

5 Jan 1980

Retailing is key to a strong downtown

Chester Smolski

The future of Providence, if Rhode Island's capital city has a future, must be keyed to retail sales, all polls and pundits to the contrary. If Mayor Cianci, the City Council, the Chamber of Commerce and other business groups really want an appealing city, one that hums with activity day and night, they have to redouble their efforts to put a solid economic footing under the still-eroding retail sector.

That is the message hidden in the dry statistical data put out by the U.S. Bureau of the Census. It is the same message that comes from other cities which are shaking themselves out of decades of lethargy and realizing a new sense of life and growth.

The significance of retailing is recognized by the Bureau of the Census to the extent that it conducts a Census of Retail Trade every five years. Last done in 1977, with final results only now being published, the Census data clearly shows the significance of this activity to the city and to the state.

Rhode Island in 1977 had 8,138 retail establishments which employed 53,580 full- and part-time persons. Although sales of \$2.8 billion represented a 39.2 percent increase over 1972, this seemingly healthy increase was well below the 58.1 percent increase recorded for the nation and less than 48 other states which had larger increases. The Navy pull-out of 1973-74 and the subsequent loss of population (even today there are 15,000 fewer residents than in 1970) help account for this smaller increase in retailing.

A current average wage rate that is

third lowest in the nation also negatively affects the volume of retail sales in the state.

Grocery stores, new car dealers and department stores are the three largest generators of retail sales, accounting for 44.4 percent of sales in the state and 47.9 percent of sales in the nation. The three largest categories of employers in the state, and in the nation, are eating places, grocery stores and department stores, with 52 percent of all full- and part-time retail employees so engaged.

Retailing is essentially an urban function and cities dominate this sector of the economy. Providence, for example, accounts for 16.6 percent of all retail trade in the state, Warwick (with two major malls) 15.8 percent and Pawtucket 8 percent. These three cities have 35 percent of the state's population and do 40 percent of its retailing.

Retailing is also concentrated within small areas. The Census Bureau gives detailed information on these central business districts (CBDs) or downtowns and major retail centers (MRCs) or shopping malls and such retail centers. In Providence, for example, the CBD accounts for 15.6 percent of total city sales while in Warwick the Warwick Mall or MRC accounts for 16.5 percent of retail sales in that city. Of interest, the 46 retail outlets at the Warwick Mall had sales of \$75.1 million while the 255 downtown outlets in Providence did only \$70.9 million in sales. The three department stores at the mall, compared with only one in Providence, mainly account for this difference. The third largest major retail center in the metropolitan area is the Midland Mall with sales of \$57.4 million, or 81 percent that of the Providence downtown.

But if the rise of suburban shopping has had a marked adverse impact on down-

towns, retailing remains a necessary ingredient for CBD vitality. Rodney E. Engelson, writing in a recent issue of *Urban Land*, said it well: "Retail activity is the heart and life of most downtowns. It occupies and supports the historic community core. Although other functions may remain, a downtown without vital retail services has limited appeal. Even acknowledging the legitimate need for suburban and outlying retail centers, efforts should be made to retain and even strengthen retail activities in most downtowns to the fullest extent possible."

-Syndicated columnist Neal Peirce recently cited two strategies that downtowns are using to prevent further erosion of the retailing function: making cities livable and enjoyable by providing better amenities and "fighting like hell" with strong leadership to expand retail opportunities. Both of those actions require positive contributions by the city and the business community, the cooperation of the public and private sectors.

There have been encouraging signs of this cooperation in Providence with the recent formation of the Providence Industrial Development Corp. Its purpose is to help existing industries expand and to encourage new industries to locate in the city. The retail counterpart of the PIDC is the Providence Foundation, whose work is manifested in a restored Ocean State Theater and a new court complex in downtown.

Now, with the appointment of a new director, the Foundation is in position to take on a broadened role to do the same thing for the retail sector as is going to be done for the industrial sector, i.e., to develop better retail opportunities in the downtown.

Chester Smolski is director of urban studies at Rhode Island College.