

La Marqueta: Examining the Retail Landscape of East Harlem

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Abstract: *Located in the East Harlem section of Manhattan, La Marqueta was established in the 1930s to house the abundance of pushcart vendors clogging the city's streets, and is now one of only four remaining public markets in the five boroughs. At the peak of Spanish Harlem in the 1950's and '60s, La Marqueta had more than 500 vendors. As the East Harlem neighborhood has changed, however, La Marqueta has dwindled in size to only eight vendors and continues to struggle to attract customers and support profitable businesses. This thesis will analyze the feasibility of La Marqueta's future in East Harlem through a neighborhood demographic and retail analysis as well as a comparative analysis of other markets with similar characteristics to La Marqueta. Ultimately, this research will provide recommendations for La Marqueta to support profitable and sustainable businesses and increase foot traffic and sales at the market.*

Table Of Contents

I. Introduction	p. 4
II. Background	p. 6
III. Literature Review	p. 8
<i>Retail in the Inner City</i>	p. 8
<i>Latino Communities</i>	p. 8
<i>Physical Approaches</i>	p. 10
<i>Public Markets</i>	p. 10
IV. Research Methodology	p. 12
V. Analysis	
<i>Chapter 1 - Neighborhood Analysis</i>	p. 14
<i>Chapter 2 - Market Analysis</i>	p. 20
<i>Chapter 3 - Comparative Analysis</i>	p. 25
VI. Recommendations	p. 30
VII. Conclusion	p. 36
Bibliography	p. 37
Appendix	p. 39

I. Introduction

The retail landscape in urban areas has drastically changed during the past 50 years. With the creation of the first suburban mall in Minnesota in 1956, the role of the central city as a retail destination diminished greatly by the end of the 20th Century. Population shifts to the suburbs and disinvestment in so called inner cities exacerbated this problem during the latter half of the 20th Century, and created hyper-segregated underserved areas offering few, or overwhelmingly unhealthy, retail options to local residents. As residential preferences have shifted back to urban areas, under-retailed neighborhoods have come to the fore, particularly relating to urban health disparities and the incorporation of “food deserts” into the urban policy debate. As a result, under-retailed neighborhoods have been the focus of policy interventions during the past several years. In New York City, several initiatives, such as GrowNYC, aim to address this issue by providing opportunities for residents of low-income neighborhoods to purchase local produce at outdoor Farmer’s Markets. In fact, marketplaces and pop-up markets across New York City have received a surge of attention as unique cultural assets that can offer both artisanal and healthy, local food at different price points.

East Harlem’s La Marqueta, one of New York City’s original public markets, sits at the intersection of the food desert and the marketplace. Located underneath the Metro North rail line viaduct, La Marqueta was developed in the 1930s to house the area’s many push-cart vendors who were clogging the streets causing health and safety hazards. During its hey-day in the 1950s and ‘60s, La Marqueta was a center of economic and cultural activity for the burgeoning Latino community and had more than 500 vendors. On Saturdays, “the market teemed with so many people that...you did not move along of your own accord; the crowd carried you.” (Mindlin 2008, p. 1). Changing neighborhood demographics and consumer behavior, as well as the increasing availability of Latin-American products elsewhere throughout the city, caused the market’s decline in the 1980s.

The emergence of Hot Bread Kitchen in 2011, a kitchen incubator providing cooking equipment and space to immigrant entrepreneurs, has brought some attention back to La Marqueta. Recently, the market owner, the New York City Economic Development Corporation (NYCEDC), has also begun reinvesting in the market, securing two new tenants and issuing a request for proposal (RFP) for developing additional food production space adjacent to La Marqueta. Despite these efforts, La Marqueta still has a long way to go before it can effectively serve as a shopping destination for either community residents or visitors.

This thesis aims to analyze the feasibility of La Marqueta’s future in East Harlem by examining how La Marqueta meets (or fails to meet) the retail needs of both its community and a broader consumer base. Although “success” can take many forms, “success” at La Marqueta will be defined as the creation or retention of sustainable and profitable businesses within the market and an increase in both foot traffic and sales at the market. This research will help inform ideas for improving the market so that it can be more successful in the long term, including identifying what factors are necessary for the merchants at La Marqueta to become financially sound and self-sustaining, and marketing and community development strategies to draw more traffic to the market.

To answer these questions, this study will include an analysis of the market both as a shopping destination as well as its role as a retail center for the surrounding community. In my research, I will conduct an analysis of existing retail stock within a half-mile radius of La Marqueta as well as a demographic and economic

analysis of the East Harlem population to analyze economic and shopping trends of community residents. I will also look at La Marqueta from a managerial, physical, and location perspective to analyze the markets' key strengths and weaknesses. I hypothesize that La Marqueta has not been successful because it is not responding to the evolving demands for retail in East Harlem, and larger consumer shopping behavioral trends, both in its physical structure and appearance and by the types of goods being sold. This thesis will contribute to the existing research through examining the needs and consumption patterns in East Harlem and at La Marqueta, and identifying strategies for the market's future success and development.

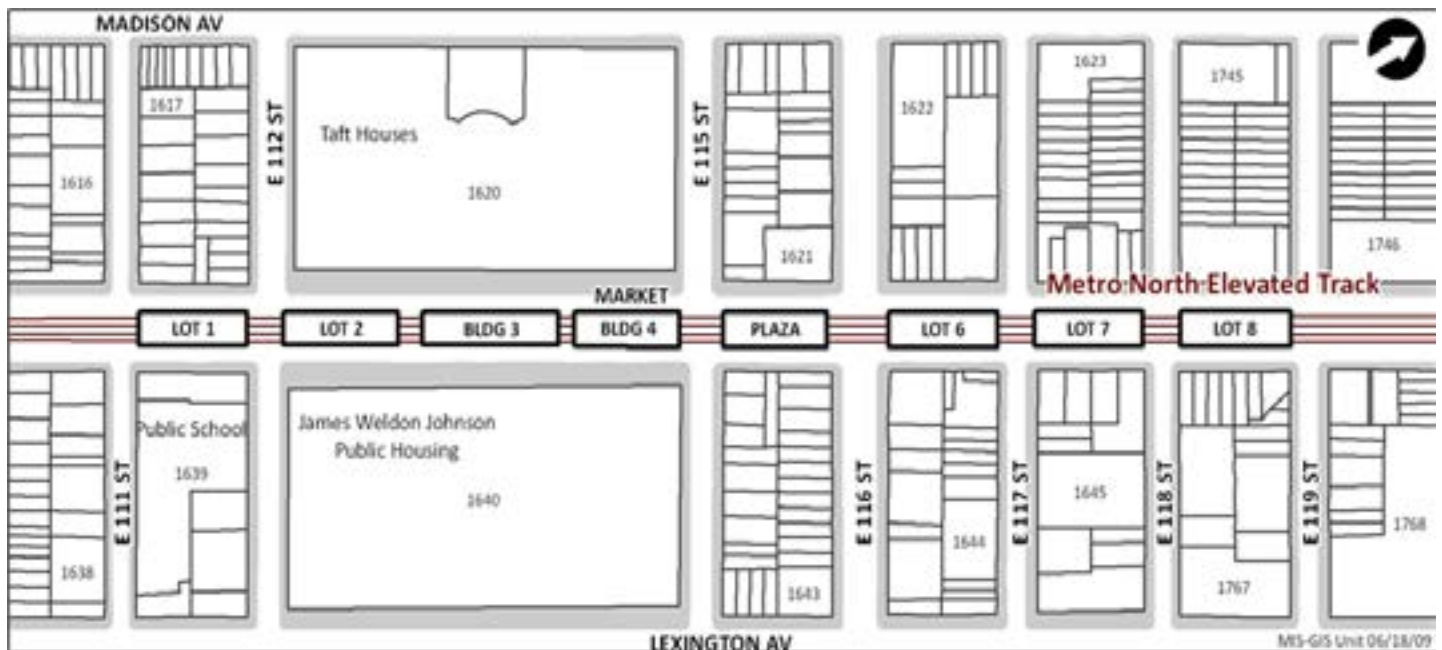
II. Background

In 1936, Mayor Fiorello La Guardia opened the Park Avenue Retail Market, part of the Mayor's Citizens Committee on Open Markets to enclose the city's many pushcart vendors that were clogging the streets causing health and safety hazards. With the migration of Latinos, and predominately Puerto Ricans, to East Harlem in the 1940's and '50's, the area became known as Spanish Harlem and the Park Avenue Retail Market became known as "La Marqueta." La Marqueta was originally composed of five buildings on Park Avenue from 111th Street to 119th Street. At its peak, the market was made up of approximately 30,000 square feet of leasable space and more than 500 vendors. The market predominately served the Latino community of East Harlem, Central Harlem, and South Bronx, but was also a destination for those looking to purchase ethnic foods that were not available elsewhere in the City.

La Marqueta has now dwindled in size to one main building - Building 4 - of about 10,000 square feet, which houses the current merchants, located on 115th and Park; Lots 1 and 2 to the south, which are used for parking; a vacant building (Building 3) just to the south of the main building, originally used for meat cold storage and wholesale distribution; an open Plaza ("La Placita") between 115th and 116th streets, used occasionally as an event space for special programming; and Urban Garden Center, a nursery and garden supply store on 116th and Park.

La Marqueta was originally managed by the City of New York, but in the late 1960's the Park Avenue Merchant's Association net leased La Marqueta and became responsible for the management and maintenance of the market. At the same time, it was becoming increasingly difficult to attract new businesses and shoppers to La Marqueta. Large-scale housing abandonment in the 1970s and 1980s, particularly in the South Bronx and Harlem, severely crippled demand by both vendors and shoppers at La Marqueta. In fact, the population of East Harlem contracted by 43% between 1950 and 1980, from a peak 210,000 people in 1950 to around 120,000 in 1980, illustrating the extent of the neighborhood's decline and the difficulty in drumming up demand. (City of New York, Community District Needs 1993.)

Figure 1: La Marqueta Site Plan



The City re-assumed control of the Market in 1985 after the Park Avenue Merchants Association surrendered its lease. The City entered into a lease in 1988 with a private developer for management and redevelopment of the Market, but these plans also fell through, and in 1992 the NYCEDC took ownership and management responsibilities of La Marqueta. Since the EDC has taken ownership, there have been several attempts at redeveloping and revitalizing the market. Notably, in 1996, the City invested \$1.4 Million under Mayor Giuliani to create the Plaza and a new façade for Building 4. Since that time, other large-scale revitalization plans by both the EDC and community groups have been proposed, although nothing has taken hold due to lack of funding and converging political interests.

One of the most notable plans for redevelopment of the La Marqueta site was proposed by Harlem Community Development Corporation (HCDC) in 2010. “La Marqueta Mile,” as the plan is called, seeks to incorporate affordable vending spaces for up to 900 vendors on the lots underneath the MetroNorth viaduct, stretching from 111th Street to 137th Street. This plan would not only provide affordable space for local vendors and entrepreneurs, but would also create an estimated 4,000 jobs and would turn La Marqueta into a destination. (Giles, 2010.) Although the La Marqueta Mile plan was well received, it failed to secure funding, a cost estimated at about \$2.1 million per block. (Feiden, 2012.)

In January 2011, Hot Bread Kitchen (HBK) received funding from the Upper Manhattan Empowerment Zone and the NYCEDC to open a wholesaling and production space, small retail stall, and business incubation services in La Marqueta’s Building 4. The securing of HBK brought significant media attention back to the market, and has been a catalyst in the market’s rebirth. The EDC has recently signed two new, non-Latin tenants to the Market, Nordic Preserves and Buerre & Sel (who were required to open in La Marqueta in order to also open stalls in the Essex Street Market), in hopes that this will help La Marqueta reach a wider audience. Moreover, in June 2011, Mayor Bloomberg allotted \$2 Million from the City Council Small Manufacturing Investment Fund to create food manufacturing step-up space at Building 3. The goal of this program is to provide production space to small food producers that are looking to expand their business but lack the space to do so. The funding will be used to renovate Building 3 and to install eight walk in cooler spaces. The RFP for Building 3 was issued in the summer of 2012 and the EDC is currently fielding responses.

Figure 2: La Marqueta Mile



III. Literature Review

Retail in the Inner City

Post-war changes, including declining populations and disinvestment, created a new retail landscape in American cities. The role of retailing in downtown areas has greatly diminished since its zenith in the 1920s, but it was not until the 1950s that large-scale decentralization of retail activity occurred with the proliferation of the automobile and the growth of the suburbs (Robertson 1997.) As purchasing power moved to the suburbs, the retail landscape and consumption patterns began to shift. The advent of the “big-box” retailer, offering goods at lower prices than mom-and-pops, is oft-cited as a principal impediment to retail activity in cities (Chapple and Jacobus 2009.)

Scholars have debated solutions to reinvesting in the inner city. Michael Porter’s seminal work “The Competitive Advantage of the Inner City” (1995) calls for private investment in business and the leveraging of a region’s competitive advantage to replace social interventions that are associated with typical government assistance. Supporters of Porter’s theory call for a bolstering of private businesses with more extensive government intervention (Fainstein and Gray 1997), and more minority ownership and agency (Butler 1997). Opponents cite the failure of the private sector in general to provide goods and services to the inner city and call for more policy and community-based interventions as a pathway to increase investment. (Dymski 1997, Sawicki and Moody 1997.)

But why is economic development so difficult in the inner city? Even as population shifts have drawn people and investment back to urban areas, the hyper-segregated, so called “inner-city,” has received little benefit. According to Porter, inner cities are unattractive to the private sector for a number of reasons. Economically unusable land; higher building costs; higher utility and other costs; real and perceived threats to security; insufficient or difficult commercial infrastructure; lower employee skills; lack of management skills in small businesses; lack of access to debt and equity; and anti-business attitudes by the community are major challenges presented by the inner city. Other scholars refer to similar issues facing retail development, focusing on a few central obstacles to development: perceptions of crime; a lack of sufficient business data to justify loan underwriting; the high cost of developing and operating a business in cities; and the need to depict the area as impoverished to receive federal subsidies and social service programming (Achugbue 2006; Stewart and Morris 2002).

Latino Communities

Another obstacle for development in underserved and minority neighborhoods cited by Porter and others is discrimination. The literature surrounding Latino communities is focused on both racial discrimination and immigrant discrimination, and as a result, underserved Latino communities face unique challenges. According to Valenzuela (2006), Latinos are disproportionately affected by economic and labor market restructuring, because they are more likely to participate in the informal economy as contingent workers. Many jobs available to marginalized low-skilled workers are less stable, lower-wage, or in declining industries that rely on ethnic laborers. Because of their status as “contingent workers” or the “working poor,” the plight of the Latino in the workforce has largely been ignored by larger economic development initiatives. In particular, Latino entrepreneurship is not recognized, but rather is seen as an informal, underground economy.

In order to address larger macro discrimination, Valenzuela realizes the need to incorporate marginal workers into the mainstream – but also to create a better space for them in the margin by thinking “outside of the box.” This type of thinking would include creating more programs specifically for marginal or “under the table” workers, such as domestic staff or “gypsy” cab drivers. Secondly, Valenzuela suggests expanding employment and training opportunities for marginal workers – including placing “difficult-to-serve” workers – young mothers, former criminal offenders, etc. - in entry level positions in growing industries, as well as placing other participants in jobs requiring specialized skills, experience, and training. The final suggestion for economic development in Latino communities is to create more traditional economic development strategies – such as union membership drives, supporting strikes, campaigns for living wage ordinances, mobilizing legislative initiatives benefitting immigrant workers, exposing harsh working conditions, and otherwise supporting initiatives that benefit the working poor and immigrants. Incorporating Latinos, and the marginal economy in general, into the larger discussion about economic development will be an important component in the larger discussion of sustainable development in East Harlem.

In addition to traditional economic development initiatives, Porter makes several suggestions for private sector involvement. First, by simply creating a business in the inner city, the private sector is helping make the inner city compete on a larger scale. Secondly, establishing relationships with existing inner city companies will create mutually beneficial relationships and again, help force businesses to become competitive. Porter also calls for investment in business-to-business efforts, such as training and management assistance, and a more creative equity investment platform to assist small viable businesses in the inner city. Sibley Butler (1997) also cites the importance for local residents, particularly minorities, to do business and own land in their own neighborhood – especially given the inner city’s competitive advantage of being near transport and communication centers. Using the example of Hunter’s Point in San Francisco, a predominately African American neighborhood, Butler says “the black community of Hunter’s Point in the City of San Francisco overlooks the entire Bay area. This land, with an estimated value of over \$3 billion, can be a bonanza for people who live there if it is developed. Land in Cleveland, Ohio; New York City, Washington, D.C., and Philadelphia stands in a similar light” (44.) These strategies all help to create local power and agency where it is either lacking or ignored, which is a key to creating investment and development in underserved areas.

Carr and Servon (2009) suggest a different type of competitive advantage – a neighborhoods “vernacular culture.” After analyzing several different case studies, the authors consider public markets to be community anchors in neighborhoods characterized by vernacular culture. Local public markets provide “important opportunities for small entrepreneurs to meet customers. These markets often attract tourists as well as neighborhood residents and bring together diverse people” (36.) In order to successfully benefit from the vernacular culture, the authors suggest several grassroots strategies, including resident involvement, incorporating unique local assets, creating opportunities for local ownership, developing new strategies (as opposed to replicating them,) and striking a balance between culture and commerce. It is a community’s uniqueness that provides its competitive edge and its ability to house indigenous businesses. As such, economic development strategies must be catered to specifically nurture the vernacular culture of each area, lest cities become as homogenous as the suburbs.

Physical Approaches

In addition to the many approaches of economic development – attracting investment and fostering workforce development in underserved areas – there are also many types of physical development that can make retail projects succeed or fail. The decline of downtown retailing is often contributed to population shifts, crime, and convenience as major deterring factors for downtown shopping. New types of retail have developed in the face of this decline. For example, the suburban shopping mall, first created in 1956, has been recreated with varying degrees of success in downtown areas. Pedestrian malls, characterized by a pedestrian-friendly environment – often times excluding automobiles altogether - also failed to rejuvenate downtown retailing because of little foot traffic generation and a difficulty in attracting larger retailers that were used to operating in enclosed malls. Festival Marketplaces attempt to take advantage of historical buildings, waterfronts, or other themes that are unique to urban areas. These marketplaces are focused on smaller, locally owned shops and generally cater to a young, affluent clientele. Festival Markets need a strong regional population and tourist base, and do better when they are in walking distance of the downtown core. Mixed-use centers combine retail with office or other commercial uses. These have generally been successful, with one criticism that the retailing may take away credibility from other uses of the project (Robertson 1997.)

In their analysis of retail development as a tool for community revitalization, Chapple and Jacobus (2009) gathered data on the number of retail stores added in several neighborhoods in the San Francisco Bay Area and their impact on neighborhood revitalization. Findings from their study indicate that revitalization stemming from retail development – seen as an increase in sales and employment, and more retail development – is more likely to occur in middle to upper income neighborhoods than other neighborhood types, including lower income areas. As a result, retail development in and of itself is not a sufficient pathway to revitalizing communities. If anything, retail development affects the perception of the neighborhood, which could then lead to a change in the neighborhood via new residential composition. The challenge, then, is to create retail development strategies that will serve and benefit low-income communities without displacing residents.

Public Markets

Along with the challenge of displacement and negative perceptions, markets themselves present a unique problem for retail planning scholars because of their complexity and their many forms and functions. Morales (2011) defines markets within the political, economic, social, and health spheres. Politically, markets benefit public life by expanding people's exposure to one another. They are governed by organizational or city laws, but also the tacit knowledge of merchants and customers. Economically, markets are significant sources of retail trade and activity, and have only increased in popularity. For example, Farmer's Market sales reached \$1.2 Billion in 2007 from \$500 Million in 1997. Other economic considerations are the employment, business expansion, and integration with larger business environment that markets provide to local economies. Sociologically, Morales defines markets as "tools" to bring together people, activities, and spaces. In particular, markets offer opportunity to bridge ethnic groups. Markets can also create health and food connections by not only offering healthy food, but by serving as a community symbol for locally grown, environmentally friendly food. This is particularly seen in Farmer's Markets that emphasize urban health and food access equity.

Because of their varying physical and economic forms, markets can have many effects. In general,

however, markets are seen as community integrators, both ethnically and economically. More recently, markets are viewed as symbols of wellness, capable of improving the health of marginalized populations (Morales 2011.) Nevertheless, there is no single solution for revitalizing markets or using them as tools for community and economic development. There are gaps in the research as to the economic impact of markets – their effect on property values and small business creation and incubation, for example. In order to understand the economic impact of a market within a broader community, more research must be done at the ground level.

IV. Research Methodology

The research design will be focused both on neighborhood retail supply and demand fundamentals as well as issues specific to the feasibility of La Marqueta as a successful market, previously defined as fostering profitable and self-sustaining businesses and promoting an increase in foot traffic and overall market sales. This study will first include a demographic and neighborhood analysis, and then a comparative analysis of models of market structure and ownership, looking at La Marqueta compared with other markets with similar characteristics. These include El Mercado Central in Minneapolis; Arthur Avenue Market in the Bronx, New York, known as an Italian ethnic market based in a lower income area; and the Essex Street Market in Lower Manhattan. Similar to La Marqueta, Essex Street Market is also directly managed and operated by the NYCEDC.

Neighborhood Analysis: In order to assess the current retail climate in East Harlem, I conduct a socio-demographic analysis of East Harlem between 2000 and 2010 using Census data. Specific variables to be analyzed include race and ethnicity, country of origin, age, income, poverty, and employment to track both the current neighborhood dynamics and changing trends during the past ten years. These will be analyzed at the Census Tract Level – which include 12 Census Tracts within one half mile of La Marqueta. The selected tracts are bordered by Malcolm X Boulevard to the West, 1st Avenue to the East, 110th Street to the South, and 126th Street to the North. La Marqueta, on 115th Street and Park Avenue, is located on the border of Tract 182 and 184, in the center of this cluster of Census Tracts. These tracts were chosen for their distance from La Marqueta and for their designation as part of the “East Harlem” neighborhood (nothing was chosen West of Malcolm X Boulevard for this reason.) Present day business data will come from ReferenceUSA within 0.5 miles of La Marqueta. Businesses will be analyzed based on NAICS code and sales volume.

Comparative Analysis: In order to assess the performance of La Marqueta itself, I will compare its structure and management to several other markets across the country with similar characteristics. These markets are El Mercado Central in Minneapolis, Arthur Avenue Market in the Bronx, and the Essex Street Market on the Lower East Side in Manhattan. The goal of this analysis will be to compare leasing, tenanting, rents, and general market structure and income across markets. This was gathered through qualitative interviews with market managers. Interview questions included:

1. Describe the market’s ownership structure
2. Describe the market’s relationship with the surrounding community
3. Do people shop here from outside of the neighborhood?
4. How many tenants/vendors are in your market
5. How are tenants selected?
6. What is the price per square foot/asking rental rate for market stalls?
7. What are the permitting/leasing terms?
8. How do you define success for your market?
9. Is there a process for strategic planning/events at the market? If yes, who is involved and what is the process?
10. What has been your biggest success story, and what has been your biggest challenge during the

past five years?

I also interviewed current merchants at La Marqueta and EDC management staff to better understand the history and current conditions of La Marqueta. The goal of this is to analyze the historical failures and challenges facing La Marqueta and current programming in place that is trying to meet these challenges. Sample Interview questions included:

For Merchants

1. How old is your business and how long have you been a merchant in La Marqueta?
2. Why did you decide to locate in La Marqueta?
3. What changes have you seen since you've been in La Marqueta?
4. What would you like to see change in La Marqueta moving forward?
5. Can you describe any events that were major successes or major failures?
6. What is your main product/business?
7. Who is your target customer?
8. How many employees do you have?
9. Is your business profitable? What are your monthly sales? Overhead costs?
10. What changes to your business would you like to accomplish and what resources would you need?
11. What is your relationship working with the City?

For EDC Staff

1. What are the challenges of Management at La Marqueta?
2. What have been some successes/failures from an EDC perspective at La Marqueta?
3. What is the future outlook for La Marqueta? Does EDC have any long-term plans?
4. Describe the relationship between new versus old tenants?
5. What other city agencies are working in East Harlem/La Marqueta? Are you working with them on strategic planning?

V. Analysis

Chapter I – Neighborhood and Retail Analysis

Twelve Census Tracts were analyzed in the East Harlem neighborhood, including Tract 172, 174.02, 180, 182, 184, 186, 188, 190, 194, 196, 198, and 200. The neighborhood ranges from Malcolm X Boulevard to the West, 1st Avenue to the East, 110th Street to the South, and 126th Street to the North. La Marqueta is on 115th Street and Park Avenue, on the border of Tract 182 and 184, and approximately in the center of this cluster of Census Tracts. The radius of these tracts is approximately one half mile on either side of La Marqueta. These tracts were chosen for their distance from La Marqueta and for their designation as “East Harlem” (nothing was chosen West of Malcolm X Boulevard for this reason.)

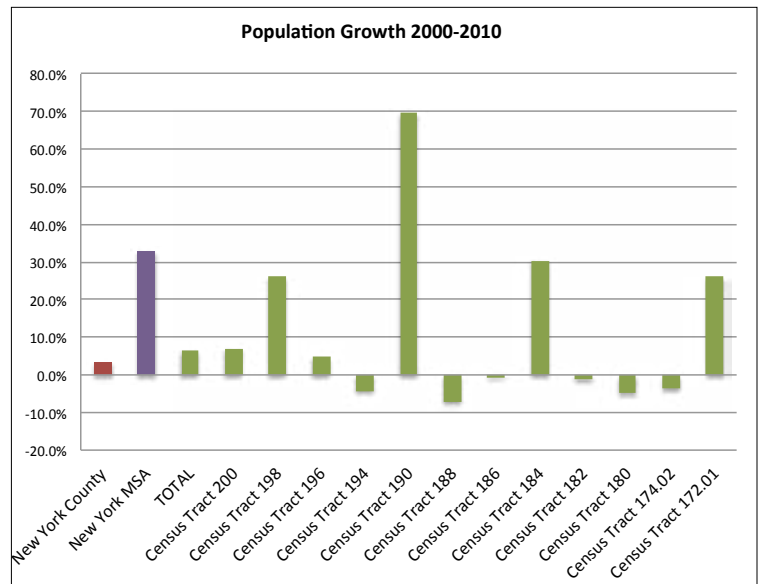
Figure 3: Census Tract Locator Map



Population, Race, and Age

The East Harlem area analyzed is located in Community Board 11, denoted by the Department of City Planning as PUMA 03804. The total population of PUMA 03804 area was 122,920 people as of 2010. The population of the combined twelve Census Tracts was 59,452 people in 2010, representing about 3.7% of New York County’s total population and 48.3% of the Community Board area’s population. This represents a population increase of about 6.5% from 2000. By comparison, New York County grew by 3.2% and the New York MSA grew by nearly 33% during the same period.

Figure 4:



The largest gains were made in Tract 190, 184, and 172.01, and 198, which all saw double-digit percentage gains. These tracts are primarily concentrated in the western section of East Harlem. Conversely, the tracts that shrunk are on the eastern edge of the cluster.

In terms of age, the population in the East Harlem cluster skews slightly younger than both the MSA and the City as a whole. As of 2010, nearly 67% of the population in the East Harlem cluster was younger than 44 years, compared with about 61% for the New York MSA and 62.5% for New York County. For East Harlem, this represents a drop from 2000, when slightly more than 71% of the population fell into this age bracket.

Notably, the largest percentage gains in East Harlem were made in the younger cohorts (less than 25 years), suggesting perhaps a higher birthrate and natural aging instead of in-migration. Interestingly, the age bracket of 25-44 year olds increased slightly from about 41% to 43% from 2000 to 2010 in East Harlem. At 43%, the proportion of people in this age bracket nearly matches the proportion seen in New York MSA.

As of 2010, the East Harlem population was 51.3% Hispanic or Latino and 48.7% Non-Hispanic. This matches percentages in the Community Board area, which was 49.8% Hispanic or Latino. In the Census Tract cluster, the non-Hispanic population was 8.4% white, 34.3% Black, and 3.9% Asian. Compared to 2000, this represents significant growth – nearly 259% - in the non-Hispanic white population, from 1,397 to 5,014 people. During the same time period, the non-Hispanic black population contracted by almost 9%. This mirrors the trend in the New York MSA, which saw increases in the white population – from about 40% to 44% - and declines in the black population – from 22.6% to 18.3%, during the same period. In New York County, the Hispanic or Latino population made up 25.4% of the total population in 2010. Whites accounted for 48% , Blacks were 12.9%, and Asians were 11.2%. These numbers roughly match the proportions from 2000 - with slight gains in the White and Asian populations, and slight declines in the percentage of Blacks and Hispanics.

The Hispanic and Latino population makes up 51.3%, or slightly more than 30,000 people, of the East Harlem population, compared with 53.9%, or 29,970 people in 2000. The racial breakdown of Hispanics and Latinos also remained relatively consistent between 2000 and 2010, with the majority of Hispanics and Latinos identifying as “Some other race alone” or “White.” Compared to the New York MSA and County, the East Harlem Census Tracts have a higher proportion of Hispanics and Latinos. In 2010, Hispanics and Latinos made up approximately 24.6%, or slightly more than 3 million people, of the MSA’s population, compared with 2.3 million people in 2000. For the County, Hispanics made up 25.4% of the population, or approximately 404,000 people, compared with 418,000 in 2000. Therefore, growth of the Hispanic and Latino population is occurring at a greater scale in the New York MSA as a whole than in East Harlem, but growth in East Harlem is outpacing growth of the City’s Hispanic population. These results are not altogether surprising. Within the City, growth is occurring in the established Hispanic enclave of East Harlem, but this growth is not as strong compared with the expansion of the Hispanic and Latino population to other areas in the region.

Compared to New York MSA as a whole, the East Harlem Census Tracts have a higher percentage of

Figure 5:

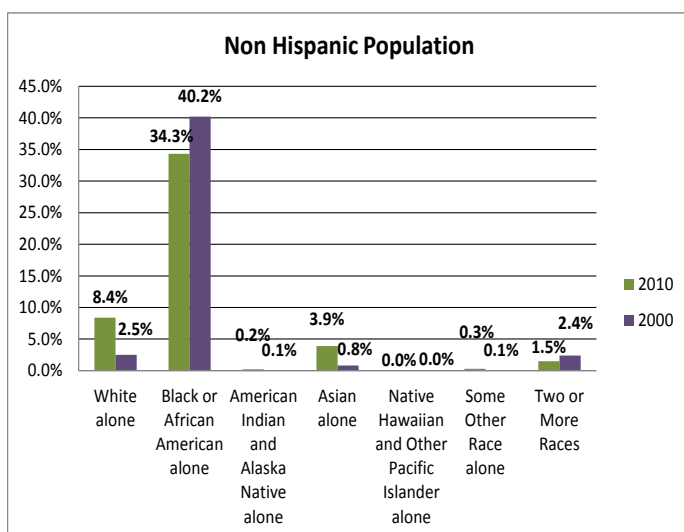
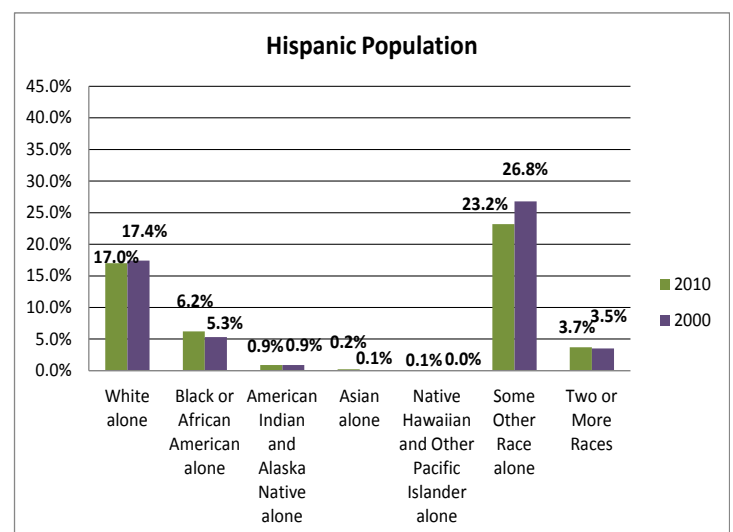


Figure 6:



foreign-born people. In the combined Census Tracts, the foreign-born population totaled 15,269 people, or approximately 25.6% of the local population. This represents an increase of 23.5% in the foreign-born population from 2000. In the New York MSA, the foreign-born population increased 19.8% during the same period. As of 2010, the foreign-born population was slightly more than 3.7 million people in the MSA, roughly 30% of the overall population, compared to the County, where the foreign-born population made up 28.6% of the population. The majority of the foreign-born population in the East Harlem Census Tracts was born in the Americas - representing about 74% of all foreign-born migrants in the neighborhood. Of these migrants, about 29% are Caribbean and 38% are Central American. Each of these groups represents about 5,000 people. The second largest immigrant group comes from Asia. Asians make up 13.5% of the foreign born population in East Harlem. By comparison, in the New York MSA, Asians make up about 26% of the foreign born population, while immigrants from the Americas represent about 53% of the foreign born population.

Income and Education

The median income in the East Harlem Census Tracts is significantly lower when compared with both the Metro area and the City. As of 2010, the median income of the East Harlem Census Tracts was \$25,909, compared with \$60,169 in the New York MSA and \$58,269 in New York County. Nevertheless, incomes increased 63.7% in East Harlem between 2000 and 2010, compared with a jump of 46.6% in the New York MSA and 23.9% in New York County. In fact, only one Census Tract, Tract 174.02, saw the median income contract.

As a result of the increase in income, rents are also on the rise. The median gross rent in the East Harlem Census Tracts was \$597 as of 2010, a 51.5% increase from 2000, when it was \$394. Nevertheless, this is significantly less expensive than rents in the New York MSA. As of 2010, median gross rents in New York MSA were \$1,103 and were \$1,234 in New York County. As a percentage of income, this rent increase has only had a slight impact. As of 2010, median gross rents made up 28.6% of incomes, compared with 27.4% in 2000. In the New York MSA, rents make up 31.0% of incomes in 2010, and in New York County, 27.7%. Although incomes are much lower in East Harlem, the cost of living is also significantly lower when compared with the MSA and City.

The educational attainment of the East Harlem Census Tracts is also lower than that of the New York MSA. For the population 25 years and older, only 13.5% of the population has a Bachelor's degree, compared with 20.1% of the population in the New York MSA and 29.8% in New York County. Similarly, 36.2% of the population has less than a high school level education, compared with only 17.6% in the New York MSA and 15.3% in New York County. Low educational attainment levels are likely attributable to the higher level of immigration as well as higher poverty levels in the East Harlem neighborhood compared with New York metro area and City. Along with low educational attainment comes higher unemployment levels. Of the population 16 years and over, 54.6% in East Harlem are in the labor force, with about 7.2% of these being unemployed. By comparison, in New York MSA 64% are in the labor force, of which only 5.0% are unemployed. In New York County, 67.3% are in the labor force, and 7.9% are unemployed. There is also a significant population in East Harlem that is not in the labor force – 45.4%, compared with only 36% in the New York MSA.

Shopping Behavior

Although it is difficult to generalize shopping behavior among populations split out by race or ethnicity,

there are several studies that have attempted to do so. According to a 2011 report by Packaged Facts, Hispanics in the U.S. represent a buying power of \$1 trillion, and Hispanics are an increasingly important consumer in the recovering economy. Although overall consumer spending declined during the recession, spending by Hispanic consumers increased. This growing optimism in the American economy felt by Hispanics is likely to increase as more Hispanic immigrants become acculturated in the U.S. (Packaged Facts, 2011.)

Another study by the Integer Group and M/A/R/C Research found that Hispanics generally show a higher priority toward “family satisfaction” and “one-stop shopping,” with less emphasis on “saving money” during holiday or back to school seasons. However, during regular shopping trips Hispanics are more value-driven than the general market, although less likely to use in store messaging and couponing than non-Hispanics. Typical branding does not necessarily reach the Hispanic shopper as well as the overall consumer, making them less susceptible to in-store marketing. Similarly, Hispanics perceive less difference in private and brand name products compared with generic, although there has been an increase in brand loyalty seen amongst Hispanic shoppers as acculturation has increased. According to the report, “Brands must be deep-rooted in the more meaningful insights that distinguish Hispanic communication from general market communication, especially during key shopping events.” (Integer Group, 2010.)

These studies would suggest that Hispanic shoppers are becoming less dependent on “value” shopping and more interested in purchasing brand name goods. Although their brand loyalty still exists with Latino specific products, there are signs that this pattern may be shifting toward non-Latino products as well. The general acculturation of the Hispanic shopper will mean that they will be more susceptible to general marketing and their overall brand loyalty and spending will increase.

Existing Retail

Using data from ReferenceUSA, retail establishments, based on the basic NAICS Codes 44-45 for Retail

Figure 7: Retail by Type

Type	Number	Percentage
311611 – Animal Slaughtering	2	0.47%
311811 – Retail Bakeries	1	0.24%
424420 – Packaged Frozen Food Merchant Wholesaler	1	0.24%
445110 – Supermarkets/Other Grocery	66	15.57%
445120 – Convenience Stores	4	0.94%
445210 – Meat Markets	12	2.83%
445220 – Fish & Seafood Markets	7	1.65%
445230 – Fruit & Vegetable Markets	8	1.89%
445292 – Confectionary & Nut Stores	4	0.94%
445299 – Gourmet Stores	4	0.94%
446191 – Food (Health) Supplement Stores	3	0.71%
722310 – Food Service Contractors	10	2.36%
722320 – Caterers	11	2.59%
722511 – Full-Service Restaurants	247	58.25%
722513 – Limited Service Restaurants	29	6.84%
722515 – Snacks & Non-Alcoholic Beverage Bars	15	3.54%
TOTAL	424	100.00%

Trade and Code 72 for Accommodation and Food Services, were tracked within a half-mile radius of La Marqueta as of 2012. Within these umbrella codes, the following NAICS Codes were chosen based on their competitiveness with products that are offered out of La Marqueta. The number of businesses based on NAICS code can be viewed at left.

Within one half mile of La Marqueta, there are a total number of 424 competing businesses. Businesses within the two original NAICS subheaders – Retail Trade and Accommodation and Food Services – were defined as competitive if they had a factor in common with La Marqueta. This included any specialty food store, grocery or convenience store, or establishment serving food for on-site consumption. There are a high concentration of Grocery Stores (66), Full-Service Restaurants (247), and Limited Service Restaurants (29). Out of 424 total businesses, these businesses represent a proportion of roughly 15%, 58%, and 7%, respectively, for a total sum of about 80%. The remaining business types with a significant concentration are Snacks & Non-Alcoholic Beverage Bars, Caterers, Food Service Contractors, Fruit & Vegetable Markets, Fish & Seafood Markets, and Meat Markets. Interestingly, Hot Bread Kitchen, which is located inside of La Marqueta, is the only retail bakery. There also seems to be a lower number of Convenience Stores than one would expect compared with the Supermarkets/Other Grocery categories. Because store owners determine their own NAICS categories, this classification can be somewhat misleading. In fact, at closer inspection, many of these Grocery stores are quite small in size – with the majority employing only 1-4 people and smaller than 2,500 square feet in size. There are only a few conventional supermarkets with more than ten employees. Associated Supermarket at 125 East 116th Street, Met Food Supermarket 235 East 106th Street, Associated Supermarket on 2212 3rd Avenue #1, and two Fine Fare Supermarkets at 1718 Madison Avenue and on 37 Malcolm X Boulevard. Therefore, it would seem that many of the stores in the Grocery store category may appear to be more like Convenience Stores, with a small footprint and few employees.

Other business types that compete directly with La Marqueta are the specialty stores, including Meat, Fish & Seafood, and Fruit & Vegetable Markets. Combined, these stores make up slightly less than 5% of the total competitive businesses. Nevertheless, the competition from these stores is important because they compete more directly with La Marqueta. As opposed to a typical grocery store, shoppers go out of their way to go to a butcher or a produce market. If they shopped at La Marqueta, they would also be, in a sense, going out of their way, and making a conscious decision to seek out specialty items not available at a typical grocery store. La Marqueta, in fact, has vendors specializing in produce, Meat, and certain types of fish (bacalao.) If there is demand in the neighborhood for these specialty items, the vendors at La Marqueta are not gaining from it.

Another interesting business sector that competes with La Marqueta is Limited Service Restaurants, comprised of Delis, and Snacks and Non-Alcoholic Beverage Bars, which represent typically lower end coffee and tea shops and other small specialty item store. In fact, many of these are Dunkin Donuts/Baskin-Robbins hybrid stores. Although these are low-end, they represent some of the few prepared food retailing that exists in East Harlem, which competes with things like sandwiches, breakfast breads, pastries, and desert items that you can find at La Marqueta. The total combined number of Limited Service Restaurants and Delis, Snacks and Non-Alcoholic Beverage bars is 44 stores, with 15 of these being the Snack and Non-Alcoholic Beverage Bars. Compared to Grocery Stores and full-service restaurants, there is a significantly lower concentration of stores serving grab and go and prepared foods.

Market Gaps

There are many factors at play when looking at La Marqueta and the surrounding population and retail. First, within a half mile there is a high proportion of grocery and convenience stores. There are even several

specialty stores selling meat and fresh produce. All of these directly compete with the vendors at La Marqueta. In particular, they compete with the produce, Meat, and Fish stores, and less with prepared foods. While there are many stores serving prepared foods, in delis and likely in the convenience stores as well, these are limited casual dining or grab and go establishments. This gap in the market could be captured by La Marqueta as a neighborhood lunch spot or food destination.

Some challenges remain in this scenario, however. First, Hispanics are particularly value driven, and increasingly brand driven, which may gear them more toward either inexpensive prepared foods or chain and fast-food restaurant retailing. It is unlikely that high-end artisanal breads, sandwiches, and deserts will find a market in the East Harlem community as it is today. Moreover, the convenience of one stop shopping at grocery stores means that to make a second stop to buy specialty items is less likely, especially given that many specialty shops already exist in the neighborhood. Therefore, it would seem that prepared food, as opposed to specialty grocery items, is where there may be a market gap in East Harlem. Vendors need to be very sensitive to price points, however, and attempt to market their products as less “artisanal” and perhaps even more mainstream in order to gain the loyalty of consumers in the neighborhood. Although the emphasis on Latin culture is important to the market, vendors need to find an authentic way to incorporate this while also capturing a Hispanic market that is increasingly acculturating to general consumer trends and behavior.

Chapter II – Market Analysis

La Marqueta Layout

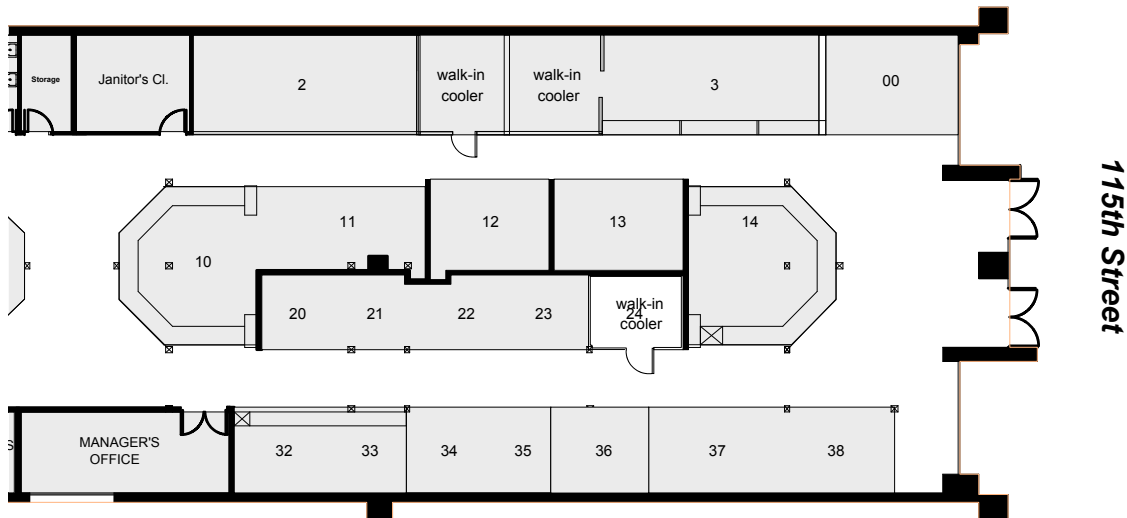
As La Marqueta exists today, there are 8 tenants occupying stalls: Hot Bread Almacen, W.E. Meats, Viva Produce, Mama Grace’s Afro-Caribbean Food, Nordic Preserves, Buerre & Sel, Velez Grocery, and Breezy Hill Farm and Orchards. There are currently 2 vacant stalls. Hot Bread Kitchen occupies a production space in the back of the market, but is not accessible to market shoppers. Additionally, the Urban Garden Center is part of La Marqueta but is located on 116th and Park Avenue, outside of the market parameters. It is therefore not included in this study. Stall sizes in the market are small, measuring about ten by fifteen feet. The two vendors in the front, Hot Bread Almacen and Breezy Hill Farm, provide limited seating around their stalls (pictures at right.) Rents at La Marqueta are \$30 per square foot, with a \$5 Common Area Maintenance (CAM) charge that includes cleaning, security, and other administrative costs.

La Marqueta is located underneath the MetroNorth railroad on Park Avenue, with only one main entrance on 115th street. On the sides of La Marqueta are several murals, although

Figures 8 & 9: Interior Seating Facing 115th Street



Figure 10: La Marqueta Building 4 Interior Plan



pedestrians are not able to see inside the market.

Vendor Interviews

Vendors at La Marqueta were interviewed on a Saturday morning in February around 11 AM. The goal of the interviews was to better understand the type of business that exists at La Marqueta and to better understand the vendors' point of view on how the market can improve, both from a management and sales perspective. Unfortunately, many vendors were not in the market to be interviewed in person, so several interviews were conducted through e-mail correspondence. Not all vendors were reached for correspondence.

Store Age

Stores range in age from less than one year at La Marqueta to more than forty years in the market. Some stores that have been there for longer have changed their image or ownership, although the name remains the same. From observation, store age is a good indicator of willingness to adapt and change to new neighborhood demographics. For example, Velez Grocery has been in La Marqueta for 40 years – and 20 years in the current building. The business continues to sell what it sold 40 years ago – codfish or bacalao - and has seen a significant drop in sales. Owner Aurelia Velez is resistant, if not indifferent to change. When asked what she would like to change about the market, she replied that she wanted it to go back to the way it was.

The newer stores, on the other hand, tend to embrace and try to capitalize on the change. Breezy Hill Farm, for example, sells many farm-to-table items. Buerre & Sel and Hot Bread Kitchen sell artisanal breads and cookies, with some gluten free options. The newer vendors are attempting to capitalize off of perceived gentrification of the area as well as shifting tastes and shopping trends in general.

Why La Marqueta?

Vendors choose to locate in La Marqueta for a variety of reasons. For the “legacy” vendors, many have been in La Marqueta for more than 20 years, so it is a matter of history and tradition. Others chose La Marqueta because of its low price tag, of about \$35 per square foot compared with higher retail prices elsewhere. Some, like Buerre & Sel and Nordic Preserves, followed an EDC rule saying that to open in the Essex Street market they also needed to have a space in La Marqueta. Hot Bread Kitchen won a public RFP from the city a few years ago and only recently was required by the EDC to put a retail stall in the market. The majority, therefore, did not necessarily make a conscious decision to locate in La Marqueta, which may have an impact on the vendors' dedication to the market's success.

Recent Changes

Changes at La Marqueta are described by John Colon of Breezy Hill as going at a “snail's pace.” He cites the addition of Hot Bread Kitchen as a major sign of progress that has begun to bring some foot traffic back into the market. Nevertheless, his perception was that all the vendors were struggling. Aurelia Velez, who has been in the market for twenty years, sees only negative changes: Less people, less vendors, and less variety in the types of goods being offered. About twenty years ago, there was a sit-down full service restaurant in each of the buildings in La Marqueta. In her opinion, this variety was a major driver that brought people into the market. Josh Greenspan of Buerre & Sel also discussed that the changes he has seen in his 7 months at La

Marqueta are minimal. “They’ve added the side access door and an alarm system for 24 hour access. Other than that, there have been no other new vendors (except for Nordic Preserves who are not open yet), no marketing, and very little traffic” (personal communication, March 26, 2013.)

Desired Changes

Vendors would like to see many different changes happen at the market, some conflicting with others. Some vendors are simply nostalgic for the market’s past, when it was teeming with people and a central Latin shopping destination. Others would just like to see more foot traffic in the market, regardless of where it comes from. Some find that their ideas have fallen on deaf ears. For example, John Colon wanted to incorporate a historical/museum section in the market to capture some of the older residents in the neighborhood, but his idea was not well received. Josh Greenspan listed several changes that he would like to see, including extended market hours, a better looking market, tenants to fill the vacant stalls and more diversity in what is being sold.

Target Customer & Price Point

Some of the established businesses in La Marqueta have a loyal, if not small, customer base that has been coming to the market for years. At Velez Grocery, the primary patrons are Haitians buying bacalao. Similarly, Grace Prospinas at Mama Grace’s Afro-Caribbean Cuisine serves mostly Caribbean clientele. The newer vendors have a less established customer base. Hot Bread Kitchen receives most of the walk in foot traffic for coffee and breakfast items. Breezy Hill Orchard is still trying to determine who its target customer and what its target price point is, selling items on both the high and low end. Buerre & Sel, on the other hand, sells cookies on the higher end, and, as an established business online and in the Essex Street Market, serves many shoppers who come from outside of the neighborhood.

Profit, Sales, and Overhead

Many businesses in La Marqueta are not making money, despite low overhead costs and few, if any, employees besides the owner. In fact, several vendors have outside businesses that financially support their stall at La Marqueta. William Espinal, owner of W.E. Meats, sells meat wholesale on the side, and spends the majority of his time making deliveries to restaurants and other wholesale buyers. John Colon at Breezy Hill relies on catering and a side business, La Bodega Gourmet, to help support the operations at La Marqueta. Elizabeth Ryan, co-owner of Breezy Hill Orchard, also runs a farm upstate which helps support the operations at La

Figure 11: Viva Produce, Legacy Vendor



Marqueta. Josh Greenspan does about \$500 in sales per month, which is not enough to cover his overhead costs, which include \$650 in rent, employee salaries, and other expenses.

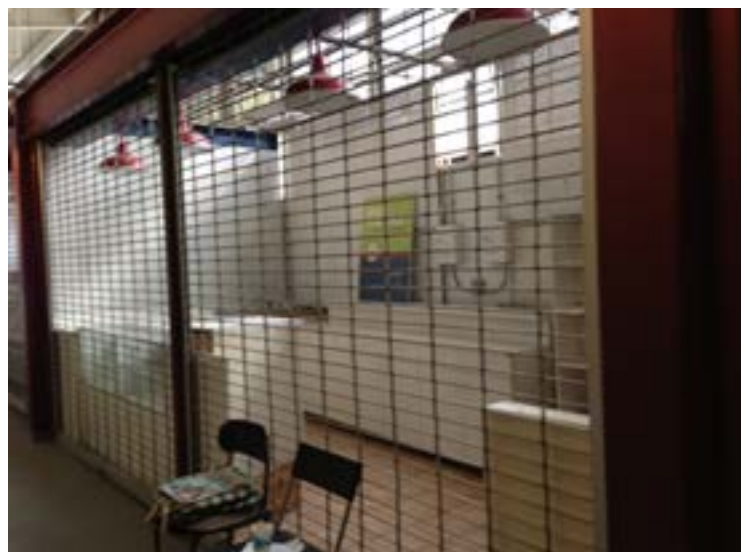
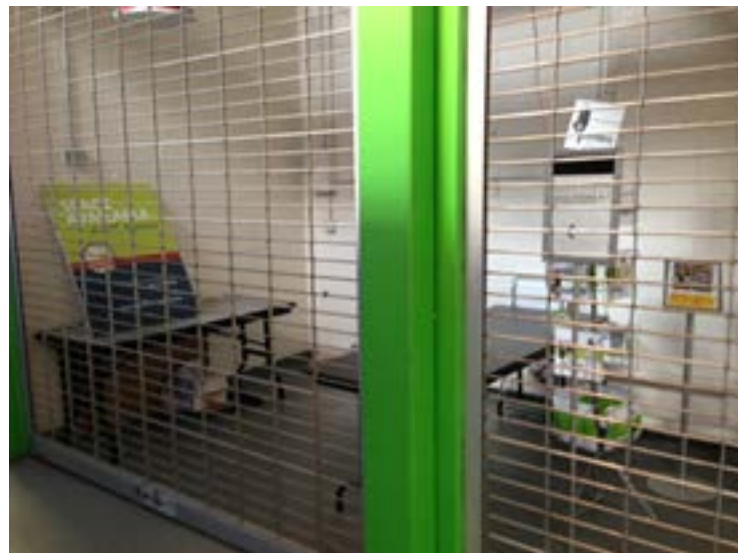
Relationship with the City

The relationship with the City is amicable, if not a bit frustrating for both the City and the vendors. Vendors complain that the EDC's response is too slow, while the EDC complains that vendors are not committed enough to their business, for example not opening up on time or leaving early. In general, however, both parties understand that the market is in a difficult position, and have been working together increasingly well to help push the market forward. One such push was programming the market during the Fall and Winter, creating Harvest and Holiday events that helped bring foot traffic to the market and helped vendors become more invested in La Marqueta.

Market Appearance

There are several physical factors about the market that make it difficult to navigate. First, because the market is located underneath the MetroNorth railroad, the entrance is difficult to find. When the trains pass over the market, it is extremely loud and unpleasant for both vendors and customers. The long, windowless strip down Park Avenue adds a bit of mystery to the market. Despite the signage, it is not discernible as a market until the entrance on 115th is seen. A passerby in a car or on foot might never know that the market was even there. In addition to the strange position underneath the railroad, the market's interior layout is also somewhat odd. Although the front of the market can accommodate seating, the market then splits off into two small columns, which do not allow the customer a good view of what is ahead. In addition to this, the vacant stalls, or occupied stalls that are simply closed, give the market a barren feeling. Shoppers like a feeling of livelihood, and to be able to see and understand their surroundings. It is difficult to entice a potential customer into La Marqueta if not only can they not see any shoppers and see closed stalls, but also if they cannot even see what is ahead of them down a hallway. The layout is another major challenge of La Marqueta.

Figures 12 & 13: Vacant Stalls



Challenges

The challenges for the market are many. First, there is a huge disparity between “legacy” vendors and new vendors, in both price, marketing, and appearance. While legacy vendors want to rely on their existing, specialty clientele, newer vendors are selling items at higher price points and attempting to capitalize off of changing consumer patterns as well as changing neighborhood demographics. Similarly, because foot traffic in the market is so low, some vendors are forced to have outside businesses besides their stalls in La Marqueta. These outside businesses steal focus away from La Marqueta itself, which sometimes means that their stalls will be closed during typical shopping hours, such as weekends. Unfortunately, when one business is closed during business hours, it hurts the whole appearance of the market. The challenge of the market’s physical barriers means that the marketing of La Marqueta needs to be much stronger, in order to reach an audience that is not familiar with the neighborhood or the history. While the EDC has attempted to reach out on social media, the vendors need to work together to help market La Marqueta to both the neighborhood and the surrounding community.

Chapter III - Comparative Analysis

Interviews were conducted with the market managers for the Arthur Avenue Retail Market in the Bronx, El Mercado Central in Minneapolis, Essex Street Market on the Lower East Side in Manhattan, and La Marqueta in East Harlem. Comparative markets were selected based on common characteristics with La Marqueta, such as location, management structure, or neighborhood type. First, each market will be described separately and then salient aspects of comparison markets will be analyzed and compared to La Marqueta.

El Mercado Central

El Mercado Central is located in Minneapolis, MN, serving both the immediate community and tourists as a destination market focused on Latino products. The market is managed by a cooperative, where members have purchased shares. Of the market's 40 businesses, 29 are members of the co-op. According to co-op manager Rodrigo Cardozo, El Mercado directly employs about 350 people and economically supports about 500 families. El Mercado was created 13 years ago by a group of Latino immigrants in partnership with the City of Minneapolis and several local community development corporations assisting with funding and business training. Back when the market began, the neighborhood was perceived as "unsafe." The market has been a key in revitalizing the area. Cardozo states, "In the first days of Mercado Central, prostitution, drugs and crime were rampant on the Lake Street Corridor. Today the area has been renovated almost completely and has served as model for businesses to try and copy our small ethnic mall model. . . The Lake Street Corridor is today full of businesses and malls that have helped recover the community around."

In addition to the economic impact on the Lake Street Corridor, Mercado Central has become a cultural center for Mexican and other Latinos in the Greater Twin Cities area. In fact, because it the only Latino market in several

Figures 14 & 15: Mercado Central



states, it serves as a destination for Latinos from neighboring states for cultural celebrations such as Cinco de Mayo, Virgin of Guadalupe Day, Mexican Independence Day, and others. These events are organized by a market committee which is appointed by the Board of Directors. These events also attract the local non-Latino population.

Tenants are selected by a management company that screens applicants for basic criteria such as financial solvency and criminal background. Cardozo also describes “gemstone” vendors and “black sheep” vendors. Many black sheep vendors were selected when the market was simply trying to fill up space and had a less onerous selection process. Now, “Whoever wants to be a member needs to be worthy and understand the cooperative as an instrument to achieve community goals not to subsidize his or her own rent at the cooperative’s expense.”

El Mercado Central’s Board of Directors selects and approves what commercial activities are allowed inside the Mercado – for example, policies that prevent businesses from selling the same product. The rental prices range from \$670 to \$3,000 per stall, depending on the type of activity and location inside the building. For example, restaurants pay more rent because they are viewed as the market’s main attraction and have a higher sales volume than smaller enterprises. The smaller businesses are generally dependent on the foot traffic generated by the restaurants. Business owners lease their space – typically a two year lease to a five year lease (the better the applicants’ standing, the longer the lease.) The market also offers temporary spaces for \$35 a day. In order to become a member of the co-operative, vendors are required to show positive cash flow for two years.

Success at El Mercado Central is defined by Cordoza as “continuity of attendance to the market and the level of other ethnic audiences visiting the market to create sales opportunities.” Cordoza sees this as the seed of growth for the market - the opportunities created by steady foot traffic and heightened visibility of the market as a destination. Success of each business will keep revenue flows at the market and allow the cooperative to thrive. One example of such a success has been the expansion of several businesses. For example, Taqueria la Hacienda started in the market and now has four locations in the metropolitan area and employs more than 80 people. (R. Cardozo, personal communication, February 7, 2013.)

Several aspects of El Mercado Central are transferrable to La Marqueta. The longer lease terms, and co-op requirements that businesses be profitable for two years, could help increase vendor investment in La Marqueta and ensure that businesses have a solid business plan and sufficient capital before entering the market. If applied retroactively, this requirement could also force some legacy tenants to change their business model and keep more regular market hours. The use of the space for events, particularly Latino themed events, is another way that La Marqueta could leverage its competitive advantage to bring more people to the market.

Arthur Avenue

The Arthur Avenue Retail Market is one of New York City’s public markets, also a remnant from the days of Mayor LaGuardia. The market sits at the heart of the Arthur Avenue Corridor, otherwise known as “the Real Little Italy of New York.” Although the market building is owned by the NYCEDC, it is managed by a cooperative and has been since the sixties. There are several individuals that are in charge of different aspects of the market, such as maintenance, accounting/business management, and marketing. I interviewed David Greco,

who is in charge of all marketing, advertising, and event planning at the market. The market currently has ten vendors, although there used to be as many as 90. As a result of the small size of the market, there is no formal mechanism for obtaining new tenants. There simply has to be room in the market before a decision is made.

While the market has historically catered to the historic Italian neighborhood in the immediate vicinity, it has also begun marketing itself further out. For example, there are nearly 14,000 students nearby – mostly at Fordham University – who frequent the market and in particular the new beer hall that is there. In addition to Fordham University, other businesses and destinations such as the Bronx Zoo and the Botanical Gardens help Arthur Avenue become a tourist destination. Greco also describes high demand for cooking demonstrations in the market, and frequent visits from the Food Network or other cooking shows which have helped boost the market's visibility.

Market tenants sublease stall space from the cooperative for a range of different prices (rents not disclosed.) Although the market is owned by the city, the cooperative functions for the most part independently from the City, and takes charge of the maintenance and general operations of the market. Occasionally, the City will assist with funding for large improvements such as Air Conditioning or window and door replacement.

Greco defines success at Arthur Avenue as continuing to sell top quality products and being able to educate people on Italian products and heritage. Other future goals for the market are to make more physical improvements and continue to heighten the visibility of the market. A main challenge to Greco is the perception of the Bronx as a “stepchild” compared with Manhattan and Brooklyn. He sees the Bronx as maintaining traditions instead of “selling out,” the way that other boroughs have in the name of tourism. The reliance on tourism, as less and less Italians live in the neighborhood, is a main challenge. (D. Greco, personal communication, February 16, 2013.)

Essex Street Market

The Essex Street market is located in the Lower East Side neighborhood of Manhattan and is owned by the NYC Department of Small Business Services (SBS) and managed by the NYCEDC. Essex Street currently has 22 tenants. Recently, the EDC hired a Senior Project Manager, Lisa Thompson, in charge exclusively of the retail markets, which include the management of Essex Street and La Marqueta. Thompson's main responsibilities include leasing, marketing, tenant relations, strategic planning, and general property management at these two markets.

The Essex Street Market has been a staple of the Lower East Side for many years – at first catering to the primarily immigrant – first Jewish and now Latino – communities. As the neighborhood has gentrified, so have parts of the market – offering Latino - specific products as well as more high-end, “artisanal” products. A key goal of the market is to maintain a balance between vendors who sell to the “community” and vendors who sell to the “foodies.” Another point of contention in the market is its movement, in approximately five years, to a new building as part of the EDC's Seward Park redevelopment. Some in the community were opposed to the move, and a new building and better facility will likely increase the market's visibility as a LES destination.

When there is vacancy at Essex Street, spaces go for approximately \$50 per square foot plus a common area maintenance (CAM) charge that is calculated based on the size of stall and utilities used.

Tenants go through a public application process that occurs on an ongoing basis when there is a vacancy in the market. A committee at the EDC comes together to narrow down applicants based on business type, price point, financials, and other factors. Finalists are required to interview and present their business to the EDC Committee. Successful candidates are offered 1 year permits with two year renewal options.

Success at Essex Street Market is defined by Thompson as maintaining a vendor mix that is reflective of the Lower East Side – a balance between community and destination market. Thompson also stressed the importance of the market to create a sense of place so as to cater to both natives and newcomers. There is currently discussion at the EDC of extending the markets' hours so as to capture more after work traffic (the market currently closes at 6.) Additionally, with the addition of the new Senior Project Manager dedicated to the retail markets, it is hoped that more coordinated events and strategic planning will occur around the market. (L. Thompson, personal communication, February 19, 2013.)

La Marqueta

Much of La Marqueta's management structure is the same as that of the Essex Street Market. Rents go for approximately \$30 psf plus a \$5 CAM charge. Vendors are offered one year permits with a two year renewal option. Two recently signed new tenants, Beurre & Sel and Nordic Preserves, have somewhat heightened the visibility of the market and draw a few customers from outside the neighborhood. Existing retailers, however, view these new vendors as "contradictory to the market's mission," according to Thompson. In general, La Marqueta is not viewed as a destination, but rather a community market. The EDC has recently put more effort into strategic planning at the market, holding weekly meetings to discuss planning and marketing strategies for La Marqueta. Additionally, SBS is creating a BID for 116th Street in East Harlem, of which La Marqueta will be a part, which should help give La Marqueta more capacity for marketing, events, and strategic planning. (L. Thompson, personal communication, February 19, 2013.)

When looking at other more markets that have been more successful with attracting customers and comparing them to La Marqueta, several themes emerge.

Market as Destination

All three comparison markets are perceived, in some way, as a destination. They do not rely on their surrounding community alone to support them. Their ability to draw tourism is based off of their unique value add. At El Mercado Central, it is the market's position as one of the only Latin Markets around in several states. Arthur Avenue offers top quality Italian products, and is part of a tourist corridor offering the same experience. The Essex Street market has less of an obvious value add for tourists. However, its location in Manhattan is one of its biggest strengths – it is the last public market in Manhattan. Moreover, its transition from community oriented to artisanal products has helped boost its visibility and allowed it to become more of a destination market. The necessity of a market as a destination shows that, for whatever reason, markets cannot survive on community dollars alone.

Cooperative Ownership

Both Arthur Avenue and El Mercado Central are managed by cooperatives. This allows these markets more freedom in terms of how to spend revenue. This is particularly relevant in terms of marketing and

strategic planning for the market. Both Essex Street and La Marqueta are reliant on EDC money for nearly all expenditures which can cause delays in planning and marketing. Moreover, cooperative ownership allows vendors, boards of directors, or other interested parties to become more invested in the future of the market and take more ownership. With the EDC management you see more tenant disinterest and disinvestment, particularly with older tenants who are accustomed to the status quo.

Old and New Tenants

A major theme that emerged at El Mercado, Essex Street, and La Marqueta, is the relationships between the market vendors. This is less of an issue at Arthur Avenue, where the singular history and culture seem to unify all market businesses. At the other markets, there exists a tension between old and new, community-oriented and gentrifying businesses. At the heart of this tension is that the new, “artisanal” tenants tend to be the biggest attractors and money makers at the market. While both El Mercado Central and Essex Street are grappling with this issue, it has emerged more strongly at La Marqueta, where the threat of gentrification is very real, but has not hit in full force yet. As La Marqueta continues to fill vacancies and plan for its future, there will be a definite need to balance the old and new to create an optimal tenant mix for both community and destination.

VI. Recommendations

There are several lessons learned from looking at both other markets and from the current conditions at La Marqueta itself. Recommendations have been made in order to help make La Marqueta more successful, which have been separated into potential action items for vendors, the EDC management, and design and physical recommendations. Success has been defined as the creation or retention of sustainable and profitable businesses within the market and an increase in both foot traffic and sales at the market.

Vendor Recommendations

There are several key areas where existing vendors could make adjustments to enhance the market. First, vendors must be open during the market hours, which should be a relatively easy adjustment for many vendors to make. Secondly, vendors need to fully stock their stalls so that the stalls appear “in business.” At present, many vendors only stock what they sell, which does not fill up the stall. This gives an appearance of a struggling business. If the vendor does not have the capital to stock their stall completely, they must seek other ways, or less expensive products, to give off the appearance of a successful business.

A key area where La Marqueta’s vendors could improve would be through the creation of a Merchant’s Association, or even a co-op. A Merchant’s Association would allow the vendors to work together to come up with ideas for marketing and other strategic improvements for the market. As seen with other markets, this collective strategizing gives market vendors more agency over market activities and imaging and would also foster a sense of ownership of the market’s success. In order to create a Co-Op, La Marqueta vendors would need to show the EDC that they could successfully run the market on their own. Several milestones in sales and foot traffic would need to be reached. Moreover, the EDC may be apprehensive to relinquish control given the many other developments occurring in East Harlem and the HDC plan for La Marqueta specifically. If a co-op structure were proposed, there would likely be a negotiation period with the EDC over the stipulations of the co-op. Ultimately, a cooperative structure could be a win- win for the EDC - and a success story for their ability to revitalize markets and communities.

For the EDC

Barring the mobilization of market vendors to form a Merchant’s Association or co-op, there are several steps that the EDC can take in order to improve the market from a management perspective. The areas for improvement are many, including both physical and non-physical improvements. The EDC’s areas of improvement have been split into two categories: Political and Institutional Relationship and Economics and Asset Management.

Political and Institutional Relationship

Because La Marqueta is not a profitable “asset” for the EDC, it receives less attention than other buildings. However, with the new hiring of a Senior Project Manager for the retail markets, this should be changing. The main complaint about the EDC from La Marqueta tenants is the amount of time it takes things to get done. According to Josh Greenspan, the relationship working with the city is “frustrating. [There is] very little action, [and] everything is a massive process that takes way too long. No one in the

EDC really understands the markets or tenants and how to successfully promote or change what isn't working." (Personal communication March 26 2013.) This sentiment was echoed by other tenants. The bureaucratic process that the EDC must follow is time consuming because of the many different agencies, as well as political concerns, that the EDC must follow. Short of creating a co-op of tenants to manage the market, a possible solution would be to transfer the management of La Marqueta into a different department in the EDC, such as strategic planning.

Another option to improve the political relationship between the EDC and market vendors would be for the EDC to make a key investment in the existing market, as an act of good faith, to help promote increased sales and foot traffic at the market. This could include putting money into physical improvements in the market, or event planning and programming in the market or outdoor plaza in the summer. The EDC has begun to hint at some of these things, funding Holiday decorations and permitting for special events, such as the East Harlem Harvest Festival. Nevertheless, the EDC has played a reactionary role, likely because of the view of La Marqueta as a secondary, and not money-making, asset. In order to help push the market forward, as well as gain the trust and confidence of the vendors, the EDC needs to take a more proactive role.

Economic & Asset Management

There are changes that could be made to the economic structure of La Marqueta that would help ensure future success. For example, having stricter economic requirements for both new and existing tenants, such as two years of positive cash flows as seen in El Mercado Central, would help ensure that vendors have a solid business model. Another issue that needs to be addressed is the flailing "legacy" vendors. Not only do many of their products overlap, but they bring little to no foot traffic to the market and are barely surviving. The EDC needs to take a different approach to these tenants by imposing stricter requirements on their stalls, products, and hours. Conversely, the EDC can encourage relationships with the Department of Small Business Services, or provide other business assistance, to help the legacy tenants alter their business model. It is often times viewed as more difficult to manage legacy tenants because of the perception of seniority and their connection to the neighborhood. Nevertheless, La Marqueta can only be as good as its weakest links.

Another change that could be made is increasing the market hours. According to Josh Greenspan, the current market hours do not meet the needs of the community. Greenspan would like to see "hours of operation that are conducive to people in the neighborhood and their shopping habits – 9 AM to 5 PM and closed on Sunday doesn't work for anyone." In order to increase the market's hours, the EDC would need to

Problems

- Bureaucratic Delays
- La Marqueta not a money making asset

Solutions

- New Senior Project Manager
- Possibility of Cooperative Management Structure
- Possibility of transfer to new EDC department

Problems

- Tenants not meeting market rules
- Cost of Extending Market Hours

Solutions

- Enforce Market Rules
- Stricter economic regulations on potential tenants, retroactively enforce on "legacy tenants"
- Small Business Training
- Extend market hours on a trial basis

Figure 16: Park Avenue Exterior



invest more in security and other building costs. This is seen as somewhat risky because not all tenants, especially the legacy tenants, keep the market hours as they are now. If the EDC makes this investment, they would need to be assured that vendors would be present for the additional hours.

Design Recommendations

Design recommendations can, and would likely need to be, executed by many different parties, including the EDC, DOT, Community Board, MTA, individual business owners, and others. Design recommendations were split into three categories: Signage and Wayfinding, Placemaking, and Marketing, Strategic Planning, and Outreach.

Signage and Wayfinding

A main challenge of La Marqueta is the physical restraints of the market. While the long strip of building underneath the Metro North rail line is viewable from the street, the signage of La Marqueta is not particularly clear or easily visible. Also, while walking on Park Avenue one may see a sign for La Marqueta, it is unclear how to get in the market. Therefore, better signage is needed in general, and in particular in regards to where the market entrance is. Additionally, Park Avenue is bifurcated in this section of the city, making street crossings more dangerous and less clear. The sidewalks on the sides of Park Avenue that border La Marqueta are also smaller and used infrequently. All of these street elements serve to isolate La Marqueta and make it inhospitable to pedestrians. The EDC, or Community Board 11, could work with the DOT and other community stakeholders in order to improve pedestrian access, lighting, and signage around La Marqueta. In addition to catering to pedestrians, there also need to be ways to connect La Marqueta to existing public transportation, including the subway stop at 116th Street and the MetroNorth station at 125th. Signage and wayfinding will help orient people, but an additional long-term goal could be creating a shuttle service or a demarcated pathway from the 125th station to La Marqueta.

Problems

- Lack of Exterior Signage
- Unsafe/Unclear crossings and sidewalks on Park Avenue
- Lack of Connection to Public Transportation
- Lack of Interior Signage and Wayfinding
- Market Seating only designated for two vendors

Solutions

- More signage at the Plaza, 115th Street entrance, and near public transportation
- Create interior directory of vendors
- Pedestrian/Crossing Improvements
- Improve and unify market seating

Inside La Marqueta there are also several design challenges. The long, narrow hallways going back from the front make the vendors in the back less visible. Also, because of the design of the market, only the two vendors in the front are able to have seating. Apart from a complete architectural redesign of the market, there are several recommendations for the market's interior that may make it easier to navigate and ensure

that each vendor can be successful despite their location. First, a large map of the market's layout would be helpful at the front of the market to give each vendor visibility. Secondly, communal market seating at the front, as opposed to seating that is designated for just one vendor, would possibly encourage other vendors to sell prepared foods for on-site consumption. As it exists now, the seating feels designated for either Hot Bread Almacen or Breezy Hill, although there is no signage explicitly stating this.

Placemaking

The image and brand of La Marqueta is hodge podge of attempted designs and retrofits that do not go together in an aesthetic or functional manner.

For example, the illustrations on the side of La Marqueta show pigs and cows with signs that say Pork, Tops, and Beef at La Marqueta. These give the impression of meat wholesaling, and harken back to the older days of the market as opposed to its current situation. In addition, the signage outside La Maqueta is in orange, with columns painted in green. The Plaza is painted orange as well, in almost a prison like fashion. While none of these design elements are in themselves negative, they

do not go together to create a sense of place and identity for La Marqueta. In order to get either locals or tourists to shop there, La Marqueta needs to form an identity so that its brand is recognizable. Suggestions for this include picking a clear color scheme, font, and brand. This motif should appear in the market's interior and exterior, in the Plaza, and on any printed marketing materials and wen updates. Other elements to create a sense of place and brand could be putting planters outside, painting the sidewalks, and encouraging vendors to participate in la Marqueta branding. This branding could also be transferrable to help connect the market to public transportation, including the 6 stop at 116th Street and the MetroNorth station at 125th Street. If La Marqueta is to become a destination at all, the EDC will also need to sort out the issue of the market's confusing nomenclature. Does La Marqueta mean only the market in Building 4, or does it mean all the Buildings and lots underneath the viaduct? The EDC needs to rebrand the entire viaduct, in addition the market building, so that the nomenclature of La Marqueta becomes clear.

Marketing, Strategic Planning, and Outreach

In order to increase foot traffic to the market, a comprehensive marketing and strategic plan is needed. In addition to improvements in signage and wayfinding, better lighting, streetscape, and pedestrian improvements, the internal marketing needs to be amped up by the EDC. At present, the EDC maintains an internal Facebook website for all of the New York City Markets, but does not have an individual account for La Marqueta. The EDC and La Marqueta have also had minor successes in event planning at La Marqueta and in the Plaza, but need to build on this in order to make La Marqueta a destination. Event planning can also be helped by forming key partnerships with stakeholders, including community groups, Latin and minority based groups, or even Manhattan tourist and visitor groups. The Plaza can host events in the warmer months, and

Problems

- Hodge Podge image and lack of brand
- Unclear definition of "La Marqueta"
- Location unclear

Solution

- Create a brand for La Marqueta to go on all marketing materials and web content
- Reinforce brand in the Plaza, market façade and sidewalk
- Create maps and location defining the Market (Building 4) vs. the rest of La Marqueta

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will need to be programmed for events on weeknights and the weekends. Other major themes that could be tied into marketing, in physical and digital form, is the history of Spanish Harlem and La Marqueta itself, farmer's markets, and the locally grown and organic food movement. Along with crafting a distinct marketing message and brand, the EDC should provide trip planning assistance on its website or social media page to give people directions on how to get to La Marqueta, and to tell them what is there. Particularly as many out of towners, and even people in New York, are not familiar with the East Harlem neighborhood. In addition to potential customers, the EDC could also reach out and market the Building 4 or Plaza space to potential event coordinators, operators, or other groups that could use the space to plan events. This way, the EDC can share the burden of event planning and determining logistical issues.

Problems

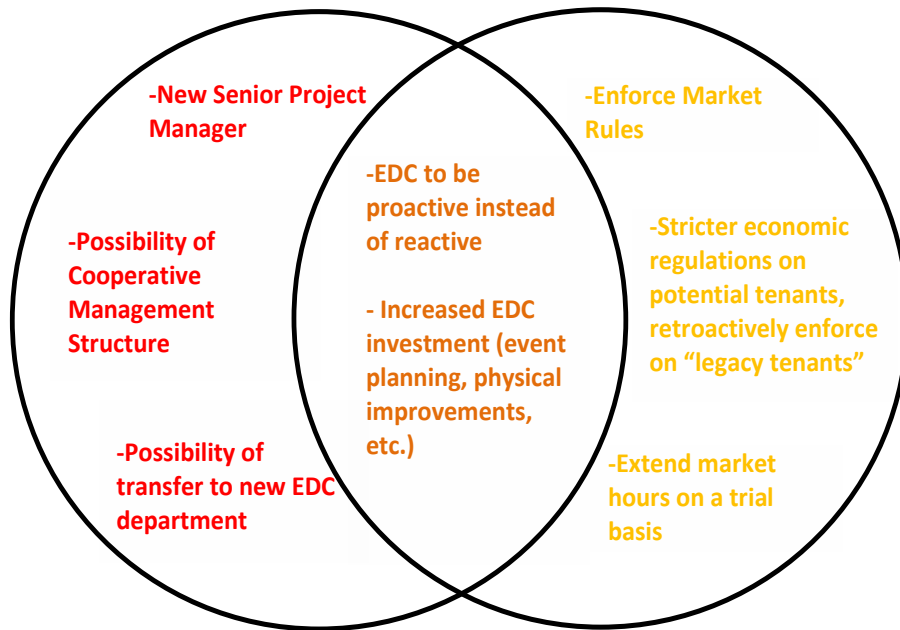
- Lack of internal marketing strategy
- Lack of community partnerships
- Need to create destination

Solutions

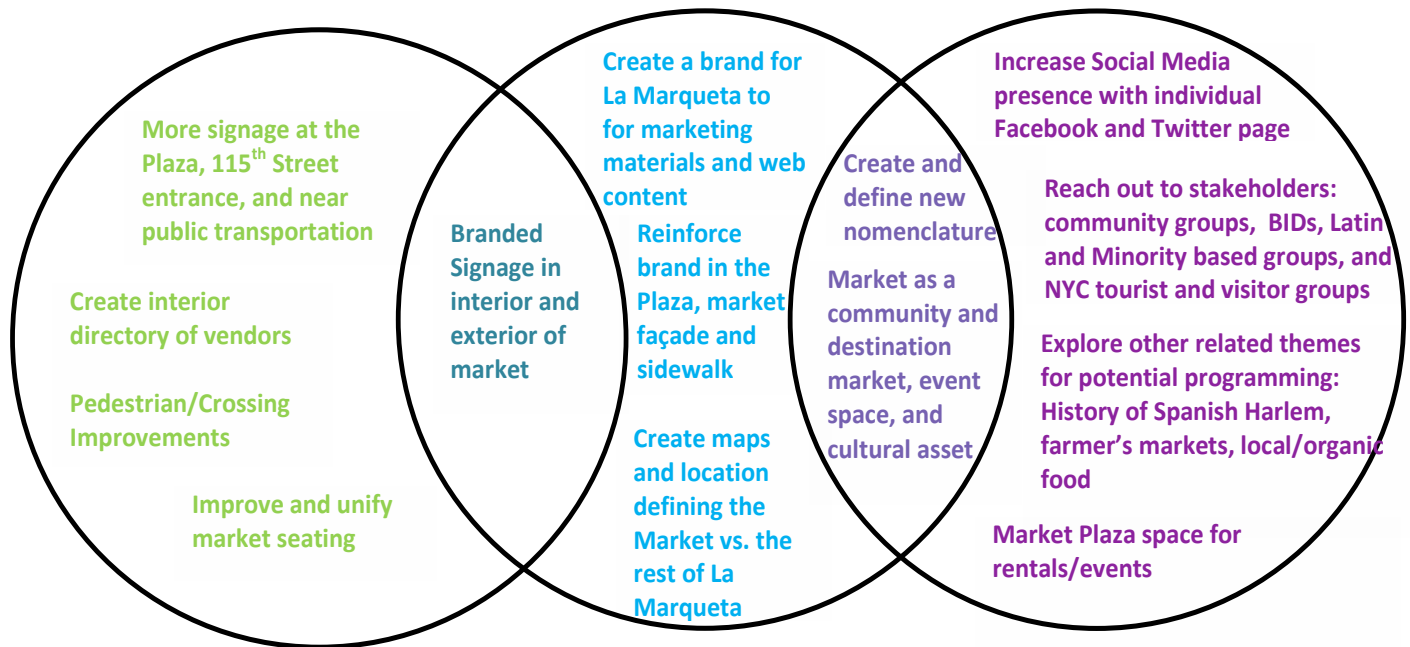
- Increase Social Media presence with individual Facebook and Twitter page
- Reach out to stakeholders: community groups, BIDs, Latin and Minority based groups, and NYC tourist and visitor groups
- Explore other related themes for potential programming: History of Spanish Harlem, farmer's markets, local/organic food
- Market Plaza space for rentals/events

Figure 17: Recommendations Diagram

Management Improvements



Design, Branding, and Community Outreach



VII. Conclusion

Although the improvements at La Marqueta may seem daunting, the current economic and social climate provide a great opportunity for market success. Changing neighborhood demographics can actually work in the favor of the market. Gentrification, however scary, presents opportunities for vendors to find a niche market for local, artisanal, or otherwise unique products. At the same time, the East Harlem Latino population remains strong. The successful vendor will be able to strike a balance between community concerns and gentrifying tastes. Key changes in the market's management structure will also help its vendors compete. Because one stall's appearance affects the whole market, stricter rules must be put in place to make sure all vendors are meeting basic standards. Improving access and visibility of the market within the neighborhood, as well as better signage in the immediate proximity, will help make the shopping experience a more pleasant one. Reaching a wider audience by amping up marketing efforts should help the market become more of a destination.

Ultimately, however, it is up to the individual vendors and businesses in La Marqueta, not the EDC, to create a viable business plan and target a specific customer. Marketing and branding efforts will be for naught if people come to an empty, or half open, market. While the history of La Marqueta and Spanish Harlem is compelling, a changing East Harlem as well as shifting consumption patterns mean that there is no room to maintain the status quo. The market should recognize and appreciate its past, but also learn lessons from its decline, in order to build an attractive, accessible market that is capable of bringing in new customers from both the neighborhood, New York City, and beyond.

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Appendix

Figure 1: La Marqueta Site Plan (Source: NYCEDC)	p. 6
Figure 2: La Marqueta Mile (Source: HCDC)	p. 7
Figure 3: Census Tract Locater Map (Census)	p. 14
Figure 4: Population Growth 2000-2010 (Census)	p. 14
Figure 5: Non-Hispanic Population 2000- 2010 (Census)	p. 15
Figure 6: Hispanic Population 2000-2010 (Census)	p. 15
Figure 7: Retail by Type (Reference USA)	p. 17
Figures 8 & 9: Interior Seating Facing 115th Street (A. Scattergood)	p. 20
Figure 10: La Marqueta Building 4 Interior Plan (NYCEDC)	p. 20
Figure 11: Viva Produce, Legacy Vendor (A. Scattergood)	p. 22
Figures 12 & 13: Vacant Stalls (A. Scattergood)	p. 23
Figures 14 & 15: Mercado Central (Mercado Central)	p. 25
Figure 16: Park Avenue Exterior (A. Scattergood)	p. 32
Figure 17: Recommendations Diagram (A. Scattergood)	p. 35