

## The Changing Face of the Economy and How It Affects Hamden Technology Challenges the Marketplace

Technology has forever changed the local, state and national economy. It affects retail trade, services that we buy and products that we have come to know.

The landscape of retail continues to change. The list keeps getting longer for stores that are closing in the northeast and across the country. According to Money Magazine and many other publications, it is anticipated that over 25% of all shopping malls in the United States will likely CLOSE by the year 2022. This change in the retail marketplace began slowly and then accelerated quickly with the growth of the on-line marketplace. The last few years have been dominated by Amazon, who has changed the retail marketplace because of innovations such as Amazon Prime.

Over the last twenty years, we have witnessed the demise of video stores, CD/music stores, travel agencies, and most book stores, especially outside of major metro areas, which make up most of America. Other venues such as movie theatres in suburban areas have been affected by the growth of video streaming. Many stores are downsizing products such as Blue Ray players, audio players, cameras, and video recorders, also because of video and music streaming and because of smart phone technology.

Stores That Have Closed or that Have Reduced Their Footprint...The list (mostly from 2017) has grown and includes Bennies, Payless Shoes, Sears Hardware, Kmart, Eastern Mountain Sports, Sams Club, Kmart, Macys, Dress Barn, JC Penny, Gymboree, Sports Authority, Game Stop, Radio Shack, Toys R Us, American Eagle, Bon Ton, J Crew and Bobs (Hamden store survived the closings).

Also many stores have reduced the size of their floor space in Hamden. TJ Max closed out their home goods business and Marshalls has reduced their floor space by nearly 25%. Only 60% of the Bon Ton space in Hamden was taken by Burlington. There are rumors that in 2018, there will be more changes and the reduction of space for The Gap and Staples.

In 2018, it is also anticipated that the grocery market will become deeply affected by Amazon purchase of Whole Foods. The grocery business has always been "cut throat" and extremely competitive. But Amazon didn't buy whole foods for fun. They have a plan that will affect the national grocery business and how we shop. It will create significant competition for grocery delivery.

In the health care retail and services marketplace, there is also change. Walgreens has purchased Rite Aid. CVS is merging with Aetna. On line pharma sales have increased. This will lead to changes in then health care delivery system and the local economy.

Many of these names that are impacted are associated with Hamden. When considering the location of a store, retailers, through their exclusive brokers, have traditionally looked for specific attributes of a community such as access to highways, higher income levels and high foot traffic. The current retail market place makes these characteristics even more scrutinized.

The Hamden Marketplace....

We see the changes in the retail marketplace every day. When we speak to shopping center developers they remind me of what they look for.

For example... A "Gap Analysis" is what developers use to figure out what goes where. It measures the dollar value of available goods or services as compared to spending power in a defined area. A Gap Analysis was completed for groceries at the address of the Putnam Plaza. It showed within a one minute drive, there was nine times (\$9) the amount of available groceries available for each dollar (\$1) household of market spending on groceries. The results of the Gap Analysis, among many other factors explains why a grocery stores have not come back to this center.

In Hamden, groceries are sold in our main corridors but also at Walgreens, Krausers and corner stores throughout the neighborhoods. For Hamden residents hoping for Trader Joes, there are two reasons why Trader Joes will not come to Hamden. First the State of CT does not allow the sale of wine in grocery stores (the package store lobby is against that). Trader Joes makes a lot of money from their cheap wine. Trader Joes goes almost exclusively into higher income markets such as West Hartford and Stamford. Secondly Trader Joes is owned by Aldi, who will be locating in Hamden this coming spring. Expect to see some Trader Joe type products in this store.

We have to be prepared for a different look in the future of our strip centers. In the future watch for educational uses, arts and health care related uses in shopping centers. The redevelopment plan for the Putnam Plaza that has been under discussion will look really different from the 1980s version of the center that everyone may be expecting.

So What Do We Focus on in Hamden?

We need to be honest about what kind of a market we are to develop an effective strategy to attract business and bring needed retail, services and alternate uses to our centers. We have to focus on

the positive attributes of Hamden, our local economy and our shopping centers. Our shopping centers have considerable parking, we have reasonably good public transportation and a good workforce.

So going forward I would suggest we continue to work hard to.....

Develop our local workforce to attract businesses.

- Strengthen our neighborhoods and opportunities for families to increase their income so that our overall demographics related to the economy improve.
- Strengthen our small business community, many of whom also own homes in Hamden. This segment of our economy continues to grow.
- Continue to improve our public transportation system to work more efficiency with more service from east to west.
- Make sure we invest in our public infrastructure, water, sewer, internet and transportation.
- Analyze our zoning regulations and town ordinances to make sure they don't discourage investment and take into consideration changes in the marketplace.

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