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SQUARE FEET

## Transforming a Downtown for More Upscale Shoppers

By JERRY CHESLOW

**L**ATTE sales have perked up in the past six months at the Dunkin' Donuts at the corner of Livingston Avenue and George Street in New Brunswick, N.J. According to the store manager, Phillip Lang, the higher-priced coffee now accounts for 20 percent of the store's approximately 1,000 daily sales.

"It's the new high-end housing that is filling up," Mr. Lang explained, referring to the 230-unit River Watch Apartments and the 417-unit Highlands at Plaza Square, two luxury brick housing complexes a couple of blocks east of George, along Route 18, the main gateway to the city. They are among half a dozen new housing complexes and high-rises that, when complete, will bring an estimated 3,000 to 4,000 new residents to the four-block area surrounding the shopping district over a two-year period.

City planners and downtown merchants are counting on the newcomers to fuel a renaissance of middle- to high-end retailing in New Brunswick's downtown shopping spine, which begins at Livingston Avenue and stretches northward for four blocks along George to Albany Street, just below the Rutgers University campus. Before race riots in 1967 and the subsequent construction of highway malls in nearby Edison and East Brunswick, the inner city was a regional shopping hub with seven department stores; none of them exist today.

Laid out by the British in colonial times and named for King George III, George Street has undergone several redevelopment initiatives since the troubled 1960's and 1970's, yet most of its retailing is of the bargain variety - 99 cent stores, closeout centers, a five and 10, and low-end clothing shops - that serves a lower-income population. The 2000 census shows that New Brunswick, where more than 28 percent of the population is Latino immigrants, has a median household income of \$36,000, compared with a national average of \$42,000.

Evidence of an earlier redevelopment attempt are the rutted, pink concrete pavers that form the street bed and the unevenly settled brick sidewalks installed in the late 1970's. Over the next four years, after a state project to widen Route 18, which parallels George Street, the pavers and bricks are to be ripped up and replaced by more conventional and durable asphalt and concrete.

Almost half of the businesses in the business district are now restaurants. As the Middlesex County seat and home to Rutgers, two major teaching hospitals, the University of Medicine and Dentistry of New Jersey and the world headquarters of Johnson & Johnson, the city of 50,000 triples in population during the day. This has fueled a voracious appetite for coffee all day long and for lunches in every budget range, from Burger King to white tablecloth dining. The daytime crush has been supplemented by a dinner crowd that is drawn to the three performing arts theaters on Livingston Avenue. Together, the State Theater, Crossroads and George Street Playhouse sell 400,000 tickets annually.

"Hundreds of lawyers eat in dozens of restaurants in our downtown every day, but they can't buy a decent suit or dress shirt on George Street," lamented Glenn Patterson, the city's director of planning and economic development. "The more people live in town, the more likely they are to stop on George Street for a suit or a tie and that will create a demand for more diverse retail."

Mr. Patterson characterized the new residents as mainly young double-income couples without children who are either working in New Brunswick or value its excellent train service. (Both Amtrak and New Jersey Transit trains stop at the New Brunswick station, a block west of George Street.) "These are people who don't want the suburban picket fence, but would value a more personal downtown shopping experience," Mr. Patterson explained.

Gregg Ritter, who opened George Street Camera in 1979, when much of the downtown was still boarded up, thinks the newcomers are already having an impact on the downtown. He points to a RadioShack, a GNC vitamin store, a Sprint wireless phone store and a Payless Shoes that opened in the last five years in renovated or new spaces on George Street. And, he says, the antiques shops on George are selling tables and armoires for the thousands of dollars, rather than poorer quality items for under \$100.

"We are finally phoenixing," Mr. Ritter declared, explaining that he survived the hard times by diversifying into custom framing and by ensuring that his staff was bilingual to cater to the Hispanic customers. "We are seeing new higher-end customers with disposable income." He added: "While the new residents are not blowing our doors off yet, they are asking for better products. For the first time, I have \$1,300 digital cameras in my window. A year ago, I would not stock any over \$500."

Among the impediments to new retailing categories has been a lack of large store spaces. "Big chains require several thousand square feet," said Christopher Paladino, president of Devco, short for the New Brunswick Development Corporation, a nonprofit organization established by the city and Johnson & Johnson in the 1970's to identify redevelopment opportunities and bring together public and private

resources.

Currently, Devco is involved in four projects on George Street. The largest is the nine-story Heldrich Plaza, a \$110 million endeavor that will include a conference center, a 250-room hotel, 30 luxury condominiums, Rutgers University's Bloustein School of Planning and Public Policy, the state-owned John J. Heldrich Center for Workforce Development and 15,000 square feet of ground-level retail space.

"Whenever we are involved in a new project in the downtown," Mr. Paladino said, "we make sure it has a Class A retail component at the base. We want to build the kinds of spaces that will attract national retailers like Restoration Hardware, Banana Republic or the Gap."

Besides development, Devco also manages the New Brunswick City Market, a nonprofit corporation responsible for the city's Special Improvement District, which includes the George Street retail area. Among its many endeavors to bring people into the downtown were free horse-drawn carriage rides on Friday and Saturday nights for three weeks between Thanksgiving and Christmas.

Using an assessment of 23 cents per \$1,000 of valuation of each commercial building in the district, it designs joint-marketing initiatives, keeps the streets clean and graffiti free and tries to improve the overall appearance of the area through initiatives like an awning program that grants storeowners up to \$1,000 each to replace worn or plastic awnings with new canvas ones.

As downtown New Brunswick prepares to absorb the new business being generated by the housing units that have either been completed or are in the development stage, its merchants are also anticipating increased sales because of the state approval on Dec. 8 of the designation of nearly one-third of the 5.5-square-mile city, including the downtown business district, as an Urban Enterprise Zone.

That will allow downtown merchants who sell tangible goods to reduce the rate of state sales tax they collect by half, to just 3 percent, in an effort to encourage shopping. New Brunswick will be able to use the entire 3 percent that is collected for reinvestment in further improvements to the zone.

"We have started applying for certification to collect just 3 percent," said Mr. Ritter of George Street Camera. "By February, when the certificates are expected to be granted, we small retailers will get another much-needed shot in the arm."