

U.S. and German Approaches to Regulating Retail Development:

Urban Planning Tools and Local Policies

Inaugural-Dissertation

zur Erlangung der Doktorwürde der

Philosophischen Fakultät I

der

Julius-Maximilians-Universität Würzburg

Vorgelegt von

Jennifer Gerend

aus Seattle, USA

2012

Erstgutachter: Professor Dr. Barbara Hahn

Zweitgutachter: Professor Dr. Ulrike Gerhard

Tag des Kolloquiums: 01. Februar 2012

Acknowledgements

I would like to express my appreciation to the experts interviewed for this research, who generously gave their time and resources. My deepest gratitude goes out to Prof. Dr. Barbara Hahn for her excellent guidance and encouragement from start to finish. I would also like to thank my wonderful family.

A Note on Reference Format

This dissertation follows the Chicago Manual of Style, as adapted by Turabian (2007). It follows the parenthetical citations-reference list format, also known as “author-date” style.

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Deutsche Zusammenfassung der englischsprachigen Dissertation

„U.S. and German Approaches to Regulating Retail Development: Urban Planning Tools and Local Policies“

von Jennifer Gerend

Die Internationalisierung des Einzelhandels stellt neue Anforderungen an die Kommunen, die mit bislang unbekanntem Investoren, Einzelhandelsunternehmen und Betriebsformen konfrontiert werden. Es wird häufig befürchtet, dass sich die Unternehmen und Betriebsformen nachteilig auf den Einzelhandel in den Innenstädten oder in den Vororten auswirken. Insbesondere die kleinen inhabergeführten Geschäfte haben große Angst vor der unbekanntem Konkurrenz. Die Kommunen müssen auf die neuen Konkurrenten reagieren, wobei in erster Linie das Ziel der nachhaltigen und integrierten Einzelhandelsentwicklung verfolgt wird.

Bei der Standortplanung für den Einzelhandel gibt es in den USA und in Deutschland viele Gemeinsamkeiten. Beide Länder verfügen über Steuerungselemente, die versuchen, die Standortwahl des Einzelhandels zu beeinflussen. Problematisch ist allerdings, dass in den USA die in Deutschland üblichen Steuerungselemente nicht bekannt sind und umgekehrt. Der Prozess der Internationalisierung wird somit erschwert. Es verwundert nicht, dass immer wieder US-amerikanische Unternehmen in Deutschland scheitern. Bekannte Beispiele sind Wal-Mart und The Gap, die sich nach mehreren Jahren mit großen

Verlusten wieder vom deutschen Markt zurückgezogen haben. In den USA sind nur wenige deutsche Einzelhändler zu finden und auch der Discounter Aldi, der bereits seit Jahrzehnten in den USA präsent ist, hat anfangs viele Fehler gemacht.

In Deutschland hat sich in den vergangenen 15 Jahren innerhalb der Wirtschaftsgeographie die Geographische Handelsforschung als eigenständiger Bereich herausgebildet. Aber auch in Deutschland fehlen noch vergleichende Untersuchungen. Das Forschungsdefizit ist in den USA noch größer. Insgesamt sind die Handlungsspielräume, die die Kommunen in Deutschland und den USA haben, bislang allenfalls ansatzweise miteinander verglichen worden.

Die forschungsleitende Fragestellung der Dissertation lautet daher:

- Was sind die unterschiedlichen raumplanerischen Ziele bei der Ansiedlung von Einzelhändlern in den USA und in Deutschland?

- Welche Steuerungsmöglichkeiten stehen den Kommunen in beiden Ländern zur Verfügung und wie unterscheiden sich diese?

- Wie wirken sich die unterschiedlichen Ziele und Steuerungsmöglichkeiten auf die Flächennutzung der Kommunen und Standorte des Einzelhandels in den USA und in Deutschland aus?

Der theoretische Bezugsrahmen der Dissertation ist die „urban regime theory“. Unter „Regime“ wird eine kommunale Politik verstanden, die durch eine Zusammenarbeit von öffentlichen und privaten Akteuren in der lokalen Politik geprägt ist. Ziele werden gemeinsam formuliert und umgesetzt. Dieser Ansatz ist bislang in den USA sowie in Deutschland in der Geographischen Handelsforschung vernachlässigt worden. Außerdem werden wichtige Unterschiede zwischen deutschen und US-amerikanischen Einzelhandelsmärkten herausgearbeitet.

In den USA wie auch in Deutschland gibt es eine Raumplanung auf staatlicher Ebene und auf der Ebene der Länder- bzw. Bundesstaaten und der Kommunen, deren jeweiligen Möglichkeiten der Steuerung allerdings sehr unterschiedlich sind. Auch diese Unterschiede werden in der Dissertation vorgestellt.

Anschließend werden anhand von jeweils drei Beispielen in den beiden Ländern die spezifischen stadtplanerischen Instrumente und Möglichkeiten der Steuerung unter besonderer Berücksichtigung der Ansiedlung von großflächigen Einzelhändlern und Einkaufszentren untersucht und dargestellt. Wie wirken sich

diese auf den regionalen Einzelhandel und auf kleine inhabergeführte Geschäfte aus? Besondere Bedeutung wird den Zielen der Gemeinden und den möglichen Steuerungsinstrumenten beigemessen. Die Gemeinden versuchen nicht nur, die Standorte der Ansiedlung zu beeinflussen, sondern auch den Branchenmix. Da die gesetzlichen Vorgaben in den USA und in Deutschland in den einzelnen Bundesländern bzw. Bundesstaaten nicht identisch sind, wurden Kommunen in unterschiedlichen Bundesstaaten bzw. Bundesländern für die Fallstudien gewählt. Zwei der Kommunen (Tacoma, WA und Trier, Rheinland Pfalz) liegen zudem in der Nähe von Staatsgrenzen und werden durch Nachfrage und Angebot in den benachbarten Staaten beeinflusst. Es wurden gesetzliche Vorgaben und Richtlinien überprüft und miteinander verglichen, Kartierungen vorgenommen und Expertengespräche geführt.

Die „urban regime theory“ stellt stets den überregionalen Bezugsrahmen dar. Die vielfältigen Strategien und Instrumente werden ausgewertet und die Ergebnisse in dem bestehenden politisch kommunalen Ansatz zugeordnet. Außerdem wird eine Modifizierung des theoretischen Bezugsrahmens für internationale Vergleiche vorgeschlagen.

Die Untersuchung hat gezeigt, dass die Kommunen in den USA und in Deutschland teilweise unterschiedliche raumplanerische Ziele bei der Ansiedlung

von Einzelhändlern verfolgen. Die US-amerikanischen Gemeinden streben einen Branchenmix mit vielen kleinen inhabergeführten Läden, Boutiquen sowie Gastronomie für die Innenstadt an. In Anbetracht der vielen großflächigen Einzelhändler am Stadtrand scheint dieses Vorgehen die einzig mögliche Vorgehensweise zu sein, die aber gleichzeitig eine nostalgische Sehnsucht nach der historischen Main Street ausdrückt – selbst wenn die Innenstadt so nie wieder größere Bedeutung für den Einzelhandel wird gewinnen können.

Im Gegensatz hierzu stellt die Innenstadt in den deutschen Kommunen nach wie vor den wichtigsten Einzelhandelsstandort dar. Moderne Warenhäuser und großflächige Einzelhändler mit innenstadtrelevantem Angebot befinden sich sogar in historischen Gebäuden der Altstädte. Die Wahrung des traditionellen Einzelhandelsstandorts Innenstadt ist in Deutschland das wichtigste politische Ziel. Anders als in den USA erfolgt eine Sortierung nach Sortimenten, die anschließend einzelnen Standorten zugewiesen werden. Jede der untersuchten deutschen Kommunen arbeitete zum Zeitpunkt der Untersuchung an der Abgrenzung von „zentralen Versorgungsbereichen“, die eine elegante, aber auch sehr aufwendige Steuerungsmöglichkeit für die Erhaltung und Entwicklung der Versorgungsstruktur einer Innenstadt oder eines Stadtteiles darstellen. Besonders die Stadt Regensburg war an einer zügigen Ausweisung der zentralen Versorgungsbereichen interessiert; eine mögliche Veränderung des bestehenden „urban regimes“ wurde hierbei in Kauf genommen.

In den US-amerikanischen Gemeinden regulieren die Gemeinden bislang noch nicht, welche Sortimente an bestimmten Standorten angeboten werden dürfen und legen nicht fest, welches Branchenmix anzustreben ist. Die Regulierung erfolgt mittels Ausweisung bestimmter Funktionen und Ladengrößen. Jedoch wäre eine Einzelhandelssteuerung über die Ausweisung zentraler Versorgungsbereiche grundsätzlich auch in den USA möglich.

Es hat sich gezeigt, dass sich die Gemeinden in Deutschland wie auch in den USA vor der Konkurrenz durch andere Gemeinden schützen möchten. Ein verbindliches Instrumentarium zur Steuerung der regionalen Einzelhandelsentwicklung war ausdrücklich von allen Seiten gewünscht. Es besteht kein Zweifel daran, dass die US-amerikanischen Gemeinden bei der Steuerung des Einzelhandels viel von den deutschen Gemeinden lernen können. Dieses ist allerdings auch umgekehrt der Fall.

1. Introduction

Notable opportunities for large retailers today lie in the globalization of their business. Due to the tremendous concentration of global wealth, certain markets present the most obvious choices for expanding global retailers. Establishing a presence in the five largest global economies (USA, Japan, Germany, France and China) would give a retailer exposure to 57% of the world's Gross Domestic Product (CBRE 2008, 5). But even in very large, sophisticated retail markets, there are perils that accompany retailers' expansion abroad: tough choices to make about which markets to enter, different consumer preferences, competition from strong domestic retailers and foreign land use regulations.

According to Arnold and Fernie (2000), international retailers tend to expand into markets that are "geographically, culturally or business proximate to their home market" (418). Retailers in the process of internationalization tend to take a proactive step by seizing opportunities abroad before domestic saturation transpires in their market (Hutchinson, Alexander, Quinn and Doherty 2007, 114). Yet even when international retailers carefully consider the right opportunity in a foreign market, governmental regulations in their new location's country could still differ substantially from back home and pose unforeseen challenges.

To be sure, the globalization of retail has had profound impacts on local retail markets and land use. As global retailers expand into new countries, they

frequently bring new business models with them. Retail investors increasingly operate on a global level with shopping centers and other investments in numerous countries as well. For example, the Australian shopping mall giant, Westfield, has investment interests in 124 shopping centers in four countries, with a total value in excess of A \$59 billion (Westfield 2011). Such international investors in shopping centers are significant because the global pooling of investment capital results in the development of shopping spaces that in many cases may not otherwise find sufficient local investors. They also efficiently pool money and aggregate real estate for “mega-projects” that are less common in traditional downtowns, where real estate is typically held by many different property owners with various local interests.

Besides the shopping mall, new types of shopping malls such as factory outlet and lifestyle centers have spread globally too. Meanwhile, discounters and “big-box” retailers still secure space where they can. As global retail currents spread quickly around the world, local regulations are more sluggish to adapt. It can take years for a local government to adapt its policies and regulations. Thus, the expansion of global businesses and new shopping forms continues to change the dynamics of cities and consumer behavior. In particular, traditional downtowns, neighborhood centers and outdated malls have been impacted. Likewise, traditional types of businesses have been dramatically affected, such

as the common supermarket. Indeed, the stakes are high for local governments when it comes to regulating retail.

Global retailers either operate in a very similar format abroad, or they adjust their business model to meet local tastes and requirements. Sometimes these changes are necessitated by local policies and land use regulations (Arnold and Fernie 2000, 418). Other times they are driven by consumer preferences. When retailers underestimate either of these factors it can spell disaster.

The German and U.S. retail markets are both highly-developed with many similarities and a strong exchange of concepts. Many German and U.S. retailers are present in each other's markets such as Aldi, Douglas and Aerosoles, as well as even more food and beverage retailers such as Pizza Hut and Starbucks. Some have entered and exited after various tenures, such as Wal-Mart or Woolworth's. There are also many "copycat" retailers that took the idea from abroad before the retailer was able to internationalize (Fernie 2003, 324). Formats have spread back and forth too. What many would assume to be American retail formats, such as the warehouse club, actually originated in Europe (Kacker 1985, 86).

While the business and marketing community has been following these developments with keen interest, land use planners have few resources to turn to if they want to learn how international retailers and retail formats are regulated in

the markets from which they originate. What types of policies and regulatory tools can help preserve local retail environments while allowing for the introduction of new retail innovations?

1.1 Description of the topic

Retail internationalization researchers have explored many questions related to the expansion and location of global retailers, both generally and by specific major retailers. Much work has been done specifically on German and U.S. retailers' expansion into each others' countries (see chapter 1.3). The area where retail geography meets urban planning leaves much room for expanded research, however. Comparative studies in retail geography concerning the U.S. and Germany have not yet focused comprehensively on the local government policies that guide the spatial organization of retail markets. Thus, the main focus of this research is on the level of municipal governmental regulation, as this is where local land use decisions are made, in the U.S and Germany. The intent is to explore the relationship between the retail policy goals of a local city, their regulatory tools for meeting them, and to what extent they feel they are able to implement their policy goals. Do German and U.S. cities face different or similar challenges in regulating retail? Are some more satisfied with their regulatory options than others?

One should note that local governmental regulations are an expression of deeper cultural preferences and local relationships. For example, a restrictive big box retail policy does not appear in an American small town from nowhere. Rather, the use of regulatory tools is an expression of local beliefs and the wishes of local elected officials and, perhaps, the business community. It is therefore important to select a framework for analysis that is useful in understanding how cities reach policy decisions, especially around matters related to business development.

The cohesion of local government and the business community was a central theme for Stone (1989), who used urban regime analysis to depict the governance of Atlanta, Georgia over several decades, and subsequently spurred interest in urban regime analysis more generally. Retail planning, with its critical involvement of both the private and public sectors, is well-suited for analysis using urban regime theory (see chapter 2). It is critical to explore both the stated policy goals as well as the tools used to implement them, and urban regime theory will be used in this research to help isolate the cohesion behind the policy agenda from the effectiveness of the local regulatory tools. It is possible to have strong policy goals around retail, for example, but insufficient regulation options to meet them.

While Albers (2004) acknowledged the American academic subculture in urban planning with its sweeping theoretical contributions to the field, he also

wondered whether American planning theories were implemented with the same gusto (Albers 20, 2004). The disparity is evident in most American cities. The same applies to retail development; American city planning books abound with admiration for mixed-use development, walkable neighborhoods, and downtown preservation (i.e. Duany, Andres, Plater-Zyberk, Elizabeth, and Speck, Jeff 2000). Yet auto-oriented, decentralized big-box stores (see p.54) and power centers (see Table 2) continue to spread. Where is the gap between theory and practice, and does such a gap prevail in Germany as well?

This research first required an investigation into the general policies and regulations surrounding retail development in the U.S. and Germany. A variety of sources in German and English languages were utilized to answer the research questions (see 1.1.1) set forth in this comparative study. Secondary data (see 1.1.2) from books, journals, newspapers and government studies provided background information on definitions, policies, history and theory. To highlight the applied experiences of actual municipal governments, a case study framework (see 1.1.3) was utilized to compare small-to-medium sized cities in the U.S. and in Germany. The use of case studies for comparative research in retail geography has a long tradition, among them a collection entitled *The Attraction of Retail Locations* edited by Günter Heinritz in 1992. Case studies have also been common in retail internationalization work, in which specific companies or unique trading formats are addressed (Arnold and Fernie 2000,

Gotterbaum 2004). This dissertation expands on this tradition through the collection of materials and site visits to six cities – three in the U.S. and three in Germany.

1.1.1 Scope

Thesis:

As shopping center investors and global retailers continue to expand in major markets, additional pressure is placed on local land use regulations to keep pace – or risk negative structural impacts on traditional, integrated shopping areas. As such, German and American approaches to retail development regulation present lessons, positive and negative, for the future of such regulation worldwide. Today, many German and American cities have considerable spatial differences in the location of their major retail. To what extent is this explained by a cultural preference, historical development, or a matter of regulatory tools? What role does the presence of an urban regime play? If an urban regime has a unified retail policy agenda, local regulatory tools may or may not be adequate for implementation. **This dissertation hypothesizes that “stricter” regulatory tools are available to German municipal planners when regulating retail, especially big-box retail, and that this is significant in explaining the spatial location of major retail today in Germany compared to the United States.** Of special interest is the balance

between form and policy-based regulations versus retail merchandise specifications.

More specifically, this research explores the following topics:

1) German and American retail market structures

- How has internationalization changed the retail climate and investment landscape in Germany and the US?
- What are major international retail format trends in these countries?

2) Land use regulation of retail development in Germany and the US

- How has retail developed in these countries, and what has been the role of city planning?
- What is common practice currently?
- How are big-box retailers and small businesses addressed?
- Do these regulations achieve stated local policy goals?

3) An assessment of common German and US approaches

- As retail formats and store offerings rapidly change, which planning tools will best keep pace with development?

- Which planning schemes are enforceable and reasonable for planning staff to implement?

1.1.2 Secondary data

Both U.S. and German secondary data sources were consulted, as well as English studies from other English-speaking nations. A number of data sources from the U.S. and German governments were used, such as those on population from the U.S. Bureau of the Census and the Statistisches Bundesamt. Retail data was found through some government agencies, like the U.S. Department of Commerce, and some private consulting firms. Kemper's, a Jones Lang La Salle company, donated their *City Profile* analysis, which they complete annually for major German cities. The individual city governments also provided retail datasets, to the extent available.

1.1.3 Primary research

According to Yin (1994), the case study is commonly used as a research strategy in policy research, public administration, community sociology, and city and regional planning research, among other disciplines. Yin (1994) provides a comprehensive framework in *Case Study Research Design and Methods*. He lists five important components of a research design:

1. a study's questions,

2. its propositions, if any,
3. its unit of analysis
4. the logic linking the data to the propositions, and
5. the criteria for interpreting the findings (Yin 1994, 20).

Many case studies begin with “how” or “why” questions, but the researcher must still narrow the scope to decide what to study. In this research, for example, one question is how retail is regulated in the U.S. and in Germany. Yin notes that it is important to set *propositions* to avoid the researcher trying to “collect everything” (Yin 1994, 22). A proposition helps the researcher to know where to look for answers that may help explain the original “how” and “why” questions of the study. For this research, it is assumed that local big-box store regulations and policies geared towards small businesses are significant in understanding the overall local retail regulatory environment; that is the research proposition. A *unit of analysis*, as per Yin, might be a group of people or a clearly defined geographic place, for example. Other clarifications might include time periods. Following this guide, the unit of analysis for this research involves contemporary local retail development regulations. The final two components, the logic linking the data to the propositions and the criteria for interpreting the findings, have less “guidance” available and vary widely in strategy, but are nonetheless important steps (Yin 1994, 26). Once the researcher has considered these steps, a theory

related to the study topic emerges, according to Yin (1994, 27). For this research, that theory (see 1.1.1) is that stricter regulatory tools are available to German municipal planners when regulating retail, especially big-box retail, and that this is significant in explaining the spatial location of major retail today in Germany compared to the United States.

As a comparative study, this research uses a multiple-case design. According to Yin, each case in a multiple-case design should serve “a specific purpose within the overall scope of inquiry” (1994, 45). Moreover, each case should be chosen because it either “predicts similar results or contrasting results for a predictable reason” (Yin 1994, 46). The theoretical framework describes the conditions when or where the phenomenon is likely to be found. Because this research seeks to understand U.S. and German retail planning environments in a general sense, large “global” cities were deliberately excluded from this framework. First, global cities such as Berlin or New York City often have their own unique policy and regulatory backgrounds that are not really “typical” of that country. Secondly, the research required to adequately comprehend and compare several very large cities’ retail regulations would be beyond the scope of this study. Thirdly, this dissertation seeks to understand more average cities’ goals and struggles in planning their retail development - cities with mixed reputations, backgrounds and economies. What’s more, several studies have shown that mid-sized towns offer a special glimpse into the impact of changing retail formats and internationalization. Gerhard (1998) concludes, in fact, that

Canadian mid-sized towns' urban cores had "suffered" the most from the changing nature of retail (207). Rather than seek a definition of small to medium sized cities for this case study research, population and other factors were roughly matched between the six total German and U.S. case studies cities, as later described. Each city has additional characteristics that serve a specific purpose within the overall scope of the inquiry, as recommended by Yin.

Leitfaden (semi-structured) interviews were conducted in English in the U.S. and in German in Germany. Critical decision-makers were interviewed, generally city planners at the municipal government. German language interview content was translated into English by the author. Key terms or phrases are provided in both languages for clarity throughout this research.

Retail data provided by the case study city governments was analyzed and mapped using GIS. The largest U.S. and German case study cities, Tacoma and Regensburg, were addressed in greater detail as an example of the differences in retail location.

Additionally, first-hand professional experience working in both U.S. and German municipal governments heavily informed this work. From 2000-2004, the author held the position of Executive Director of the Myrtle Avenue Revitalization Project, a retail revitalization project in Brooklyn, New York. This was followed by two years as the Economic Development Director for the City of Edmonds,

Washington, a position which also focused on the development of retail. After a research fellowship in Berlin, Germany, more first-hand experience was gained as Projektleiterin (project leader) at the Amt für Stadtentwicklung (Department for Urban Development) Trier in the area of retail development.

1.1.4 Literature and internet research

Three overarching categories of literature and materials were reviewed as part of this research: comparative studies of U.S. and German city planning and retail geography, U.S. retail planning, and German retail planning. The international literature on retail geography and retail development in urban planning was systematically reviewed. Central to this research was literature covering municipal retail planning, urban planning tools pertaining to the citing of retail, and comparative studies in retail planning. This literature research was carried out both in Germany and in the U.S.. While employed at the City of Trier, Germany, the German Institute for Urban Affairs (DIFU) municipal research databank *ORLIS* was utilized, which specializes in governmental literature and consists of over 300,000 entries since the 1970s (DIFU). As a member of the faculty at Evergreen State College in the U.S., library access included both local resources and international journal databases.

1.2 State of related research

The most closely aligned related research involves English language U.S. – Germany comparative studies regarding retail development regulation.

Because this is an admittedly small scope of related research, additional related research for this work falls under the following topics: German language comparative U.S.-German urban planning and retail studies, the internationalization of retail, and municipal retail planning and development generally in each country - the U.S. and Germany. In addition to the disciplinary contributions of the related research, care was taken to note the different scholars' translation of key German terminology, which sometimes differs among publications.

In 1980, the German urban and regional planning professor Lüder Bach was preparing to teach a seminar abroad at Johns Hopkins University in the U.S. for which he compiled an important English-language bibliography of materials published about city planning in Europe and West Germany. Therefore, this research mainly defers to Bach's bibliography on works prior to 1980 (Bach 1980). From his bibliography it is evident that there have been a wide range of academic inquiries into German city planning from U.S. and British researchers, as well as publications produced by the German government and translated into English. Titles from Bach's bibliography related to retail planning included: "Retail Planning: The West German Experience" in *Town and Country Planning* (Shaw 1977), *The New Downtowns: Rebuilding Business Districts* (Redstone 1976) with a chapter on Munich, and "Shopping Centres: A comparative study of shopping centres in the Ruhrgebiet in West Germany" in the *Journal of the Royal Town*

Planning Institute (Ogdon 1972). In addition, other titles focused on traffic engineering research into Germany's pedestrian-free zones. Of these English-language pre-1980 titles, Shaw (1977) provides a strong overview of the German planning experience around shopping areas both in city centers as well as more suburban center development. More recent (post 1980) comparative research is discussed here.

Very frequently, urban planning and its sub-fields are viewed from a nationalist perspective, each nation with its own traditions, rules and regulations. Sutcliffe argues in *Towards the Planned City: Germany, Britain, the United States and France 1780-1914* that industrialization and urbanization were international phenomena, and so too should urban environmental policy be approached as a world movement (1981). He compares the rise of the town planning movement in Germany, France, Great Britain, and the U.S. and details the abundant international exchange of ideas that began to take place through fledgling international organizations, expositions and prominent designers. He concludes that international discussion of urban design did not begin in an organized fashion until the 1890s, when Camillo Sitte's ideas were popularized throughout Europe (Sutcliffe 1981, 170).

There are some English-language comparative studies on the subject of German-British urban planning and development. In 1996, Newman and Thornley contributed a book of cases studies entitled *Urban Planning in Europe:*

International Competition, National Systems and Planning Projects, which provided background information on the planning systems in Germany, Great Britain, France and Sweden. Newman and Thornley applied regime theory in their analysis of urban governance in cities such as Frankfurt and Berlin, Germany. In 2004, Stead, Geerlings, and Meijers produced *Policy Integration in Practice: The Integration of Land Use Planning, Transport and Environmental Policy-Making in Denmark, England and Germany*. In 2008, Evers contributed an important comparative set of case studies *The Politics of Peripheral Shopping Centre Development in Northwest Europe in the 1990s: The Cases of Manchester, Amsterdam and Oberhausen*. While Evers did not include the U.S. among his case studies, his work served as both an important source and methodological model for this research. However, like many such studies, his focus was on large-scale retail shopping centers. This leaves room to investigate local policies around enhancing the small business climate.

Little comparative research has addressed aspects of U.S. and German urban planning, the state of downtown, big-box retail (or chain retail) and shopping center forms/ malls. In *Two Towns in Germany: Commerce and the Urban Transformation*, Dannhaeuser (1996) finds that the decline of traditional downtown in Germany first became a topic of discussion in the 1980s among urban studies researchers such as Grün, Heineberg, Heinritz and Lichtenberger (245). In the U.S., this discussion was present throughout the rise of U.S.

suburbanization. Counter-suburbanization critics, such as Jane Jacobs, commonly cited the devastating effects there would be on traditional U.S. downtowns and Main Streets. Dannhaeuser (1996) undertook case histories of individual German merchants dealing with the challenges of trade concentration. Dannhaeuser concluded that “large discounters, malls, chains, and other manifestation of trade concentration have had an easier time penetrating small-town life in American” than in Germany or Europe generally (1996, 249). Besides possible cultural reasons, Dannhaeuser cites less strict zoning regulations and restrictions on large retailers in the U.S. as a primary cause (1996, 250), as well as a greater emphasis on municipal revenue generation than in German small towns (1996, 250). Strom (2007) studied post Berlin Wall urban redevelopment strategies and compared her observations to U.S. urban redevelopment programs in “In Search of the Growth Coalition: American Urban Theories and the Redevelopment of Berlin” in *The Urban Politics Reader*.

Also relevant to this research is Spilkova’s (2010) analysis of the need for enforceable planning tools to regulate large-scale retail developments in the Czech Republic. The importance of perspective is highlighted here, as Spilkova represents the perspective of emerging post-communist retail markets. From a Czech perspective, according to Spilkova, *both* the U.S. and Germany strictly regulate large-scale retail (2010, 294). A more nuanced and “western” comparison would find this debatable, as discussed in this dissertation, but both

the U.S. and German regulatory tools might seem plentiful compared to what planners are working with in the Czech Republic.

German language planning-related comparative studies have been numerous as well. A lecture series and accompanying written contributions on the topic of city planning in the U.S. took place during the winter semester of 2001-2002 at the University of Dortmund in Germany (von Petz 2004); many of these articles and studies contain significant Germany-U.S. comparative material. In 2008, Otto submitted his doctoral dissertation on small downtowns in Ohio, *Von Downtown zum Arts and Crafts District. Entwicklung des Einzelhandels in den Stadtzentren von Kleinstädten im ländlichen Raum der USA am Beispiel von Ohio.*

The internationalization of retail is a related field of comparative research for this study. Here, significant English-language academic pioneers included Hollander with *Multinational Retailing* (1970) and Kacker with *Transatlantic Trends in Retailing: Takeovers and Flow of Know-How* (1985). Hollander (1970) was among the first to describe a range of factors that motivated retail firms to internationalize. Kacker (1985) identified “push” and “pull” expansion motives in an analysis of the differences between U.S. and European retailing, though later researchers such as Alexander (2007) would take issue with this approach. In the last twenty years, Dawson (1994) and others renewed focus on international retailers’ entrance into new markets. A shift in thinking on the motivations for

internationalization occurred, which was also championed by Alexander (2007), towards a consensus that international retailers generally expand abroad to seize upon opportunities – not to escape shrinking domestic markets.

Somewhere in between an important spatial geographic perspective was contributed by Laulajainen with *Spatial Strategies in Retailing* (1987), in which the spatial strategies of companies (including international ones) in the U.S. were examined and mapped. He concluded that most companies concentrated their efforts in regions where they had roots, but that beyond that there were some “widely used routes of advance” (Laulajainen 1987, 245).

More recently, significant attention has been paid to global retail giants. Fernie, Fernie and Moore (2003) contributed an overview of retail internationalization, among other retail topics, in textbook format in *Principles of Retailing*. As they note, much of the retail internationalization research of the 1980s and 1990s focused on internationalization efforts of large-scale and medium-size retailers (2003, 335-350), including their own work. Arnold and Fernie (2000) analyzed Wal-Mart’s expansion prospects in the UK. Notably for this dissertation, they concluded that governmental regulation was the biggest constraint on the expansion of Wal-Mart into the UK (Arnold and Fernie 2000, 423). They noted, “It (Wal-Mart) is used to setting its own store hours, hiring/firing its own employees, and building where, when and how it wants” (Arnold and Fernie 2000, 424). Colla and Dupuis (2002) discussed the international

management of multicultural and multi-channel networks of the global retailer giants Wal-Mart and Carrefour. Gerhard and Hahn (2005) compared Wal-Mart and the German discounter Aldi's operations as well as consumer perspectives in Germany. A significant gap in the research involved smaller specialty retailers' internationalization, which was picked up by Hutchinson, Alexander, Quinn and Doherty (2007). A significant empirical finding of theirs involved the importance of internal and external facilitating factors in the internationalization of small specialist retailers, such as special business contacts in foreign markets, the owner's own experiences abroad or government/ consultancy support (Hutchinson, Alexander, Quinn and Doherty 2007, 112). These types of personal factors would be less likely to come to the forefront of decision-making at much larger companies, especially publicly traded ones.

Much German-language literature on retail internationalization can be found in the field of business and marketing, but more significantly for this research, in retail geography. Strong work has also been done tracing German and U.S. retailers' expansion into each other's countries (Fernie et al. 2006). German and U.S. retailers have had mixed results expanding to each other's retail markets. The stunning failure of Wal-Mart in Germany is an example of how even the most successful retailers in one market can encounter problems overseas. It also highlighted the importance of retailers' understanding of local regulations in advance. In German retail geography there have been a number of

relevant doctoral dissertations. Gotterbarm (2004) studied U.S. retailers in Germany in *US-amerikanische Einzelhandelsunternehmen in Deutschland. Fakten, Trends und Theorien* (2004). Acker submitted the dissertation entitled *Internationalisierung im Einzelhandel. Eine institutionentheoretische Analyse der US-Expansion des deutschen Discounters Aldi* in 2008, in which she uses a case study approach to discuss the German small-scale discount retailer Aldi's success in both the U.S. and Germany.

Much comparative research and data collection has been done on international retail consumer markets by large consulting firms such as CBRE. Other researchers have compared more “social” aspects in various countries, such as what is still different about local retail markets in the era of globalization (Schröder 1999). This research dissertation shall compare German and U.S. retail development, building on the previous work of B. Hahn and others. The focus involves the city and regional planning tools used to regulate new retail development in Germany and the U.S..

Within both Germany and the U.S., there is solid research about existing domestic retail planning practices. In German land use planning, Callies (2004) completed a dissertation on municipal retail concepts in Germany as a tool for steering retail development. More recently, German scholars and practitioners Bunzel, Janning, Kruse, and Kühn (2009) compiled a help-guide for municipalities, *Erhaltung und Entwicklung zentraler Versorgungsbereiche*, which

explains German municipalities' major planning tools for steering and preserving retail development.

Likewise, U.S. big-box policy specialist Mitchell informed this research in critical ways with her book *Big-Box Swindle* and numerous articles and on-line content through the Institute for Local Self-Reliance. Additional research focuses on comparing local planning policies especially around "big-box" stores (Mitchell, 2006 and Beaumont, 2002). The resources of the American Planning Association were also extremely valuable.

While existing literature has addressed many operational, location and consumer preference factors in retail internationalization between the U.S. and Germany, as discussed above, there remains a need to consider location at the more local level. Whether a retailer attempts to locate outside of the city center and perhaps take advantage of a loophole in land use regulations, for example, has a very different impact than if a new retailer opts for an integrated city center location. Are certain retailers even a good fit for a foreign market given the local retail policy goals and regulations? The German Wal-Mart disaster highlights the need for a comparative look at German and U.S. retail planning methods. The size and scale of a possible development in the U.S. may dwarf expectations in Germany. Moreover, there are wide policy differences among communities within the same country. As some cities implement strong downtown preservation policies, others are lax in their approach towards big-box development, the siting

of shopping malls and other retail developments that can have significant impacts on communities. Local regulatory tools in the U.S. and Germany have not been analyzed holistically in a comparative fashion. And while Evers (2008) addresses land use planning policies that enabled shopping center development in the U.K. and Germany, there remains the need to understand municipal policies around both large-scale and small-scale retail (including independent business owners).

1.3 Classification in geography

A range of academic fields explore issues related to retail, from highly quantitative studies around logistics to sociological critiques of consumerism. Spatially-focused analyses, such as those undertaken by geographers and city planners, constitute some middle ground (Evers 2008, 4). Within economic geography, retail geographers study a wide variety of topics related to retail. In English language studies, common retail geography areas of specialization have included: spatial relationships of supply and demand, behavioral consumer studies, retail location, retail internationalization and government processes or regulations that influence retail location (Dawson 1980). "Retail location has perhaps been the common central theme to retail geography over the last half century," according to Dawson (1980, 16).

The Germans have particularly active researchers in *Geographische Handelsforschung* or retail geography research. In recent years, the German-language studies have covered many specific aspects of retail geography,

including: site selection, product assortment, provision of goods and services, retail development, changes in the retail environment, municipal city planning and internationalization topics, among others. Heinritz, Klein and Popp (2003) note the more recent interest in interdisciplinary work with related disciplines, such as urban sociology, land use planning, communications and microeconomics (20). (See 1.3.)

Many retail geographers and other researchers, such as economists, have written about specific retailers' internationalization. Likewise, attention has been paid to the spatial structure of retailers due to transportation and logistics economies of scale using economic theory (Heal 80). Several retail geography studies address comparative topics, mainly regarding specific retailers, from a traditional marketing theory perspective. These tend to focus on the retailer as the actor (Arnold and Fernie 2000), not the local government. Acker (2008) chose an institutional theory for her depiction of German retailer Aldi's expansion in the U.S. Because this dissertation takes an interdisciplinary approach bridging urban planning and retail geography, an interdisciplinary strategy was also taken in applying a theoretical framework. Urban regime theory, more common as a theoretical framework for discussing urban politics, is engaged as a means for analyzing the local governments' actions. This applied research focuses on the local governmental policies that spatially influence retail environments in the U.S. and Germany. It seeks to understand the municipal policy goals and the urban

planning tools that are being used to achieve stated goals. Local governments' attempts at "steering" retail in turn impacts retail location options available to retailers. As retail location has been a major subject in retail geography, the topic falls squarely within the body of common retail geography themes, as described by Dawson and others.

The use of urban regime theory in this research builds on Stone (1989) and Davies (2002, 2003) (see chapter 2.1), as well as Halebsky's (2004) consideration of growth machines and Sassen's (2000) discussion of global growth machines. Urban regime theory is particularly well-suited to the subject matter of retail in that the location of retailers can have significant impacts on local economic activity – the heart of many urban regimes' agendas. Halebsky (2004) specifically considers the behavior of urban growth machines around the development of superstores from a socio-political perspective. He focuses on case studies where there have been community conflicts between superstores (often Wal-Mart) and local resident groups. Sassen describes how the spatial dispersal of economic activities of transnational corporations feeds a global producer services complex (2000, 75). With respect to transnational retail, the global producer services complex could include site selection, planning, architectural services and so forth – all far away from the individual locations. This often includes a level of professional support for global retailers that local municipal governments find difficult to match. Therefore, when speaking of international retailers, it is important to consider both the familiar theories about

urban regime theory as well as the newer global ones. In analyzing the location options of retailers, what is the role of the local urban regime? Even if a local urban regime is united in its policy goals for the development of the local retail environment, there can still be legal and regulatory challenges in implementing them. By focusing on the regulatory tools, it is possible to differentiate between local policy intentions and the regulatory ability to meet them.

1.4 Methodology

After an introduction of the topic and scope of this dissertation, chapter one discusses the primary research methods, state of related research, and this work's classification in retail geography. Chapter two addresses the theoretical framework of urban regime theory and provides an overview of major topics for this work related to the comparative study of retail geography and land use planning, retail internationalization, retail classifications, format trends, and the state of big-box and small, independent retail in the U.S. and Germany. Chapter three reviews major U.S. retail development patterns and the role of different governmental bodies; the U.S. case studies are included in this chapter as well. Chapter four follows the same logic for Germany: a history of its retail development, the roles of different levels of government, and the German case studies. In chapter five, U.S. and German experts outside the realm of the individual case studies are consulted on the themes that emerged from the case

studies. Finally, chapter six draws conclusions and incorporates results into existing theories.

2. Theoretical and comparative background

While this dissertation is mainly focused on applied materials and the regulatory actions of municipal governments, theory is useful as a framework for analyzing and comparing the applied research results. This chapter also provides relevant background information on the comparative study of U.S. and German retail geography and land use planning.

2.1 Comparative Study of U.S. and German retail geography and land use

When considering potential theoretical backgrounds of particular relevance to a topic grounded in the actions of municipal government, urban regime theory presented itself. In addition to the urban regime theoretical framework, several specific subjects are useful to the applied aspects of this comparative research. Information is provided on retail internationalization, location, and practice.

2.1.1. Urban regime theory

Many comparative studies of U.S. and Germany retail geography and/ or land use planning tend to take on an applied focus, though some theoretical perspectives are useful to consider in this research. The theory of urban regimes, for example, is one in which some comparative analysis between Germany and the U.S. already exists, as reviewed by Bahn, Potz, and Rudolph (2003).

The conceptual roots of urban regime theory in the US stem from a study of regime politics in Atlanta, Georgia (Stone 1989), though some trace its theoretical underpinnings back to earlier American political scientists such as Dahl (1961). Stone defines an urban regime as “the informal arrangements by which public bodies and private interests function together in order to be able to make and carry out governing decisions,” (1989, 6). He emphasized that this does not mean that an urban regime controls everything, but rather is able to manage conflict (1989, 6). Stone also notes that there are three elements to (his) definition: “1) a *capacity* to do something; 2) a *set of actors* who do it; and 3) a *relationship* among the actors” that enables them to cooperate (1989, 179). He went on to write extensively on regime analysis more generally as a theory. According to Stone, urban regime analysis is appropriate for “helping to explain how communities respond to broad social and economic changes” (2004, 7). At its core is “the alignment of purpose (agenda) and resources” (Stone 2004, 9).

Considerable debate on the research focus and limitations of urban regime theory has transpired over the last decade. In particular, Davies (2002) has taken an adversarial position towards Stone’s work. Davies stresses the inability for regime theory to adequately consider fluctuations in the economy and their constraint on local political options (2002, 13). This research, therefore, attempts to consider both the strengths and weaknesses of this theory in shaping the primary research and analyzing the findings (see 5.2). It also takes the comparative nature of the proposed case studies into account. Davies suggests

that the use of regime theory in comparative studies *within* the U.S. should focus on four structuring variables.

Interdependence: Local governments and businesses need each other in order to sustain the tax base and the business-friendly infrastructure.

Local dependence: Local property requires mobile capital to increase the value of its assets.

The role of government: Higher or lower federal aid can expose a local government more or less to market fluctuations.

Local autonomy: The motivations of local actors determine the agenda of urban regimes (Davies 2003, 256).

Newman and Thornley (1996) note that attempts to construct a comparative (international) perspective on urban governance are more concerned with identifying a “useful framework” than with “theoretical exclusivity” (85). Mossberger and Stoker (2001) are somewhat hesitant about the use of regime theory in the European context as American cities operate in an extremely different policy environment (819), though they admit that many of the trends in European local governance involve a closer relationship between the private and public sectors, like in the U.S., such as via public-private partnerships. This trend has only continued since their research. And while Mossberger and Stoker (2001) postulate that economic development partnerships in Europe are more likely to be led by the public sector, with “less participation from local businesses and with less policy autonomy from national government” (821), it is debatable whether the subject of retail planning in Germany falls under their understanding of local economic development. For

example, local chambers of commerce in Germany play a critical role in both retail policy development and in the permitting of substantial new retail developments (see 4.1.2.5). In fact, this institutionalized role for the German local chambers of commerce is more significant than the role of local U.S. chambers of commerce. Therefore, one could argue that Mossberger and Stoker's argument does not apply in this instance and that urban regime analysis is perhaps especially well-suited for cross-national comparison in the case of U.S.-German retail planning. Moreover, the goal of this research is not to determine in great detail what type of urban regime is present, but rather to loosely apply the common characteristics of the theory. Mossberger and Stoker "cope" with the problems of international comparison using urban regime analysis by suggesting a framework with four defining criteria of an urban regime: "partners drawn from government and non-governmental sources, requiring, but not limited to, business participation; collaboration based on social production; identifiable policy agendas that can be related to the participants in the coalition; and a long-standing pattern of cooperation rather than a temporary coalition," (Mossberger and Stoker 2001, 829).

2.1.2 Overview of retail internationalization, location, and practice

"Retailing," Sternquist plainly states, "is geographically tied" (2006, 6). The significance of place is, in other words, inherent to the business of retailing and to our study of retail. A number of internationalization theories, such as

Stages Theory and Dunning's Eclectic Theory, can help us understand retailers' behavior as they expand abroad. Such theories tend to focus on corporate patterns of expansion, as with Stages Theory, or on the factors that influence a company's decision to internationalize, as with Dunning's Eclectic Theory (Sternquist 2007, 44-45). As this work focuses on the regulatory environment associated with the *places* of business, the internationalization scholars of primary interest either address retail from a land use-related perspective or explain a phenomenon with a conclusion involving land use. As Sternquist (2007), Kalish (2008), Kacker (1985) and others note, the legal and political regulatory environment has shaped internationalization choices in significant ways. This frequently has to do with state or local land use regulations.

Sternquist (2007, 9) lists seven major reasons why retailers engage in international expansion:

1. The retailer's home market may have low growth potential.
2. There may be a need to diversify their investment.
3. Expansion at home could pose legislative hurdles.
4. The retailer could have a unique market format.
5. Competition at home could be too intense.
6. There could be an economic downturn at home.

7. The retailer may want to make the first move in a new market.

The third reason, legislative hurdles at home, often equates to land use regulations, but labor laws and other government policies contribute toward the challenges for some retailers trying to enter a local community. According to Sternquist, "Governments often do not like retailing" (2007, 11). Governments with this perspective note that retailing does not improve a country's trade balance at the national level, and many countries protect small retailers for the sake of downtown preservation (Sternquist 2007, 11). Thus the legislative obstacles for retailers can vary widely. A 1995 *Wall Street Journal* article compared the "red tape" facing retailers in Germany, the U.S. and Japan. In Germany, labor laws, store open hours, and land use regulations were seen as major obstacles. The authors noted, "Local authorities can -- and do -- bar new stores if they believe existing ones will suffer" (Davis, Gumbel and Hamilton 1995). Interestingly enough, however, they were careful to note U.S. regulatory challenges as well, such as the extreme caution retailers must follow with anti-discrimination laws.

According to a Deloitte Research Global Retail Study, European retailers are more likely to go global because of development restrictions in their home markets (especially on large food retailers) and, in the case of Germany, stagnant consumer markets (Kalish 2008, 2). German retailers like Aldi, for example, have nearly saturated their home market, but are finding success in the

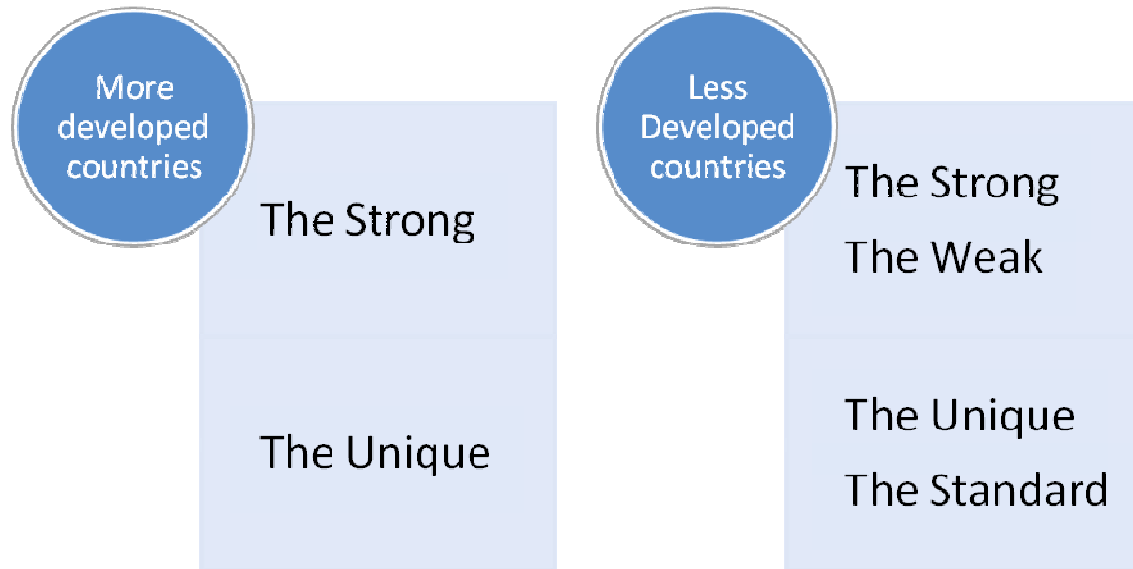
U.S. with their compact, urban discounter model. And while in Germany an Aldi might generally be considered *grossflächig* (a large-format or large-scale retailer consists of 800 sq.m or more), it's hard to imagine U.S. land use regulations restricting its location choices much at all. U.S. municipal land use regulations *might* restrict big-box retail at a much larger threshold (see 2.1.2.2).

While Hollander (1970) was impressed with the magnitude of internationalization already at the time of his research, he was careful to consider both internationalization and “deinternationalization” (182). Throughout history retailers have expanded and contracted abroad, either by closing branch operations or selling their foreign subsidiaries. Sears misjudged its potential in the Spanish market (Kacker 1985, 129). For example, *Eddie Bauer's* fate in the last decade was connected to its parent company, *Spiegel Catalog*, for much of this time (and was later sold at a bankruptcy auction). It also had a partnership in Germany with *Otto*. *Wal-Mart* entered and left the German market. More recently, the U.S. economic downturn has prompted a number of U.S. retailers to look abroad for new customers; these include: *Abercrombie & Fitch*, *Crate & Barrel*, and *Bloomingdale's* (Jones 2010). The temporary nature of even global retail investment in chain retail is an important concept to bear in mind for this research. Land use regulations are, contrarily, focused on the long-term. The retailers may come and go – but the regulations attempt to span all chains and trends.

Kacker (1985) notes the influence of the American retail industry on the European retail industry in other important ways. Many European retail executives attended U.S. business schools, according to Kacker, and hired U.S. retail consultants during the 1960s and 1970s to help optimize store layout, product mix and display (Kacker 1985, 132). The flow of capital and ideas has been transatlantic. However, Kacker concludes that U.S. retailers have found the European political and legal environment less favorable for American-style retailing. Kacker believed this may be why many U.S. companies opted for the early proliferation of fast-food franchises (Kacker, 1985, 135), which are relatively small-scale and easier to site. It appears that this trend may continue today with franchises such as Subway, Pizza Hut and Starbucks in Europe.

A look at retail internationalization in practice provides an opportunity to narrow in on the details that relate to this research, such as how retailers and retail formats are classified. Common site selection practices are also described in this section. Because we are interested ultimately in the land use regulations governing retailers' (international or domestic) ability to expand in their chosen location, it is useful to first consider what types of retailers are most likely to be involved. Sternquist says that retailers' international expansion choices are predictable based on how one might categorize the retailer (2007, 13).

Figure 1: Retail expansion: Which retailers go where?



Source: Sternquist 2007, 13, modified by author

Since both Germany and the U.S. are among the most developed markets in the world, it can be assumed that most international retailers entering these countries belong to either “the strong” or “the unique” categories of retailers.

2.1.2.1 Retailer classifications

Moving beyond such broad categories as “strong” or “unique”, it is important to consider how retailers are systematically classified in the U.S. and in Germany. The U.S. Department of Commerce, Bureau of the Census (Retail Division) originally defined retail outlets by Standard Industrial Classification

(SIC) codes. The Standard Industrial Classification was replaced by the North American Industry Classification System (NAICS) starting in 1997, but some data are still available with SIC-based data. Both SIC and NAICS classify establishments by their primary type of activity. The retail trade sector consists of establishments engaged in retailing products, generally without transformation, and rendering services incidental to the sale of merchandise. There are store and non-store retailers. Store retailers operate “fixed point-of-sale locations”, located and designed to attract a high volume of walk-in customers” (U.S. Bureau of the Census 2009). These are the typical shops or stores that are commonly associated with retail. Non-store retailers also serve the general public, but in different ways. Retailers who operate through infomercials, catalogs and vending machines are examples of non-store retailers.

Table 1: 2007 NAICS Definition, Retail Trade	
Code #	Retail Classification
44	Retail Trade
441	Motor Vehicle and Parts Dealers
442	Furniture and Home Furnishings Stores
443	Electronics and Appliance Stores
444	Building Material and Garden Equipment and Supplies Dealers
445	Food and Beverage Stores
446	Health and Personal Care Stores
447	Gasoline Stations
448	Clothing and Clothing Accessories Stores
451	Sporting Goods, Hobby, Book, and Music Stores
452	General Merchandise Stores
453	Miscellaneous Store Retailers
454	Nonstore Retailers
Source: U.S. Bureau of the Census 2009	

The existence of these classifications is significant to this research in that it could be an existing framework for U.S. planners, who may want to consider a

German-style spatial distinction of retailers, to be later discussed. However, the NAICs would have to be supplemented with accompanying details on the store *format*, such as size.

In Germany, no one standard exists, though the *Katalog E* represents a widely used collection of retail definitions with a format description that goes above and beyond the U.S. system. The Katalog E “aims at informing about the content of relevant terms in the areas of trade and distribution and by this at supporting a process of standardization what regards the definition of these terms” (Committee for Definition of Terms in Trade and Distribution 2009). The effort receives support from the *Bundesministerium für Wirtschaft und Technologie* (Federal Ministry of Economics and Technology). Katalog E, now available in English, is useful for understanding retail types that are not used by the same name in English, such as *SB-Warenhaus* (a self-service department store).

2.1.2.2 Retail format classifications

Retail format classifications sometimes include characteristics that are defined in the retailer type classification, but generally have a more spatial dimension. These classifications range from the approximate size of a discounter to the size and nature of different types of shopping centers. There is not a definitive standard source for these definitions, but there are highly respected, commonly-used sources for such definitions both in the U.S. and in Germany.

Critical definitions for this research are therefore provided. However, it is important to note that some literature and data cited by other researchers may use slightly different definitions; this is simply unavoidable. The International Council of Shopping Centers is an important source of such classifications worldwide. They are particularly active in the U.S. and in Europe; their classifications are frequently used in U.S. and German scholarly publications.

Table 2: U.S. Shopping Center Industry Classifications		Share of Industry GLA%	Average Size S.f./m
Malls			
Regional	General merchandise or fashion-oriented offerings. Typically, enclosed with inward-facing stores connected by a common walkway. Parking surrounds the outside perimeter.	5.9	545,248
Super-regional	Similar in concept to regional malls, but offering more variety and assortment.	10.3	1,177,704
Open-Air			
Strip/ convenience	Attached row of stores or services managed as a coherent retail entity, with parking usually in front. Open canopies may connect the store fronts, but without enclosed walkways. May be configured in a straight line, "L" or "U" shape. Among the smallest of the centers whose tenants provide a narrow mix of goods and personal services to a limited trade area.	16.6	18,760
Neighborhood	Convenience oriented, such as supermarkets.	28.6	75,815
Community	General merchandise or convenience oriented offerings. Wider range of apparel and other soft goods than neighborhood centers. Usually configured in a straight line as a strip, or laid out in an L or U.	23.5	183,129
Power	Category-dominant anchors, including discount department stores, off-price stores, wholesale clubs, with only a few small tenants	11.3	390,759
Lifestyle	Upscale national-chain specialty stores with dining and entertainment in an outdoor setting	1.9	325,248
Outlet	Manufacturers' and retailers' outlet stores selling brand-name goods at a discount	1.2	219,432
Theme	Leisure, tourist, retail and service-oriented offerings with entertainment as a unifying theme. Often in urban areas, may be adapted from older—sometimes historic--buildings and can be part of a mixed-use project.	.6	93,502
Source: International Council of Shopping Centers, www.icsc.org , obtained June, 2009, modified			

There are a number of different definitions for “big box” stores, depending on whether you refer to a municipal ordinance or an industry association. In her study of U.S. shopping centers, Hahn uses the ICSC definition of size of GLA of 50,000 square feet (2002, glossary). Other definitions, especially those in urban planning related publications, commonly refer to “big box” stores as mainly consisting of large chain retailers with vast “warehouse” type interiors, poor design and enormous parking lots with limited pedestrian or transit connectivity (Beaumont and Tucker, 2002). U.S. municipal ordinances provide additional specifications on size, uses, parking and other related issues. For example, a “big box” ordinance in one city may begin at 35,000 square feet while another may use a larger threshold. An American Planning Association Planning Advisory Service survey summarized the responses of planners:

A big-box retail store is typically a one-story warehouse building with a height of 30 feet or more, simple and rectangular in construction, made of corrugated metal, concrete block, or brick-faced walls, and ranging in size from 20,000 to 260,000 square feet. It is generally a stand-alone building with a large parking lot or part of a larger shopping center. In describing the “function” of a big-box retailer, planners said they delivered inexpensive goods. (Evans-Cowley 2006, 6)

In essence, the definition of a big-box store is up to the local municipality. The crafting of this definition plays a large role in the setting of a policy towards big-box stores. Evans-Cowley recommends that cities: not include development criteria in their definition (better in the zoning), distinguish the big-box retail use from other retail uses, and consider the objective of their policy (2006, 12).

In Germany, it is important to note that the regulation of retail changes considerably at a much smaller threshold, namely what Germans refer to as *grossflächig* (large format). As defined by the Federal Administrative Court (Bundesverwaltungsgericht 2005), this begins at 800 square meters (2,625 square feet) of sales space, or a total of 1200 square meters (3,937 square feet) of store space (including storage and staff facilities). This should not necessarily be compared to U.S. ideas of a big-box; it simply indicates a size after which the Germans believe there are potential impacts on the existing retail environment.

There are also some types of related developments that are important to define here. Based on a member survey, the International Council of Shopping Centers, Inc. (ICSC), the National Association of Industrial and Office Properties (NAIOP), the Building Owners and Managers Association International (BOMA), and the National Multi Housing Council (NMHC), collaborated on an industry-wide definition of *mixed-use development*.

A mixed-use development is a real estate project with planned integration of some combination of retail, office, residential, hotel, recreation or other functions. It is pedestrian-oriented and contains elements of a live-work-play environment. It maximizes space usage, has amenities and architectural expression and tends to mitigate traffic and sprawl. (ICSC, 2006)

Mixed-use development in the U.S. has been integral to “new urbanist” planning and growth management. New urbanism, as commonly associated with the Congress for the New Urbanism and the planning firm Duany Plater-Zyberk, calls

for a return to walkable communities, pedestrian orientation and a vertical mixture of uses (including residential, office and retail) (Duany, Plater-Zyberk and Speck 2000). It is, however, not always popular with large chain retailers. Mixed-use development, critics note, considerably increases the cost of development and potential use conflicts. Residents upstairs in a mixed-use development may not want the noise from some retail or restaurant uses below them. Financing can be more complicated, along with the accommodation of parking. Mixed-use development is notably more challenging today in the U.S. than in Germany due to the U.S. history of segregating uses, as painstakingly documented by Jackson (1987).

2.1.2.3 Site selection practices

A retail *site* may be understood as a spatial location with specific (sachlich) and functional attributes (Heinritz, Klein, Popp, 2003, 67). A retailer looking for a site generally has specific conditions which need to be met by the space itself as well as the environs. Nearby businesses, neighborhood reputation, transportation connections and the number of residents in the proximity are all common concerns for a retailer. Some topics of interest relate to financial and marketing data on the nearby retailers, such as the annual revenue of similar businesses. A retailer's own network of stores and distribution network factors in as well. Risto (1987) finds that all but the most exclusive retailers must concentrate their expansion plans spatially (245). Many other site selection

factors relate, however, to issues that municipal city planners have a hand in, such as local economic development initiatives, communal parking infrastructure or redevelopment plans.

Increasingly, site selection has become somewhat removed from the actual business owner, especially with large chain retailers. Real estate site selectors are common. Partnerships among synergistic retailers are frequent, such as Starbucks coffee and Barnes & Noble booksellers. Stores with many locations may also opt for space in numerous shopping centers under one ownership. For better or worse, stores with multiple locations have more say in the actual development and provision of retail space and site specifications, both in the U.S. and in Germany. Heinritz, Klein and Popp expect their significance to continue to grow (2003, 91).

Koontz (1994) summarizes five common retail site selection strategies: the checklist method, the analog approach, regression models, location allocation models, and the gravity approach. The checklist method depends on the decision maker's ability to consider a list of factors, such as population density, traffic flow, level of competition and income (174). The analog approach looks at the potential draw of the retailer based on its performance at an analogous existing site (175). Regression models allow the retailer to consider trading –area factors as well as site information in a single framework, while location allocation models emphasize the market area (175). Finally, the gravity model evaluates sites using

population and the distance between major population centers (176). One might add that Geographic Information Systems (GIS) has become an important tool in assisting many of these strategies.

2.1.3 German and U.S. retail market structures

This section provides an overview of some aspects of the German and U.S. retail markets that are critical to this research, such as the role of international investment in retail development. Leading retailers in both markets are discussed, as well as recent trends in retail store formats. Finally, the state of small, independent retail in each country is briefly introduced, which comes up later again in the discussion of local land use policies.

2.1.3.1 Role of international investment in retail development

International investors in shopping centers are significant to this analysis because the global pooling of investment capital results in the development of shopping spaces that in many cases may not otherwise find sufficient local investors. They have efficiently pooled money and aggregated real estate for “mega-projects” that are less common in traditional downtowns, where real estate is typically held by many different property owners with various local interests. Perhaps nowhere else in comparable retail markets has this phenomenon been more visible than in the retail development in post –Berlin Wall former East Germany, where one of this research’s case studies is located.

Pütz details this process in his contribution to Heinritz and Schröder's collection of reports on neighborhood centers in 2000. According to Pütz, between 1989 and 1996 the retail space per person in former East German large cities rose from 2.8 square feet (.26 square meters) to 14.3 square feet (1.33 square meters) – a rate even above comparable German cities in the west (Pütz 2000, 13). Much of the investment in the new retail space was backed by investors and investment funds from the west, and primarily provided space for western chain retailers. The new retail space in many eastern cities, such as Dresden, was in the form of large projects and shopping centers. Pütz concludes that this connection was most evident in East German neighborhoods built under socialist ideals, such as Dresden-Gorbitz, where retail provisions were always lacking. He demonstrates, in essence, that the investment source can be a significant determining factor in the type of new retail space developed and how much of it is built (Pütz 2000,15).

Worldwide, both shopping center ownership and management have experienced steady consolidation in recent years. This has led to tremendous power in these entities to negotiate lease agreements for multiple sites in one stroke, leases that can include clauses affecting surrounding areas. The recent financial crisis appears to be only accelerating this industry consolidation. General Growth Properties, one of the largest mall operators in the nation, filed for bankruptcy on April 16, 2009. It was plagued with more than \$27 billion in debt and diminished credit options due to the financial crisis (Jonas and Chasen

2009). Like many of the largest stakeholders in the global retail market, Chicago-based General Growth Properties' investors can be found far beyond the markets where they operate. As reported in the New York Times, "Among the companies listed as General Growth's 100 largest unsecured creditors are Eurohypo, a unit of Germany's Commerzbank that represents holders of \$2.6 billion worth of loans..." (Merced and Pristin 2009). Indeed, the vast network of international capital may often seem not immediately relevant to everyday occurrences in local retail markets, but the ongoing financial crisis and shopping center industry woes in 2009 showed how quickly global financial concerns can have noticeable local impacts.

2.1.3.2 Leading retailers in the German and U.S. markets

Retail business trends provide crucial information for researchers and policy-makers who are trying to anticipate the direction of retail in the future. Following the actions of the top retailers, globally and in one's own country, offers insight into possible expansion strategies, format changes and other practices that could have implications for local retail development regulation.

The consulting firm Deloitte and the National Retail Federation (NRF) produces a list of top retailers. Globally, the top ten retailers, according to data from the fiscal year ending in 2010 data, were: 1) Wal-Mart (U.S.), 2) Carrefour (France), 3) Metro (Germany), 4) TESCO (UK), 5) Schwarz Unternehmens

Treuhand KG (Germany), 6) Kroger (US), 7) Costco (US), 8) Aldi (Germany), 9) Home Depot (US), 10) and Target (US). Together, these top ten retailers comprised 30% of the top 250 retailers' combined sales, which demonstrates the high degree of retail consolidation globally. The U.S. retailers' share of the top 250 global retailers increased slightly from the previous year; U.S. retailers' share was 42.1 % of the list. Germany's share of the top 250 retailers' sales was 11.6%. (Deloitte and NRF Stores Media 2010)

The sales share data tell one story, but there is more to understand about these top retailers' globalization patterns. Although a few U.S. retailers garnered a large share of sales, European retailers are still the most international. While 20% of the European retailers were single-country retailers, about 55% of the North American retailers in the top 250 were single country retailers. (Deloitte and NRF Stores Media 2010)

The forces behind the expansion of specific retailers, retail formats and investors are highly intertwined. Each enables the others, as summarized in the following excerpt from an ICSC report.

The growth in retail activity and retail real estate development has been driven, in part, by the growth and proliferation of large multinational retailers, such as Carrefour, Metro and Tesco. But, in turn, the expansion of these businesses has been facilitated by the development of shopping centres. (*The Importance of Shopping Centres to the European Economy*, 2008, 17)

In other words, certain types of retail development tend to enable the expansion of certain kinds of retailers. This is why it is inadequate to discuss the growth of individual retailers without considering the trends in retail format.

2.1.3 Retail format trends

Retail format trends can be observed both in individual store units and larger shopping center formats. The economic recession has naturally had widespread impacts on both centers and retailers. However, the recession has arguably not yet significantly influenced the industry's thinking about shopping center formats. At ICSC's annual conference in Las Vegas during July, 2009, a "shopping center of the future" design competition was held, and jury member Allison Arieff was generally unimpressed. The "By Design" column writer for *The New York Times* wrote, "I was struck by how little attention entrants paid to things like sustainable architecture, alternative transit or changing consumer attitudes about consumption" (Arieff 2009). Her impression was that the industry was generally waiting for things to resume to how they were, rather than be swayed by long-term shifts in consumer spending and preferences as a result of the recession (Arieff 2009).

In the United States, growth has been seen in recent years in two major shopping center formats: power centers and lifestyle centers. The power center segment grew by forty-nine percent in gross leasable area between 2000 and

2009, according to the ICSC (ICSC Retail Real Estate Business Conditions, 2009). Lifestyle centers expanded by 162 percent during the same period. This shift in interest is demonstrated by Simon, the largest mall operator in the U.S.; their lifestyle center division is described on the company website below.

Simon's Community / Lifestyle Center Division consists of more than 70 centers comprising over 20 million square feet in size. These properties range in size from 30,000 sq. ft. to over 900,000 sq. ft. All of the properties in the Community Lifestyle Center Division are an open-air format and offer a wide range of merchandise opportunities in a well located and convenient setting. These daily-need centers operate with the who's who of big box anchor stores and many national, regional and local small store operators. (www.simon.com, June, 2009)

Indeed, most major shopping center companies now have a significant division dedicated to the lifestyle center format, which can involve either the development of new projects or retrofitting traditional enclosed malls into open-air lifestyle centers.

While the lifestyle center has not yet gained popularity in Germany, other American formats of shopping centers continue to expand there, despite simultaneous regulatory innovations in protecting integrated downtown shopping environments. One format experiencing growth is the Factory Outlet Center (FOC). This is a retail format that has generated both anticipation and fear among retail observers in Germany for quite some time. The format evolved in the United States with little concern for the possible consequences on established retail centers or traditional downtowns. Few models existed in

Europe until recently, so that an objective study of their impacts was not possible. As such, Hahn (2002, 164) expected the FOCs to develop further in Germany amidst tension. As of June, 2009, Germany had 5 FOCs, but 11 more centers were planned (Boston 2009). The Wall Street Journal focused on the success of the first phase of the Berlin Designer Outlet Center, which shows that "...in a broader retail industry plagued by tenant insolvencies and declining consumer spending, the outlet segment is still expanding" (Boston 2009). A second phase of the Berlin Designer Outlet Center is in the works.

As for individual store formats, one trend in U.S. urban markets is the smaller version of stores that normally operate as "big box" stores. These smaller versions of stores like OfficeMax or Lowe's allow retailers to try out urban locations and experiment with a new model at less cost than their larger sites. According to a *New York Times* report on this trend, an average Lowe's store is normally 117,000 square feet. In 2008, however, they opened two scaled-down versions of 66,000 square feet and 80,000 square feet (Casey 2009). In 2011, Target announced its "CityTarget" concept, stores between 60,000 and 100,000 sq.ft. in urban locations (Misonzhnik 2011). The same trend can be seen in Germany, albeit with comparatively much smaller formats. For example, Ums Eck (Around the Corner) is a 656 to 984 square feet (200 to 300 square meter) convenience store model owned by a consortium of major grocery store chains. Their company website tells an interesting story of government intervention and

private market solutions for providing basic groceries in rural areas. Ums Eck believes that:

having daily convenience items available nearby for purchase belongs to quality of life. There have been various governmental projects, the most famous being “Nachbarschaftsladen 2000” (neighborhood store 2000), that aimed at working against the diminishing availability of provisions in rural areas. These projects were implemented with significant federal support between 1991 and 1995. We (Ums Eck) decided to take matters into our own hands because we believe that independent entrepreneurs and family-run wholesalers can bring about more change than costly public projects. (Ums Eck 2009, trans. author)

Small-format trends may, in part, stem from land use regulations on large-format retail. Retailers could be seizing opportunities to open smaller stores with fewer hassles than trying to develop a large store. Alternatively, lax regulation and the proliferation of large format retail could have had a negative impact on the small independent retailers; as they were forced out of the market the opportunity arose for large chain retailers to dominate both the large format market and the small one.

2.1.3.4 State of small, independent retail

With many large chain retailers dabbling in new small format concepts in both countries, one has to wonder whether this might ultimately crowd out the usual playing field for small retailers - or whether these national chains would simply be filling gaps already left by the mom n' pop retailers (Tante Emma Läden).

The recession could also be affecting the usual tenant balance between chain and independent retail as well. While malls generally prefer to lease stores to large chain retailers, some industry experts are speculating that the numerous 2008-2009 national chain store bankruptcies in the U.S could actually create storefront openings for small, independent retailers (Wahba 2009). Then again, the tight credit situation might disproportionately harm small business owners. The impacts of the recession in these areas are not yet fully understood.

Already before the recession there was an understood need to reinvigorate many shopping areas that were traditionally home to independent retail. This led to a number of place-based community initiatives aimed at helping local retailers. In both Germany and the U.S., a number of revitalization strategies have been implemented in traditional shopping districts, such as the Business Improvement District (BID). (See chapter 3.1.2.2.) However, it is worth noting here that the BID model is relatively widespread in Germany as well, with enabling legislation varying by state. In particular, the city-state of Hamburg is well-known as an early implementer of BIDs. Comparatively, however, BIDs have been in operation for roughly thirty years longer in the U.S. than in Germany. One might speculate that this would be because American downtowns began to show signs to decay much earlier than German cities.

3. Retail geography and planning in the U.S.

In order to compare the land use regulatory environment in the U.S. with respect to retail to that in Germany, an overview of the domestic planning system and general retail development is needed. The U.S. case study cities are then described in detail.

3.1 Background

This chapter summarizes the spatial development of retail in the U.S. historically, common site selection practices and the roles of different levels of government in steering retail location. It also discusses common municipal strategies, in particular towards big-box retail and small, independent retail.

3.1.1 Historical overview of major U.S. retail development patterns

Retail development in the U.S. has largely followed other overall land use development patterns. Historically, life in U.S. cities was previously confined to one's walking distance from home before major transportation innovations of the late 1800s. According to Robertson (1997), retail in U.S. cities was "unspecialized" and "dispersed" prior to 1870 (384). Transportation advances, first the streetcar and later the automobile, enabled the separation of residences from commercial areas. As the streetcar and commuter railroad enabled people to live further from their work, Central Business Districts (CBDs) took shape (Jackson 1987, 137). Jackson wrote, "By 1900 the center of the city had become

an area of office and commercial uses that was almost devoid of residences” (1987, 137). While early streetcar and commuter railroad suburbs in major U.S. cities represented significant spatial changes to the American way of life, suburbanization was greatly accelerated by the automobile and highway-building era that followed World War II.

Suburbs related initially to the CBDs, with residents still working and shopping mostly in the CBD of the major nearby city. Logan and Reid noted, however, that since the 1950s the bulk of manufacturing and trade employment gains have been seen in the suburban small and medium-sized cities (1986, 430). Suburban shopping centers began to replace CBDs as centers for trade. In the 25 largest U.S. metropolitan areas, total central city retail and wholesale employment even declined between 1963 and 1977 (Logan and Reid, 1986, 431). By 1980 a large share of the traditional employment and retail trade function of the CBD had been usurped by newer, automobile-oriented suburban alternatives. Dawson (1980) wrote, “The future of the central area depends largely upon the way in which retailers perceive and react to changing market conditions. The central business district has lost its accessibility monopoly and much of its external market” (142).

In 1983, Sullivan and Gerring reported on their economic analysis of CBD functions in light of the ongoing decentralization of retail. They concluded that CBDs were faring differently depending on various offsetting impacts. The most

notable policy conclusion was that CBD retail function performed better in areas with higher public transportation use and with a more diverse retail base (Sullivan and Gerring 1983, 118). At the time, some metropolitan areas were beginning to concern themselves with downtown revitalization – even amidst continuing suburbanization and decentralization of retail. (See chapter 3.1.2.2.) Still, despite efforts to revitalize many traditional shopping environments, one can generalize that retail has continued to decentralize in automobile-oriented places such as power centers, malls, factory outlet centers, and lifestyle centers. According to the ICSC, shopping center gross leasable area represented 7 billion square feet, or 49.8% of total retail gross leasable area in the U.S. (ICSC 2009).

3. 1.2 Retail site planning and governmental regulation

Federal, state, regional and local governments have a wide variety of policies at their disposal that can help steer retail growth or deter unwanted development. Their grasp extends to policy-making in areas such as: taxes, land use, the environment and labor issues. To gain an understanding of retail site planning in the U.S. , it is important to understand both the motivations of the public and private sectors. A review of U.S. land use planning methods is needed.

3.1.2.1 Role of federal, state, regional and county governments

The role of the federal government in U.S. land use planning has historically been weak in a strict understanding of land use planning. However, the federal government's actions in a variety of areas, from transportation to the tax code, have shaped the American landscape in profound ways.

The practice of city planning began in U.S. cities before it was condoned by the federal government. New York City passed the first zoning code for an entire city in 1916, ten years before the federal government's Department of Commerce contributed the *Standard State Zoning Enabling Act* in 1926 (Kelly 1988, 252). The same year saw the landmark Supreme Court case which upheld zoning as a city planning tool, *Village of Euclid v. Ambler Realty Co.* (1926). A second federal act, *A Standard City Planning Enabling Act*, was published in 1928. Both of the federal acts were *permissive* of local planning, but did not require it or attempt to guide certain policy directions (Knack 1996,3-9). The official federal acts regarding city planning might imply a passive federal role in the use of land. The more influential federal policies affecting city planning have come through myriad other actions and agencies, as many historians and researchers have shown.

In his history of U.S. suburbanization, Jackson (1987) details the federal government's role in creating the typically American decentralized land use

patterns that influence every aspect of planning today, including retail development. He lists, among other policies, the federal subsidization of affordable housing development, interstate highways and utilities in peripheral areas *outside* of cities (293). Similar funding was not available, however, for cities to repair and rebuild aging transit systems, bridges, streets and water and sewer lines. He concludes, "Thus, suburbanization was not an historical inevitability created by geography, technology, and culture, but rather the product of government policies" (1985, 293). This is an important distinction because many people assume that suburbanization happened in the U.S. due to a *lack* of policy.

Jackson also described the various ways in which the basic governmental services (provision of schools, fire and police departments, utilities and sewers) were arranged in newly developed peripheral areas, creating an ultimately scattered and chaotic landscape of jurisdiction over land use. He notes the four major ways in which new suburban developments have been provided basic services: cities could annex peripheral areas, new suburban cities could incorporate, special taxing districts could be set up for certain functions, and county governments could expand their powers (Jackson 1987, 138). Jackson explained that annexation dominated throughout the 19th century, resulting in significant area growth in cities (1987, 146). In the twentieth century things changed somewhat, however, as the suburban areas gained power. Interest in annexations lessened, though many were still forced through higher

governmental statutes and referendums. Yet even such heavy-handed initiatives on the part of city governments frequently failed to keep pace with the settlement of households in peripheral areas beyond established boundaries (Jackson 1987,148).

Thus the federal government's support of suburbanization, as Jackson recounted, has led to the jigsaw puzzle of municipal, county and tax district boundaries that further complicate all aspects of land use planning today, including retail development. Because each retail development frequently provides substantial opportunities for cities in terms of jobs, sales tax revenues and amenities, but also impacts such as traffic, the stakes are high for each municipal corporation to carefully manage the siting of new retail. The same awkward jigsaw puzzle of boundaries is often challenging to private retailers and investors who must research which jurisdiction they would fall under and what the local land use regulations entail. And much of this situation, in a way, has its roots in the federally-supported suburbanization of the nation.

Today, several federal agencies are involved in land use-related policy, most notably including: Department of Housing and Urban Development (HUD), the Environmental Protection Agency (EPA), the Department of Transportation (DOT) and the Department of Commerce (DOC). There have been a number of significant federal acts that have greatly impacted land use, such as the National Environmental Protection Act and the Interstate Highway Act, but it is beyond the

scope of this research to go into further detail. It is noteworthy, however, that there appears to be heightened interest in planning under the Obama presidential administration. On February 19, 2009, President Obama signed an executive order creating the White House Office of Urban Affairs (U.S. President 2009).

At the state level, the level of involvement in land use can vary widely from state to state. Most have overarching state acts regarding environmental protection and growth management, among other land use topics. Under such acts generally come mandates for local planning, in particular the preparation of locally adopted comprehensive plans. In Washington State, according to the Growth Management Act (1990), all counties and all cities of the state are required to designate and protect critical areas and to designate natural resource lands. Faster growing counties and cities are required to undertake comprehensive planning, as set forth by the state (Washington Department of Commerce 2009, 36). This is where specific plans pertaining to retail development would be laid out.

So (1988) summarizes the role of counties in *The Practice of Local Government Planning*, also known among U.S. planners as “the green book”. Counties build roads, provide some police services, operate social services, run court systems, oversee land use in unincorporated areas, and manage county recreational facilities or open spaces (So 1988, 427).

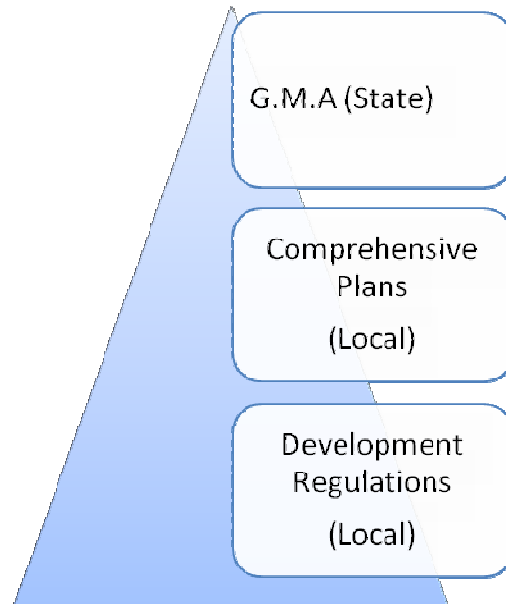
3.1.2.2 Overview of common municipal policies and strategies

Many U.S. cities continue to experience significant population growth, and much land use planning is centered around the need for growth management. One should acknowledge, however, that there are regions experiencing population loss where the emphasis is different. In either case, the cornerstone policy document of local planning in the U.S. is called the *comprehensive plan*, which consists of the overarching policies governing land use and infrastructure in a city. The comprehensive plan is regularly updated and amended, but generally crafted to provide an umbrella for more specific plans and regulations to come under it. In the industry classic, *The Practice of Local Government Planning*, it states, “The comprehensive plan as a static guide to the community’s future is giving way to a comprehensive planning process that includes and coordinates various plans, programs and procedures. (Hollander et al.1988, 71)” This hierarchy can be seen in Washington State, below. The Municipal Research and Services Center of Washington website summarizes the different levels of regulation as follows:

The Growth Management Act (GMA) establishes the primacy of the comprehensive plan. The comprehensive plan is the starting point for any planning process and the centerpiece of local planning. Development regulations (zoning, subdivision, and other controls) must be consistent with comprehensive plans... State agencies are required to comply with comprehensive plans and development regulations of jurisdictions planning under the GMA.”(Source: Municipal Research and Services Center of Washington)

Figure 2: Overview of Washington State land use

Source: author



Robertson (1997) summarizes the major downtown redevelopment and revitalization strategies in use. Under redevelopment, he cites pedestrian malls, festival marketplaces, indoor shopping centers, and mixed-use centers. Major revitalization strategies, according to Robertson, have included the “main street approach” to centralized retail management (396). The “main street approach” consists of four major points: organization, promotion, economic restructuring, and design (National Trust for Historic Preservation). Centralized retail

management, according to Robertson, is “an attempt to apply the organizational advantages of an enclosed shopping mall to a group of independent and disparate downtown merchants” (397). Business Improvement Districts (BIDs) are not exclusively for downtowns or small, independent retail districts, though they are often implemented in areas with a stronghold of small businesses. With its sixty-four BIDs, some consider New York City to be the “BID capital”. The New York City Department of Small Business Services oversees the formation of BIDs, which they define as follows:

A BID is a formal organization made up of property owners and commercial tenants who are dedicated to promoting business development and improving an area's quality of life. BIDs deliver supplemental services such as sanitation and maintenance, public safety and visitor services, marketing and promotional programs, capital improvements, and beautification for the area - all funded by a special assessment paid by property owners within the district. (New York City Department of Small Business Services 2009)

BIDs provide a financial mechanism for raising funds to improve the common areas of a shopping district, much like the common area fees do in a private shopping mall. Each of the revitalization strategies mentioned here require substantial private-sector and non-profit organizational leadership. Frequently the city government plays a significant partner role as well.

3.1.2.3 “Big box” retail policies

In the U.S., there is a broad spectrum of approaches to big box retail at the municipal level. Some communities welcome the convenience, jobs and revenues that big-box stores can provide, while others fear the impacts and put restrictive policies in place. Communities that choose to incorporate a more restrictive big-box policy may be motivated by a variety of factors, such as: the desire to maintain competition, the preservation of local character, traffic impacts, excessive land consumption, overdevelopment, and labor or wage concerns (Mitchell, Tappendorf and Jacobson 2007). A substantial number of U.S. cities offer financial incentives to entice large retailers to their communities for the purpose of increasing their sales tax revenue. Usually, the financial incentives take the form of tax abatements, tax-increment financing and the extension of infrastructure to the site (Stone, 2005). Encouraging uses that will generate significant tax revenues is often referred to as the “fiscalization” of land use (Mitchell, Tappendorf and Jacobson 2007). Many cities take some kind of middle ground. Together, these varying positions demonstrate a wide variety of tools and policies in practice.

In most communities, policies in the local comprehensive plan will address big box retail in some fashion in order to provide a foundation for the zoning regulations. With regards to retail, the zoning regulations then specify the uses,

parking requirements, setbacks, mass and bulk, and possibly urban design and signage requirements.

The planning issues around big-box stores can be described in two categories: economic development or impacts (positive or negative) and “traditional” planning problems such as aesthetics and traffic generation (Evans-Cowley 2006, 3). In the U.S., retail is primarily regulated through the following local planning and policy tools, as shown in Table 3.

Table 3. Municipal tools in the U.S. for steering big-box retail development	
Community and economic impact review	This study, which can be required by local ordinance, is usually conducted by an independent consult selected by the city, but paid for by the developer.
Comprehensive Plans and zoning codes	Comprehensive plan policies can include language that forms the basis for specific and legally defensible big-box regulations in the zoning code.
Development moratoria (temporary)	When accompanied with a policy objective, this short-term solution can give a municipality time to plan.
Formula businesses restrictions	policies that restrict the proliferation of "formula businesses" — stores and restaurants that have standardized services, décor, methods of operation, and other features that make them virtually identical to businesses elsewhere
Store size caps	The size of the cap ranges by city, but 50,000 s.f. is typical (Mitchell, Tappendorf and Jacobson 2007). The cap can also vary by use; sometimes grocery stores have a higher threshold than other types of retailers.
Set-asides for local retail through community benefit agreements	stipulates how much of the project's retail space must be set aside for local businesses
Neighborhood-serving zones	Requires that new retail stores derive a majority of their sales from the surrounding neighborhood
Source: New Rules Project (Institute for Self Reliance), modified by author	

Additionally, some cities and states have focused on the labor aspects in attempting to either limit big-box retail or minimize its impacts. For example, the Chicago City Council passed an ordinance in 2006, which was ultimately vetoed

by the Mayor, but that would have required “large retailers” to compensate employees a specific minimum hourly wage plus benefits (Mitchell, Tappendorf and Jacobson 2007).

Some cities have limited harmful business practices, such as “no reuse” covenants. Grocery stores or big-box stores sometimes record restrictive covenants on their property to prevent future competition once they have left the site for a more profitable one. For example, Christensen reports in her book *Big-Box Reuse* that she visited a church in a renovated Wal-Mart building where “the deed of the property clearly states that the building may not be used as a Kmart building for one hundred years into the future”(2008, 8). This leaves the local city or neighborhood with a vacancy that can be hard to fill, since the size and design of such stores are difficult to reuse for other types of businesses (Mitchell, Tappendorf and Jacobson 2007). There are also less tangible reasons why big-box sites can be especially hard to re-use that often pertain to the battles that were fought when the big-box came to town in the first place. Christensen calls them “culturally toxic” (2008, 119) sites and says that many architects who had worked on the big-box reuse projects in her book did not wish to be mentioned by name.

Regardless of a community’s general position on big-box development, the research suggests that communities should engage in strategic “pre-planning” to help anticipate future unforeseen problems. Indeed, the options are

rather weak once the community is put in the position of reacting or responding to a development proposal.

3.1.2.4 Policies focusing on small, independent retail

The U.S. federal Small Business Administration (SBA) defines a small business as having fewer than 500 employees, though different size definitions exist by industry for government contract purposes (U.S. Small Business Administration 2009). This definition of small businesses applies to all sectors – retail or otherwise. According to the SBA, small businesses:

- Represent 99.7 % of all employer firms.
- Employ about half of all private sector employees.
- Pay nearly 45 % of total U.S. private payroll.
- Have generated 60 to 80 % of net new jobs annually over the last decade.

Popkin (2002), in a study under contract to the SBA, found that the small business share of overall national output in retail and wholesale trade¹ was 64%

¹ Because of Internal Revenue Service data limitations, the retail and wholesale trade sectors were combined into a single trade sector by Popkin, as is standard in many such studies.

(2). Even though much of the retail environment may seem to be dominated by large chain retailers, small retailers still represent an important part of the retail economy.

The U.S. federal government has a long history of supporting entrepreneurship through small business technical assistance and special financing programs through the SBA. At the state and local levels, similar types of programs exist at economic development agencies and organizations. The range of support for small businesses varies widely by state and municipality, as well as by sector. Some programs geared toward small business owners in general can also be beneficial to small retailers, though unique challenges and opportunities face small retailers. Some policies are also aimed at helping small retailers more specifically. Mitchell (2006) argues that small retailers often show stronger ties to their community and provide higher wages and benefits than large chain retailers, which leads some government policies to focus on supporting small retailers. Governmental policies addressing small, independent retail generally consist of either regulations that are especially supportive of small business and/ or incentives such as local purchasing policies that favor small retailers.

As just mentioned under big-box related planning tools, formula store policies are another option for municipalities that are looking to support small retail. They address what use or size policies cannot, namely the express goal to

distinguish between large chain retail and small, independent stores. Many formula store ordinances are in cities, towns or neighborhoods where there is a significant interest in avoiding homogenized retail, such as in tourism areas (Evans-Cowley 2006, 36).

3.2 U.S. case studies

In this chapter the retail regulatory environments in three U.S. cities are analyzed as case studies. First, the criteria for the selection of these cities are described.

3.2.1 Selection criteria

While it would be impossible to select three American cities with a great number of similarities to three parallel German cities, care was given in choosing three small-to-medium size cities in each country with several aspects in common:

Population

The population of each of the case study cities both in Germany and the U.S. stretches between roughly 30,000 and 200,000 persons. In both countries, this population range includes cities that are large enough to support a significant retail base yet small enough to be concerned about competition from nearby retail markets. Large cities such as Berlin or Boston, on the other hand, tend to be the overwhelmingly dominant retail market in the general trade area. Their

policies might be significantly different than smaller cities with competing downtowns very nearby.

Historic downtown retail structure

Each chosen city has a traditional downtown retail environment that is more or less intact. Some are still undergoing revitalization. None are newer suburban towns. Moreover, each city contains historic structures in their main retail core, thus creating concern for a balance between new development and historic preservation.

Location

One city in each country was chosen that has significant border competition retail issues. In the U.S., this city is Vancouver, Washington, which is challenged by the lack of sales tax charged in neighboring Portland, Oregon. In Germany, Trier faces competition from Luxembourg, which has a wealthier residential base, different holidays and a strong shopping environment of its own.

Economic conditions

The local economy in each of the case studies could neither be described as robust nor depressed; they are generally stable economies with a number of

strengths and weaknesses. Each retail environment contains the presence of both large chain stores as well as small and locally-owned businesses.

While all six case study cities are thoroughly examined, a more detailed analysis of the retail environment was completed in one U.S. case study city (Tacoma) and one German case study city (Regensburg). These two cities are one of the loose pairings among the six, and strong data was supplied by the respective municipal governments for mapping purposes. Expanded GIS mapping was therefore completed for these cities.

Table 4. U.S. case study cities 2009 Population

Northampton, MA, USA	28,528
Tacoma, WA, USA	199,638
Vancouver, WA, USA	165,742

Source: U.S. Census 2009 Population Estimate

3.2.2 Northampton, MA

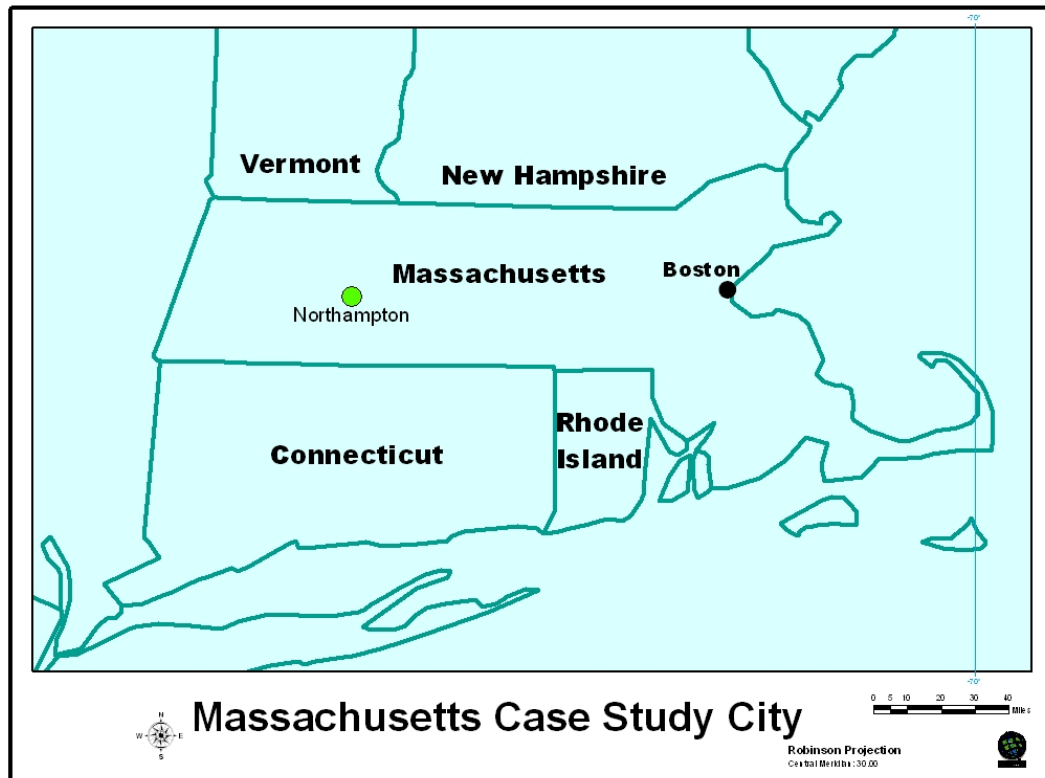
The City of Northampton is the smallest of the U.S. case study cities, and in that sense, comparable to its German case study counterpart, Altenburg.

3.2.2.1 Location and background

The City of Northampton is situated in western Massachusetts, approximately 103 miles (166km) west of Boston. The 2008 population estimate for Northampton was 28,379 persons (U.S. Bureau of the Census 2008). Northampton is located in the Pioneer Valley, home to a total of 43 small towns and cities, as defined by the Pioneer Valley Planning Commission (Pioneer Valley Planning Commission). Five major colleges and universities form what is known as the Five College Consortium: The University of Massachusetts, Smith College, Amherst College and Hampshire College. This cluster of higher education serves as the main driver of the regional economy and offers a wide variety of employment opportunities for scholars, professional staff, service employees and local business vendors. By U.S. standards, Northampton is a rather old city with many historic places and architecture. Originally known under a different name, the city now called Northampton was originally chartered in 1654 (City of Northampton 2009).

Figure 3 Map of Massachusetts case study city

Source: author



3.2.2.2 Major planning documents and sources

Major planning documents and sources included: the Sustainable Northampton Comprehensive Plan, the Economic Community Profile, the Northampton Community Indicator Final Report, and the Northampton Retail Market Analysis. A visit was made to Northampton, during which local planning and economic development managers were interviewed and the retail environment was studied.

3.2.2.3 Major retail areas

Figure 4 Main Street, Northampton

Source: author



Downtown

The downtown core consists of one primary street of vibrant small shops and restaurants, Main Street. It is also home to an historic theater, the Academy of Music. Most retail along Main Street is relatively small-scale, and a large share is independently-owned. The restaurant, café and bar scene has always been a strong suit for downtown Northampton as well. There is a popular microbrewery just off Main Street.

While most of the retail is small-scale in the downtown, conventional notions of “anchor” retail are limited. There is a CVS pharmacy, for example. There are some notable independent retailers that stand out as particular draws, however. *Faces* at 175 Main Street is a popular spot for gifts, cards, and some clothing. *The Mountain Goat* sells outdoor gear. *Northampton Wools* caters to the strong local knitting tradition at Smith College.

Main Street is also home to an interesting “mini-mall”, the 78,000 sq.ft. Thornes Marketplace. Thornes Marketplace is housed in an 1873 building at 150 Main Street. It was purchased by a group of entrepreneurs in 1977 and adapted into a marketplace of small retailers, vendors and food establishments (Thornes Marketplace). As of March 2011, retail rents in Thornes Marketplace were around \$24/ ft (Hampshire Property Management Group).

The retail, restaurant and café/bar scene gradually thins out along the side streets that run away from Main Street. One notable exception is a major arterial that adjoins the downtown core, King Street.

Figure 5 Major shopping areas in Northampton, MA

Source: author, using ESRI base maps

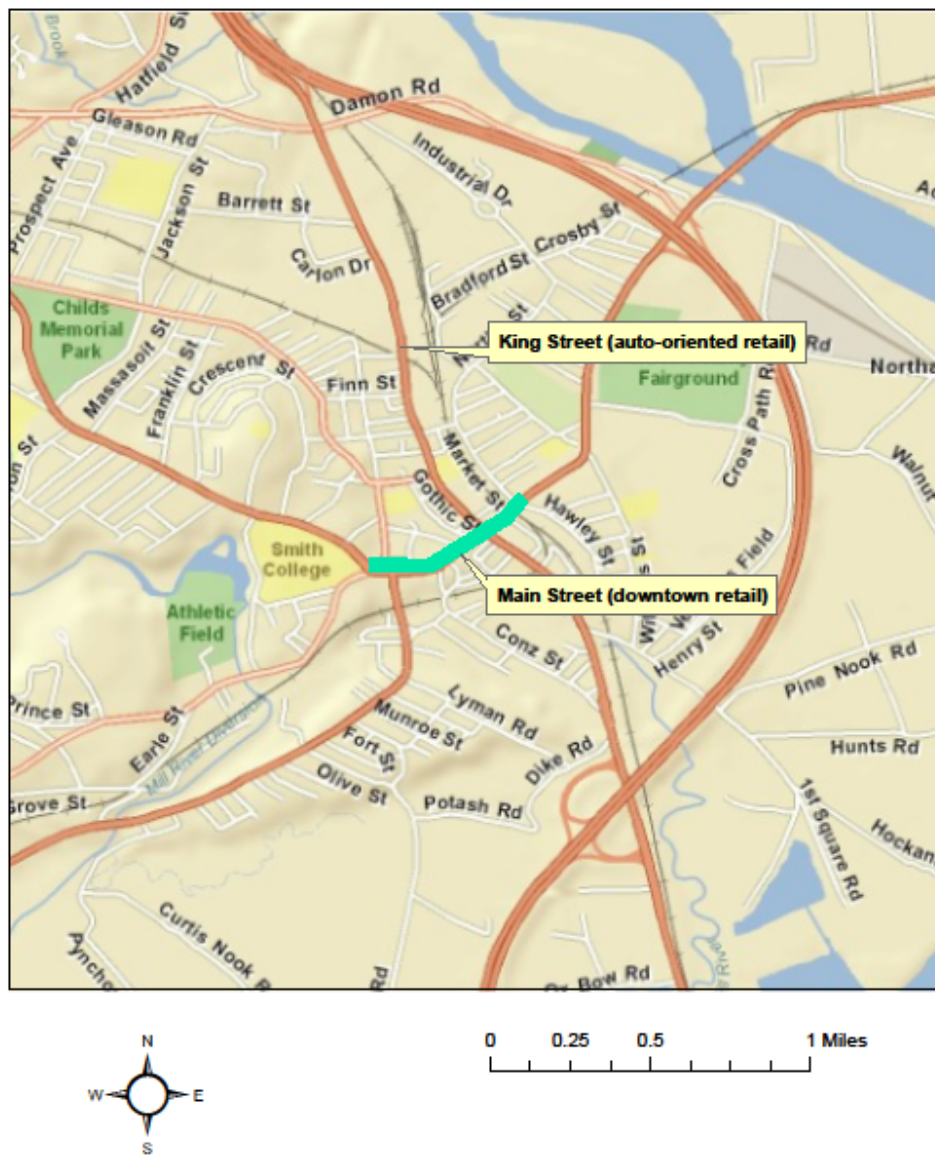
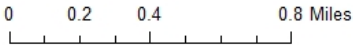
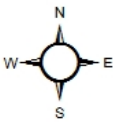
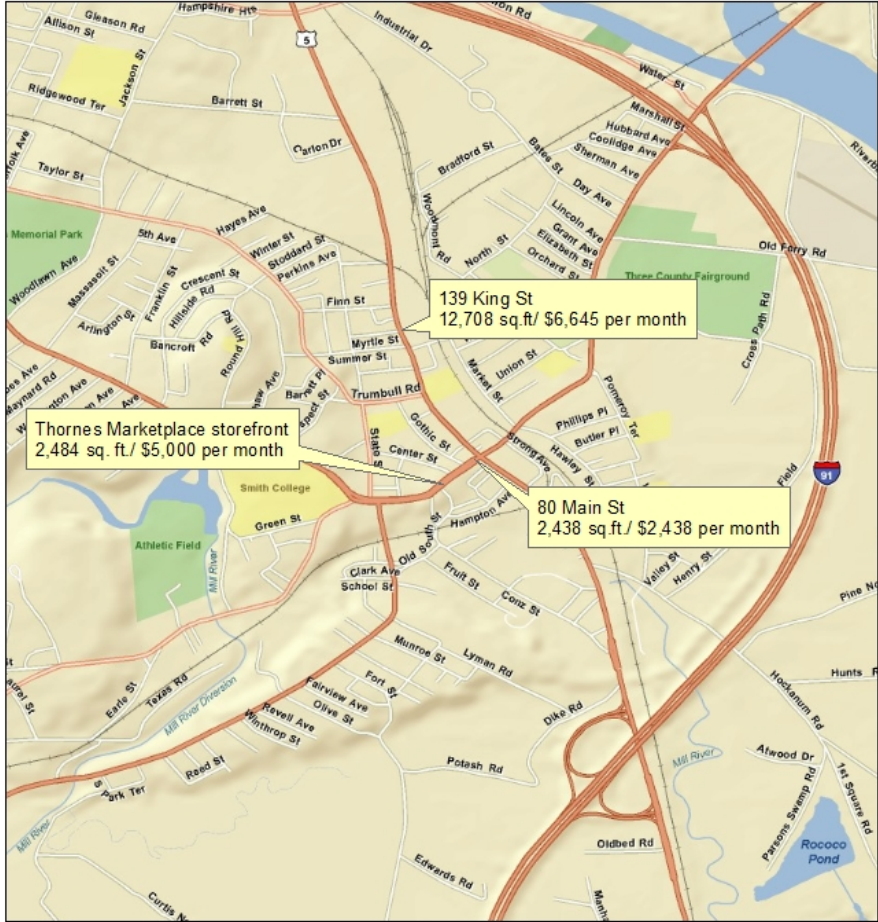


Figure 6: Selected retail rents in Northampton, MA
Source: author, data from Hampshire Property Management Group



King Street

As one moves away from the downtown, and the elegant Hotel Northampton, King Street becomes an auto-oriented large format retail strip. Major anchors include the *Big Y* supermarket, *Walgreens* pharmacy, *Liquors 44*, *Super Stop & Shop* supermarket, and a somewhat smaller-than-usual Wal-Mart. There is also a cluster of car dealerships at the northern end. The two very different retail environments of downtown and King Street coexist with some controversy about how to best support both the traditional downtown as well as the convenience of the larger “big box” retailers. Additionally, nearby shopping centers in neighboring municipalities pose challenges out of the control of local policy.

3.2.2.4 Current retail policy goals and tools

Like in most of the U.S., there is no federally or state-mandated regional coordination in the area of retail planning and development. In 1962, the Pioneer Valley Planning Commission formed as a consortium of local governments generally responsible for “ increasing communication, cooperation, and coordination among all levels of government as well as the private business and civic sectors in order to benefit the Pioneer Valley region and to improve its residents' quality of life” (Pioneer Valley Planning Commission 2009). However, this regional coordination is a voluntary initiative among the cities. Each city

government's primary interest is still in serving its own goals. Accordingly, there is substantial competition between the different municipalities for attractive businesses and shoppers.

Looking at the current downtown Northampton, one might assume that it has always been vital. Talking with local city officials reveals a mixed history, however. Background information on the retail development history and current policies was obtained during interviews with the Director of Planning and Development (NO_2) at the City of Northampton and the Economic Development Coordinator (NO_1).

Like in many U.S. cities, the automobile era brought major changes to traditional downtowns and the location of commercial uses. In particular, in the 1960s commercial development began to "pop up" all over in a decentralized fashion and that the downtown became "very unhealthy" (NO_2). During the same time period, a major cultural draw in the downtown fell on hard times as well, the Academy of Music. In 1971, the condemned theater was revitalized by the managing director at the time and others in the community (Northampton Academy of Music 2009). It reopened with a mix of films and theatrical performances. Still, another blow came to Northampton when a regional mall was opened in 1979 in nearby Holyoke. The stagnant economic situation in downtown Northampton eventually led to a variety of ideas on how to revitalize it, including an ill-conceived master plan to tear down most of the historic buildings and

rebuild downtown in a way to compete with malls. This never took shape, but in the mid 1970s some investment in the streetscape began to occur and a number of upper floors in buildings were rehabilitated. A series of revitalization efforts on the part of local city staff, merchants and community organizations ensued to sustain the traditional downtown shopping, dining and cultural center.

Table 5. Source of downtown Northampton visitors and tourism-related jobs

Northampton	22%
Pioneer Valley (including Northampton)	67%
Outside the Pioneer Valley in the Northeast	26%
MA Outside the Pioneer Valley	10%
Connecticut	7%
New York	4%
Percent of businesses & jobs that are tourism related (retail, accommodation, food service, arts, entertainment, and recreation)	Jobs 26% Businesses 27%

Source: Provided by City of Northampton; data from the 2002 & 2004 Northampton Chamber of Commerce Visitor Surveys & UMass Donahue Institute Economic Profile

Today, Northampton is the second largest retail center behind Holyoke, according to a 2003 market analysis completed by consultant Karl Seidman for the City of Northampton. Holyoke is still home to the major regional mall, which has a Gross Leasable Area (GLA) of 1.6 million square feet. Major anchors include Target, H&M, Macy’s and Old Navy (Pyramid Companies 2009). In

considering the regional retail environment around Northampton, Seidman wrote that, “Hadley is an important competitor to Northampton for electronic and appliance goods, hardware, lumber and garden products, and general merchandise with a good number of stores that are larger than those in Northampton,” (Seidman, 2003). This concern about Hadley echoes the sentiments of the interview partners at the City of Northampton. “We lose a lot of sales to chains in Hadley and Holyoke,” one official said (NO_1). A desire for more regional coordination on retail planning was expressed, but limited cooperation materialized: “Hadley doesn’t like playing with other governments,” (NO_2).

Figure 7. Regional context of Pioneer Valley, MA

Source: author, using U.S. Census Tiger Files base maps

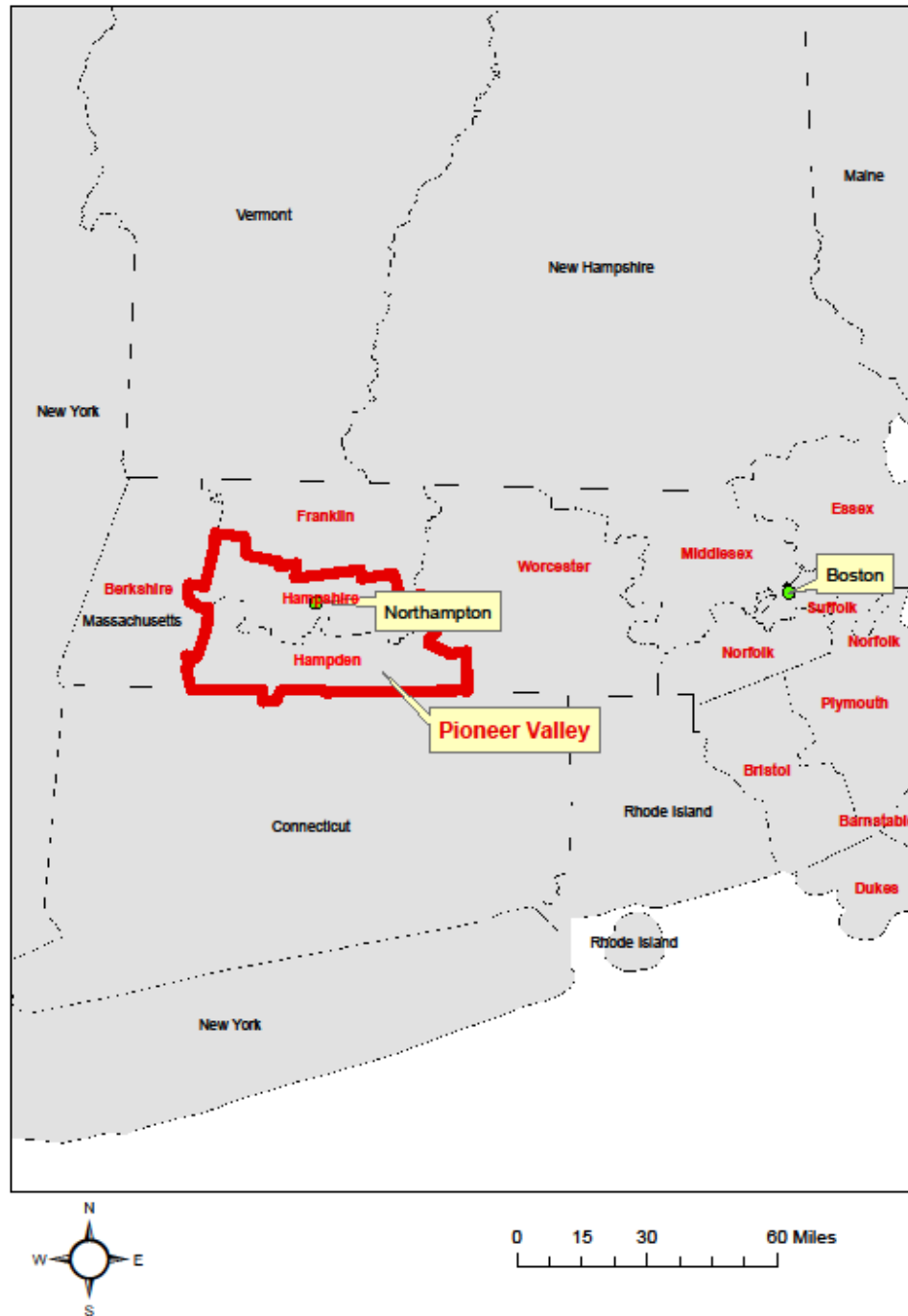
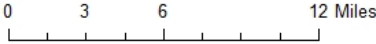
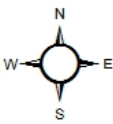


Figure 8: Northampton's neighboring competing retail centers

Source: author, using ESRI base maps



Source: author, base map ESRI

Current local retail-related policy goals concentrate on maintaining a vibrant downtown and improving the King Street shopping environment – all while navigating a competitive regional retail atmosphere. A stated goal in Northampton’s comprehensive plan is to “provide a positive business environment” (City of Northampton 2007, 34). A key component to the City’s economic development goals involves the retail sector. Some strategies mentioned include: monitoring local retail data, exploring options for affordable commercial space, marketing the downtown as a retail hub and implementing a Business Improvement District (BID) (City of Northampton 2007, 29).

Figure 9. Vacant retail space on King Street, Northampton

Source: author



In both the downtown and King Street retail areas, there is a priority on increasing the safety and aesthetics for pedestrians. Along the more car-oriented King Street shopping area, this has sparked questions about whether such regulations impede economic growth. King Street has a number of notable vacant or derelict sites. At 327 King Street lies the former Hill and Dale mall (Figure 9), which has been a mainly vacant strip mall since the 65,000 sq. ft. Price Chopper supermarket closed there in the mid-1990s. In 2010, the Northampton Planning Board approved a site plan for the site's upgrade and redevelopment; it would remain in use as retail with the addition of a drive-through retail space.

As sites like the Hill and Dale mall redevelop, the extent to which old, dilapidated centers must conform to newer regulations is often debated. The Sustainable Northampton Comprehensive Plan states:

There is desire for more commercial development on King Street but differing opinions on how development should take place, such as pedestrian or auto oriented design and uses, mixed residential with commercial or strictly commercial development, and so on. (36)

The City is actively working to change King Street's typical strip mall atmosphere into a more sustainable, dense and pedestrian-friendly environment. There are a number of land use regulations that aim to create a more pedestrian-oriented built environment on King Street. Large retail is allowed there, but not the largest of the big box stores. Since 2002 there has been a city-wide store size cap of 90,000 square feet. Stores in Northampton must have a footprint of less than

90,000 square feet for a single establishment, and stores over 10,000 s.f.- even in allowable districts - require special permits from the Planning Board (City of Northampton zoning regulations, 350). This bars very large big box stores or supercenters, which could negatively impact the retail climate in the downtown. Moreover, very large big box stores could pose a number of real or perceived problems that would be controversial with many local residents, such as fair wage issues (NO_2). However, “the big-boxes just go across the border” (NO_2).

In effect, such store size cap policies are typical of regulations aimed at keeping Super Wal-Marts out. The store size cap is listed as a recommended “anti big box” tool by the Institute for Local Self-Reliance’s New Rules Project, though they mention 50,000s.f. as an average threshold (New Rules Project 2009). In the case of Northampton, it would seem that they are mainly trying to avoid the very large supercenters. A lower size cap threshold could harm their ability to capture retail sales, given the competition from neighboring towns with a variety of big box stores. But the store size cap doesn’t really provide the nuance that is truly behind the motivation for the policy. “Big box category killers are what I hate,” one official said (NO_2). It seems that *certain types* of big box stores are more harmful than others. The same official specified that, “a book store on King Street with 15,000s.f. is more deadly [than many other large retailers].” A 15,000 square foot book store is certainly far below the store size cap; a Barnes & Noble or Borders book store could still be easily accommodated. But even a book store

with 10,000 square feet on King Street, for example, would overwhelm a nearby independent book store on Main Street that might consist of only 2,000 or 3,000 square feet. Therefore, the store size cap seems to be meeting some of the goals of the city, but not all of them.

Some of the design regulations have been used as a tool as well. New development on King Street generally needs to situate buildings at the street, as opposed to at the back of a parking lot. The goal is to make retail accessible from the street, not just the parking lot. However, this creates a number of unresolved design dilemmas. The “Big Y” supermarket plaza exemplifies this (see Figure 10). Instead of developing a strip of retail in the back of a large parking lot, the buildings are situated perpendicular to the street in an “L” shape with one side coming up to the street frontage. While this solves some pedestrian connectivity issues, it still leaves sides of buildings with awkward transparency design challenges and some confusion about where one enters the buildings. It is perhaps an improvement, but not ideal. And many existing structures that are simply updated need not comply with this design regulation. In fact, it is likely that

the Hill and Dale Mall redevelopment, the plans² for which uses existing structures, will remain situated in the back of the lot for this reason.

New development along King Street over 10,000s.f. can also trigger a second story requirement, a regulation that is debated inside and outside of City Hall. The goal is to create denser mixed-use development, but there are concerns whether the market will bear this out. There have been a number of attempts to redevelop sites where this regulation may have made the project less desirable. One city official noted, "I think the second story may be given up, and I'm ok with that" (NO_1). It may not be realistic at the moment, due to the economy (NO_1).

The City of Northampton is also a member of the King Street sub-committee of the Northampton Chamber of Commerce, which in June, 2010 submitted its own report to the City of Northampton Planning Board with recommended zoning changes for King Street. The second story requirement

² This refers to the 2010 revised site plan submitted by the Colvest Group and approved by the Northampton Planning Board. There have been numerous other plans and proposals for this site.

and the design requirement bringing buildings up to the street front were main targets. Many of the recommendations called for more business-friendly regulations and application processes. The King Street subcommittee's membership consists of high-level city staff as well as major property owners along the strip, business owners, a design firm, two real estate firms, a bank, and city elected and appointed officials (a councilmember and the zoning revisions committee chair).

In the downtown, controversy exists around the balance between locally-owned businesses and national chains that may be interested in downtown. There has been some discussion about a "formula store policy" (No_2). The economic development interview partner mentioned this distaste for chains as well, "People have a fear of competition from national chains on Main Street....they fear it will become 'anywhere', USA" (NO_1). Yet there seems to be more at stake than simply whether a national chain is involved. There was more disagreement with the arrival of Duncan Donuts than Starbucks, indicating something of a class differentiation among national chains (NO_2). (Although Duncan Donuts is present along King Street.) Still, there is also a desire to keep downtown a practical, working downtown.

In summary, the challenges facing Northampton's decision-makers provide a snapshot of how retail planning is playing out in historic communities with a commitment to downtown preservation. There is the desire to make new

development more pedestrian-friendly, but without scaring away developers. Very large big-box stores, such as Wal-Mart, are being kept at bay with a store size cap. Yet the impacts from retail development in nearby neighboring municipalities are often unavoidable, and stronger regional cooperation is needed.

Figure 10 Grocery store on King Street with new orientation to street

Source: author



Figure 11. Map of Washington case study cities

Source: author



3.2.3 Tacoma, WA

The City of Tacoma is nestled along the southern portion of Puget Sound in Washington State. The Puyallup River flows into what is today known as Commencement Bay. In 2008, Tacoma was estimated to have 197,181 residents (U.S. Bureau of the Census 2008). As with most of the Pacific Northwest, Native Americans inhabited the area for hundreds if not thousands of years prior to U.S. and British settlement. Because this research focuses on the modern built

environment, a brief description of the area's history shall begin with the European habitation of the area.

In 1792, the British exploration of Puget Sound by Captain George Vancouver set the wheels in motion for the eventual growth and western-style commerce in Tacoma, as described in Magden and Martinson (1982, 2-6). An era of fur trading and the installation of saw mills in South Puget Sound followed Captain Vancouver's voyage. In 1852, the first sawmill and barrel factory was built along the Tacoma waterfront, thereby establishing the industrial working waterfront. The completion of the Northern Pacific Railroad in 1883, which was attracted by Tacoma's natural deep water port, brought accelerated economic development to Tacoma.

Tacoma was officially incorporated as a city in 1884. In addition to the early sawmills, various coal mines, flour mills and a smelter produced exportable goods that were efficiently shipped out of town via ship or train. Today, the Port of Tacoma is the seventh-largest container port in the United States. (City of Tacoma 2009)

Tacoma's industrial legacy poses a number of environmental and redevelopment challenges today. Tacoma is home to many brownfields³, and locals jokingly speak of "the Tacoma aroma" in the air. However, along with its industrial image comes a bounty of historic brick architecture and a certain flair. The views from the hillside of downtown Tacoma include Mt. Rainier (on a sunny day), Commencement Bay and the busy smokestacks of the industrial areas near downtown. Parts of the waterfront have been redeveloped for pedestrians, and cultural attractions like the Museum of Glass draw visitors to the city center. Older buildings have been retrofitted for luxury condominiums. A light rail line was installed through the downtown well before Seattle got its streetcar operating. Trendy restaurants, often pre-retail "pioneers", have been sprouting up with great success.

Tacoma has also been shaped by the U.S. military. McChord Air Force Base is only 11 miles south of Tacoma, and Fort Lewis is situated 20 miles south

³The term "brownfield site" is defined as "real property, the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant," (Small Business Liability Relief and Brownfields Revitalization Act. 2002, sec. 211)

of Tacoma. Fort Lewis has more than 25,000 soldiers and civilian workers. The post supports over 120,000 retirees and more than 29,000 family members living both on and off post, as indicated on the Fort Lewis website (Fort Lewis 2009).

3.2.3.2 Major planning documents and sources

An interview took place at the City of Tacoma offices on July 31, 2008 with the Manager of the Private Capital Division for the City of Tacoma (TAC_2). In 2008, the City of Tacoma also released a draft *Downtown Tacoma Economic Development Strategy* (Angelou Economics 2008), which was prepared by a consulting firm under contract with the city. This document provided a great deal of information about the background, existing conditions and goals for retail in the downtown. Likewise, the Tacoma Comprehensive Plan was an important source for policy information. To better understand the specific development regulations, a telephone interview was conducted with the City of Tacoma Planning Supervisor (TAC_3).

Figure 12. Looking toward downtown Tacoma from the Museum of Glass

Source: author



3.2.3.3 Major retail areas

Downtown

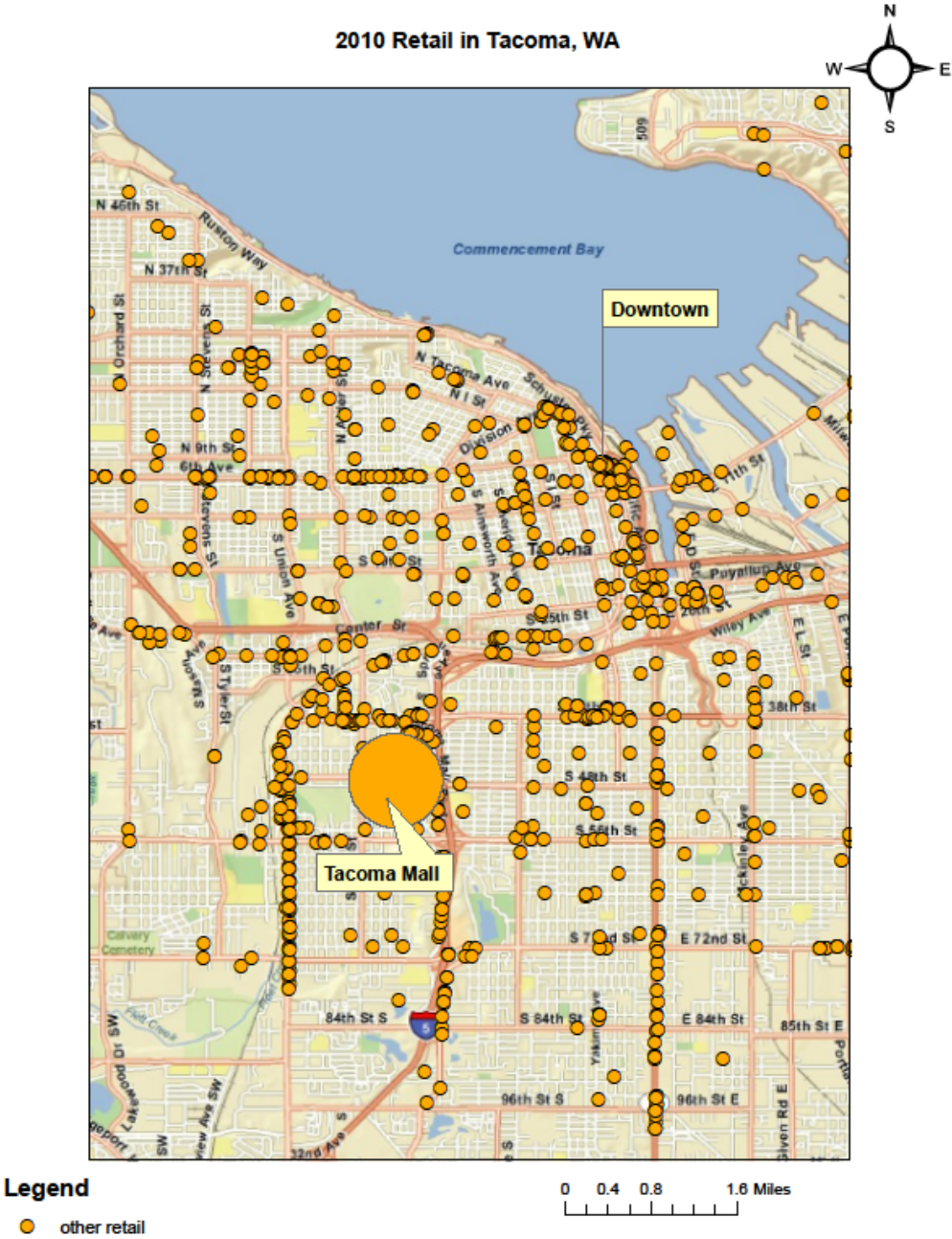
According to Angelou Economics, downtown Tacoma was historically the center of retail trade in Pierce County and the South Sound region. There were department stores, such as Rhodes Brothers. In 1968, when the Tacoma Mall opened, however, Downtown Tacoma's retail base was devastated, and it has never truly recovered (Angelou Economics 2009, 73). Today the mall is operated

by Simon Property Group and holds 1,374,000 square feet of leasable space (Simon Malls 2011).

National retail is largely absent in downtown Tacoma. In recent years, downtown has attracted a number of independent boutique and specialty retailers, such as South Sound Running. The University Book Store, run by the University of Washington, is a major retail presence in the downtown. Antique stores and galleries are common. Restaurants and cafes have popped up as well, supported by the University of Washington and nearby museums. Retail vacancies are still a problem, however. A City of Tacoma program called Spaceworks has been helping to match artists with empty storefronts on a temporary basis (Cooper 2010). Within the downtown there has also been an effort to brand certain sub-areas, such as the Opera District. This branding mainly builds on culture more than retail.

Figure 13. Spatial distribution of retail in Tacoma, WA

Source: author, map images from ESRI, data from City of Tacoma



Tacoma Mall

The Tacoma Mall lies 4 miles southwest of downtown Tacoma. In 2011, it had a Gross Leasable Area of 1,374,000 square feet (Simon Malls 2011). Anchor tenants include: JCPenney, Macy's, Forever 21, H&M, Nordstrom, Sears, and Babies R Us Superstore.

Neighborhood Mixed-Use Centers

As part of the 2007 annual amendments to the Comprehensive Plan, the Mixed Use Centers were studied and addressed. In 2009 significant changes were adopted, and there are now seventeen Mixed-Use Centers in total:

Downtown

James Center/TCC

Lincoln Business District (38th & G)

Lower Portland Avenue

Proctor District

Sixth Avenue District

South 56th & South Tacoma Way

South 72nd & Pacific Avenue

East 72nd & Portland Avenue

Stadium District

Tacoma Central Plaza

Tacoma Mall

Upper Tacoma (Martin Luther King)

Westgate District

Narrows

McKinley

South 34th & Pacific

One should note that downtown and the Tacoma Mall are counted in these seventeen mixed-use centers. All of these districts are eligible for a tax incentive for multi-family housing to encourage mixed-use redevelopment. Property owners may receive an eight or twelve year property tax exemption for improvements (new construction or rehabilitation) that create four or more additional units of housing. The eight year exemption is the standard; in order to achieve the twelve year exemption a portion of the units must consist of affordable housing (City of Tacoma 2011).

Figure 15: Tacoma's mixed-use centers by type

Source: author, map layer data from City of Tacoma

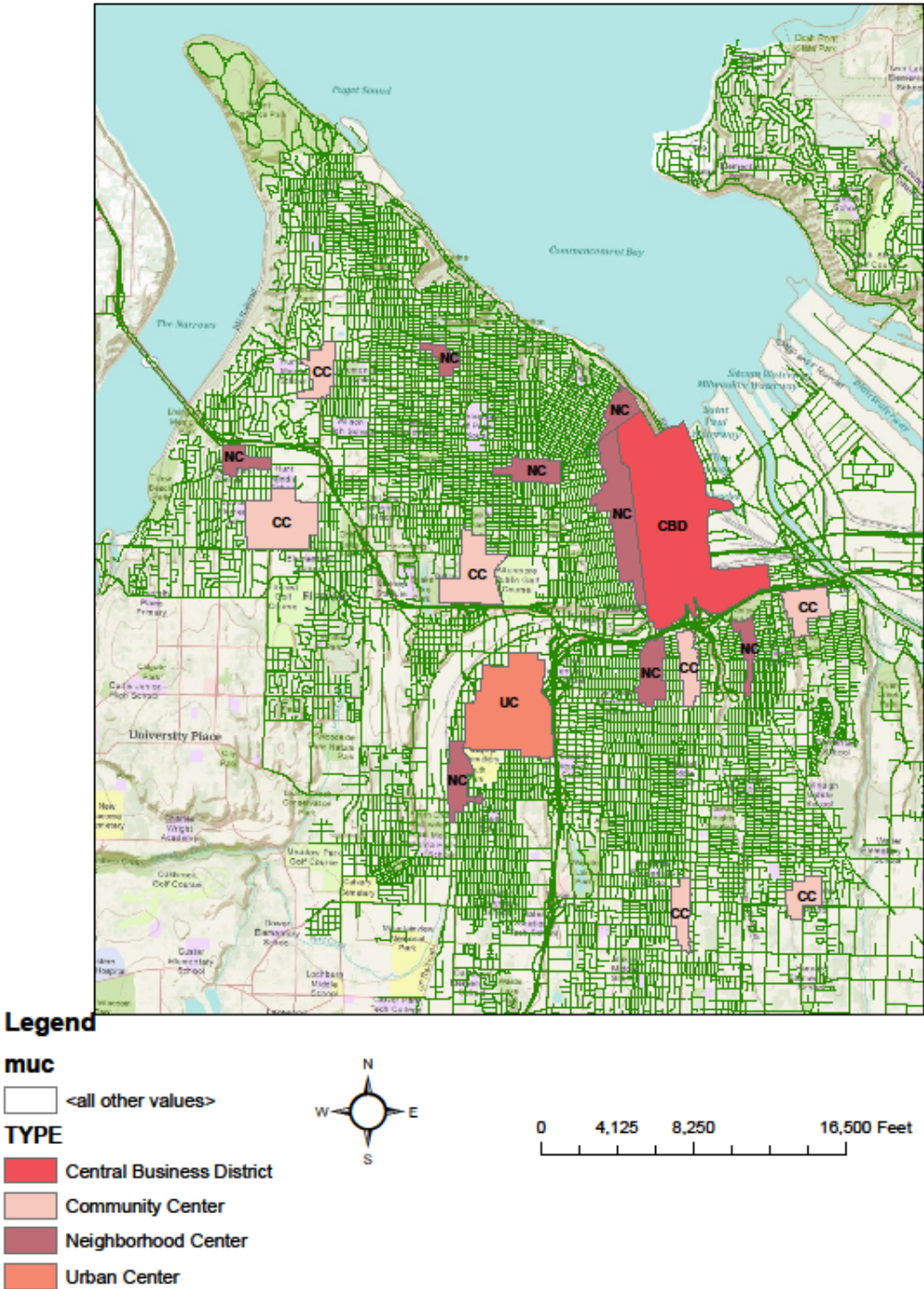


Figure 16. Spatial distribution of retail in Tacoma – shoes and clothing

Source: author, data from City of Tacoma

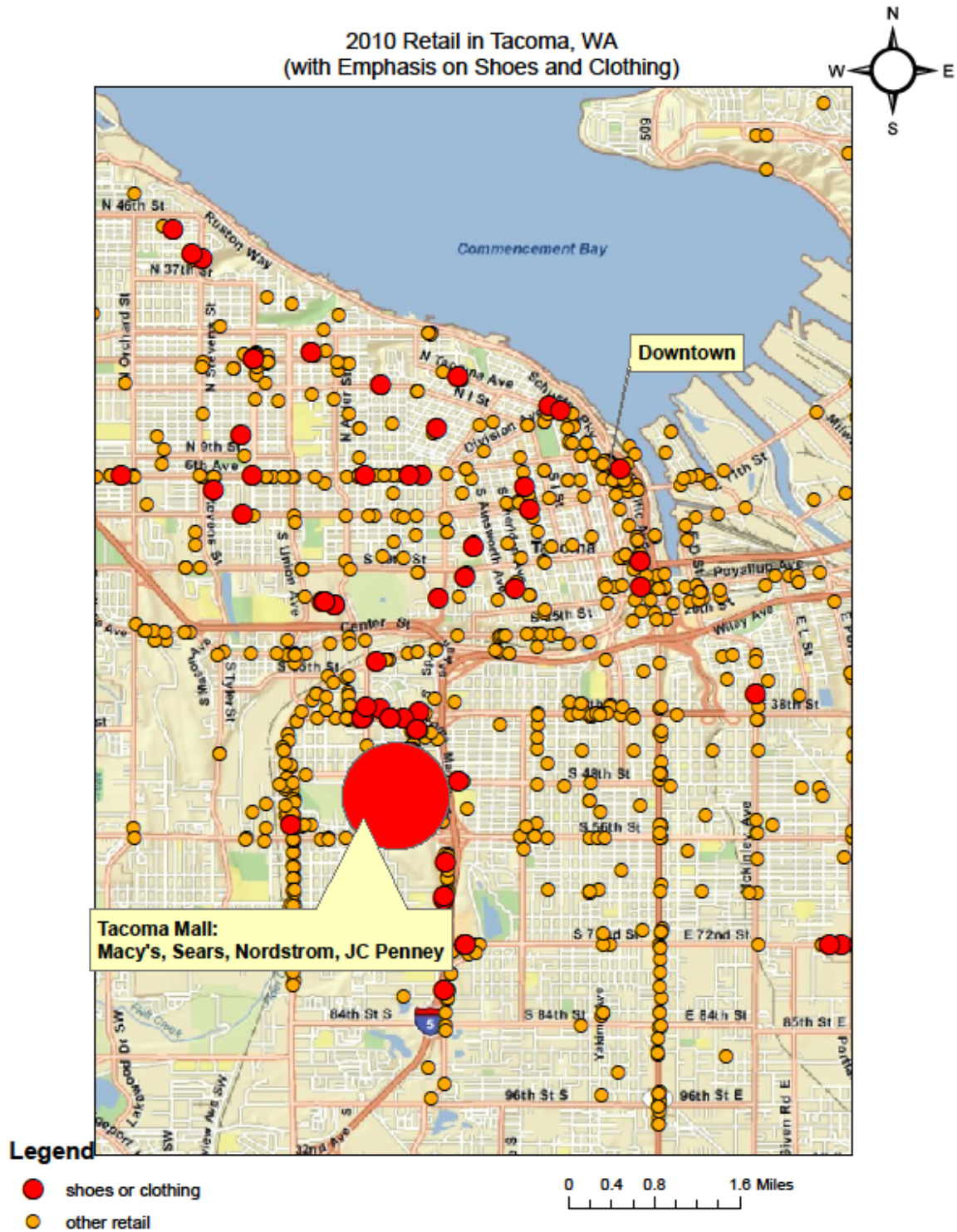


Figure 17. Downtown Tacoma condominiums

Source: author



3.2.3.4 Current planning policies and tools

Retail is an important part of the City of Tacoma's planning for downtown and neighborhood livability, as well as for the City's sales tax revenue generation. "Everyone is cognizant of where you derive revenue", said one interview partner at City of Tacoma, "and the strategy is to build a sustainable economy (TAC_2). Like in other U.S. cities, this would become only more

challenging as the economy continued to worsen over the course of this research.

Nonetheless, years of planning and investment are evident in Tacoma's downtown, and the City has a clear strategy to continue this revitalization. With major cultural and educational institutions now present, the hope is for more retail to fill in over time. Indeed, one of the explicit goals of the *Downtown Tacoma Economic Development Strategy* is to increase retail in the downtown (Angelou Economics 2008, 73). In the downtown strategy report, Angelou Economics recommends that the city government take a more proactive role in recruiting retail for vacant spaces by "finding good tenant prospects, sharing information with them about available spaces and market opportunities, and then connecting them with brokers and property representatives to structure a deal," (2008, 73). They note that most retail brokers simply want to earn their fees by leasing the space, regardless to whom, which may not serve the city's interests in creating a more attractive retail mix. The city believes they will see more retail development in the downtown, as the market conditions change through added residential density and increasing incomes among residents (TAC_2). The thriving restaurant scene is a good indicator (TAC_2). As for what kind of retail is envisioned, stakeholders would prefer to see "organic, specialty stores" in the downtown (TAC_2). And all stakeholders, downtown and throughout the

neighborhoods, say they would like a grocery store within walking distance (TAC_2).

Helpful to creating a strong retail synergy downtown would normally be the presence of some chain retail, one might argue. However, the presence of the nearby Tacoma Mall complicates this situation. “The mall is a blessing and a curse. It creates challenges for some retailers who would like to be downtown,” according to one interviewee at the city (TAC_2). A commercial real estate associate broker at Grubb & Ellis confirmed this tension between area malls and their downtowns. Mall managers have perfected their lease agreements to include radius exclusions prohibiting their retailers from opening additional or substitute locations nearby (TAC_1). Evidently, malls have worked out all the tools they can over the decades (TAC_1). Because of the high degree of mall consolidation, these national chain retailers cannot afford to harm their relationships with the major national mall owners -even if they might otherwise be interested in a downtown location. So, it would seem that the “organic, specialty stores” that city staff reported were popular with locals might be downtown Tacoma’s main option anyway.

To better understand the specific planning and zoning tools in use around town, the City of Tacoma Planning Supervisor was consulted, who had also recently been involved in the process of updating the land use regulations for the City’s Mixed-Use Centers (TAC_3).

According to this interview partner at the city, it was a substantial challenge to pursue strategic retail development regulations in an environment without enough developer interest (TAC_3). When asked whether they have the planning tools they need, the interviewee explained, “No, it’s very permissive, we *allow* things that we don’t have the tools to *encourage*” (TAC_3). Specifically, an earlier effort in the 80s was mentioned that required retail uses on the ground floor of some Mixed-Use Centers (TAC_3). The goal was to create a continuity of retail uses along the sidewalk, thereby providing synergy. However, the market wasn’t strong enough, and building owners were unable to find tenants – or steered away from new development altogether. Many asked for variances. What started as a use requirement was changed by the late 80s to a design requirement. The design requirement includes features like transparency that are characteristic of retail spaces. “If we had a healthy market, we could *require* retail uses and provide incentives, but we don’t have a strong market, so we *allow* it in many locations,” said the interviewee (TAC_3). The city doesn’t prohibit ground-floor offices, but they do prohibit residential uses in some ground floor areas. While this doesn’t necessarily result in what the city would really like to see, “projects would otherwise go elsewhere,”(TAC_3). “So we require that the buildings be designed for retail for when the market improves. The offices are a temporary situation,” explained the interviewee (TAC_3).

This is not to say that Tacoma is completely laissez-faire towards retail development. Many policies demonstrate a clear interest in maintaining neighborhood scale. For example, the Neighborhood Commercial Mixed-Use Zone (NCX) zone allows retail uses of up to 30,000-45,000 square feet for *grocery stores only*. Big-box stores are not desired in these areas (TAC_3). Big-box stores are allowable, however, at the Tacoma Mall in the Urban Center Mixed-Use zone (UCX) and in the auto-oriented Community Commercial Mixed-Use zones (CCX), where there is no size cap. “Theoretically a Wal-Mart could go in there, but Tacoma is pretty much a built up site,” the interviewee says, “There aren’t many sites that size,” (TAC_3).

Another way in which the City of Tacoma is encouraging small-scale retail synergy is through their support of neighborhood business district revitalization based on the “Main Street model”, the approach recommended by the National Main Street Center at National Trust for Historic Preservation. As such, assistance is offered to neighborhood merchant groups in areas such as façade

streetscape improvements, signage, banners, and marketing for events. There is also a Business Improvement Area (BIA) in the downtown⁴.

Despite the BIA, it is unlikely for the downtown to ever return to its past role as a shopping destination with department stores and the like (TAC_3). “It’s more about specialty stores and restaurants now,” said the interviewee (TAC_3). The Tacoma Mall is the main shopping destination instead.

The tax structure in Tacoma and neighboring municipalities plays a role in retail development as well. Tacoma has a municipal Business and Occupation (B&O) tax, which taxes gross receipts. As a consequence, Wal-Mart chose to locate just outside the city, though they wouldn’t have held any “carrots” out for them anyway (TAC_2). “I think retail developers are looking for low-cost land with lots of parking,” according to one city staff member interviewed (TAC_2). The city would rather see more infill redevelopment (TAC_2). At the same time, a large amount of retail space was development in the region prior to the onset of the recession – mostly in car-oriented, decentralized locales. “I think there’s a

⁴ This is a special assessment district, also known as a Business Improvement District (BID).

challenge when you ask the invisible hand to manage the marketplace. We're incapable of estimating demand, so we have episodic investment. Sometimes we overbuild," commented one city staff member (TAC_2). And yet land use regulations do play a key role in effectively managing the supply of buildable land for various uses, including retail. It remains to be seen how the lessons of this recession will influence Tacoma and other cities' outlook towards a more active hand in the management of their retail stock.

The task of improving the retail climate downtown could be further complicated by the September 9, 2009 announcement of Russell Investments to leave downtown Tacoma for downtown Seattle, where a large amount of office space was available in what was formerly the Washington Mutual Bank Tower. The City of Tacoma, with state support, had offered the global financial-services company \$148 million in tax breaks and other incentives to remain in Tacoma (Pryne 2009). Russell Investments employs over 900 persons, which had represented a significant customer base for downtown Tacoma shops, restaurants and services such as dry cleaners. The offices moved to their new location in downtown Seattle in 2010.

3.2.4 Vancouver, WA

The final U.S. case study city is Vancouver, Washington. For the purposes of this study, it can be loosely compared to Trier, Germany in terms of its cross-border retail competition issues.

3.2.4.1 Location and background

Vancouver is situated in the southernmost part of Washington State along the Columbia River, which marks the border to Oregon. In 2006, the city encompassed an area of 48 square miles (City of Vancouver 2006), and the population was estimated at 165,742 in 2009 (U.S. Bureau of the Census 2010). Just across the river lies Portland, Oregon, a city with 557,706 residents (U.S. Bureau of the Census 2008).

According to the history overview on the city's website (City of Vancouver 2008), native people inhabited the area long before the first non-native settlers, but major changes to the built environment began to occur after 1825 when Hudson's Bay Company moved its northwest headquarters from Astoria upriver to Vancouver. "Fort Vancouver", as it was called, prospered on fur trading. In 1846, American territory was extended north to the 49th parallel, and the Vancouver area joined the United States. In 1857, Vancouver was incorporated as a city. The old fort site was turned over to the U.S. Army in 1860, and today it

is a U.S. National Historic Site where visitors can imagine the old fur trading life from the mid 1800s (Koppel 1998).

Figure 18. Map of Vancouver, Washington and Portland, Oregon

Source: author



3.2.4.2 Background on border location with Oregon

Vancouver and Portland share a complex relationship with aspects that are both competitive and symbiotic. In a way, the situation mirrors Trier, Germany's connection with Luxembourg, which is described later among the German case studies. In both instances, cross-border differences in taxes, land use, jobs and retail all influence resident, consumer, and corporate choices.

Significant for our discussion about retail is the difference in sales tax. This also presents an opportunity to further explore cities' motivations around developing retail as a means for generating increased sales tax revenue. The system varies from state to state in the U.S. After the property tax, sales tax is usually the second most important municipal revenue source in Washington State. Just across the Columbia River bridge in Oregon, however, there is no general sales tax, with the exceptions of gasoline and cigarette taxes. Unlike Washington, Oregon levies a state personal income tax. This difference in tax structure makes Oregon attractive to shoppers from nearby Washington. In the fourth quarter of 2009, Vancouver's sales tax rate was .082 on the dollar (Washington Department of Revenue 2009). Of that, .065 goes to the state, and .017 goes to the city.

Land use planning differs greatly across the state border in Oregon as well. Voters approved the creation of a regional authority and Urban Growth Boundary (UGB) in 1979 (Oregon Metro 2009). While the UGB has been widely

applauded for realizing its growth management (anti-sprawl) goals in Oregon, fewer development restrictions existed across the border in Washington State. The Lincoln Land Institute's documentary *Making Sense of Place – Portland: Quest for the Livable City* (2009) depicted several business owners in the Portland area who were considering a move to the more “business-friendly” land use regulations in Washington State. The same holds true for families seeking the elusive affordable single-family home. Continuing the “suburban ideal” across the state border in Vancouver and its vicinity became an option for Portland residents seeking the quintessential detached single-family home, which was steadily increasing in price within the Portland area UGB for a variety of reasons. As previously mentioned, Washington State did not enact growth management until 1990 – some eleven years later than Oregon. Even today under growth management in both states, the land use regulatory environment in Washington is still commonly seen as more lax than Oregon's.

In summary, this dynamic leads to a tendency for Portland residents to sometimes seek out housing in Washington State. But both Washingtonians and Oregonians can admittedly realize some tax savings by shopping in Oregon.

In part because of the complicated sales tax disparities among different states, Washington State recently took action on internet purchases aimed at evading taxes. To help attribute sales tax collections for *internet* purchases to the place where the customer lives (as opposed to the point of collection),

destination-based sales tax rules took effect on July 1, 2008 in Washington State (Washington Department of Revenue 2009). For example, if a person in one town buys a dishwasher off the internet from a place with a lower sales tax, with the goal of saving money, the item is now taxed at the rate which applies to the person's residence. This, however, does not affect the typical place-based shopping for clothes, house wares and the like covered in this research. It mainly addresses cities that had a warehouse-based economic development strategy. Still, it demonstrates the extent to which cities base their development strategy on tax revenue advantages.

Figure 19. Starbucks at Esther Short Park

Source: author



3.2.4.3 Major planning documents and sources

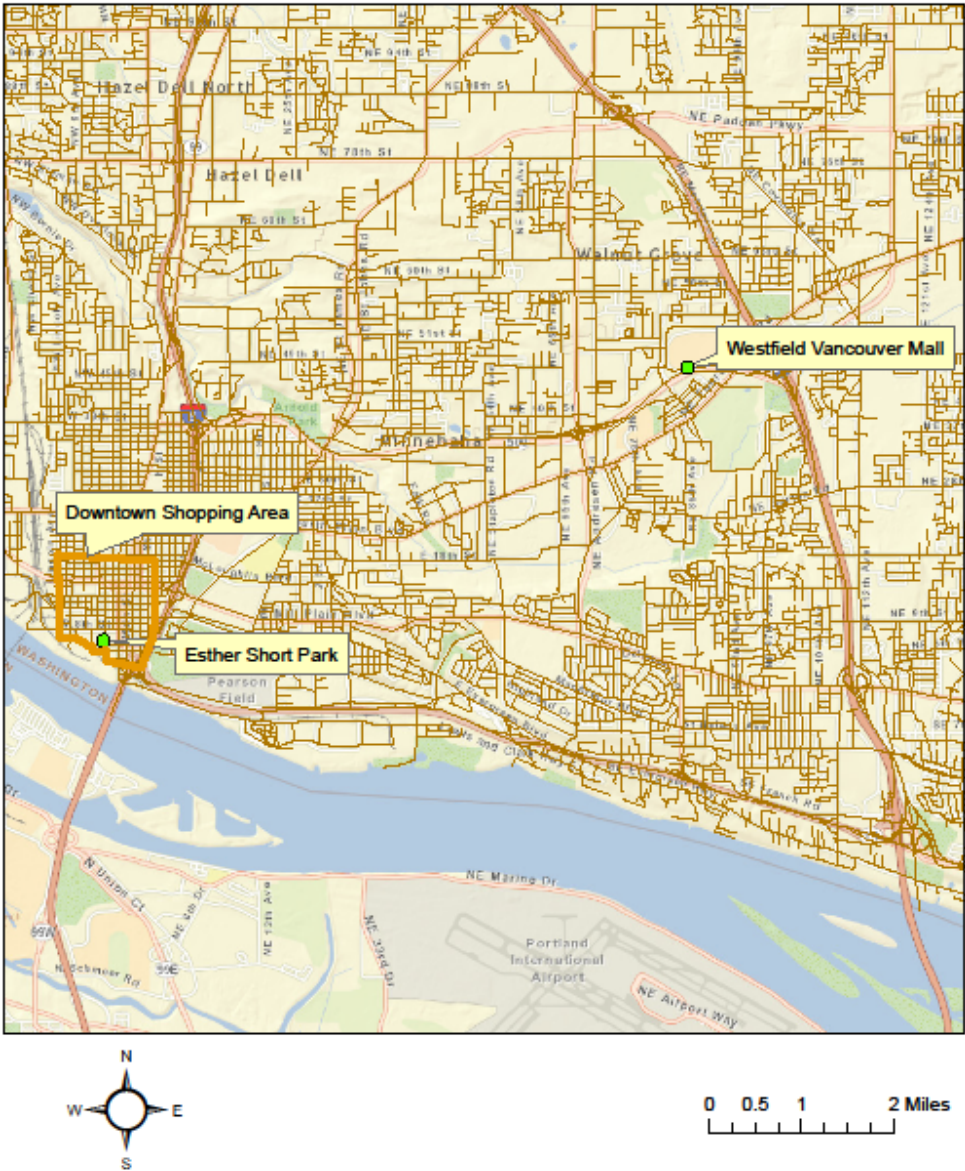
The Economic Development Services Manager for the City of Vancouver was a primary source for this case study (VAN_1). A little over one year later, the Washington State Chapter of the American Planning Association (APA) held its annual conference in Vancouver on November 12-13, 2009. Two sessions, which are subsequently described here in more detail, focused on urban planning and redevelopment strategies in Vancouver. This provided an opportunity to hear from three additional planning and economic development staff members, the Mayor, a private-sector developer, and the Port of Vancouver.

Several City of Vancouver planning documents provided factual information about specific projects, overall strategies, and the planning tools in use. These documents included:

- The Vancouver City Center Vision Ordinance of 2007
- Final Supplemental Environmental Impact Statement for the Vancouver City Center Vision Subarea Plan
- Esther Short Plan & Redevelopment Summary
- Vancouver Comprehensive Plan 2003-2023

3.2.4.4 Major retail areas

Figure 20. Major retail areas and landmarks in Vancouver, WA



Source: author, data from Vancouver Downtown Association

Vancouver Mall

Owned by Westfield, the mall has approximately 938,878 square feet or 87,221 square meters of gross leasable area. The mall holds 127 retailers. Anchors include: JCPenney, Macy's, Nordstrom, and Sears. There are also 5,108 parking spaces (Westfield).

Downtown/ Vancouver City Center Vision (VCCV) Area

The VCCV encompasses an area of approximately 472 acres and is generally defined by the Columbia River on the south, the North/South railroad on the west, 15th Street on the north. Inside the VCCV area is a planned waterfront redevelopment site. The site of the former Boise Cascade paper plant is in the planning stages to be reused as a mixed-use development.

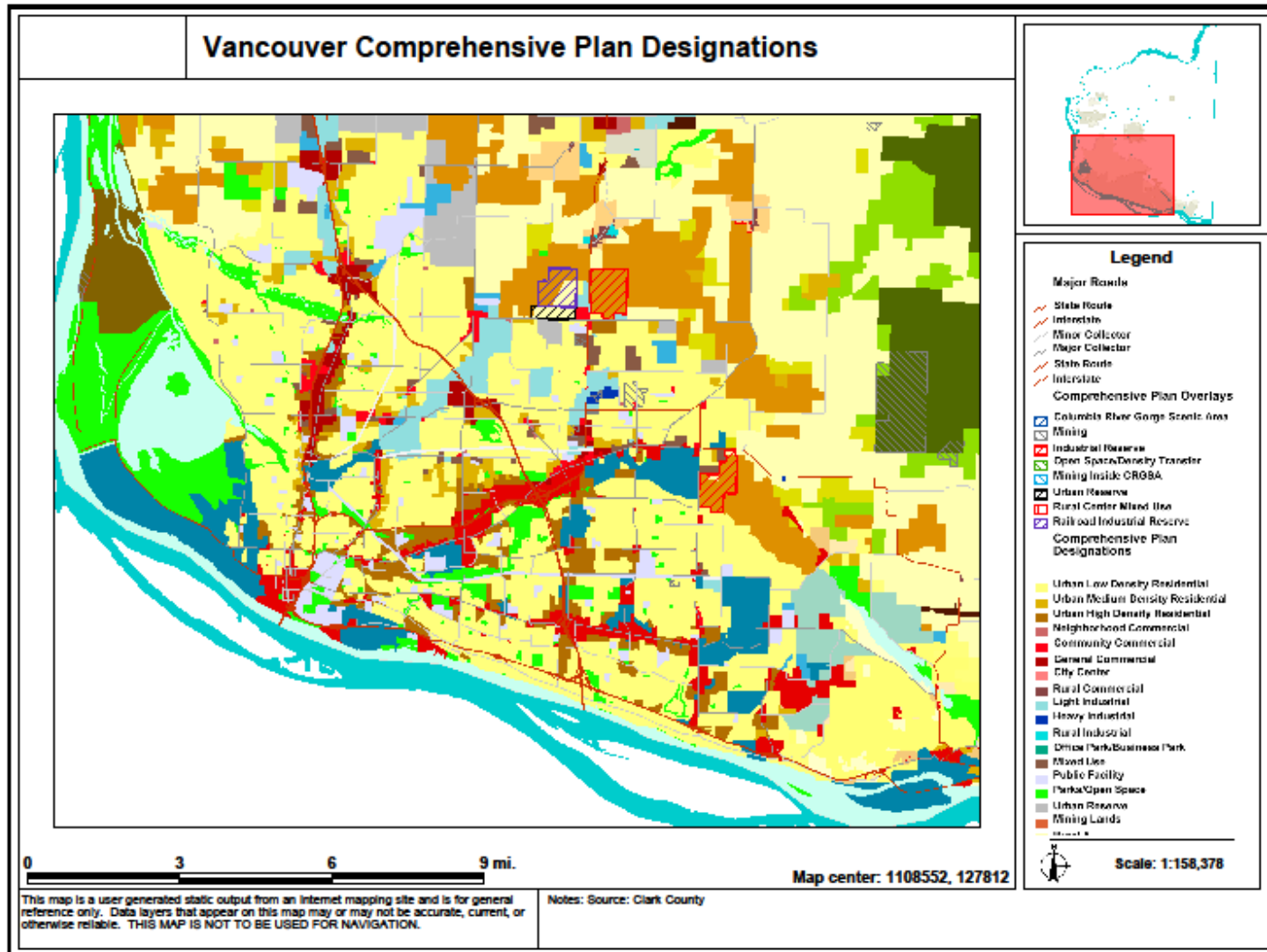
Other Mixed-Use and Commercial Areas

There are a number of areas zoned for mixed-use or commercial uses besides the downtown and mall. Many of these areas are car-oriented and situated along busy arterials. While it is difficult to differentiate between commercial and retail uses, there has been a marked increase in mixed-use and commercial land allocated for these uses in recent years. Between 2004 and

2009, 43 additional acres were zoned to allow for mixed-use and commercial space (City of Vancouver 2009). Much of this involves space intended for retail.

Figure 21. Map of Vancouver, WA land use designations

Source: user-edited data from Clark County website



3.2.4.5 Current planning policies and tools

Over the past decade, the City of Vancouver has proactively pursued the redevelopment and revitalization of a large part of its downtown, and they have used some interesting planning tools along the way.

Historic Esther Short Park served as the centerpiece for a 1998 subarea plan⁵ in downtown Vancouver. A *subarea plan* takes a comprehensive planning approach to setting goals and development regulations for an area. This plan was accompanied by a *planned action*⁶ process. In Washington State, planned actions are a type of site-specific project action located within an Urban Growth Area (City of Vancouver 2006). Such projects are consistent with and implement a Comprehensive Plan or Subarea Plan, and any significant environmental impacts have been addressed in an Environmental Impact Statement (EIS) prepared for the subarea. Because the environmental impacts are studied and documented for the projected uses in the plan ahead of time, a potential developer could easily implement a type of use or development already anticipated in the plan with fewer regulatory hurdles.

⁵ The Subarea Plan is an optional part of a Comprehensive Plan, as per RCW 36.70A.080.

⁶ In 1995, Washington State authorized the integration of Growth Management Act and State Environmental Protection Act through the Planned Action process.

Esther Short Park had fallen into a state of disrepair and crime during the early 1990s. Numerous vacant lots and outdated uses, such as a closed brewery, adjoined the park. Without the bustling activity of housing and businesses, the park became a place frequented mainly by homeless persons. Neighborhood-wide action was needed, according to Mayor Royce Pollard during a guided walk at the APA conference (Eiken, Chad, Pyszka, Alisa and Pollard, Royce 2009). The Esther Short Subarea Plan encompassed roughly thirty blocks around the park and became the groundwork for new condominium and apartment developments, retail, and a hotel and convention center (VAN_1). The area is also now home to the seasonal farmers market, cafes and restaurants.

The Esther Short plan notably sought to add housing. Without people living in the area, there would not be sufficient support for other uses. The interview partner from the city explained, “A big part of our retail strategy is housing” (VAN_1). In addition to the use of the subarea and planned action planning process, which streamlined the development process in the area, the City of Vancouver offered a ten-year multi-family housing tax abatement. To stimulate multi-family home construction in downtown Vancouver, this program exempts new, rehabilitated or redeveloped multi-family homes in downtown Vancouver from property taxes for up to ten years. This created a significant enticement for condominium buyers to serve as “pioneers” in the new downtown

(Eiken, Chad, Pyszka, Alisa and Pollard, Royce 2009). “All the residential projects have some sort of subsidy, and these are very effective but controversial. The perception is tax breaks for wealthy owners,” the interview partner at the city said (VAN_1). However, even critics would probably concede that the area has been significantly revitalized, opening up the possibility for uses that were formerly unimaginable. For example, Vancouver hasn’t had a viable downtown for national retail until recently, (VAN_1). The Esther Short Subarea and Redevelopment Plan, as evaluated between 1997 and 2006, ultimately added: 545 new residential units, 817 new residents, 407,462 square feet of new commercial space, and 1,220 new jobs (Lewis 2006, 23). The commercial space statistics include the publicly-owned Vancouver Convention Center, which is a 226-room, four-star Hilton hotel and 30,000 square foot conference center that opened on June, 2005.

Based on success of the Esther Short plan, the city later passed their Vancouver City Center Vision Plan in 2007. Once again, a subarea plan and planned action process were used. As such, proposed development projects shall be reviewed for consistency with the plan and anticipated impacts. If the proposal meets these requirements, no further environmental review is needed (City of Vancouver 2006). The plan is understood as a twenty-year vision for growth and development in the downtown. A significant component of the plan entails the redevelopment of the site of the former Boise Cascade paper plant. This waterfront site presents considerable property ownership, environmental,

and regulatory challenges. What's more, a major Burlington Northern Sante Fe Railway line traverse the site, complicating ingress and egress to the waterfront. In addition, rail service problems were creating a chokepoint (Cain et al. 2009). The rail segment sees over one hundred freight trains per day, according to the Port (Cain et al. 2009). Still, much progress has already been made. The Port of Vancouver has spearheaded a West Vancouver Freight Access Rail Project – a \$137 million dollar project.

The large formerly industrial site is in the planning stages to be reused as a mixed-use development consisting of:

- 4,551 residential units
- 2,425,000 s.f. office development
- 401,000s.f. retail development
- 591,000s.f.institutional development
- 260 hotel rooms
- 100,000 s.f. light manufacturing

Although the development market has significantly slowed with the recession, there is already a committed developer. Gramor Development is a regional developer who has completed approximately forty retail properties valued at over \$40 million in the Vancouver-Portland area (Gramor Development 2009). At the 2009 Washington Chapter of the American Planning Association (APA)

conference in Vancouver, Gramor President Barry Cain presented his plans for waterfront redevelopment and insisted that the recession was actually a fine time to be in the planning stage for a major development like this, which he intends to realize in phases (Cain et al.2009).

At the Washington APA conference session during which Cain spoke, city staff presented the waterfront redevelopment planning process. The city's partnership with the developer and the Port of Vancouver was emphasized (Cain et al. 2009). The city sees the redevelopment as an opportunity for Vancouver to provide quality retail, commercial and residential space near the waterfront, ultimately helping the city compete with Portland (VAN_1). As before mentioned, Vancouver has a large sales tax leakage to Oregon. According to the interview partner at the city, "I think it's a lack of choices on this side of the river as much as the sales tax (lack of) on the other side. You would have to buy more than \$100 in taxable goods to break even, but choice is not good on this side of the river. We don't even have a Gap," (VAN_1).

Vancouver's planning goals in their downtown are, indeed, boldly urban in an area where many residents have become accustomed to a more suburban lifestyle. The biggest challenge is that Vancouver has been an auto-oriented community (VAN_1). Like in Tacoma, the public is generally interested in a boutique atmosphere downtown (VAN_1). The question is, however, "how do we get to have a retail environment that doesn't perpetuate use of the auto, which is

not sustainable” (VAN_1). It may involve changing the way of life a little; the suburban mentality applied to an urban setting can be challenging (VAN_1). Many American cities are asking themselves the same question.

3.2.5. Summary findings: U.S. case studies

The U.S. case study cities share several commonalities and differences involving their policy goals, retail strategies, and the presence of urban regimes around retail decision-making - despite their different histories, locations and current economic conditions.

First, housing is an important part of each city’s retail strategy. Northampton already has a strong mix of housing and retail in their downtown; now they are trying to expand the mix of uses along King Street. Tacoma has expanded the number of mixed-use centers and offers tax credits to encourage the creation of new housing units in these districts. Likewise, Vancouver offered tax abatements as part of their Esther Short Plan to revitalize the area around their major downtown park. Public officials in each of these cities explained the need to add “live-in” customers to where they were encouraging retail. Moreover, the concept of creating more walkable retail environments was frequently mentioned.

Secondly, independent retail was considered to be most desirable for their downtowns. Whether this was an admission of their realistic potential to attract

certain types of retailers or a true ideological preference could be further discussed. In Northampton, city staff and planning documents gave a strong sense of encouraging independent retail and dining establishments in the downtown in order to preserve the uniqueness of their Main Street shopping environment. This is further evidenced by their store size cap policy, aimed at keeping very large big-box stores out of town. In Tacoma, city staff spoke about local residents envisioning more “organic” or independent retail in the downtown (TAC_2). At the same time, this reflects the simple reality that most national retailers that are interested in the Tacoma market can already be found at the Tacoma Mall. There were also reports that national retailers felt pressured by the Simon Malls network, given that they might have space at other Simon Malls, not to open in the downtown. The economic downturn and relocation of Russell Investments has only weakened the retail demand in the downtown. It is unlikely to see significant national retail in the near future. In Vancouver, there is an interesting parallel strategy involving both independent and national retail downtown. While the City pursues a massive mixed-use redevelopment of their waterfront, which would include large retail space suitable for national retail, they continue to revitalize their historic downtown – mainly to the benefit of independent retailers and restaurants. It will be fascinating to observe whether they are able to recapture sufficient retail sales from Portland to support that much retail, or whether new retail along the waterfront will negatively affect the downtown retailers.

Of the three U.S. case study cities, it is the author's opinion that Vancouver exhibits the most aggressive economic development strategy involving retail through its waterfront redevelopment plan, which builds on the success of the Esther Short Park redevelopment. Their strong economic development goals may be due to the interstate competition felt between Vancouver in Washington and Portland in Oregon.

Northampton demonstrated its strong commitment to the historic Main Street shopping environment. As per Mossberger and Stoker (2001), some of the classic urban regime characteristics (strong cooperation between private and public sector) were evident around the retail planning for the King Street corridor, especially in the creation of the Chamber of Commerce's Kind Street subcommittee. The King Street subcommittee's membership consists of city staff, as well as major property owners along the strip, business owners, a design firm, two real estate firms, a bank, and city elected and appointed officials (a councilmember and the zoning revisions committee chair). Here it is useful to remember that the urban regime scholar Stone emphasized that this does not mean that an urban regime controls everything, but rather is able to manage conflict (Stone 1989, 6). It would seem that in Northampton this subcommittee is an attempt to come to some consensus on the policy goals for arguably its most contentious retail planning environment.

Meanwhile, Tacoma is aiming for general revitalization in its mixed use centers, including downtown, amidst significant economic restructuring. Tacoma has a Business Improvement Area, like a BID, that is by definition a partnership between the downtown property owners and the City of Tacoma. However, judging from its annual work plan, its focus is more on providing services to the downtown area such as security, beautification and maintenance. It is the author's opinion that there were few characteristics of an urban regime present within the context of retail planning in Tacoma. However, it should be noted once again that Tacoma's city government has a strong track record of progressive economic development and downtown revitalization through its transportation and land use planning efforts.

In Vancouver, the city government seemed to be planning based on the coattails of its own success of the Esther Short Park area. The city takes pride in being developer-friendly and has a background of effectively using tax abatements and rezoning to achieve its redevelopment goals. The city's plans to reuse a 32-acre site along the waterfront for a large mixed use development seem to be built on strong public-private sector partnership, again a common characteristic of urban regimes. Moreover, it would seem that this partnership significantly informed the land use planning process around the waterfront site. It is also noteworthy that the City commissioned a study of the economic impacts from its investment in previous redevelopment plans. The results can then be used to garner support for future plans – including the waterfront. The nature or

purpose of a possible urban regime around retail and economic development in Vancouver is somewhat different than in Northampton in that it does not seem to be focused on conflict resolution but rather on proactive policy development and implementation.

4. Retail geography and planning in Germany

This chapter provides background on the history, theory and regulatory systems that impact the spatial and economic arrangements of retail in modern Germany today. Subsequently, this research examines three German case study cities to provide further detail on how these regulations play out at the local level.

4.1 Background

Important historical and theoretical aspects will be briefly summarized here, along with the roles of different levels of government in the regulation of retail development generally. More specifically, policies addressing big-box retail and small independent retail will be explored.

4.1.1 Historical overview of major German retail development patterns

Like many industrializing nations of the time, Germany experienced the rapid growth of cities beginning with the industrial revolution in 1870, ultimately leading to more direct governmental intervention known as *Städtebau* in the early 1900s. The term *Städtebau* was first made popular by Joseph Stübben and Camillo Sitte around 1890, and Sutcliffe (1981) translates this into English as “the process of controlled town building or town planning” (9). One should note that building codes already existed in many major German cities by the 1880s, however (Sutcliffe, 1981,30).

During this time of new ideas on how to better organize populated places, an important theoretical background in Germany's land use planning was developed by Walter Christaller with his *Theorie der Zentralen Orte* or Central Place Theory in 1933⁷. Christaller focused his work on southern Germany, but his ideas have been modernized and applied to regional networks of places throughout Germany today. Christaller is credited with quantitatively offering an explanation to the spatial distribution of small and large places based on organized relationships and the functions of the economy (Baskin's 1966 translation of Christaller 1933, 1). Christaller used a hierarchical system of designating and describing the functions and characteristics of these different places. Functions he describes at the different levels include shopping, work, culture, colleges, services, and others (Christaller/ Baskin 1966 153-159). Lower order central places have small markets with everyday goods and wares. The highest order of central places, which Christaller called *Reichshauptstädte*

⁷Walter Christaller was translated into English in 1966 by Baskin.

(translated by Baskin as “world cities or national capitals”), was much fewer in number and provided a great variety of goods and services (1966, 157). This division of functions among the various places helps explain the ability for people from rural and urban places to procure all manner of goods and services within a reasonable distance. Naturally, Christaller’s geographic labels for his central places seem somewhat dated today, but the concept of central places remains extremely relevant. Today, the federal agencies use the Central Place Theory, as applied through the categories listed in Table 6.

Table 6. Central place categories		
German	English	Population
Oberzentrum	regional center	100,000 +
Mittelzentrum	Medium-sized center	20,000-100,000
Grundzentrum/ Unterzentrum/ Kleinzentrum	Lower center, small center	Fewer than 20,000
Source: Data adapted and translated by author from Bundesamt für Bauwesen und Raumordnung, <i>Raumordnungsbericht 2000</i> , 50		

State and regional planning often uses these categories of central places to delegate existing and allowable functions spatially within the region. For

example, sometimes very large retailers are limited to regional centers. The sharing and distribution of such functions has a number of advantages. First with respect to retail, it can be used to curb inter-city competition for retailers. Secondly, understanding the different types of central places in a region as a cooperative network could help some regions to cope with demographic changes, such as the decline in population (Bundesministerium für Verkehr, Bau und Stadtentwicklung and Bundesamt für Bauwesen und Raumordnung 2008, 77). The Organization for Economic Co-operation and Development (OECD) describes the German regional planning goal of decentralized concentration as aiming to control population settlement while avoiding negative agglomerations and securing services and provisions for people within a reasonable distance of their home - and without having to drive long distances by car (OECD 1999,44).

Retail geographers have noted both the tremendous significance of Central Place Theory, but also its shortcomings. Dawson (1980) notes the deterministic nature of the theory, which “allows no room for historical or cultural factors in the process of urban growth” (112). He suggests that new locational forces appear in large metropolitan areas, where specialization can replace Central Place Theory (113). He also questions the influence of market forces and their centrality to the theory, in a world in which there are today substantial environmental and land use regulations (112). Of course, in Germany many of the land use regulations Dawson might speak of are actually based on Central

Place Theory, but pose significant market interventions nonetheless. In summary, Dawson concludes that the theory “suffers from severe limitations in the field of retail location” (113).

Another important influence on the spatial situation of retail has been Germany’s tradition of planning and design competitions. According to Ladd (1990), a goal of the competitions between 1892 and 1914 in Munich, Berlin and Düsseldorf was to separate industrial and residential uses (230). In Berlin and Düsseldorf this also led to a call for inner-city *Geschäftsstrassen* (commercial streets) (Ladd 1990, 230), a trend that took shape quickly in other cities as well.

Many of these *Geschäftsstrassen*, especially those in the center of town, later became prominent pedestrian-only shopping zones. While there were some successful experiments in pre-World War II pedestrian shopping zones, such as Limbeckerstrasse in Essen and Schildergasse in Cologne, more were created in the 1960s and 1970s (Shaw 1977, 534). American and British interest in these German pedestrian zones is evidenced by several English-language articles published during the 1970s and several attempts to replicate them, some of which still exist today, such as in Charlottesville, Virginia.

4.1.2 Retail site planning and governmental regulation

In order to understand retail site planning in Germany, a careful review of the German land use planning system is necessary. An interesting contrast to the U.S. system involves the official role of the local Chambers of Commerce.

4.1.2.1 Role of federal, state and regional governments

The German constitutional separation of powers was laid out in the 1949 Basic Law (Grundgesetz) (Newman 1996, 60). The federal government plays something of an umbrella role in urban planning. It acts comprehensively in setting the policy goals and planning framework for the nation. One federal German agency, the Federal Ministry of Transport, Building and Urban Affairs, determines the national spatial planning law, which includes principles, goals and procedures for lower level governments to apply. Cable makes the following comparison to the U.S.:

This integrated system of transportation and land use stands in marked contrast to the U.S., where the Department of Transportation and the Housing and Urban Development Department agreed to work together on joint policy for the first time just this March. (Cable 2009, 24)

Evers (2008) summarizes the German planning system in his European comparative study of shopping center development. While mainly focusing on Europe, he does compare the German system to the U.S. as well:

...German planning may resemble that of the United States insofar as growth management (if existent) in the latter is primarily administered at the state level and carried out at the local level, with the federal government at most providing guidelines and funds for such things as infrastructure.(Evers 2008,112)

That may be one of few similarities between the federal government's role in planning in the U.S. and Germany, however. The framework provided by the German federal government is far more involved than the limited interventionist policies of the U.S. federal government, many of which deal with environmental legislation. Germany, on the contrary, has developed a national urban development policy (Nationale Stadtentwicklungspolitik), in response to the European Union Leipzig Charter. While introducing the memorandum to the federal cabinet on November 19, 2008, Minister Tiefensee stressed the importance of Germany having a united "voice" as urban development frameworks increasingly fall under the influence or control of the European Union in the future (Bundesministerium für Verkehr, Bau und Stadtentwicklung 2008). By contrast, an American national urban policy depends on the presidential administration in office. George W. Bush (2001-2009) had none, for example, while Clinton had an expansive one (1993-2001). American national policies or, more importantly, grant funding influence lower level policies, but ultimately the local land use decisions are reached at the city level. In Germany, public-private partnerships also frequently play a role in retail development, where embedded "urban regimes" sometimes make autonomous land use choices (Bahn, Potz, Hedwig, 2003). This can frequently be seen in the U.S. as well.

German planning's legal foundation is based on two federal legislative acts: the 1965 Federal Spatial Planning Act (Raumordnungsgesetz, ROG) and the 1986 Federal Building Code (Baugesetzbuch, BauGB). The ROG defines the governmental powers at different levels while the BauGB sets up the structure, procedures and outreach requirements for local planning (Evers 2008, 115). Cable notes, "It (the BauGB) is used by German planners regularly just as American city planners frequently refer to their local zoning ordinance," (Cable 2009, 25). This is an important distinction: while the BauGB is often translated as the Building Code, U.S. Building Codes simply determine standards for construction, not the development regulations. The land use development regulations are local and separate. Therefore, there is not a direct equivalent between the U.S. and German systems.

Evers cites two significant German federal policy goals: equal distribution of wealth and the preservation of central places (2008,115). Regional tax-generating inequalities are lessened by a complex tax redistribution scheme (Strom 2007, 143). Both of these goals mark a distinct contrast to U.S. federal policy, where the equal distribution of wealth would be considered extremely controversial. Likewise, U.S. central places are more difficult to define or preserve due to the legacy of suburbanization. Strom notes that tax collection and revenue-sharing are more centralized in Germany and that the German state is "far more actively interventionist (than the U.S.)" (2007, 143).

Despite the active role of the federal government, the planning system in Germany generally functions at the state level and below (Newman 1996, 60). Hemdahl (1971) looked for what the U.S. could learn from the (West) German and Swedish land use experiences, and it was the state and regional planning coordination in Germany that made an impression on him. "To an American, accustomed to urban sprawl on the outskirts of cities, the neat orientation of all activity outside the city limits is a pleasant surprise. This is due in large part to the fact that planning and land use controls do not end at the city limits, nor at the kreis (county) limits," Hemdahl noted (1971, 68). This is not to say that German state and regional planning doesn't have its challenges, but it is fair to conclude that the level of involvement generally surpasses that which is attempted in most U.S. regions. Many regional development concepts in Germany discuss ways for networks of neighboring cities to specialize and build on their competencies in a cooperative fashion. However, the extent to which such agreements become binding or contractual can be a determinant of their eventual failure or success (Bundesministerium für Verkehr, Bau und Stadtentwicklung and Bundesamt für Bauwesen und Raumordnung 2008,8). The same applies for cost-sharing arrangements.

Table 7. German planning system		
Level	Responsibility	Plan and German Acronym
Federal	Spatial Planning: Spatial development of national territory	Framework for spatial planning orientation and action, building laws (ROG & BauGB)
State	State Planning: spatial development of state on basis of spatial planning statutes	State development plan (LEP)
Regional	Establishment of regional objectives and state planning	Regional development concept (REK) and plan (GEP)
Local	Regulation of development and other uses of land in the municipality to the end of orderly spatial development	Local comprehensive plan (F-Plan) and building plan (B-Plan)

Source: Evers , 114, modified by author

4.1.2.2 Municipal planning policies and strategies

Municipal governments have a long history of land use planning in Germany, and Germany's Basic Law (Grundgesetz) delegates responsibility for urban development and planning to municipalities (Organization for Economic Development and Cooperation 1999, 38). Likewise, the major actor in retail planning in Germany is the municipal government (Heinritz, Klein, Popp, 2003.171). Like in the U.S., local elected politics influences the general policy direction for urban planning policies, including those related to retail. However, these locally-directed policies must comply with the federal building laws.

Municipal planning in Germany utilizes two main planning tools, as established by the federal framework. The preparatory land-use plan, the *Flächennutzungsplan* or *F-Plan*, could be compared to “a cross between an American comprehensive plan and a zoning plan” (Cable 2009, 25). Much like the U.S. Comprehensive Plan, the *F-plan* is usually completed or updated every 10 to 15 years, and it must meet state and regional planning policies. Secondly, the *Bebauungsplan* or *B-Plan* is a smaller-scale legally binding land use plan. Falling under the general policy and spatial provisions of the *F-Plan*, the *B-Plan* specifies zoning requirements at the lot level and provides a site plan (Cable 2009, 25). In the U.S. system, the *B-Plan* may be loosely compared to a very detailed subarea plan. It is important to note that a *B-Plan* may not always be in place for a given lot, or that the *B-Plan* may be severely outdated. This poses an administrative challenge sometimes to German municipal governments when property owners, developers, or large retailers seek to take advantage of outdated plans. During the author’s work at the City of Trier, for example, the city undertook an internal legal analysis of the actual allowances under these outdated *B-Plans* and discovered myriad threats to the overarching planning goals of the city. However, the work involved in updating all of the plans in short order was beyond the administrative abilities of their staff.

Many German cities and towns have an *Einzelhandelskonzept*, or retail planning concept, which is the overarching policy framework for retail development in a city. Such a concept generally includes substantial analysis of

the past and present retail climate, background information on the downtown and neighborhoods, statements about different retail formats present in the city (i.e. small scale, big box), information about sales leakage to other cities, and the city's goals for further retail development. Most importantly for legal purposes, retail planning concepts spatially identify downtown and neighborhood shopping areas, or "centers" (Osterhage, F.2006). These spatially-defined areas are often developed further into designated central areas for provisions *Zentrale Versorgungsbereiche*. Defined through the intent of the federal building code and applied in court cases, "central areas for provisions" are spatially demarcated, established downtown and neighborhood central areas for retail and services (Bundesverwaltungsgericht 2007). Such areas must exhibit a mix of retailers and a catchment area for customers that come from beyond the main shopping area, such as a neighborhood or several neighborhoods that are served by a given retail area (Bunzel et.al. 2009, 213).

The central areas for provisions are a critical tool for directing retail development in Germany. These areas are deemed worthy of protection and new retailers generally need to locate within them. Retail developments that would seem acceptable in unplanned areas or parts of cities with older zoning language may be turned down if they would cause negative impacts on designated central areas of provisions (Gerend 2009, 45). While this terminology is not new, the planning enabling laws in this area were strengthened with the federal building

code revision in 2007. Such plans are aimed at providing municipalities with tools to protect the ability of citizens to procure goods and services in central areas.

This kind of planning encourages synergy among retailers clustered together in central areas where there is existing parking, transit, cultural and other infrastructure. Besides zoning's usual focus on size and use of a development, these areas include spatially-organized product restrictions. The categories of products to be sold within these centers are specified in a list known as *zentrenrelevant* (center-relevant) products, often based on what is known as the *Kölner Liste* (Cologne List). There are center and non-center relevant products, as well as neighborhood convenience products (also center-relevant) (Gerend 2009, 46). Specialty goods, apparel, jewelry, housewares and departments stores are typical downtown center-relevant retail types, whereas neighborhood convenience shopping such as grocery stores or pharmacies may locate in the neighborhood retail centers. "Big-box" hardware stores like Obi, a strikingly similar store to the American Home Depot, generally locate outside of the downtown in car-oriented locations. A focus on product-level restrictions allows the municipality to actively influence the attractiveness of a retail location, which according to Klein, must involve the mixing of retail branches satisfying basic demands as well as non-basic goods in order to create an attractive retail mix (1991, 101). An example of these product restrictions is provided in Table 8.

Table 8. Typical German municipal spatial product restrictions		
Center-Relevant	Non-Center-Relevant	Neighborhood Convenience (also Center-Relevant)
Books Apparel, shoes House wares Toys Hobby supplies Sporting goods Musical instruments Household appliances Eyeglasses Jewelry Computers, software	Bicycles Camping goods Furniture Garden tools Hardware, building supplies Nursery goods Pet supplies Erotic (adult) goods Car supplies Mattresses Office appliances	Bakery goods Butcher products Groceries, beverages Flowers Drug store products Perfume, cosmetics News, magazines Office supplies
Source: adapted from Bunzel et.al. 2009, 238-239		

The completion of a legally-safeguarded retail concept with demarcated central areas of provision requires a substantial amount of time, however, and

ultimately its incorporation into the local zoning code or existing building plans (*Bebauungsplan*). The extent to which German municipalities have some or all of the aforementioned plans in place varies widely. Many have a retail planning concept, but not the central areas for provisions formalized. A survey of municipalities in the state of North Rhein Westfalia (Nordrhein-Westfalen) was undertaken by Osterhage in 2005-2006. Roughly half of the state's municipalities already had a retail planning concept (*Einzelhandels- und Zentrenkonzept*) (Osterhage 2006, 5). The extent to which municipalities had planned on the topic of retail corresponded generally with size. All of the responding cities with a population of 100,000 had such a plan, while only 22 percent of municipalities with a population under 10,000 had a plan (Osterhage 2006, 5-6).

More recently, many cities appear to be in the process of revamping their retail planning concepts to include precise designations of central areas for provisions. Dr. Arno Bunzel at the German Institute for Urban Affairs in Berlin follows retail development planning in Germany and recently co-authored a guide for municipalities drafting their own plans (Bunzel et al. 2009). While the expert is not aware of an empirical survey of the number of cities with central areas for provisions plans, he can confirm that “there are an increasing number of cities conceptualizing their plans” (GER_1).

4.1.2.3 Policies focusing on “big-box” retail

While many U.S. planning and policy tools specifically focus on limiting big-box store development (or even overtly keeping Wal-Mart out), the German planning system typically takes a more involved and holistic approach to shaping their retail environment. It should be acknowledged that there are many different outlooks on large -format and big-box retail in Germany. While the federal planning framework provides a specific way of addressing large-scale retail (see 2.1.2.2 Retail format classifications), the local governments must still craft their own policies on how they will apply the available planning tools. Even internally in municipal agencies there can be altering viewpoints here. Heinritz, Klein and Popp (2003) use the example of a proposed shopping center development along the greenfields. City planners could see this as a threat, while economic development colleagues might support the project in light of the jobs and revenues created (Heinritz, Klein and Popp 2003, 178).

A great deal of concern in recent years at the municipal level has focused on the provision of daily goods near home (*Nahversorgung*) and the significant changes that have taken place in the grocery store industry, in particular. Junker and Kühn (2006) describe how many grocery stores have opened in larger, decentralized, auto-oriented locations, leaving the traditional integrated neighborhood retail hubs unable to cope with the changes (10). Likewise, the prevalence of discounters has left some neighborhoods with a poor overall

selection of goods, since discounters do not typically offer everything that a full grocery store would, yet the discounter takes a significant market share from the traditional grocery stores. Therefore, Junker and Kühn (2006) conclude that if city officials want to (and believe they even *can*) take policy and regulatory action against such trends, cities would be wise to first undertake extremely nuanced studies of neighborhood centers and the actual selection of goods available (11). Store size and type alone do not approximate an understanding of the retail structure. However, they also conclude that city governments do have a sufficient planning “toolbox” with which to act, if they choose (11). Essential to such action would be: a retail planning concept, the use of available building law instruments, proactive development concepts for central areas for provisions, and inter-municipal cooperation (11, 102).

Whatever the case, one city’s policies towards big-box and other large-scale retailers will be tempered by the regional planning policies and potential impacts felt by neighboring cities and towns.

4.1.2.4 Policies focusing on small, independent retail

While the provision of equal living conditions is considered a governmental responsibility, a more active role in the market for small-scale provisions has not generally been taken up by local municipalities (Vogels and Karg 2003, 5). The concern generally revolves around retail in villages or small neighborhood centers where *Tante Emma* (mom n’ pop) stores historically supplied locals with

daily necessities, but have since mostly given up. A variety of federal and state incentives exist for new business start-ups, but they do not necessarily work themselves down to such specific needs in local towns and cities. In the future, according to the Vogels and Karg (2003), municipalities will have to decide whether the supply of basic provisions is a municipal obligation in which to become involved (5).

4.1.2.5 Role of the German Chambers of Industry and Commerce

While organized business interests in Germany do not play the leading role they do in American cities (Strom 2007, 150), the German Chambers of Industry and Commerce have certain formalized roles in some land use processes that are not found in the U.S.. One might argue that individual business interests and special interest groups in the U.S. wield tremendous influence over local planning issues, while German business interests are represented collectively as an association by the trained professionals at the Chambers of Industry and Commerce. Moreover, membership in the German Chamber of Industry and Commerce network is mandatory, much like a business tax. There is national headquarters office for the German Chamber of Industry and Commerce in Berlin and regional offices in most major cities. At each of these regional offices, there is typically a staff member assigned to following local land use issues, and the Chamber of Industry and Commerce is a formal part of the outreach and comment process for proposed large new retail developments.

Therefore, for each of the following case studies in Germany, the local Chamber of Industry and Commerce was interviewed.

4.2 German case studies

Table 9. German case study cities	2008 Population
Altenburg, Germany	36,000
Trier, Germany	104,600
Regensburg, Germany	133,500
Source: Statistisches Bundesamt, Statistisches Jahrbuch 2010	

Figure 22. Map of German case study cities

Source: author



4.2.1 Selection criteria

This dissertation seeks to understand average small and medium-sized cities' goals and struggles in planning their retail development - cities with mixed reputations, backgrounds and economies. Rather than seek a definition of small to medium sized cities for this case study research, certain factors were roughly matched between the six total German and U.S. case studies cities, as first described in 3.2.1 Selection criteria. For review, these factors were population

size, the presence of a historic downtown/ city center retail structure, location (including one U.S. and one German city with interesting border-related retail issues, and the economic conditions (generally speaking, neither robust nor depressed). In Germany, two of the case study cities are situated in former West Germany (Trier and Regensburg), and one lies in the former East (Altenburg). Altenburg was chosen because of its proximity to Leipzig and Dresden, arguably the region of former East Germany with the strongest economic recovery. As such, Altenburg's unique history as part of former East Germany is considered in this research, yet the economic conditions present today do not overly differentiate it from many of its western counterparts.

While all six case study cities are thoroughly examined, a more detailed analysis of the retail environment was completed in one U.S. case study city (Tacoma) and one German case study city (Regensburg). These two cities are one of the loose pairings among the six, and strong data was supplied by the respective municipal governments for mapping purposes. Expanded GIS mapping was therefore completed for these cities.

4.2.2 Trier

The historic Roman City of Trier had a population of 104, 600 persons in 2008 (Statistisches Bundesamt Deutschland 2010). It is situated in the state of *Rhineland Pfalz* or Rhineland-Palatinate along the Moselle River. Trier lies roughly 100km southwest of Koblenz and 80 km northwest of Saarbrücken. The closest major city to Trier is actually Luxembourg, approximately 50km to the southwest. Accordingly, Trier shares a strong regional culture and trade with Luxembourg, Belgium and France.

Trier is considered a regional center on the German side. It is known for its wine industry, its historic assets and tourism, and its functions as a regional hub for shopping, commerce, healthcare and education. The Catholic Church is also a notable property owner and administrative presence in Trier.

4.2.2.1 Background regarding the Luxembourg border

The proximity to Luxembourg has grown in importance since the inception of the European Union. Trierers and Luxembourgers effortlessly pass back and forth across the national borders for work, leisure, and mostly importantly for this research, shopping. The Trier 2010 Retail Concept analyzed to what extent Luxembourgers shop in Trier – and for which items. Clothing stores in Trier were the major draw: 18% of Luxembourgers shopped mainly in Trier for clothing, 55% shop in Trier for clothing and 27% did not shop in Trier for clothing (Stadt Trier

2005). Book stores in Trier were also a draw for German-speaking Luxembourgers. According to the retail analysis consultants from CIMA who were contracted for the Trier study, they concluded that the future of their competitive retail position relied upon continuing to attract Luxembourgers and other shoppers from far away (Stadt Trier 2005).

The same consulting firm CIMA and lead consultant Michael Karutz also completed the Retail Concept for the City of Luxembourg. In their plan, Trier is acknowledged as the main competitor for harnessing purchasing power (City of Luxembourg 2010, 31). The retail centrality index or *Einzelhandelszentralität* measures the ability of a city to capture retail spending. The City of Luxembourg held a retail centrality index of 83, while Trier came in at 232 (City of Luxembourg 2010, 36).

Figure 23. Trier, Germany and Luxembourg border

Source: author



4.2.2.2 Major planning documents and sources

The City of Trier municipal government has two agencies with significant roles around retail development: The *Amt für Stadtentwicklung* (Department of Urban Development) and the *Stadtplanungsamt* (Department of City Planning). In general, the Department of Urban Development manages the conceptual development of plans and policies around retail, while the Department of City Planning implements the land use planning aspects. Both agencies were interviewed for this research. It should be noted that the author was under the employment of the former from 2007-2008 as *Projektleiterin* (project leader). The two agencies cooperate more or less; their working relationship is somewhat complicated by the municipal organization structure. Each department director reports to a different supervisor: the Mayor and the separately elected *Baudezernat* or Building Director.

Nonetheless, the agencies strive to join forces around retail issues, and information was gathered from both agencies for this research. Both agencies are active in the *Runder Tisch Einzelhandel* (the Retail Working Group). The Retail Working Group consists of major stakeholders in the retail area, such as representation from the local Chamber of Commerce, the Trier Department for Economic Development, the downtown merchants association, the retailers association, the City Council and others. The Retail Working Group, coordinated

by the Department for Urban Development, guided the process of creating the Trier *Einzelhandelskonzept* (Retail Planning Concept). The current version of the Retail Planning Concept was approved by the City Council in 2005, and there have been updates to some of the analysis since then. The Retail Working Group continues to meet as well. The Trier Chamber of Industry and Commerce is particularly active on retail issues, not only taking their role in developing position statements quite seriously but also authoring their own analysis and position papers on various topics. As such, the appropriate expert there was interviewed via telephone for this research, and the Chamber of Industry and Commerce position statements were reviewed. Kemper's, a Jones Lang La Salle company, donated their *2009 City Profile* analysis, which they complete annually for major German cities.

4.2.2.3 Major retail areas

City Center

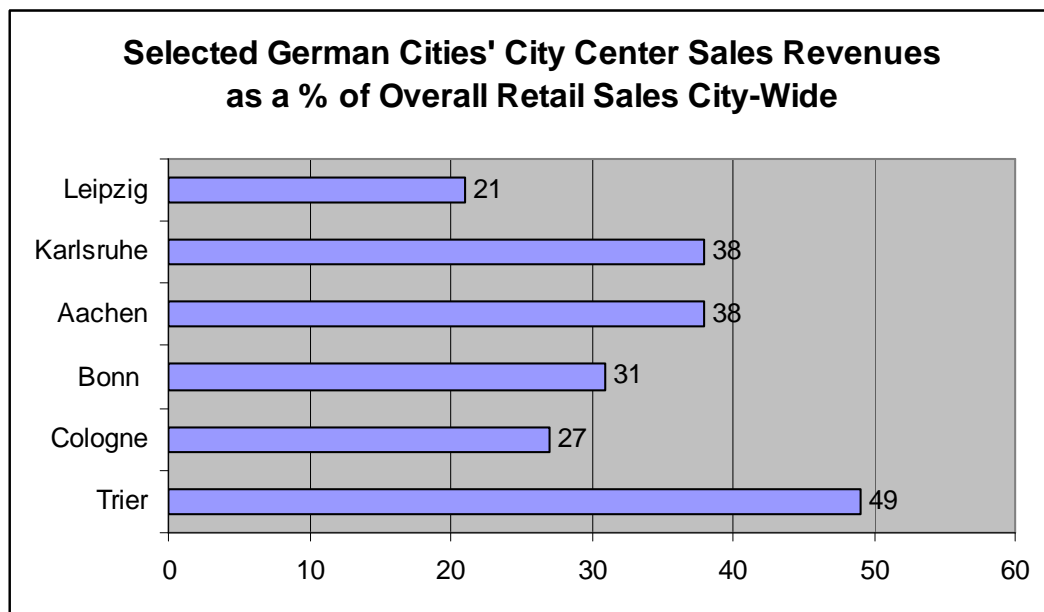
The heart of Trier's shopping scene is the historic city center. Home to a large pedestrian zone and several market squares, the retail mix consists of major national and international chains as well as independent retail and a thriving restaurant scene. In 2008 an enclosed mall, *the Galerie Trier*, was opened amidst the pedestrian zone as an infill redevelopment project. The

addition of the mall was somewhat controversial, and its impacts are not yet fully understood.

The city center or *Innenstadt* supplied forty-nine percent of the city's retail sales revenues, and the historic center consists of approximately 150,000 sq.m. of retail space (City of Luxembourg 2010, 30-31).

Figure 24. City center sales revenues in Germany

Source: City of Luxembourg 2010



Neighborhood Centers

Many of the neighborhood retail areas lie in the heart of neighborhoods that were once independent villages, such as Ehrang. Some have quite intact,

traditional local convenience retail. Others have developed more of a theme, such as the part of town known for wine - Olevig. Some of the neighborhood centers struggle to maintain the traditional small retailers while discounters situate themselves nearby and draw away their customers. Trier West, for example, has become dominated by large-scale and discount retail.

The number and title of the neighborhood centers has varied between different versions of the Retail Concept, as described in the second volume of the Retail Concept (Stadt Trier 2004, 8-9). In 1997, the neighborhood centers were: Ehrang, Pfalzel, Biewer, Trier-West, Euren, Ruwer, Alt-Kürenz, Matthias, Neu-Heiligkreuz, Mariahof, and Tarforst (im Treff). With the revisions under the 2010 Retail Concept, the neighborhood centers of Feyen, Irsch and Tarforster Höhe were defined (Stadt Trier 2004, 9-10). The refinement of these neighborhood centers continues today with respect to the establishment of neighborhood centers for provisions.

Figure 25. Map of Trier city center and major retail areas

Source: author



4.2.2.4 Current planning policies and tools

At the time of this research the major priorities in retail planning for the City of Trier's Department of Urban Development were updating the retail planning concept, developing designations for central areas for provisions, and initiating two pilot Business Improvement Districts, (TR_3). A division leader in Trier's Department of City Planning, echoed the urgency to incorporate central areas for provisions (TR_1). A need was expressed for concrete legal reasons why retailers that did not fit with their planning goals could be turned away, such as large-scale and big-box retailers (TR_1). "It has to do with planning and building law," one staff person said, citing the central areas for provisions designations as a good legal solution (TR_1). Since then, the City of Trier has begun to incorporate the legal establishment of central areas for provisions into their updated building plans, such as *Bebauungsplan 48* dealing with Trier-West (Stadt Trier 2011), but no complete central areas for provisions plan had been implemented as of September, 2011.

Another component to the review system of proposed new large-scale retail developments is the involvement of the local Chamber of Industry and Commerce in offering their position statements. This often has to do with large discounters or big-box retail chains that would like to develop a new location. The local expert who is responsible for *Standortpolitik* (local site/ development policy) at the Trier Chamber of Industry and Commerce, said, "We frequently

submit very negative position statements, at least half of them” (TR_2). Some of these position statements address proposed developments in neighboring municipalities that could have negative impacts on the Trier retail environment, such as a shopping center that was developed in Saarburg. (In the end, they compromised on a smaller-scale center.) The expert added, “This is why we believe a regional retail planning concept is needed” (TR_2). Even if a regional planning concept were implemented in a legally-binding fashion, it is unlikely that Luxembourg would be part of the venture. The expert mentioned that a very large new mall has been discussed in Luxembourg, which could prove disastrous for Trier, yet there is no formal way for their concerns to be addressed.

Closer to home, one of the more controversial developments in Trier was the opening of the *Trier Galerie* in 2008, an enclosed shopping mall in the heart of the downtown pedestrian zone with approximately 15,000 sq.m of retail space and seventy stores. University of Trier geography student Anne Rühl completed her *Diplomarbeit* (diploma thesis) on the subject. Rühl completed shopper surveys and pedestrian counts to consider the impacts of the new mall. From her surveys, she found that shoppers were generally underwhelmed by the new mall. She wrote, “From the perspective of visitors, the *Galerie* has more weaknesses than strengths,” (Rühl 203). She found that under half of those questioned were “fully satisfied or partly satisfied”(Rühl 221). Rühl concluded that the *Trier Galerie* was not dominating the city center, but that it also did not

contribute positively in diversifying the functions and offerings of the city center (238). One of the Trier governmental officials, too, acknowledged that the Trier Galerie was always controversial and that it maybe has not turned out so well, but “it is in an integrated location” (TR_1). The Chamber of Industry and Commerce is neutral toward specific new formats in general, but the location of these formats is of greater concern to them: “Twenty years ago and the *Trier Galerie* might have been put on a greenfield site. No matter what you say about its format, we steered it into the city center,” (TR_2).

One concern about the Trier Galerie (see Figure 22) was that it would contribute toward the city center feeling very *filialisert* (formula-store driven). The subject of expressly supporting independent retail is a tricky one, however. The city officials interviewed didn’t believe that any incentives for independent retail would be possible (TR_2, TR_3). Rather, one can only work to protect independent retail environments through the legal planning tools provided (TR_2). Likewise, the Chamber of Industry and Commerce said that they can’t provide any special support to independent retailers as a category, but that the Chamber does provide a great deal of small business advice in general: “There are no *good* or *bad* stores, but independent retail does contribute positively to the retail mix” (TR_2).

Perhaps the Department of Urban Development’s experiments with Business Improvement Districts (BIDs) in Trier can also help support the

environment for independent retailers without overtly subsidizing them as a class of business. Indeed, the two areas chosen to be pilot projects, Paulinstrasse and Saarstrasse, are mainly home to independent retailers and neighborhood level provisions. Paulinstrasse is in the North Trier area and has been struggling to remain relevant as a shopping area. The number of retailers along Paulinstrasse has fallen from 51 in 2006 to 41 in 2010. Likewise, the amount of retail space dropped from 9,500 sq.m. to around 7,500 sq.m. during the same time period. The current vacancy rate hovers around 23 percent. Along Saarstrasse in South Trier, the number of retailer also fell from 45 to 31. The amount of retail space sank from 8,530 sq. m. to about 7,900 sq m., with a current vacancy rate of 14 percent. It will be interesting to see how the Trier BIDs, as strictly voluntary associations, are able to address the conditions along these shopping streets. (Stadt Trier Amt für Stadtentwicklung 2011)

As for future possible concerns ahead in Trier, the nationwide crisis for department stores was mentioned (TR_3). Department stores frequently hold key city center locations that can create a gaping hole when vacated. "Cities will have to take a chance and actively help find new uses for these sites," one city staff person said (TR_3). Whether any of the developments mentioned here, from the *Trier Galerie* to potential new developments in Luxembourg, could have such an effect on Trier's many department stores (two Kaufhofs, C&A, Karstadt and the local Modehaus Marx - just to name a few) remains to be seen.

But the city center thus far has proved itself to be resilient at absorbing new trends and formats.

Figure 26. New city center mall, Trier Galerie

Source: author



Figure 27: Trier main market square in city center

Source: author



4.2.3 Altenburg

Altenburg is a small city with 36,000 inhabitants in 2008 (Statistisches Bundesamt Deutschland 2010), down from 37,200 in 2006. In 1990, following the fall of the Berlin Wall in 1989, the population was reported to be 48,926 (Schader Stiftung 2004). Roughly 45 km from Leipzig, this area in the German state of *Thüringen* (Thuringia) was formerly part of East Germany.

The first official recorded mention of Altenburg as a place occurred in the year 976 by Kaiser Otto II, and the city received its legal status in the year 1256 (Stadt Altenburg 2008, 1). In more modern times, Altenburg has been known for the production of playing cards, as well as a strong agricultural industry. Mining has also been an important source of employment over the years, though somewhat less so today.

There is a well-preserved Baroque castle in the city center, a theater, and pedestrian shopping zone. The city center consists mainly of historic mixed-use buildings, many with retail on the ground floor and three or four stories of housing above. One can observe varying stages of preservation and maintenance. According to Central Place Theory and contemporary classifications, the City of Altenburg is considered a *Mittelzentrum mit Teilfunktionen eines Oberzentrums* (medium-sized center with some of the functions of a regional center).

Since reunification, Thuringia and Altenburg have fared better than some parts of former East Germany. Nonetheless, many of the challenges are the same: buildings in need of repair and restoration, population loss, and a labor pool in need of training and job placement. In June, 2009 the unemployment rate was 16.9% (Stadt Altenburg). Still, much has also been achieved: historic preservation projects, strong economic development programs and incentives, infrastructure improvements, new mainly “western” capital investment, as well as local business success stories (i.e. Altenburg mustard and goat cheese).

4.2.3.1 Related background regarding East German past

Altenburg as a former East German small city has a special history that is key in understanding the present-day retail environment. The consumer experience in East Germany was notorious for a lack in product selection and the general inadequacy of retail offerings. Beyond these inconveniences, however, the East German era had something of a preservationist effect on the protection of traditional retail shopping forms. Unlike the modern changes in retail formats that took place in West Germany, decentralized and auto-oriented retail did not exist in the former East Germany (Heinritz, Schröder, 2000, 11).

The planning of any new retail space followed a national agency directive, the “Prinzip des gestuften konzentrischen Aufbaus” (principle of concentrated development in steps). This created spatial production distinctions among long-term, mid-term and daily provisions. In reality, however, this system

was rarely implemented as envisioned (Heinritz, Schröder, 2000, 12). When new housing was developed under the typical *Plattenbau* form, convenience retail with necessary daily provisions was generally included in the development – mainly socialist shopping halls with food and drug items. However, there was generally an inadequate amount of retail in these areas, which left shoppers to go to other neighborhood centers.

In a study of nearby Dresden, it was noted that the historic districts developed seemed to fare better in some ways (Pütz 2000). The few private business owners generally rented small shops in the older, historic areas, which were popular with consumers who were unable to find niche products in the socialist shopping halls in the *Plattenbau* developments (Pütz 2000, 12). In turn, some of these historic shopping streets became known as a good place to browse during East German times. In the post-Wall era, however, this led to even wider disparities between the historic districts and the large socialist residential areas. Pütz observed aggressive retail development and growth in these *Plattenbau* areas, mainly through large-scale chain retail and somewhat stagnant conditions in the historic districts (2000, 14). The availability of space for development and the demand for retail provisions in these *Plattenbau* areas attracted western investors to the development of chain large-scale retail.

Table 10. Reasons for development disparities between historic neighborhood centers and large residential (<i>Plattenbau</i>) districts in East German large cities after 1989	
Historic Neighborhood Centers	New Large Residential <i>Plattenbau</i> Districts
Retail Development Drawbacks in Historic Neighborhood Centers	Retail Successes in Shopping Centers in Large Residential Districts
Space limitations for new development	Open space available, quick development process
Limited existing retail space, unsuitable space, or unattractive structures	High population density, yet inadequate existing retail
High vacancy rates in peripheral locations	One-stop shopping in covered centers
Unclear building ownership, multiple properties	Ownership already clarified, uncomplicated planning process, generally no historic district requirements
Complicated planning process, high cost historic preservation and modernization requirements	Long-term leases, to some extent with competition clauses
Poor car accessibility	Good access to arterial roads
Paid parking options with limited acceptance	Abundant free parking
Lack of feasible development concepts or district marketing among multiple individual interests	Center management, including amenities such as synchronized open hours, security, retail mix controls
Source: Pütz in Heinritz, Schröder (2000, 23), summarization and translation by author	

4.2.3.2 Major planning documents and sources

The Altenburg city government produces a number of informational reports, brochures and websites. The city's Economic Development Department is responsible for a data-oriented website intended to help drive investment (<http://www.investor-altenburg.de>), which provided detailed information on the local economy, demographics, businesses and real estate for this research. Under contract with the city government, the consulting firm GMA produced a *Branchen und Standort Konzept für den Einzelhandel und das Ladenhandwerk in der Stadt Altenburg* (Branch and site concept for retail trades in the city of Altenburg) in 2002, which the city is in the process of updating and revising. On a regional level, the local Chamber of Commerce follows the national Chamber of Commerce retail development position paper from Berlin (Deutsche Industrie- und Handelskammer 2008), which may be seen as a framework under which more specific positions on individual development proposals are crafted.

A research visit was conducted in July, 2009, during which major retail areas were visited and photographed. Field notes were taken on the retail mix, balance between chain and independent retail, and notable vacancies. An in-person interview was conducted with the Director for Economic Development (ALT_2). Informal conversations were also held with local residents for contextual information about shopping habits and comparisons to the shopping

environment under the East German regime. The local Chamber of Industry and Commerce was also consulted via e-mail (ALT_1).

4.2.3.3 Major Retail Areas

The entire city of Altenburg contained 331 retailers and 58,090 square meters of retail sales area in 2002 (Bauer and Bickert 2003, 3).

Historic City Center

The historic *Innenstadt* (center/ downtown) is the heart of the city and its retail development goals. During the East German era in 1976, the main market square became a pedestrian zone (Altenburg Tourism 2011).

In 2002, the downtown comprised 15, 335 sq. m. or 26% of the city's total retail sales area, according to Bauer and Bickert (2003). It is currently home to restaurants and cafes, independent boutiques, and a small number of familiar chain retailers such as *Müller* and *McPapier*. This area also consists of a major redevelopment site that the city is marketing to investors, the *Areal am Topfmarkt*.

More recently, in 2011 City of Altenburg staff conducted a survey of city center merchants around parking and Sunday open hours. The questionnaire was supplied to 194 merchants; this represents perhaps the most recent estimate of the number of city center retailers. As for the results, merchants

indicated a need for more parking spaces as well as extended open hours on Sundays until 4p.m. (Stadt Altenburg 2011).

Neighborhood centers

The neighborhood centers consist of mainly convenience retail with everyday sorts of grocery and drug store items. These centers include: *Nord (North)*, *Bahnhof Center* (Train Station Center), *Käthe-Kollwitz-Straße* (Käthe Kollwitz Street), *Nordplatz* (Northern Square), and *Südost* (Southeast).

Unintegrated areas

There are also diverse decentralized areas with retail, which included about 20 retailers and 20% of the retail sales area in 2002 (Bauer and Bickert 2003).

Figure 28. Map of Altenburg city center and nearby retail areas

Source: author, ESRI map data



Figure 29. Altenburg city center

Source: author



4.2.3.4 Current retail policy and tools

The City of Altenburg's retail policies, current issues and planning tools were discussed with the Economic Development Director (ALT_2). Evident throughout the interview was an unmistakable commitment to the revitalization of the *Innenstadt*, which historically played a more significant role as a place for retail during the East German regime than it does today for several reasons (ALT_2). It was where the major department stores were located, there was less competition from other retail areas, and several of today's neighborhood retail centers did not even exist yet. Transportation choices played a role as well because fewer East German residents owned cars than they do now. However,

today's car ownership rates make "borders disappear" (ALT_2), which increases competition in the region. Most residents don't strongly consider whether to shop in Altenburg or nearby Nobitz, for example, if they are aiming for car-convenience. Another ongoing challenge in the *Innenstadt* leftover from the legacy of the East German era is the property ownership. There are many absentee landlords from the west who purchased prime real estate after reunification (ALT_2). This can hinder communication with property owners who ultimately make the critical choices about tenants, such as whether to rent to a 1 Euro shop or wait for something more desirable for the entire area. The government official interview partner explained, "Property owners can only decide for themselves, but they have a responsibility to question whether it is their only tenant option," (ALT_2).

Despite these challenges, city officials seem dedicated to using the available planning tools and economic development strategies to strengthen the downtown in a number of ways. First, they are strongly limiting decentralized retail development that could harm the *Innenstadt*. "We don't want retail anymore along the periphery, although the interest [among developers] is certainly there" (ALT_2). Along these lines, they are in the process of designating *Zentrale Versorgungsbereiche* as part of their revisions to the Bauer and Bickert (Gesellschaft für Markt-und Absatzforschung) study from 2002 and, increasingly, planning with neighboring municipalities.

The expert responsible for local site/ development policies for the area Chamber of Industry and Commerce says that they rarely see requests for position statements on potential developments that could be problematic, but that they generally watch out for potential purchase power losses or shifts from new developments (ALT_1). The Chamber would like to see a comprehensive regional retail planning concept to help prevent negative competition among the municipalities and harmful developments (ALT_1).

Secondly, city officials are acting as a *Kontaktbörse* (marketplace for contacts) by linking property owners, investors and entrepreneurs to resources and opportunities. On a small scale, city staff refers entrepreneurs to the state government incentive programs through *Thuringen Invest*, which offers special financing programs and capital contributions for entrepreneurs.

On a somewhat larger scale, city staff persons are actively marketing key developable sites in the *Innenstadt* to investors, such as the *Areal am Topfmarkt* (the site at the pot and pans market). For several years there has been a heated discussion about balancing the level of historic preservation that should be associated with reuse/ redevelopment of the already built-up site and the financial feasibility of preservation for the developer. A large-scale grocer such as *Konsum* would be preferred as an anchor tenant in the project, along with likely office uses (ALT_2). As of July, 2009, the *Städtische Wohnungsgesellschaft Altenburg mbH* (city housing organization) was charged

with undertaking the planning study for the site. The controversy around this site exemplifies a rift in thinking among the locals who, on one hand, believe that Altenburg should be “carefully protected as an historic place” and, on the other hand, would like to see “each generation leave its mark behind,” (ALT_2). Similar controversy previously erupted around the development of *Müller* on the main square years ago, a comparison drawn by TV Altenburg in “Zankapfel Areal am Topfmarkt” (TV Altenburg 2009).

This particular redevelopment controversy is likely to be emblematic of future planning challenges. While the former East German era provided Altenburg with the mixed blessing of a well-preserved (or largely untouched) historic built environment, it will be interesting to see how the next generation continues to shape the city to allow for contemporary uses and formats.

4.2.4 Regensburg

The City of Regensburg had a population of 133,500 persons in 2008 (Statistisches Bundesamt Deutschland 2010). It is located in the state of *Bayern* (Bavaria) along the Danube River. According to Central Place Theory and contemporary classifications, the City of Regensburg is considered a regional center in the *Oberphalz* or Upper Palatinate part of eastern Bavaria.

Historically, there were known settlements along the Danube as far back as the Stone Ages. The Danube provided strategic advantages during the Roman age, the city further developed and flourished during the 12th and 13th centuries as a river-oriented trading post (Stadt Regensburg). Today, the Danube serves as a water transportation option and electric power generation source, but perhaps more importantly as a scenic backdrop for the visitors and residents who enjoy the riverside trails, beer gardens and cafes. The built environment of Regensburg consists of historic and modern architecture, a significant town center and various nodes of activity around the city that are oriented to pedestrians and/or mass transit or automobiles.

In 2000, Regensburg had more jobs than residents. Roughly two thirds of those who are employed in Regensburg commute from outside of the city (Sedlmeier, Vossen and Karl 2006, 18). Moreover, retail accounted for over 12,000 positions in 2009 (Stadt Regensburg 2009, Vorwort).

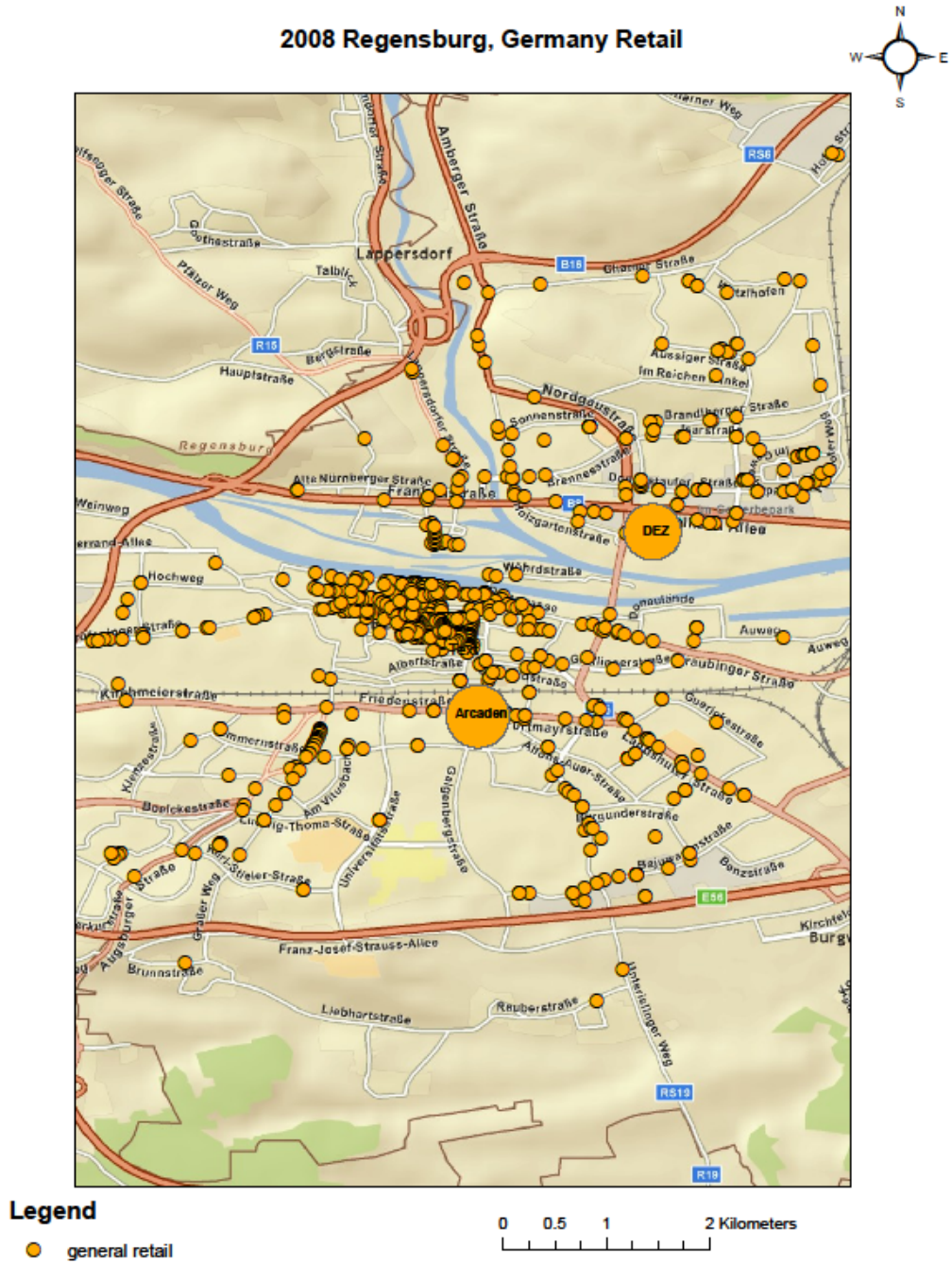
4.2.4.1 Major planning documents and sources

In 2006, the Regensburg municipal government released a *Stadtatlas* or City Atlas with detailed information about the city's background, demographics, geography, economy and urban planning (Sedlmeier, Vossen and Maag 2006). More specifically regarding retail, Regensburg also has a policy document entitled the *Rahmenkonzept für die Entwicklung des Einzelhandels in Regensburg* (the Regensburg Retail Development Framework) (Sedlmeier, 1997), which was undergoing an update during the time of the author's visit in July, 2009. As part of its update, impacted trade associations, interest groups and the University of Regensburg were involved. It was since completed and approved in October, 2009. The current document is titled *Rahmenkonzept für die Entwicklung des Einzelhandels in Regensburg bis 2020* (Stadt Regensburg 2009).

Major retail areas were visited and photographed during the author's research visit. Field notes were taken on the retail mix, balance between chain and independent retail, notable vacancies, and connectivity for different modes of transportation. The Director of the Regensburg Department of Urban Development was interviewed (REG_2) and additional materials were procured. This visit also led to subsequent follow-up communications with additional contacts, such as the local Chamber of Industry and Commerce (REG_1).

Figure 30: Spatial display of major retail areas in Regensburg

Source: author, data from City of Regensburg



4.2.4.2 Major Retail Areas

Regensburg's shopping environment is comprised of three major venues: the historic center, the *Regensburg Arcaden* center at the main train station, and the older *Donau-Einkaufszentrum* (DEZ) or Donau mall on the opposite side of the river and downtown. Figure 26 shows the strong clustering of retail among these main areas. The city considers both the *Regensburg Arcaden* and the historic center or *Altstadt* to be part of the city center or *Innenstadt*. In addition, numerous smaller neighborhood centers offer groceries, drugs and other everyday sorts of necessities. There are also *Fachmarktzentren* or large-scale specialty retailers. Some of these retail sites are in "unintegrated" locations – areas relatively disconnected from existing housing and commercial developments. The city has attempted to cluster most of the large-scale specialty retail, however.

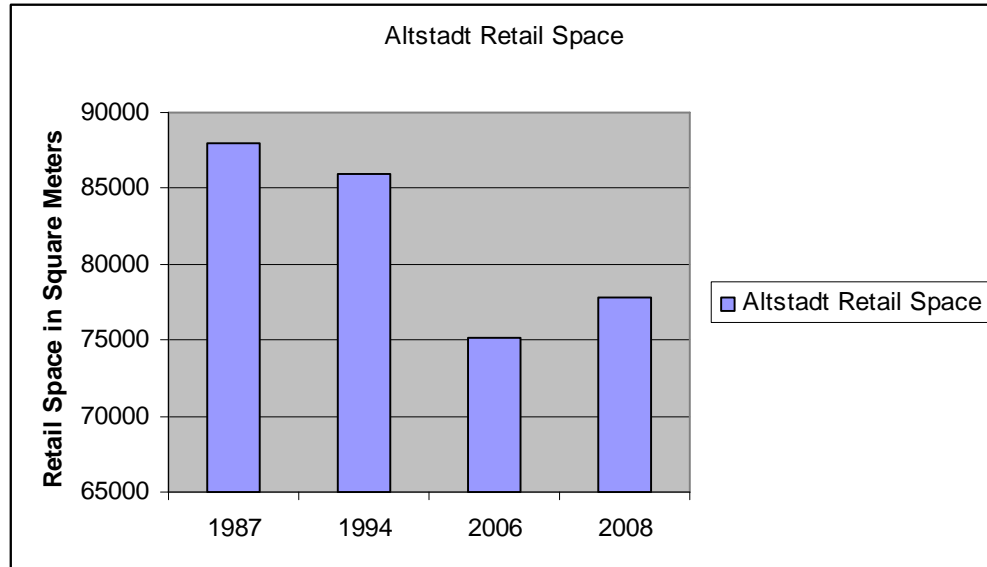
According to the 2008 analysis as part of the Retail Development Framework, approximately 1,420 retailers were counted city-wide with a total of 433,000 sq.m. of retail space (Stadt Regensburg 2009, I). In 2003, Regensburg had a total of 445,000 sq. meters of retail sales area, of which 166,000 square meters would be considered "unintegrated". According to Klein, the unintegrated "greenfield" sites had seen a significant gain in importance during the late 1990s relative to other retail locations in Regensburg (Sedlmeier, Vossen and Maag 2006,90). Between 1996 and 2008, however, retail developments in "isolated

locations” were reduced by 2,500 sq.m., and some existing unintegrated locations were eliminated (Stadt Regensburg 2009, III, 31). Still, it should be noted that a large amount of the retail sales area in Regensburg is relatively new. In 1996, the city had a total of 380,000 square meters of sales area – it gained 65,000 square meters by 2003. Roughly one third of this space arrived with the new Arcarden at the main train station.

The city’s historic center has a number of large public squares that are connected by charming little corridors and wider streets lined with retail, restaurants and cafes. Today, a large section is mainly for pedestrians. This was achieved in phases, with Kohlenmarkt and Haidplatz closing to most automobile traffic in 1986 (Sedlmeier, Vossen and Maag 2006, 72). In 1995 and 2002 adjacent streets followed suit. Streetscape improvements, such as lighting and seating, accompanied these changes. It is important to note that these pedestrian zones allow restricted automobile access for local residents, public transportation and business owners under certain conditions. In all, they have the feeling of being primarily pedestrian zones, however. The most vital parts are roughly ten minutes by foot from the main train station.

Figure 32 Retail space in the Regensburg historic center

Source: author, data from Stadt Regensburg 2009, 19



The amount of retail space in the historic center has fluctuated somewhat since 1987. As figure 27 shows, the overall amount of retail space in the historic center has fallen since 1987, yet is on the rebound since its lowest point in 2006. With 77,860 square meters, the historic center represents about 18% of the city's total retail space, down from 33% in 1987. Traditional "downtown" types of retail such as clothing stores (38% of the retail space), book stores (7%), and glass/ ceramic/gift items (7%) dominate the retail mix in the historic center. Figure 29 shows the clustering of clothing and shoes retail in the historic center as well as the two enclosed shopping malls. One of the anchors among the clothing stores is H&M, which has two other locations in Regensburg – in

the Arcaden and at the Donau-Einkaufszentrum (see figure 29). It remains to be seen whether there is enough demand long-term for all three H&M locations to thrive, and if not, which would be let go. (Stadt Regensburg 2009, 19-21)

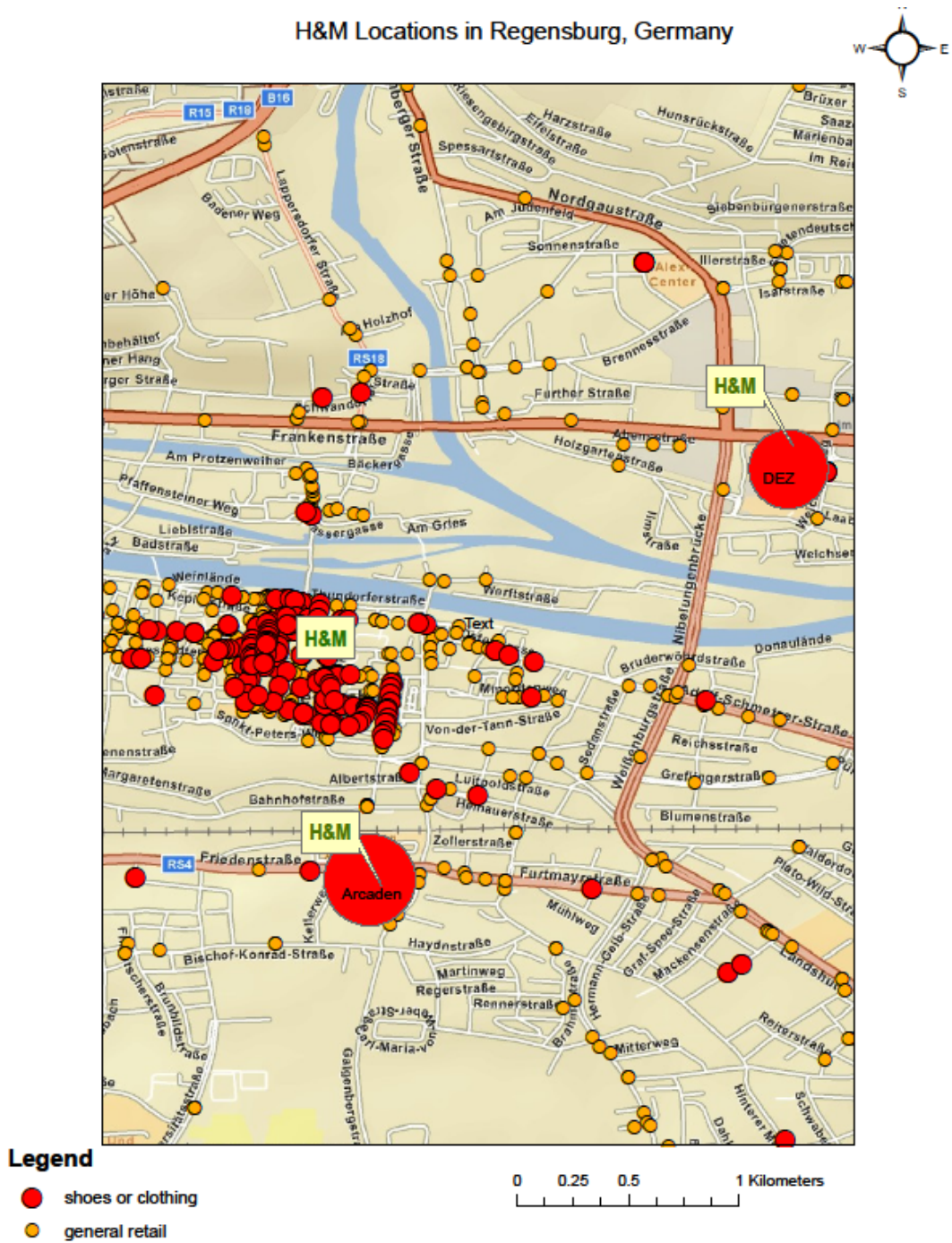
Regensburg Arcaden

The *Regensburg Arcaden* center is an example of transit-oriented retail development on former Deutsche Bahn or German Railway property. The multi-level enclosed mall is situated directly across the tracks at the main train station. As explained in Klein's contribution to the *Stadtatlas*, the center falls in line with the 1990s trend in German city planning to reinvigorate city centers. Still, the *Arcaden* center is rather separate from the historic center – approximately 420 meters or a 15 minute walk. As such, plans for the center led merchants in the historic center to organize in opposition. Developed by the shopping center giant ECE in 2002, the center has a sales area of 22,700 square meters and 73 businesses.

The retail mix in the *Arcaden* is also strikingly similar to that of the historic center, with clothing retailers utilizing 40% of the retail space. The *Arcaden* represent about 5% of the city's overall retail space. (Stadt Regensburg 2009, 21)

Figure 33. Regensburg retail 2008 with emphasis on clothing and shoes

Source: author, data from Stadt Regensburg



Donau-Einkaufszentrum (DEZ)

Built in 1967, the DEZ is an early example of an American-style mall, from its location to the architecture, in Germany. The auto-oriented DEZ is situated on the opposite side of the Danube, rather unconnected to the rest of the city. The mall has expanded numerous times since 1967; in 2005 the center held nearly 140 tenants and a sales area of 50,000 sq.m.. Free parking is a major draw too: approximately 3,600 stalls. (Sedlmeier, Vossen and Maag 2006, 88)

Clothing retailers comprised 40% of the space in 2008, followed by electronics at 10%. The center's share of retail space city-wide has diminished slightly in recent years despite the center's expansions; it represented 13% of the city's retail space in 1987 and 12% in 2008. (Stadt Regensburg 2009, 22)

Figure 34. Inside the Donau-Einkaufszentrum, Regensburg

Source: author



Figure 35. Historic city center, Regensburg

Source: author

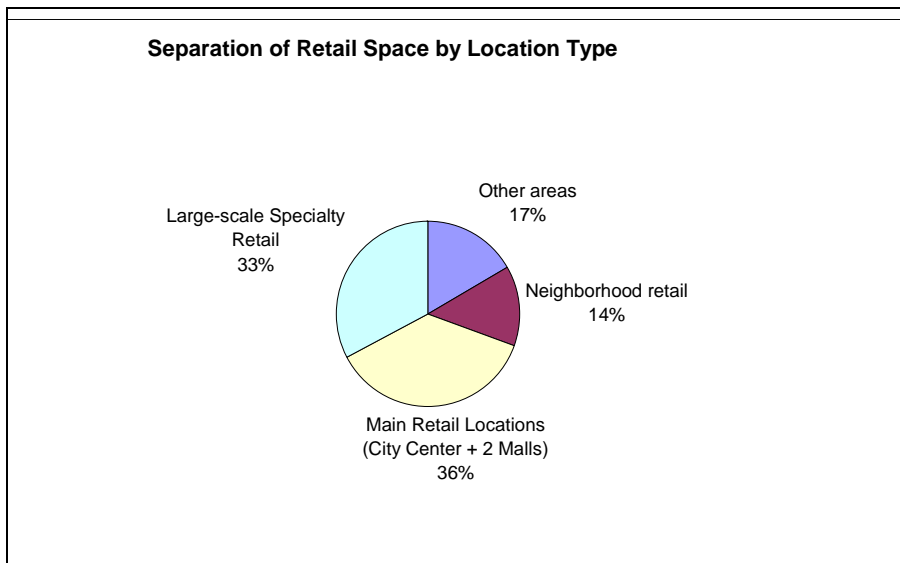


Additional Retail Areas

Large-scale specialty retailers or *Fachmärkte*, neighborhood retail, and other types of retail locations also represent a sizable share of Regensburg's retail space. As shown below, large-scale specialty retail *outside* of the city's main shopping areas comprised 33% of the city's overall retail space. Neighborhood retail represented 14% of the city's retail space and 17% of the city's retail space was for other retail.

Figure 36. Regensburg retail space in 2008

Source: Stadt Regensburg 2009, 34



4.2.4.3 Current retail policy and tools

The City of Regensburg aims to achieve a retail environment with a variety of provisions available in reasonable distance from residents' homes. The retail planning goals referenced in the Regensburg Retail Development

Framework (Sedlmeier 1997 and Stadt Regensburg 2009) revolve around a spatially hierarchical system of shopping areas with different levels of intensity and uses. At the top of this hierarchy is the historic center of the city. Likewise, the DEZ serves an important role in “relieving” the historic center and attracting shoppers from the region. The *Arcaden* had not yet been developed at the time of the first Regensburg Retail Development Framework, nor was there a goal that would have explicitly foreseen its development, but it was incorporated into the updated version in 2009. In the update, it was stated that the “goal of the development of the shopping center was to supplement the small-scale retail in the historic center” (Stadt Regensburg 2009, 21).

Already in 1997, the city aimed to limit large scale retail offering center-relevant items to a small number of sites, each with its own product concentration (Sedlmeier 1997, 13). A major goal of the retail planning today is to strengthen Regensburg’s position in the region (REG_2). Otherwise most of the overarching goals had not changed since development of the last Retail Development Framework (REG_2).

The City of Regensburg’s goal is to concentrate large-scale retailers in specialized clusters, which entails a high level of involvement on the part of the city in working with property owners and strictly controlling new retail site selections by product category (REG_2). For example, the Sulzfeldstraße area in the eastern part of Regensburg shall develop into a furniture and home

decoration cluster, which was also cited in the Regensburg Retail Development Framework (Sedlmeier1997, 19). It would seem that their clustering strategy is working. The updated Retail Development Framework found that 84% of the total 70,500 sq.m. of retail space in the Sulzfeldstraße was devoted to furniture sales (Stadt Regensburg 2009, 24).

The interview partner at the City of Regensburg has observed two trends that are currently working against each other: the sales area of stores is growing, and so is the distance that customers must travel by foot to reach shopping areas (REG_2). Accordingly, smaller neighborhood businesses are giving up (REG_2), and the major chains are coming up with concepts to meet these needs, such as the “Ums Eck” 200-300 square meter convenience store model owned by a consortium of grocery store chains.

When asked whether the city had any policies to advance small businesses, it was noted that the city, itself, may not directly reach into the competitive free market except for when the free market doesn't provide a solution to a problem (REG_2). However, a sort of example was cited in the eastern part of Regensburg where there is a workforce development program working in a retail *Bonus* store (REG_2). The use of unemployed or difficult-to-employ persons significantly lowers the cost of operations in an otherwise challenging location for retail.

The City of Regensburg uses a number of planning tools to generally thwart undesirable retail developments that would not meet their policy goals (REG_2). With the current revision of their policy framework, they designated *Zentrale Versorgungsbereiche* or central areas for provisions. Unlike the planned approach in Trier, the City of Regensburg noted that they would *not* be demarcating them at the land parcel level. Rather, they intended to designate certain locations slightly more loosely for future flexibility: “I can only avoid undesired developments when I adjust the *B-Plan* or land use plan⁸“(REG_2). It seems that even with federal planning tools, local municipal governments are applying them somewhat differently in small but important ways. In establishing *Zentrale Versorgungsbereiche* or central areas for provisions, the city identified major and minor centers for provisions and named center-relevant and not center-relevant goods⁹. The primary center for provisions is naturally the city center, after which the district and neighborhood centers with everyday goods are referenced (Stadt Regensburg 2009, 5). The goal, according to the

⁸ In the German, “Bebauungsplan”.

⁹ “Center” here refers to a central shopping area, not a shopping center.

framework, is to maintain a certain level of available goods within easy walking distance for residents – and to protect these shopping environments in a legally defensible way. Among the center-relevant goods, there are wares that are needed for everyday living, such as pharmacies and groceries, and there are wares that are desirable to have in a central shopping environment, such as book stores and clothing. The specific list in Regensburg (Stadt Regensburg 2009, 51) is comparable to the so-called *Kölner Liste* (see Table 9).

In Regensburg, the local Chamber of Industry and Commerce and the city government appear to work cooperatively on retail development policy. The city receives few negative *Stellungnahmen* or position statements from the local Chamber of Commerce because they closely follow their retail policy framework (REG_2), which the Chamber of Commerce was involved in planning. In other German municipalities, negative position statements are frequently written regarding potential large-scale retail developments. However, the city has made their retail policies widely known and large-scale retailers do not “in the rule try to develop a project against the will of the municipality” in Regensburg (REG_2). There is always the occasional exception, however. At the time of the interview, a case was mentioned where a property owner had a building permit from 1988 for a retail development, which would not be desirable today, but most likely had to be honored.

The local expert responsible for retail among other topics for the Regensburg Chamber of Industry and Commerce, noted that there are naturally different opinions sometimes on planned retail developments, but that these differences have substantially diminished (REG_1). “In the rule it generally has to do with fine interpretations of the Retail Development Framework. The last big discussion dealt with development of the *Regensburg Arcaden* (mall) in 2002,” according to the expert (REG_1). The recent update of the Retail Development Framework demonstrated an extremely cooperative working relationship between the Regensburg Chamber of Industry and Commerce and the City of Regensburg (REG_1).

As for the specific planning tools available to the City of Regensburg to help thwart unwelcome developments, local staff is generally satisfied, yet everyone has their wish list. For example, the interview partner noted, it would be easier if allowable land uses could be adjusted in an old *B-Plan* through a “vereinfachte Verfahren” or streamlined process (REG_2). This simplified process takes roughly three months while a full *B-Plan* process can take one to two years until it is legally binding (REG_2).

The regional cooperation around retail development could also be improved (REG_2). A planning report was prepared by the regional District Government of Upper Palatinate or *Regierung der Oberpfalz, Teilraumgutachten Stadt-Umland Regensburg – Fachkonzept Einzelhandel*,

which among other things, quantified potential retail expansion among Regensburg as the regional center and its neighboring municipalities as well as ways in which they were to coordinate new retail development (Regierung der Oberpfalz 2004), but this never became binding. Each municipality has jurisdiction over their own local planning policies, so they would have to voluntarily pass such a concept in each of their city councils for it to become binding. While this has not happened, a regional working group formed and still meets to discuss large-scale redevelopment applications. There have even been cases where Regensburg supported large-scale retail nearby but across the municipal border, such as in the case of an Edeka supermarket in Barbing. Likewise, there have also been legal challenges. Regensburg brought and lost a legal challenge against a neighboring municipality, which designated a *Sondergebiet* or Special Planning Area very near the Regensburg boundary. He says that relations have improved with the neighboring municipalities today. They regularly inform each other at early planning stages rather than when a deal is already done. Still, as mentioned in the updated Retail Development Framework, the city's strategy to strengthen integrated shopping areas can only be successful if the surrounding areas cooperate in avoiding new retail developments that could harm the central areas in Regensburg (Stadt Regensburg 2009, 54). This is a balancing act between Regensburg as a regional center and the neighboring smaller municipalities with their own desires for retail revenues, jobs, and convenience.

Of course, all of these concepts, tools and cooperation are more pressing when interest is abundant. In recent times, however, the financial crisis has influenced the level of interest in retail development. Demand has “certainly gone down, largely due to the amount of international capital investment behind retail today (REG_2). When asked whether there were increased political pressure to work with the developers and investors who are still interested, the interview partner at the city rejected this notion: “We stand by our retail concept and a quality built environment” (REG_2). After all, their retail policies were passed by the Regensburg City Council.

4.2.5 Summary findings: German case studies

Retail planning in the cities of Trier, Altenburg and Regensburg has some notable similarities and differences. While their size, background and market structure may vary, they all operate under the same federal planning framework, unlike their U.S. counterparts in this study. They have all been impacted by the same federal legal decisions and federally-developed planning tools, for example the option of using *Zentrale Versorgungsbereiche* or central areas for provisions to help steer and protect integrated retail environments.

Each of the case study cities was in the process of applying the concept of *Zentrale Versorgungsbereiche* or central areas for provisions at the time of the author’s research visits. While they shared this common goal of making use

of this planning tool, implementation seemed to vary depending on municipal organization structure and the timing of already-planned updates to their retail planning concepts. The establishment of central areas for provisions bridges long-range conceptual urban development planning and the legal focus of current planning; in some cities this can represent separate agencies. In Trier, for example, the process was arguably delayed due to the inter-agency dynamics between the Department of Urban Development and the Department of Urban Planning.

Each of the cities expressed both in the personal interviews with staff as well as in their written policy reports an unwavering support to protect and strengthen the retail environment in their city centers. Naturally, this manifested itself in different ways, especially around the recent inclusion of significant malls with proximity to their pedestrian zones. While Trier developed an enclosed mall directly in its main pedestrian shopping zone, Regensburg embraced the addition of a mall at the main train station – roughly a 10-minute walk from the heart of the historic center. Both cities generally saw these developments as enhancements rather than threats. In Trier, local discussion focused on some of the specific international retail that the mall would bring, such as Zara. In Regensburg, the updated Retail Development Framework concedes that the retail mix in the Arcaden should not overshadow that in the historic center, especially when it comes to clothing stores (2009, 42). However, there is also the acknowledgement that it is difficult to find modern large storefronts in the

historic center (40). In Altenburg, the mall question did not apply due to the size of the city, but there was a general push to steer retail investment into the historic city center. Likewise, in an effort to protect their city centers, each case study city was working to control the new development of large-scale retail in unintegrated areas.

Commonalities could also be seen in the cities' positions towards small, independent retail. While small, independent retail was frequently described as adding a level of personal service and authenticity to the local retail environment, city and chamber of commerce officials rejected notions of using any planning or financial tools to provide special treatment for independent retailers. Perhaps the closest thing to an independent retail strategy involved the establishment of two pilot project BIDs in Trier along streets that are home to a large number of independent retail and food establishments. In Regensburg there were also goals of revitalizing some corridors in the city center that were home to many small retailers. In Altenburg the debate centered around preservation of the historic sense of small-scale store units versus redevelopment to allow for larger scale retail in the historic center (most likely a grocery store). One could therefore summarize that this question of "special" support for independent retail played itself out more as a spatial consideration in each of the cities, or rather, to what extent environments flourished that were conducive to independent retail.

As before mentioned in this chapter, management and inter-organizational cooperation also played a role in the conception and implementation of retail plans. While some urban regime scholars question whether urban regime theory is as applicable to European governmental studies as U.S. ones (Mossberger and Stoker 2001), one could argue that the area of retail planning offers perhaps the greatest potential for the presence of urban regimes around a specific subject matter. While many aspects about German land use planning are stipulated by the federal government, local autonomy is especially high in the area of urban development (Strom 2007, 144), under which retail planning falls. In Trier, the interesting agency hierarchy complicates decision-making around retail. The departments of urban development and planning fall under different leadership. Both have different but amiable track records of working with the local chamber of commerce and with the community directly. However, there is a sense that the Chamber of Commerce in Trier acts quite independently when it comes to taking a position on retail planning and specific developments. Power and decision-making around retail planning in Trier is, in conclusion, somewhat fragmented. In Altenburg, the city government also works closely with its local chamber of commerce and directly with local retailers, as evidenced by its recent survey of business owners around Sunday open hours. The economic development arm of the city enjoys considerable latitude in working with potential investors. The admittedly low level of investment interest makes for relatively few major conflicts; it is challenging to

imagine an urban regime in this atmosphere. In Regensburg, the director of the Office for Urban Development presided over the retail planning with considerable clout, respect and leadership and held a strong working relationship with the Chamber of Commerce and with the university. There was a definite sense of these entities acting in unison; one could piece together a sense of a regime around retail planning and development in Regensburg. This may have been significant in its successful implementation of an updated Retail Development Framework and *Zentrale Versorgungsbereiche* or central areas for provisions.

5. Overall assessment of U.S. and German policies and instruments

Throughout this research, certain questions and issues have repeatedly arisen – both from the literature as well as from the visits to the case study cities. This section explores some of these topics of significance with relevant experts in the field.

5.1 U.S. expert opinions on available instruments in the U.S.

At the beginning of this inquiry, there was a desire to understand the available planning instruments for regulating retail and whether these instruments were helping cities to achieve their policy goals. This question was put to a well-known writer, researcher and speaker (US_1) on retail regulation from the Institute for Local Self-Reliance, an independent non-profit research institute founded in 1974 with the mission “to provide innovative strategies, working models and timely information to support environmentally sound and equitable community development” (Institute for Local Self-Reliance 2011).

City governments generally have adequate planning and policy tools available to them to create an intentional, planned retail environment, according to the expert, but that few use them. Moreover, the lack of regional coordination on the subject typically undermines individual cities’ efforts. According to this expert, “With each town on its own, it’s easy for developers to play jurisdictions against one another and to exploit the fears of local officials that if they adopt stricter policies, economic growth will just go elsewhere.” A suggestion for

stronger state policies to help cities out of this situation was made. Even amidst the economic recession, it was noted that there is more support for locally owned businesses now than there was even a few years ago, though it hasn't brought about big policy changes yet. (US_1)

Many of the tools in use in the U.S. seem rather "absolute" compared to the German system of spatially organized retailers and products. By contrast, an American municipality might consider whether or not to introduce a store size cap. A more nuanced approach would consider the product mix, location, and potential impacts on the existing business environment. This begs the question whether the German system would be possible on American turf. To consider this option in a basic sense, the major differences between the U.S. and German legal systems were reviewed and a municipal attorney was consulted on land use legal matters.

Modern Germany possesses a code that was largely the product of codification processes in three Germanic states: Bavaria, Prussia, and Austria. (Apple and Deyling 1995, 14). It follows the civil law system, which is dominant in most of Europe, all of Central and South America, parts of Asia and Africa, and even some discrete areas of the common-law world. To generalize, the common law system follows an "adversarial" model while civil law is more "inquisitorial," and civil law is "code-based," with judges following predetermined legal rules (Apple and Deyling 1995,1). On the other hand, the U.S. legal

system stemmed from the British common law system, but now incorporates many civil law aspects as well.

With these extremely basic differences in mind, a contract municipal attorney was interviewed at the offices of Ogden, Murphy Wallace, a Seattle law firm. The attorney (US_2) interviewed has a background acting as city attorney for various municipalities and previously argued a case before the U.S. Supreme Court. The expert and the author first spoke about the history of some common planning tools in use today, retail development regulation, and the state of downtowns. In the 70s, 80s and 90s, the Pacific Northwest saw a large amount of suburban-style sprawl and decentralized retail development, including malls, strip malls and big-box stores. According to the expert, the 1990 Growth Management Act (GMA) in Washington State could have been a useful tool in the timely preservation of downtowns, if it had passed earlier. Instead, decades of developer-driven projects (such as malls) occurred without the tools in place to put the true cost burden on the developer. Many cities paid for additional roads, traffic lights and other infrastructure associated with large, decentralized mall developments that, in turn, negatively impacted the viability of traditional downtowns. According to expert, “You would lose your downtown and pay for the infrastructure.” Whether adequate planning tools were in place today, the expert responded, “In theory, yes. In practice, cities have so little cash that they’re having difficulty providing basic services, which makes

proactive planning difficult.” Instead, cities find themselves mainly responding to “slickster” proposals from developers. (US_2)

In the same interview, the German system of retail development regulation was floated for discussion, in particular the idea of spatially-organized product categories (center-relevant and so on). Theoretically, it is conceivable that the policy basis for such regulation could be laid out in a city’s comprehensive plan, perhaps drawing on the relevant GMA goals for support. In practice, many communities might see this as too invasive, too much detailed planning to undertake, or simply too much change. Besides many municipalities lacking the staffing resources for adequate planning, substantial political will is needed to pursue proactive retail development regulations. It may not be seen as a priority. In a small municipality, a vocal minority can significantly sway the outcome of many land use policies. Local elected officials’ constituents, especially those who attend public hearings, generally “hate change”. There are, however, some exceptional issues that generally garner overwhelming support for increased regulation, such as the case of adult use zoning regulations. Adult entertainment businesses (topless bars, sex shops, etc.) are uses that, on one hand, are protected by the First Amendment of the U.S. Constitution as free expression, and must be allowed to exist *somewhere* in a city, yet most municipalities have carefully crafted land use regulations to limit them to certain areas where they are deemed to have fewer negative secondary effects (*City of*

Renton v. Playtime Theaters 1986). This is an area of law and policy, as noted by the expert, where city governments have eagerly shared information with each other. Model municipal ordinances are disseminated – almost like a winning recipe. This example demonstrates that where there is interest from elected officials and the public, U.S. city governments are quite capable of widely sharing and implementing extremely targeted and proactive land use regulations. Likewise, with respect to retail development regulation and downtown preservation, it would seem that a broad menu of tools exists, but that the public outcry simply isn't there. (US_2)

It is then conceivable for a municipality, or perhaps a region, to implement a “German-style” spatially-organized product planning scheme for retail. The main question is whether this would seem too involved or cumbersome. The German system also hinges on a rather large ideological difference that can be observed in many U.S. communities, including each of those studied for this research: Germans don't mind large, even big-box retailers in their historic downtowns, such as H&M in the historic centers of Trier and Regensburg. More poignantly, Trier has a large *Müller* drug store with a basement retail level where exposed Roman ruins are visible amidst the CDs, shampoo and dog food. Americans, however, frequently state a preference for independent or boutique retail in an historic setting. The National Trust for Historic Preservation's Main Street Center's widely-followed “Main Street Approach” even expressly discourages “name-brand business recruitment” in historic downtowns. Among

its major points, it states, “No single focus — lavish public improvements, name-brand business recruitment, or endless promotional events — can revitalize Main Street,” (National Trust for Historic Preservation 2010). However, this categorically rules out much of the chain retail where Americans actually spend a significant amount of their money. Germans tend to emphasize steering such activity into their downtowns, where the synergy of the retail environment can be preserved overall and where there is existing infrastructure, such as mass transit connections, to sustainably support these activities in a less automobile-oriented environment.

Again, the Institute for Local Self-Reliance was consulted on this dilemma (US_1). When asked about the possible solution of big-box store models being scaled and designed for urban, walkable environments, the expert would perhaps be supportive if these urban versions were being built *instead* of the suburban ones (US_1). But these new urban models are often built *in addition* to the suburban-style stores. “It’s really about saturating and dominating ever corner of the market. It’s not as though they’ve changed their approach to the built environment,” commented the expert (US_1).

5.2 German expert opinions on available instruments in Germany

Germany's retail planning, in light of this research, generally appears to have a reasonable grasp on where and how new projects are developed. Yet, as with every system, there are strengths and weaknesses. While the nuanced German system of spatial retail product restrictions has its merits, enforcement is not one of them.

The administrative burden of considering spatial product limitations is significant, which often results in very limited enforcement. Lax enforcement stems from "a major trend in discount retail that has been evident for some time: a certain 'sprawl' in the product mix" (Gerend 2009, 46). Discounters such as Aldi have become known, and admittedly popular, for selling everything from their standard groceries to center-relevant products such as clothing, running shoes or even computers. To be sure, German product restrictions allow for a very limited area of *Randsortimenten* (peripheral retail goods), but who tracks this? According to an expert from the Deutsches Institut für Urbanistik (German Institute for Urban Affairs), "The prescribed limits for sales area of these peripheral goods are surely not always maintained. An important monitoring instrument, however, is the competition, which has an interest in reporting infringements to the responsible authorities," (Gerend 2009, 46). It seems hard for Americans to imagine competing retailers scouting out what their competitors

are selling and comparing that to local land use restrictions, but it apparently does occur in Germany.

Because the German Chambers of Commerce play such a large role, compared to the U.S., in national and local retail policy formation, an expert (GER_2) on retail policy at the national office of the German Chamber of Industry and Commerce (Deutscher Industrie- und Handelskammer) in Berlin was consulted as part of this research. This expert heads the division responsible for providing research and policy guidance on urban development, regional planning, and planning law, but also works specifically on retail and Business Improvement District issues. When asked whether adequate planning instruments exist already to effectively steer retail development, the expert answered affirmatively. However, the Baugesetzbuch (Federal Building Code) was only updated on January 1, 2007 with the strengthening of the central shopping areas provisions (Zentrale Versorgungsbereiche), and municipalities have to incorporate these spatial designations into their development plans (Bebauungsplan), so there are no results yet on the dissemination of this newly improved tool (GER_2).

As for weaknesses in the overall retail planning environment, this expert was concerned about regional coordination, a sentiment echoed by each of the German and U.S. case study cities. This is also mentioned strongly in the German Chamber of Commerce's position statement on retail:

The ruining competition between municipalities for attracting retail development is becoming stronger. Regional towns and smaller municipalities are acquiring retailers with regional draw, which changes the traffic and flow of buying power for middle and regional centers. This weakens their integrated retail environments. (German Chamber of Commerce 2008, 1)

There are a limited number of regional retail planning concepts that seem to be working well, however, such as in Hannover or in Münsterland (GER_2).

One might also wonder to what extent the economic downturn tempts municipalities to relax their policies to lure investment. The ability to consider economic downturns and their impact on local political options was also noted as a weakness in urban regime analysis by Davies (2002). According to one private German retail planning consultant, developers and retailers in Germany were already accustomed to the usual downtown-oriented land use regulations, however, and did not seem to be pushing local municipalities for leniency (Gerend 2009).

To American planners, the German retail planning system might seem admittedly somewhat rigid, so the German expert from the national Chamber of Industry and Commerce was asked whether the German system is still flexible enough to incorporate new, innovative retail formats. Evidently, German building and planning laws have shown great flexibility regarding the rules for retailers (GER_2). "We're a little proud of that," the expert added (GER_2). Moreover, there are new ideas about how to further improve the process, such as those of the Dr. Schmidt-Eichstaedt, who has been advocating for a special

kind of *B-Plan* (building and development plan) for retail (GER_2). One advantage is that because the federal government sets the overarching framework for planning at the local level, such innovations could be relatively easily made available to local municipalities.

6. Final summary, conclusions and future outlook

A major goal of this research was to help provide a foundation for comparing the retail planning and regulatory environments in the U.S. and Germany. This was achieved through a careful review of existing literature, original research, and existing translations of common planning terminology. These two systems were then compared through the use of six case study cities, all of which provided valuable lessons and parallels to their international counterparts in this research. Urban regime theory was applied as a means for considering power in retail planning decision-making, conflict resolution, and policy development; this allowed for the actual implementation of planning tools to be seen separately from the conceptual planning efforts leading up to implementation. Finally, relevant experts were consulted to round out the overall analysis.

6.1 Breakdown of results and their implications for future research

This dissertation hypothesized that “stricter” regulatory tools are available to German municipal planners when regulating retail, especially big-box retail, and that this is significant in explaining the spatial location of major retail today in Germany compared to the United States (see 1.1.1). While further research is warranted in a number of areas, some preliminary conclusions can be drawn from the research undertaken in this study. First, the major planning tools have been evaluated based on implementation, enforcement and overall

effectiveness. These categories respond to the initial questions asked at the onset of this research and address the practical concerns of municipal policy makers and staff. The author's evaluation of the individual tools is summarized in the following table.

Table 11. Author's comparative evaluation of major U.S. and German planning instruments as they pertain to retail			
U.S. regulatory instruments			
Instrument	Implementation	Enforcement	Overall Effectiveness
Comprehensive plans, zoning	Time-consuming, yet standard approach	Average	Effective, depending on local political will and detail of the plan
Store size caps	Straightforward	Straightforward	Does not consider product nuances well
Community impact studies, required by ordinance	Costly, time-consuming, not predictable for developer	Straightforward	Not a standardized technique, places major burden on the developer
Formula store ordinance	Straightforward	Requires complex interpretation	Not a common technique, but a good option for tourist-driven downtowns
German regulatory instruments			
<i>Zentrale Versorgungsbereiche</i> (Central areas for provisions)	Time-consuming	Varies, "impacts" could be complex	Very effective
<i>Bebauungsplan</i> (Building and development plan)	Time-consuming	Straightforward	Very effective, especially with <i>Zentrale Versorgungsbereiche</i> , outdated B-plans pose loopholes
<i>Regionales Einzelhandelskonzept</i> (Regional retail planning concept)	Time-consuming, politically complex inter-jurisdictional work	Subject to interpretation by partnering cities	Potentially very effective, when legally binding among regional municipalities
*The German Flächennutzungsplan is not considered here because the planning at this level is still very general and not yet truly regulatory in a legal sense.			
Source: author's observations from case studies and literature review			

In general, as described in Table 11, a number of the U.S. instruments present relatively straightforward options for addressing a specific problem. For example, the City of Northampton had a store size cap in place. This effectively stops very large big-box stores from entering the city and is a legally defensible solution. However, as pointed out by the local planning director, a much smaller store of a certain kind can have more severe impacts on the downtown retail environment than a much larger store of a different kind. The director mentioned the possibility of a Barnes & Noble, a book store that ranges from 10,000 to 60,000 square feet in size (930 square meters to 5574 square meters). Retailers that build stores in a wide range of sizes can be particularly challenging to regulate through normal zoning size restrictions or store size caps. American municipalities can not, of course, limit a retailer by name. The limitation must be categorical, and in the U.S., this typically falls broadly into size and use restrictions.

In this regard, the German spatial product restrictions have a clear upper hand in providing a nuanced approach in achieving local retail policy goals. They are indeed “stricter”, as hypothesized on the onset of this research. The spatial distribution of new retail largely follows the areas defined for such. More importantly, the spatial product restrictions effectively allow municipalities to build clusters that provide synergy in fostering a specialized retail environment (such as the historic center for clothing or even a large-scale retail cluster of furniture

stores), as seen most strikingly in Regensburg. The implementation of *Zentrale Versorgungsbereiche* or central areas for provisions appears to be an especially useful designation for applying spatial production restrictions and defending existing, integrated shopping environments. However, the German system is very labor-intensive for planning staff. Many U.S. municipalities, as well as smaller municipalities in both Germany and the U.S., are hard-pressed to undertake that level of planning in a timely fashion.

Combining the theoretical basis of this dissertation and the applied research, it was evident that the establishment of *Zentrale Versorgungsbereiche* or central areas for provisions in Germany seemed to be most feasible where some of the characteristics of urban regimes were present with respect to retail planning. As cited in 2.1.1., Mossberger and Stoker addressed the problems of international comparison using urban regime analysis by suggesting a framework with four defining criteria of an urban regime: “partners drawn from government and non-governmental sources, requiring, but not limited to, business participation; collaboration based on social production; identifiable policy agendas that can be related to the participants in the coalition; and a long-standing pattern of cooperation rather than a temporary coalition,” (Mossberger and Stoker 2001, 829). First, these criteria were, indeed, found to be sufficiently transferrable to apply to the U.S. and German case study cities in this research. These theoretical criteria were applied by the author to the 6 case study cities using information gleaned from the materials reviewed and interviews conducted,

summarized in some detail in 3.2.5. (U.S. case studies) 4.2.5. (German case studies). Each city is loosely evaluated as per the Mossberger and Stoker (2001) criteria in the following table.

Table 12: Urban regime comparative criteria applied to case study cities	NO	TAC	VAN	TR	REG	ALT
Partners drawn from government and non-governmental sources requiring, but not limited to, business participation	X	X	X	X	X	X
Collaboration based on social production	X				X	
Identifiable policy agendas that can be related to the participants in the coalition	X	X	X	X	X	X
Long-standing pattern of cooperation rather than a temporary coalition	X				X	

Key:

NO= Northampton, MA, U.S.

TAC= Tacoma, WA, U.S.

VAN= Vancouver, WA, U.S.

TR= Trier, Germany

REG= Regensburg, Germany

ALT= Altenburg, Germany

Source: author's observations from case study research and literature; criteria (Mossberger and Stoker 2001)

In Regensburg, centralized power was highly legitimized in the leadership of the Department for Urban Development, its long-standing linkages to the university and its working relationship with the chamber of commerce. Their retail policies, goals, and analysis took into account a wide variety of viewpoints and concerns. Likewise, internal organizational conflict, while always present in any organization to some extent, did not seem to impact their ability to implement their plans. It is no surprise that they were able to update their Retail Development Framework and include *Zentrale Versorgungsbereiche* in a timely fashion. It would be interesting to follow other cities' experiences around this planning tool. A quantitative analysis, if not yet already underway, is recommended to survey which German municipalities have already been able to implement *Zentrale Versorgungsbereiche* (central areas for provisions). This might be repeated in one or two-year time intervals, since the strengthened regulatory framework is still relatively new.

Another German instrument with much potential that was frequently mentioned by city staff and national experts was the *Regionales Einzelhandelskonzept* or Regional Retail Concept. If enacted by a region of individual municipal governments, it could represent a tool for coordinating retail development and protecting multiple town centers at once.

This study of each country's land use regulations as they pertain to retail planning also revealed much about residents' and policymakers' attitudes

towards their downtowns/ city centers. After all, land use regulations are generally the product of a long, deliberative public planning process. As such, this research into the regulations suggests some philosophical differences about what kinds of retail Americans and Germans expected to find in the downtowns visited as part of these case studies. These findings, to be sure, are not based on shopper preference surveys, but rather the comments provided during interviews with municipal planners about the public input around their plans and regulations. Municipal planners receive widespread comments from the public during the planning processes to update any major plan such as a Comprehensive Plan. One should note that the feedback they receive is typically from those members of the public who are engaged enough to provide comment in the form of a letter, phone call, or attendance at a public hearing. However, such comments disproportionately influence local policy-making, so they matter.

In each of the U.S. case study cities, the municipal planners mentioned that residents preferred to find mainly independent retail in their downtown. It is as if Americans have become retrained to think of their downtowns as places to browse, utilize cultural attractions, and grab a bite to eat, but not undertake a significant portion of their shopping. National institutions such as the National Trust for Historic Preservation have played a role in this transformation through their guidance of Main Street revitalization groups. And U.S. municipal planners

have been lax about limiting significant agglomerations of retail outside of the downtowns. German planners, on the other hand, are fearful of any significant shift in buying power away from the downtowns. In fact, the Germans interviewed for this research would rather find ways to incorporate modern chain retailers and new store formats into their downtowns. Trier, with their historic Roman downtown, now has an enclosed shopping mall right in the heart of their pedestrian zone, for example. Further study might explore the roots of these apparent cultural differences. One might wonder whether Americans value an intact Main Street environment because they are relatively uncommon, or whether the automobile-oriented planning of the last decades has simply reconditioned the American shopper. How will future generations of Americans view historic downtowns, and how must retail planners anticipate this? Likewise, Germans with their abundance of historic assets, are perhaps more interested in incorporating modern, practical retail formats. This approach builds on existing cultural, retail and transportation infrastructure.

On both sides of the ocean, the municipal governments visited for this research struggled with competition from neighboring municipalities. In Germany, the state and regional planning authority is already much stronger, and it appears that is up to neighboring municipal governments to band together and legally obligate themselves to an agreed upon retail planning concept. The challenge, of course, is finding the political will to do so. The same dilemma exists in the U.S., though perhaps with even less interest or awareness in

regional planning around retail space. It would appear that stronger state-level legislation could help cities out of this situation. It is expected that German retail geographers and planners will be watching the experiments in regional planning concepts over time. U.S. researchers would be wise to follow these advances as well.

Finally, should some brave U.S. municipal governments want to radically transform their method for retail planning, it appears that the German system could be implemented under the policy umbrella of state or regional growth management policies that might exist. There are even some existing federal frameworks, such as the NAIC classifications, that could serve as a practical foundation for implementing spatial retail product restrictions. If there were interest, a next step might be to compose a policy and planning proposal about the German system that would be geared toward possible implementation by U.S. municipal planners. For example, the elements of the German system could be worked into the American Comprehensive Plan and zoning system.

6.2 Incorporation of results in existing theories

This comparative study of retail planning in Germany and the U.S. used urban regime theory as it pertained to retail planning, an uncommon application worth further discussion and additional case studies. Still, the results can be loosely examined within the context of other comparative studies using regime

theory. The question of whether urban regime theory is useful in the European context at all is one that Mossberger and Stoker (2001) raised. They argued that economic development partnerships in Europe are more likely to be led by the public sector, with “less participation from local businesses and with less policy autonomy from national government” (2001, 821), participation of the private sector being a central theme in regime theory. This dissertation does not agree with their assumption. The pivotal role of the German Chambers of Industry and Commerce in retail planning and their issuance of position statements on new developments flies in the face of Mossberger’s and Stoker’s suggestion that the private sector would be insufficiently involved. In Regensburg, it was clear that not only the Chamber of Industry and Commerce but also the university participated in the strong coalition around retail planning. On the other hand, Strom (2007) saw local autonomy in urban development as more of a potential platform for urban regimes in Germany. While many aspects about German land use planning are stipulated by the federal government, local autonomy is especially high in the area of urban development, according to Strom (2007, 144), under which retail planning falls. This dissertation wholeheartedly concurs with Strom (2007).

Further in the past, Newman and Thornley (1996) found some elements of an urban regime in Berlin, but ultimately concluded that power was fragmented. Notably, they also found that in the context of inter-city competition, planning is often used to back public and private development aspirations.

According to Newman and Thornley, “The role taken by planning depends upon the dominant force in the governance of the city” (1996, 106). This study also underscores their findings. The centralization of retail planning power in the Department of Urban Development in Regensburg likely led to their smooth implementation of a number of major physical and conceptual developments, from the *Regensburg Arcaden* at the main train station to the designation of *Zentrale Versorgungsbereiche* in their updated Retail Development Framework. On the other hand, retail planning responsibilities in Trier were divided between two different agencies with different elected officials in charge. This organizational leadership situation, at least in part, contributed to their difficulty in implementing *Zentrale Versorgungsbereiche* or Central Areas for Provisions.

The significance of internal organization structure in this dissertation’s findings on retail planning leads the author to recommend that internal organizational structures be carefully considered in any comparative urban regime analysis, especially U.S.- European ones. Domestic urban regime scholars have focused more on this aspect in the past; it is important that comparative scholars continue to do so as well. Especially with subjects involving economic development or retail planning, it is easy to become overly focused on the involvement of the private sector; to some extent that is at the heart of an urban regime. As introduced in 2.1.1., Stone (1989) defined an urban regime as “the informal arrangements by which public bodies and private

interests function together in order to be able to make and carry out governing decisions,” (6). Many projects get stymied from within, however, due to internal power struggles or differing policy agendas. The importance of a cohesive front at the local municipal governmental level in carrying out successful retail plans cannot be emphasized enough, as per this dissertation’s findings. Earlier (see 6.1), this study used the Mossberger and Stoker (2001) framework for comparative (international) urban regime analysis. This dissertation suggests an additional criterion for use in comparative studies involving urban regimes in economic and retail development. Below are the four Mossberger and Stoker (2001, 829) criteria plus this dissertation’s suggested addition.

1. Partners drawn from government and non-governmental sources requiring, but not limited to, business participation
2. Collaboration based on social production
3. Identifiable policy agendas that can be related to the participants in the coalition
4. Long-standing pattern of cooperation rather than a temporary coalition
- 5. A local governmental internal structure that produces unified goals and implementation** (Gerend 2011 addition)

As applied to this dissertation’s six case study cities, this additional fifth criterion also helps to explain the successful retail planning and implementation observed in the cities of Regensburg, Germany and Northampton,

Massachusetts. Indeed, they are the only two cities where the author identified all five criteria.

Table 13: Urban regime comparative criteria, plus additional criterion, applied to case study cities	NO	TAC	VAN	TR	REG	ALT
Partners drawn from government and non-governmental sources requiring, but not limited to, business participation	X	X	X	X	X	X
Collaboration based on social production	X				X	
Identifiable policy agendas that can be related to the participants in the coalition	X	X	X	X	X	X
Long-standing pattern of cooperation rather than a temporary coalition	X			X	X	
<i>A local governmental internal structure that produces unified goals and implementation (Gerend 2011)</i>	X	X	X		X	X

Key:

NO= Northampton, MA, U.S.

TAC= Tacoma, WA, U.S.

VAN= Vancouver, WA, U.S.

TR= Trier, Germany

REG= Regensburg, Germany

ALT= Altenburg, Germany

Source: author's observations from case study research and literature; criteria (Mossberger and Stoker 2001) plus additional criterion (Gerend 2011)

Looking ahead, urban regime analysis could be useful around the topic of regional retail planning as well. For example, it would be worthwhile to explore whether the presence of an urban regime helps or hinders coordination among a region of governments on the topic of retail planning and development. One might hypothesize that, as in the case of Regensburg, the presence of a strong retail urban regime could intimidate neighboring smaller governments. This question fell outside of the scope of this inquiry, but inquiries often lead to more questions, and it would be interesting to explore the regional context from a theoretical perspective using urban regime analysis.

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EXPERT INTERVIEWS

Name	Institution and Function	Location and Date	Code
Anderson, Teri	City of Northampton, Economic Development Coordinator	Northampton, 5/16/08	NO_1
Broms, Ryan	Grubb & Ellis, real estate associate broker	Telephone, 8/1/08	TAC_1
Bunzel, Dr. Arno	German Institute of Urban Affairs (Deutsches Institut für Urbanistik)	E-mail, 1/6/09	GER_1
Feiden, Wayne	City of Northampton, Director of Planning and Development	Northampton, 5/31/08	NO_2
Fuchs, Tine	German Chamber of Commerce (Deutscher Industrie- und Handelskammer), Retail Policy	E-mail, 9/20/09	GER_2
Hecht, Katrin	Chamber of Commerce and Industry East Thuringia at Gera (Industrie- und Handelskammer Ostthüringen zu Gera), local site development policy	E-mail, 9/10/09	ALT_1
Holmes, Eric	City of Vancouver, Economic Development Services Manager	Vancouver, 8/25/08	VAN_1
Leist, Stefan	City of Trier, Planning Department	Trier, 7/13/09	TR_1
Levin, Robert	City of Tacoma, Manager of Private Capital Division	Tacoma, 7/31/08	TAC_2
Mitchell, Stacy	Institute for Local Self Reliance, Senior Researcher	E-mail, 1/8/10	US_1

Rieger, Dr. Reinhard	Regensburg Chamber of Industry and Commerce (Regensburg Industrie- und Handelskammer), Director	E-mail, 11/2/09	REG_1
Scharschmidt, Tino	City of Altenburg, Economic Development Director	Altenburg, 7/20/09	ALT_2
Schmitt, Dr. Matthias	Trier Chamber of Industry and Commerce (Trier Industrie- und Handelskammer), Director for Economic Development and Retail Policy	Telephone, 7/10/09	TR_2
Schüller, Nina	City of Trier, Urban Development and Retail Policy Project Manager	E-mail, 9/3/09	TR_3
Sedlmeier, Anton	City of Regensburg, Department of Urban Development Director	Regensburg, 7/16/09	REG_2
Stenger, Donna	City of Tacoma, Planning Supervisor	Telephone, 8/31/09	TAC_3
Snyder, Scott	Ogden, Murphy, Wallace, municipal attorney	Seattle, 8/14/09	US_2

Coding Key:

NO= Northampton, MA, U.S. TAC= Tacoma, WA, U.S.

VAN= Vancouver, WA, U.S. TR= Trier, Germany

REG= Regensburg, Germany ALT= Altenburg, Germany

US= U.S. (national- themed interview) GER= Germany (national-themed interview)

Filename: Jennifer Gerend 2012
Directory: H:\Diss\drafts\Final
Template: C:\Users\Jen\AppData\Roaming\Microsoft\Templates\Report(2
.dotx
Title: U.S. and German Approaches to Regulating Retail Development:
Subject: Urban Planning Tools and Local Policies
Author: Jennifer Gerend
Keywords:
Comments:
Creation Date: 3/21/2012 1:23:00 PM
Change Number: 2
Last Saved On: 3/21/2012 1:23:00 PM
Last Saved By: gerendj
Total Editing Time: 7 Minutes
Last Printed On: 4/2/2012 9:11:00 AM
As of Last Complete Printing
Number of Pages: 260
Number of Words: 47,053 (approx.)
Number of Characters: 268,207 (approx.)