

A Public Market for Lower Manhattan

Preliminary Feasibility Study

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Manhattan Redevelopment**

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Cover images, clockwise from top left: Findlay Farmers Market, Ohio; poultry monger, Washington Market, and Museum of the City of New York; Budapest Public Market; 1914 map of Washington Market; New Rochelle Farmers Market; Thanksgiving at Washington Market, Leslie's Weekly, November, 1892. This page, Robinson Map of the City of New York, 1885. All photos © Project for Public Spaces unless otherwise indicated.

Table of Contents

Executive Summary	4
Introduction	6
Chapter I: History of Washington Market	9
Chapter II: Definition of a Public Market	11
Chapter III: Site Characteristics	15
Chapter IV: Market Types	17
Chapter V: Proposed Options	19
Chapter VI: Economic Feasibility Analysis	37
Chapter VII: Implementation	45

Executive Summary

A downtown public market would significantly advance many of the important goals outlined by the City Council, the Lower Manhattan Development Corporation, and the Port Authority of New York and New Jersey, including activating public spaces, providing social and cultural amenities, providing new jobs and needed services in the neighborhood, and attracting businesses and residents to the area.

In addition, a public market featuring prepared and fresh food could be a culturally diverse tribute to the former World Trade Center itself, as well as create a vital link with the cultural history of the site—the area in and immediately around the World Trade Center was the site of Washington Market, created in 1771 and finally closed in 1956. For much of that time it was the most important market in the city.

Public markets are basically places where vendors or merchants meet on a regular basis under the aegis of a sponsoring entity that has legal and financial responsibility over their operations. Often there are structures or facilities to house the market activity. What distinguishes public markets from other types of related retail activity are the following three characteristics:

- Public markets have public goals. The Lower Manhattan public market would highlight and promote the international diversity and talent in New York and create a much-needed amenity for the surrounding neighborhoods.
- A true public market creates a public space and public amenity.
- Public markets are made up of locally owned, independent businesses operated by their owners. Public markets consciously seek out local entrepreneurs—not chain stores—and businesses, and therefore offer an alternative to common retail practices.

The New York City Council asked Project for Public Spaces/Public Market Collaborative (PPS/PMC) to assess the feasibility of four different forms of a public market for Lower Manhattan (open air market, shed, market hall and market district) and to prepare a guide to help planners and designers who are studying various alternatives for the World Trade Center site.

The conclusion of this study is that while a smaller market would be feasible, based on the demographic analysis conducted for this report, a market hall of approximately one acre would do more to achieve the public goals for the site, including attracting businesses and residents, creating a lively atmosphere, supporting more small businesses, and drawing shoppers from a larger range of the city. Also, while other sites in Lower Manhattan could be available for a public market, the World Trade Center site offers superior site characteristics including access, visibility and convenience to downtown residents, workers and visitors.

We are therefore recommending a 42,000 square foot market hall, and suggest the planners consider joining the market to a flexible plaza or other public space that can function as an open-air market, providing a greater mix of products, and a stronger identity for both the area and the market itself. This market would emphasize prepared food, but also offer a range of fresh produce and other offerings. We also recommend that the market be managed by a nonprofit organization to maintain its public integrity and to assure that opportunities for small businesses are created. The construction of the market should be financed so that it can open debt free, allowing the market to become a self-sustaining entity not requiring operational subsidy from the city.

This report presents examples of each type of public market from New York and other cities as well as operational budget overviews. The report also presents a detailed market analysis and economic projection of market sales. The large market hall we recommend has the potential to generate \$15.5 million in sales. The estimated operating expenses for the market hall is \$985,000, which is six percent of estimated sales potential and well within the range of feasibility.

This feasibility does not take into consideration the impact of tourists and other visitors. Additional study will be needed to evaluate the effect that the millions of visitors expected for the WTC site would have on a market as well as the appropriateness of locations that are suggested during the planning process.



Benefits of a Public Market for the World Trade Center Site

- An important, highly visible` aid for small businesses (surveys of other markets in New York show that nearly 90% of participating businesses are women and minority owned).
- A significant new cultural amenity/destination for New York (more people visit Seattle's public market than attend the city's major sporting events).
- The creation of a vital link with the cultural history of the site (the area under the destroyed US Custom's House building was first contributed to New York's Common Council in 1771 by Trinity Church who *"released their right and claim to the ground ... to be built for the use of the market forever."*¹ By the mid 19th Century Washington Market was, *"without doubt the greatest depot for the sale of all manner of edibles in the United States."*²

1 De Voe, Thomas F. *The Market Book: A History of the Public Markets of the City of New York*. 1862, reprinted by Augustus M. Kelley, Publishers, 1970, p. 454.

2 Ibid, p 308.

Introduction

In "Building a Better New York," the New York City Council has set down a mandate - "Plan the memorial and public spaces first because public spaces are the center of city life and should dictate how the rest of downtown is redeveloped." In this far-reaching document, the Council has also called for the development of a public market - a space for vendors, as well as a public space for programmable events, as a civic and neighborhood amenity. These two pieces of the Council's plan fit together nicely.



A public market is a civic amenity with public goals.

In fact, active, vital and practical public spaces that support the community living in, working in, and visiting Lower Manhattan, are also key to the recommendations of the Port Authority of New York and New Jersey, and the Lower Manhattan Development Commission's design guidelines for the site (A Vision for Lower Manhattan: Context and Program for the Innovative Design Study, October 11, 2002), which states:

"In addition to whatever open space may be included in the memorial area(s), proposals should include a variety of parks and open spaces that support diverse activities, serving residents, visitors and workers...[and] should include places for outdoor performances, public artworks, quiet sitting, playgrounds, outdoor markets, etc." (Pg. 7)

A public market on Lower Manhattan's west side, once the site of the historic Washington Market, can certainly help bring this much needed economic

and social activity to the neighborhoods around the World Trade Center site. Moreover, the public market - itself a form of world trade - can be a tribute to the diversity of cultures and countries that the victims of the attack represented. In addition, a public market in Lower Manhattan would be a significant and much needed neighborhood amenity, not only for those who live in the area, but also for those who work nearby and of course, for the millions of expected visitors.

This study concludes that a large public market hall with a floor plan of nearly one acre would be quite feasible, as would several smaller options. A larger market could become a "destination" for residents and employees in Lower Manhattan, as well as for visitors. Previous experience strongly suggests that a well-located and operated market would be a powerful draw for residents from more distant neighborhoods as well.

WHAT IS A PUBLIC MARKET?

A public market is a civic amenity with public goals; quite distinct from the kinds of markets generally being built in urban centers today, including the South Street Seaport, which itself was built around the soon-to-be-vacated Fulton Fish Market in New York. Instead of being a "festival marketplace" or an area generally strictly meant to encourage tourism and commercial activity, a public market is seen and felt by the citizens to be a true public amenity, providing both a variety of local and

culturally significant products and experiences, as well as being a public space where all ages, income, and ethnic groups mix to enjoy the city.

A public market can be a combination of flexible indoor and outdoor public spaces and a hall with stalls, permanent shops and restaurants. While traditionally focused on fresh, regional and ethnic food products, public markets today offer a broad range of products in indoor and outdoor facilities and public spaces—by businesses that are locally owned, and usually managed by a nonprofit organization that keeps the market focused on public goals while ensuring that financial goals are met. Public markets provide outlets for farmers and independent vendors alike to sell all kinds of food products directly to customers—from produce to baked goods to meat and fish to prepared and ethnic foods. Portions of public markets can provide outlets for local artisans, performers, and other uses that flexible public spaces provide.

Public markets, until recently a tradition in decline, have made a comeback across the country over the past 20 years as existing markets have been revitalized and new public markets established in world-class cities around the globe. This revitalization is taking place because city leaders realize that public markets can be catalysts for the "vibrant, mixed-use community" that the City Council is encouraging for Lower Manhattan, because they are the kind of public spaces that make a neighborhood and city a diverse and exciting place to live and visit, and because they offer an opportunity to promote and encourage independent businesses.

ABOUT THIS REPORT

The New York City Council asked Project for Public Spaces/Public Market Collaborative (PPS/PMC) to assess the feasibility of different forms of a public market for Lower Manhattan and to prepare a guide to help planners and designers who are studying various alternatives for the World Trade Center site. This report therefore also seeks to present the various forces that shape public markets, what economic forces drive them, and how their locations, management structures, size, merchandise mix, and design govern their use and success. This concept should and will continue to be discussed and explored by the communities living and working in Lower Manhattan, the families affected by the tragedy and other stakeholders

Our overall conclusion: With the right plan, business mix and management, a public market can animate public spaces, help revitalize the neighborhood, create business opportunities, and provide needed services for residents, workers and visitors. In Lower Manhattan, a public market can be a major facility for the assistance of small businesses including merchants from Chinatown, Little Italy and Tribeca, as well as artists and craftspeople. It can shine as a significant new cultural institution for New York.

history of washington market

"An enticing array of food offered including caviar from Siberia, Gorgonzola cheese from Italy, hams from Flanders, sardines from Norway, English partridge, native quail, squabs, wilds ducks and pheasants: also fresh swordfish, frogs-legs, brook trout, pompanos, red snappers, codfish tongues and cheeks, bluefish cheeks, and venison and bear steaks."

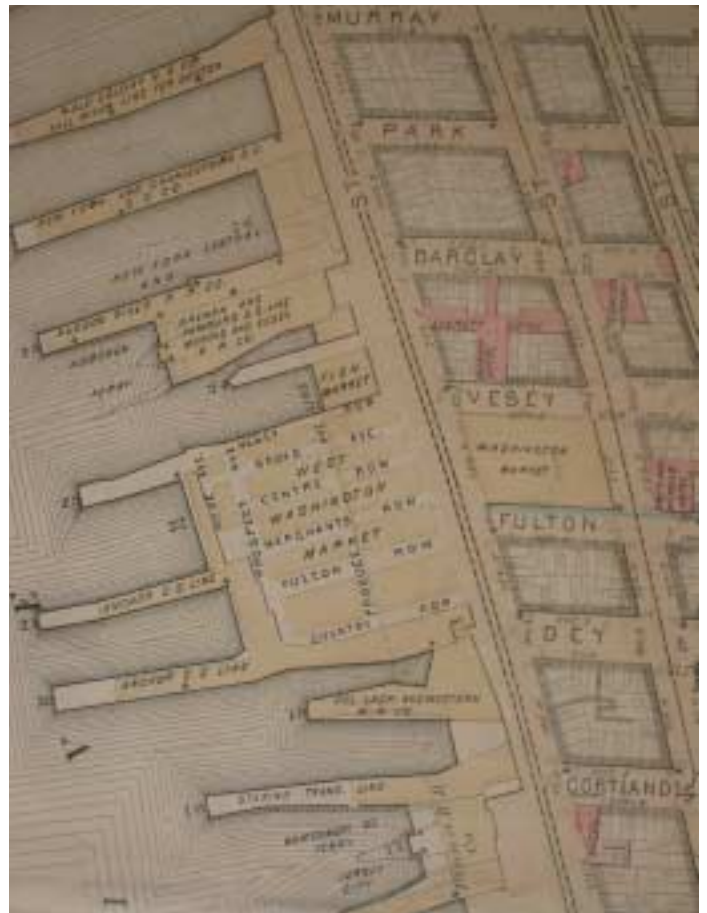
-Description of Washington Market, 1939³



WASHINGTON MARKET, 1853.
MUSEUM OF THE CITY OF NEW YORK



BROMLEY MAP OF MANHATTAN, 1974.



BROMLEY MAP OF MANHATTAN, 1879.

3 WPA Guide to New York City, The New Press, New York, original copyright, 1939, p 74.

8 A Public Market for Lower Manhattan

CHAPTER I

History of Washington Market

Unlike Pennsylvania Station, which disappeared physically but remains firmly etched in memory, many New Yorkers are largely unaware of the equally remarkable buildings that once stood on the former World Trade Center site, which was designed for the movement of food instead of people. Washington Market was one of the most impressive market structures in the country and played a pivotal role in the entire New York region's food distribution system. It was natural for the nation's most commercial city to have its most magnificent commercial hall rivaling Spitalfield's and Covent Garden in London and Les Halles in Paris.

Washington Market was bounded by Fulton, Vesey, Greenwich and West Streets, the approximate location of the former U.S. Customs House that was part of the World Trade Center complex. Both historical and legal precedent exists for a market at this site. In 1771, the land was contributed to New York's Common Council by Trinity Church, which *"released their right and claim to the ground on which the same is proposed to be built for the use of the market forever."*⁴

The first market on the World Trade Center site was known as the Bear Market, because a butcher shot and killed a bear as it was crossing the Hudson, and offered it there for display and sale. Bear Market was eventually torn down and replaced by Washington Market in 1813. By 1862 an observer wrote that:

Washington Market was one of the most impressive market structures in the country and played a pivotal role in the entire New York region's food distribution system.

*[Washington] market is without doubt the greatest depot for the sale of all manner of edibles in the United States; it not only supplies many thousands of our citizens, but I may say, many of the surrounding cities, towns, villages, hotels, steamers (both ocean and river) and shipping vessels of all descriptions.*⁵

In 1883 the market was rebuilt again with a larger retail hall. By this time the wholesale market had spread for 12 blocks north along Washington Street into the pier sheds, warehouses and street stalls. The retail market was rebuilt again in 1914 and at least once after the Depression, and was closed by the city in

1956. The remnants of the wholesale Washington Market complex to the north were finally replaced by Hunt's Point in the Bronx in 1967.

Of course, public markets have been vital to the growth and identity of Lower Manhattan and not limited to food. Some of the world's great public equities and commodities markets, including the New York Stock Exchange, the Mercantile Exchange, the American Stock Exchange, and the New York Coffee, Sugar and Cocoa Exchange, began life as open-air markets. The buttonwood tree on Wall Street where merchants agreed to meet to buy and sell securities in 1792 became the New York Stock Exchange. The American Stock Exchange began as The Curb Exchange, an open-air market that operated on Broad Street from the mid 19th century until 1921, when it changed its name and moved indoors.

⁴ De Voe, Thomas F. *The Market Book: A History of the Public Markets of the City of New York*. 1862, reprinted by Augustus M. Kelley, Publishers, 1970, p. 454.

⁵ *Ibid*, p 308.

history of washington market



VESEY AND WASHINGTON STREETS, 2001.
MUSEUM OF THE CITY OF NEW YORK



WASHINGTON MARKET, 1914. MUSEUM OF THE CITY OF NEW YORK



WASHINGTON MARKET, 1877.
MUSEUM OF THE CITY OF NEW YORK



CURB MARKET, BROAD STREET, NYC, ND — POSTCARD

CHAPTER II

Definition of a Public Market

One way to define a public market is by what it is not. It is not a "festival marketplace" like the South Street Seaport or Baltimore Inner Harbor. It is not a "street festival" of the kind that populate New York's avenues in the warm months. It is not a shopping center with national brand stores.

A public market is a place understood by the citizens as a public amenity, providing both a variety of local and culturally significant products and experiences, and public spaces to

A public market...provid[es] both a variety of local and culturally significant products and experiences, and public spaces to enjoy the city and appreciate its residents.

- Create an anchor for economic activity that is more than just a shopping mall or a tourist destination. A public market holds tremendous potential for being a destination for a wide variety of people — residents, office workers and tourists — throwing off economic activity both in the market itself and in surrounding areas. Granville Island, a market district in Vancouver, British Columbia, attracts 3 million visitors each year, and supports over 260 business-



GRANVILLE ISLAND MARKET, VANCOUVER, BC.



HAYMARKET, BOSTON, MA.

enjoy the city and appreciate its residents. Below are three key characteristics of a public market, and some specifics as to how they pertain to the World Trade Center site.

1. **A public market has public goals.** The goal of a commercial market, mall or shopping center is to turn a profit. While a public market should be profitable, or at least sustainable, this is not its primary public mission. Its public goals are to:

es, studios and facilities, including theater groups, performers and marinas. A market is also an incubator for small businesses, in particular those run by woman and minorities. For example, 90% of the businesses operating at the popular Union Square Holiday Market are woman or minority-owned, although no specific recruiting or leasing practices encouraged this.

definition of a public market

- Highlight and promote the international diversity and talent in New York City's food and arts. By attracting and fostering New York-based food and products, a market in lower Manhattan would become a tribute to ethnic and cultural diversity in the city. Food is the key anchor for the public market, and there is no city in the world where the diversity of its residents can yield such a plethora of food and culture. The market can also draw on fresh, regionally-produced farm products. By zoning different parts of the market for different types of uses, it is possible to mix products of artists and artisans into the market — again, which represent the best of New York, and, by extension, the world.
- Create a much-needed amenity for the surrounding neighborhoods. Residents of Lower Manhattan have long complained about the dearth of supermarkets. A recent study by the Alliance for Downtown New York noted that, despite the opening of several new stores in Battery Park City, residents felt they were not being served by enough community-oriented retail, specifically greengrocers and delis.⁶ A public market will not only enhance the availability of fresh food but its quality as well. With multiple vendors within the market selling similar categories of food, competition is created that keeps prices low and quality high. The current residential population of the area is quite dense compared to other US urban areas, and the average income



PUBLIC MARKET, STOCKHOLM, SWEDEN.

6. Downtown New York, A Community Comes of Age, Alliance for Downtown New York, 2001, pg 5.

level (over \$140,000/year) is affluent. These preliminary demographics, combined with evidence that the Greenmarket that was located in the WTC plaza was one of the city's most successful, strongly suggests a market would be welcomed by local residents, as well as the working population.

2. **A true public market creates a great public space and amenity.** Public markets are civic institutions and therefore can function as casual and planned gathering spaces, where people of all backgrounds can mix comfortably. Public markets thereby enhance the potential for social integration in public spaces — attracting diverse income levels, ages and ethnicities. Markets also help to animate a public space that may be used for other cultural uses and activities when the market is not operating — as well as an attractive outdoor space for people to eat prepared meals from the market, or meet friends. Indeed, markets are integral parts of some of the great public spaces of the world.
3. **Locally owned, independent businesses.** It would be of utmost importance that the providers in the market are not chain stores, but rather represent the diversity and cultural significance of New York's global community. Public markets are particularly good at incubating small businesses and helping them thrive because it takes relatively little startup capital to open a shop in a public market, and because stalls are small and manageable. Through special user clauses built into the market's operating agreement, chain stores and franchises can be prohibited; only locally owned and operated businesses can be allowed to operate. While the market vendors would certainly expect tourists to shop there, it is not a tourist attraction *per se*, but a real public amenity for workers, residents and visitors to the



READING TERMINAL MARKET, PHILADELPHIA, PAS

area. As noted on their website, Seattle's Pike Place Market supports more than 100 farmers, 150 craftspeople, nearly 300 commercial businesspeople and 50 performers.

Three Characteristics of a Public Market

1. Public goals
2. Public space
3. Locally-owned or independent businesses

site characteristics



DOWNTOWN MARKET IN COPENHAGEN, DENMARK



MARKET IN STOCKHOLM, SWEDEN, LOCATED NEXT TO A PUBLIC SQUARE

CHAPTER III

Site Characteristics

A market downtown must be convenient for all its intended customers: residents of Lower Manhattan and other nearby neighborhoods, office workers and visitors. However, its ability to attract each of these audiences will be challenged by the site chosen and its relationship to the memorial, transit facility and the street grid itself. If the market is too close to the memorial, it may become overwhelmed by tourists, and may also be less-frequently visited by locals, be they workers or residents. However, if the market is integrated into the transit facility, but lacks a relationship to public outdoor spaces, tourists may not find it as appealing, and workers may not use it for lunch — a critical factor.

Therefore, site selection is instrumental to a downtown public market’s success. A common mistake by planners and developers is to assume that a public market will be a sufficient draw to support a mar-

A market downtown must be convenient for all its intended customers.

ginal location. Worse, public markets are sometimes shunted to a side location in favor of national chain stores or other more commercial uses. It is therefore of the utmost importance that the market be located in a space — whether stand alone or integrated into an office building or other facility — that not only will be heavy with foot traffic to and from the trains and ferries, but also linked to a visible outdoor public space that can be used for an open air green-market, events, and other programming suitable for the site and context. Indeed, one type of public market choice for this location is a strictly open air facility.

VISIBILITY

The market must be visible and approachable from as many vantage points as possible. The bustling activity of the market is one of its most important forms of advertising.



VANCOUVER, BC

PROXIMITY TO TRANSIT

The market must be located adjacent to mass transit. In Montreal, for instance, the city locates markets adjacent to central public transportation hubs.

PARKING

Customer parking is not necessary in Lower Manhattan as long as the proximity to public transportation is good. Convenient, short-term parking and pick-up or drop-off areas are helpful for customers who drive or take a taxi. Vendor parking, and loading and unloading areas need to be provided but could be off-site. Some markets allow vendors to park in their spaces and sell “from the back of the truck.” In other cases, vendors are required to unload, set up displays and move their vehicles to a remote location.

CONTEXT AND SURROUNDINGS

Markets are synergistic and attract activity, including other retailers and even housing. An enjoyable environment is created not only by the market ambi-

site characteristics

ence itself, but also by what surrounds it. Markets are extremely social and opportunities for places to sit, people-watch or meet friends and these factors all add to the desirability of the market place as a destination.

ACCESSIBILITY

Once the market is seen, customers must be able to get there crossing as few obstacles as possible. Access should be easy whether customers arrive by foot, bicycle, public transportation or automobile. Most markets have multiple entrances.

FLOW

Markets perform optimally with logical and easy pedestrian flow. This can be facilitated with multiple entrances and exits into the market and multiple aisles and cross aisles within the market itself.



WEEKLY STREET MARKET, DORDOGNE, FRANCE



ENTRANCE TO GRANVILLE ISLAND MARKET

CHAPTER IV

Market Types

MARKET TYPES BY USE

Markets can be categorized, at the broadest level, into wholesale and retail functions.

WHOLESALE

Wholesale markets are those that are only open to the trade; they are frequently specialize in a particular product or products, such as flowers, produce, meat, and fish. Some of New York's retail districts (the diamond district is one example) serve as wholesale markets for their industries. In the 20th century, updated methods of product storage and distribution made many wholesale market facilities obsolete, both in this country and abroad. Frequently, this transformation was accompanied by consolidation to a few major distributors. Markets, by contrast, are facilities designed to handle numerous small distributors and buyers.



WHOLESALE VENDOR, DETROIT EASTERN MARKET

RETAIL

Retail markets are facilities for multiple small merchants to sell directly to consumers. Retail markets

have in some cases taken over from obsolete wholesale market facilities, taking advantage of the historical, aesthetic and functional properties of older market structures. In order to qualify as a public market, the facility must be maintained for small businesses only and conform to the public goals stated elsewhere in this document.

FARMERS MARKETS

Farmers markets are places where farmers, usually local to the region, can sell to consumers at full retail mark-up. In New York City, the Greenmarket program provides an important source of income for area farmers, thus helping to maintain regional farmland. They also give city residents the choice to buy local produce directly from producers.



DANE COUNTY FARMERS MARKET, WISCONSIN

IMPORTED FOOD MARKETS

Non-local foods can also be sold in public markets. These foods are imported from other states or regions and can be both fresh or packaged; frequently they include ethnic specialty foods from around the world.

PREPARED FOOD MARKETS

Markets can also be places to buy prepared foods to eat on-site or take-away. Philadelphia's Reading Terminal Market and the Los Angeles Farmers Market are popular examples of places where local residents, workers and tourists go for a wide selection of prepared foods from local restaurateurs.



PREPARED FOOD MARKET, TOULOUSE, FRANCE

NON-FOOD MARKETS

There are nearly as many types of non-food market uses as there are things to sell. Different non-food markets in Paris, for example, specialize in antiques, coins and stamps; there is even a bird market on Ile de la Cite. Non-food items are often oriented towards handcrafted products, high-quality imported goods, art and decorative items, and a full array of specialty, non-branded goods.



BOOK MARKET, AMSTERDAM, THE NETHERLANDS

MARKET TYPES — LAYOUTS

Markets have many forms and tend to evolve over time, ranging from small outdoor market with a handful of vendors to large market districts covering tens of acres. Market halls are often combined with a shed or outdoor vending areas. There are some market vendors who do not like a permanent leasehold and prefer to sell at market in season or on a daily rental basis. Markets, as noted, can be combined with transportation centers, traditional retail storefronts or arcades, parks, office buildings or even parking facilities.

In the examples on the following pages, we investigate the feasibility of several market types for the World Trade Center site in Lower Manhattan.

CHAPTER V

Proposed Options

While public markets vary in size, shape and types of items sold, it is possible to broadly generalize about and suggest market types that—from our analysis—are feasible for Lower Manhattan. We have selected a classic market hall, a market shed, an open-air market, and a market district, which is a combination of these forms. While a market shed and open-air market could be established with relatively little capital investment, a market hall is a somewhat more intensive endeavor. Of course, open-air markets often function in combination with market halls and sheds, and can easily and very effectively be incorporated into a more permanent market scheme.

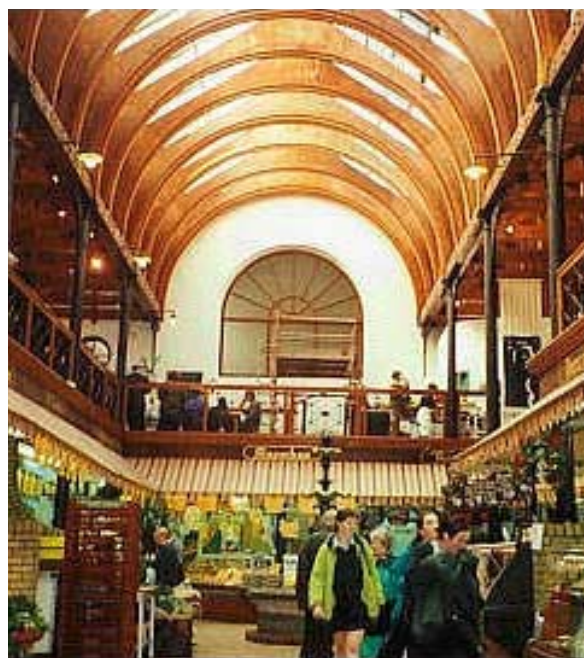
The demand for fresh and prepared food is likely to come from an aggregate of three sources: residents, office workers, and visitors, with prepared food accounting for the greatest potential in sales. While the ultimate location of the market is yet to be determined, the location will ultimately have a strong influence upon the customer mix. Locations close to, or integrated with public transit, and near residential areas such as Battery Park City are preferable to locations on the east side.

This section presents three options for a public market in Lower Manhattan, as well as an option for a "market district" that integrates them. Each of the three market types would be feasible (see below for detailed economic feasibility analysis). Some of the principle demographic points that illustrate this conclusion are:

- The residential and office population are underserved by fresh and prepared food vendors.
- None of the food alternatives within the downtown area are greater than 12,000 square feet in size and the closest supermarket is 1.5 miles away.

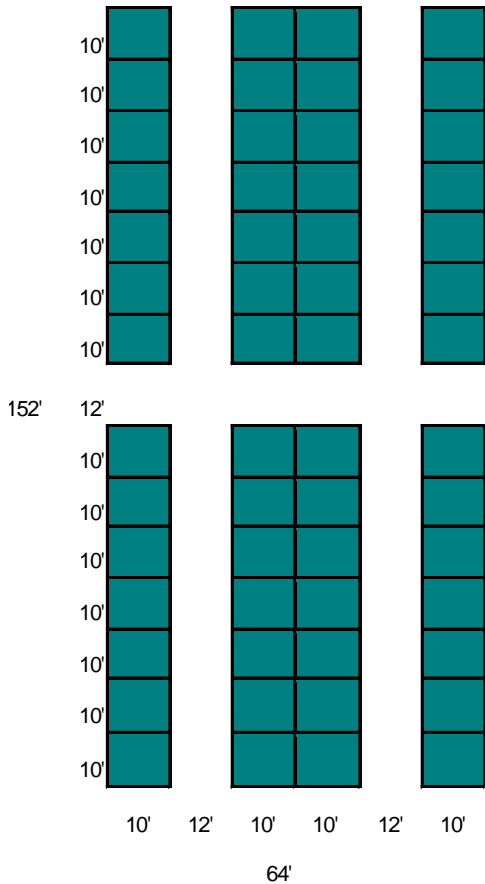
- While the residential population is considered small compared to other neighborhoods, it represents the lion's share of the potential for market purchases, mostly for prepared food.
- While each of these market prototypes meet the test of self-sufficiency, the larger market hall offers a much higher potential to generate activity in the area, and draw from a more significant range of residents and workers.
- Any expenditures by the estimated 7.2 million visitors to the area, which would likely have a significant impact on sales, have not been factored-into this analysis.

Note: The following financial projections and layouts are examples only and can be modified to fit a specific location. The stall sizes, rents, and cost assumptions are meant to give a general insight into the operations of a public market.



ENGLISH MARKET HALL

Option 1: Open-Air Markets



This is the simplest type of market: the easiest to start, manage and fund. Open-air markets are usually located in public spaces such as parks, squares, plazas or streets. An open-air market can work in a site that serves other purposes, as the market typically does not operate all day long and/or every day of the week.

Open-air markets are inherently flexible and can change their layouts with ease. The infrastructure for open-air markets is minimal, however, access to water and electricity should be made available for vendors. An open-air market can also operate in conjunction with a market shed or market hall.

We are proposing a medium-sized open-air market of 9,800 square feet measuring approximately 152' x 64' accommodating 56 stalls. This layout does not include parking and loading for delivery vehicles. The project costs for an open-air market are for equipment and moveable stalls only-no permanent structure is included. The open-air market is able to generate a positive cash flow assuming no capital or land costs.

USES OF CASH	% OF TOTAL	\$/SF	YEAR 1
Land Price			None
Hard Costs	87%	\$ 15	\$ 145,920
Soft Costs @	13%	\$ 2	\$ 21,888
Total Costs	100%	\$ 17	\$ 167,808

INCOME	# UNITS	RENT/MONTH	Stabilized YR
Stall Rent	56	\$ 400	\$ 268,800
Total	56		\$ 268,800
Less Vacancy @	15%		\$ (40,320)
Gross Potential Income			\$ 228,480

OPERATING EXPENSES	STABILIZED YR
Ground Rent & PILOT	TBD
Insurance	\$ 20,000
Repairs & Maintenance	\$ 10,000
Utilities/Fuel	\$ 10,000
Payroll Manager	\$ 50,000
Custodian	\$ 35,000
Accounting/Legal	\$ 15,000
Marketing & PR	\$ 50,000
Reserve for Replacement	\$ 3,000
Total Operating	\$ 193,000
Net Operating Income	\$ 35,480

FUNCTIONAL AND DESIGN CONSIDERATIONS

- Highly adaptable to local conditions and configurations.
- The market “look” is established with vendor setups and merchandise.
- Aisle widths for customers can be as narrow as six feet.
- Vendor spaces need a minimum depth of six feet with frontages of varying sizes.
- Permanent anchors for canopies or tents can be imbedded just below-grade.
- Too much wind or sun can create functional difficulties.
- Public lighting allows market to operate in the evening.
- Access to rest rooms is needed.
- Access to minimal electricity and water is needed.
- Layouts can be lateral, circular or random, with single- or double-sided aisles.
- Open-air markets can be combined with market halls or sheds.

Option 1: Open Air Markets

Paris, France



PARIS OUTDOOR FRUIT MARKET

Paris has an outdoor public market system that is without parallel in the world. In a study conducted by the city, officials found that 56% of Parisians regularly use the markets, with 29% of those going more than once a week. There are 60 open-air markets in Paris that operate Tuesday - Sunday, generally between the hours of 7:00am and 2:30pm.

Paris' outdoor markets thrive in spite of the relocation of the central market, Les Halles (a market that had flourished for 800 years in the city center), to Rungis, seven miles outside of the city, now the wholesale food market for the region. Many of the street vendors get their supplies from Rungis and bring them into the city to resell. It is estimated that only ten percent of the city's vendors are actually farmers.

Most of the markets use an anchoring system whereby vendors attach uniform aluminum frames into the pavement. These stalls/shelters are usually set up the day before the market and removed at the conclusion of the day's business. Beginning in the late 1970's the city government added electrical hookups at the markets for the vendors' use. The



ART MARKET, PARIS

city also provides trash-hauling services for the markets.

The city's outdoor markets are more popular than ever and there is a waiting list for vendors. Many vendors have had the rights to sell at a market for years and leases are passed down through generations. There are 1800 regular vendors at the outdoor markets.

The markets range greatly in size, the smallest has just 10 vendors, while the largest is over a half-mile long and has 150 vendors.

The city is also changing the way the markets are managed and have been hiring outside contractors to operate the markets.



BIRD MARKET, PARIS

Greenmarkets, New York City



Since 1976, Greenmarket has organized and managed open-air farmers markets in New York City. Its purpose is to support farmers and preserve farmland by providing an opportunity for growers to sell over 600 varieties of fruits, vegetables and other farm products directly to New Yorkers. Greenmarket was founded in the belief that the open market provides the most beneficial means of exchange between farmers and residents.

Markets are held in parks, playgrounds, parking lots, closed streets or other available open spaces, and most run one day a week, rain or shine, though some run multiple days.

Over 200 farmers and producers sell at Greenmarkets, generally around 8 to 12 in any one location. At a few locations, such as Union Square and Grand Army Plaza, between 30 and 80 vendors will attend in peak season.

The markets are supported by vendor fees, ranging from \$35 to \$80 a day per selling space depending on location and payment method. The balance of

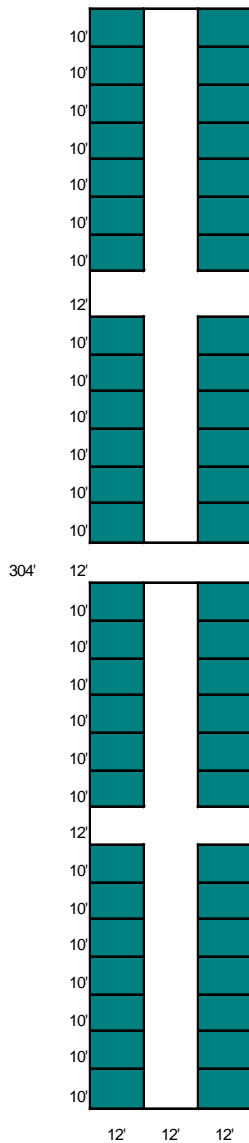
costs are covered by foundations, chiefly the Vinmont Foundation and the J.M. Kaplan Fund which have generously funded Greenmarket since it began.

Greenmarket is a program of the Council on the Environment of New York City, a privately funded, not for profit organization operating out of the Office of the Mayor.

TEXT SUPPLIED BY GREENMARKET



Option 2: Market Shed



Market sheds provide a layer of protection and permanency not found in the open air. A shed is a roofed structure, open on the sides and generally has a central walkway for customers flanked with vendor spaces and displays. Larger sheds can have multiple parallel walkways, while others can be cross-shaped with intersecting walkways. Still others have more organic shapes, customized to fit into a particular topography or site.

Infrastructure in a shed includes water, electricity, lighting, drainage and optional display counters. Some sheds are built with a two-story head house at one end. The upper story can be used for public meetings, offices, museums or additional retail. The first floor often has public restrooms or storage.

We are proposing one shed with a central break of 11,000 square feet—approximately 304' x 36' with 52 10' x 12' deep stalls. The shed would provide vendors with shelter from the weather and power but is not fully enclosed and has no climate control. The roof height would be 15' - 25' tall.

A market shed with 52 stalls is able to cover its operating expenses. A smaller facility would require operating subsidies and a larger facility would insure greater economic freedom. Market sheds are often combined with open-air markets.

FUNCTIONAL AND DESIGN CONSIDERATIONS

- Can work in combination with an open-air market or market hall.
- Must be strong, as market sheds take a beating.
- Roof heights and column spacings must be practical and allow ease of access for customers, trucks and maintenance.
- The layout of individual spaces should not be fixed.
- The floor must have a proper slope for drainage and maintenance.
- Water and electricity must be accessible for all vendors.
- Vendor areas should be sloped away from customer walkways.
- Sheds may be enclosed with curtains, doors or panels — although many are not.
- Interior lighting or skylights add to the ambience of the experience.
- Public restrooms may be included within a shed. If not, other access is needed.
- Aisle widths can comfortably range from 7 to 12 feet.
- Vendor selling spaces should be within the roofline.
- Sheds should be emptied and cleaned every night, except on special occasions.

USES OF CASH	% OF TOTAL	\$/SF	YEAR 1
Land Price			None
Hard Costs	80%	\$100	\$1,094,400
Soft Costs @	20%	\$25	\$273,600
Total Costs	100%	\$125	\$1,368,000

INCOME	# UNITS	RENT/MONTH	Stabilized YR
Stalls	52	\$600	374,400
Less Vacancy 15%			(56,160)
Gross Potential Income			318,240

OPERATING EXPENSES	STABILIZED YR
Ground Rent & PILOT	TBD
Insurance	\$ 30,000
Repairs/ Maintenance/Trash	\$ 30,000
Utilities/Fuel	\$ 15,000
Payroll Manager	\$ 55,000
Custodian (2)	\$ 60,000
Accounting/Legal	\$ 15,000
Marketing & PR	\$ 50,000
Reserve for Replacement	\$ 5,000
Total Operating	\$ 260,000
Net Operating Income	\$ 58,240

Option 2: Market Shed



EASTERN MARKET SHED, DETROIT, MICHIGAN

Eastern Market, Detroit



It would be difficult to find a local institution as important to a city as Eastern Market is to Detroit. It is a simple array of warehouses, sheds, parking lots, retail and loft buildings, but it has a place in the hearts of seemingly everyone in the metropolitan area.

Although the farmers market only operates on Saturdays, the market district is busy nearly 24 hours a day, seven days a week, with wholesalers driving business during the evening and early morning weekdays, restaurants attracting a busy lunch crowd from downtown, jazz clubs, art galleries, farmers and butchers drawing weekend food shoppers. Most important, however, is the continuity of the market itself. Many vendors and merchants have conducted business there for 50 years or more, and most shoppers consider a trip to Eastern Market for produce, flowers, and other foodstuffs to be a family tradition.

Eastern Market is located on land that had been a cemetery until the graves were relocated to Grosse Point in 1869. The market is an 80-acre market district which includes five sheds. The sheds were added, one at a time, beginning in 1891 with the last going up in 1965. Eastern Market is the last and biggest of the inner city market districts in the United States. It attracts thousands of retail shoppers and wholesale buyers, who in turn support over



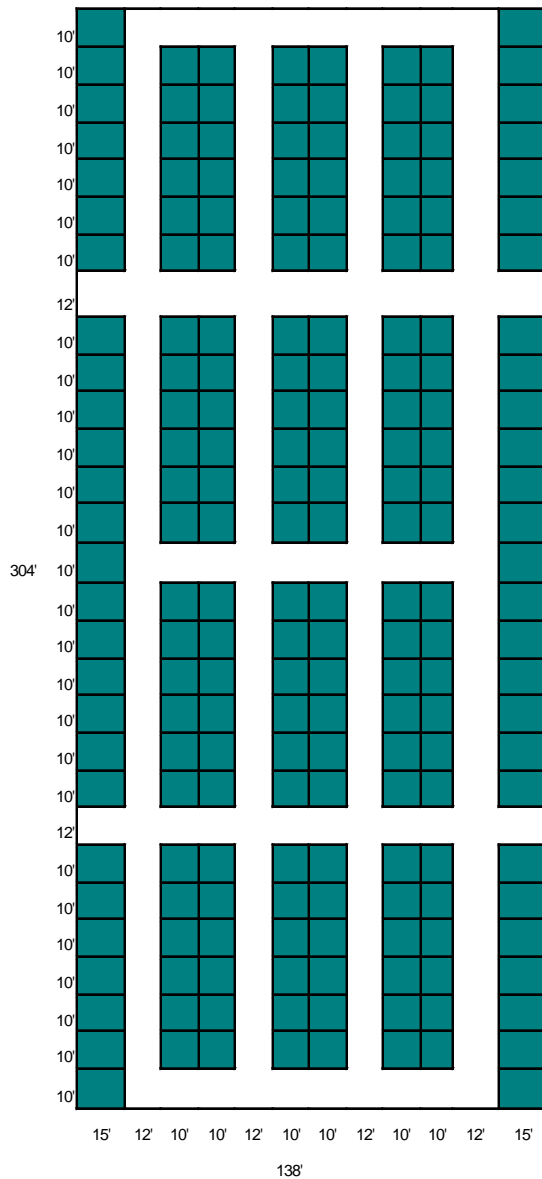
350 businesses and farmers.

The sheds at Eastern Market are owned and operated by the city of Detroit. The hundreds of surrounding properties are privately owned and comprise food wholesalers and manufacturers, butchers, cold storage warehouses and retail storefronts. The Eastern Market district is seeing the early signs of change as old buildings are being recycled into loft apartments, artist studios and music clubs.

The market's outdated management structure cannot cope with many challenges the city and market currently face, and a new entrepreneurial organizational structure driven by a public/private partnership is currently being considered by the city.



Option 3: Market Hall



The market hall first evolved as an enclosed shed and has grown to be the most sophisticated of market structures. A market hall is the most expensive type to develop and most intensive to manage. However, most public market halls do not carry any debt and are operationally self-sustaining.

Market hall interiors are laid out in a manner that echo the grid of city streets with permanent stalls

flanking a series of north-south and east-west aisles to optimize display frontage. Up to half of the floor space in a market hall is used for customer circulation.

Since prepared food would be a necessity in this location, vendors would need full-scale cooking and preparation facilities in their stalls. As a result many of the stalls are larger than usual. In addition, market halls are often designed with flexible open public areas around the exterior, which can act as open-air markets one day and a park on other days. Although the costs of an open-air market have not been factored into this particular analysis, but are analyzed separately, this should not lead the reader to assume that the two are mutually exclusive.

Based on our feasibility analysis (see following chapter), we are proposing a minimum size of 42,000 square-foot for a market hall (for reference, 1 acre = 43,560 sq ft). The hall would be approximately 304' x 138' on two levels with space for 252 vendor stalls. The middle aisle stalls would be 10' x 10' and could be leased in multiple increments to accommodate larger businesses. The perimeter stalls would be 10' x 15' deep to accommodate wet services and refrigerators for food service. The mezzanine level stalls would be along the perimeter only and overlook the ground floor of the hall. In a traditional hall, the ceiling would be 30' - 40' high with skylights. Alternatively, a vaulted ceiling could be used if other uses existed above the market.

As discussed in the following chapter, if the market hall were located in a visible and accessible site, a larger hall may also be feasible, based on its ability to draw customer from outside of the immediate neighborhood.



MARKET HALL, VALENCIA, SPAIN

FUNCTIONAL AND DESIGN CONSIDERATIONS

- Requires complete mechanical systems and code compliance
- Requires full-time management, promotion and maintenance
- Other required elements: cold storage, dry storage, office, bathrooms, loading areas, trash handling area, HVAC, interior and exterior lighting, signage, tenant space allocation, customer aisles, common seating areas, utility grid to all tenants, good ceiling heights, column spacing that does not interfere with market layout, sloped floor for cleaning, excellent drainage system, centralized exhaust system, and a maintenance workshop
- Development and construction costs can exceed \$300 per square foot
- Market halls can have complementary uses on floors above or below the project such as train stations, office buildings, gymnasiums, lecture halls, day-care, restaurants, parking and housing

Option 3: Market Halls

USES OF CASH	% OF TOTAL	\$/SF	YEAR 1
Land Price			None
Hard Costs	87%	\$ 250	\$10,488,000
Soft Costs	13%	\$ 38	\$ 1,573,200
Total Costs	100%	\$ 288	\$12,061,200

Hard costs include actual construction costs. Soft costs include architect, engineering, legal, other consultants and any closing or financing costs (see Table 1).

INCOME	# UNITS	RENT/MONTH	Stabilized YR
100sf Ground Level Stalls	144	\$ 450	\$ 777,600
150sf Ground Level Stalls	54	\$ 600	\$ 388,800
100sf Mezz Level Stalls	54	\$ 200	\$129,600
Total	252	stalls	\$1,296,000
Less Vacancy @	15%		\$ (194,400)
Gross Potential Income			\$ 1,101,600

OPERATING EXPENSES	STABILIZED YR
Ground Rent & PILOT	TBD
Insurance	\$ 125,000
Repairs & Maintenance	\$ 50,000
Utilities/Fuel	\$ 150,000
Payroll inclusive of Benefits	
Manager	\$ 70,000
Assistant Manager	\$ 40,000
Custodian (5)	\$ 150,000
Accounting/Legal	\$ 25,000
Marketing & PR	\$ 250,000
Supplies and Office	\$ 40,000
Rubbish Removal	\$ 60,000
Reserve for Replacement	\$ 25,000
Total Operating	\$ 985,000
Net Operating Income	\$ 116,600

Income is based upon the first stabilized year with full occupancy. Rents are expressed on a cost-per-month basis and are inclusive of all common area maintenance charges. Projected rents are below-market to enable management to reach out to small New York-based businesses.

Operating expenses include typical expense items. There is no budget for ground rent, PILOT (payment in lieu of taxes) or debt service (it is assumed there will be no debt on the project). The market hall generates a positive net operating income and could be self-sufficient.

Reading Terminal Market, Philadelphia

Reading Terminal Market, built by the Reading Railroad, was the world's largest indoor food market when it opened in 1892. Above the market is the 130,000-square foot train shed of the Reading Railroad that helped transport millions of passengers every year until the trains were rerouted underground in 1984. The train shed now serves as an entrance hall to a convention center. The market traces its development to the late 1600's when farmers and fishermen set up informally on the banks of the Delaware River. The market grew from an open-air facility to a shed market to a medium-sized market hall and finally into the current building at the turn of the last century.

The market was a marvel of its time with refrigeration in the basement, marble counters and all manner of goods from local producers and from around the world.

The market was operated privately by the Reading Railroad until 1990, when the company sold it to the Pennsylvania Convention Center Authority, which built part of its new \$500 million facility on top of the market.

The market flourished for nearly half a century and then, almost imperceptibly, went into a slow decline after World War II, which continued up until the 1970's when the market nearly closed. The Reading Railroad, having recently emerged from bankruptcy proceedings, decided to reinvest in the market as well as other properties it owned adjacent to the market in the late 70's. The market's fortunes were reversed, and it once again regained its pre-eminence as the place to shop for high-quality fresh foods.

The mission of Reading Terminal Market is unchanged since its inception in 1892:



©BURKE UZZLE

"To provide Philadelphians the opportunity to choose among, and buy at reasonable prices, a wide variety of produce, meat, fish, dairy products and other foodstuffs, brought to public market in the center of the city by farmers, growers, and producers, and to do this in a setting that recognizes and celebrates the diversity of our citizens and stimulates their interaction and which reinforces the historic link and mutual dependency of the rural and urban centers."



Option 3: Market Halls



Leadenhall Market, London

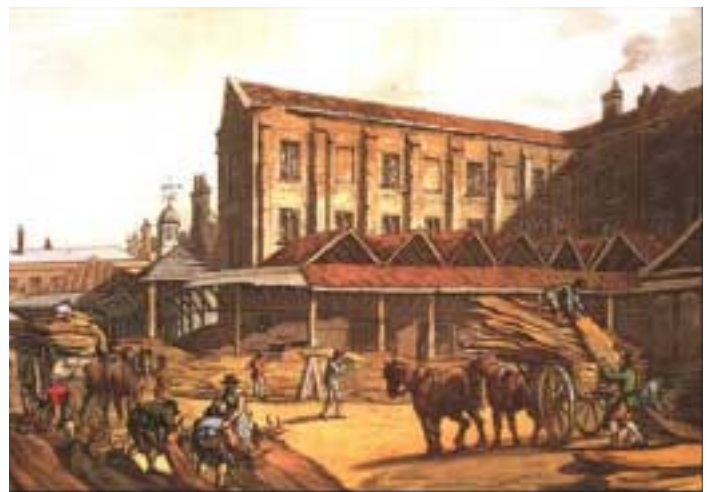


A market has stood at the site of the present Leadenhall Market since Roman times, although the first meat and fish market opened in the 14th century. The market was a thriving poultry, meat, fish and corn market when it was destroyed in the Great Fire of 1666. The current glass and steel structure was built in 1881 by Horace Jones.

Located directly adjacent to the Lloyd's building and the Stock Exchange, the market is frequented by workers in the financial district, though they mostly patronize its chic cafes and shops, neglecting the few remaining butchers and cheese-mongers.

The streets of London run through the market's arcades: four avenues, entered through tall, stone arches, meet in a central crossing. On the ground level the spaces are divided into shops. The vending stalls also spill out onto the cobbled streets evoking the market activity of old.

According to the Corporation of London website: "A celebrated character in Leadenhall during the 18th century was 'Old Tom', a gander which managed to escape execution even though it is recorded that 34,000 geese were slaughtered there in two days. He became a great favourite in the market and was fed at the local inns. After his death in 1835 at the age of 38, he lay in state in the market and was buried there."⁷



RUDOLF ACKERMANN, LEADENHALL MARKET, 1808

7. http://www.cityoflondon.gov.uk/our_services/markets/leadenhall.htm

Option 4: Market District/Combined Option

Market districts represent the most mature and intensive type of market facility. A district generally encompasses a variety of market uses and can include multiple market halls, sheds and open-air vending spaces. Districts often have wholesale and retail components and operate around the clock, all year long. Most true historic market districts are remnants of central food distribution centers, which are now typically located on the outskirts of the city center.

For the purposes of this analysis, it is possible to view a market district as a combination of the three types of markets previously described. Very often, market sheds are attached to market halls, giving vendors additional weather protection and expanding their season. Perhaps the best option for the WTC site would be an open-air market in combination with a market hall. The hall could be used primarily for prepared food and items that need refrigeration (meat, cheese, etc.) while the open-air market could provide produce and flowers seasonally (much like the Greenmarket that used to operate in the WTC plaza). In addition, the public space would give a market hall a strong identity. For this reason, PPS/PMC strongly recommends that this option be given serious consideration.



PIKE PLACE MARKET, SEATTLE

Pike Place Market, Seattle



PIKE PLACE MARKET — POSTCARD

The Pike Place Market, which was nearly torn down in the 1970's, is now one of the most successful markets in the world and draws more people into the city than Seattle's sporting and entertainment events combined.

Pike Place is a market district comprising many buildings, streets, housing, senior and children's centers, restaurants, shops, farmers, craft vendors and strolling musicians who are actually licensed by management. There is now a serious tourist trade at the market that threatens the local character and charm.

Although Pike Place traces its origins as an open-air market at the turn of the century, it was the recipient of nearly \$35 million in UDAG money in the 1970's when the market was completely retrofitted after winning a preservation battle.

The Pike Place Market PDA (Preservation and Development Authority) is a nonprofit public corporation chartered by the city of Seattle in 1973 to serve as caretaker and steward of the city's historic public-market center.

The market is also helped by a nonprofit 501 c(3), The Market Foundation, which works to support human service agencies, advocates for low-income and needy residents and raise funds to support the public purposes of the PDA.

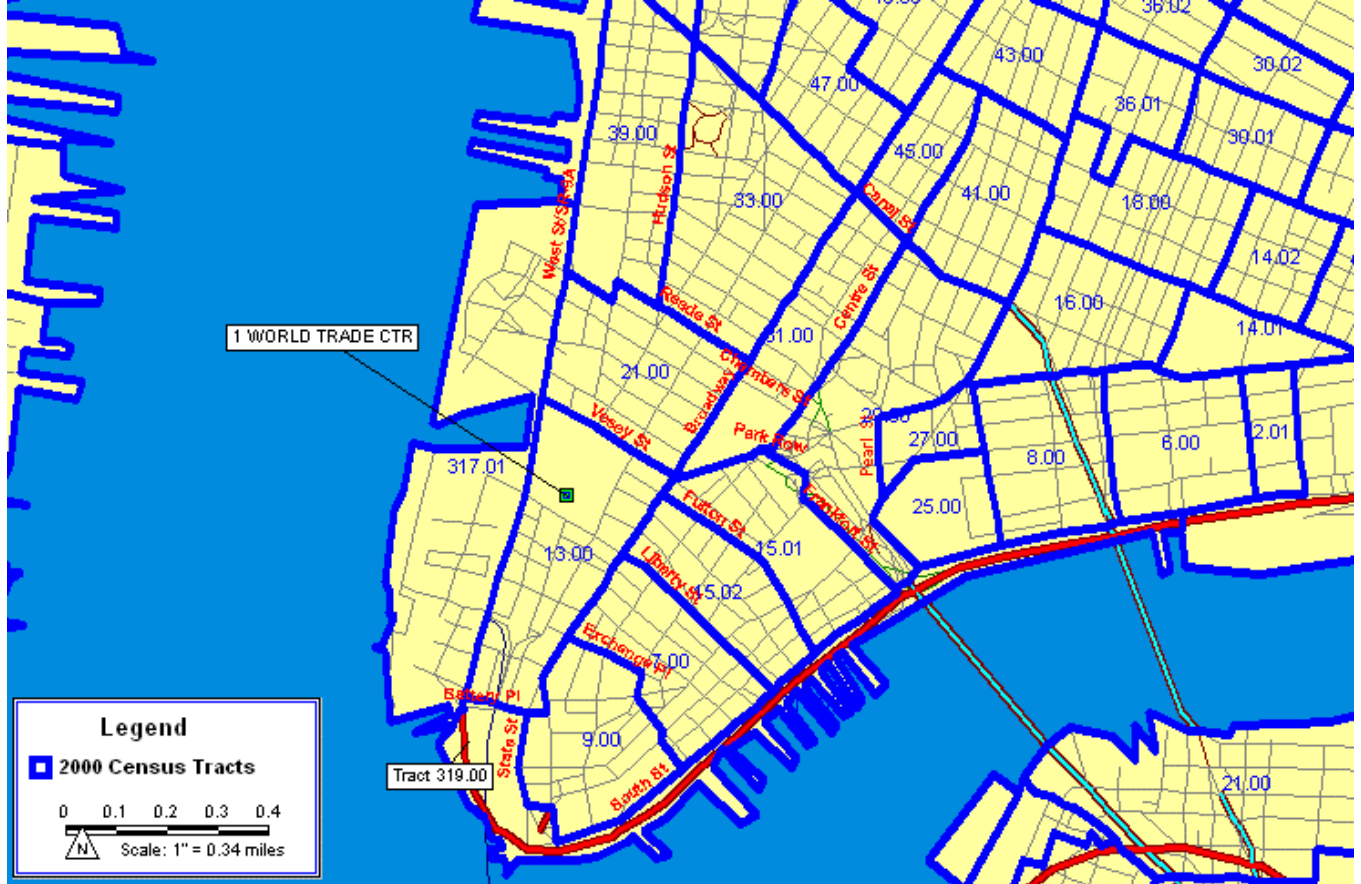


PIKE PLACE MARKET — POSTCARD

PDA staff activities are governed by the PDA Council, a 12-member volunteer board consisting of four mayoral appointees, four members elected by the market constituency, and four members appointed by the PDA Council itself. Council members serve four-year terms.

PDA serves as landlord and manager for 80% of the properties located within the nine-acre market historical district. The remaining properties are owned by various private interests. All buildings and activities within the Pike Place Market, regardless of ownership, are governed by the covenants and ordinances designed to protect and preserve the traditional commercial and cultural uses of the market. Revenues for the market are derived through property management activities. The market is not tax-supported.

The Pike Place Market Historical Commission is an arm of the city of Seattle Department of Neighborhoods. The Historical Commission has authority over allowable design and use of space within the market, in accordance with City guidelines and policies designed to maintain and preserve the market's historic character. Commission members are appointed from property owners, merchants and residents within the historic district.



LOWER MANHATTAN DOWNTOWN BUSINESS DISTRICT CENSUS TRACTS (SOUTH TRIBECA TRACT 21, WTC TRACT 13, BATTER PARK CITY TRACT 317.1, FINANCIAL DISTRICT TRACTS 7 & 9, INSURANCE DISTRICT TRACTS 319, 15.01, & 15.02 THESE TRACTS FORM THE BOUNDARIES FOR THE NEIGHBORHOODS ANALYZED IN THE FOLLOWING SECTION.

CHAPTER VI

Economic Feasibility Analysis

SUMMARY OF ECONOMIC FEASIBILITY OF THREE PROPOSED TYPES OF MARKETS

All three market prototypes, open-air market, market shed and market hall, are economically feasible (meaning self-sufficient or profitable) based upon the recommendations outlined above. Self-sufficiency is measured by the rent as a percentage of estimated potential sales. Small independent food operators in shopping centers usually pay between 5 percent and 10 percent of sales in occupancy cost. This is a much higher percentage than supermarkets pay, but the economics are different for smaller food vendors. With this in mind:

The large market hall prototype has the potential to generate \$15.5 million in sales. The estimated operating expenses for the market hall is \$985,000, which is six percent of estimated sales potential and well within the range of feasibility.

The market shed prototype has estimated operating expenses of \$260,000 annually and an estimated market potential of \$5.5 million. The operating expenses are 5 percent of sales.

The open-air market prototype has estimated operating expenses of \$193,000 with the same annual estimated market potential of \$5.5 million. This prototype reflects operating expenses at four percent of sales.

MARKET ANALYSIS OF POTENTIAL PUBLIC MARKET CUSTOMERS

DOWNTOWN RESIDENTS

Key Points:

- The downtown residential population is growing, and is more affluent than other parts of the city, with strong buying power.
- Residents show a stronger demand for prepared or take-out foods than for fresh food.
- Many residents also work in the neighborhood or nearby and few have cars, creating a captive market for a public market. A public market can therefore greatly enhance the desirability of the downtown as a place to live, helping to attract new residents.
- Residents have a potential for \$40.7 million in sales for unprepared food for at-home consumption, and \$13.7 million in sales for fresh food products. This is sufficient to support a public market with both components.

The downtown residential population is growing, and is more affluent than other parts of the city, with strong buying power. The study area for this feasibility analysis is primarily south of Chambers Street between the Hudson and East Rivers. It includes such submarkets as the southern portion of Tribeca,

DOWNTOWN MARKET AREA	POPULATION 2000	HOUSEHOLDS 2000	AGGREGATE INCOME (MIL)	AVERAGE HOUSEHOLD INC.
WTC/South Tribeca	3,932	1,918	\$291.6	\$152,033
Battery Park	7,951	4,419	\$659.5	\$149,242
Financial Dist.	2,350	1,103	\$125.2	\$113,509
Insurance Dist.	8,499	3,830	\$335.4	\$87,650
Total	22,732	11,207	\$1,411.7	\$125,966

SOURCE: CENSUS AND REPG

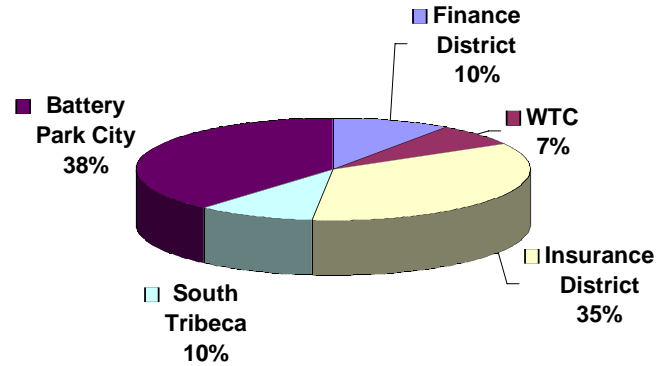
the Financial District, Insurance District, part of City Hall, and the World Trade Center/Battery Park City area. This area represents the "source of demand" or the location of residents who will be the market's primary customers. In the previous decade (1990-2000) the population in the area grew from 13,893 people to 22,732 people, now living within 11,270 households. The households have an average annual income of \$125,966 and the area has a total buying power of more than \$1.4 billion.

Residents show a stronger demand for prepared or take-out foods than for fresh food. Another important statistic is the number of one-person households in the area. Almost half the households (47%) consist of just one person (the average household size is 1.8 person). Since single households spend 32 percent of their food dollars at home, while a typical metropolitan New York resident spends 58 percent of their food dollar at home, the large number of single households represents a considerably more robust picture for prepared food over fresh food.

SELECTED FOOD ITEMS	AVERAGE ANNUAL HOUSEHOLD EXPENDITURE
Bakery	\$262
Beef	\$181
Pork	\$100
Other Meats	\$72
Poultry	\$130
Fish & Seafood	\$114
Fresh Fruits	\$162
Fresh Vegetables	\$160
Total of Selected Items	\$1,181

SOURCE: CONSUMER EXPENDITURE SURVEY AND REPG

DISTRIBUTION OF FRESH FOOD SALES POTENTIAL BY DOWNTOWN SUBMARKET



Many residents also work in the neighborhood or nearby and few have cars, creating a captive market for a public market. A public market can therefore greatly enhance the desirability of the downtown as a place to live, helping to attract new residents. Almost two-thirds (63%) of the people in downtown are in the work force. About 12 percent work at home, 32 percent walk to work, and most of the remaining 56 percent take public transit (including taxi) to work. A high 73 percent of households do not have a vehicle, making it difficult for many to leave the area to buy food products.

Residents have a potential for \$40.7 million in sales for unprepared food for at-home consumption, and \$13.7 million in sales for fresh food products. This is sufficient to support a public market with both components. The food for at-home consumption (i.e. unprepared food) for the downtown area of New York City is estimated at \$30.5 million. However, this is a gross potential and is shared by anyone who sells food for "at-home consumption," but it does not include take-out restaurant food. Demand for a public fresh food market is more limited in sales potential. Their products usually consist of bakery goods, meats, poultry, fish, and fresh produce. The total estimated gross potential for these items is \$13.5 million.

ANALOGS OF PUBLIC FOOD MARKETS					
Selected Markets	Population	Households	Agg. Total Income (M)	Avg. Hshld. Income	Change 1990-2002 Hshld.
Grand Central Station Market/0.25 Mi Ring	9,692	6,194	\$642.9	\$103,267	446
Pike Place Market, Seattle, WA .25 Mi ring	3,173	2,106	\$122.4	\$56,879	898
Reading Terminal Market, Phil. PA .25 Mi Ring	1,831	5,760	\$32.0	\$38,219	185
World Trade Center/.25 Mi ring	6,500	3,424	\$903.7	\$139,030	2,340
Grand Central Station Market/0.5 Mi Ring	45,113	29,075	\$3,136.3	\$107,543	2,262
Pike Place Market, Seattle, WA .5 Mi Ring	8,138	5,130	\$306.1	\$57,549	1,872
Reading Terminal Market, Phil. AP .5 Mi Ring	11,777	5,760	\$267.1	\$42,819	1,105
World Trade Center/.5 Mi Ring	21,109	10,585	\$1,225.5	\$115,774	7,140
Grand Central Station Market/1 Mi Ring	149,344	91,320	\$9,806.6	\$106,787	6,237
Pike Place Market, Seattle, WA. 1 Mi Ring	37,130	21,506	\$1,248.2	\$47,834	7,503
Reading Terminal Market, Phil. PA 1 Mi Ring	58,162	34,460	\$1,900.1	\$53,823	2,045
World Trade Center/1 Mi Ring	68,253	29,252	\$2,721.0	\$93,020	11,578

SOURCE: SCANUS AND REPG

Finally, it is important to note how residential demographics surrounding a potential World Trade Center site compares with demographics surrounding other major public markets. We selected three other markets to compare with the World Trade Center location: the Grand Central Station Market in New York City, the Reading Terminal Market in downtown Philadelphia, and the Pike Place Market in downtown Seattle. In comparison to other public markets in downtown commercial centers, the quarter mile ring around the World Trade Center site offers superior demographics in terms of household income and residential growth.

DOWNTOWN EMPLOYEES

Key Points:

- While the number of downtown office workers declined after 9/11, a market can act as a magnet to draw new workers to the area.
- While fresh and prepared food sales by workers is less than for residents, office workers still add \$8 million in food products, of which \$3 million would be in fresh food, from a ¼ mile radius around the WTC site.
- Additional sales potential of \$7.9 million (including \$0.2 million in fresh food) are gener-

DOWNTOWN OFFICE MARKET POPULATION ESTIMATES BY SUBMARKETS		
Trade Area	Square Feet Offices	Estimated Day-Time Population
World Trade Center/Battery City Submarket		
Prime	20,397,992	67,993
Secondary	3,156,655	10,522
Subtotal	23,554,647	78,515
Financial District Submarket		
Prime	10,308,718	34,362
Secondary	10,408,548	34,695
Subtotal	20,717,266	69,057
Insurance District Submarket		
Prime	1,526,760	5,089
Secondary	17,906,288	59,688
Subtotal	19,433,048	64,777
Downtown Office Market (without City Hall District Submarket)		
Prime	32,233,470	107,445
Secondary	31,471,491	104,905
Grand Total	63,704,961	212,349

SOURCE: TENANTWISE.COM AND REPG

ated from the secondary area (area beyond ¼ mile but within the downtown area).

While the number of downtown office workers has declined after 9/11, a market can act as a magnet to draw new workers to the area. Although the residential population of downtown New York has grown by almost two-thirds in the past decade, it is still a predominately office market. The seven buildings that were destroyed contained 13.9 million square feet employing an estimated 46,400 people. In addition, three other buildings with a combined total of 1.75 million square feet and an estimated office population of 5,850 people received major damage and have not been reoccupied.

Prior to 9/11, the downtown office population was projected to increase by almost 10,000 people over the next decade. While the rate of increase will likely slow, we believe that the fresh food market will help the area return to its previous population growth projections, in part because the market can help bring a sense of vitality, helping to address some non-measurable effects that 9/11 brought to Lower Manhattan.

The downtown area had 368,000 people who had been working there before September 11, 2001. Since the attack, the Downtown Alliance has estimated that about 300,000 people now work south of Canal Street.

Within the primary area of the World Trade Center site, which we have defined as a quarter-mile, we estimate that there is a total of 32.2 million square feet of undamaged office space, which could be occupied by almost 110,000 people. Within the remaining part of downtown, which for our study purposes does not include the City Hall office market area, we estimate another 31.5 million square feet of office space with 105,000 daytime employees.

While fresh and prepared food purchases by workers is less than for residents, office workers from a ¼ mile radius around the WTC site still add \$8 million in food products, of which \$3 million would be in fresh food. It is very difficult to estimate demand for fresh food from the daytime office population without additional primary research. The best comparison would be the Grand Central Market on

Lexington Avenue, but we have no studies showing what office workers in that market area buy or spend on fresh food items. However, based on other studies by REPG, we have estimated an average annual expenditure on food products of \$75 per person, of which \$40 would be on fresh food items.

Within this quarter-mile radius, we therefore estimate food products expenditure of \$8 million and fresh food expenditure of \$4.3 million. **There is an additional sales potential of approximately \$7.9 million for food products (of which the fresh food potential is \$4.2 million) from the secondary area.**

DOWNTOWN VISITORS

Key Points:

- Tourists and visitors will come to the area in substantial numbers.
- Visitors can benefit the market in terms of adding to its vitality, but can also be detrimental if the market is perceived to be a tourist attraction with products that are not of interest to residents and employees.

While it is impossible to estimate what visitors will spend on food products and fresh food products, it is quite possible that they would contribute enormously to the economic and social vitality of the public market, especially to the extent that there is prepared food, vending, information and events happening in and around the public spaces associated with the market. However, tourist-specific items (t-shirts, souvenirs, etc) should not be any part of the market mix, as they would be totally inappropriate, and serve to reduce market share from the residents, the backbone of the market's support.

Tourists and visitors will come to the area in substantial numbers. The Downtown Alliance has estimated that approximately 7.2 million visitors come to the downtown area.⁸ The main attraction has historically been the Statue of Liberty. However, since September 11, 2001, the World Trade Center site has joined the Statue of Liberty as a place where visitors must come.

POTENTIAL MARKET SHARE FOR A PUBLIC MARKET

Key Points:

- Because of its size, the market hall has potentially significant drawing power.
- The market hall could capture 70 percent of the fresh food potential downtown.
- The two smaller market types would be capable of capturing 33 percent of the primary trade area sales and 20 percent of the secondary sales potential.

The sales potential of a public food market depends in part upon the size of the market, the competition, and the market's location. **The larger the market the more drawing power it has** because it can offer greater internal competition among vendors and therefore more selection, inventory, and competitive prices. The competition is important because while public food markets are quite different from the neighborhood grocery store, consumers still value convenience and will frequently shop at the closest store that offers the products that interest them. Finally, the market's location or convenience plays a part in a consumer's decision of where to shop. Therefore, while a variety of locations for a market

8. See "Downtown New York, a Community Comes of Age" available at www.downtownny.com

in Lower Manhattan could be considered, the World Trade Center site offers distinct advantages in terms of visibility, access to transit, and convenience to Battery Park City and other residential areas. While sites at South Street Seaport might be available, for example, that site is less convenient to transit and residents, and is more of a tourist area.

COMPETITION FOR FOOD SALES DOLLARS

Analysis of the study area finds only six places for serious food shopping. These include the two Gristedes stores, a Food Emporium, the Amish Market, Associated, and Jubilee Marketplace. None of these operations have more than 12,000 square feet of space. Residents in the area typically go to the Pathmark located a mile-and-a-half away on weekends or into New Jersey to stock up on items.

As for fresh food, the only analog would be New York City's Greenmarkets. The World Trade Center site reportedly had one of the higher grossing Greenmarkets in the city, and its former success is a positive indication that another Greenmarket or fresh food market would again have the potential for a good performance.

ESTIMATED DRAWING POWER OF THREE TYPES OF PROPOSED PUBLIC MARKETS

The supermarket industry frequently uses a model⁹ that estimates the probability of shoppers going to a specific location based on weighing the factors of selection and distance. This model was applied to

the three public market models that have been presented. The model has been adjusted to recognize that a public food market selling primarily fresh food products is offering a much higher concentration of such products than its traditional grocery store competitors, and we have adjusted the model to reflect this greater drawing power.

Three types of markets have been proposed. The market hall is a large indoor facility with 42,000 square feet of gross building area and space for 252 vendor stalls. This type has a useable area of 27,900 square feet. The market shed is a smaller market with 11,000 gross square feet with 52 vendor stalls. This typology has 6,250 square feet of useable area. The open-air market has 9,800 square feet of gross covered area and space for 56 vendor stalls. The useable area is 5,600 square feet.

Because of its size, the market hall would have significant drawing power. **The model estimates that this market has the potential to capture an average of 73 percent of the fresh food sales within the primary ¼ mile primary trade area, and an average of 70 percent of the secondary trade area.** The market shed and the open-air market are much smaller and the model estimates that it would attract between 33 percent and 35 percent of the primary trade area's fresh food potential, and between 20 percent and 23 percent of the secondary trade area's fresh food potential. **The average market share for the downtown in the two smaller prototypes is 25 percent.**

⁹ The Huff model: Huff, D. L. 1963. "A probabilistic analysis of shopping center trade areas", Land Economics, 39, pp. 81-90. adapted by REPG and SCANUS for public markets.

SUMMARY OF OVERALL FOOD SALES POTENTIAL FOR THREE TYPES OF PUBLIC MARKETS

- The gross potential for all food products is estimated at \$38.5 million within the primary area.
- When the secondary office market is factored in, the numbers increase to \$46.4 million for all food products.
- The market hall model could capture a 70 percent market share from the area, and has the potential to generate \$15.5 million from the office and the residential population in the downtown area.
- A market larger than 42,000 square feet may indeed be feasible because it would draw from other neighborhoods outside the primary and secondary areas.

GROCERY STORE LOCATIONS IN DOWNTOWN AREA



Combining the residential and day-time office population's demand for food products in the primary market area leads to a gross potential for all food products of approximately \$38.5 million. The fresh food component of this amount (bakery, meats, fish, poultry, and produce) has an estimated gross annual potential of \$17.8 million. When the secondary office market is added—the buildings that are within downtown, but outside a quarter mile from the World Trade Center site—the numbers increase to \$46.4 million for all food products, and \$22 million for the fresh food component. The potential from tourism runs into the hundreds of millions of dollars, but estimating what market share a particular site can capture is conjectural at this time.

The large proposed market hall has the potential to capture 70 percent of the \$8.5 million in fresh food sales—or \$6 million—generated by the daytime office population. The gross potential for residents is \$13.5 million and a 70 percent capture would generate \$9.5 million in fresh food sales. Therefore, the market hall model has the potential to generate \$15.5 million from the office and residential populations in the downtown area.

The other two prototypes, the market shed and the open-air market, have the potential to capture 25 percent of gross combined potential. The reason these percentages are much lower than the market hall prototype is because of the size difference between these prototypes. The market hall has the potential of becoming the dominant food draw. Because of its range of offering, customers will frequently bypass closer food establishments to shop the market hall. It is less likely, as a generality, that customers will bypass their closer food establishments to shop at either the market shed or the open-air market.

The downtown office population has the potential to generate \$8.5 million in sales and the residential population has the potential to generate \$13.5 million in sales, for a total of \$21.9 million. With a capture rate of 25 percent, these smaller markets would capture an estimated \$5.5 million in fresh food sales potential.

However, the entire fresh food potential will not be spent within the downtown area. We have assumed that at least 10 percent of the potential will occur at places within the downtown area that we have not considered, such as sundry stands or street peddlers that sell fruits. Some sales potential will be spent outside the downtown area. This loss, however, should be more than offset by customers from outside the trade area coming to this market.

ADDITIONAL SALES POTENTIAL

We also know that, in general, the larger the offering, the greater the attraction and the more people will spend at a food venue. A market larger than 42,000 square feet may indeed be feasible because it would draw from other neighborhoods outside the primary and secondary areas. Additional study, however, will be needed to examine what market shares are truly possible. In addition, as stated elsewhere in this report, the location and size of the fresh food market—the extent to which it is a focal point with great visibility and convenient access—has a significant influence on what share the market can obtain from both the potential residential customers as well as the office market.

CHAPTER VII

Implementation

Proposed Organizational Structure

It is our recommendation that a private, nonprofit corporation govern any public market in Lower Manhattan. Most large, urban markets have converted to private, nonprofit management over the last 30 years to enable them to be more competitive, responsive and accountable. Under this system, the city still retains ownership and control over the facility and establishes a long-term lease with an independent 501 (c)(3) corporation to operate the market. The structure of most of the nonprofits includes a broad-based board of directors including citizens, vendors, nearby businesses and usually one or more representatives of the city government.

Nonprofit management allows market-decision-making to be guided by public rather than purely economic goals. The direction of the market is clearly spelled out in the articles of incorporation to maximize the benefit to the community and local economy. Other advantages of nonprofit management include the ability to:

- coordinate public and private interests
- allow for more flexible, entrepreneurial management
- raise funds from private donors, foundations and corporations
- increase potential for raising state and federal grants
- work with small-scale producers and businesses
- operate high standards of maintenance and security
- make decisions quickly
- attract volunteers
- establish strategic partnerships
- promote the market as a fresh food destination
- recruit farmers, minorities and immigrant vendors
- create a welcoming atmosphere
- listen to customers

Examples of other public markets run by nonprofit organizations are:

LEXINGTON MARKET, BALTIMORE, MD

The city established the nonprofit Lexington Market Corporation in 1979 and wrote a Lease and Charter Agreement establishing the parameters of control and obligation for the city and the corporation. The agreement contains a renewable 20-year lease for \$10 per year. All operating profits go to the city. However, prior to the 1979 agreement, there were many years of losses which is now depreciated against market revenues and the corporation has not paid the city any rent over the \$10. This allows the market to put operating profits into a capital fund.

PIKE PLACE MARKET, SEATTLE, WASHINGTON

The Pike Place Market Preservation and Development Authority (PDA) is a nonprofit public corporation chartered by the City of Seattle in 1973 to serve as caretaker and steward of the city's historic public market center. The market also has a 501(c)(3), The Market Foundation, which works to support human service agencies, advocate for low income and needy residents, and raise funds to support the public purposes of the PDA.

READING TERMINAL MARKET, PHILADELPHIA, PENNSYLVANIA

The historic market is owned by the Pennsylvania Convention Center Authority and leased to the nonprofit Reading Terminal Market Corporation, whose goal is to maintain the markets position "as a premier farmers market in the Philadelphia region." The seven-member board is further guided by a Declaration of Covenants and Restrictions formulated to preserve the public goals. The market is operationally self-sustaining and receives no tax or operating subsidies from the city.

Financing

Today, a centrally-located urban public market must raise its capital costs, open debt free, and have a mandate to operate as a self-sustaining entity. A public market in Lower Manhattan should be viewed as a public investment, and be eligible for full funding from federal, state, and local sources.

A public market project can also be part of a mixed-use development that combines public and private sources of funds. While most of the large urban markets today are stand alone projects, it is conceivable that a market in Lower Manhattan could be part of a larger project. For instance, the market could be located on the ground floor of a commercial building, or could be part of a large transit facility. Such an approach would allow the market to be financed in a more conventional method, and would not preclude the use of a proportionate amount of public funds for the market piece of the project.

A public market project can also be part of a mixed-use development that combines public and private sources of funds.

The immediate and accessible benefits of public markets are recognized as something fundamental to city living, and as such markets are able to attract funds from a variety of sources. The following sources and methods have recently been used to support other market projects around the country:

ECONOMIC DEVELOPMENT ADMINISTRATION (EDA)

Grants of up to \$1,000,000 have been awarded for construction of new markets. Markets receiving

grants typically promote entrepreneurialism for low income, minority and immigrant vendors.

U.S. CONGRESSIONAL APPROPRIATION

Capital funding was provided for the establishment and construction of the Erie Street Market in Toledo, OH, a market district development project that anchored the redevelopment of the larger warehouse district downtown.

STATE APPROPRIATION

State funds for economic and community developments have been routed to markets that provide start up opportunities for small businesses and farmers.

CITY AND LOCAL GOVERNMENT

The local municipality often provides grants for construction and renovation.

FOUNDATIONS AND INDIVIDUALS

Foundations have provided significant funding for many markets in the country both historically and today. Many of the historic markets in the country today operate on land that was deeded to a city by a benefactor with the stipulation that it be used for a market in perpetuity.

USDA

The USDA provides planning grants for markets with a strong farmer component.

TAX INCREMENT FINANCING

This method is currently being investigated in Kansas City, which is undergoing a \$12 million dollar improvement program at its historic City Market.

CORPORATIONS

Markets are amenities that increase the health and enjoyment of the local workforce and corporations have been supporting markets with capital grants and operating sponsorships.

Planning and Design

We are hopeful that the current planning efforts for the World Trade Center site will yield ideas about potential ways to integrate a public market on this site. As planning progresses, more detailed studies and analysis will be needed, including:

- Evaluations of different location alternatives within the site;
- Development of a more detailed program for the public market based on the site chosen;
- Further feasibility assessments based on specific proposals;
- Selection of a preferred proposal and initiation of a typical planning and design process for the public market within the context of the redevelopment of the site.



A PUBLIC MARKET FOR LOWER MANHATTAN
Preliminary Feasibility Study

PREPARED BY

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WHO WE ARE

The Public Market Collaborative, a program of Project for Public Spaces, Inc. (PPS), is a network of individuals and organizations involved in the planning, design, development and operation of public markets. PPS, a national nonprofit organization specializing in the design, planning and management of public spaces and downtown districts, has long recognized the catalytic role that markets can play in community development. Project for Public Spaces, Inc. formed the Public Market Collaborative in 1987 to further the preservation and establishment of public markets through research and education programs and through assistance to communities in market development, renewal, design and operations.

In 1995 the Collaborative co-published, with the Urban Land Institute, the first major handbook on public markets, Public Markets and Community Revitalization. The Collaborative has also sponsored four national conferences on public markets in Seattle, Washington (1987, 1998), New Orleans, Louisiana (1991) and Philadelphia, Pennsylvania (1996). The fifth conference will be in New York, November 9-11, 2002. Thus, the Collaborative has a particularly wide perspective on market activities throughout the United States and internationally.

Since its creation, the Collaborative has provided assistance to public market projects in more than 60 cities and towns in both the U.S. and internationally. The goal of the Collaborative's technical assistance program is to transfer market skills to participating market sponsors, managers, and community development officials.

Through the Collaborative, PPS brings together the most noteworthy people in markets today to work on its technical assistance projects. These include the nation's top market managers, market developers, retail planners, and food marketers. Drawing from this broad pool of professionals, the Collaborative creates and coordinates teams of market experts and PPS staff. These teams use PPS's planning and design expertise and project management experience to help market sponsors who are interested in improving their markets or creating new ones.