

The New York Times

Hard Lessons (Thanks, Amazon) Breathe New Life Into Retail Stores

By Michael Corkery

Sept. 3, 2018

Malls are being hollowed out. Shops are closing by the thousands. Retailers are going bankrupt.

But it may be too early to declare the death of retail. Americans have started shopping more — in stores.

From the garden section at Walmart to the diamond counters at Tiffany & Company, old-school retailers are experiencing some of their best sales growth in years.

The strong revenues start with a roaring economy and an optimistic consumer. With more cash in their wallets from the tax cuts, Americans have been spending more.

The boom also reflects a broad reordering of the \$3.5 trillion industry, with fewer retailers capturing more of the gains. Stores that have learned how to match the ease and instant gratification of e-commerce shopping are flourishing, while those that have failed to evolve are in bankruptcy or on the brink.

“The retailers that get it recognize that Amazon has forever changed consumer behavior,” said Barbara Kahn, a marketing professor and former director of the retailing center at the Wharton School. “I shouldn’t have to work to shop.”

Many successful stores are now a cross between a fast-food drive-through and a hotel concierge.

Target’s shoppers can order sunscreen or a Tokidoki Unicorn T-shirt on their phone, pull up to the parking lot and have the items brought to their car.

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Nordstrom lets customers in some stores make returns by dropping their items into a box and walking out — no human interaction required.

Walmart is employing 25,000 “personal shoppers” to select and package groceries for curbside pickup.

In recent weeks, all three retailers reported stronger-than-expected sales growth for the quarter. Traffic to Target’s stores and online sites grew at its fastest pace since the company began keeping a record a decade ago.

Doomsayers have predicted that online shopping, led by Amazon, would one day conquer all of retail, rendering brick and mortar obsolete. As store closings set a record last year, no class of retailer was spared — with the carnage hitting Madison Avenue boutiques, shopping malls and big-box stores. In New York and elsewhere, many shops, big and small, continue to struggle.



Sears is among the big retailers that are still struggling, but chains like Target, Walmart and Nordstrom are capitalizing on Amazon-inspired innovations. Coley Brown for The New York Times

But the pace of closings has slowed, as the most unprofitable stores have been culled and the weakest companies have collapsed. At this time in 2017, nearly 5,700 stores had shut across the United States, according to Coresight Research, a retail analysis and advisory firm. So far this year, about 4,480 have closed.

Some big retailers, like J. C. Penney and Sears, are still sputtering, despite closing lagging stores and sprucing up ones that remain open. But the stronger players are capitalizing on the industry’s failures. Target said it was picking up new toy customers in the wake of the Toys “R”

Us liquidation this spring.

The rebound is feeding the broader economy. Hiring is up, with an average of roughly 50,000 retail jobs being added each month since February, according to the National Retail Federation.

Last year, a wave of retail layoffs fueled fears about the long-term health of a huge part of the job market. One in about every 10 American workers is in retail.

“There has been a shakeout, and 2017 was seen as the bottom,” said Melina Cordero, head of retail research for the Americas at the real estate firm CBRE.

Far from retrenching, many retailers are expanding their physical presence or spending billions to overhaul existing stores.

Dollar General plans to open 900 stores this year, as it deepens its reach into rural America with inexpensive food and clothing. The company is building a huge following in areas where there are fewer places to shop, particularly in the South and in parts of the Midwest.

At the other end of the spectrum, Tiffany said it was embarking on a three-year renovation of its flagship store on Fifth Avenue — the setting for the classic film “Breakfast at Tiffany’s” and a magnet for tourists.

The newly renovated flagship will probably include expanded retail space as well as hospitality offerings, driven by the success of its in-store “Blue Box” Cafe, which on some days can have a wait list of more than 1,000 people and features a \$32 “Breakfast at Tiffany.” Tiffany’s success is built almost entirely on its stores, which account for more than 90 percent of its revenues.

“We have big expectations for this project,” Tiffany’s chief executive, Alessandro Bogliolo, told analysts in a conference call last week. The renovation is expected to reduce the company’s near-term profits, signaling the importance.

One of the most ambitious and costly makeover attempts is taking place at Target. The retailer stormed across the American suburbs more than a decade ago, building hundreds of big-box stores known for affordable, hip clothing and furnishings.



“Our stores are at the center of our strategy, and they are at the center of our success right now,” said Target’s chief executive, Brian Cornell. Jeenah Moon for The New York Times

But many shoppers had grown tired of Target’s cavernous stores, and its cool edge had slipped. Target has lately targeted a new market of young urbanites — with plans to open about 30 smaller stores in cities and near college campuses this year.

Many of the new stores are supposed to be all things to all shoppers — what the industry calls an “omni-channel” experience.

Customers can order online and pick up at the store. They can order online and have their purchases delivered home, in some cases, on the same day. Or they can visit the store; employees’ starting salaries were raised in an effort to bolster retention and morale.

“Our stores are at the center of our strategy, and they are at the center of our success right now,” Target’s chief executive, Brian Cornell, said in a conference call last month after the retailer reported its largest quarterly sales growth in 13 years.

Tiffany Tully, 33, said recent changes to her local Target in Minneapolis had made shopping there more pleasant. The clothing displays, she said, feel more carefully curated and “appealing to the eye.” And she likes the convenience of returning Target items she buys online to the store rather than having to ship them, as with Amazon.

“Technically I am a millennial, but I like going to stores,” said Ms. Tully, a stay-at-home mother.

Retailers have been tweaking their store and online strategies for years. But it's only recently that Amazon's blistering success has prodded the incumbents to try to reinvent themselves.

Ms. Kahn of the Wharton School said retailers could have made these improvements decades ago if they had focused on what shoppers wanted.


"Most people want to spend less time shopping, not more," said Ms. Kahn, whose book "The Shopping Revolution" describes the disruption in the retail industry.

She said Amazon's founder, Jeff Bezos, had understood this when he pioneered the idea of one-click shopping. But many retailers have built their businesses around the opposite idea, like expansive stores that take hours to wade through and commissions that encourage employees to push certain products.

The investments in the new stores and digital offerings are being made at an opportune time, when the strong economy is giving retailers the necessary cash. But any economic weakness could derail their progress before it takes root beyond a few good quarters. Amazon remains the omnipresent cloud, putting pressure on profits and forcing retailers to keep evolving.

"These are big shifts," said Craig Johnson, president of Customer Growth Partners, a research and consulting firm. "It is like turning around the Queen Mary. You can turn the rudder, but it takes time to gain a purchase."

A version of this article appears in print on Sept. 4, 2018, on Page A1 of the New York edition with the headline: Amazon Model Gives Retailers Path to Vitality



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Retail Realities

Retail Realities

Rebuilding economic resiliency as brick and mortar goes to pieces.



With just 3,000 square feet, Nordstrom Local in West Hollywood, California, has no inventory; instead, it's billed as a service-focused concept store, where customers can meet with personal stylists, pick up items ordered online, and have their clothing purchases altered. Photo courtesy Nordstrom.

By Jeffrey Spivak

For years the Oakland, California, suburb of Pittsburg followed a traditional playbook in its efforts to revitalize its downtown: It tried to lure retailers. First, it focused on trying to replace the JCPenney and Montgomery Ward department stores that closed. That didn't work out.

Later, the city of 70,000 turned its attention to filling the smaller retail spaces along its main drag. Despite that effort, the downtown strip remains pockmarked with vacancies.

Now, with a major retail disruption sweeping the country and record numbers of store closings, Pittsburg's planning commission and staff decided to try something different. Earlier this year, the city approved revisions to its retail-only zoning classifications to allow a variety of new uses in downtown's

ground-floor, street-fronting spaces. The new uses range from offices to fitness facilities. The idea is to liven up the street with some pedestrian activity without relying on retail. One formerly vacant retail space has been replaced by a karate studio.

"We're trying to open downtown up to other types of businesses that will get feet on the ground and turn it into a vibrant environment in a different way," says Kristin Pollot, AICP, Pittsburgh's planning manager. "Of course, we always want retail. But we've come to the realization that we're not going to get a lot of it anymore."

Cities large and small across the U.S. are beginning to come to that same realization.

2017 Retail Store Closings

1,470: Radio Shack

700: Payless ShoeSource

358: Sears and Kmart

190: GameStop

Source: FGRT

The goods-based consumer retail industry is undergoing a seismic shift and transformation. Bigname retailers are declaring bankruptcy and closing hundreds of stores, as online purchases grow and American buying habits change. Last year even set a record for announced store closings. This is having a trickle-down effect on communities, as some see their brick-and-mortar retail bases slowly eroding, with impacts felt in shopping centers and along traditional Main Streets.

Planners in some cities and counties are taking proactive approaches to the shifting retail landscape. They're commissioning studies of the marketplace and developing new strategies to maintain and foster better retail environments.

"There's a lot of upheaval going on in the retail industry, so we want to get ahead of that," says Rick Liu, AICP, an economic and development specialist with the Montgomery County, Maryland, planning department outside Washington, D.C.

Liu's department is working to adjust zoning regulations to allow different nonretail uses in traditionally retail-oriented ground-floor storefront spaces. The Denver suburb of Aurora has tax incentives for sales-producing businesses in new retail development projects. And the town of Lake Park, Florida, outside West Palm Beach, is working with a developer to expand a shopping center into a live-work-shop mixed use center.

Then there's Madison, Wisconsin, which has embarked on a menu of strategies.

Madison's most well-known retail corridor is State Street downtown, which spans several blocks between the University of Wisconsin campus and the state capitol. But in the last few years, prominent proprietors of bicycles, shoes, and healing arts establishments closed up shop. This prompted the city's planning and economic development department to embark on a retail assessment in 2016.

The study found the proportion of retail- and service-oriented shops among State Street storefronts had dropped in the last couple of decades from more than 70 percent in 1989 to 51 percent in 2014. This year, it's believed that proportion has dropped below 50 percent, as restaurants and bars continue making inroads.

"We're at a tipping point," says Rebecca Cnare, an urban design planner with the city who performed some of the research. "We're not interested in becoming a nighttime-only district."

During the past year, a partnership of the planning division and other city agencies has employed several tactics to support downtown's retail marketplace.

These include allowing more signage outside storefronts; adding new bike racks, benches, and other street furniture; holding special retail-oriented events like extended nighttime hours; and even creating a new business incubator to foster small businesses, including retail.

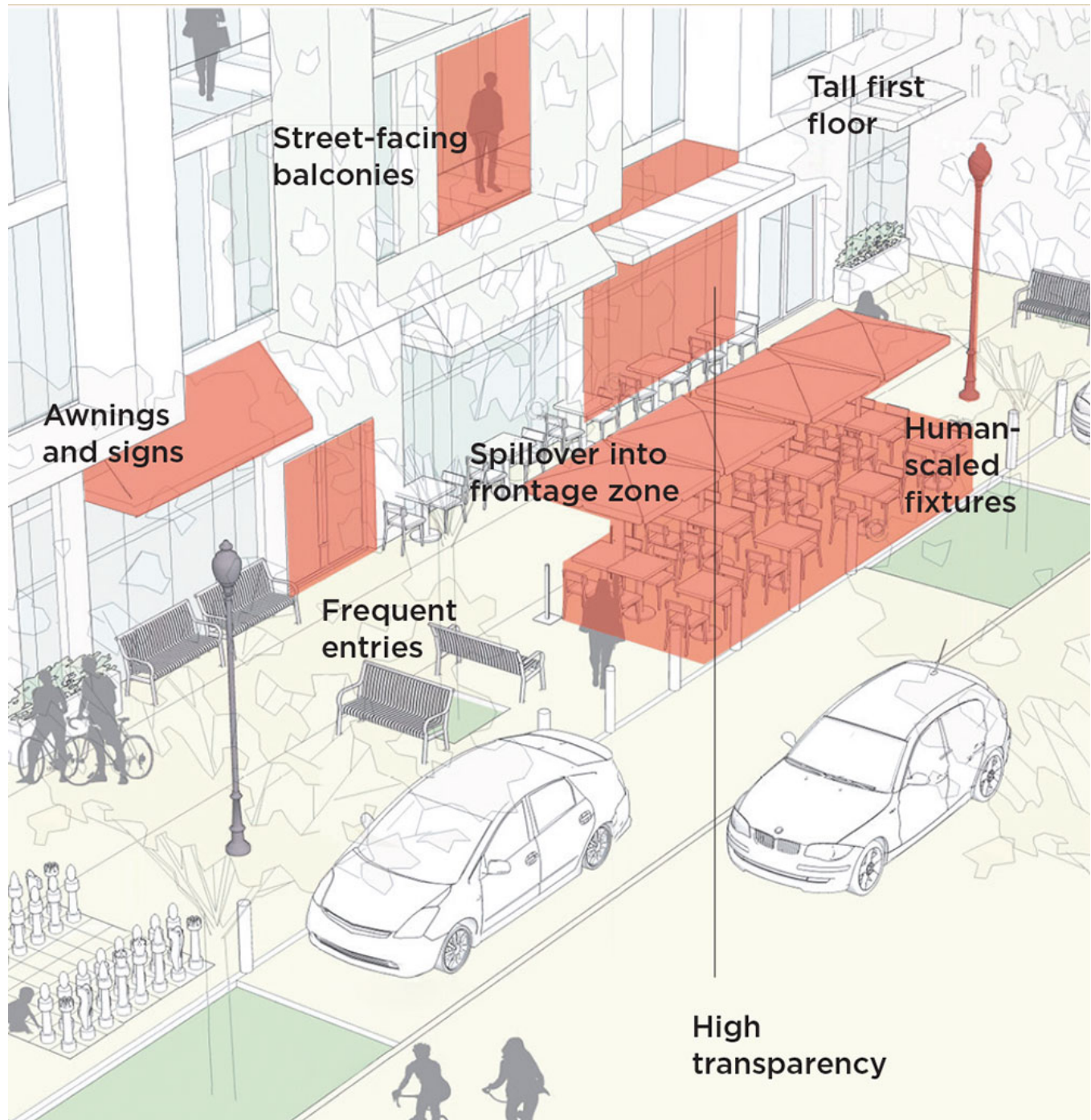
"I'm hopeful we can keep the retail balance we have now and maybe grow it where possible," Cnare says. "We need State Street to remain a retail destination."

Ultimately, the retail challenge is important for planners to monitor and counter, because a variety of signs point to the current retail shifts continuing and even accelerating in coming years.

Flexibility in Montgomery County

Montgomery County, Maryland, had zoning flexibility in mind last December when it approved the *Grosvenor-Strathmore Metro Area Minor Master Plan*. A 2017 study showed that retail works best in nodes or districts where existing shopping is clustered — meaning new buildings outside those districts shouldn't be required to have ground-floor retail.

The first project under this new plan, Strathmore Square, will be a transit-oriented development above the Grosvenor-Strathmore Metro station and between two retail hubs. Strathmore Square will include a mix of residential buildings and heights, small-scale retail, public art and performance space, greenspace, and bike paths.

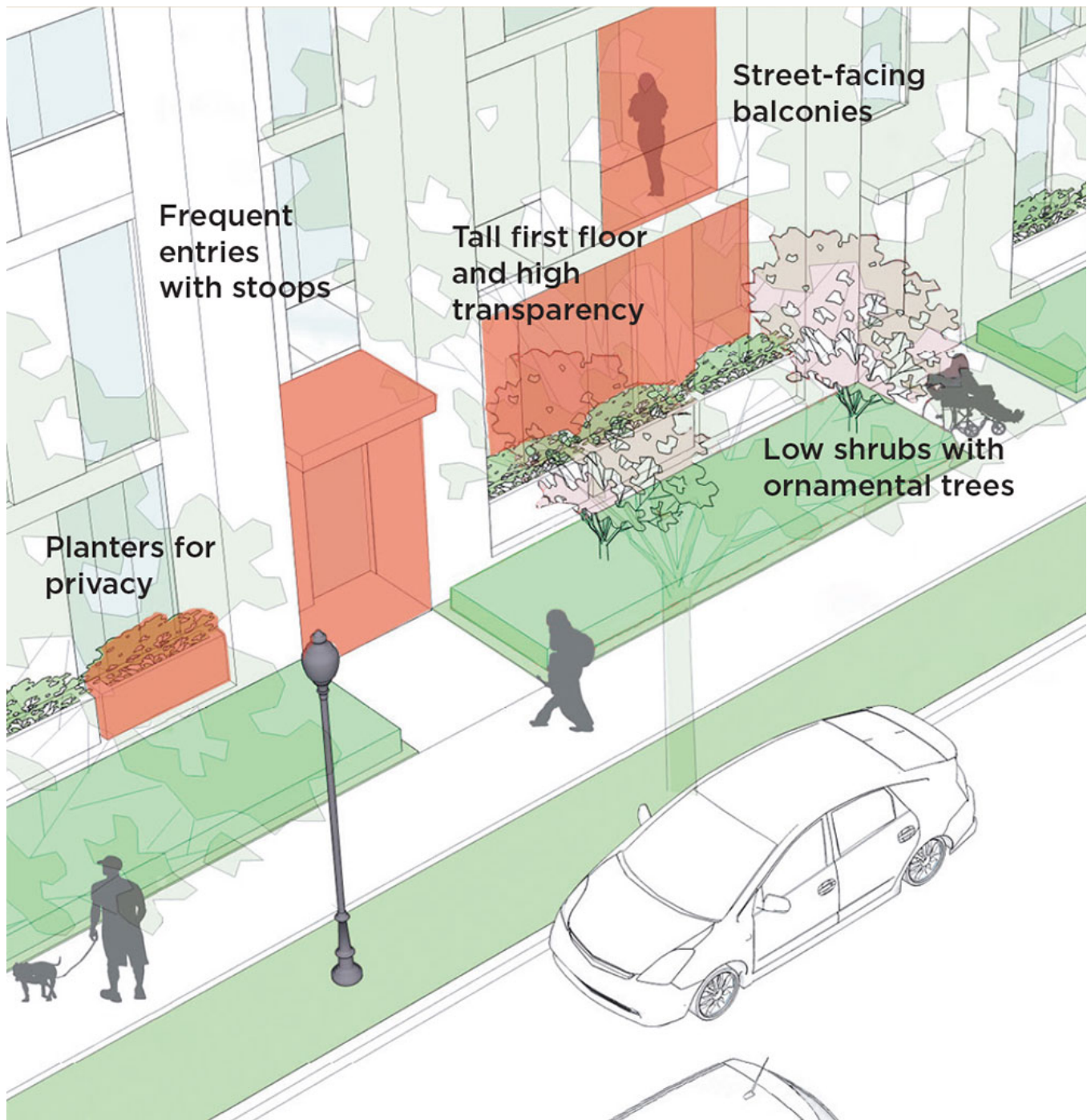


Drawing courtesy Montgomery County.



Photo courtesy Montgomery County.

Last summer the developer, Fivesquares, repurposed old Metro rail cars as "stores" for small, local businesses in a popup vendor plaza. The initiative won the Washington Metropolitan Area Transit Authority's 2018 Gold Sustainability Award for business practices.



Drawing courtesy Montgomery County.



Photo courtesy Montgomery County.

National retail upheaval

Recent headlines depict an industry on the brink of collapse. "The Great Retail Apocalypse," screamed *The Atlantic*. "America's 'Retail Apocalypse' Is Really Just Beginning," declared *Bloomberg*. "Is 2017 the death of retail as we know it?" asked *USA Today*. "Retailers on the 2018 Death Watch," proclaimed The Motley Fool. It's all related to a historic deluge of brand-name retail corporate bankruptcies and store closings.

It's all related to a historic deluge of brand-name retail corporate Bankruptcy filings just last year included Toys "R" Us, RadioShack, Payless ShoeSource, Goldman's department store, teen clothier Rue21, and several more. Meanwhile, since the start of 2017, more than two dozen retail companies have announced plans to close at least 100 stores each, from Walgreens (which now includes Rite Aid) and Sears to GameStop and Signet, the parent company of Zales and Kay Jewelers.



State Street in Madison, Wisconsin, has always been known for its retail offerings. Over the past few years, though, many retail and service businesses moved out and bars and restaurants took their place. The city is trying various approaches to keep the retail balance. Photo by Csfotoimages/iStock.

New York-based retail consultant Fung Global Retail & Technology, now known as Coresight Research, tracked 7,066 store closings announced last year in the U.S. Some publications put the figure above 8,000. Either way, 2017's tally was more than three times bigger than 2016's total and eclipsed Fung's previous high-water mark for store-closing announcements — 6,164 in 2008, at the onset of the last recession. And according to Coresight, 2018 through April was already surpassing 2017's pace of announced closings.

Curiously, this tidal wave of negative news has been occurring against a backdrop of several positive trends — the U.S. economy has been strengthening, consumer confidence is high, total retail sales continue to grow at two to three percent per year, and shopping mall occupancy rates remain steady and solid, according to the retail industry's National Retail Federation and the International Council of Shopping Centers.

Based on this view of the retail environment, Mark Mathews, the Retail Federation's vice president of research development and industry analysis, even claims: "Things are going reasonably well."

So what's going on?

"The U.S. retail sector is overstored and out of step in an era of e-commerce," Goldman Sachs analyst Matthew Fassler wrote in an industry brief last year. "But retail is not dead; it is changing."

A variety of factors are conspiring at once to change the face of American shopping. First and foremost, more people are making purchases online instead of inside stores, although e-commerce still makes up less than 10 percent of U.S. retail sales. In addition, consumers are increasingly gravitating to discount stores and prices, and spending habits are shifting from buying "things" to buying experiences: eating out, traveling. In 2016, for the first time ever, Americans spent more money at restaurants and bars than at grocery stores.

Meanwhile, the U.S. retail landscape is severely overbuilt. Financial services firm Cowen Inc. has noted the U.S. already has 40 percent more shopping space per capita than Canada and five times more than the UK. So some retail retrenchment is almost inevitable.

As a result, retail bankruptcies and store closings are concentrated in certain sectors, notably big-box electronics stores, apparel-based department stores, and clothing and footwear specialty stores, among others. These have been hard hit by online shopping. Conversely, some other major retail sectors, like grocers, warehouse clubs, and sporting goods stores, are actually growing and adding physical locations. The Dollar General discount chain announced more than 1,000 store openings last year.

"What you're seeing today is the end of the department store era," says Nick Egelanian, president and founder of SiteWorks Retail Real Estate Services, a consulting firm in Maryland.

E-Commerce Is Driving National Retail Growth

40%

The amount of retail growth from retailers with no physical presence, 2014–2016.

\$300 BILLION

The increase in online sales between 2006 and 2016.

25%

The percentage of books and gifts purchased online.

334%

Percent change in e-commerce retail jobs over the past 15 years.

Sources: San Francisco Retail Study, The New York Times.

How planners are responding

Whether what's happening is a retail shakeout or simply shifting tastes, the changing retail landscape is getting the attention of planners. Communities like New York City, San Francisco, Montgomery County, Maryland, and Madison, Wisconsin, have completed retail studies to identify their current gaps and possible vulnerabilities. These studies identified several tools and strategies for planners — and their communities — to address a potentially shrinking brick-and-mortar retail marketplace, including:

- New regulations requiring commercial property owners to register vacant or abandoned storefronts, so cities can more easily track and contend with them
- Financial incentive programs like tax breaks or low-interest loans, specifically targeted to attract certain types of retail in certain areas. Grocers, for example, in neighborhoods lacking supermarket access
- Zoning restrictions on chain stores and big-box retailers, or ordinances requiring a certain mix of locally based retailers, as ways to encourage a balance of homegrown shops and level the playing field for them
- Reducing or eliminating the mandates for ground-floor retail in new multistory developments, as such mandates may have a role in generating an over-supply of retail
- Prioritizing and supporting the redevelopment of aging and outdated retail spaces

Overall, one theme in particular has emerged as a guiding principle for planners as they contemplate their communities' retail futures. That theme is flexibility. It means opening up retail-type spaces or districts to different uses: restaurants, service-oriented businesses, even storefront offices.

In San Francisco, a city known for complicated and detailed property restrictions, a study of the retail environment earlier this year prompted planning commission discussions and a planning department recommendation to explore ways to allow more flexible or alternative business uses in some neighborhoods facing vacancy concerns. One example would be combining multiple uses within one storefront, like a coworking space added to a retail shop.

"Our role is to constantly evaluate zoning code and use limitations to make sure we're adapting the code to the changing times," says Audrey Butkus, a senior planner in San Francisco's department.

Montgomery County is a little further along in allowing flexibility. Its 2017 county retail study determined that retail worked best in nodes or districts where existing shopping options are clustered. For county planners, that means new buildings outside such districts should not necessarily be required to have ground-floor retail.

So last fall the county reviewed a massive development plan with new residential towers located in an area between two retail hubs. Before the plan was eventually approved, planners worked with the developer on ways to activate the towers' street-level spaces, but with limited retail. One idea they settled

on was providing classroom spaces affiliated with a nearby arts and music center. The development, called Strathmore Square, is scheduled to begin construction next year.

"The watchword is flexibility," says Gwen Wright, director of the county's planning department. "That is, flexible in terms of where we encourage retail and where existing retail can be augmented by adding new uses that can support that retail. The goal is to still activate the pedestrian realm without putting retail everywhere."

Adapting in the future

Even with the accelerating shifts, brick-and-mortar retail is not going away. It still accounts for some 90 percent of total retail sales. So retailers are attempting to adapt and modernize. A number are experimenting with different formats and concepts to draw in customers in new ways.

Some companies are trying smaller footprints. Urban Outfitters opened a showroom-type shop in Los Angeles that displayed apartment furniture shoppers could order online at kiosks. Former big-box retailer Circuit City intends to come back from bankruptcy with small-scale versions of its former stores, also kiosks. And Dollar General's expansion plan includes a small-format concept called DGX for urban settings.

Other merchants are embracing so-called "experiential retailing," in which store visits offer a distinctive experience. Nordstrom opened a "concept store" in an LA suburb that is stocked not with inventory, but stylists who can help customers put together ensembles using tablets. Sporting goods stores feature golf-stroke simulators. Cookware stores teach cooking classes. Upscale grocers serve beer and wine at in-store bars.

"Those are the retail environments we see with staying power," says Jaclyn Tidwell, policy director for SPUR, a Bay Area planning association that conducted a forum in San Jose earlier this year on the future of retail.

While physical stores may not be going away, there will likely be fewer of them, which could have some real consequences for planners and their communities in the future.

A report last year from the CoStar Group, a commercial real estate information company, estimated that one billion square feet of retail space would need to be demolished or repurposed to move the U. S. retail market into a balanced amount of supply and demand. Older, less-vibrant Class B and C shopping centers are considered the most vulnerable, along with retail sectors most impacted by online shopping, such as apparel and department stores.

Similarly, planners with the Urban Mobility Research Center at the Ohio State University in Columbus developed a model that predicts future retail disruption from such factors as the current overbuilt marketplace, the rise of autonomous vehicles, and the growth of home delivery. The model shows that suburban strip malls and big-box stores will be impacted the most; some are likely to become vacant wastelands. Others will find alternative uses, such as big-box buildings converted to warehouses.

The lesson for planners is to prepare for these continued shifts.

"We can see where a lot of this is going, and planners can help guide it," says Rick Stein, AICP, founding member of the urban research center and owner of a Columbus-based planning consultancy, the Urban Decision Group.

But there is no silver bullet or one-size-fits-all approach to supporting and sustaining retail development. Different communities can — and have — taken different planning approaches.

When a development company proposed expanding a grocery-anchored strip center in the south Florida town of Lake Park, city leaders and planners convinced the company to consider alternatives in today's retail environment. A new site plan this year envisions a mixed use center with retail complemented by second-story apartments and other uses in additional buildings like offices, restaurants, and services like a gym.

"We need to complement the retail so it can thrive in a more energized environment," says Lake Park Town Manager John D'Agostino.

Meanwhile, Aurora has created its own planning staff position devoted to retail development. In a city where retail-related taxes provide more than half its revenue, this manager-level position helps developers identify sites and navigate the permitting process, among other things. The current retail manager, Tim Gonerka, has also worked with developers to ensure their projects incorporate plenty of sales-producing retailers rather than settle for service businesses.

"We've moved from a passive city to a proactive city on this issue," Gonerka says.

Jeffrey Spivak, a market research director in suburban Kansas City, Missouri, is an award-winning writer specializing in real estate planning, development and demographic trends.

RESOURCES

Downtown Revitalization in Small and Midsized Cities, APA's most recent PAS Report (2018): www.planning.org/publications/report/9142015 (<http://www.planning.org/publications/report/9142015/>).

Montgomery County, Maryland, Retail Market Strategy Study: <http://bit.ly/2rYxP9J> (<http://bit.ly/2rYxP9J>).

International Council of Shopping Centers' research on the importance of physical stores: <http://bit.ly/2wZYt6G> (<http://bit.ly/2wZYt6G>).

Empty Stores Leave Big Budget Holes

Retail industry upheaval isn't only creating challenges for planners.

"The closings of retail stores have a definite negative impact on state and local governments," says Lucy Dadayan, who tracks tax revenues as a senior policy analyst at the Rockefeller Institute of Government, the public policy research arm of the State University of New York.

Lower sales in physical stores are causing some retailers to pursue property reassessments and lower taxes. Big-box retailers like Menards, Walgreen's, and Walmart are increasingly challenging property appraisals, arguing their buildings shouldn't be valued based on construction costs or commercial activities but as empty buildings available for a future buyer.

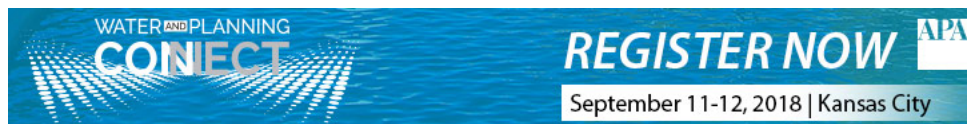
This argument is known as "dark store theory," and successful challenges have cut some big-box property assessments — and taxes — by more than half.

Meanwhile, record numbers of store closings and the escalating shift to online retail are taking bites out of state and local sales tax revenues. Sales tax generally accounts for around 30 percent of state government revenue and 10 percent of city government revenue, according to the Rockefeller Institute. But in recent years, sales tax collection has weakened: The year-over-year growth rate averaged 2.5 percent in 2016–17, half the five percent rate in 2014–15.

The Better Government Association, a nonprofit watchdog group, estimated that Macy's and Kmart closings in the small town of Alton, Illinois, last year would leave a \$240,000 budget hole — the size of the town's capital budget in 2016. Nationwide, the Government Accountability Office estimated that state and local governments lost \$8 to \$13 billion in sales taxes last year because of limited laws on online sales tax collections.

But relief could be on the horizon. The U.S. Supreme Court is considering a case involving South Dakota's attempts to collect sales taxes on purchases made by out-of-state sellers. *South Dakota v. Wayfair* will essentially review the court's 1992 decision in *Quill v. North Dakota* that ruled a state or locality could not collect sales taxes from a vendor unless that vendor had a "physical presence" in the state. In agreeing to take the South Dakota case, the court indicated it was open to reversing or altering the *Quill* decision (the decision was expected in late June).

"It will be a big deal for governments," Dadayan says. "We're going to face a long-term crisis if nothing is done."



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How nightlife has changed in Oakland County's hottest downtowns

A TRIP THROUGH FERNDALE, ROYAL OAK AND BIRMINGHAM SHOWS THAT TIMES ARE CHANGING IN METRO DETROIT'S MOST PROMINENT PARTY DESTINATIONS

Mark Kurlyandchik and (/staff/10047678/mark-kurlyandchik).

Robert Allen (/staff/27673/robert-allen), Detroit Free Press

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Though you can hardly see outside, a barstool at Gusoline Alley has offered one of the best views of the evolving character of Royal Oak over the years — and the broader changes rippling up and down the Woodward corridor in Oakland County.

After Michigan banned smoking in bars and restaurants in 2010, the tobacco haze that hung low and thick above the shabby booths of the offbeat neighborhood bar gave way to a creeping stench that permeated every surface.

"You walked in here and walked out and within a minute you smelled like something," recalls longtime bartender Patrick Tierney. "There was no sneaking into Gus'."

Tierney has tended the veneer-topped bar since 1993, when many of his customers were left-of-the-dial musicians, artists and grizzled bikers stopping by for a shot and a beer and a chance to spin Goober & the Peas on the coveted jukebox.

Back then, Royal Oak brimmed with independent cafés, greasy spoons, comic book stores and alternative clothing shops slinging spiked collars and leather pants.

"Bigger money has moved in — that's for sure," Tierney says. "The town was a lot more blue-collar in the beginning. And then it was kind of like a Hamtramck thing where it was kinda coming online and rent was still cheap. It was kind of fun. You had more 20-year-olds running around, you know what I mean? And now, more of them are in Ferndale or whatnot because it's a little more affordable."

And though it hasn't lost its tacky gas station decor, Gus' itself has made its own upmarket alterations that mirror the changes outside its door. The drunken scrawlings on the bathroom walls have been painted over in a dull gray to match the new sleek tile floor and granite vanity. In 2015, after 30 years as a cash-only establishment, Gus' began accepting credit cards.

But one of the most significant changes — a sure sign of evolution — occurred earlier this spring when a newfangled Internet-connected jukebox replaced the lovingly curated one that regularly sparked conversations among strangers over a mutual love of Patsy Cline or the Pixies. Until the end, it was widely considered to be among the best in all of southeast Michigan.



A man uses an internet jukebox at Gusoline Alley in Detroit on Friday, July 20, 2018. Gusoline Alley's old jukebox was legendary, but the bar switched to an internet jukebox to keep up with the times.

(Photo: Cameron Pollack, Detroit Free Press)

"I think I sold a little bit of my soul on that one," Tierney admits. "We got rid of the old one because business has been a little slow and I thought maybe the millennials might. ... I dunno."

Changing demographics and evolving tastes have contributed to an explosion of bars and restaurants as people eat away from home more often than ever before. On warm Friday nights in summer, the downtown areas along Woodward Avenue in Oakland County light up, buzzing with crowds — from flip-flops in Ferndale to dressed-to-impress Royal Oak and buttoned-down Birmingham. The humming economy and trending appeal of walkable, historic downtowns bring a fresh dynamic to "going out."

But with downtown Detroit emerging as a dominant urban force competing for food and drink dollars, fortunes — and the defining characters of those small towns — are shifting north of 8 Mile.

In one month, the erasure of three names from Royal Oak's downtown was announced: Cantina Diablos, Red Fox English Pub and the 19-year-old Italian restaurant Andiamo. Even the nearby fish market that for decades sold octopi to mischievous Detroit Red Wings fans recently closed.

Nobody expects any of these storefronts to be blank for long — a rebranding was announced for Diablos and Red Fox — but changing such prominent Main Street locations has an impact on a downtown's identity.

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In Ferndale, some worry the trend will travel south. A sign reading "[Don't Royal Oak My Ferndale](https://www.freep.com/story/news/local/michigan/oakland/2018/05/17/sign-causes-tension-suburbs-dont-royal-oak-my-ferndale/620085002/)" (<https://www.freep.com/story/news/local/michigan/oakland/2018/05/17/sign-causes-tension-suburbs-dont-royal-oak-my-ferndale/620085002/>) appeared this spring at a vacant property at the city's busiest intersection, illustrating angst over what would replace the decades-old Como's restaurant.

And in Birmingham, bars promising dancing and live music are bringing a rowdier element to a historically staid streetscape.

Can the historic downtowns accommodate wider varieties of appetites while holding on to the unique charms that made them attractive entertainment destinations to begin with? Perhaps.

As competition has increased — and Detroit has gained steam as a nightlife destination — Oakland County's premier downtowns have evolved dramatically.

We wanted to find out how. So we went to Ferndale, Royal Oak and Birmingham and chatted up the bartenders, met with venue owners, tasted the foods and drinks and mingled in bars. Here's an in-depth look at what's happening after dark.



A couple chats at Gusoline Alley in Royal Oak, Mich. on Friday, July 20, 2018.

(Photo: Cameron Pollack, Detroit Free Press)

Royal Oak: A crossroads town at a crossroads

As with most of Detroit's inner-ring suburbs, Royal Oak's circumstances have been historically tied to those of the Motor City.

Once a sleepy farming village, the town experienced immense growth during the early 20th Century, just as the nascent auto industry was revving up. Located halfway between the factories of Detroit and Pontiac on a historic railway line, Royal Oak became a bedroom community for both auto towns.

The real advent of Royal Oak as a dining and drinking nightlife hotspot began about 25 years ago, says Jeffrey Horner, director of the urban studies program at Wayne State University.

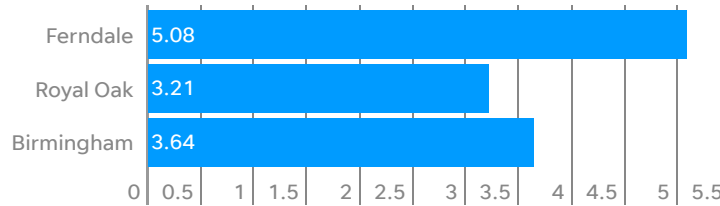
Horner says completion of I-696 in 1989 helped spur the growth of downtown Royal Oak as an area-wide entertainment destination. The city is uniquely positioned as a centrally located historic Main Street for all of metro Detroit, and increasingly, people are being drawn to urban living.

"There's this real push back to walkable neighborhoods, this whole notion of a 20-minute neighborhood," Horner says. "Parents want to be able to take their kid out in a stroller, and maybe go and get a bagel. And this is the trend you're seeing in lots of other places besides Royal Oak."

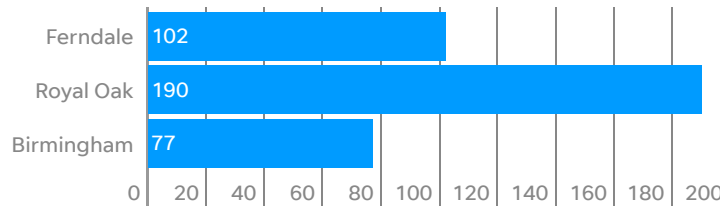
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Total number of bars, clubs, restaurants per 1,000 residents



Total number of bars, clubs, restaurants in each city



NOTE Excludes churches, schools, social clubs, hospitals and zoos

SOURCE Oakland County

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But success brings its own growing pains: spiking real estate costs, parking woes, disruptive construction and all the inherent friction of new vs. old.

The collapse of brick-and-mortar retail in the age of Amazon has also reshaped downtown streetscapes, as landlords increasingly seek high-volume restaurants and bars to activate empty storefronts.

Royal Oak is home to many examples. In 2014, the Footprints shoe store closed after 34 years in business and was replaced by the short-lived tapas restaurant La Dulce. Its empty shell will soon live again as the third location of the local coffee mini-chain Dessert Oasis. Down the block, the alternative clothing store Incognito is now Pieology, a California-based pizza chain, and a ramen restaurant is set to debut in a former women's jewelry and accessory boutique nearby.

"Everybody says we're gonna be the next Birmingham," a 50-year employee at the still surviving Nutrifoods health-food store [told the Free Press earlier this year](https://www.freep.com/story/news/local/michigan/oakland/2018/05/04/royal-oak-downtown-development-city-hall/575607002/) (<https://www.freep.com/story/news/local/michigan/oakland/2018/05/04/royal-oak-downtown-development-city-hall/575607002/>).

In 1992, BD's Mongolian Grill launched its first location in downtown Royal Oak and has since grown into a national chain with dozens of locations around the country.

Meanwhile, other chain restaurants from elsewhere have made their own inroads. Buffalo Wild Wings, Blaze Pizza, Yogurt City, B Spot Burgers, Bruegger's Bagels, Freshii, Hopcat, Jimmy John's, Leo's Coney Island, Noodles & Company, Qdoba and Taco Bell Cantina all now share the downtown streetscape.

The Blackfinn Ameripub, a national chain with nine locations in operation around the country closed last fall and will soon be replaced by an outpost of Bar Louie, an even bigger brand that operates more than 130 locations.

Other longtime restaurant spaces have turned over in recent years. After seven years at the busy southwest corner of 11 Mile and Main Street, Cantina Diablos is set to become a second location of the Howell mainstay Diamond's Steak and Seafood. Farther south, the

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homey Oxford Inn became Jim Brady's Detroit in late 2015. A second location is opening
soon in Ann Arbor and a third is slated for Detroit's Cass Corridor.

And the old Woody's Diner and Onyx on Fifth Street are now a bustling outpost of HopCat,
the rapidly expanding Michigan-based beer bar chain.



Jerome Rogers of Clinton Township, Cody Maccagnone of Clawson, Jonathan Bennett of Royal Oak, Olivia Ray of Royal Oak, Roya Yodhes of Harrison Township, and Nick Yodhes of Harrison Township toast before taking a tequila shot at HopCat in Royal Oak, Mich. on Friday, July 20, 2018.

(Photo: Cameron Pollack, Detroit Free Press)

As the character of the town has changed, its clientele has followed.

"Royal Oak, over time, has lost its charm for me when some old bars and restaurants left," wrote Ferndale resident Oscar Renautt on the Free Press' [Woodward 248 Facebook group](https://www.facebook.com/groups/woodward248/). (https://www.facebook.com/groups/woodward248/) "On weekends, Royal Oak is just way too busy anywhere with people coming from all over Detroit metro. It makes it hard to socialize and have a quality time."

Or, to quote the late Yogi Berra: "Nobody goes there anymore. It's too crowded."

It's certainly crowded on a balmy Friday night in June, as groups of college-age men in blue polo shorts and khaki shorts share the open-air patio with young women in heels and tight jeans. The throb of deep bass pulsates through the chatter that's buoyed by a sardine-tight O'Tooles next door and a full HopCat patio across the street.

On the other side of Main Street you might as well be on the other side of the world. All is quiet as a small group of Gen-Xers stumbles out of Royal Oak Brewery and into the dark night. At midnight, the place is empty save for a few stragglers finishing their Kolsches on the outdoor patio— this neighborhood spot draws an earlier crowd.

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 Royal Oak Brewery had the first brewer's license in the county when it opened in September 1995. Now, there's no less than five within a half square mile of this beer-soaked town.

But it's not necessarily the in-town competition that's challenging longtime establishments like this one.

"A lot of communities that were doing good business with nightlife are feeling the effect of the revival of Detroit," says general manager Tim Selewski, who joined Royal Oak Brewery 20 years ago. "I don't think Royal Oak is hurting, but it's seeing a change in its dining and drinking patterns. There's no question that people have more options than they used to. ... I think there's probably less foot traffic in Royal Oak now, but how can there not be?"

The rise of Detroit and Ferndale as emergent dining destinations were also top of mind for Joe Vicari, who shut the doors of his Andiamo Trattoria in Royal Oak in June after a nearly two-decade run.

"Closing (the) parking right behind us was really the last nail in the coffin," Vicari told the Free Press (<https://www.freep.com/story/entertainment/dining/2018/07/07/andiamo-restaurant-closing-royal-oak/765381002/>).

The city demolished the lot behind his Italian restaurant to make way for a new \$95-million development called City Center, which will include a six-story office building, a separate parking deck, a downtown park and a new city hall and police station.

Royal Oak's mayor Mike Fournier struck back at Vicari (<https://www.freep.com/story/news/local/michigan/oakland/2018/07/09/royal-oak-mayor-andiamo-closing/768063002/>) for suggesting parking was the issue, but there's no question Royal Oak is undergoing a disruptive development boom estimated to total more than \$200 million.

"You see a big crane on 696 and Woodward ripping into the earth to build a \$50-million apartment building and it's exciting," says Aaron Belen, a West Bloomfield and Birmingham native whose growing hospitality group operates along the suburban Woodward corridor.

The 35-year-old restaurateur took a chance on Royal Oak in a big way when he opened the upscale Bistro 82 restaurant in 2013.

"We opened way above the market when we opened five years ago and I think the market is now catching up to us," Belen says. "Royal Oak is the kid from college that just realized he's no longer in a fraternity and has to get a job and grow up."

AFB Hospitality Group also runs a bustling weekends-only "boutique nightclub" above its destination restaurant — just one of a number of places in town for those grown-up frat bros to go.

For his part, Belen doubled down on the city in 2016 with a \$5-million dollar real estate investment disguised as the roadhouse-style restaurant and live music venue called The Morrie.

"Why did I do The Morrie in Royal Oak and make such a significant investment? Because I got to buy the parking lot," Belen admits. "I think Royal Oak has a really bright future ahead of it."

With multiple multistory commercial and residential projects in development, the city is in the midst of an urban growth spurt that's primed to reshape downtown's height and width.

But orange barrels and construction tape — especially during the crucial summer patio season — can cause growing pains in the interim.

Roberts Restaurant Group President Bill Roberts knows that all too well.

"We had our most difficult time last year frankly," Roberts says of his Royal Oak outpost, the Town Tavern. "The Center Street parking structure was basically down for most of the

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Dan Johnson of New Baltimore plays pool at the Fifth Avenue nightclub in Royal Oak, Mich. on Friday, July 20, 2018.

(Photo: Cameron Pollack, Detroit Free Press)

year as they added to it and doubled the size of it. ... We were down and that hurt, no question. We've been down a little bit this year. I just say we've got to keep working harder."

But it's not just the construction that's causing disruptions.

Roberts says Town Tavern is feeling the effect of its adjacency to Ferndale and Detroit more than his other properties farther north, which include neighborhood mainstays Streetside Seafood in Birmingham and the 30-year-old Beverly Hills Grill in Beverly Hills, among others.

"Royal Oak is a younger town," he says. "So with that, you tend to have more people in that neighborhood go downtown percentage-wise probably than in Birmingham. And, of course, you've got Ferndale right next door, which is also a fun, happening downtown, especially for our younger guests. It's just all part of it as the whole area changes and different downtowns emerge."

Still, Roberts is bullish about the future of Royal Oak, just as he'd been back in 2007 when he opened the fine-casual 1930s-inspired restaurant on Fourth Street.

"We thought that what's happening right now was about to happen back then, frankly — that there'd be a boom of young people and condos and apartments and that the downtown was going to grow like crazy, and of course '08 and '09 happened and all of a sudden building stopped in our country and especially in the metro Detroit area," he says. "That growth just didn't happen. Obviously, things took a while to percolate, and now we're a decade later and I think they're starting to boom in downtown Royal Oak again."

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Back at Gusoline Alley "Love Will Tear Us Apart" by Joy Division pipes through the speakers even though the old jukebox is gone. A young man in his 20s walks in sporting light blue shorts, navy-colored Sperry Topsiders and a flashy watch.

Tierney says this is a more typical customer these days. Many are young professionals who work for the Big Three or are in the tech field — a far cry from the artists and shop owners of yore.

"Royal Oak is still a decent place," the longtime bartender says. "It's a little upscale and people are paying too much for a piece of property. I mean, half a million dollars you should be looking at the water or something. But it's just the way it works: It's kinda cool and then things just go up, man. Rent goes up."

"I like Ferndale. It reminds me of a little bit the way Royal Oak was in the '90s. It just seems a little more chaotic in a good way, Ferndale."

Ferndale: Eclectic upstart worried about losing its edge

Dive bars. Trendy new restaurants. Cultural cuisine from Ethiopia to Peru to India to New Orleans. World-class honey-wine and vodka makers. These and more — nearly all tucked along a few blocks surrounding Woodward and 9 Mile — comprise Ferndale's entertainment core. And beyond a mix of major fast-food chains, the city of 20,070 people is loaded with entrepreneurs.

"It's a very independently owned city. There's not big corporate America there," says Dean Bach, owner of the city's Dino's Lounge and M-Brew. He says everyone goes into "battle every morning," operating restaurants, stores and boutiques by themselves. "I guess that's why the DIY (Street Fair) is such a big thing in Ferndale, because we all do it ourselves."

The charm of Ferndale is its small, self-sufficient feel — with booths offering handmade goods and vintage art at Rust Belt Market on its busiest corner, Woodward and 9 Mile. A streetcar suburb of Detroit, the city was incorporated in 1917, according to a plaque at the intersection's median, next to a crow's nest for a traffic director dating to the pre-stoplight era of automobiles.

On weekend summer nights, the scene here is calmer, more casual and more laid-back than Royal Oak — people wear T-shirts and hoodies, and at least two of the breweries are kid-friendly. The crowds, as well as the square-footage of bars and restaurants, are smaller.

On the northeast corner of Woodward and 9 Mile, an anonymously-made sign appeared earlier this year at the recently-vacated location of Como's Italian restaurant — a business



Yafa Davydova of Royal Oak and Nadeem Kandalafi of Royal Oak sing along to karaoke at Sneakers' Pub in Ferndale, Mich. on Friday, July 20, 2018.

(Photo: Cameron Pollack, Detroit Free Press)

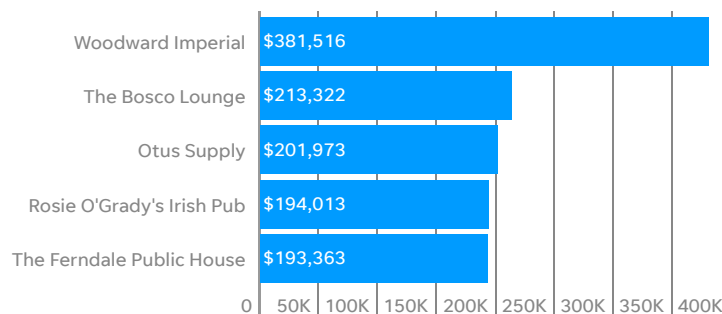
owned by the Grego family since 1961. The sign read: "Don't Royal Oak My Ferndale."

The city's latest master plan suggested the site would be ideal for a multistory, mixed-use building with office space or apartments on the upper floors — the very type of building that has proliferated in downtown Royal Oak in recent years. But the 8,000-square-foot building's buyer was Peas and Carrots Hospitality group, owners of restaurants in Birmingham, Bloomfield Hills and Chicago, with plans to revive the restaurant in the same building, with the same name and similarly "pizza-centric" menu.

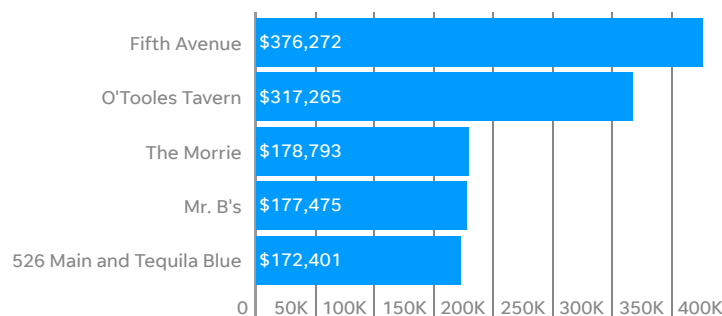
Biggest booze buyers in Ferndale, Royal Oak and Birmingham

Bars and restaurants are required to purchase all their hard spirits – but not beer and wine – from the state. Here are the top 5 liquor buyers in Ferndale, Royal Oak and Birmingham in 2017:

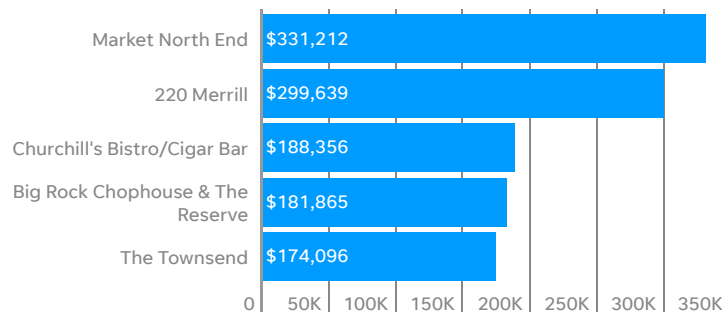
Ferndale



Royal Oak



Birmingham



NOTE Data show wholesale purchases of spirits from the state; does not include beer, wine or other beverages

SOURCE Michigan Liquor Control Commission data

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In a news release, the group said: "We love that Ferndale wants to remain Ferndale and values those family-owned style restaurants. Even as we have grown, we've managed to retain that sense of belonging, and we know that Peas & Carrots Hospitality is a great fit for the Ferndale neighborhood."

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This type of upscale-casual restaurateurs probably wouldn't have been quite as eager about Ferndale in 2002, when Bach opened Dino's Lounge a few doors to the south on Woodward.

"I wouldn't have walked the alleys of Ferndale at night, to be honest," he says. "It was dark. It was a little scary. There was still prostitutes wandering the streets of Ferndale at that time."

He says that when he was looking for a location, he hadn't been considering Ferndale until he was waiting for the stoplight on northbound Woodward at 9 Mile and saw a phone number on the storefront. He called, took a look, and the price was right. "Nobody wanted it," he says.

"It was a crapshoot. But I said, 'Well, this is Woodward. Let me get in here, get involved with the community, see what I can do to help.' "

More bars and restaurants opened as the city became increasingly trendy. The LGBT community, which had started gravitating toward Ferndale in the 1980s as it fled "vicious crimes and murders" in Detroit's Palmer Park, brought positive change to the then-"crumbling city" and made it a safer place to live, according to a 2011 MetroMode report,

"From Blue Collar To Rainbow Flags: How Ferndale Got Its Gay Groove

(<http://www.seconddwavemedia.com/metromode/features/LGBTFerndale0228.aspx>)."

Heather Jones, who started working at nearby Sneakers Pub in 1997, remembers when craft brewery Woodward Avenue Brewers opened nearby that year, and people wondered what "this new weird bar" meant for the area. Change was coming.

"When I first started here, Ferndale was very blue-collar," Jones says. "Everyone had dirty boots, and the floor was always covered with mud. We had people that worked in machine shops, construction sites — guys I grew up with I could very much relate to. Then I kinda watched it morph into more of what's now described as like a hipster town, which is cool. Different. They like the karaoke probably more so than the sports."

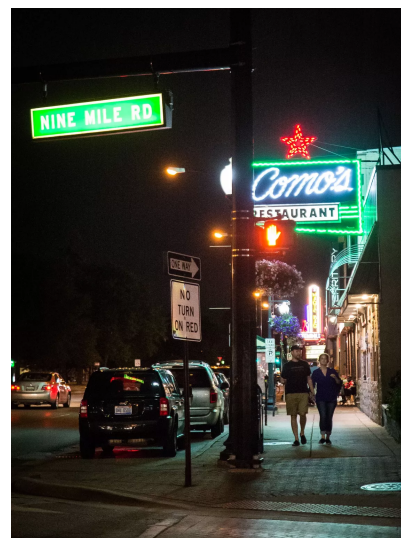
She says there was "just an explosion of restaurants and bars." And while there have been worries that adding more establishments would draw business away, "it seems like every time they open up a new bar around here, it tends to just bring more different kinds of people to the area, which is really good."

Walking into Sneakers, there's more of that old dive bar feel — people smoking cigarettes outside, and inside, there are promotional beer signs, dim lighting and a lottery machine, with some graffiti in the bathroom. But it's a cozy vibe, and the place is gaining customers.

"It's definitely a lot busier than when I first started here," Jones says. "When I first started here we did great business, you know? We'd be busy. But we only ran two girls — one on the floor, one behind the bar. And a lot of times we didn't even have a cook. Now, on a Friday night, we run four people and a cook and we have doormen to check IDs, because you know, you definitely just have to have more eyes on things."

Sneakers is classic Ferndale. A five-minute walk away, up Woodward and right on Vester, inside a former VFW clubhouse, there's an example of new Ferndale.

M-Brew's interior is brighter, with as much light wood on the walls, ceilings and floors as the interior of a rural vacation cabin, complete with a fireplace and rustic kitsch on the walls. There are also 30 beer taps, many of which you've probably never heard of. In 2014, Bach opened the Up North-themed bar offering craft beer and pizza, with a video arcade on its lower level.



A couple walks down Woodward Avenue near Nine Mile Road in Ferndale, Mich. on Friday, July 20, 2018.

(Photo: Cameron Pollack, Detroit Free Press)

"It was kind of a rough-and-tumble neighborhood," he says of the days when he opened Dino's. "But now, you have a diverse, happy-go-lucky demographic."

New bars and restaurants continue to land in Ferndale, some away from the downtown core. In the past two years, trendy spots such as Otus Supply, Urbanrest Brewing Co., Livernois Tap and Detroit Fleet arrived. Voyager, a Southern-tinged seafood restaurant and oyster bar, opened in 2017 at Burdette and East 9 Mile.

"One of the main factors that caused us to look outside of downtown, which I think was a great thing for the city overall, was the moratorium on liquor licenses in the downtown area," Voyager Proprietor Eli Boyer says. "It caused the development to go outside of that downtown area."

He says Ferndale is known for eclectic dining options. Many aren't much larger than his 40-seat restaurant.

"These are styles that you really can't find anywhere else in the metro area," Boyer says. "So I think there's just a wide range and it hits all the chords. Where, I think overall painting with a broad brush in a community like Royal Oak or Birmingham, maybe the range of restaurants isn't as wide. It's a little bit more narrow. Both also have much more chain or corporate restaurants than Ferndale."

Ferndale may not be quite getting Royal-Oaked. But a piece of Ferndale is heading northward to one of Michigan's toniest downtowns. The co-founders of Ferndale's immensely successful One-Eyed Betty's and Pop's for Italian restaurants have plans to open, later this year, a casual, come-as-you-are neighborhood joint called Hazel, Ravines and Downtown in Birmingham.

Well, casual with a nod toward that city's finer-dining tastes.

"Birmingham is the kind of place where a couple will split a hamburger and a \$250 bottle of wine. And we want to be the place where you would do that," restaurant partner [Beth Hussey told the Free Press](https://www.freep.com/story/entertainment/dining/mark-kurlyandchik/2018/05/23/stand-restaurant-birmingham-become-new-neighborhood-spot/634590002/) (<https://www.freep.com/story/entertainment/dining/mark-kurlyandchik/2018/05/23/stand-restaurant-birmingham-become-new-neighborhood-spot/634590002/>).

Birmingham: Sleepy upscale suburb lets its hair down

Practically since its founding, Birmingham has been an aspirational place, named after England's industrial powerhouse city with the hope it would mirror its stature. That early factory town identity didn't last long, however, and, over time, the little village grew as a home to doctors, lawyers, bankers and merchants.

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It has been somewhat insulated from the economic shifts that are gentrifying its southern neighbors, largely because Birmingham and its surrounding communities have long been home to gentry.

"Birmingham is this very cloistered place with a lot of old money," says Horner, the WSU urban studies professor. "Birmingham has never been hurting. They seem to survive the very high rents that are downtown. There aren't as many closures."

Still, there appears to be a changing of the guard in the affluent city's dining scene. The Bird & the Bread, Cafe Via, Polpetta, The Stand Gastro Bistro and Mitchell's Fish Market have all closed in the last 10 months, with rumors of more turnover swirling.

Meanwhile, the subterranean nightclub the Rose Room at 220 and a planned second location of Royal Oak's The Morrie are bringing a lively late-night component to what has been — with a few exceptions over the years — a buttoned-down town.

Hospitality is written into Birmingham's DNA. The first three European settlers here are said to have run competing taverns for overnight guests on their properties, which met near the corner of Maple and Pierce — still the heart of the 4.8-square-mile town's downtown entertainment district.

On a warm Friday night in summer, the patio at Townhouse overflows with see-and-be-seen young professionals celebrating life on a pleasant weekend evening. No doubt some of their parents are doing the same across the street on the patios of neighboring Elie's Mediterranean Grill and Streetside Seafood, where waits for a table often exceed an hour.

A gray Lamborghini comes to a stop out front, followed by a mid-'60s blue Chevelle and then a late-model Ferrari in quick succession. Moments later, the Chevelle is parked outside the bustling patio of the Rugby Grille at the Townsend Hotel.

By the numbers

	Birmingham	Royal Oak	Ferndale
Population (July 1, 2017)	21,142	59,112	20,070
Median household income (2012-2016)	\$75,132	\$43,251	\$33,981
Median value of owner-occupied housing units (2012-2016)	\$439,000	\$175,000	\$111,000
Median gross rent (2012-2016)	\$1,330	\$947	\$912
Education: Bachelor's degree or higher (percent of people 25 or older; 2012-2016)	78.1%	54.4%	41.2%

SOURCE U.S. Census Data

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"Thirty years ago when we started here at the hotel in 1988 (it was a) much quieter town and much quieter hotel," says Rugby Grille bartender Dean Burnett, who has been behind the stick at the Townsend for all of the posh hotel's 30 years. "There was only like 10 liquor licenses for many, many years in Birmingham so any given night you knew what restaurant, what bar at what time you're supposed to be at."

Excluding golf courses, wedding venues and private clubs, the Free Press counted 35 active liquor licenses in the city of Birmingham as of June 2018.

"It's a lot more lively," Burnett says of the downtown today. "It's a great strolling town for people in the area."

His clientele like to know what they're in for, he says, preferring a certain kind of atmosphere.

"I think that the Birmingham crowd maybe doesn't want as big of an eclectic mix," Burnett says of the restaurant scenes in the neighboring towns. "They like it more structured. They know what they're gonna get and the clientele they're going to ... rub elbows with."

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But there's a new generation of operators out there stirring the pot, and Burnett says that's necessary.

"You don't rebuild a place after 30 or 40 years for the older clientele," he says. "You want them to be comfortable. You want them to be part of it. But you have to change or you perish. ... You have to keep it fresh for the younger people. They're the ones who will carry you for the next 20 or 30 years."



The Townhouse's patio in Birmingham, Mich. on Friday, July 20, 2018.

(Photo: Cameron Pollack, Detroit Free Press)

Back out on the street, the unmistakable three-chord buzzsaw riff of The Ramones' "Blitzkrieg Bop" echoes out from Shain Park. A high-school age three-piece is ripping into a by-the-book version as locals — family and friends of the band, by the looks of it — watch from blankets and lawn chairs. This is the type of day crowd Aaron Belen hopes to cater to with his second outpost of The Morrie, a roadhouse-style restaurant and bar that turns into a dance club with live music at night.

"I love Birmingham and believe they're missing this component," Belen says. "It's all higher-end, non-family-oriented places. The Morrie caters to families. We have little kids that love the place to elderly people that love the place. I just think Birmingham is missing the neighborhood, fun, roadhouse, eclectic kind of thing. ... I just view it as we're complementing an already thriving culinary scene and we're coming into the market bringing in approachable dining with a nightlife component."

Just down the street from the Birmingham Morrie, the Jonna family recently moved their Vinoteca restaurant up from Royal Oak to fill the former Bird & Bread space. The wine bar features live music Thursday through Saturday nights.

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The move points to a still lingering difference between the two towns: Royal Oak is for beer drinkers; Birmingham prefers wine.

To that end, Belen isn't worried about drawing customers from The Morrie in Royal Oak, which is just a few miles down the road from his new location.

"I think that the people that go to Royal Oak are not that excited about going to Birmingham and vice versa, so I'm not actually worried about cannibalizing myself," he says.

Local deal maker and real estate developer Zaid Elia, who owns 220 Merrill in Birmingham and Parc in Detroit, also sees it as two separate markets.

"At the end of the day, you have to choose what you want to be," Elia says. "Birmingham I don't feel is a HopCat town or a Buffalo Wild Wings town. It's a higher ticket average."

He also saw demand for a different kind of place in Birmingham.

The subterranean Rose Room at 220 might elicit eye-rolls and groans from the old guard in Birmingham. Open Thursday through Saturday nights, the Rose Room is a thumping nightclub with a clientele looking to party — the kind of place where "bottle service" might refer to a \$300 fifth of Grey Goose vodka, though plenty of crowd-pleasing wines are also on the menu.

"On Friday and Saturday nights, there's a line to get in, which tells me that demand has been pent up for a very long time," Elia says of his 4-month-old nightclub. "If you look at the northern suburbs, most places target a much younger demographic. I would say 24 to 28. In Birmingham, the demographic age group is a little higher, their spending number is a little higher. So I decided all right, let's target the people who have nowhere to go."

Despite all the new competition, Elia says business has grown upstairs at the upscale 220 Restaurant, which he bought in 2014.

"People who sit at the bar of a restaurant on Thursday, Friday or Saturday would typically stay in Birmingham because they didn't want to drink and drive," he says. "I think now they start off in Birmingham and go to Detroit, or start off in Detroit and go to Birmingham. I think Uber and all these things had a major impact on people doing that in a safe way."

In deep-pocketed Birmingham, that only expands opportunities for operators who can afford to open new properties downtown.

"A lot of our successful clients in the Birmingham and Bloomfield areas are seeing their regular clients — those who they see two to three times a week on a regular basis — adding downtown to their mix," says Justin Near, whose PR company Near Perfect Media represents more than 20 restaurant brands in the area. "No one is seeing a drop here, but the operators are seeing a business opportunity downtown, too. Guests want concepts that they're used to dining in."

That helps explain why so many Birmingham operators have opened or plan to open downtown, where they occupy some of the city's most prime real estate. Elia co-owns Parc in Campus Martius, the LaPage family that owns Big Rock Chophouse recently opened Lumen in Beacon Park, the Eid family that runs Phoenicia is opening Leila in Capitol Park and Mario Camaj is planning a second outpost of his Tallulah Wine Bar across the street from Townhouse Detroit, which arguably started the Birmingham operators' downtown spree when it opened in 2015.

"The reality is Detroit is a proximal destination today," says Jeremy Sasson, president of Heirloom Hospitality, the group that runs the Townhouse restaurants in Birmingham and Detroit as well as Prime & Proper in downtown's Capitol Park. "You can get out of your car and walk and feel like you can see a bunch of things. Those used to be only available in small little quaint towns. And if the suburbanite people are coming to open places, they're not opening them because their customers aren't coming to them. They're opening them because they want to capture the customer that's going down there anyways!"

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 Sasson is generally far more excited about the potential opportunities in Detroit than in Birmingham, where he lives and keeps his office.

"For me, why I've come down here (to Detroit) is because the canvas is as big and as vast and as opportunistic as you really want it to be," he says. "Birmingham is a bit of an on-trend city. It's a who's who. It's a people-watching place. Part of the night factor in Birmingham is being in an environment that feels energetic for whatever reason. Maybe it's the sense of exclusivity of getting into a small space that has a seat for you."

But he said the city hasn't filled its quota for bistro liquor licenses in recent years. Restaurateurs can apply for these limited liquor licenses, and the city can approve up to two per year. Data from the City of Birmingham show that there were four applicants in 2016, but none "materialized;" in 2017, there were three applicants and two approved, and none have been approved so far in 2018.

Sasson says he stands by a statement he gave to Crain's Detroit Business a few years back when he said you couldn't give him a restaurant in Birmingham with more than 100 seats.

"Come on a Tuesday in the winter man," he says. "You could throw a baseball down the block and not hit a car."

Meanwhile, he's running two restaurants in Detroit with approximately 600 seats combined.

"I think there is a direct correlation in the growth, energy and excitement of Detroit that has taken — I don't know if it's dollars, but I think it's attention from the northern suburbs."

Don't (blank) my (blank)

And though that dynamic can't be ignored, the old adage about a rising tide lifting all boats seems to be true as well. As Ferndale, Royal Oak and Birmingham see their values rise alongside Detroit, folks priced out of those markets move nearby, bringing activity and excitement to towns like [Hazel Park, Oakland County's newest hot housing market](https://www.freep.com/story/news/local/michigan/oakland/2018/07/19/hazel-park-housing-market/793882002/) (<https://www.freep.com/story/news/local/michigan/oakland/2018/07/19/hazel-park-housing-market/793882002/>).

Don't Birmingham my Royal Oak.

Don't Royal Oak my Ferndale.

Don't Ferndale my Hazel Park. ...

On it goes as fortunes shift.

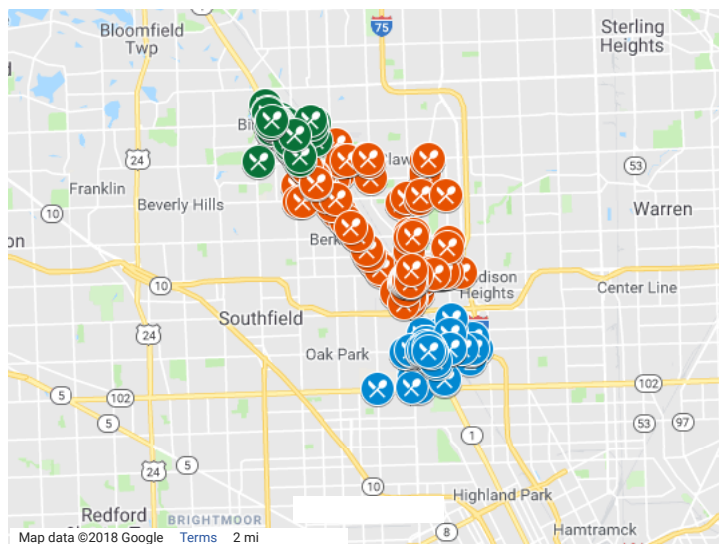
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 "It's like anything," Tierney, the Gusoline Alley bartender says with a hint of resignation in his voice. "The place is cool. Then big money finds out it's cool and they kinda just stomp out all that made it cool in the beginning.

"And then you're kinda just hanging on to what was."

Bars, restaurants in 3 Woodward hot spots ☆



Editor's note: A previous version of this story incorrectly named AFB Hospitality Group. It also incorrectly identified the landlord at 260 N. Old Woodward. It is AF Jonna Development.

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