the 940 addresses in Downtown Kirkwood (displayed to the right), 142 of them are commercial, representing about 15% of the total. An in-depth review of the commercial inventory is available later in this report. 28 parcels are industrial or utilities, representing about 3% of all addresses. Because these parcels tend to be much larger though, they represent more than 3% of land use in terms of area. 35 of the properties are labeled Institution (e.g., municipal, church, medical/dental office), depicted in blue. This is about 4% of the total addresses, but again, they tend to be larger and therefore take up more than 4% of the land area in Downtown Kirkwood.

703 of the 940 addresses are residential, with just under 30% of them being single-family and the remaining being multi-family. Because a small number of parcels in Downtown Kirkwood are home to most of the multi-family in Downtown, the numbers are more dramatic than the map to the left depicts. In other words, the multi-family uses take up much less land area in Downtown than the more than 50% of addresses indicates. The single-family housing is congregated more than a block east or west of N Kirkwood Rd, adjacent to the additional residential that surrounds Downtown.

With a traditional land-use layout in Downtown Kirkwood, the land use conflicts appear to be minimal. Civic and institutional uses are located at the center of town. With the railroad tracks running through the center of Downtown, light industrial and utilities uses are expected.

The map to the right depicts the land uses in Downtown Kirkwood.

- Commercial
- Single Family
- Duplex/Townhome
- Multi-Family
- Industrial/Utility
- Institution



Note: This data was taken from St. Louis County records.

COMMERCIAL USE ANALYSIS

As part of the land use analysis, PGAV conducted an in-depth look at the buildings that are currently being used as commercial. The map to the right indicates all commercial buildings within the Downtown Kirkwood boundary, indicated in red.

Looking at the location of commercial buildings is the first step to understanding the commercial market in Downtown Kirkwood. As is clear from the map to the right, commercial development in Downtown Kirkwood is smaller in scale just north of the railroad tracks. This commercial tends to be located on small parcels, be more historic in nature, and maintains a pedestrian friendly environment. The farthest north commercial buildings in Downtown Kirkwood, north of Washington, are more auto centric, located on larger parcels, and further set-back from the street.

To the south of the railroad tracks, a large stretch of commercial exists with an in-tact street frontage. With a large mixed-use building located to the south, the area actually maintains a good commercial mix with residential above. From the train tracks south, the commercial gets more and more auto-centric, as fewer and fewer historic buildings remain and buildings tend to get larger set-backs. Given this dynamic, the commercial uses in the southern portion of Downtown Kirkwood begin to change from more local retail and small restaurants to larger offices buildings and more fast-casual dining options.

There are several blocks of former residential structures being used as commercial buildings west of Kirkwood Rd on Clinton, Monroe, Madison, and Clay. These buildings are almost all occupied and from the street, appear to be well-kept. The use of residential buildings as commercial can cause conflicts, but in Kirkwood, these buildings are most often used as offices and provide a buffer between the main commercial district and the single-family homes that bound Downtown. With relatively low traffic, these buildings provide a desired buffer while still allowing for a robust and healthy downtown land use mix.

The map to the left depicts the commercial land uses in Downtown Kirkwood.



Note: This data was taken from St. Louis County records.

BUSINESS PERMIT ANALYSIS

In an effort to dig a little deeper into the existing conditions, the City of Kirkwood provided business permit data. With this information, PGAV conducted online research to verify the businesses still in operation and still located in Downtown Kirkwood. PGAV then conducted extensive fieldwork to verify the businesses in Downtown Kirkwood and ensure that all of the businesses there were on the list. What resulted was a list of 317 businesses that have a location in Downtown Kirkwood (based on data collected during the fall of 2019). Looking at these businesses by NAICS Codes, the following types of businesses are present:

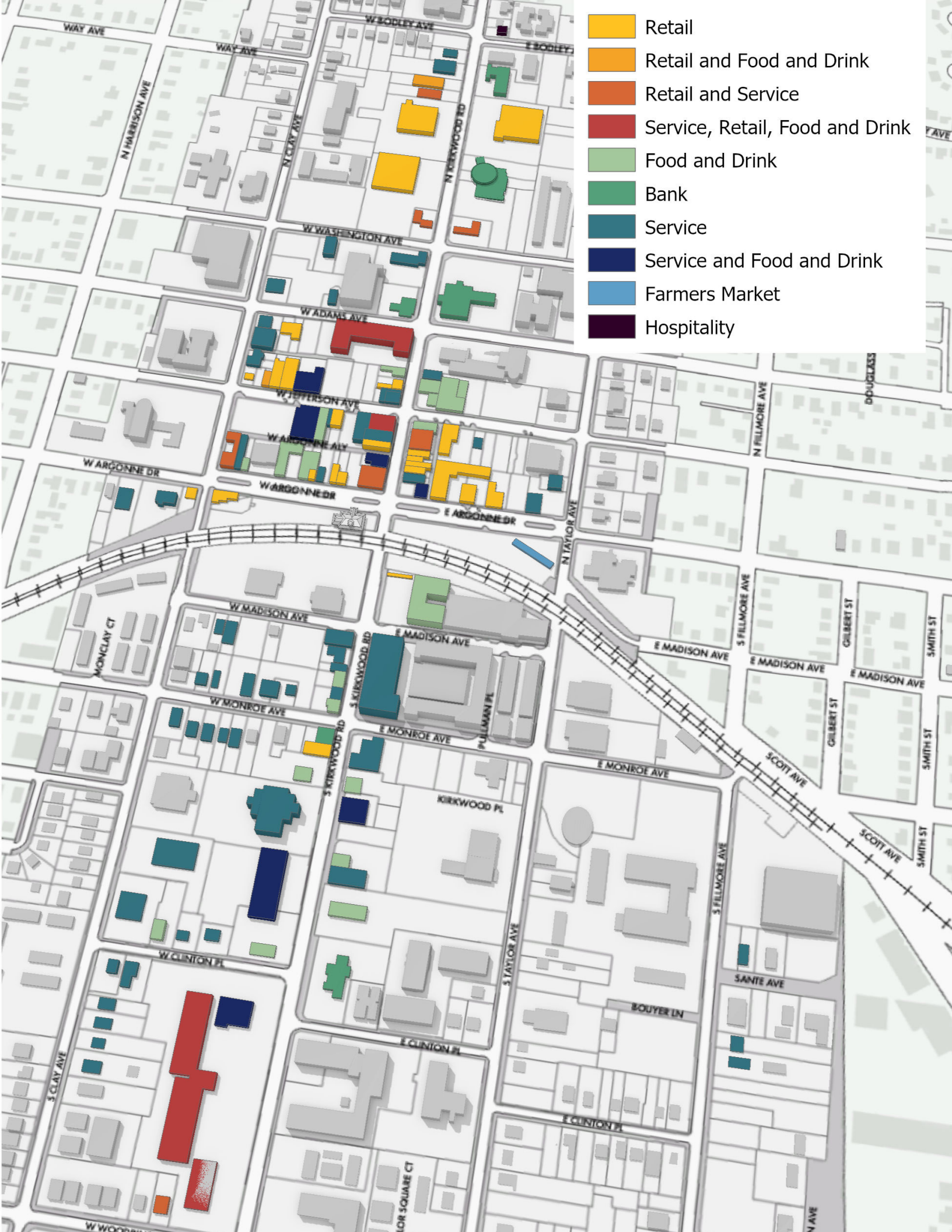
Advertising Agencies	Full-Service Restaurants	Quick/Delivery Service Restaurant
Architectural Services	Gas Station	Real Estate Services
Art Gallery	Glass Repair	Retail
Automotive Repair	Greeting Card Online Retailer	Retail Apparel
Banks	Home Furnishings	Retail Bakery
Café	Home Health Care Services	Retail Electrical Supplies
Commercial Printing (Except Screen & Books)	Individual & Family Services	Retail Farmers Market
Computer Systems Design Services	Insurance Agencies & Brokerages	Retail Grocery
Counter Service Restaurant/Bar	Medical Services	Retail Jewelry
Dance Instruction	Nursery, Garden Center & Farm Supply Stores	Retail Pharmacy
Dry Cleaning	Offices Of Misc Health Practitioners	Retail Specialty Food & Beverage
Education/Childcare	Offices Of Certified Public Accountants	Self-Service Kiosk
Educational Support Services	Offices Of Chiropractors	Snack Food
Financial Services	Offices Of Physicians	Specialized Freight (Exc Used Gds)
Fitness Studio	Personal Care Services	Trucking Long-Dist.
Florist	Professional, Scientific/Technical Svcs	Wholesale Trade Agents & Brokers

Of the 317 businesses found during the survey, the following is true:

- 46 are Food and Drink (this includes Specialty Foods, Quick Service Food, Retail Grocery Store, and Full Service Restaurant/Bar) - 14.5%
- 11 are Beauty Services - 3.5%
- 8 are Banks - 2.5%
- 61 are Medical Office, Counseling Services, or Bodywork Services - 19.2%
- 69 are Professional Services, Law Office, Insurance Services, or Real Estate Services - 21.8%

It is worth noting that this is simply the number of businesses in Downtown Kirkwood. This does not represent the number of employees or reflect the square footage of these businesses. For example, many of the professional services businesses have very few employees and a small office, while the Food and Drink related businesses usually have more employees and a larger footprint. An analysis of employment in Downtown Kirkwood is available later in this report.

The map to the right depicts the specific commercial land uses in Downtown Kirkwood.



- Retail
- Retail and Food and Drink
- Retail and Service
- Service, Retail, Food and Drink
- Food and Drink
- Bank
- Service
- Service and Food and Drink
- Farmers Market
- Hospitality

The Downtown Master Plan noted the high number of professional offices (especially those devoted to healthcare and healthcare adjacent industries) that have relatively low traffic. The data does support that about 20% of the businesses in Kirkwood are in that category, however, there are more offices in the law, insurance, and real estate industry.

This percentage does not reflect an over saturation, but is instead a healthy mix. The areas of Downtown Kirkwood that are in a transition (e.g. around Washington and Kirkwood Rd) represent opportunities to continue this healthy mix by requiring commercial and/or office development as part of new developments. For areas that do not have a healthy mix (e.g. places where one use occupies a large parcel), the City should encourage and support redevelopment that mirrors the mix of commercial, office, residential, and retail mix that is present in other areas of Downtown.

Another large category of businesses in Downtown Kirkwood is retail. Currently, there are more than 30 retail businesses (9.5%) located in Downtown, offering everything from chocolate gifts to frames to candles. These retail stores are almost entirely local and add to the character of the area by offering a retail experience unique to Kirkwood. The retail businesses found in Downtown Kirkwood include:

- | | |
|--------------------------------|---------------------------------|
| Alpine Shop | Insight Eye Equipment |
| Bicycles Of Kirkwood | James Durbin Jewelry By Design |
| Blush Boutique | James Summa Jeweler |
| Britt's Bakehouse | Jr League Gift Boutique |
| Center for Plant Based Living | K & S Wood Products |
| Checkered Cottage | Kirkwood Hardware |
| Chocolate Chocolate Chocolate | Kirkwood Pop Co |
| Christian Science Reading Room | Kirkwood Service Center |
| Christopher's | Lass & Laddie |
| Clay & Cotton Kirkwood | Martin Electrical Sales |
| Cornucopia | Mirage Spa & Recreation |
| Down By The Station | Naturally Inspired Gifts |
| Finders Keepers | Ok Hatchery Feed & Garden |
| Frame Shop Of St Louis | Paperdolls |
| Fun In The Sun Sports | Pottery Hollow |
| Global Food Market | Premier Prosthetics & Orthotics |
| Grapevine Wines | Sammysoap |
| Head To Toe Dancewear | The Bug Store |
| Heartland Art Club | The Shoelace Factory |
| Hey Lottie | Walgreens |

While some of these businesses are primarily retail, others are primarily services that offer some retail on site. Some are local establishments in a small storefront, and others are large regional chain stores. Some of these stores have been open for decades and others are relatively new.

Downtown Kirkwood's retail landscape is healthy, with a good mix of different options for both locals and visitors. Given national trends in brick-and-mortar retail (90% of spending is still done in-person at brick-and-mortar retail), it is expected that the retail market in Downtown Kirkwood will continue to remain relatively strong. An in-depth market analysis is available later in this report.

ACTIVITY PATTERN ANALYSIS

An alternate method of considering mix of uses is to analyze the activity patterns for different buildings within Downtown Kirkwood. By looking at where activity is taking place during the day, evening, and on the weekends, strategies to increase (or decrease) activity can be identified.

Daytime Businesses

The map to the right depicts all commercial uses that are open during the day. It shows a large number of daytime businesses in Downtown Kirkwood including restaurants open during the day, retail businesses, childcare facilities, and offices.

The offices makeup the largest component of Downtown Kirkwood commercial businesses, generating daytime activity and bringing in clients and employees who create spillover business for nearby retailers and restaurants. In addition, many of these offices also attract clientele visiting during the day. For example, those with appointments in the medical buildings come in for an hour, and then have the opportunity to eat lunch and shop in Downtown Kirkwood. While the daytime office uses seem to dominate the landscape in Downtown Kirkwood, what this analysis helps to show is that phenomenon contributes positively to additional retail and restaurant spending at nearby establishments.

The Downtown Special Business District might consider an intentional effort to engage the offices in Downtown Kirkwood in an advertising strategy to encourage both employees and visitors to explore Downtown Kirkwood by eating at the restaurants and visiting the retail establishments. This could include a more usable brochure or map to advertise daytime offerings or partnerships with local businesses to offer specials to those visiting during the day. Whatever the tactic, the Downtown Special Business District should concentrate on the potential business generated by these compatible uses, operating at the same time of day and attracting many of the same customers.

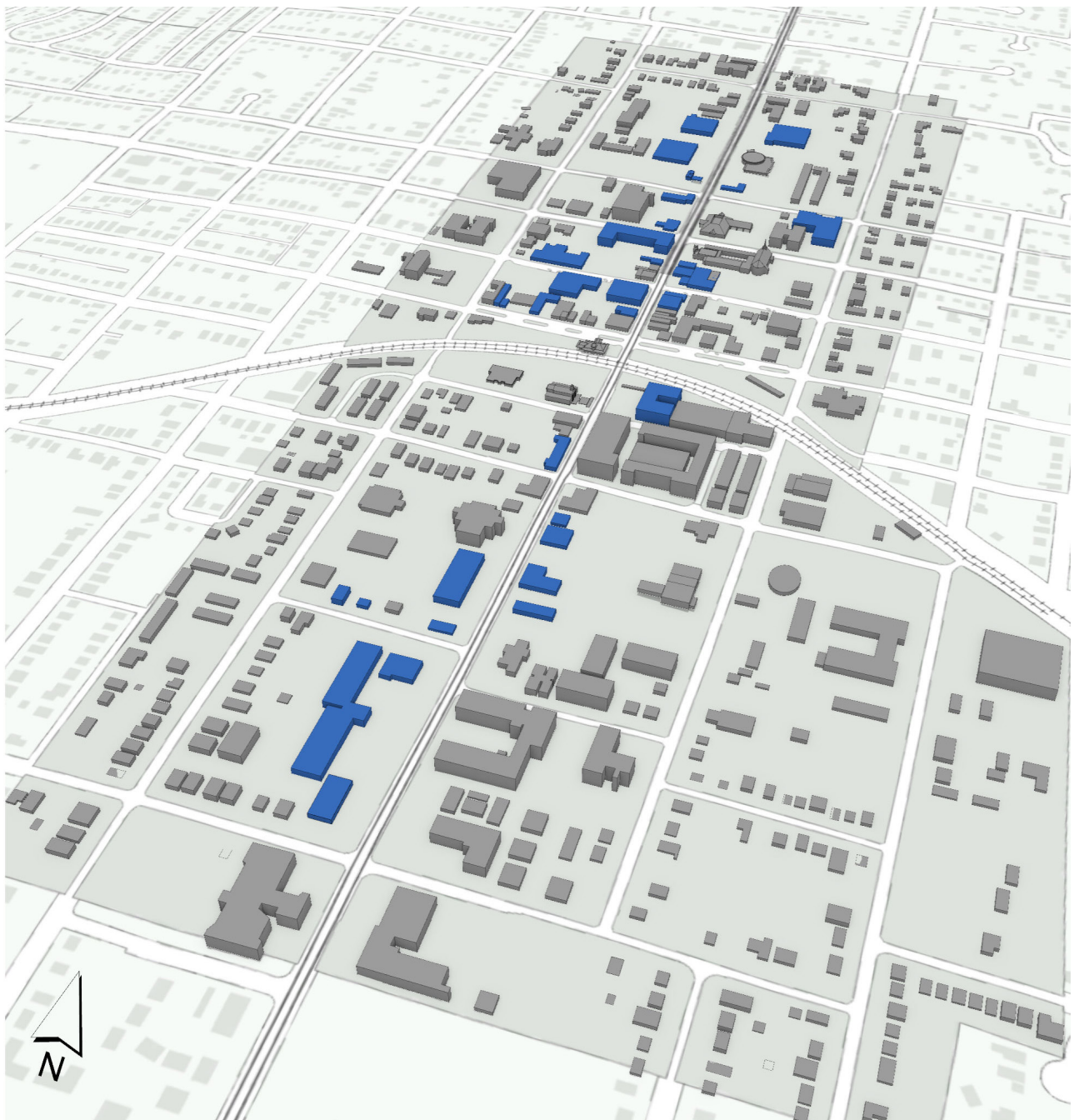
Businesses Open During the Day in Downtown Kirkwood



Evening Businesses

The map below depicts the businesses with significant evening hours. This includes mostly restaurants which are concentrated along Kirkwood Road with a large concentration just north of the train station. The concentration of evening activities near the Jefferson and Kirkwood intersection is an opportunity for some of the daytime businesses located nearby. Most of the retail shops in Downtown Kirkwood close at 5 or 6pm, missing out on the traffic from the visitors to the restaurants in the evening. Given there is a concentration of evening businesses creating a concentration of evening visitation, it is a missed opportunity for the nearby retail establishments to not take advantage of this walk-in business. The Downtown Special Business District should consider discussing evening operations with these Downtown retail establishments.

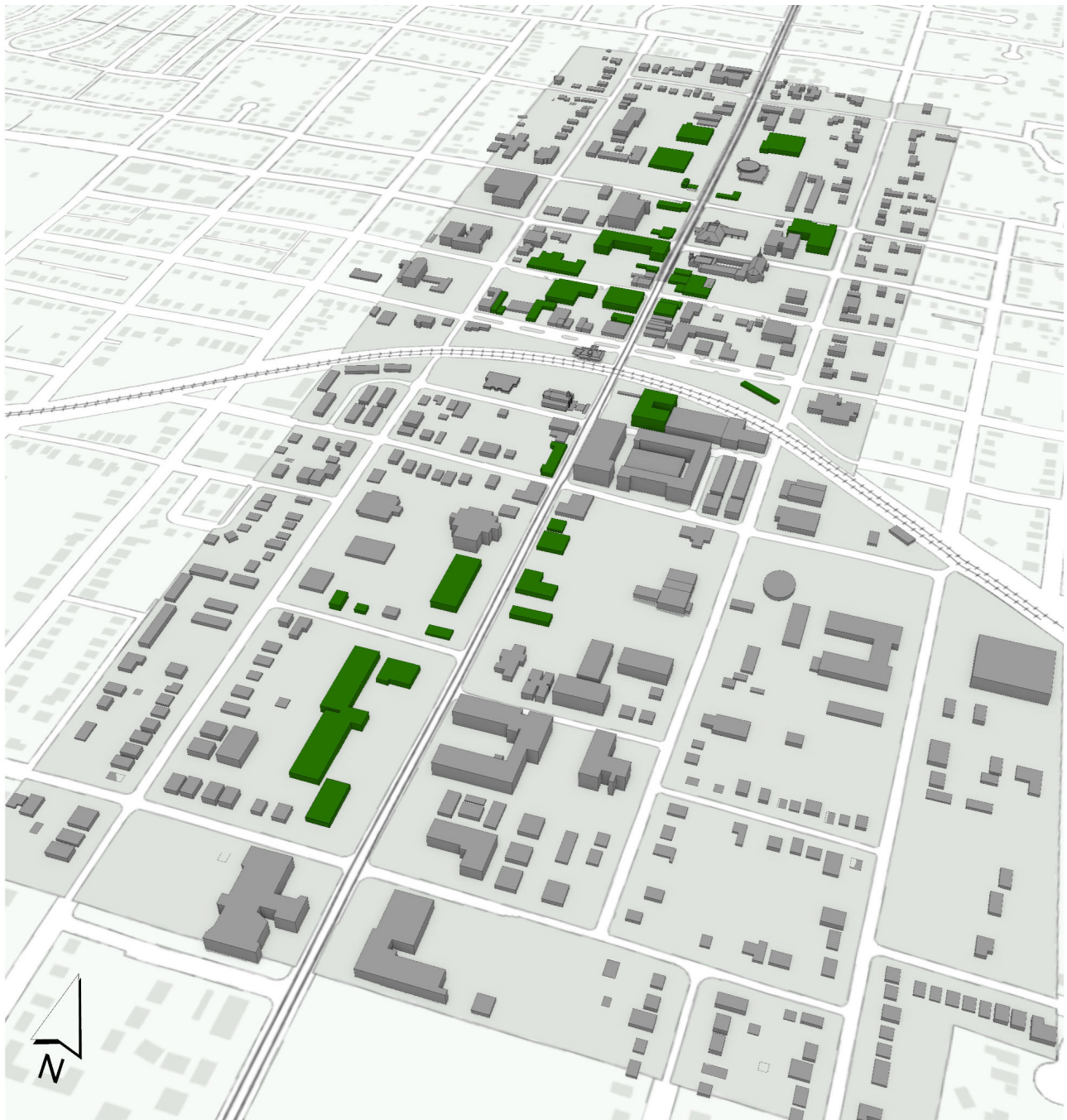
Businesses Open at Night in Downtown Kirkwood



Weekend Businesses

The map below depicts the places in Downtown Kirkwood that are open on weekends. It is worth noting that the businesses noted as open on weekends may not be open on both days, but reflect an average weekend day (e.g. churches only open on Sunday or banks only open on Saturday). The map shows a concentration along Kirkwood Road and on Argonne and Jefferson east and west of Kirkwood Road. It also depicts the areas of very little activity, those that primarily house offices, in the southern part of Downtown, both east and west of Kirkwood Road. The areas that are highlighted as very active on the weekends depict a healthy mix of uses that provide a commercial environment that attract customers from around the region. The areas that have little activity are an opportunity for additional retail and residential development to create a healthier mix of uses in those areas.

Businesses Open on the Weekend in Downtown Kirkwood



What this analysis helps to understand is that the mix of uses in Downtown Kirkwood is generally healthy overall. The daytime offices, which are a large portion of the commercial uses, help to bring customers to the daytime restaurant and retail uses. Without this daytime office population, these other retail and restaurant uses that are open during the day would miss out on this customer base. Similarly, the evening businesses bring in customers that would shop at nearby retailers if they were open. Banks and churches represent the possibility for encouraging patrons there for the weekend to visit restaurants or retail while in Downtown Kirkwood. The proximity of these varied uses creates vitality by encouraging pedestrian activity.

This analysis shows that there are clear nodes of activity at various times of the day and during different times of the week. To facilitate additional success for Downtown Kirkwood, the City should encourage agglomerations of businesses that keep certain areas busy, both round-the-clock and round-the-week. To encourage this, the City should both make recommendations and adopt policies that will support creating similar nodes of these mixed-uses and activity, maintaining the healthy mix of retail, restaurant, and offices uses throughout the Downtown area to capitalize on the compatible uses.

PARK IN REAR

SPENCER'S



GRILL

KIRN SIGNS

Downtown
Kirkwood

Shop,
Dine
&
Stroll



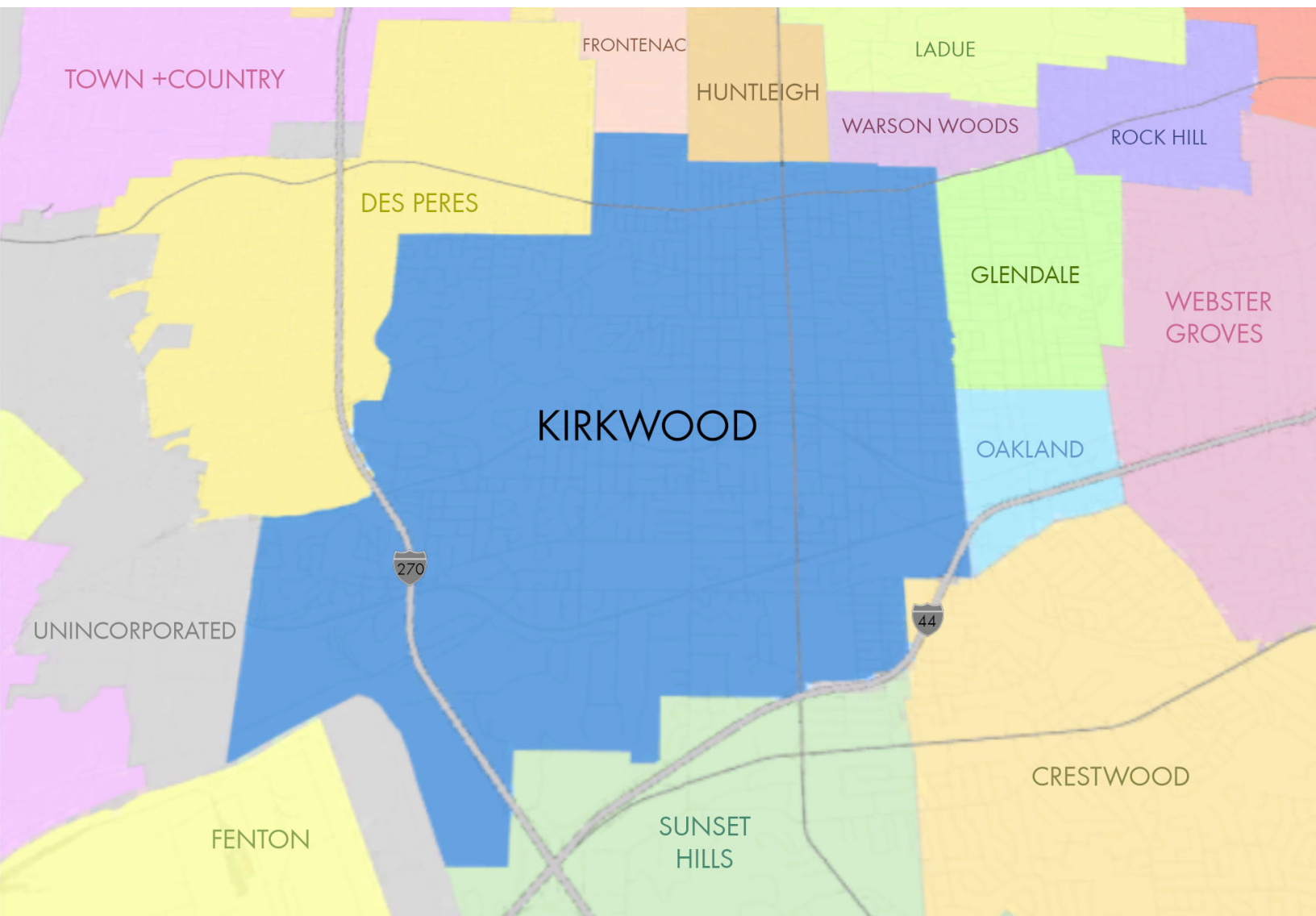
The
Music
Center
of
Kirkwood



MARKET
ANALYSIS

DEMOGRAPHICS

Kirkwood, Missouri is an inner-ring suburb located in St. Louis County, west of the City of St. Louis. A historic city founded in the 1800's, Kirkwood retains a unique character, much of which is centered in its Downtown surrounding the historic train station. Today, the area is residential in nature with pockets of commercial development serving both Kirkwood residents and the broader region.



This commercial market analysis focuses on Downtown Kirkwood, an area of roughly 275 acres centered on the railroad station and boarded by Bodley to the north, Woodbine to the south, Taylor on the east, and Clay on the west. The main north/south road through the study area is Kirkwood Road, running through the center of the Downtown district. The Downtown area has a mostly intact historic street grid with commercial buildings lining Kirkwood Road and residential mostly on the periphery.

Based on 2019 estimates, the City of Kirkwood is home to 28,207 people, or almost 3% of St. Louis County’s population of nearly 1 million. This is an increase of 650 residents since the 2010 census count, or 2% population increase over nine years. While this population growth is very small, it is consistent with the 2024 projected population growth to 28,555 people, or another 1-2% in population growth in the next five years.

The population of Kirkwood is an aging one, with a median age of 44.3 as of 2019. Since 2010, the number of residents under the age of 20 has decreased, once representing 25.2% of the population and projected to be 22.7% in 2024. While the population between 20-54 has stayed relatively consistent since 2010 and is projected to do so until 2024, the population over 55 has grown. Representing 31.3% of the population in 2010, residents over 55 are projected to make up 37.6% of the Kirkwood population in 2024. This age breakdown represents a shift in population that could have impacts on the market of Downtown Kirkwood.

Currently, Kirkwood is 86.6% white, 8.2% African American, and 5.2% of another race. This is relatively consistent with the 2010 breakdown, though the area has gotten slightly more diverse with the non-white population making up 13.4% of the population in 2019 vs. only 10.5% in 2010. This slow trend of increasing diversity is expected to increase in the future with the projected 2024 population to be slightly less white (84.8%) and slightly more diverse (15.3%).

The average household income in Kirkwood is estimated to be \$125,249 in 2019. This is significantly higher than the US average of \$89,930. This number is projected to see strong growth in the next five years with the average household income projected to be \$142,919 in 2024.

The data below looks at the disposable income of Kirkwood residents. As is clear, with a higher household income than the average, the area also has more disposable income than the County as a whole. For some age groups, the difference is nearly \$25,000.

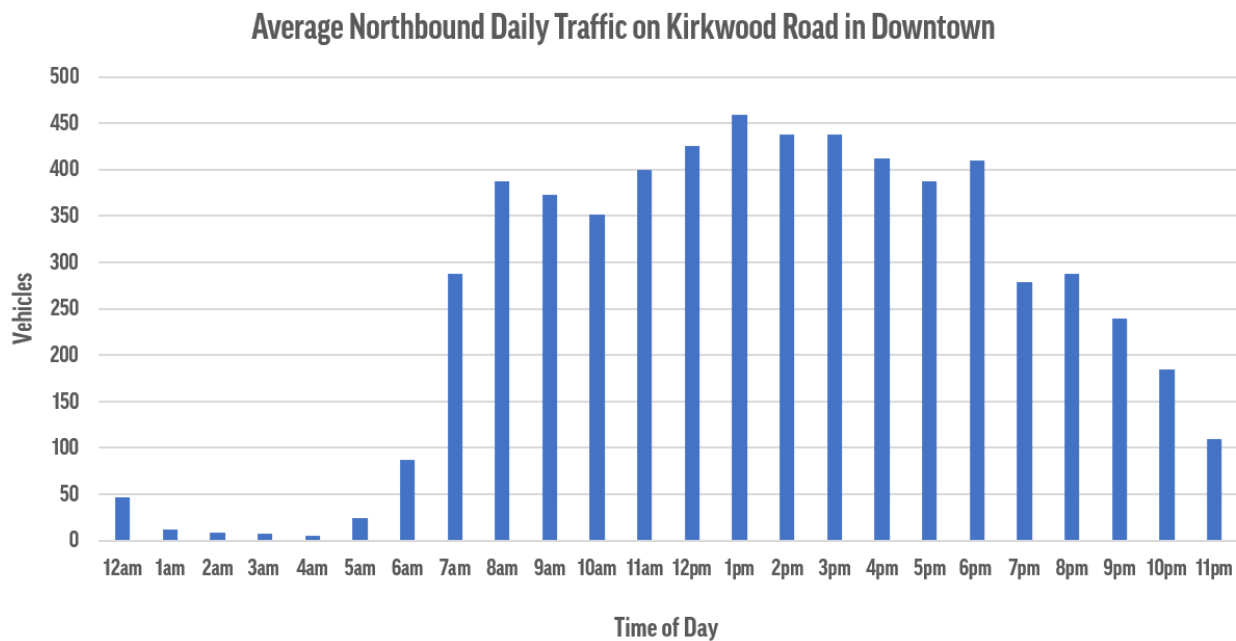
Age Group	Average Disposable Income in Kirkwood	Average Disposable Income in St. Louis County	Difference
Under 25	\$61,214	\$45,188	\$16,026
25-34	\$71,240	\$59,875	\$11,365
35-44	\$99,731	\$77,635	\$22,096
45-54	\$117,009	\$92,843	\$24,166
55-64	\$102,922	\$82,337	\$20,585
65-74	\$82,345	\$70,650	\$11,695
75 and Over	\$51,537	\$47,848	\$3,689

(Source: U.S. Census Bureau, ESRI RetailMarketplace)

Given this information, it is clear that some businesses are being supported by the spending of Kirkwood residents. With a higher disposable income than residents of the broader County, residents in Kirkwood have more to spend at establishments in Downtown Kirkwood, helping to support the success. That being said, Kirkwood is part of a regional market and because of its central location in the region draws from outside of only Kirkwood residents for sales.

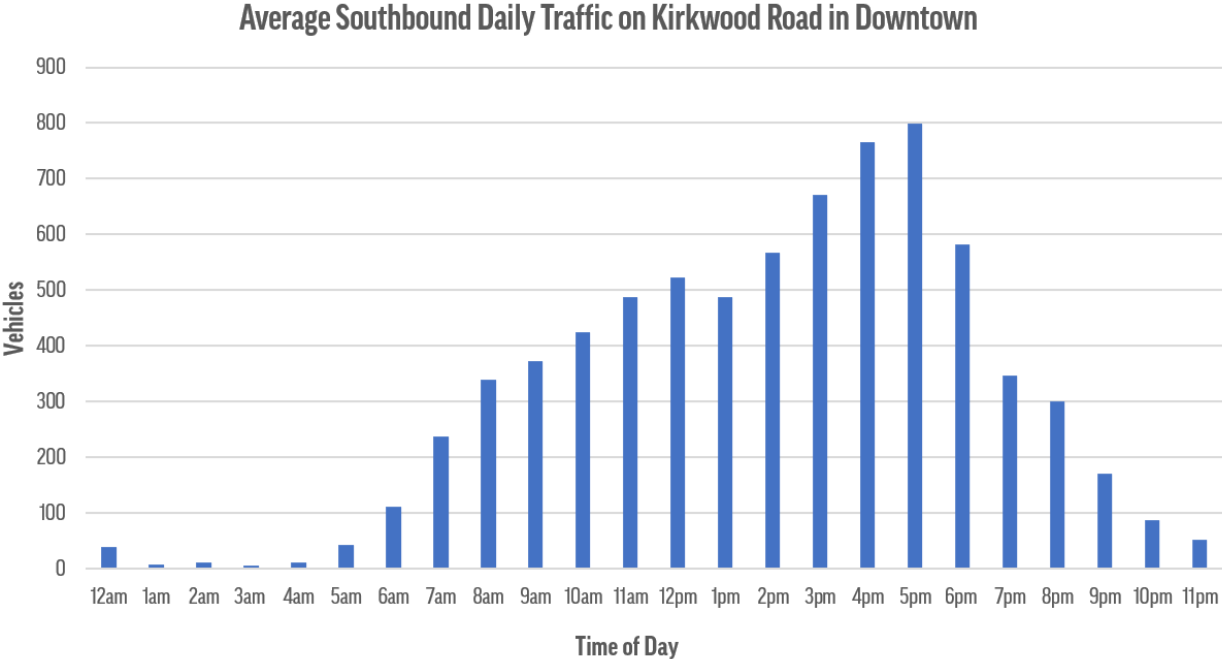
THE ROLE OF KIRKWOOD ROAD

One important market segment for Downtown Kirkwood is the pass-through traffic it receives due to Kirkwood Road going straight through the Downtown area. According to traffic counts gathered from the Missouri Department of Transportation, in 2018, the stretch of Kirkwood Road going through Downtown received an average of 6,061 vehicles going northbound each day. Average weekday traffic was slightly higher at 6,258 with a passenger car volume of 3,834. The road saw a Peak Hour Volume in the AM of 466 vehicles and a Peak Hour Volume in the PM of 502 vehicles going northbound on Kirkwood. The chart below displays the average hourly traffic on an average day in Downtown Kirkwood going northbound.



Different than some areas, Kirkwood Road actually has somewhat consistent traffic going north between 8am and 6pm, indicating that it is not simply a place people drive through at rush-hour. Instead, the area seems to maintain a relatively consistent amount of traffic during the day. There is a drop off as the day gets later, but does maintain a higher level of traffic until about 10pm when traffic becomes very limited until the next morning.

Alternatively, as the chart below indicates, the southbound traffic on Kirkwood Rd is much less consistent, building throughout the day, with a peak during evening rush hour between 3-6pm. There is very little traffic going southbound after 9pm, possibly indicating that many of the visitors are coming from the north, either other parts of Kirkwood or via Highway 64/40.



What this information displays is that Downtown Kirkwood receives a lot of visitation due to its location on Kirkwood Road. Whether or not people are stopping when they pass through is unknown, but the simple fact that they pass through provides the area with a larger additional market of potential customers.

(Source: St. Louis County Department of Transportation)

RETAIL MARKET ANALYSIS

Based on data gathered from CoStar in November of 2019, there are 60 properties with rentable retail space in Downtown Kirkwood. These include large freestanding retail businesses with more than 100,000 square feet and also storefront spaces with less than 2,000 square feet. The average retail property was built in 1956. In total, there are nearly 550,000 square feet of retail space available in Downtown Kirkwood.

The average rent per square foot for retail property currently in Downtown Kirkwood is \$19.47.

Based on this search, the following properties have retail space available:

Property Address	Rentable Building Area	Rent Per Sq/Ft
124 W Jefferson Ave	15,000	\$14.00
206 N Kirkwood Rd	5,464	\$28.75
100 S Kirkwood Rd	60,000	\$17.95
343 S Kirkwood Rd	31,919	\$25.00
407 S Kirkwood Rd	67,450	\$20.98
142 W Monroe Ave	3,534	\$19.69
	30,561	\$21.06

Based on the information gathered from the Downtown Kirkwood organization, there is also a building at 214 N Clay listed for lease as retail or office and is listed at \$24.50 per square foot for a 1,456 square foot space. Because it is a bit off of the main stretch and closer to other office uses, for the purpose of this analysis, it is included in the office market analysis.

The lack of retail space currently available for lease in Downtown Kirkwood indicates a strong market. With a vacancy rate of less than 5%, the market has seen consistent growth in rents and they are expected to continue to grow at about 2% per year. Higher rents also indicate higher sales volume. This lack of available supply also speaks to the need to create higher density developments in underutilized areas of Downtown Kirkwood, providing additional supply.

With a strong market for retail space and rising costs, there is a concern that existing tenants will be “priced-out” of the Downtown Kirkwood market. It is important that the City of Kirkwood be aware of this potential problem and take steps toward engaging with long-time businesses owners to ensure they can remain in the Downtown area. An easy first step could be engaging current business owners through an online survey to gauge information about rental history, property information, and impressions of doing business in Downtown Kirkwood.

RETAIL DEMAND ANALYSIS

Understanding the supply and demand conditions of Kirkwood is an important aspect of trying to understand what the Downtown area is missing, has too much of, or could support additional investment in. Because the City of Kirkwood is within a broader region though, the City alone cannot conduct a traditional retail demand analysis with the same “leakage” indicators as could be done for the St. Louis region. That being said, this retail demand analysis looks at the demand and supply of the Downtown Kirkwood area to understand who is spending money there and what categories of commercial businesses could support additional investment.

Looking at the retail demand within a 5-10 drive time radius of Downtown Kirkwood for example, there is a negative retail gap in all but four of the industries studied. This negative retail gap indicates that there is more supply than the demand within the area calls for. In other words, people are coming from outside of Kirkwood to use these services and spend money in these industries. The population of Kirkwood alone could not support this amount of retail.

Industry Group	Demand	Supply	Retail Gap
Motor Vehicle & Parts Dealers	\$255,883,235	\$192,322,090	\$63,561,145
Furniture & Home Furnishing Stores	\$40,387,114	\$66,134,532	-\$25,747,418
Electronics & Appliance Stores	\$37,911,152	\$45,362,427	-\$7,451,275
Building Materials, Garden Equipment, & Supply	\$90,383,835	\$68,270,716	\$22,113,119
Food & Beverage Stores	\$194,330,674	\$329,270,569	-\$134,939,895
Health & Personal Care Stores	\$70,829,559	\$71,173,443	-\$343,884
Gasoline Stations	\$132,050,383	\$74,787,220	\$57,263,163
Clothing & Clothing Accessories Stores	\$56,270,134	\$193,908,042	-\$137,637,908
Sports Goods, Hobby, Book & Music Stores	\$36,422,725	\$103,096,446	-\$66,673,721
General Merchandise Stores	\$231,542,461	\$265,669,257	-\$34,126,796
Miscellaneous Store Retailers	\$49,371,898	\$56,768,496	-\$7,396,598
Nonstore Retailers (e.g. e-commerce)	\$15,374,863	\$6,618,781	\$8,756,082
Food Services & Drinking Places	\$133,847,092	\$178,890,102	-\$45,043,010

It is worth noting that some of this supply and demand data is informed by the large shopping district just south of Downtown Kirkwood, that clearly draws consumers from a relatively broad trade area.

As is obvious from these numbers, the food services and drinking places industry is well represented, with an over-supply of \$45 million on an annual basis. This is further evidence that the large number of establishments in Downtown Kirkwood are being supported by visitors who are coming to them from outside of Kirkwood. Downtown Kirkwood is clearly a regional dining destination.

Looking more closely at the Food Services & Drinking Places industry group, of the three categories within the larger industry, the data are varied. For example, Special Food Services and Drinking Places both have a demand that exceeds supply, making the case that Downtown Kirkwood could support additional establishments with its current population, echoing what several stakeholders mentioned. The restaurant segment however, has a very large retail gap, indicating that this is what the district has an abundance of and that these establishments are being heavily supported by visitors and perhaps more than Kirkwood residents. This data is not to say that Downtown could not add establishments in both categories, just to clarify that the needs of these industry segments differ.

Downtown Kirkwood has developed an agglomeration economy for the restaurant sector. As a result, adding additional restaurants to established dining options will be supported by existing customers and visitors and will not have the same implications as other sectors that might be “over-supplied” based on the current supply and demand. People come to Downtown Kirkwood because of the high number of these establishments and therefore the area can support additional options.

Looking at this same data for the City of Kirkwood as a whole (rather than a drive-time from Downtown Kirkwood), the information is consistent. For the vast majority of industries, Kirkwood has an over-supply of retail, indicating the visitors are coming from outside of the area to spend money.

RETAIL SPENDING GROWTH

Looking at retail spending within a 5-10 minute walk time radius of Downtown Kirkwood, there is projected retail spending growth looking out 5 years for all six categories studied. As the chart below indicates, 2024 forecasted demand is projected to increase significantly. This translates into more than \$2 million additional dollars in spending within the Downtown Kirkwood area in the next five years, from just the 5-10 minute walking radius.

Retail Category	2019 Consumer Spending	2024 Forecasted Demand	Projected Spending Growth
Apparel & Services	\$1,464,357	\$1,732,850	\$268,493
Computer	\$140,555	\$166,317	\$25,762
Entertainment & Recreation	\$2,234,988	\$2,644,776	\$409,788
Food	\$6,127,432	\$7,250,873	\$1,123,441
Health	\$427,299	\$505,630	\$78,331
Household Furnishings & Equipment	\$913,495	\$1,080,896	\$167,401

Given the high amount of retail supported by non-Kirkwood residents, the data above helps to underscore that additional retail options could be supported in Kirkwood.

This spending growth estimate does not take into account the addition of new residents based on new development projects. Should the Kirkwood Flats development for example take shape, that would add additional spending power. Based on the estimates above and regional spending estimates, for every household added to Downtown Kirkwood, an additional \$4,000 of food and beverage spending away from home is expected. Given the market in Kirkwood, it is likely that 25% of this would be spent in Downtown Kirkwood. The resulting calculation indicates that each new household added to Downtown may result in \$1,000 in additional spending at local restaurants.

While there continue to be shifts in retailing at a national level, 90% of retail sales continue to be made at brick-and-mortar retail locations so this additional spending power and potential for new residents is likely to create additional revenue within the shops and restaurants in Downtown.

(Source: ESRI Retail Marketplace)

OFFICE MARKET ANALYSIS

Based on data gathered from CoStar in November of 2019, there are 52 properties with rentable office space in Downtown Kirkwood. These include everything from small 1,200 square foot offices within buildings with other uses, to a property with more than 70,000 square feet of space available for lease. The average age of these buildings is nearly 60 years, with the average being built in 1961. In total, there is more than 440,000 square feet of office space available in Downtown Kirkwood.

The average rent per square foot of office property in Downtown Kirkwood is \$23.76.

The following properties have office space available:

Property Address	Rentable Building Area	Rent Per Sq/Ft
140 W Adams Ave	5,000	\$18.57
206 W Argonne Dr	8,400	\$20.00
220 W Argonne Dr	3,018	\$28.00
112 W Jefferson Ave	14,190	\$20.94
470 N Kirkwood Rd	14,100	\$23.00
333 S Kirkwood Rd	60,250	\$27.00
130 W Monroe Ave	3,400	\$64.29
AVERAGE	15,480	\$28.83
AVERAGE without 130 W. Monroe	17,413	\$22.92

The property at 130 W Monroe Ave is a former residential building now being used as office space. The nearly \$65 per square foot price is an outlier in the list of available properties for lease. With it removed, the average rent per square foot drops to less than \$23 per square foot and is likely a more realistic estimate as it is very close to the rent per square foot of the currently occupied office space in Downtown Kirkwood.

According to the Downtown Kirkwood website, there are several additional office spaces available for lease ranging from single office spaces of less than 500 square feet to large office spaces available in the Pioneer Place II building and the Woodbine Center. These listings range from \$18 to \$30 per square foot, which is consistent with the average from the existing data. The average market rent for office space in the West St. Louis County Submarket is \$16.87, significantly lower than the cost of office space in Downtown Kirkwood. In addition, the Kirkwood office rents are seeing an average annual growth rate of about 1.7% and are forecasted to continue growing.

(Source: CoStar 2019 Data)

EMPLOYMENT AS A MEASURE OF THE MARKET

In order to quantify the strengths and opportunities in the downtown Kirkwood commercial market, it is useful to understand what industries are concentrated in the Downtown. This can be done in a variety of ways, one of which is to provide employment numbers broken down by industry classification. This data, shown below, while illuminating, does little in the way of determining Downtown Kirkwood's competitive advantage, change over time, and opportunities for growth.

Portion of Total Downtown Employment by Sector

Industry Sector	2005		2017		Change from 2005 to 2017	
	% of Total ¹	No. of Jobs ²	% of Total	No. of Jobs	Change in Portion ³	Change in Number
Agriculture, Forestry, Fishing and Hunting	0%	0	0%	0	0%	0
Mining, Quarrying, and Oil and Gas Extraction	0%	0	0%	0	0%	0
Utilities	1%	47	1%	70	0%	23
Construction	5%	174	3%	127	-2%	-47
Manufacturing	2%	74	2%	71	0%	-3
Wholesale Trade	3%	109	2%	74	-1%	-35
Retail Trade	12%	451	11%	386	-1%	-65
Transportation and Warehousing	1%	44	0%	9	-1%	-35
Information	2%	88	1%	80	-1%	-8
Finance and Insurance	6%	215	3%	221	-2%	6
Real Estate and Rental and Leasing	2%	57	1%	19	-1%	-38
Professional, Scientific, and Technical Services	6%	214	6%	219	0%	5
Management of Companies and Enterprises	1%	22	0%	15	0%	-7
Administration & Support, Waste Management and Remediation	5%	200	2%	97	-4%	-103
Educational Services	1%	22	1%	55	1%	33
Health Care and Social Assistance	24%	876	17%	617	-7%	-259
Arts, Entertainment, and Recreation	2%	55	0%	9	-1%	-46
Accommodation and Food Services	14%	508	30%	1113	16%	605
Other Services (excluding Public Administration)	8%	309	12%	390	3%	81
Public Administration	5%	177	7%	241	2%	64

¹ % of Total represents the percentage of the total Downtown jobs in from each sector. For Example, 1% of the total jobs in Downtown Kirkwood are situated in the Utilities sector

² No. of Jobs represents the raw number of jobs in Downtown Kirkwood from each sector

³ Change in Portion represents the change in the "% of Total" figure for each sector from 2005 to 2017. For example, The % of Total figure for Health Care and Social Assistance went from 24 % in 2005 to 17 % in 2017, representing a change in portion of -7 %

PGAV wanted to understand whether or not Downtown has a competitive advantage in certain sectors over the rest of Kirkwood, or the rest of St. Louis County, by calculating a location quotient and shift-share analysis. Location quotients describe a smaller area's employment base, or local economy, compared to a larger geographic area, or reference economy. This study compares downtown Kirkwood with the entire City and then again compares the City with St. Louis County.

LOCATION QUOTIENT

A result of 1.0, means that the employment in a particular sector in the local economy is in equilibrium with the reference economy. In other words, the local economy has its fair share of jobs in that sector, no more and no less. A result of less than 1.0 indicates the local economy has less than its fair share of a sector's jobs as compared to the reference economy. Similarly, a result of more than 1.0 indicates the local economy has more than its fair share of a sector's jobs, also known as a cluster or concentration.

Based on the makeup and location of the local economy, certain sectors will not be applicable. For example, Mining and Agriculture will not apply in urban areas, except as it relates to a company headquarters. Similarly, office and healthcare will play less of a role in more rural areas. Given these likely dynamics, the Kirkwood analysis seeks an understanding of both Kirkwood and Downtown's concentrations.

When compared to St. Louis County, Kirkwood exhibits clusters, or a location quotient of more than 1.5, in the following categories:

- Utilities;
- Retail Trade;
- Educational Services;
- Arts, Entertainment, and Recreation;
- Accommodation and Food Services; and
- Other Services (not Public Administration)

These sectors are more prevalent in Kirkwood than in St. Louis County as a whole. Looking at the types of businesses these clusters contain, it is obvious that Kirkwood has an abundance of restaurants, retail, and entertainment options. These categories have high location quotients, supporting the notion that Kirkwood is a destination for many residents in and outside of Kirkwood. The data support the idea that Kirkwood has more than its fair-share of the regional market in these sectors - this translates into both number of establishments, and, as this data indicates, number of employees. "Other Services", also concentrate in Kirkwood, includes things like tailors, beauty salons, dry cleaners, and social service agencies, all noticeably present in Kirkwood.

The "Educational Services" is perhaps an outlier on this list. While Kirkwood itself has quite a bit of employment in this sector, the major employers falling in these categories are located outside of Downtown Kirkwood. For example, St. Louis Community College has a large campus in Kirkwood, home to many employees. The campus is not located within Downtown, so those employees contribute to Kirkwood's advantage as a City in the Educational Services category, but do not impact Downtown in the same way. While relevant to consider in the list of sectors in which Kirkwood has a regional competitive advantage, it is worth noting that this is not a sector where Downtown has a particular advantage.

Looking at Kirkwood in relation to St. Louis County over time, from 2005 to 2010, the change in employment in Kirkwood

decreased by 16.1%. This is significantly more than in the County as a whole at just 3.4%. For Kirkwood, the employment figures have not recovered to pre-recession levels. However, despite the sharp decrease in employment, the sectors where Kirkwood exhibited clustering is consistent with the past. Within Kirkwood over the same period, downtown employment decreased at half the rate (-8.6%) as Kirkwood overall.

Much of the loss in employment in downtown was offset by growth in two main sectors:

- 1) Accommodation and Food Services
- 2) Other Services

These sectors have experienced strong growth in recent years and helped fill the gaps of other businesses relocating or eliminating jobs. In addition to those two, additional sectors also exhibit clustering tendencies in Downtown compared to the rest of Kirkwood. The other clusters in Downtown include the following:

- Utilities
- Finance and Insurance
- Public Administration

This conclusion reflects the abundance of small professional offices in Kirkwood, home to firms performing insurance and financial services. The high number of municipal buildings also explains the Public Administration cluster as the area is home to many Downtown offices for police, public works, etc.

SHIFT SHARE ANALYSIS

Another method for quantifying competitive advantage is a shift-share study. A shift-share identifies decreases and increases in employment caused by the trends in the local economy. In other words, if employment increases in the local economy, a shift-share analysis will identify whether or not it was due to factors in the local economy or due to trends in the reference economy.

Another way to look at this is by examining the old adage suggesting that a rising tide lifts all boats. If a cluster in the local economy, or boat, results in extraordinary growth, it could be said that the boat rose a little higher than the tide would suggest. Furthermore, there is a good chance it rose higher than other boats on the same tide.

If the result of a shift-share yields a positive number, a sector in the local economy performed greater than the same sector in the reference economy. The opposite is true if a shift-share study yields a negative result. The following sectors in Kirkwood outperformed St. Louis County from 2010 to 2017:

- Utilities
- Information
- Health Care and Social Assistance

In Downtown Kirkwood over the same period, the following sectors outperformed Kirkwood as a whole:

- Accommodation and Food Services
- Other Services

It is also worth noting that these sectors in Downtown Kirkwood outperformed Kirkwood as a whole by an especially wide margin from 2005 to 2010 and from 2010 to 2015. Furthermore, the share of total jobs devoted to Accommodation and Food Services in downtown more than doubled from 2005 to 2017. This is likely due to an increase in jobs devoted to this sector, matched by a decrease in jobs in other sectors. Regardless, this continues to support the idea that Downtown Kirkwood is a destination for folks in the region and that those coming from outside continue to support these two sectors very strongly.

Another way to look at the downtown economy is by analyzing employee wages. Currently, the workforce in Kirkwood earns less than its residents. This answer was reached by comparing worker wages with resident wages, but this conclusion is easily attainable by those familiar with the standard of living in Kirkwood compared to the wages often associated with the jobs that cluster in the Downtown. This disparity presents an opportunity for the City to look into the issue of workforce housing, an issue that is prevalent in many communities facing a similar situation. A move to encourage the placement of workforce housing in downtown, or nearby, could potentially invite Kirkwood's workforce to live near their place of employment.

On the other hand, the slow recovery to pre-recession levels for other Downtown concentrations supports a strategy to increase, or at least maintain, the supply of land and building space to maintain a competitive advantage in the Utilities, Finance and Insurance, and Public Administration sectors. These sectors generally consist of employees with wages that exceed those of Accommodation and Food Services and Other services. The presence of non-retail and service businesses in Downtown supports employment in the retail and service sectors.

The City can use these results to guide future land use to meet the needs of clustering businesses and maintain a competitive advantage. The City can also use the results to identify gaps in the Downtown economy and take steps to fill them or encourage the placement of those businesses outside of Downtown. For now, it appears that Downtown excels in the restaurant and service markets. The concentration of these uses secure what many know to be true: downtown Kirkwood is a destination for residents and visitors. However, office-oriented employment opportunities in the Utilities, Information, and Public Administration sectors also enjoy concentrations in the Downtown and contribute to the larger economic picture.

STAKEHOLDER ENGAGEMENT

As part of the Market Study for Downtown Kirkwood, the PGAV team conducted targeted engagement to residents and businesses owners, both current and future.

Through several in-person conversations, both formally and through conversations while walking around Downtown Kirkwood, several themes emerged:

Retaining the character of Downtown Kirkwood

Downtown Kirkwood differs from many nearby suburban environments due to its historic character. While the market does not function in a silo and is constantly in both competition and coordination with nearby municipalities, the area does have an advantage in that the character itself is an attractive component for customers, residents, and business owners. Several stakeholders noted this and stressed the importance of it when considering the retail mix in Downtown Kirkwood.

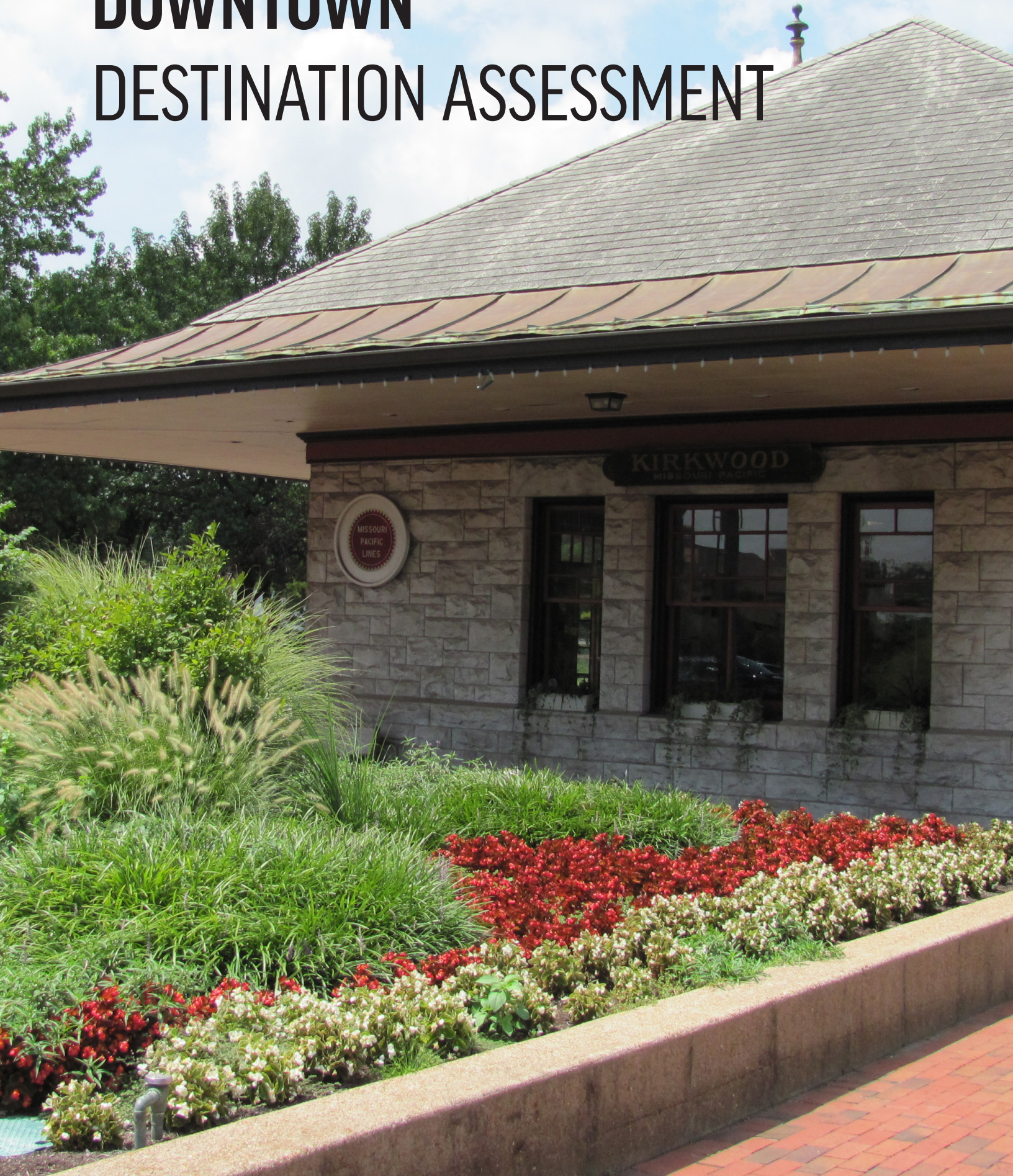
Supporting long-term businesses

Kirkwood is home to several long-term businesses and time and time again, both residents and business owners touted this as one of Downtown's advantages. The long-standing businesses add to the character of Kirkwood and often provide some of the services that residents use.

Diversifying the offerings

As the market analysis indicates, there are several clusters in Downtown Kirkwood. Many of the business owners we spoke to encourage the diversification of the Downtown area. With so many small offices, several stakeholders indicated a larger employer with more than 10 employees would be a good addition to Downtown. Others mentioned different kinds of restaurants, such as a breakfast option that could cater to the older residents of Kirkwood. While there was no consensus about what should be added, there was consensus that diversification was needed in order to continue to compete with other regional destinations.

DOWNTOWN DESTINATION ASSESSMENT



ECONOMIC IMPACT OF VISITORS

Tourism is often assigned to large-scale, national destinations; however, communities like Kirkwood also rely on outside visitors from across the region, state, and nation. The positive effects of a successful tourism industry resonate through many business sectors, including non-tourism related businesses and the local community. The positive impacts are felt by local businesses and residents alike. Residents benefit from added or improved visitor services and infrastructure, increased employment and entrepreneurial opportunities, and improved shopping convenience and increased choice. A well-balanced mix of retail and services make Downtown a destination attractive to residents, visitors, and investors.

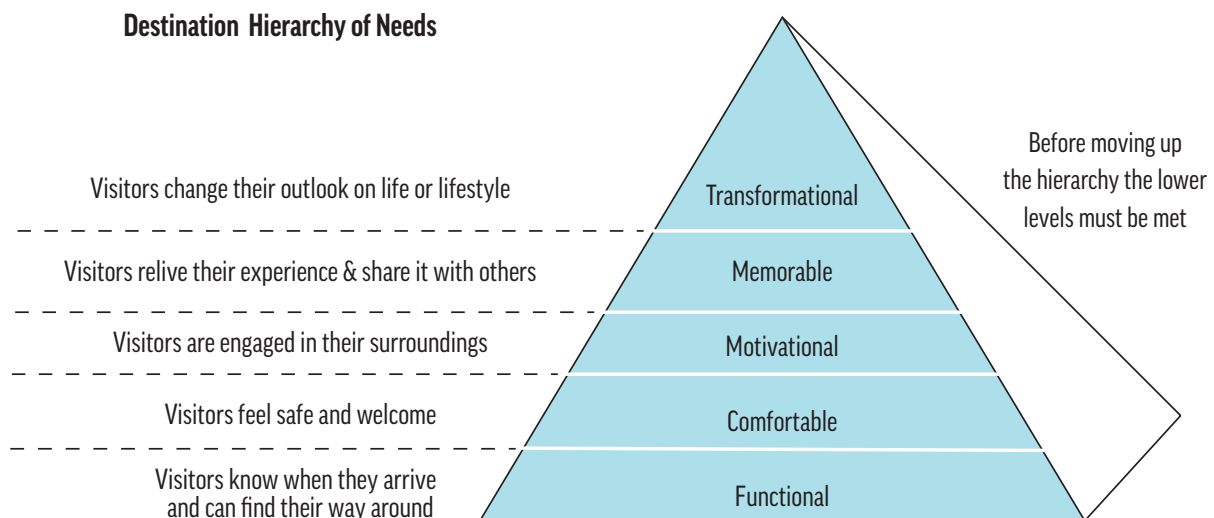
ASSESSMENT OF VISITOR EXPERIENCE

The Destination Assessment provides a snapshot of the local tourism industry operating community-wide, with a focus on Downtown. The “rapid assessment” process employed consists of reviewing existing data and marketing materials, as well as, conducting field work, visiting the community, its key destinations, and meeting with local stakeholders. This report and the recommendations contained herein should serve as a foundation, providing strategic direction for Kirkwood as it moves toward destination success. Understanding the framework used to evaluate Kirkwood’s destination potential will provide useful context for the recommendations and suggestions for improvement. Although the Destination Assessment focuses on tourism and arts, many of the recommendations promise to improve quality of life for both visitors and residents. Many of the recommendations in this study, such as streetscape improvements, will provide essential infrastructure to support tourism while also improving daily access for local residents.

VISITOR HIERARCHY OF NEEDS

Destinations and, in a larger sense, downtowns are basically customer-oriented businesses and therefore should always take the customer point-of-view. When destinations conduct product development and determine marketing decisions they must address what the customer wants and needs.

The concept of a destination consumer “Hierarchy of Needs” suggests that customers must have their most basic needs met before they can attain higher levels of fulfillment.



FUNCTIONAL LEVEL

Does the City provide adequate wayfinding to make travel throughout the area easy and somewhat intuitive? Do visitors know when they have “arrived”? Does the City adequately provide basic comforts, such as parking, bathrooms, and a place to rest? Is information about destinations and events easily attainable?

Recommendation: Create Downtown Kirkwood Entry Signs

It is important that Downtown Kirkwood establish a sense of place, define the boundaries of Downtown, and promote its main street appeal. Good wayfinding is one of the most basic needs of visitors. Not only will wayfinding establish a sense of place for the City, it will also provide reassurance to visitors that they are on the right road, and that they are in the right place.



Downtown Kirkwood could feature entry signs such as the image at left which are smaller in scale and are less obtrusive than gateway signs over Kirkwood Road (which could be a problem for truck traffic). Ideal locations would be along Kirkwood Road at the intersections of Bodley to the north and Woodbine to the south.

COMFORTABLE LEVEL

Is the downtown pedestrian area friendly and well lit? Are the building facades and streetscape designs aesthetically pleasing? Are numerous lodging and dining options present throughout? Does the downtown provide adequate comforts so that the visitor can relax and get away from home?

Recommendation: Add Public Restrooms

While there are restrooms available at the Kirkwood Public Library, the Kirkwood Train Station, and recently renovated public restrooms at the Farmers' Market, Downtown could use additional, easily accessible restrooms. A public restroom with publicized signage would be a welcome amenity for visitors and customers alike. There are many examples of public restrooms as freestanding buildings that incorporate public art into their design adding to the creative placemaking of downtown.



Recommendation: Create a Pedestrian Buffer on Kirkwood Road through street trees and/or streetscape enhancements.

The addition of street trees along Kirkwood Road would provide a number of benefits including a more attractive corridor, a buffer for pedestrians from vehicular traffic, as well as a cleaner atmosphere. Public trees would be located in the City's right-of-way which typically is the area in front of a dwelling or business, in the space between the curb and the sidewalk. Despite a relatively intact street-tree system in Downtown, with trees lining most of the street grid, Kirkwood Rd lacks trees and the addition would improve the pedestrian experience.

MOTIVATIONAL LEVEL

Does the downtown provide visitors with activities in which to participate? What will move the visitor to get out of their car and get involved? Does the downtown provide a chance to learn, interact with others, and an opportunity for adventure or escape?

The City of Kirkwood owns and operates the train station in the center of Downtown. This building acts as a Visitor's Center for the City, staffed by volunteers to share information and activities. Downtown Kirkwood has a variety of shops, restaurants and entertainment uses that provide a variety of activities for visitors to enjoy and engage in when they are visiting Downtown Kirkwood. Additionally, Downtown Kirkwood is located in close proximity to a number of attractions that draw visitors from outside of Kirkwood, either from the St. Louis Region or out of state.

Area Attractions

The Magic House, St. Louis Children's Museum - Adjacent to Downtown

The Magic House is a not-for-profit participatory museum that provides hands-on learning experiences for children and families that encourage participation, experimentation, creativity and the development of problem-solving skills within a place of beauty, wonder, joy and magic. Attracting more than 600,000 visitors a year, The Magic House was recently named the #1 national attraction for child appeal by the U.S. Zagat Family Travel Guide.

Mudd's Grove - Adjacent to Downtown

This historic home, built in 1860 in the classic Greek Revival style, currently houses the Kirkwood Historical Society museum, library and gift shop.



An opportunity for streetscape enhancement in order to create a more comfortable environment for pedestrians. Street trees or benches could create a buffer between pedestrians and vehicular traffic.

Grant's Trail - 4 minutes from Downtown

This biking and walking trail goes through much of St. Louis county, connecting several municipalities.

Laumeier Sculpture Park - 8 minutes from Downtown

Laumeier Sculpture Park is a 98-acre open-air museum whose focus is monumental and contemporary sculpture in natural settings. It is an institution of international significance that attracts more than 300,000 visitors annually.

Museum of Transportation - 10 minutes from Downtown

The Museum of Transportation owns approximately 129 acres of land, and houses “one of the largest and best collections of transportation vehicles in the world”, according to the Smithsonian Institution. With more than 70 locomotives, the Museum has the most complete collection of American rail power in the world, and its collection of automobiles, buses, streetcars, aircraft, horse drawn vehicles and riverboat material reflects the ever-changing nature of transportation.

Powder Valley Conservation Nature Center - 11 minutes from Downtown

For almost three decades, the Powder Valley Conservation Nature Center has offered thousands of visitors access to 112 acres of oak-hickory-forest, three miles of paved trails, and a nature center with Missouri birds, mammals, fish and reptile displays.

MEMORABLE LEVEL

Does the downtown leave the visitor with positive memories? Do visitors repeatedly return to downtown? Do visitors recommend a visit to downtown to others? Is there positive word-of-mouth about downtown?

Downtown Kirkwood provides a variety of events throughout the year and is paying close attention to ways to increase visitors to the area during less popular times such as their event “Thursday is the Night.” By increasing activities to do after 6pm, Downtown may benefit from more overnight visitors.

Other memorable events include the Halloween Walk, the Fall Wine Walk, the Holiday Walk, and Small Business Saturday.

TRANSFORMATIONAL LEVEL

If Kirkwood meets the aforementioned visitor needs, the Downtown community will have created a fulfilling experience to the visitor, which, hopefully, will positively change the visitor, thus providing the visitor with not only a valuable experience, but also a new and positive outlook on life. The visitor will want to return to and reconnect with the destination to renew that positive outlook in the future. The visitor will actively seek to bring others to Downtown Kirkwood to share the transformative experience.

HOW IS KIRKWOOD PROMOTED TO VISITORS?

“Against the backdrop of patrons sampling wine, dining on appetizers, sampling an Espresso or listening to the band on the Station Plaza’s stage, the frequent sound of a train horn permeates the air, increasing in volume until the bright yellow freight engines and passenger trains come into view and either pass through or stop directly in front of them. Passenger trains – from downtown St. Louis, too – stop several times daily at the historic station in the heart of the hustle and bustle of downtown Kirkwood. As the porter helps passengers with their belongings, visitors to the quaint custard stand next door, are mesmerized by the action. The conductor toots the horn, casually waves to all from his engine window, and the train continues past the row of century-old buildings, a gift store housed in a caboose, a former feed store and hatchery, the Kirkwood Farmers’ Market and the historic three-story City Hall with its four prominent stone pillars and tall white spire, all nestled alongside the tracks.”

(Source: Explore St. Louis Convention and Visitors Bureau)



KALDI'S
COFFEEHOUSE
CARE
Market
BAKERY

AM

WHITESITT ★ 1912 ★ COULTER

HAYGARDENS
STEFANOS



COULTER FEED CO.

SUMMA
JEWELERS

The Bug Store



BUG STORE

2 HOUR PARKING
8:00 AM TO 5:00 PM
EXCEPT SUNDAYS
AND HOLIDAYS



IMPLEMENTATION



BUSINESS RECOMMENDATIONS



Because Kirkwood is a destination for visitors from around the region, the supply and demand dynamics operate differently. Residents of Kirkwood alone do not provide the customer base necessary for the businesses that currently exist in Downtown Kirkwood to survive. Instead, the area draws from people around the region and draws upon the spending dollars of more than a million people.

Based on the stakeholder engagement, research, and existing conditions, Downtown Kirkwood should explore attracting the following types of businesses:

- Local Retail
- Restaurants
- Boutique Hotel

LOCAL RETAIL

Because of Kirkwood's success in recent years as a destination for visitors and residents of nearby municipalities, the City should encourage the unique, local retail economy. While brick-and-mortar retail is struggling around the country to keep up with trends in online retail, Kirkwood has an opportunity to capitalize on an existing customer base and a unique, local shopping experience that is already supporting these types of businesses.

Of the local retail businesses in Downtown Kirkwood, almost a quarter of them predominantly sell clothing (women's, children's, specialty, etc.). Another 25% sell gift items. The remaining 50% of retail sell items such as bicycles, specialty packaged food, and skincare. Several categories of retail are not well represented in Downtown Kirkwood and could serve as opportunities for future development, including: Book Stores, Men's Clothing, Furnishings/Home Decor.

The City of Kirkwood should consider creating a retail district plan internally, geared toward creating an outline of future retail desires. A plan of this type usually includes a vision statement geared toward understanding the type of retail district desired, an outreach strategy to attract or develop retail tenants, and long-term goals for what the community will look like 10-15 years down the line. Based on successes around the country, historic downtown areas with an intentional planning effort around their local retail economy have had more success. These plans help to accomplish the 4 R's of retail planning: Recruit, Retain, Revitalize, and Replace. In the interim, the Kirkwood Special Business District should create a 5-year plan geared toward understanding goals related to developing and supporting more local retail in Downtown Kirkwood.

A plan of this type would also help the City identify businesses that they would like to attract to Downtown. For example, the data shows market support for a local book store in Downtown. The planning process could help identify other local bookstores in the area that might be interested in a second location. An intentional planning effort might also expose Downtown Kirkwood to the regional representatives of other high-end mens clothing stores like Suit Supply or Bonobos, both large corporate stores that have small-scale stores in walkable areas in St. Louis. A plan could also help Downtown target furnishing or home decor stores such as K. Hall (a St. Louis brand with no locations in Kirkwood) or Intaglia Home and Garden which has a location in Maplewood. With relatively few commercial spaces for lease currently, the planning process will allow Downtown representatives to plan ahead, identifying specific businesses prior to development of additional commercial space they might occupy in the future.

RESTAURANTS

Kirkwood has a robust dining scene and it is evident from the retail market profile that the dining scene attracts consumers from outside of the municipal boundary. Yet as trends reshape dining, significant opportunities exist to become more creative with the restaurant scene and continue to capitalize on the customers and visitors coming from outside of Kirkwood.

Restaurant Market Potential Index

An MPI (Market Potential Index) measures the relative likelihood of the adults in the specified trade area to exhibit certain consumer behavior or purchasing patterns compared to the U.S. average. An MPI of 100 represents the U.S. average. A higher number indicates that the area participates in the activity at higher rates, and a number lower than 100 indicates they participate less than the average U.S. adult.

Within a 5-minute drive time of Downtown Kirkwood, the MPI was significantly higher than the national average in the following consumer behavior categories:

- Visiting a family restaurant/steak house in the last 6 months on a weekday (MPI of 114)
- Visiting a California Pizza Kitchen in the last 6 months (MPI of 126)
- Visiting an Outback Steakhouse in the last 6 months (MPI of 110)
- Visiting a T.G.I. Friday's in the last 6 months (MPI of 116)

Looking at trends in more casual restaurants, the data showed adults within a 5-minute drive time of Downtown Kirkwood did the following:

- Spent up to \$10 at a fast food restaurant in the last 30 days (MPI of 125)
- Spent between \$10 and \$20 at a fast food restaurant in the last 30 days (MPI of 109)
- Spent between \$41 and \$50 at a fast food restaurant in the last 30 days (MPI of 111)

When considering higher-scale, fine dining restaurants, within a 5-minute drive time of Downtown Kirkwood, residents exhibited the following:

- Went to a fine dining restaurant within the past month (MPI of 148)
- Went to fine dining restaurant 3+times in the past month (MPI of 158)

Expanding this data to a 10-minute drive time radius, the numbers only continue to increase with the following behaviors shown:

- Went to a fine dining restaurant within the past month (MPI of 169)
- Went to fine dining restaurant 3+times in the past month (MPI of 179)

High MPI associated with a wide spectrum of dining preferences, combined with agglomeration of dining options in Downtown Kirkwood, indicate that additional restaurants may find success in Downtown Kirkwood.

(Source: These data are based upon national propensities to use various products and services, applied to local demographic composition. Usage data were collected by GfK MRI in a nationally representative survey of U.S. households. Esri forecasts for 2019 and 2024.)

Restaurant Trends

According to the National Restaurant Association, purchasing power is shifting to diners between the ages of 22 and 36. The restaurant industry is witnessing an interest in meals that are more healthy, gentler on the environment, and aesthetically pleasing. Dining out is less of a luxury and more a means of socializing and connecting with like-minded peers and there is greater demand for inventive, exciting meals. The Association's annual survey of restaurateurs lists the top trends for 2019, among these are a growing emphasis in veggie-centric/vegetable-forward cuisine, chef-driven fast-casual concepts, and craft/artisan/locally produced spirits.

Based on national trends, these restaurant and culinary concepts are growing and could be worth considering for Kirkwood:

- Chef-driven fast casual concepts
- Pop-up temporary restaurants
- Commissaries (e.g. shared commercial kitchen space)
- Small-plate menus/ restaurant concepts
- Food halls
- Cannabis/ CBD-infused food
- Zero-waste cooking (elevated cuisine using food scraps)
- Hyper-local (e.g. restaurant gardens, on-site beer brewing, house-made items)
- Veggie-centric/ vegetable-forward cuisine

Despite a relatively high daytime population, Downtown Kirkwood remains a destination for dining by people coming from outside the immediate area. With restaurant goers seeking an experience, rather than just a meal, it is likely that more sit-down restaurants would find more success in the historic Downtown area than a fast-casual option. That being said, a locally owned fast-casual option could succeed in the dense, more walkable area of Downtown near the train station.

One restaurant type that could succeed well in Downtown Kirkwood is an additional breakfast option. With an aging population, Kirkwood's existing restaurants that serve breakfast (First Watch and Spencer's Grill, primarily) are constantly busy. Their continued success speaks to an unmet need.

BOUTIQUE HOTEL

The City of Kirkwood should consider adding boutique hotel offerings to the Downtown market. Boutique hotels have grown in popularity in recent years. While they make up only 3.2% of the US lodging supply, as of June 2018, they make up 17.8% of the development pipeline. Usually smaller than traditional full-service hotels, these hotels often have an associated “brand” or “theme” to distinguish them from traditional lodging options. This often includes unique architecture and design features or a historic building giving the hotels more personality. While providing all of the features of a normal hotel, boutique hotels offer a more unique experience and exclusive style. Oftentimes these hotels are not associated with a major chain (though, in recent years, many major chains have opened a “boutique hotel” option) and are often operated independently. More expensive than many lodging options, they are not a good fit for every market. Boutique hotels are popular for a variety of reasons: they frequently offer unique experiences, give the developer an opportunity to be creative with facilities and services, and can achieve premium levels of Average Daily Rate (“ADR”) and occupancy.

The following hotels are within 3.5 miles of Downtown Kirkwood, though none qualify as boutique hotels and they are all larger than what would likely work in Downtown Kirkwood:

Hotel	Distance	Rooms
Hilltop Hotel	1.9 miles	84
Holiday Inn St Louis Southwest Route 66	1.9 miles	213
Days Inn St Louis Lindbergh Boulevard	2.1 miles	73
Courtyard St Louis West County	3.1 miles	110
Residence Inn St Louis West County	3.1 miles	101
Hilton St Louis Frontenac	3.5 miles	263

Among the top 25 hotel markets in the United States, the St. Louis MSA recorded the largest year-over-year increases in occupancy and revenue per available room in 2018. Kirkwood is strategically located in central St. Louis County and has the added benefit of a popular Amtrak station being located within its Downtown.

PGAV believes an independent hotel may be supportable within the Downtown Area. An independent, “boutique” hotel within Downtown Kirkwood can serve all types of visitors and encourage day trippers, Amtrak travelers, and tourists to stay overnight. An independent hotel can also contribute to the Downtown Kirkwood economy by lengthening the time period guests stay within the City.

With a strong St. Louis hotel market and few nearby hotels, a boutique hotel could capitalize on the visitor traffic and destination economy Kirkwood has developed and add a missing component to the Downtown Kirkwood market.

In addition to these specific business recommendations, several trends have emerged in local economic development that are worth considering for Downtown Kirkwood. These include:

- Farmers' Markets as an Economic Development Tool
- Co-Working & Shared Spaces

Farmers' Markets as an Economic Development Tool

Farmers markets have become a critical component of the national economy, food systems, and communities. Connecting rural to urban, farmer to consumer, and fresh ingredients to our diets, farmers markets are becoming economic and community centerpieces in cities and towns across the U.S. Today, there are 8,788 farmers markets listed in USDA's National Farmers Market Directory, up from about 5,000 in 2008.

When food is produced, processed, distributed and sold all within the same region, more money stays in the local economy. This leads to economic development and job creation. Farmers markets provide opportunities for small farmers and businesses to sell their products, and they help meet the growing demand for locally produced food. Being able to quickly and directly market to the consumer gives farmers important income opportunities without the added costs of shipping, storage and inventory control.

In addition to the economic benefits, farmers markets provide a social event for entire communities, with many families and patrons viewing a trip to the market as the start of their social weekend. Businesses that surround farmers markets also benefit from the additional foot traffic that the market brings.

Expanding the Kirkwood Farmers' Market operations in Downtown Kirkwood provides an opportunity to attract visitors to the area during the week and off-peak hours. Creating a heated facility for example would allow visitors and residents to enjoy the market even in the winter. The market should also work to increase the number of local farm vendors, potentially using the market as an incubator for the creation of small businesses.

The Kirkwood Farmers' Market could also increase sales by an expansion of its programming to include cooking demonstrations, gardening tips and educational opportunities.



Co-Working & Shared Spaces

Co-working spaces are popping up around the country, serving a need for additional office space with relatively low cost of entry. In 2018, nearly 1,000 co-working spaces opened in the US. Another 700 are estimated to open in 2019. These shared workspaces usually offer a combination of subscriptions and single-day passes to allow professionals to use their shared resource at a relatively low cost. With the rise of remote working, co-working spaces have gained popularity in recent years, allowing for additional flexibility for people that work from home or need limited office space.

Several components of co-working space seem to be necessary for a successful model. One of these, which Kirkwood could capitalize on, is location. Kirkwood is centrally located in the region and has access to lots of nearby food, drink, and other amenities, giving it a competitive advantage as compared to other co-working spaces around the region.

With the limited office space available for lease in Downtown Kirkwood and the relatively high cost compared to other parts of the region, the Downtown Kirkwood area would be wise to consider co-working and shared office space as a way to add more daytime population to the Downtown area. Co-working has the potential to make Downtown Kirkwood accessible to a population that currently would not be able to rent an office space there.

In early 2019, Kirkwood approved a new office project at Kirkwood Road and Big Bend, just south of Downtown Kirkwood. The “Kirkwork” development will be home to a 2,500 square foot shared workspace and be the first “co-working” space in the City. Even with this development taking shape, Downtown Kirkwood should consider co-working as an option for adding density and more daytime traffic to its footprint.



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CODE
RECOMMENDATIONS

Photo: Downtown Kirkwood

The framework plan, last updated in May of 2019, lays out a plan for development of Downtown Kirkwood from a land use and circulation perspective. While a useful tool for considering future development, given the findings of this market analysis, several changes are recommended.

The largest and most comprehensive recommended change includes a category change. Right now, Suggested and Mandatory Commercial is treated the same way, with a commercial component required by the framework plan for both (though it is simply a recommendation that can be amended). As a result of the market study, PGAV recommends changing the categories to Mandatory Commercial, meaning a commercial component is required as part of the use as mandated by the code. In this case, the second category, Suggested Commercial, simply suggests places in Downtown Kirkwood that could support a commercial component as part of a future use, but would not require it. This both simplifies the framework plan and creates several priority commercial areas. Other recommended changes include:

1. Mandatory Commercial on both sides of Kirkwood Road north of Washington Avenue. On the east side, the Mandatory Commercial stretches to the existing suggested pedestrian connection on the north end of the current Alpine Shop. On the west side, the Mandatory Commercial goes from Washington north to 479 N. Kirkwood, just south of Bodley. Right now, the framework plan calls for Suggested Commercial in this stretch. Again, if Kirkwood desires to be a walkable, dense district, a continuous street grid of commercial at grade is ideal and will help to maintain the healthy mix of uses.

(Note: A newly modeled development adjacent to this stretch has also been included later in this report..)

2. Suggested Commercial on Washington Ave. west of Kirkwood Road between Clay Avenue and Kirkwood Road and to the east for a half block off of Kirkwood Road, ending at the pedestrian access point at the western edge of the YMCA parcel. Currently, the adjacent areas are mostly parking with very few buildings. When considering a long-term vision for Downtown Kirkwood, encouraging pedestrian friendly commercial development at grade in these locations will be important. In order to maintain the healthy mix of uses that Downtown Kirkwood currently has, it is important that future development in these key areas include a commercial component.

(Note: Later in this report, PGAV has modeled the Washington Ave and Kirkwood Rd. intersection with several improvements. Should something like this be desired or implemented in Downtown Kirkwood, the street should be changed to Suggested or Mandatory Commercial in anticipation.)

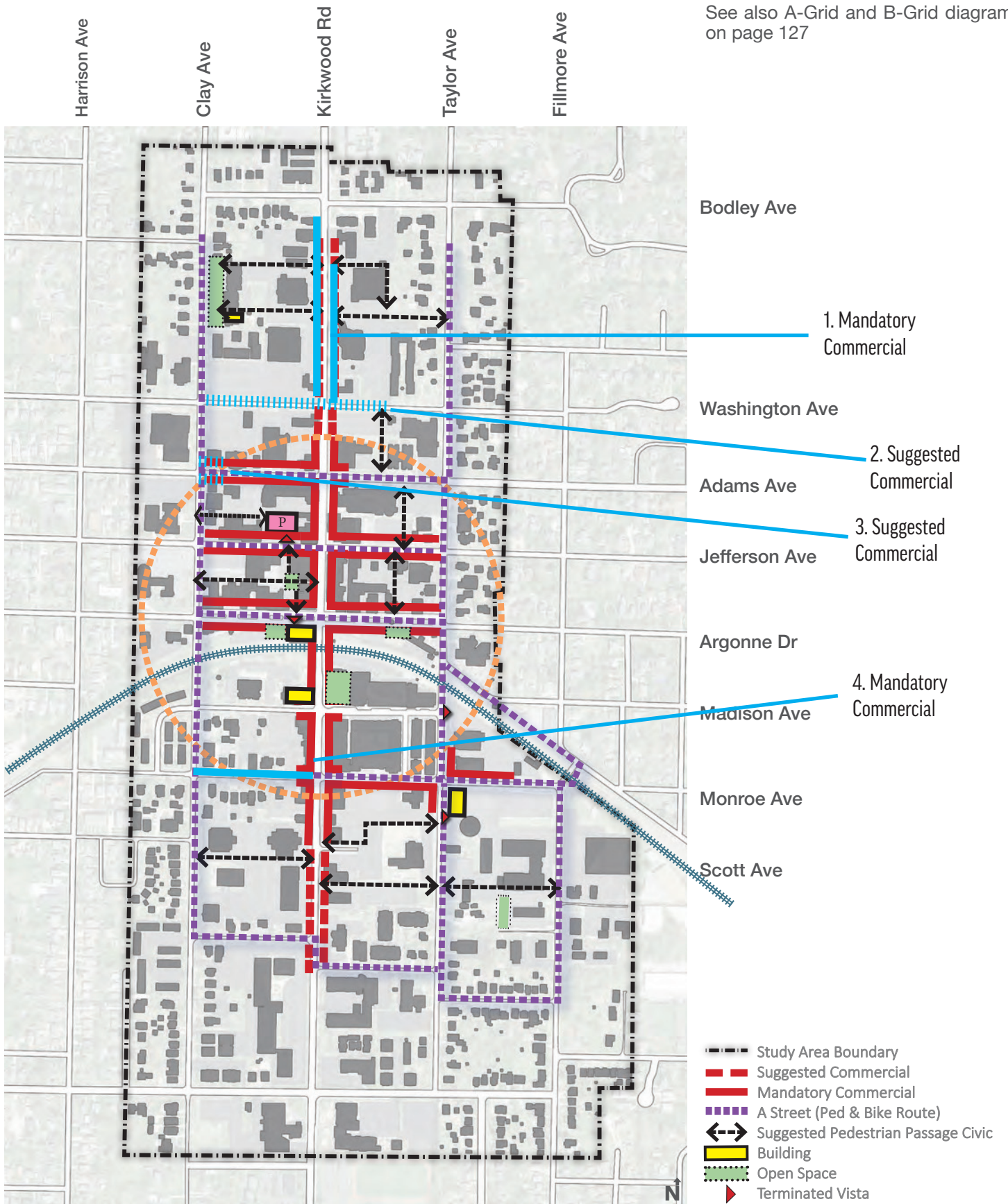
3. Suggested Commercial for the two parcels on Adams Ave directly east of Clay Avenue. The parcels on the north and south side of Adams Avenue at this intersection are small and will be difficult to develop. While a commercial component would still be welcomed, the framework plan should be amended to also allow for small scale residential. Adjacent to the church and school, a lower intensity use is reasonable.
4. Mandatory Commercial on Monroe Ave between Clay Ave and Kirkwood Rd. This is already being used as commercial and should be planned as such for the future.

The City should also prioritize the pedestrian connections in the Downtown area, particularly on the eastern side of Kirkwood Road, near the new performing arts center. While these suggested pedestrian passages are already displayed on the framework plan, it is crucial that the City take steps to formally create these. Currently, pedestrians have to walk through parking lots or green space in many of these areas, with no traditional walkways. Signage, lighting, and paving will help to create safer connections and encourage additional development near the performing arts center.

FRAMEWORK PLAN

FRAMING DEVELOPMENT

See also A-Grid and B-Grid diagram on page 127



SITE RECOMMENDATIONS



SITE SELECTION

PGAV identified four priority sites for development in Downtown Kirkwood. These sites both fill current market needs and begin to fill in physical holes in the built environment to create the vision for Downtown Kirkwood as defined in the Master Plan.

Site #1 is the current UMB Bank and Adjacent Parcels. Because this site is so large and is just north of the historic, walkable district, it is a prime site for redevelopment. With the changing national trends in banking, such a large parcel is likely no longer necessary and could instead be used for more productive development that adds additional residential and commercial opportunities and contributes to the healthy mix in Downtown Kirkwood.

Site #2 is the Train Station area. With updates coming to the train station, the center of Downtown Kirkwood could be better utilized. For this analysis, PGAV suggests for consideration, a boutique hotel on a site nearby. A prime location, this site is large enough to accommodate a large building and makes use of a centrally located site, capitalizing on the visitors at the nearby train station.

Site #3 is the current Commerce Bank parcel. Similar to UMB Bank, this is a relatively large, under utilized parcel with an extensive amount of surface parking. Directly north of the center of Downtown Kirkwood, this site could be utilized for a mixed-use development, both fitting in the context of Kirkwood and adding additional ground floor retail and office or residential above.

Site #4 is the Kirkwood Rd and Washington Ave intersection, going west. This block is ripe for redevelopment. Located north of several restaurants and retail opportunities, the surface parking is underutilized, lowers the physical appearance of the street, and could benefit from pedestrian-scale development.

SITE #1 UMB BANK & ADJACENT PARCELS

CURRENT CONDITIONS

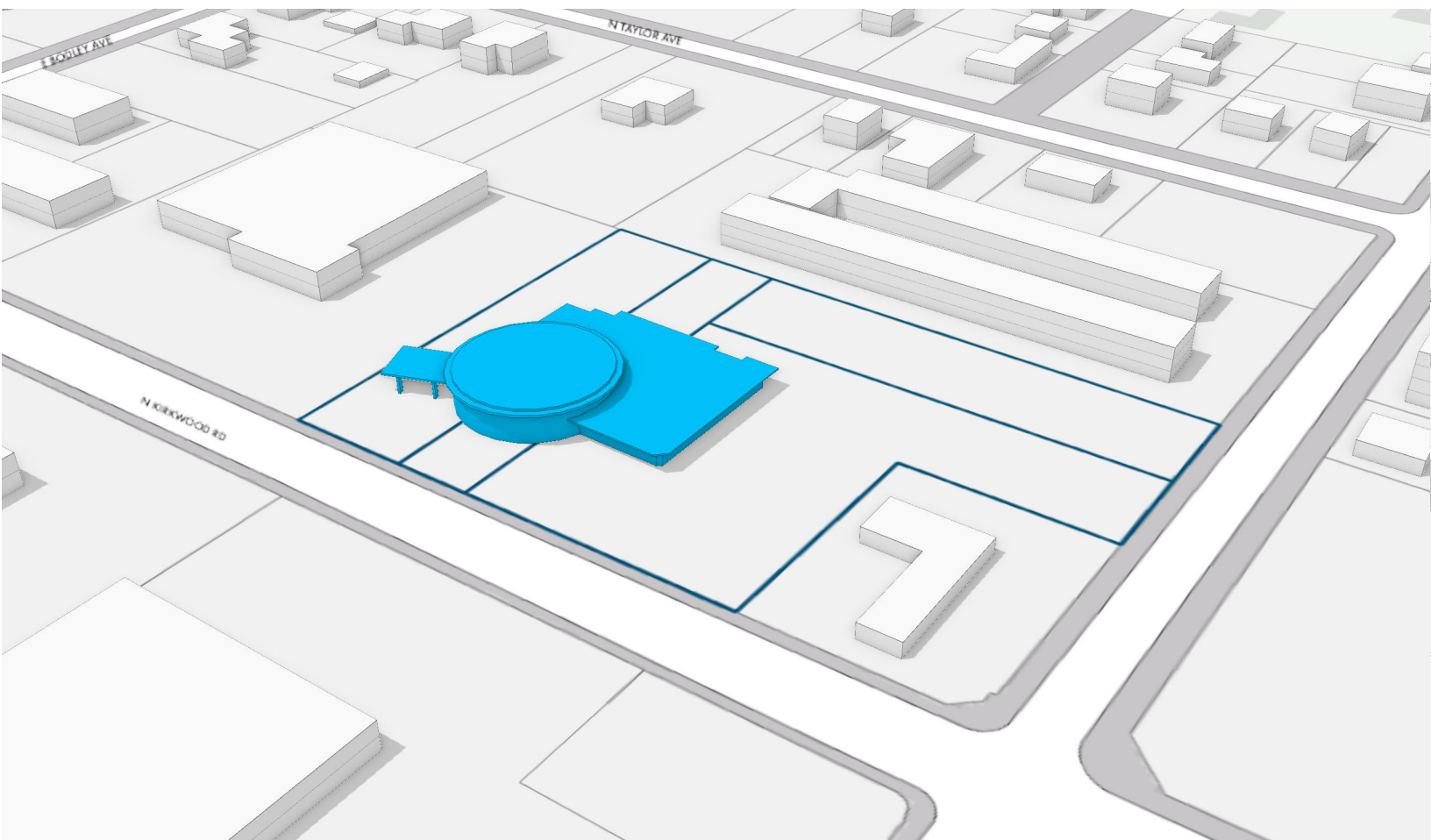
UMB Bank opened for business at 426 N Kirkwood Road in 1970. The original building was built ten years prior, in 1960. The 2.59 acre bank site extends over four parcels and houses the bank branch with on-site staff, drive through facilities, and a surface parking lot with approximately 110 parking stalls.

With the banking landscape changing around the country, bank branches are getting smaller, housing fewer employees and providing less services on-site. Several banks in the St. Louis region have updated many of their branches to a smaller footprint, providing most of their services through online banking.

With a floor area ratio of 0.25, the current UMB bank site has relatively low built density. However, given its location along N Kirkwood Road and its proximity to the center of Downtown Kirkwood just to the south, the site provides an opportunity for denser and more walkable development.



Photo: Kirkwood Webster Times

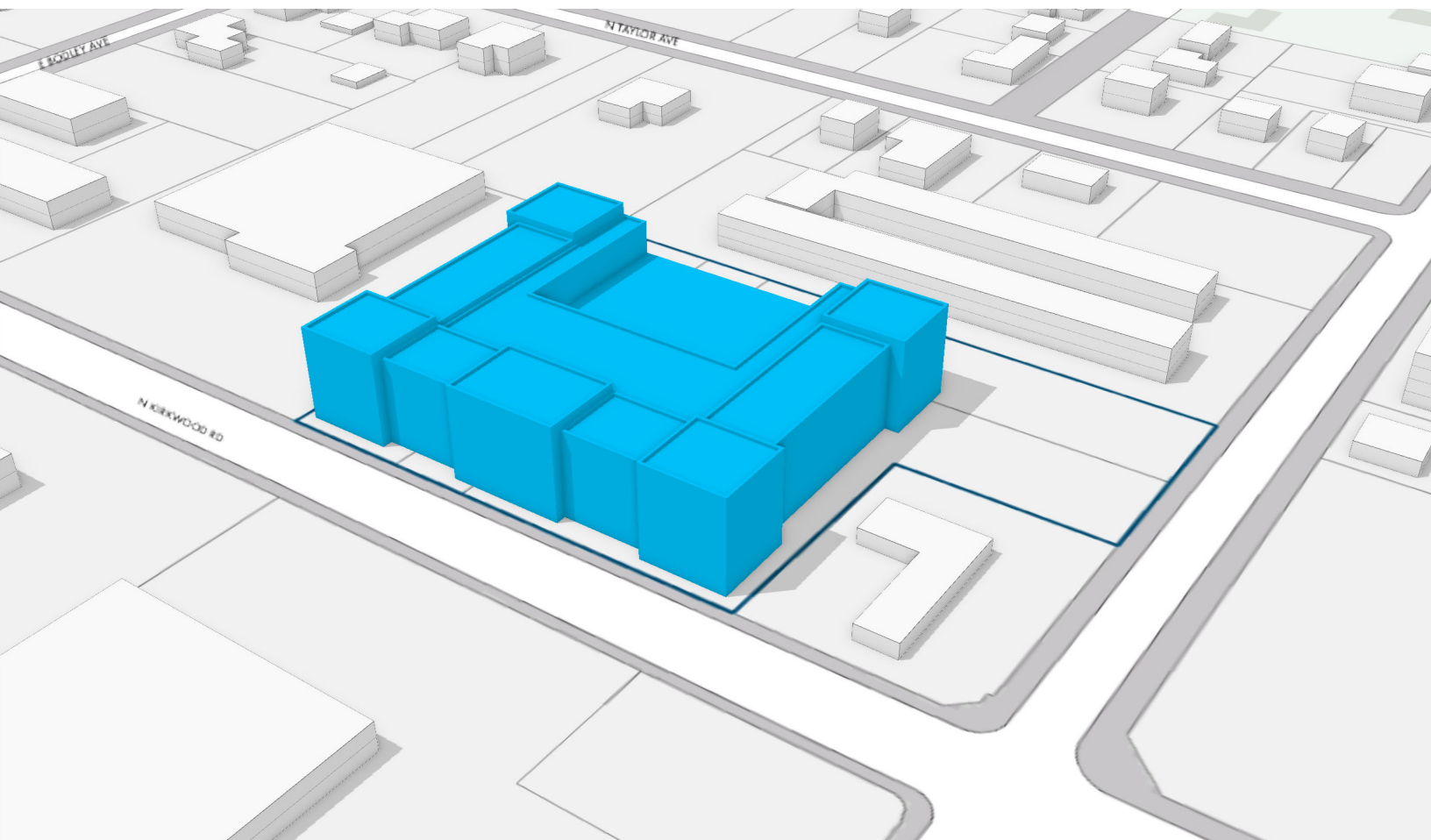


CONCEPTUAL REDEVELOPMENT

Utilizing the site of the UMB Bank building and adjacent parcels surrounding the service station at the corner of East Washington and Kirkwood Road, the conceptual redevelopment below depicts a re-use of the land as a large mixed-use development. The building shown is 60 feet tall and 5 stories high. The U-shaped building has about 170,000 square feet of space with between 140 and 150 apartments. In addition, the building includes about 20,000 square feet of retail or office space, some of which could be used to house a smaller-scale UMB Bank location. The site also includes an area for public space or a shared greenspace on the eastern side. In addition, the proposed site depicted below includes about 190 parking spaces including 54 surface spots in the rear of the building. The remaining spaces are included in the 3 floors of parking included in the back of the building, totaling 54,000 square feet.

Considering the additional residents that the 140-units would create, it is assumed that each household would add spending power to the Downtown area. Based on existing spending and regional data, it is likely that each household may generate up to approximately \$4,000 in spending annually on food and drinks away from home. Considering how much of that spending will be captured in Downtown Kirkwood (25%), it is estimated that these new residents may add about \$140,000 in local spending power on an annual basis, allowing for additional commercial development in Downtown Kirkwood.

In addition to local spending power, a development would dramatically change the street in this area of Downtown Kirkwood, allowing for a more connected street wall and increasing pedestrian safety and comfort. While the ultimate decisions of height and density are up to the City Council, a denser mixed-use development similar to this would have positive, lasting impacts on Downtown Kirkwood.

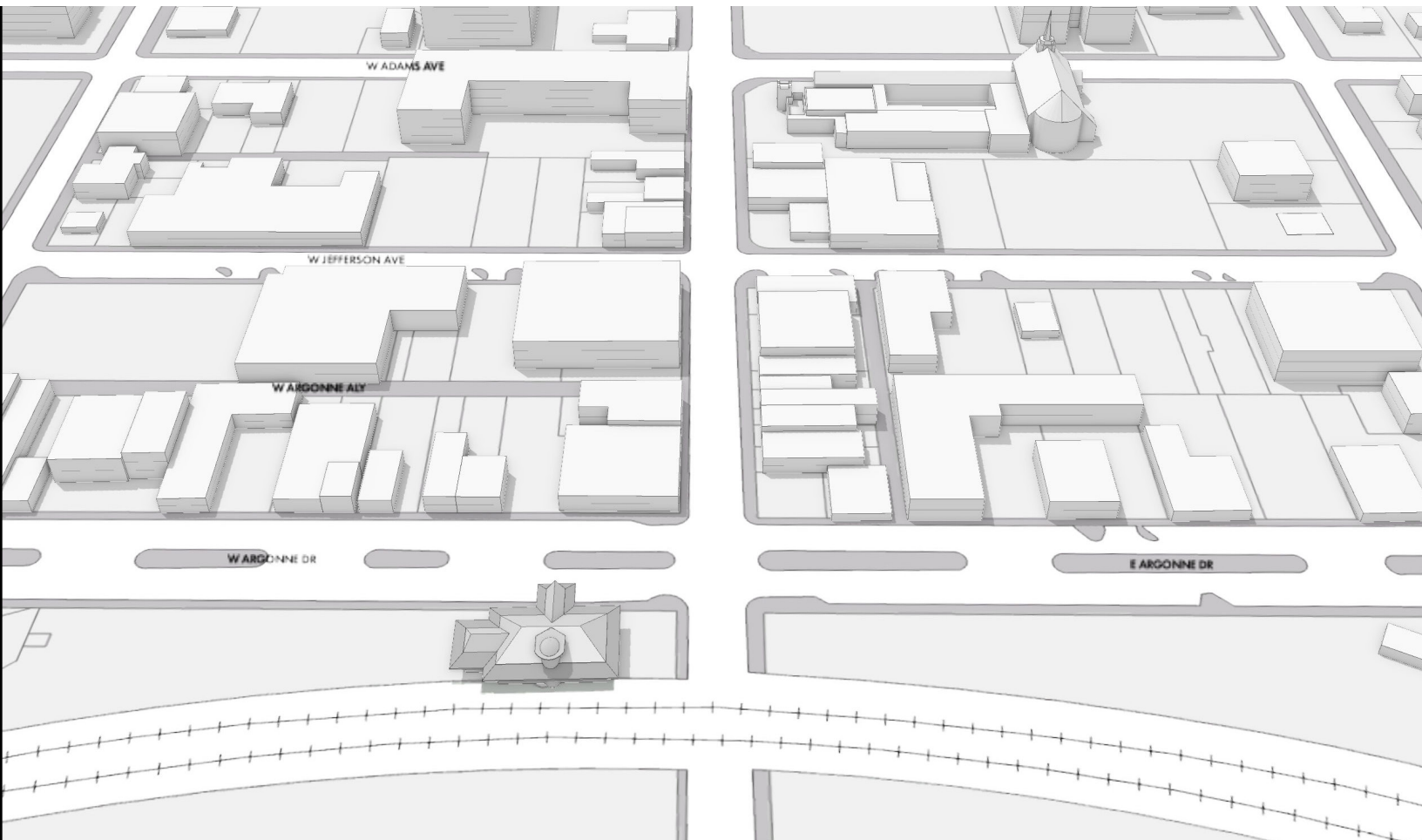


SITE #2 TRAIN STATION AREA

CURRENT CONDITIONS

The Kirkwood Train Station is one of the City's most recognizable landmarks. Dating from 1893, the station currently serves 2 in-bound and 2 out-bound Amtrak trains daily on the route between St. Louis and Kansas City. The City-owned station also serves as the Kirkwood Visitor Center, thanks to community volunteers.

Currently, the City is planning more than \$7 million worth of improvements including a new outside platform shelter. About half of the improvements are being funded by the Federal Railroad Administration, but the City of Kirkwood is still locating the remaining funding. Given the visitor traffic at the train station and its central location within Downtown Kirkwood, additional investment nearby is important.

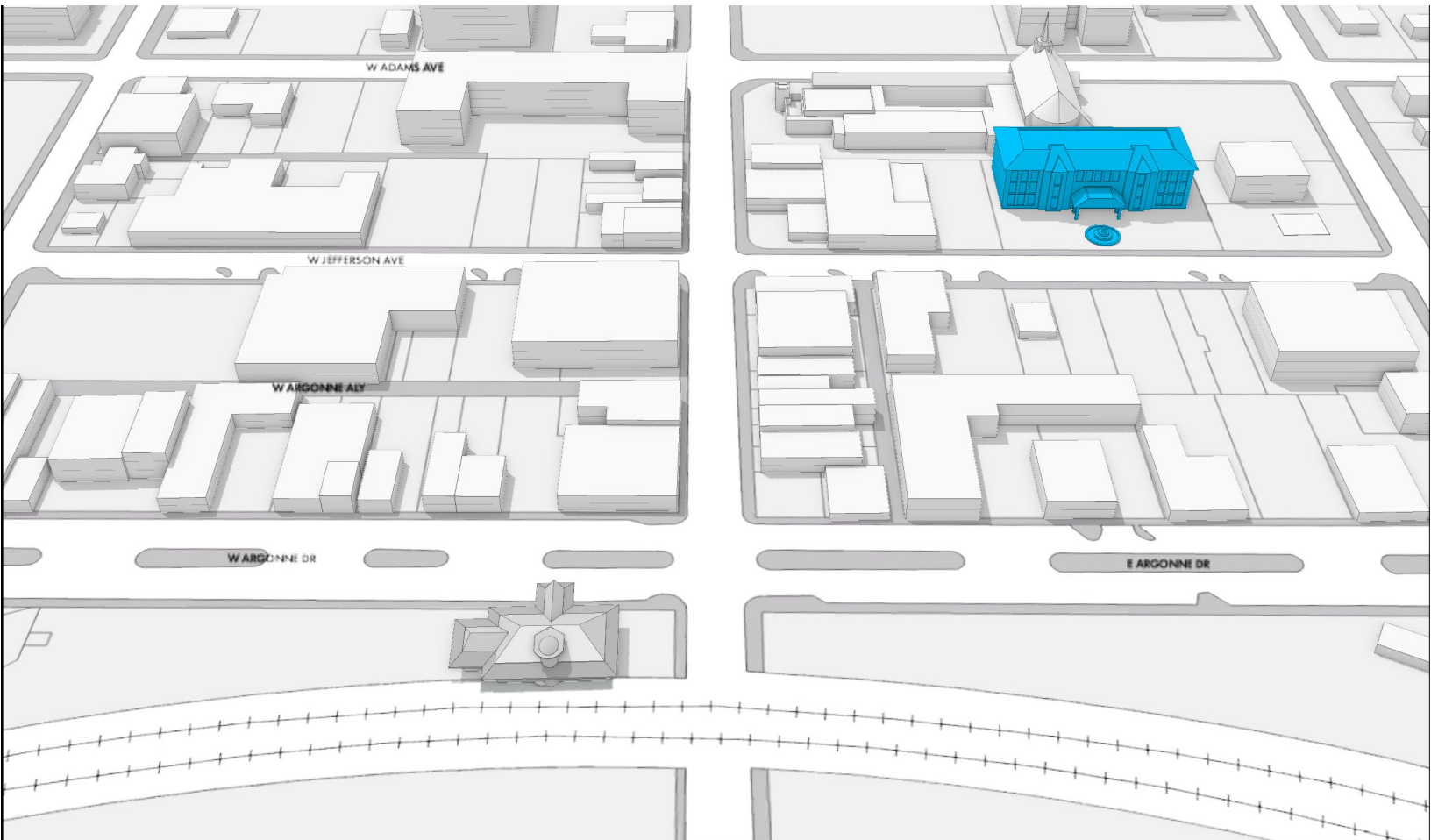


The Barclay Condos are also proposed in this area, located at the intersection of Clay and Madison, directly southwest of the police station. This 14-unit condominium development is proposed at 204 S Clay and, though it will not have any street level retail, it is urban in form and will help to complete the historic street wall in that section of Downtown Kirkwood. With the train station enhancements and the proposed development on S Clay, this part of Downtown Kirkwood is in an exciting place, ripe for further consideration.

South of the railroad tracks and the station is a large city-owned parcel that is the site of the iconic City Hall building and the Kirkwood Police Department. The site also houses approximately 90 surface parking spaces, McEntee Memorial Park, and the Veterans Memorial Walkway. In the long-term, the City might consider a re-use of this property.



There is a large City owned parking lot on East Jefferson Avenue, just east of Kirkwood Rd. This site could be a potential location for a future boutique hotel development. A relatively large parcel located just a block and a half from the train station, the location could capitalize on the visitor traffic from the train station while also being large enough to accommodate a hotel and parking. This site is depicted in blue below.



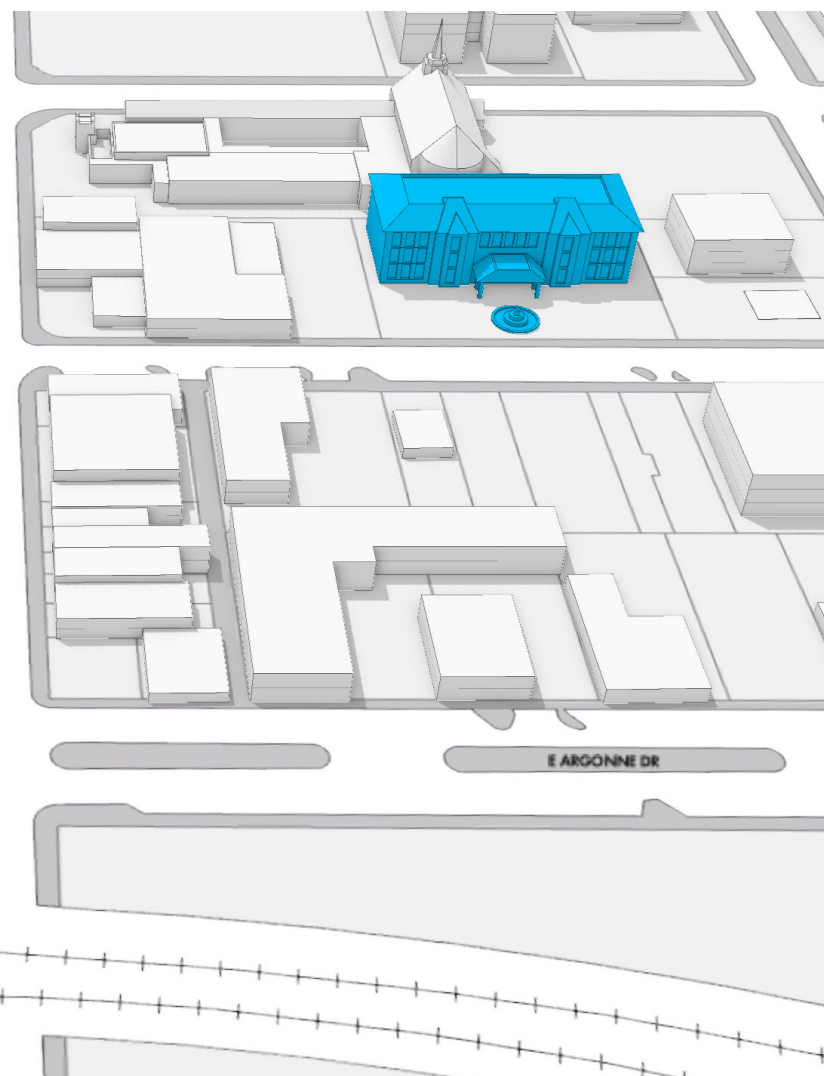
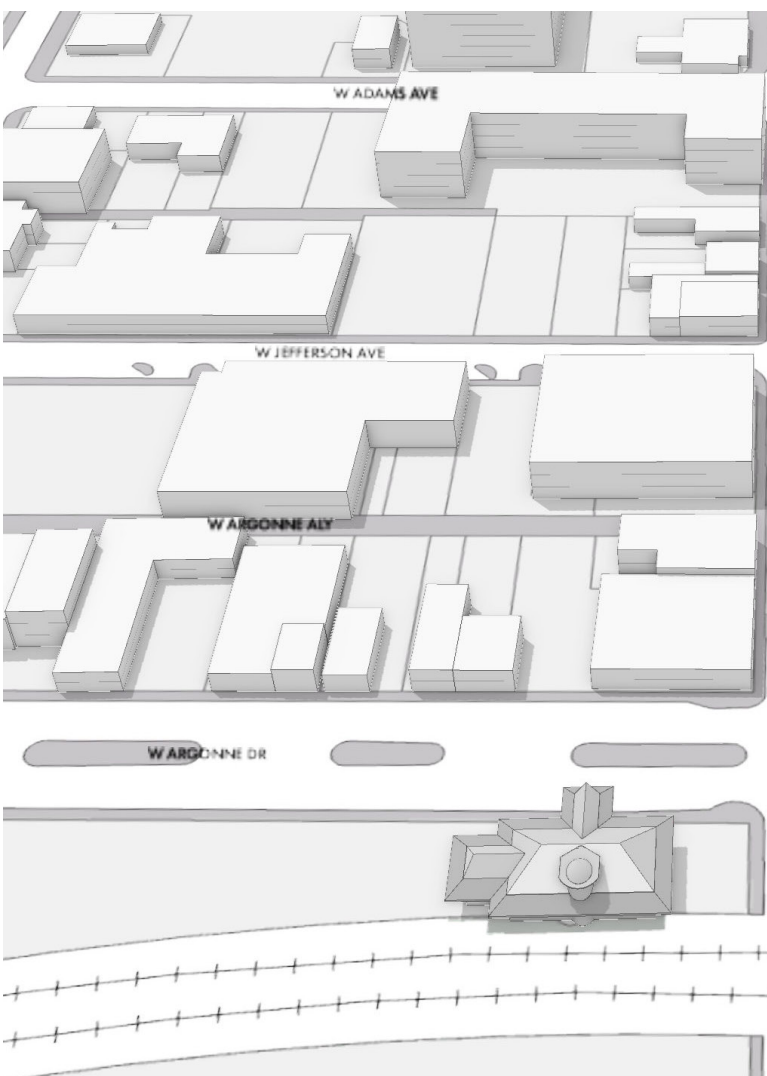
SITE #2 TRAIN STATION AREA (Continued)

CONCEPTUAL REDEVELOPMENT

Below is a depiction of a boutique, 56-room hotel on the site of the public parking lot on East Jefferson Avenue. Given demand for hotel space within Downtown Kirkwood, this site was chosen as an ideal site for a small-scale boutique hotel due to its proximity to the train station, other proposed redevelopment projects, and nearby shops and restaurants.

The plan below shows one site configuration that includes a boutique hotel footprint, with very limited parking. Approximately 56 hotel rooms are located in 40,000 square feet of building space. Within the hotel, there is the possibility of publicly accessible space, including a restaurant or a rooftop patio overlooking Downtown. Because a substantial amount of parking does not fit on this site, the hotel would need to consider a shared parking arrangement with the nearby church or another business. It is possible that fewer parking spaces would be needed given the proximity to train station and likelihood that travelers might be visiting without a car.

Given the footprint of a boutique hotel of this size, other sites for consideration include the site directly south of the East Jefferson parking lot (which would require the combination of several existing parcels), the site of the existing parking lot on Jefferson west of Kirkwood Rd, or the Public Works site.



Amtrak estimates approximately 400,000 guests use Kirkwood Station annually, so this number is used as a baseline estimate for Downtown Kirkwood visitation. The table below presents a sensitivity analysis of occupancy based on the likelihood of visitors/Amtrak users staying overnight and the number of rooms needed to accommodate them. Generally, hotels need at least a 60% occupancy rate to be profitable. This analysis also assumes that total annual visitors to Downtown Kirkwood are slightly less than the estimate of travelers provided by Amtrak (380,000 visitors), that a lodging unit houses 2.25 guest on average, and that the proposed hotel is open 365 nights a year.

As an example, the table at right shows that if 10% of annual visitors stay overnight, then it may be profitable for a hotel developer to build a boutique hotel with 50-75 rooms. If, on the other hand, 15% of annual visitors seek an overnight stay, then Downtown Kirkwood can profitably hold between 70 and 115 rooms.

In terms of a hotel's financial performance, the biggest drivers are average daily rate, occupancy rate, and operating expenses. The average daily rate for upper midscale independent hotels within Primary and Secondary Trade Area is \$140, while that of

upscale independent-boutique hotels is \$185. Average occupancy rate for upper midscale independents is 64.9% while that of upscale independents is 74.2%. Operating expenses vary widely based on the level of amenities and services a hotel provides, but a hotel operator can expect to charge a higher rate by offering more amenities.

The table below shows the estimated construction costs, earnings before interest, taxes, depreciation and amortization (EBITDA), and the estimated return on costs (ROC) a developer may receive as a result of construction and operation. The results show a hotel developer/operator may receive an 11.6% return on cost if building a standard 60-room hotel, and an 8.1% return on cost if building/operating a 60 room upscale/themed hotel. The typical returns anticipated by developers/operators of hotels is approximately 8%. Therefore, it may be feasible for either type of hotel to be constructed and operated within Downtown Kirkwood.

		Kirkwood Visitors Staying Overnight											
		5.0%	10.0%	15.0%	20.0%	25.0%	30.0%	35.0%	40.0%	45.0%	50.0%	55.0%	60.0%
Lodging Units	5	463%	925%	1388%	1851%	2314%	2776%	3239%	3702%	4164%	4627%	5090%	5553%
	10	231%	463%	694%	925%	1157%	1388%	1619%	1851%	2082%	2314%	2545%	2776%
	15	154%	308%	463%	617%	771%	925%	1080%	1234%	1388%	1542%	1697%	1851%
	20	116%	231%	347%	463%	578%	694%	810%	925%	1041%	1157%	1272%	1388%
	25	93%	185%	278%	370%	463%	555%	648%	740%	833%	925%	1018%	1111%
	30	77%	154%	231%	308%	386%	463%	540%	617%	694%	771%	848%	925%
	35	66%	132%	198%	264%	331%	397%	463%	529%	595%	661%	727%	793%
	40	58%	116%	174%	231%	289%	347%	405%	463%	521%	578%	636%	694%
	45	51%	103%	154%	206%	257%	308%	360%	411%	463%	514%	566%	617%
	50	46%	93%	139%	185%	231%	278%	324%	370%	416%	463%	509%	555%
	55	42%	84%	126%	168%	210%	252%	294%	337%	379%	421%	463%	505%
	60	39%	77%	116%	154%	193%	231%	270%	308%	347%	386%	424%	463%
	65	36%	71%	107%	142%	178%	214%	249%	285%	320%	356%	392%	427%
	70	33%	66%	99%	132%	165%	198%	231%	264%	297%	331%	364%	397%
	75	31%	62%	93%	123%	154%	185%	216%	247%	278%	308%	339%	370%
	80	29%	58%	87%	116%	145%	174%	202%	231%	260%	289%	318%	347%
	85	27%	54%	82%	109%	136%	163%	191%	218%	245%	272%	299%	327%
	90	26%	51%	77%	103%	129%	154%	180%	206%	231%	257%	283%	308%
	95	24%	49%	73%	97%	122%	146%	170%	195%	219%	244%	268%	292%
	100	23%	46%	69%	93%	116%	139%	162%	185%	208%	231%	254%	278%
105	22%	44%	66%	88%	110%	132%	154%	176%	198%	220%	242%	264%	
110	21%	42%	63%	84%	105%	126%	147%	168%	189%	210%	231%	252%	
115	20%	40%	60%	80%	101%	121%	141%	161%	181%	201%	221%	241%	
120	19%	39%	58%	77%	96%	116%	135%	154%	174%	193%	212%	231%	
125	19%	37%	56%	74%	93%	111%	130%	148%	167%	185%	204%	222%	
130	18%	36%	53%	71%	89%	107%	125%	142%	160%	178%	196%	214%	
135	17%	34%	51%	69%	86%	103%	120%	137%	154%	171%	189%	206%	
140	17%	33%	50%	66%	83%	99%	116%	132%	149%	165%	182%	198%	

Hotel	Units	Construction Cost	EBITDA	Return on Cost
Standard 60-Room Hotel	1	\$ 9,060,000	\$ 1,047,654	11.6%
Upscale/Themed 60-Room Hotel	1	13,974,000	1,130,673	8.1%
Hotels Total	2	\$ 23,034,000	\$ 2,178,327	9.5%
Project Total	120	\$ 23,034,000	\$ 2,178,327	9.5%

Standard 60-Room Hotel	
Cost Assumptions	
# of Rooms	60
Operating Assumptions	
Average Daily Rate	\$140.00
Occupancy	64.9%
Nights Available per Year	365

Themed/Upscale 60-Room Hotel	
Cost Assumptions	
# of Rooms	60
Operating Assumptions	
Average Daily Rate	\$185.00
Occupancy	74.2%
Nights Available per Year	365

SITE #3 COMMERCE BANK

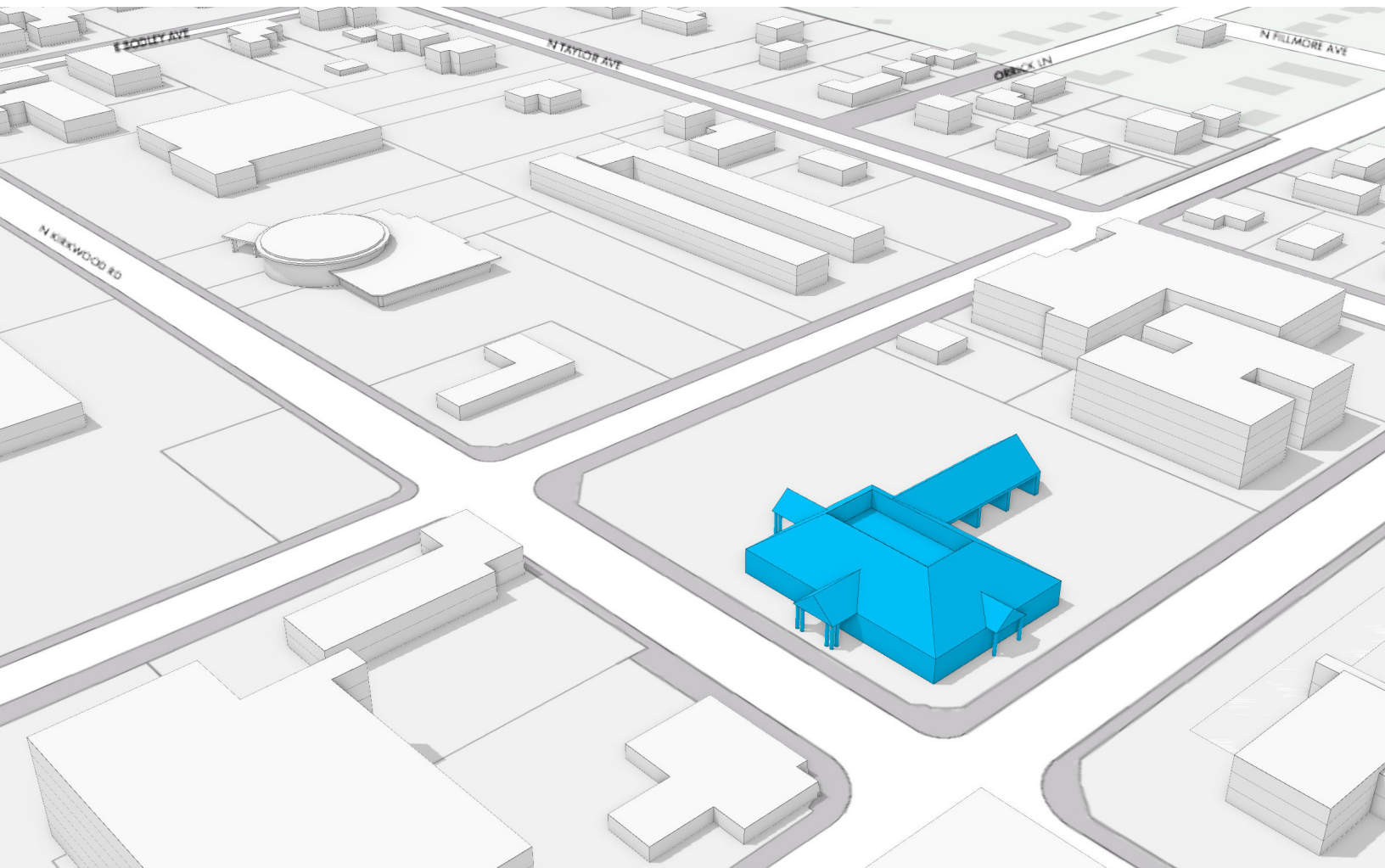
CURRENT CONDITIONS

Commerce Bank opened its North Kirkwood Road branch in 1979. The 26,000 square foot bank building is situated on the southwest corner of a 2.18 acre site, and the remainder is occupied by surface parking. There are approximately 80 parking spaces on site as well as drive through facilities. The current facility is a full service bank branch with employees on site providing financial advice services, commercial banking services, and a 24-hour ATM.

Similar to the UMB bank site, the Commerce Bank site is an underutilized parcel very close to the center of Downtown Kirkwood. With banking trends shifting, the large branch location may not, over the long term, be the highest and best use for this prime real estate and another use for the site should be considered.



Photo: Google StreetView, 2019

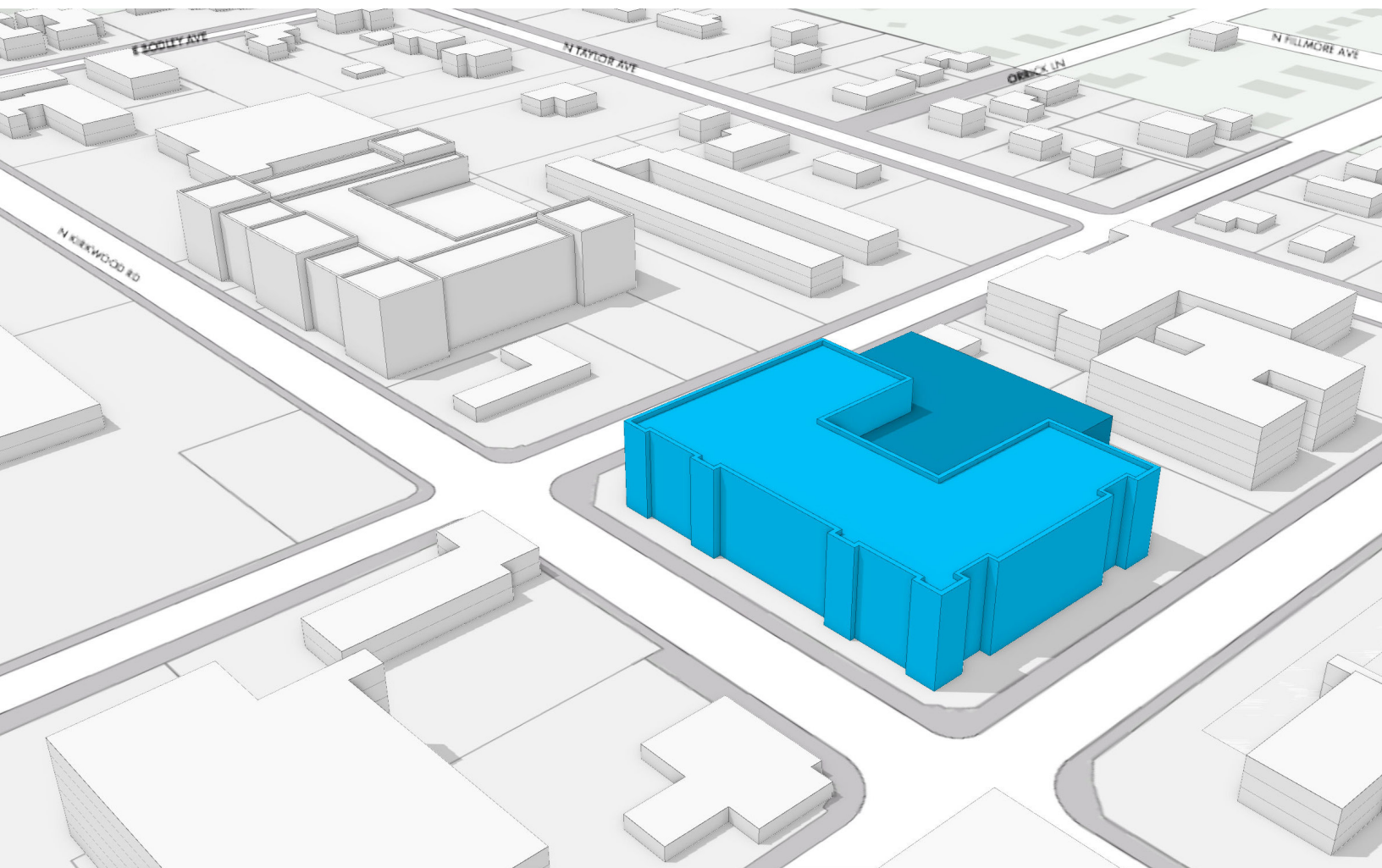


CONCEPTUAL REDEVELOPMENT

Because of the site's N Kirkwood Road frontage and walkability, it was chosen for a potential mixed use residential and retail development. A 145,000 square foot U-shaped building could house approximately 12,500 square feet of retail on the ground level and approximately 120 apartments on four floors. A four-floor parking structure at the rear of the site could provide parking for up to 225 vehicles.

The site plan below depicts the proposed UMB Bank mixed-use developed in the background, located directly north of the Commerce Bank site. Below, in blue, is a concept for the Commerce site. It is possible that, if desired, Commerce could occupy one of the first floor retail spaces and operate a model similar to their Central West End Connect location, where there is an ATM on site and banking by appointment only. This branch is located on the first floor of The Euclid, next to a Kaldi's Coffee and Shake Shack location.

A development of this density in such a central location in Downtown Kirkwood has the potential to dramatically change the look and feel of this more auto-centric portion of the Downtown. It also provides an opportunity for additional residential development in a highly desired area. Special attention should be paid to design this building to fit both the historic surroundings and also serve a residential need, perhaps considering non-luxury units to attract more affordable housing that Kirkwood often finds hard to capture. The cost of a development like this is expected to be similar to that of the development just north and could be expected to generate about \$1,000 in additional spending power in Downtown Kirkwood per unit. This development would also create additional residential density, adding feet on the ground to spend money at local retail establishments.

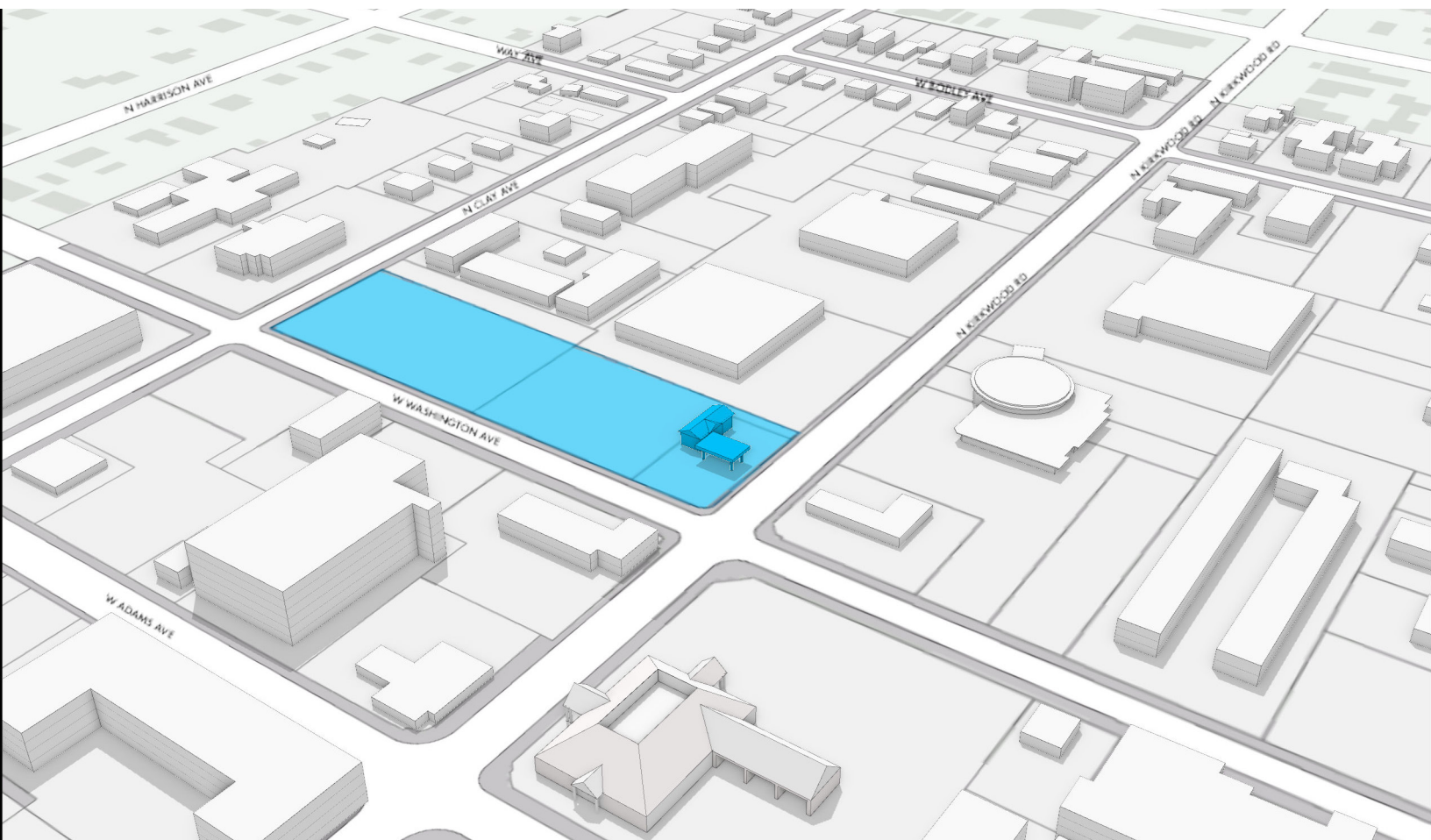


SITE #4 N KIRKWOOD RD & WASHINGTON AVE

CURRENT CONDITIONS

The intersection of North Kirkwood Road and Washington Avenue is just one block north of the small and compact development that characterizes historic Downtown Kirkwood. However, the intersection lacks the walkability and charm of the blocks just to the south. Two corners are occupied by gas stations and auto shops that date from the 1960s, when N Kirkwood Road served as the primary north-south arterial for the surrounding communities. To the west along Washington Avenue, the remainder of the street is an open expanse of surface parking with sidewalks in disrepair and a lack of consistency.

The current site configuration is not the highest or best use for the three parcels and when considering the long-term development of Downtown Kirkwood, this site is a priority for redevelopment.



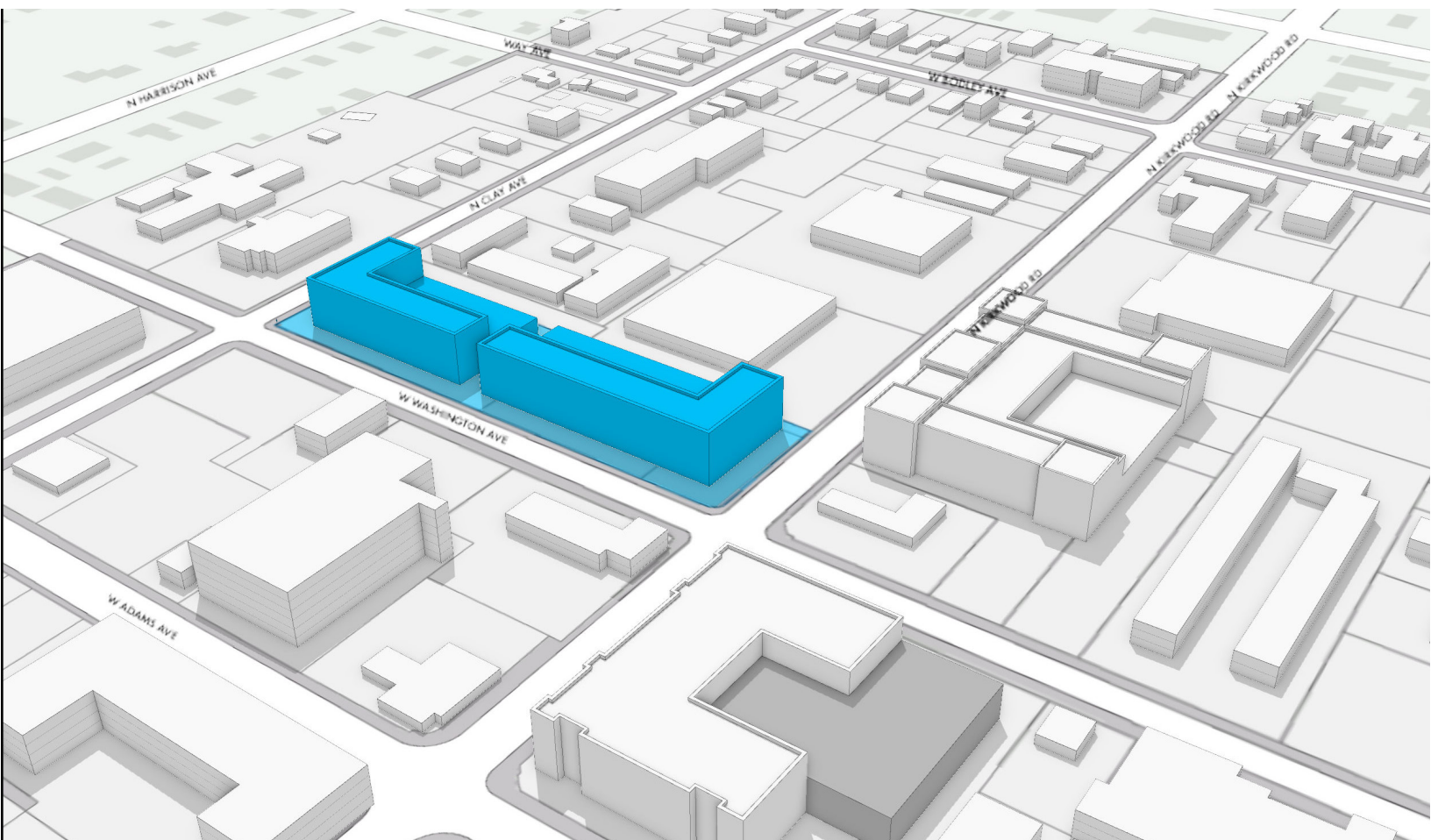
CONCEPTUAL DEVELOPMENT

To understand what the area could look like, below is a site plan of a redeveloped intersection, depicting two new buildings in blue. Included in the site plan below are the proposed buildings at the intersection to the east (current UMB Bank and Commerce Bank locations), which begins to show how the current intersection could look with additional development.

The depiction below shows potential mixed-use buildings which could be any combination of retail, residential, and office uses. Each building is four floors tall, making the buildings 60 feet high, the maximum height allowed in Kirkwood currently. The buildings designed below have 55,000 square feet and 68,200 square feet respectively. In total, this block of new development could house 123,800 square feet as designed. The building on the left includes a 40,800 square foot, three floor garage, including about 100 spaces. The second building could house up to 144 spaces.

The center parcel of the three depicted below is part of Global Food's parcel, so arrangements would need to be made for shared parking or another agreement. Similarly, the parcel at the N Kirkwood Rd intersection is currently home to a BP Gas Station that would have to be relocated to free up the site for development, such as this concept.

A development on this site is likely 3-5 years away, at least. With nearby developments in the planning stages, the rationale for building on this block is only getting stronger. That being said, because the site is currently owned by multiple parties, it is a more difficult development to assemble.



DEVELOPMENT FACILITATION STRATEGY

The City of Kirkwood and Downtown Kirkwood organization could facilitate some of these site specific developments in Downtown through policy accommodations such as streamlined permitting or zoning modifications and can encourage some of the recommended improvements through marketing and relationship building.

Market interventions such as development incentives may be necessary for some of the larger-scale projects, which will be crucial for creating economic vitality in Downtown Kirkwood. If the City decides to extend incentives in Downtown Kirkwood it should do so in such a way as to maximize flexibility – the ability to group properties together for a large project, or the ability to incent single-site projects as appropriate. Given the rents that buildings in Downtown Kirkwood are currently seeing, it may not be necessary for the City to consider incentives. If a developer requests them, the City should evaluate their applications carefully. It will also be important that the City maintain a level of oversight to evaluate each project and ensure they meet the long-term goals of the City and Downtown Kirkwood.

The City could also assist small businesses in facade repair programs, expansion of existing businesses, or repairs. With the existing Special Business District in Downtown Kirkwood, these strategies should be significantly easier. This infrastructure, as well as staff, will help the City continue to guide the kinds of businesses and development they would like to see.



200 North Broadway, Suite 1000
Saint Louis, Missouri 63102
(314) 231-7318
pgav.com