



Ithaca Retail Study & Strategy Synopsis

The City of Ithaca and Downtown Ithaca Alliance (DIA) commissioned a retail analysis and strategy in 2023 to review the retail industry in Ithaca and recommend strategies that the City, DIA, nonprofit partners, retail businesses, and stakeholders located in the City of Ithaca could undertake to support the recovery of retail throughout the City. The study specifically focused on creating a cohesive, citywide retail strategy for Ithaca's key business districts: Downtown Ithaca; the West State Street corridor; the West End, including the Waterfront; and Collegetown. The study was conducted by Michael Berne with MJB Consulting, a national retail planning and real estate consultancy focused on urban and Downtown business districts.

The City utilized funds it was awarded from the Coronavirus State and Local Fiscal Recovery Funding (SLFRF) from the American Rescue Plan Act to support the City's response to, and recovery from, the COVID-19 public health emergency. The DIA administered the project with the consultant team.

The following is a synopsis of the key findings and recommendations of the report.

Key Points for Overall Market:

Overall Market Positioning: Success in a retail market of limited size requires identifying and leveraging shared consumer characteristics, known as psychographics which are reflective of commonalities in lifestyles, sensibilities, and aspirations. As with many university towns, Ithaca contains a substantial "Yupster" demographic (educated, affluent, socially liberal) that favors established arts and intellectual culture, though generational shifts will reshape consumer demand patterns.

Overall Competitive Advantage: Ithaca ranks second nationally among medium-sized arts-vibrant communities, trailing only Santa Fe. This distinction remains underutilized in regional marketing and represents an opportunity to attract leisure tourism from major metropolitan areas.

Overall Critical Challenges Public safety concerns of the retail community and local residents, particularly on the Commons and West State Street, have the potential to impact foot traffic, sales, vacancies, and property values, if not addressed. Local government and community partners must work together to both address problems and reshape negative perceptions to demonstrate that business is a high priority.

Overall Market Assessment: Without a clear plan for improvement, Ithaca's retail sector could underperform, with some districts facing serious challenges requiring coordinated action.

Overall Strategic Recommendations Success requires integrated public-private-nonprofit partnerships that respect business and landlord autonomy while coordinating district positioning and tenant strategies. Each business district must be strategically differentiated within the broader retail ecosystem to enable sustainable coexistence.

Action Items:

Implementing the action items relies on strong public-private partnerships collaboratively achieving work in key areas:

- Collecting data and understanding the market
- Branding Ithaca and its target districts
- Recruiting appropriate retail businesses
- Supporting existing businesses
- Creating the environment, atmosphere, and market where retailers wish to locate and consumers wish to visit.

(Note: Below are the action items that apply on a citywide basis. Recommendations specific to a single district are provided in their respective sections below.)

Citywide - Action Items:

- Create an easy-to-use Retail 101 reference guide for stakeholders and partners to assist in implementation.
- Create, market and maintain an up-to-date citywide list of storefront vacancies
- Create and maintain an (internal) citywide succession-planning database so pre-emptive steps can be taken to ensure business continuation
- Align retail incentives with the tenanting strategies outlined in each district's section
- Develop an information-clearinghouse function for landlords, brokers and merchants

- Produce retail market reports that paint a broad picture of current conditions and market trends as well as data-driven counternarrative to negative views
- Develop retail tenanting brochure(s) that creatively display the city, or its respective district(s), as a compelling retail location and proactively share with tenants, brokers, investors, and landlords
- Unearth, research and vet prospective retail tenants to present to landlords and brokers
- Update and refine the “Doing Business in Ithaca” guide, distribute and market widely particularly to aspiring entrepreneurs
- Explore the feasibility of establishing and managing new brick-and-mortar entrepreneurial platforms (e.g. fashion-truck pods, shipping-container villages)
- Create and coordinate an advisory panel of Gen Z’ers and Gen Alpha’s to provide guidance on retail tenants and visitor marketing efforts
- Tweak visitor branding and marketing to better reflect Ithaca’s psychographic positioning, particularly as an arts destination
- Convene major stakeholders regularly to brainstorm possibilities for and consider the feasibility of new “game-changing” anchors
- Redouble efforts to elevate Ithaca’s curb appeal with additional “cleaning and greening” as well as facade/signage enhancements
- Center the needs, experiences and anxieties of the business community in regular discussions about policy and resource allocation

Key Points for Downtown (Commons)

Market Positioning: Despite some local negative perceptions, Downtown Ithaca demonstrates notable success relative to comparable markets:

- **Restaurant Row** generating \$1M+ annual revenues in several establishments
- **Retail base** of 72 goods-selling businesses (41% of 175 total establishments)
- **Residential growth** from 500 units (2014) to 2,000+ units (2024)
- **Compact, walkable Downtown** mixing historic and contemporary infrastructure
- **Hospitality infrastructure** including the region's premier hotel cluster and new conference center

Competitive Advantages: Visitors represent 54% of Downtown foot traffic and constitute a critical economic driver. With median household incomes exceeding \$100,000, versus the local average of \$72,000, this segment exhibits higher propensity for impulse purchases, provides counter-seasonal demand during summer months, demonstrates lower sensitivity to local negative perceptions, and is less concerned about parking price and availability.

Critical Challenges:

- The Commons currently underperforms as a Central Social Place. Effective placemaking requires infrastructure supporting informal entertainment and participatory activities—ping-pong tables, putting greens, social dancing areas, and similar amenities that facilitate spontaneous interaction.
- The SouthWorks development on South Hill presents significant risk as a potential alternative downtown. Its scale, private ownership structure, controlled tenancing, and superior management of common areas could erode Downtown's market position by attracting existing merchants or capturing new retail demand.
- A parking needs analysis should be conducted to balance perceived demands, the potential for on-street demand pricing, as well as longer-term garage efficacy.
- Storefront vacancy rates remain above the national average. There is no easy solution to vacancies. A vacancy tax has shown to pose substantial risks with many potential negative outcomes, including weakening tenant quality and increasing turnover while also presenting a hostile business climate to the larger retail industry.

Market Assessment: The Commons should pursue retail niches focused on arts and crafts, vintage and consignment, destination food and beverage, and diversified entertainment. However, the population density presents challenges in attracting convenience-oriented businesses, particularly full-service grocers, essential to 15-minute city models. Retail recruitment efforts should prioritize independent merchants and arts-related businesses that reinforce Ithaca's brand identity while incorporating entrepreneurial platforms for undercapitalized operators; and only selectively pursue regional "chain-lets" and national brands that are aligned with community psychographic and demographic profiles.

Downtown Ithaca – Action Items:

- Initiate prospecting efforts on behalf of landlords and brokers, focusing on the recommended operator types and niches
- Orient available incentives towards anchor/catalytic uses on a “but-for” basis, recognizing that highly-coveted operators might justify the benefit as a form of enticement
- Explore the introduction of new brick-and-mortar entrepreneurial platforms
- Position and promote the Downtown as the publicly facing center of a nationally prominent “arts town” and broader “arts archipelago”
- Leverage the potential of the Commons as Ithaca’s “Central Social Place” with various low-cost “informal entertainments” even in the colder winter months
- Endeavor to coordinate closely on tenanting strategies with other large-scale projects (SouthWorks, for example)
- Address both the reality and the perception of antisocial behavior on and near the Commons
- Complete a formal parking study that updates utilization levels of the existing Downtown supply and considers the practicality of performance-based pricing
- Develop a more systematic approach to curbside planning that considers the practical needs and concerns of its many user groups

Key Points for West State Street

Marketing Position: West State Street represents Ithaca's contemporary retail corridor, anchored by food and beverage concepts typically favored by a particular type of Millennial, the “neo-hipster” an upwardly mobile, knowledge industry professional (or postgraduate student) who value creativity, craftsmanship, and progressive social values. The district's eclectic built environment and affordable second-generation retail space create a distinctive character that attracts both operators and customers within this demographic and the generation following it.

Competitive advantages:

- Strong food and beverage tenant base with demographic alignment
- Affordable, character-rich retail spaces appeal to independent operators
- Growth capacity through underutilized and developable properties

Critical Challenges

- **Demographic Shift:** A coming demographic shift from a young professional and Millennial customer base to Generation Z (“Zoomers”) will require responsiveness to the different consumption patterns and preferences.
- **Operational Environment:** Low daytime foot traffic limits non-destination retail viability. Merchants report persistent quality-of-life issues including visible homelessness, aggressive panhandling, substance use, and public sanitation concerns, with perceived inadequate municipal response.
- **Development Pressures:** Planned higher- density residential and mixed-use development and competing projects (SouthWorks) could threaten the existing tenant base through displacement and rent escalation. Current tenant instability is high, with multiple lease non-renewals anticipated.
- **Strategic Tension:** Redevelopment may conflict with preservation of the informal, eclectic character that defines the district's market position.

Market Assessment

West State Street occupies a transitional position. While designated for higher density residential and mixed-use development, the district's commercial success derives from characteristics inherent to its current underutilized state. Without addressing immediate quality-of-life concerns and tenant retention, the district risks losing its established market position before planned redevelopment can occur. Strategic intervention is required to bridge near-term operational challenges with long-term development goals.

West State Street – Action Items:

- Retain the ground-floor retail requirement along West State Street from Plain to Meadow streets (as well as Geneva to Albany for Block 14) while allowing greater flexibility between Albany and Plain streets but still with guidelines insisting on “retail-ready” design at street level
- Design, fund and install streetscape enhancements that specifically reflect and project West State Street’s distinct identity, but after addressing concerns among business owners related to social challenges
- Revamp directional signage along NY 13 to steer Downtown-bound motorists towards West State Street
- Undertake periodic updates of on-street parking utilization rates and replace coin-operated meters with modern systems that accept credit cards or pay-by-mobile

- Consider the formation of a merchants association for West State Street while exploring the possibility of a Business Improvement District (perhaps in concert with West End) if/as assessed values increase with property development

Key Points for the West End & Waterfront

Marketing Position: The West End currently functions as an auto-oriented arterial corridor valued for high vehicular visibility and accessibility. The district serves through traffic motorists with convenience-oriented tenancies (fuel stations, bank branches, quick-service food and beverage) alongside independently owned restaurants, bars, and boutiques occupying second-generation buildings. The waterfront is an emerging destination location requiring specialized tenant mix. Geographic positioning necessitates regional draw rather than convenience-based patronage.

Competitive advantages

- High traffic volumes offer retailers premium visibility and accessibility
- Established auto-oriented infrastructure supports convenience retail
- Second-generation building stock provides below-market lease rates for independent operators
- Mixed tenant base serves both impulse and destination customers
- Unique waterfront positioning differentiates from competing corridors
- Potential for specialty food and beverage operators with regional appeal

Critical Challenges

- **Strategic misalignment:** The community vision for this area anticipates its transformation into a more mixed use, multi-modal, and pedestrian friendly environment. Retail investment operates on current market conditions; merchants cannot sustain operations awaiting long-term infrastructure and behavioral changes required for pedestrian-oriented environment. Implementation of this vision conflicts with current market dynamics and could result in high vacancy, tenant type misalignment and other negative outcomes. Considerations include:
 - Reduced sightlines for passing motorists in street-facing retail
 - Absence of visible parking deters vehicular traffic stops
 - Auto-oriented retail commands higher rents than pedestrian-focused retail

- Over estimation of demand for Waterfront locations. Sustainable retail capacity limited to approximately two to three food and beverage concepts
 - Waterfront has insufficient foot traffic for non-destination retail, particularly seasonally
 - Waterfront could be direct competition with Downtown for customers and tenants
 - Waterfront residential density is inadequate to support convenience retail even at full proposed buildout
- **Tenant Base Vulnerability:** Existing independent operators occupy below-market rate spaces which produce their own concerns while also jeopardizing long-term tenancy therein:
 - Retail rents are insufficient to cover property carrying costs
 - Properties are held for future redevelopment opportunities
 - Uncertainty regarding NYSDOT infrastructure disruptions. Once redevelopment or major roadwork commences, displacement risk is substantial

Market Assessment

Market fundamentals strongly favor vehicular-focused tenancies regardless of municipal planning objectives. The current tenant base, particularly independent operators in second-generation spaces, faces medium-term displacement risk as redevelopment economics improve. New mixed-use development incorporating ground-floor retail will likely underperform unless tenant mix aligns with auto-oriented market realities rather than pedestrian-focused planning aspirations. The gap between planning vision and market mechanics represents a fundamental challenge requiring either infrastructure modification to reduce auto dependence or retail strategy realignment with existing corridor function. Market capacity supports limited specialty food and beverage operations with regional draw. The location's geographic isolation and seasonal constraints prevent viable convenience retail or general merchandising. Successful retail concentration will likely compete directly with Downtown, potentially fragmenting rather than expanding the overall market. Realistic tenant expectations should focus on 2-3 destination food and beverage concepts rather than broader retail programming. Current residential development proposals, even at full realization, provide insufficient density to materially alter these market fundamentals.

West End & Waterfront – Action Items:

- Offer grants to property owners along the NY 13 couplet to beautify their frontages with landscaping, lighting, facades and signage while encouraging activations of underutilized portions of their lots (like food trucks)
- Work with existing businesses soon or likely to be displaced by redevelopment to identify possible new space(s) in Downtown Ithaca or other districts
- Continue with ongoing efforts to better manage the unhoused population, including in City sanctioned locations
- Consider the formation of a merchants association for the West End while exploring the possibility of a Business Improvement District (perhaps in concert with West State Street) if/as assessed value increases with property redevelopment

Key Points for Collegetown

Marketing Position: Collegetown underperforms relative to comparable districts surrounding peer elite universities. The district's brand is firmly established as serving a dense, captive student submarket rather than functioning as a broader destination for Ithaca residents or regional visitors.

Competitive advantages

- **Captive Market Density:** High concentration of students within immediate proximity
- **Demographic Specificity:** Sizeable Asian/Asian American student population creates opportunities for targeted concepts
- **Institutional Anchor:** Cornell University's adjacency provides stable demand baseline
- **Incremental Upgrade Potential:** Customer base can support selective evolution beyond basic quick-service offerings

Critical Challenges

- **On-Campus Competition:** Cornell's expanded residency and meal plan requirements for freshmen and sophomores, coupled with proliferation of on-campus dining options, has eroded market share
- **Shifting Consumer Preferences:** Declining student alcohol consumption and evolving taste profiles drive leakage to Downtown and Restaurant Row

- **Limited Draw Beyond Core Market:** Entrenched positioning and current retail mix provide minimal evidence that broader Ithaca population would support destination-oriented concepts
- **Perception vs. Reality on Parking:** While cited frequently, parking challenges may mask deeper issues with business appeal and differentiation

Market Assessment: Without intervention, Collegetown will continue consolidating around quick-service/casual food and beverage concepts plus convenience-oriented businesses serving student essentials. Aspirations to transform Collegetown into a city-wide destination face serious obstacles given brand entrenchment and insufficient precedent for validation by broader Ithaca demographics. The market can support measured upgrades within its core competency—casual dining and beverage concepts—including:

- Fast-casual eateries emphasizing quality ingredients and elevated environments
- Coffeehouse concepts with extended hours, ample seating, and distinctive offerings
- Asian franchise concepts with high novelty factor

Strategic Imperative: Cornell University engagement is essential to meaningful revitalization. The university's participation in the Collegetown Community Collective signals potential alignment, consistent with competitive practices at peer institutions (Yale, Bucknell) where campus-adjacent district enhancement supports faculty and student recruitment objectives.

Collegetown – Action Items:

- Draw on the new Collegetown Community Collective as a platform upon which to develop a coordinated retail vision and tenanting scheme for Collegetown, and through which to collaborate more closely with Cornell University on possible master lease(s) for retail space(s), funding for district-specific tenant incentives and the future of East Hill Plaza (as potential competition), among other initiatives
- Identify and pursue opportunities for additional outdoor spaces which can be activated with informal entertainments (e.g. grassy area in front of Cascadilla Hall)
- Upgrade the Collegetown aesthetic with a bit of polish while making sure to add some much-needed color and dynamism, a touch of whimsy and irreverence that resonates with a student demographic

- Reexamine the 2018 Collegetown Design Guidelines to ensure that the ground floors of new and existing development along commercial stretches are designed optimally for retail tenancy, while also exploring opportunities to permit such uses on contiguous blocks where they could be viable
- Complete a formal parking study that updates utilization levels of the existing Collegetown supply as well as considers the practicalities of a more aggressive performance based pricing scheme, while also developing a more systematic approach to curbside planning

Stakeholder Priorities:

The work prescribed in this strategy requires all partners to share responsibility and collaborate to achieve the desired outcomes. The government agencies, non-profits, educational institutions, landlords, retailers, and stakeholders must also ensure their respective action items are completed while sharing in a citywide strategic partnership to elevate Ithaca’s retail landscape. The primary stakeholders with key responsibilities and authority are the City, County, and DIA.

Stakeholder Priorities

City of Ithaca:

1. Centering of the needs, experiences and anxieties of the business community
2. Redoubling the efforts to elevate Ithaca’s curb appeal
3. Alignment of retail incentives with tenanting strategies

Tompkins County:

1. Tweaking of visitor branding and marketing
2. Alignment of retail incentives with tenanting strategies
3. Redoubling of efforts to elevate Ithaca’s curb appeal

DIA:

1. Creation and ongoing maintenance of a database of storefront vacancies
2. Development and road-sharing of a retail tenanting brochure
3. Proactive approach to tenant prospecting and matchmaking

The complete Retail Study & Strategy, as well as previous presentations, can be found at <https://www.downtownithaca.com/ithaca-retail-study-strategy/>