

# Market Positioning Plan

The following market positioning strategy is abbreviated from the full report included in the Existing Conditions Report. It contains the introduction, the assets and limitations of the corridor, and the market strategy.

The Market Positioning Strategy was utilized to help guide development decisions during the plan process.

## **INTRODUCTION/PURPOSE**

The purpose of this section is to provide a summary of the market analysis and positioning strategy for the redevelopment of the 350 Highway / Blue Parkway Corridor in the City of Raytown and adjacent areas in Kansas City between I-435 and I-470. The demographic and economic data, real estate trends, and competitive corridors information described herein has been used to evaluate the corridor's redevelopment potential and to suggest to the planning team the mix and scale of uses that the corridor could support. It should be noted that while the market area defined includes portions of Kansas City as well as the City of Raytown, much of the focus of the report is on Raytown simply because that community encompasses the corridor's commercial core. However, data and references to the "Market Area" in tables and text incorporate information from both jurisdictions unless broken out separately.

The 350 Highway / Blue Parkway Corridor consists primarily of commercial strip development, with a substantial portion of uses comprised of auto-oriented businesses. This corridor is representative of the highway-oriented strip developments that became the norm in urban and suburban areas during the advent of auto commuter traffic in the post-World War II era. Commercial development along the corridor is typically shallow in depth (usually less than 300 feet deep). Residential development, mostly modest single-family homes, generally flanks the commercial development with little or no buffer or transition uses in between.

With the passage of time and the introduction of new types of commercial development (e.g. single-anchored neighborhood and community retail centers, regional shopping centers, retail power centers, big-box retail) many older strip commercial areas have become physically and functionally obsolete, out-of-fashion, and no longer remain competitive with the more modern commercial centers. For example, the composition of goods and services offered in many commercial strip areas has changed, often to lower quality merchandise coupled with less variety and choice of selection. In addition, many retail and service businesses formerly oriented to the local market have abandoned these commercial strips, and have been replaced by businesses oriented to the passing vehicular traffic (e.g. service stations, auto dealerships and auto service/repair, fast food restaurants).

## **350 HIGHWAY / BLUE PARKWAY CORRIDOR: MARKET ASSETS AND LIMITATIONS**

Raytown and the immediate surrounding market represent an older inner-ring suburb, east of Kansas City, Missouri. The area directly to the east of Raytown (The Little Blue Valley) was skipped over during suburbanization because of the lack of infrastructure investments and flood control. East of the Little Blue Valley, the development of the suburbs continued with Lee's Summit.

An evaluation of the 350 Highway / Blue Parkway Corridor in a local and regional context reveals a number of assets and, also, limitations related to its current status and potential for development and redevelopment. These assets and liabilities include the following:

- Assets of the 350 Highway / Blue Parkway Corridor include:
  - o Direct connection to downtown Kansas City.
  - o Connecting link between two interstate highways (I-435 and I-470).
  - o Centralized location in an area circled by an interstate highway system.
  - o A high volume of commuter traffic flowing from employment centers to suburban housing developments.
  - o Location on the fringe of a major growth area.
  - o Large expanses of vacant, developable land in the southern portion of the corridor in Kansas City.
  - o Reasonably priced land and development sites.
  - o Local economic development policies that encourage development.
  - o A relatively high concentration of housing density (rooftops) flanking the central portion of the corridor that represents a market for neighborhood retail and service commercial uses.
  
- Limitations of the 350 Highway / Blue Parkway Corridor include:
  - o Rough terrain and absence of infrastructure for the majority of the undeveloped areas in the eastern portion of the corridor in Kansas City, primarily east of Noland Road.
  - o Arterial function and traffic flow/speed on 350 Highway / Blue Parkway limits capturing through-traffic and creates a "pedestrian unfriendly" environment.
  - o Awkward vehicular circulation at strategic intersections with 350 Highway / Blue Parkway within the City of Raytown (e.g. Blue Ridge Boulevard, and Raytown Road and 75<sup>th</sup> Street).
  - o Preponderance of excessive curb cuts, limited lot depth and small parcels fronting 350 Highway / Blue Parkway in the commercial district in Raytown.
  - o Intense competition for consumer expenditures from other corridors.
  - o Discontinuities between businesses and functions served along the corridor in Raytown.
  - o Absence of true "nodes" or "nuclei" of business and activity centers.
  - o Lack of growth and only moderate purchasing power with stagnant household income growth within the surrounding market area.

## **MARKETING ANALYSIS/STRATEGY**

The market positioning strategy for the 350 Highway / Blue Parkway Corridor involves myriad related combined strategies for successful implementation. Successful development of the 350 Highway / Blue Parkway Corridor will involve both new development, and redevelopment of existing developed parcels. New development is more likely for the Kansas City portion of the corridor where larger tracts of undeveloped land exist. Although there are a few vacant undeveloped parcels along the corridor in Raytown, any extensive future new development will most likely involve the redevelopment of existing developed parcels.

The redevelopment of existing developed parcels will involve a number of actions prior to their actual development. These actions will entail the following: (1) consolidation or aggregation of existing parcels to form larger parcels; (2) utilization of special redevelopment tools for land acquisition and financing mechanisms; (3) establishment of special zoning districts, such as Planned Districts, Mixed-Use Districts, or Special Overlay Districts, with comprehensive development and design guidelines and regulations.

No single specific “market niche” has been identified for the 350 Highway / Blue Parkway Corridor in this analysis. A “market niche” represents a focused, targeted portion of a consumer market. Examples of “market niches” are those commercial areas, which focus or specialize on specific consumer markets, such as life style, entertainment, recreation, specialty retail, etc. A number of factors establish limitations on the creation of a specialized “niche” in this corridor. These factors include the location of the 350 Highway / Blue Parkway Corridor relative to other “market niches” which have been established in the area; the function of 350 Highway / Blue Parkway as an arterial roadway; and local and market area demographics. However, these same factors provide direction for how to focus and position the corridor’s future development vis-à-vis its competition.

This analysis has concluded that the primary market focus for the 350 Highway / Blue Parkway Corridor will be the local market, not a regional or sub-regional market. Local and area-wide demographics and development trends have determined the current and, to some degree, the potential market. An aging population, modest household purchasing power, and stagnant household income growth pose limitations for any robust boom in commercial retail/services along the corridor. However, the potential for new residential development, especially in the southern or Kansas City portion of the 350 Highway / Blue Parkway corridor in addition to higher density residential development along the corridor in Raytown, supplemented with mid-size office and/or light industrial uses, would increase the local market for consumer goods and services.

Considering the above analysis, following is a summary of the suggested key recommendations and positioning strategies for the 350 Highway / Blue Parkway Corridor.

- The demand for automobile-related retail and service uses (e.g. auto sales, auto repair shops, tire and battery businesses, auto parts shops, etc.) remains strong, and those businesses should continue to be accommodated in the corridor.

- The potential to “capture” through commuter traffic for retail sales and services does exist, and presents a viable, but limited, strategy. However, realistically this market is limited to a number of very select types of uses, such as convenience stores, fast food restaurants, day care centers, banking facilities, etc. While this certainly presents one component of a market positioning strategy for the corridor, it cannot be the primary component.
- An increasing aging population and concentration within easy walking distance of the 350 Highway / Blue Parkway Corridor could present market opportunities for certain neighborhood retail and personal services, particularly of the pedestrian-friendly convenience variety.
- The current composition of businesses along the 350 Highway / Blue Parkway Corridor reflects a void in several retail/service and other categories, including quality sit-down restaurants, specialty shops, apparel, home furnishings, and public gathering places. Young families and the older segments of the population (over 55) should be considered as primary consumer targets. Some examples of specific uses targeted to these markets could include bookstores, health food stores, fitness center, coffee shops, farmers market, hobbies/ceramics, and nursery/landscaping supplies.
- A strategy for focusing neighborhood retail and other uses, resulting in mixed-used centers, at selected “nodes” should be a major objective of the 350 Highway / Blue Parkway Master Plan within the Raytown portion of the corridor. These activity “nuclei” should be developed at strategic intersections or points along the corridor. To be successful these neighborhood and community retail and mixed-use centers need to provide improved vehicular and pedestrian traffic linkages and provide better convenience than competing retail corridors.
- Consideration should be given to the establishment of public facilities along the 350 Highway / Blue Parkway Corridor in the City of Raytown that would serve as public gathering places and destination attractions, and which in turn would have synergistic or “spin-off” monetary effects on other businesses in the corridor. Examples include a community center, senior citizens center, library, or even City-owned and operated facilities such as City Hall.
- The potential for “big-box” retail and/or anchored community shopping centers is most likely limited to the far north end of the 350 Highway / Blue Parkway Corridor in the I-435 interchange/63rd Street/Blue Ridge Boulevard area considering the current location and distribution of such centers within the market area and the limited depth of most sites in the central portion of the corridor. The potential would be increased if a suitable redevelopment site could be identified at one of the strategic “nuclei” points previously described. This would require a developer with big box tenants specifically targeting the local market and offering local consumers advantages in location and convenience compared to other big box anchored centers in the market area.

- It appears there may be a potential for smaller-scale Class “B” office space and mixed office/light industrial (flex-uses) within the 350 Highway / Blue Parkway Corridor, most likely within the central portion of the corridor in the City of Raytown.
- Larger-scale office and light industrial/distribution uses appear to have some potential for development at selected locations in the southern portion of the 350 Highway / Blue Parkway Corridor between Noland Road and the I-470 interchange. Considering the recent development of the Summit Woods Crossing “power center” and other existing and proposed commercial development near this interchange, additional commercial development could result in an over-saturation of the commercial retail market in this area. A hotel near the 350 Highway / Blue Parkway and I-470 interchange could also be a consideration for this southernmost area.
- Considering the success of “Jessica’s Estates” and composition of local area demographics, it appears there is a potential market for additional senior housing and similar housing (e.g. attached villas) in the 350 Highway / Blue Parkway Corridor. Likewise, since the City of Raytown is substantially built out with limited undeveloped land available for residential development, the 350 Highway / Blue Parkway Corridor can provide opportunities for higher density housing which can serve as “nodes” for mixed-use developments. The addition of higher density housing within the corridor’s “core area” of the Raytown corridor segment could form an anchor for “mixed use” development, and also enhance market demand for retail goods and services.
- There is a need for move-up moderate and higher-end priced single-family housing within the 350 Highway / Blue Parkway Corridor market area. Housing in several price range categories should be developed, including the lower moderate range (\$100,000 to \$125,000); moderate range (\$125,000-\$175,000); and higher-end range (\$175,000-\$250,000). The area along the southern portion of the corridor, south of the Raytown City Limits and continuing south of Noland Road to I-470, appears to be a logical area for development of this type. The rough terrain and lack of infrastructure have restricted development in this area. Residential development within this area could be a precursor to new commercial development in the Raytown portion of the 350 Highway / Blue Parkway corridor as the market for commercial goods and services would be expanded.
- For corridor planning purposes the following space/land use allocations would be reasonable. These estimates of future development and redevelopment absorption within the 350 Highway / Blue Parkway Corridor are based upon the market analysis work conducted as part of this assignment. The estimates assume a range of possible capture rates (percentages) applied to known levels of development within the 350 Highway / Blue Parkway market area in recent years (as explained below for each type of use). It also assumes that urban design and traffic improvements are in place or underway to accommodate and encourage new investment and development. The estimates are given as ranges due to the cyclical market and economic factors that typically influence real estate development and redevelopment.
  1. For retail commercial uses 70,000 - 225,000 square feet of space over the next five years (140,000 to 450,000 square feet over a ten year horizon). This estimate

is based upon a capture rate of 3.5% to 12.5% applied to the average 380,000 square feet of retail space that has been developed each year in the market area over the past six years.

2. For office uses 25,000 - 100,000 square feet of space over the next five years (50,000 – 200,000 square feet of space over a ten year horizon). This estimate is based upon a capture rate of 3% to 12% applied to the average 150,000 square feet of office space being absorbed annually in the market area over the past five years.
3. For light industrial and office/flex space uses 50,000 – 200,000 square feet of space over the next five years (100,000 – 400,000 square feet over a ten year horizon). This estimate has been the most challenging to quantify because the industrial/flex space configurations are not generally recorded separately in development data and most of this type of space is build-to-suit projects. However, the estimate given here assumes a fairly generous capture rate of 10% to 40% applied to the estimated 100,000 square feet developed annually (the availability of sites in the 350 Highway / Blue Parkway corridor also influenced this capture rate).
4. For residential uses 75 – 250 units over the next five years (150 – 500 units over a ten year horizon) within the corridor and areas immediately adjacent to it. The lower end of this estimate is based on a capture rate of 20% of the average 60 units per year being developed in the local market. It is also recognized that there is potential for even greater residential development (probably higher-end, lower density) in those areas beyond and adjacent to the second tier of properties near the corridor.

The configuration and locations of these uses should conform to the previously described strategies and be consistent with the overall corridor design concepts.

Over the period of implementation of the Corridor Plan, it will be necessary to evaluate and update the market strategy to current market conditions. This should occur at a minimum every five(5) years, or sooner in a significant development change occurs in the corridor within that period.

The positioning strategies are the starting point for the recommendations incorporated into the plan in the Land Use, Transportation, and Aesthetics Plans.