The Value of U.S. Downtowns and Center Cities

AN IDA STUDY CALCULATING THE VALUE OF DOWNTOWN
COMPENDIUM - SECOND EDITION

A PUBLICATION CREATED BY
THE INTERNATIONAL DOWNTOWN ASSOCIATION

IDA
INSPIRED LEADERS
SHAPING CITIES

DAVID DIXON, FAIA . Stantec's Urban Places

DOWNTOWN NEW JERSEY

OCTOBER 18, 2019

Agenda

- Value of downtowns
- New norm 101
- Suburbs: the next downtown chapter

Value of downtowns

ECONOMY: employment, tax revenue, assessed value

INCLUSION: diversity, education level, housing and rent prices

VIBRANCY: retail sales, demand, density, market vitality, population growth

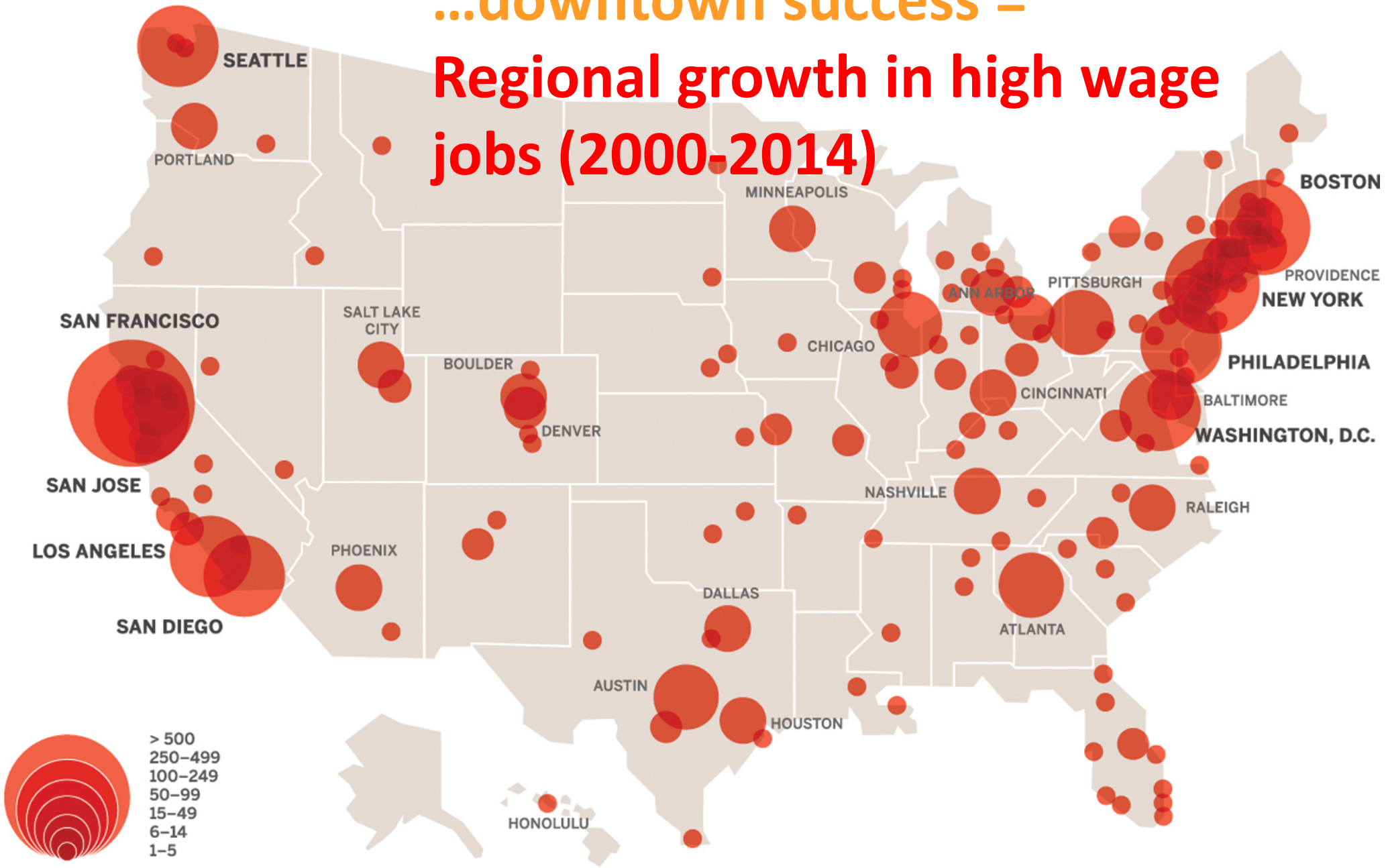
IDENTITY: events, destinations, visitors, downtown hashtags

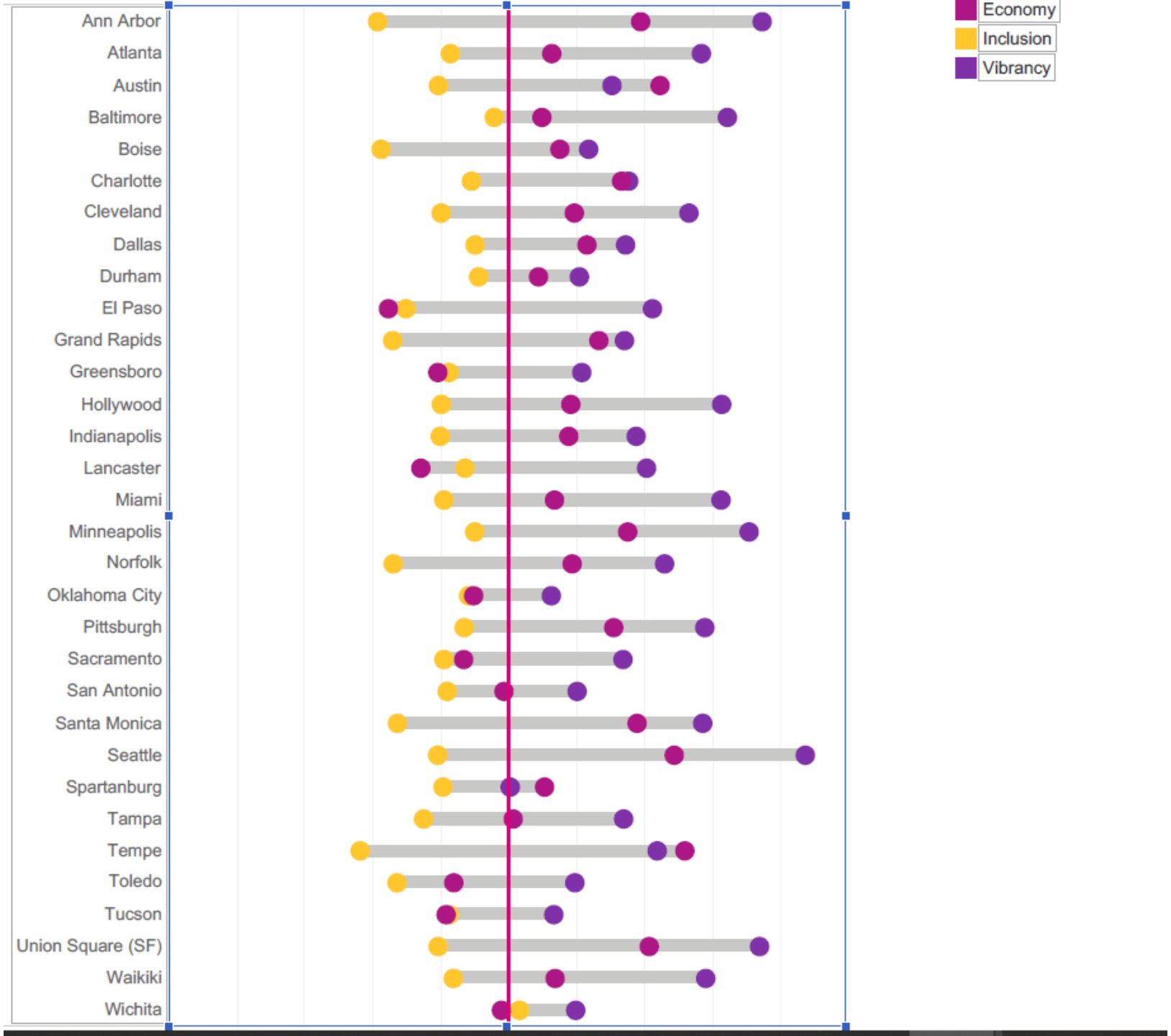
RESILIENCE: environmental, social and economic resilience

ECONOMY

…downtown success =

Regional growth in high wage jobs (2000-2014)




Economy
Inclusion
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Ann Arbor
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Boise
Charlotte
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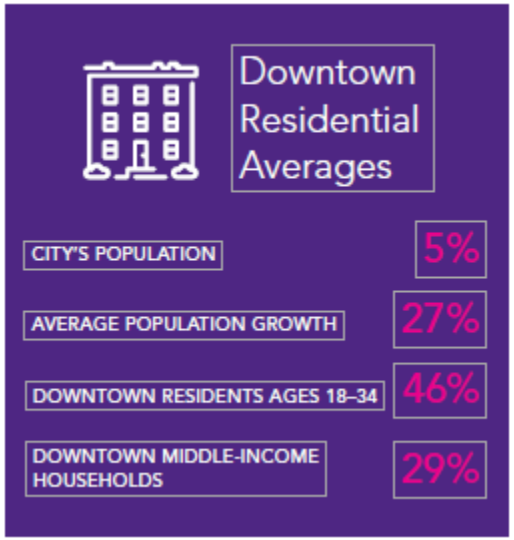
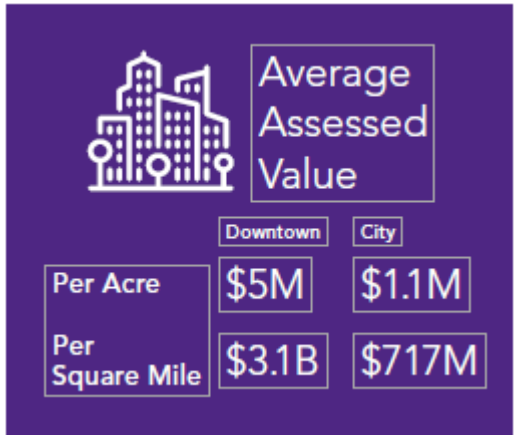
Durham
El Paso
Grand Rapids
Greensboro
Hollywood
Indianapolis
Lancaster
Miami
Minneapolis
Norfolk
Oklahoma City
Pittsburgh
Sacramento
San Antonio
Santa Monica
Seattle
Spartanburg
Tampa
Tempe
Toledo
Tucson
Union Square (SF)
Waikiki
Wichita

The population of this same group living in these same areas grew by 19 percent from 2012 to 2016, while the cities themselves grew only by 4 percent.3





- 36% of total citywide office space
- 34% of total citywide corporate headquarters
- 56% of total citywide co-working space
- 10% average vacancy rate

2010-13 33% residential inventory growth downtown

“Established downtowns”
52% CITYWIDE JOBS
62% CITYWIDE KNOWLEDGE JOBS
53% CITYWIDE CREATIVE JOBS
69% CITYWIDE OFFICE SPACE

Growing downtowns
30% CITYWIDE JOBS
32% CITYWIDE KNOWLEDGE JOBS
38% CITYWIDE CREATIVE JOBS
38% CITYWIDE OFFICE SPACE

Emerging downtowns
17% CITYWIDE JOBS
15% CITYWIDE KNOWLEDGE JOBS
23% CITYWIDE CREATIVE JOBS
25% CITYWIDE OFFICE SPACE

VIBRANCY

Hahne & Company
APARTMENTS
OFFICE | RETAIL
SPACE FOR LEASE
973.494.5832
WHOLE FOODS
MARKET
633
BROAD ST

F PRIMARY BUILDING USE

JUNKYARD
BREWING COMPANY
LIVE MUSIC
EVERY NIGHT
AND
GROWLER FILLS
SUNDAY

Metric: Number of Retail Offerings and Annual Retail Sales in Downtown

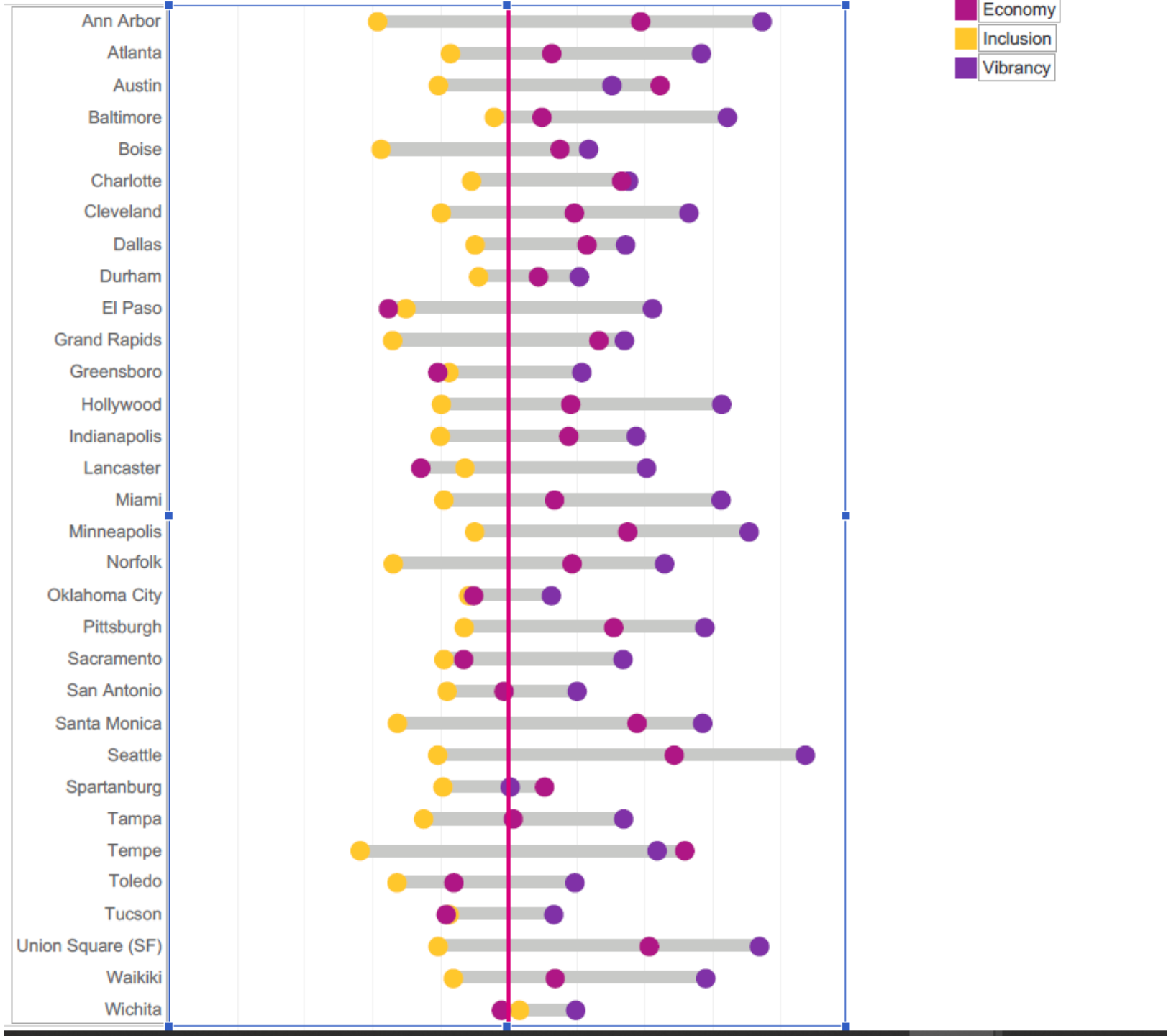
Benefit: Spending

Average Study Downtown: 13% of citywide retail sales

Average Study Downtown: 14% of citywide retail businesses

Average Annual Retail Sales Per Square Mile:

Downtown	Citywide
$452 million	$88 million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Toledo
Tucson
Union Square (SF)
Waikiki
Wichita

COMPACT CRITICAL MASS DEVELOPMENT STRATEGY FRAMEWORK

RESILIENCE

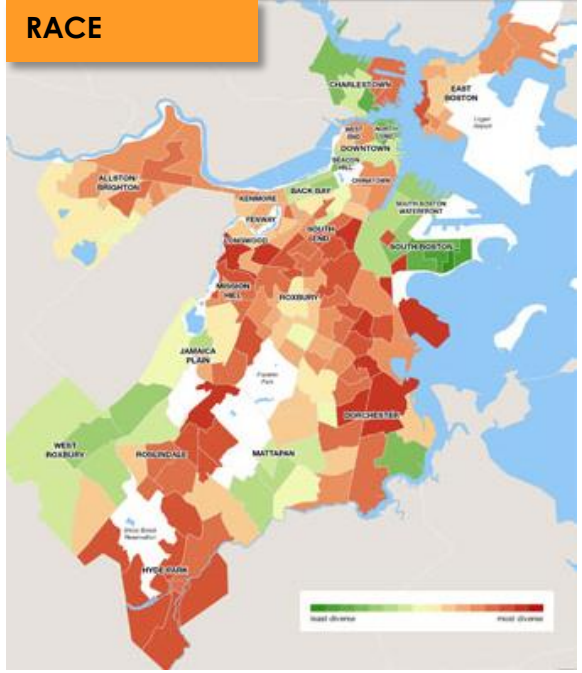
Throughout the U.S., in fact, “diverse, mixed-use places are outperforming single-use employment districts.”[13] Given their ability to bounce back, downtowns can support regional resilience, particularly to economic shocks that disproportionately affect less economically and socially dynamic areas.

	Downtown	City
WALK SCORE	88	49
BIKE SCORE	80	53
TRANSIT SCORE	77	44
DOWNTOWN NON-SOV COMMUTE*	42%	25%

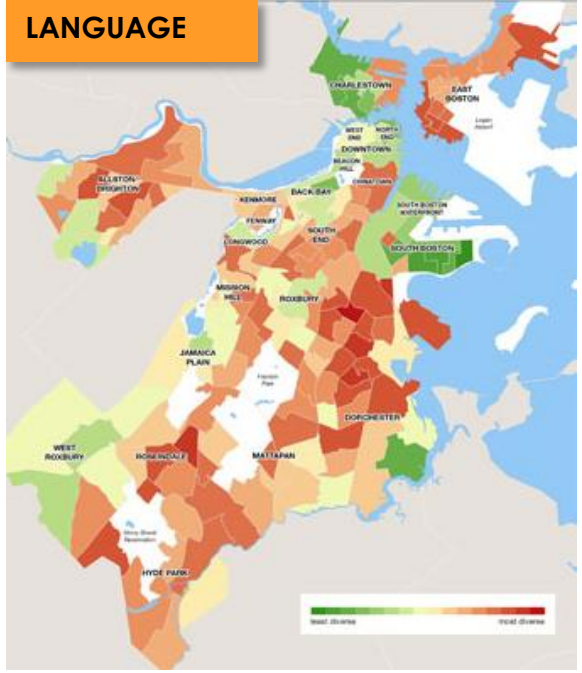
INCLUSION

Greenway, Boston

RACE



LANGUAGE



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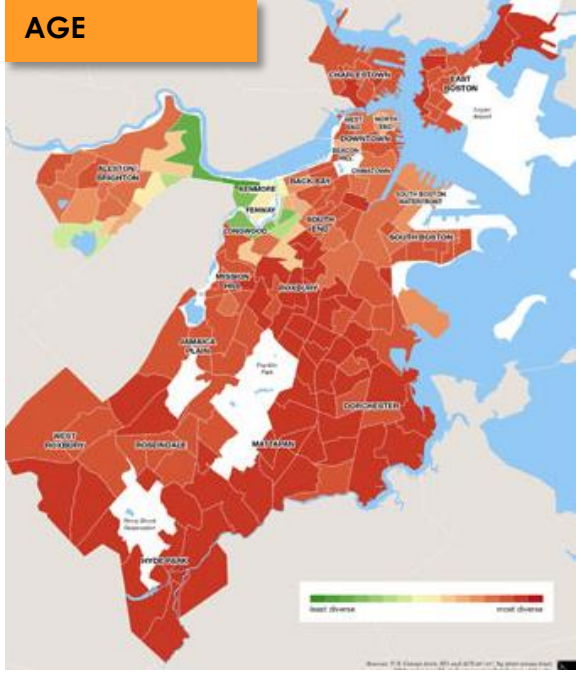
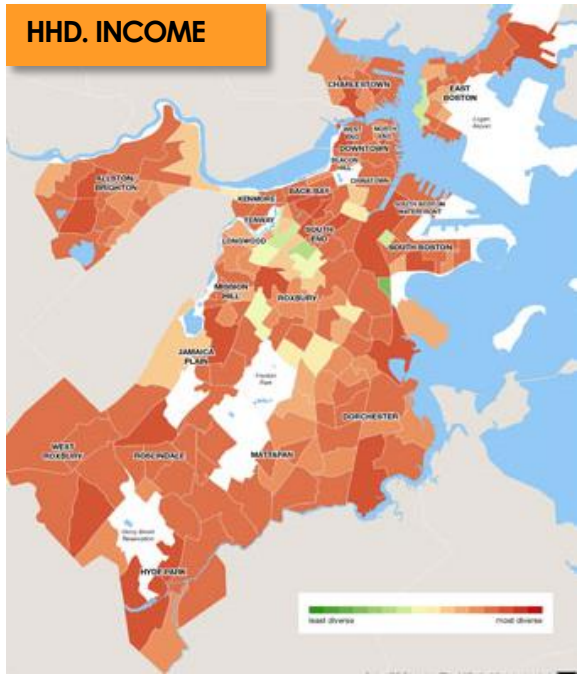
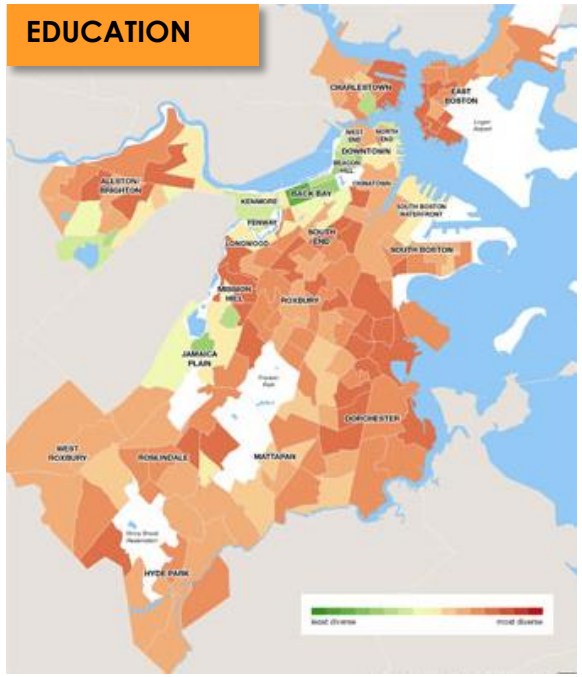


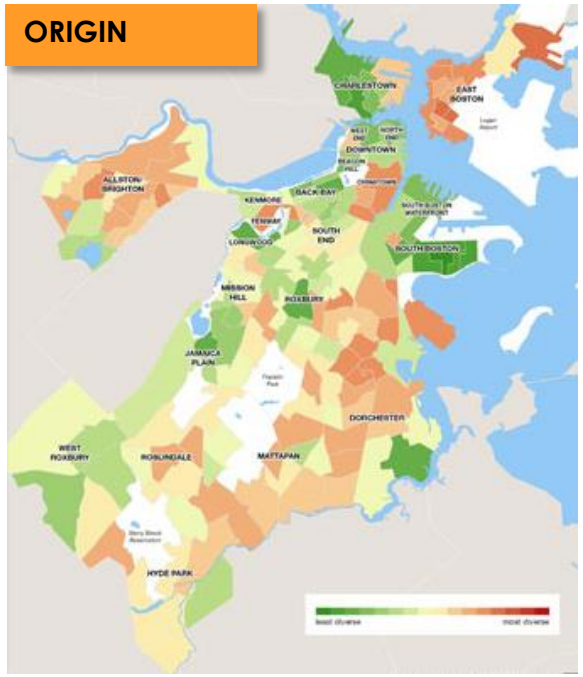
HHD. INCOME



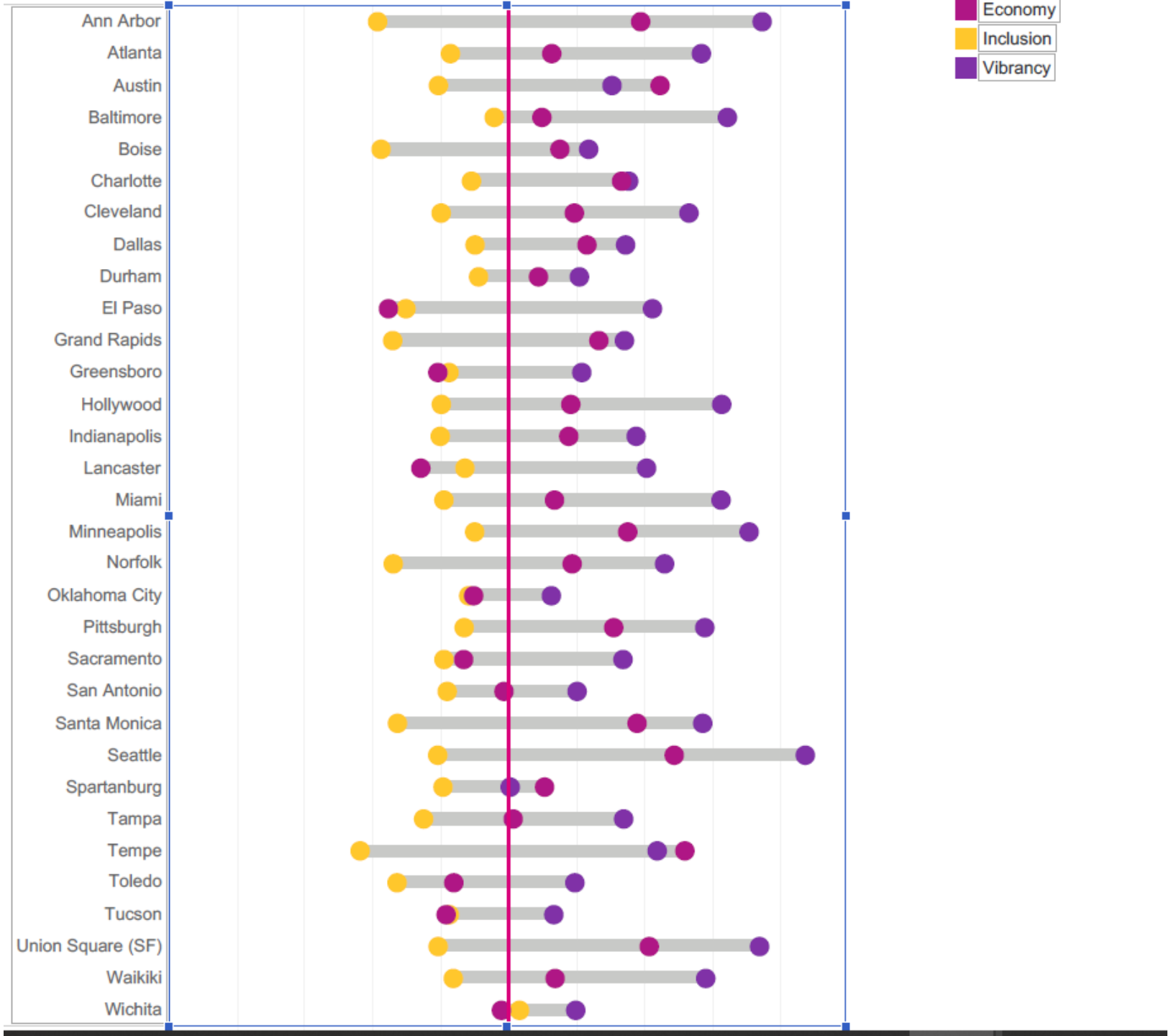
EDUCATION



ORIGIN



Source: Boston Redevelopment Authority, *Boston Diversity Index, 2010*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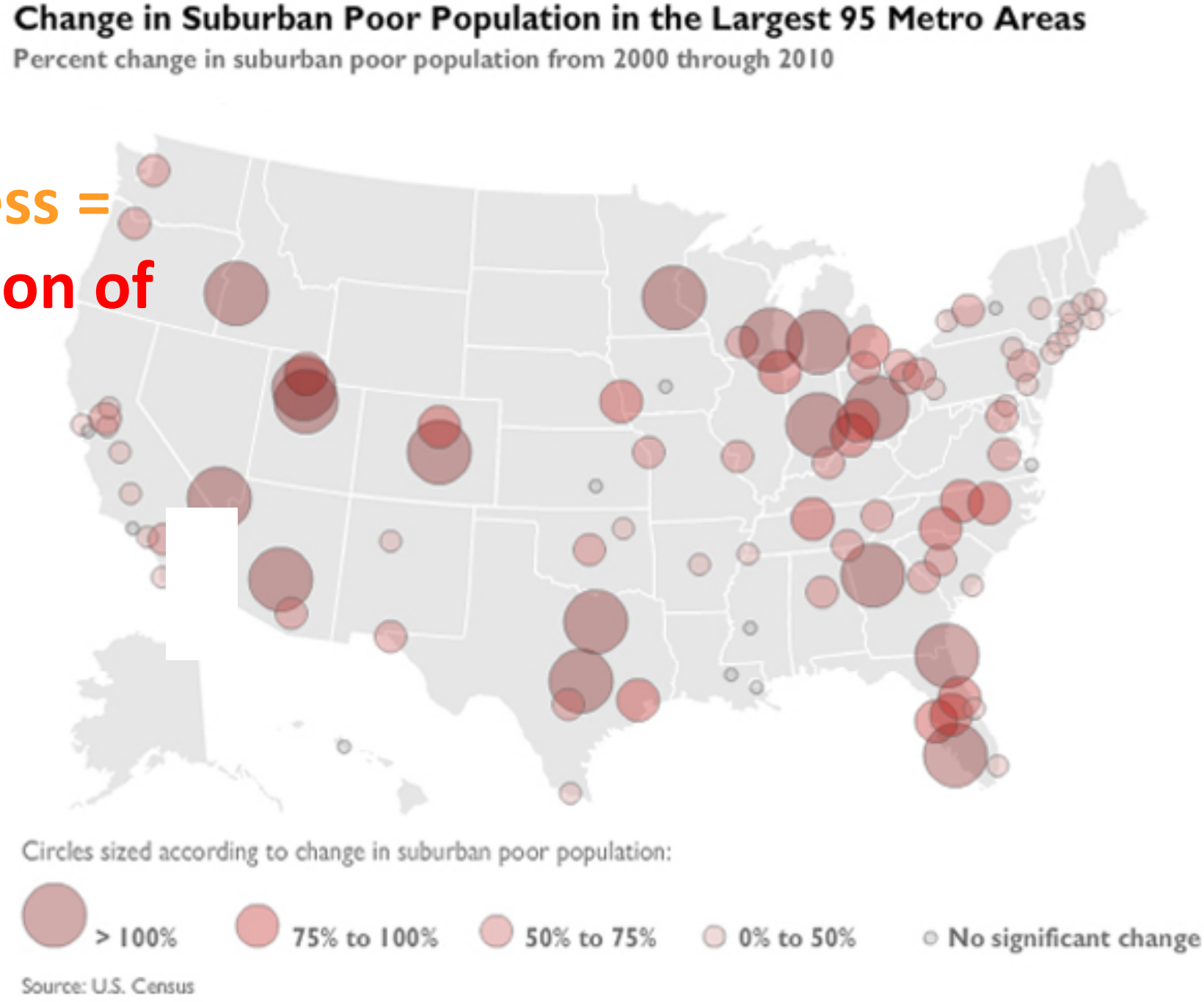
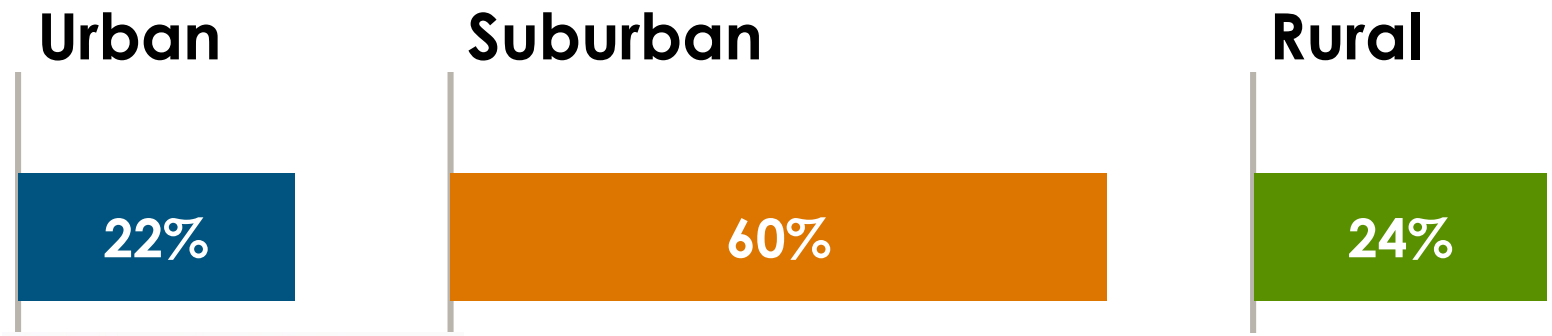
…urban success = suburbanization of poverty



% increase in people living in poverty 2000-2015



Metropolitan Policy Program at BROOKINGS

Brookings: in 2015…

- 43.1 million people (or 13.5 percent of the population) were poor
- 5.8 million higher than before the recession began in 2007
- 11.5 million more than in 2000.

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BREED'S
SEASIDE

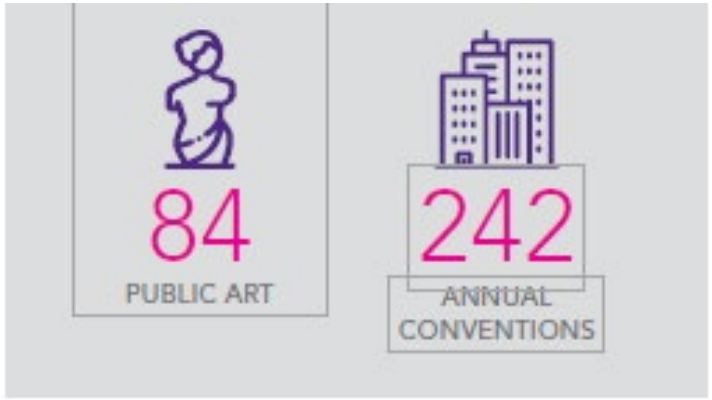
IDENTITY

Identity

HOTEL
27
HOTELS
5,500
DOWNTOWN HOTEL ROOMS
35%
CITY'S HOTEL ROOMS

81
HISTORIC STRUCTURES
11
MUSEUMS

HOTEL
27
HOTELS
5,500
DOWNTOWN HOTEL ROOMS
35%
CITY'S HOTEL ROOMS


84
PUBLIC ART
242
ANNUAL CONVENTIONS

AUTHENTICTY

Celebrate their communities' stories and living culture

Water Street, Tampa FL

Belmar, Lakewood, CO

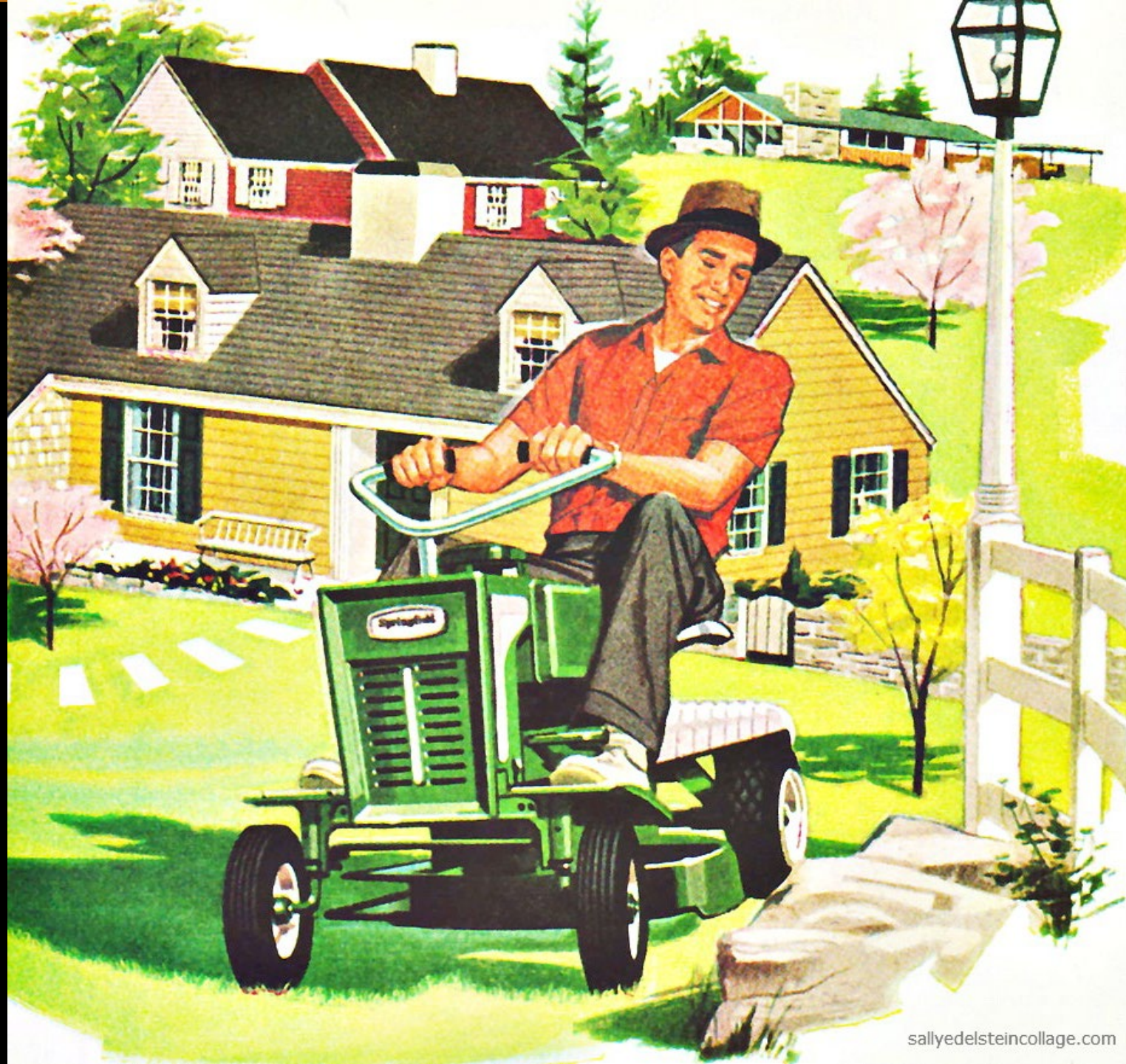
Maker spaces and artists' working studios line an alley and parking garage

Robert E. Simon, founder of Reston

arketplace | the EDGE

The **new norm 101**: demographics, knowledge economy, disruptive technologies

"North America is a ***suburban*** **continent** with an ***urban*** ***population***"

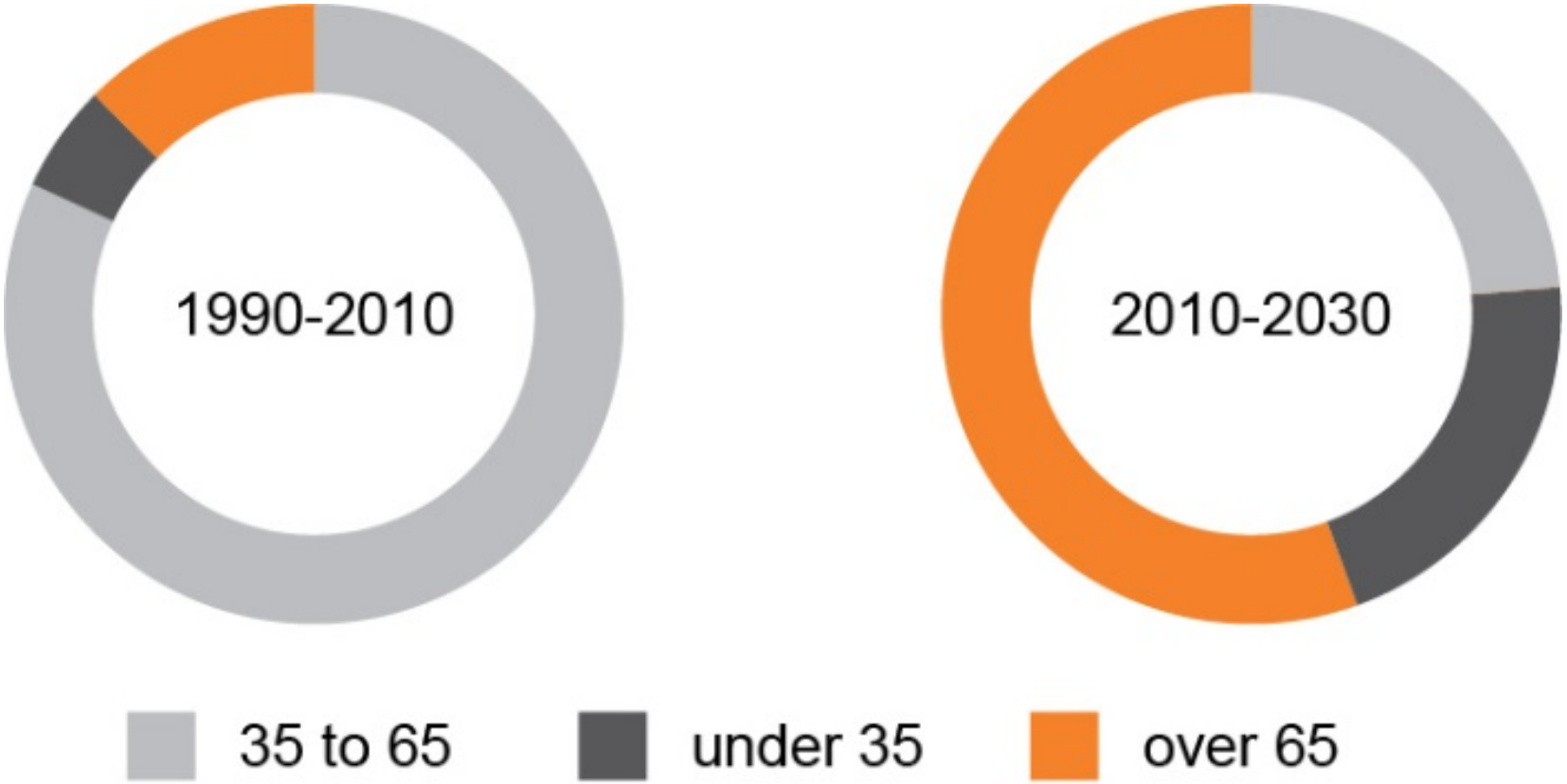


- Demographics:
  An Urban OPPORTUNITY
- knowledge economy
- technology

AN URBAN OPPORTUNITY

shaped by two decades of unparalleled demographic change

The US is growing rapidly older



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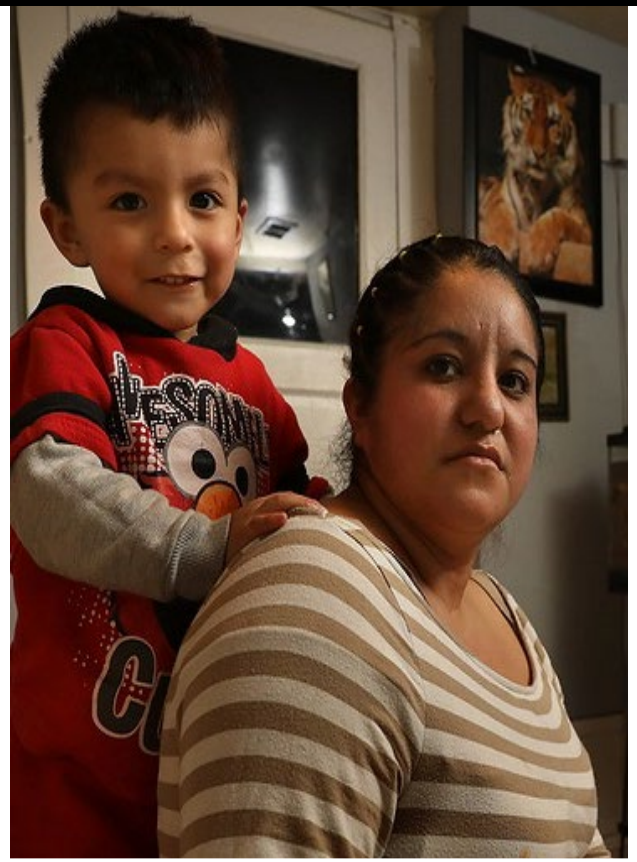
Families with kids dominated US growth for decades

For the next 2 decades ~80% of net new households will be **singles and couples**



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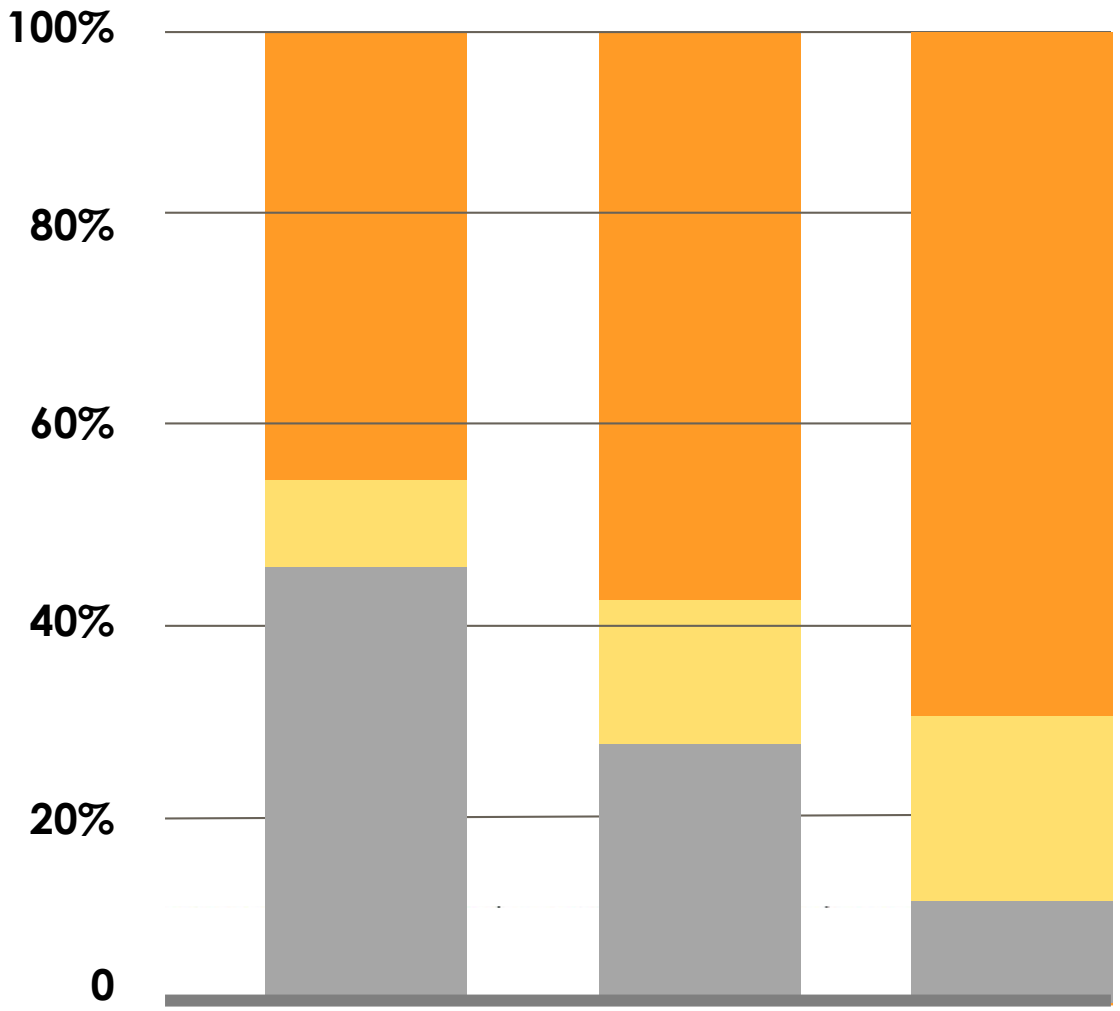
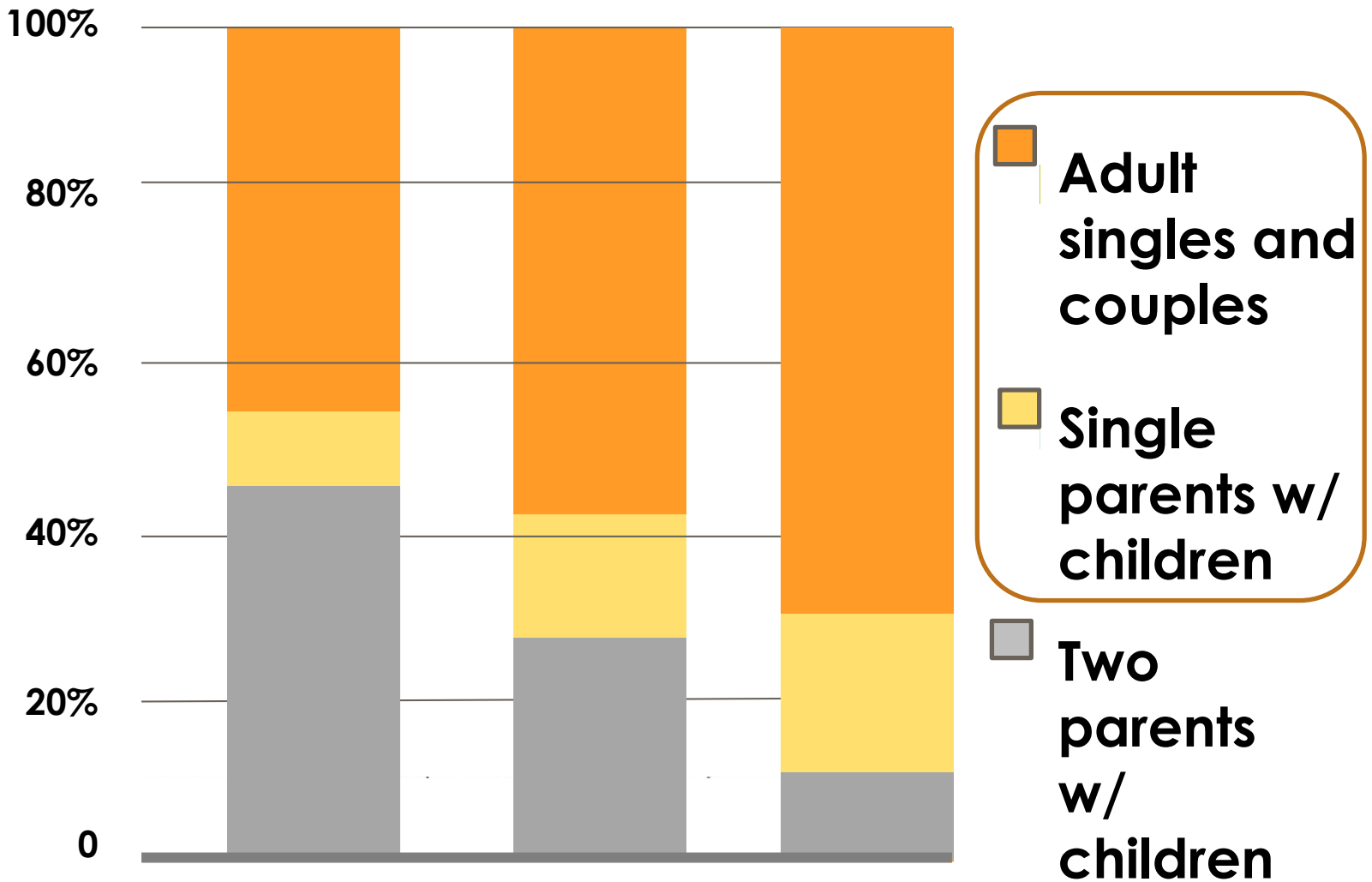
Traditional single family market—two parents with kids—is shrinking

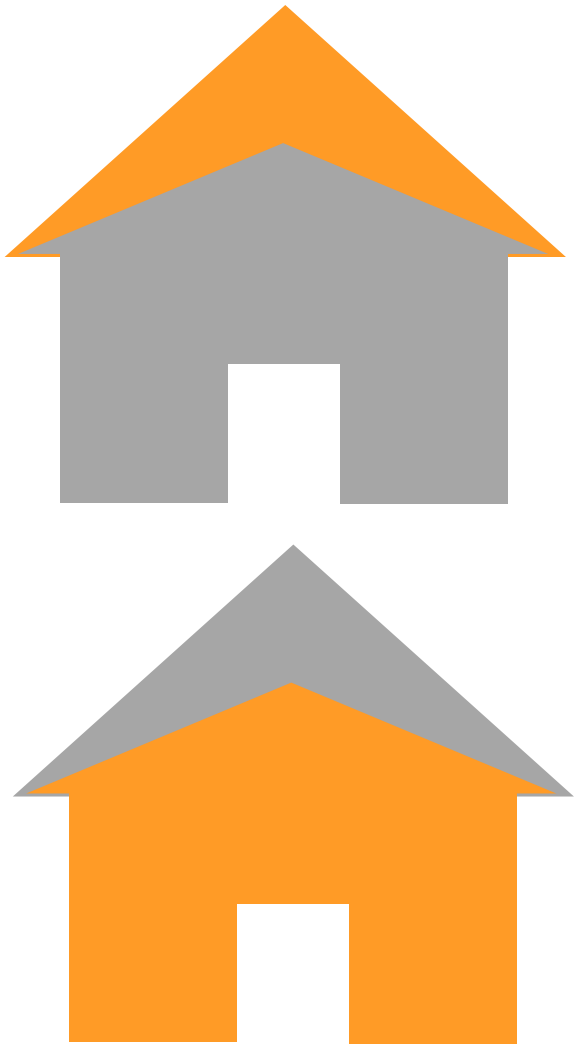


62% of US housing supply is SINGLE FAMILY

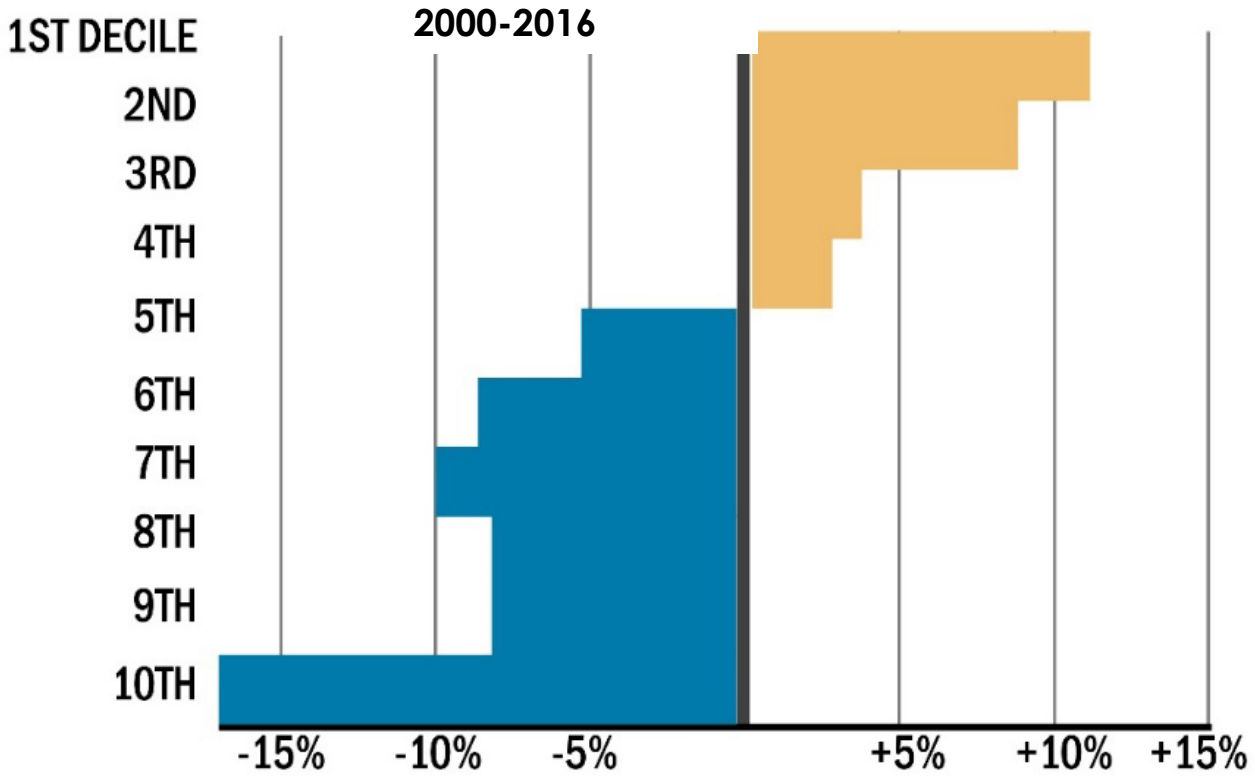
Traditional single family market—two parents with kids—is shrinking



Majority of demand will be for MULTIFAMILY

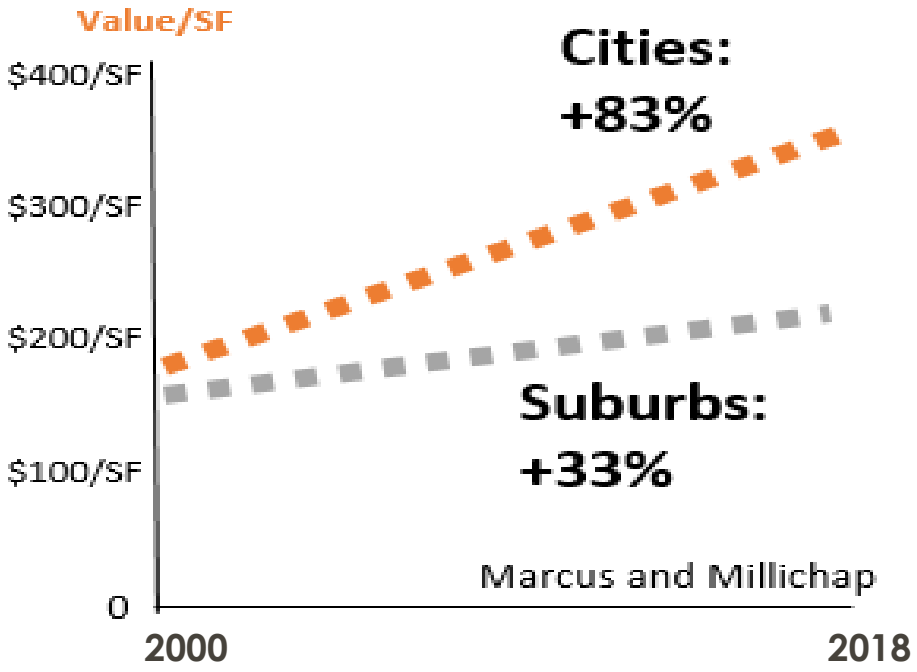


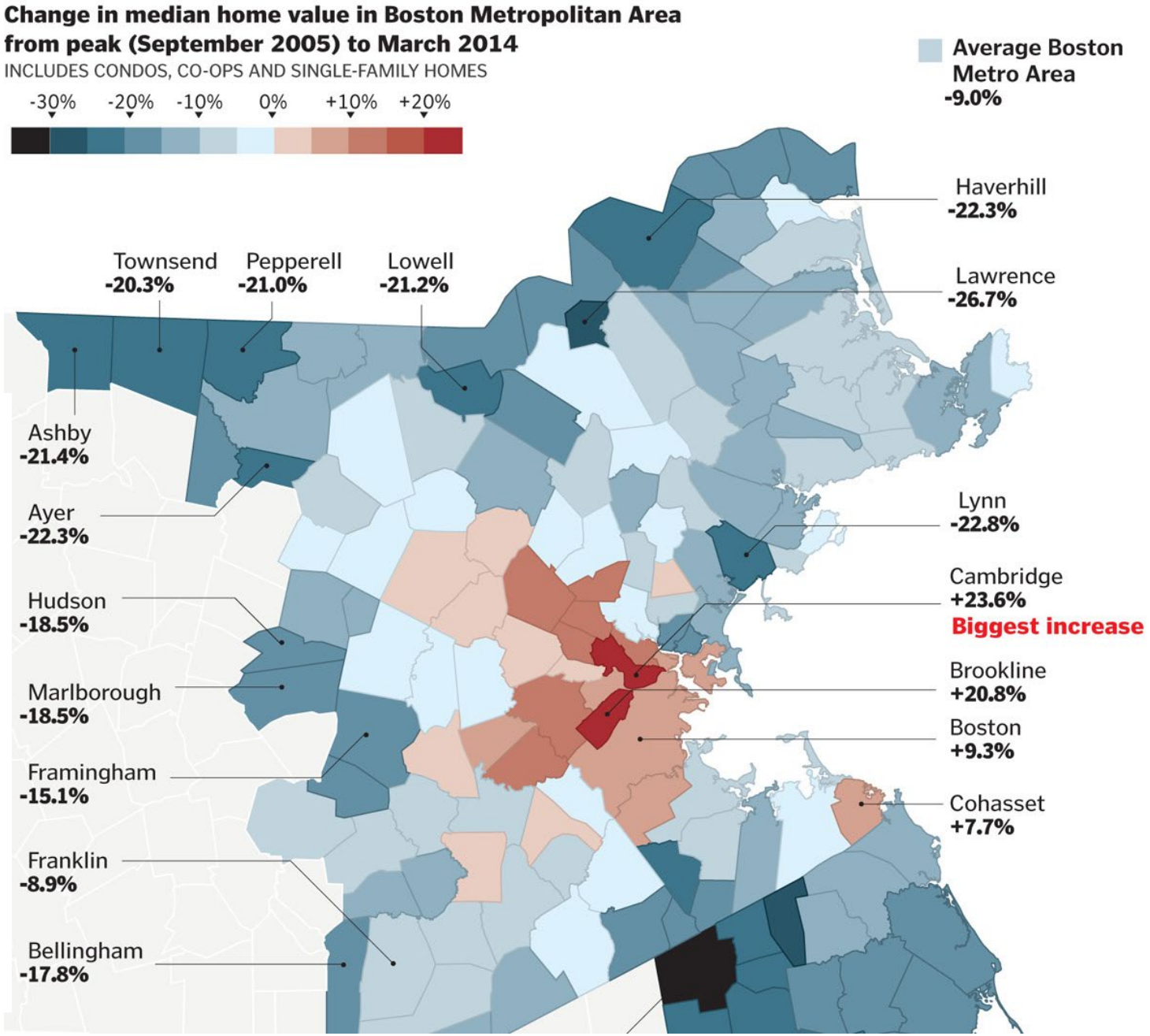
Higher-income households are moving to cities…lower-income households are moving out



College-educated 26 to 49-year-olds are moving to cities…those without a college degree are moving out…

Urban housing values rising faster





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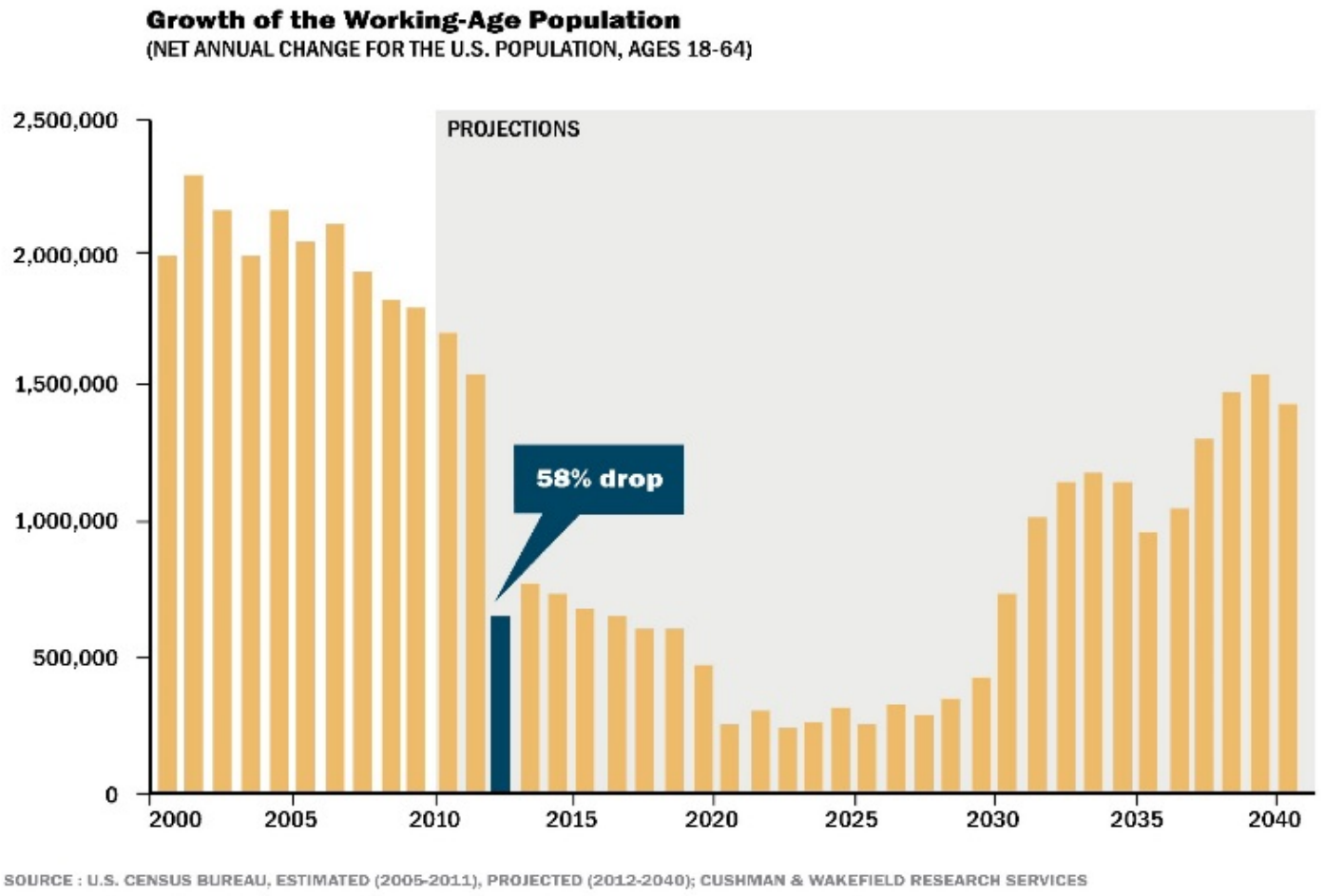
- demographics
- Knowledge economy:
  AN URBAN IMPERATIVE
- disruptive changes

AN URBAN IMPERATIVE

driven by a surging knowledge economy and growing knowledge worker shortage

The US is adding fewer new workers



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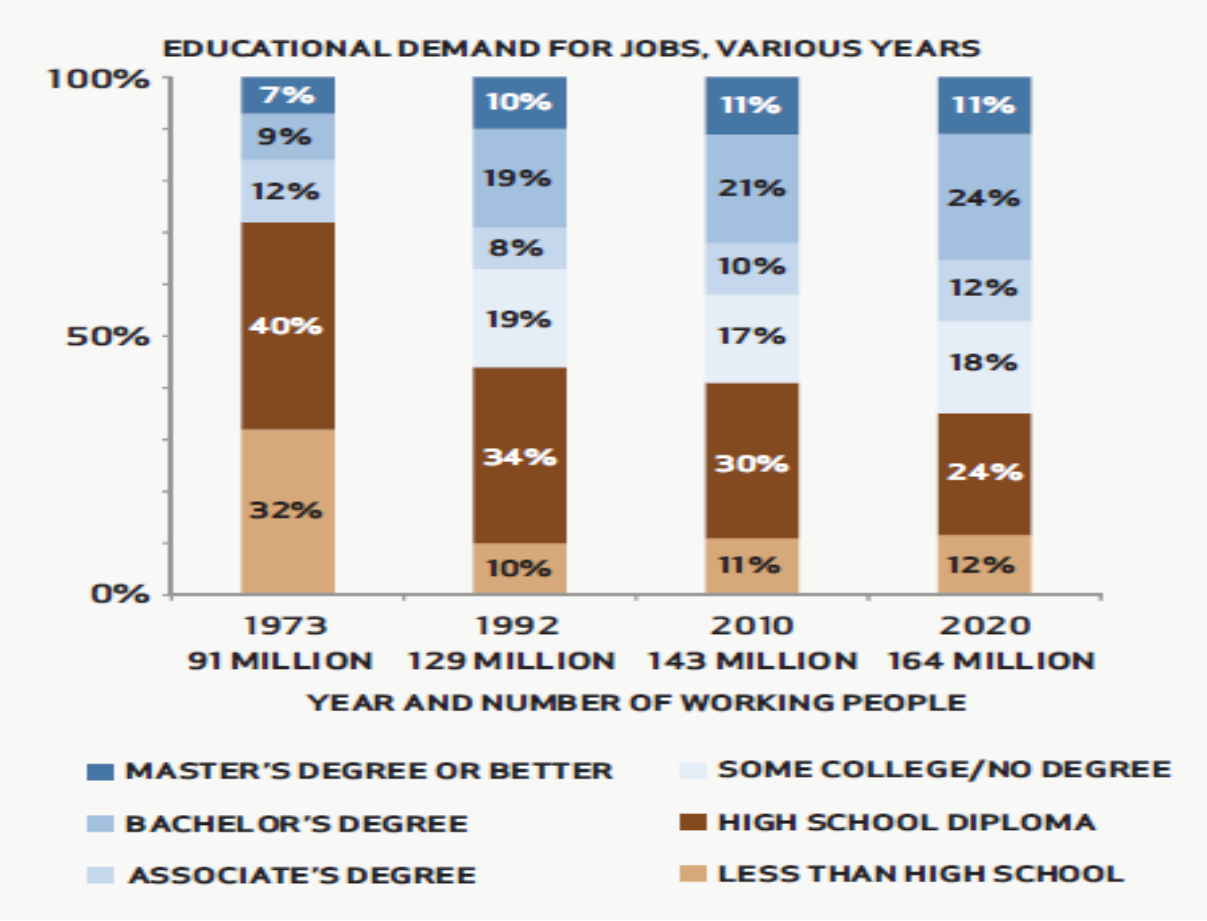
Today 2/3 of all jobs require higher education

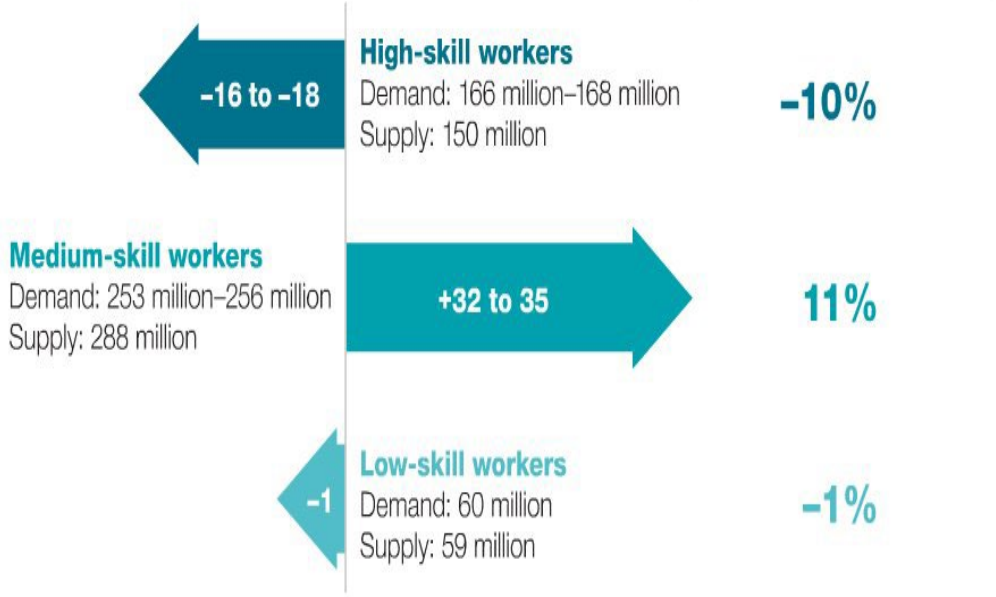


…creating a growing knowledge worker shortage

By 2020, advanced economies could have too few college-educated workers and too many workers with secondary degrees.

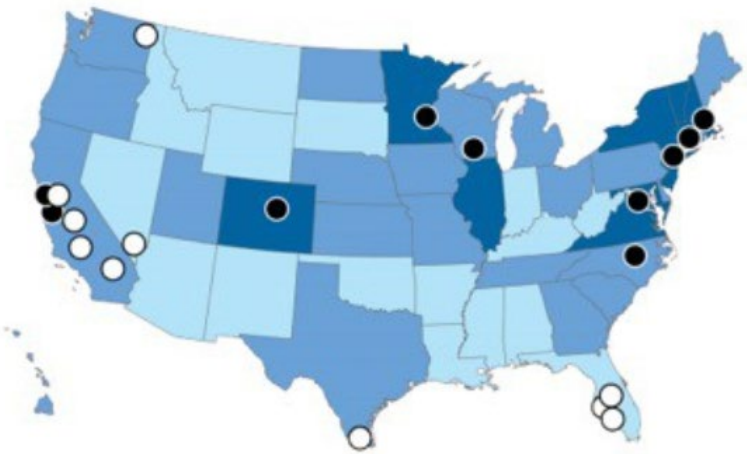
Projected 2020 labor demand and supply by skill level,[1]
millions of workers

Share of total
% of demand (for shortages),
% of supply (for surpluses)



Percent college graduates among older millennials

2015 (ages 25-34)



States

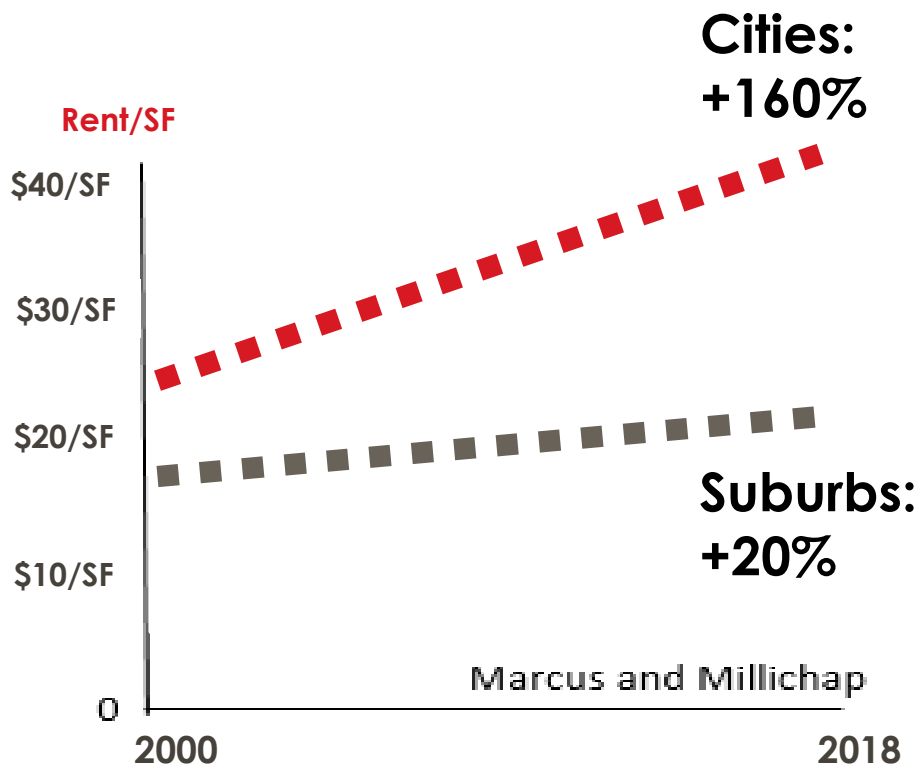
- 40% and above
- 30%-40%
- Below 30%

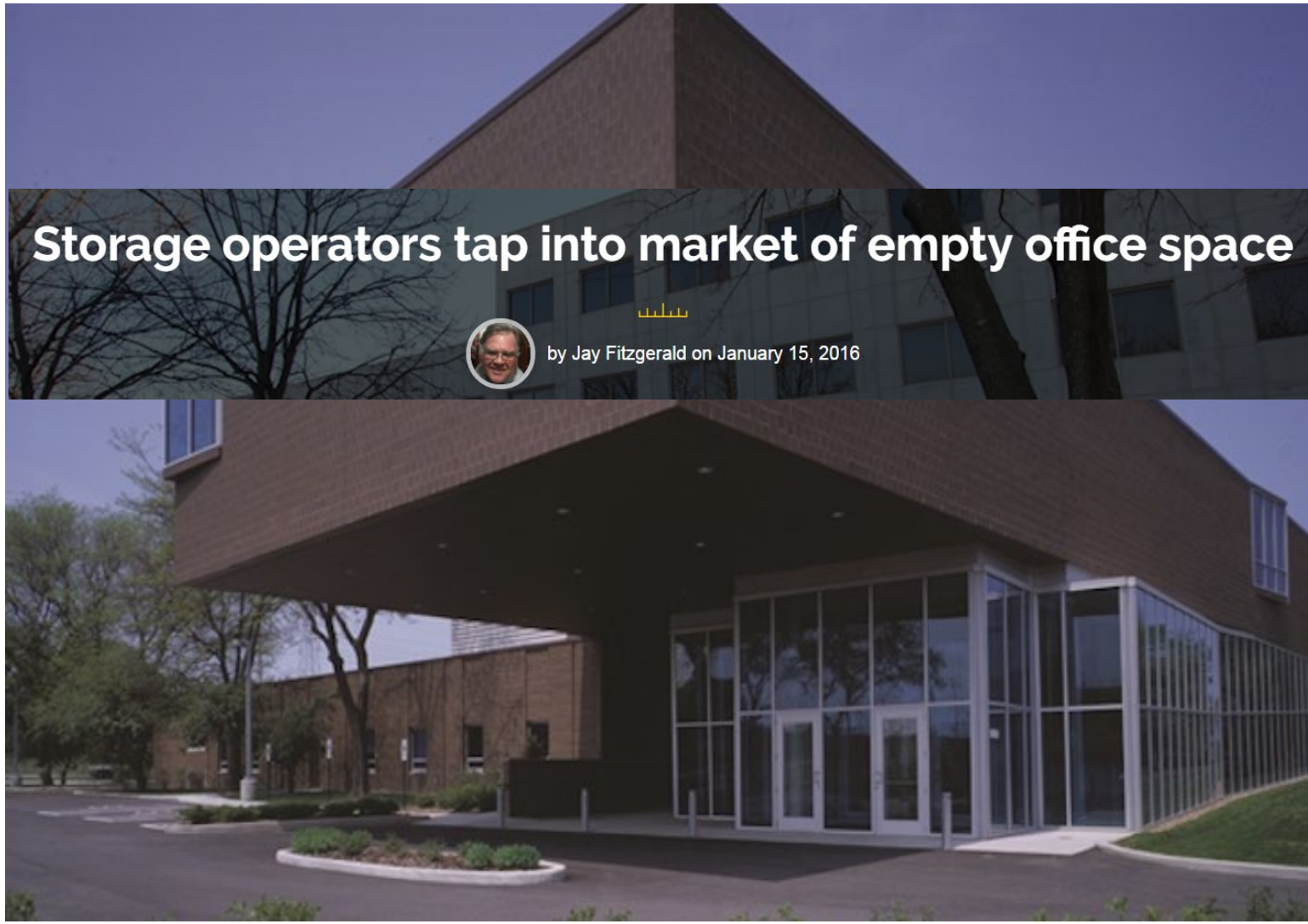
Metros

Largest percent		Smallest percent	
Boston	58%	Bakersfield	14%
Madison, WI	58%	Stockton	17%
San Jose	55%	Riverside	17%
San Francisco	55%	Fresno	18%
Washington, D.C.	54%	McAllen	19%
Hartford	50%	Lakeland, FL	19%
New York	47%	Cape Coral, FL	20%
Raleigh	47%	Las Vegas	21%
Minneapolis-St. Paul	47%	North Port-Sarasota	24%
Denver	46%	Spokane	24%

https://www.citylab.com/equity/2018/03/the-geography-of-millennial-talent/554915/

Urban office rents rising faster





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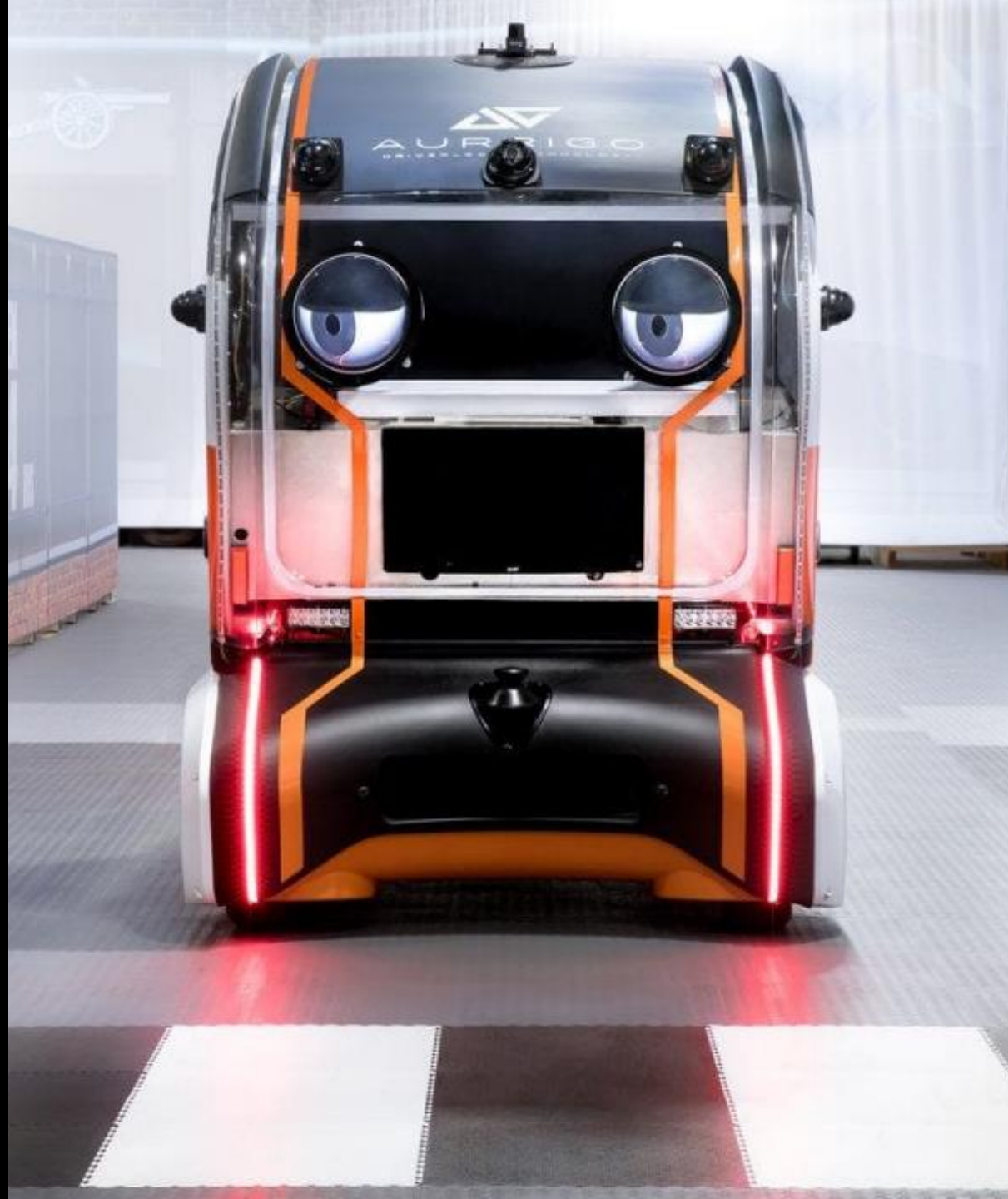
- demographics
- knowledge economy
- Disruptive technologies:

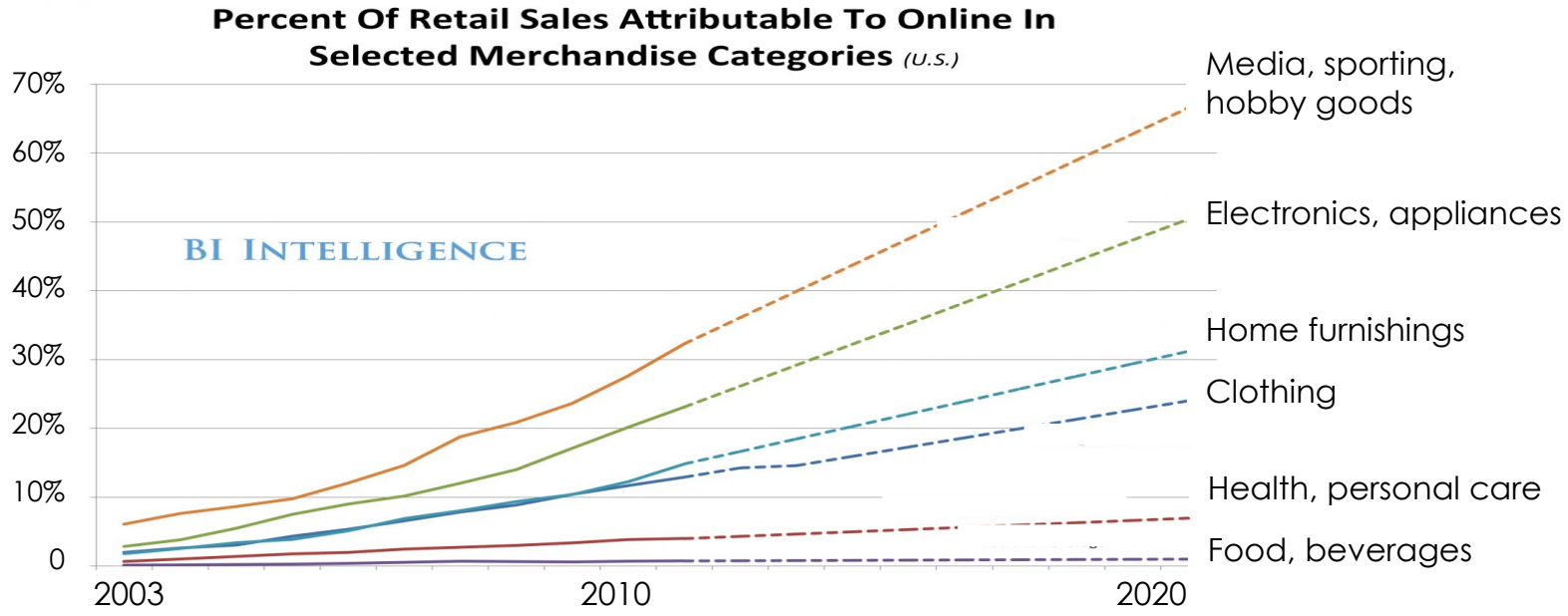
  A NEW RETAIL AND MOBILITY WORLD



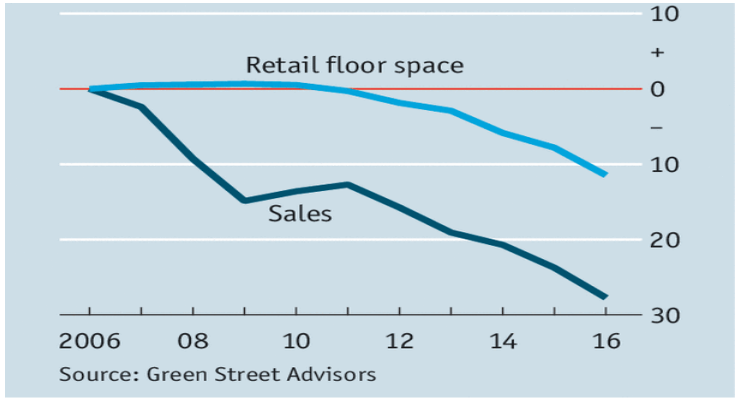
DRAMATIC CHANGES TO RETAIL MARKETS:

food and experiences replacing shopping to animate streets

Online share of retail sales



Retail anchors hit are shrinking



Economist.com

Retail rents dropping

THE WALL STREET JOURNAL.

Retail Rents Decline in Big U.S. Cities as Landlords Succumb to the Retail Storm

Landlords…once considered immune from downturns are having to adjust their lease pricing

Stantec

South Bay, Boston

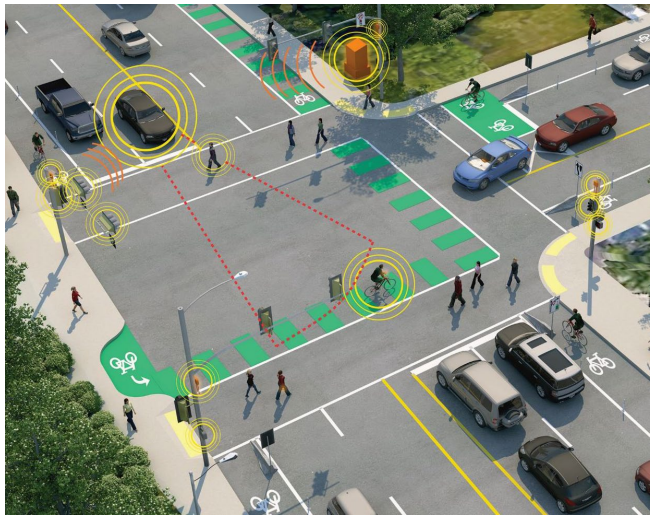
DRAMATIC TECHNOLOGICAL CHANGES:

AI and autonomous mobility revolution will reshape communities

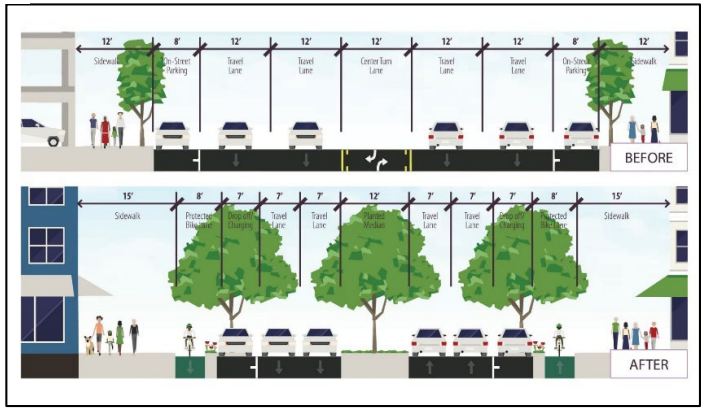
Self-parking cars will be mainstream in <10 years

Unlocking a new era of density

Start planning for CAV infrastructure



…and reclaiming streets for people



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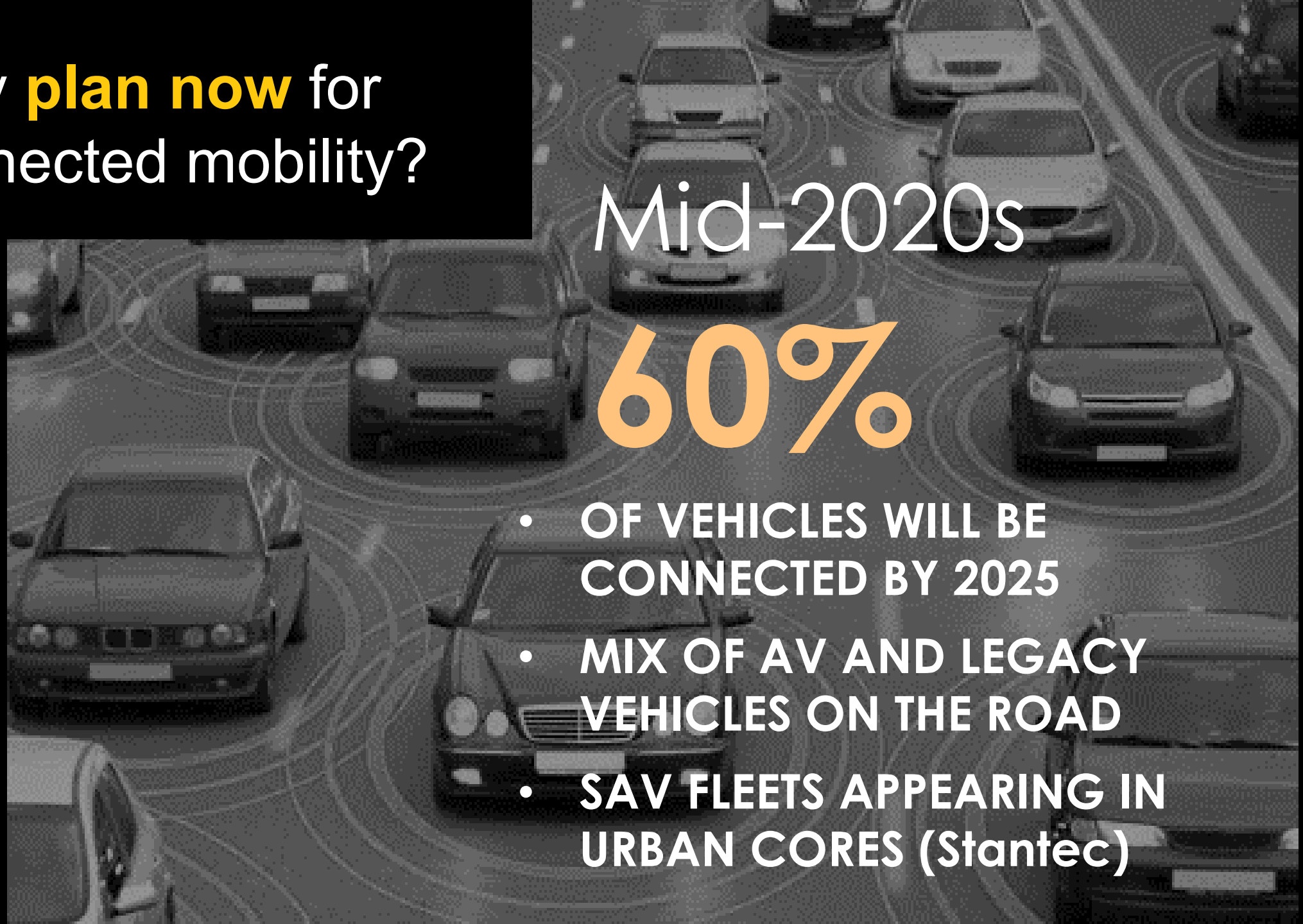
Why **plan now** for connected mobility?

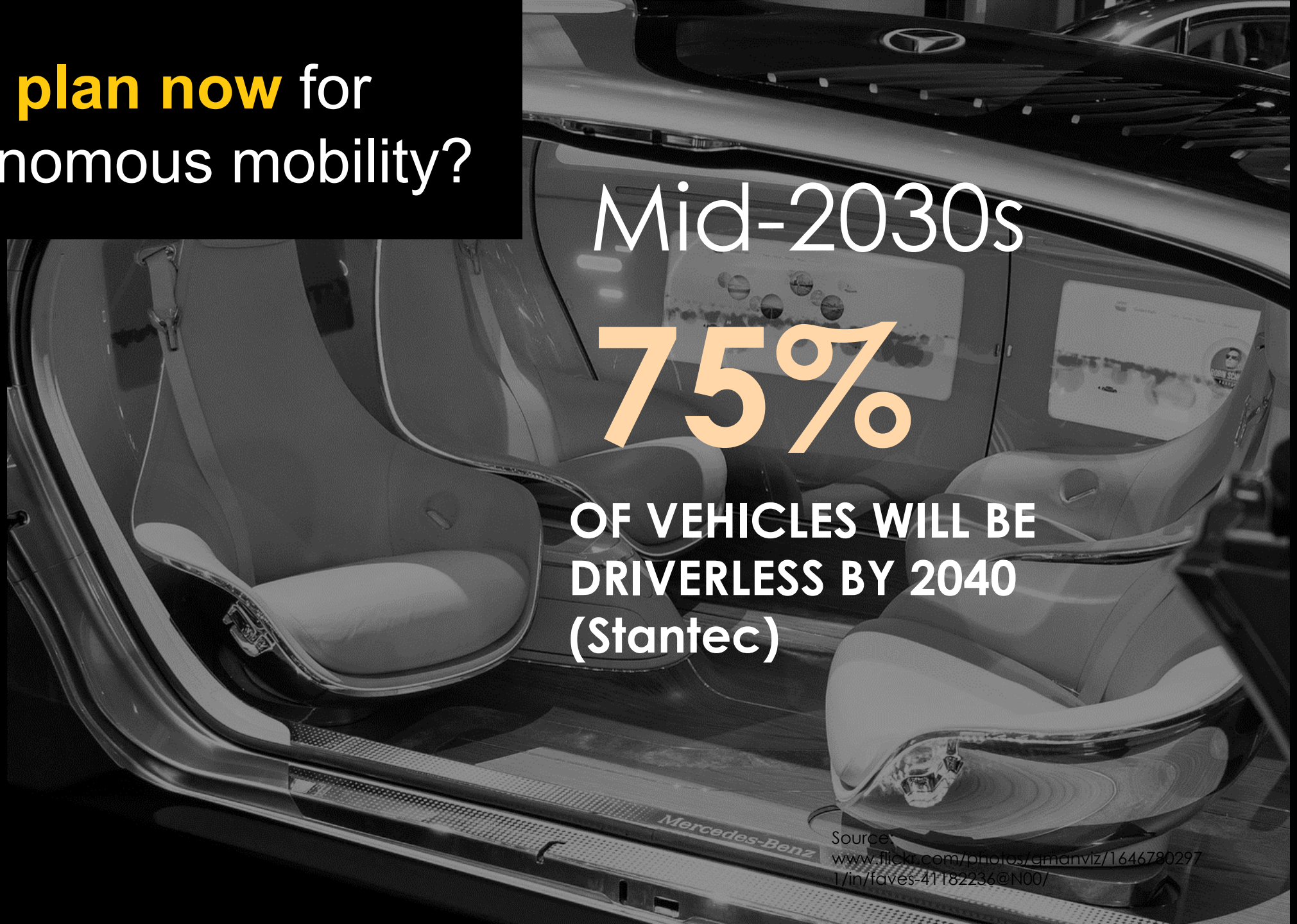


Mid-2020s

60%

- OF VEHICLES WILL BE CONNECTED BY 2025
- MIX OF AV AND LEGACY VEHICLES ON THE ROAD
- SAV FLEETS APPEARING IN URBAN CORES (Stantec)

Why **plan now** for autonomous mobility?



Mid-2030s

75%

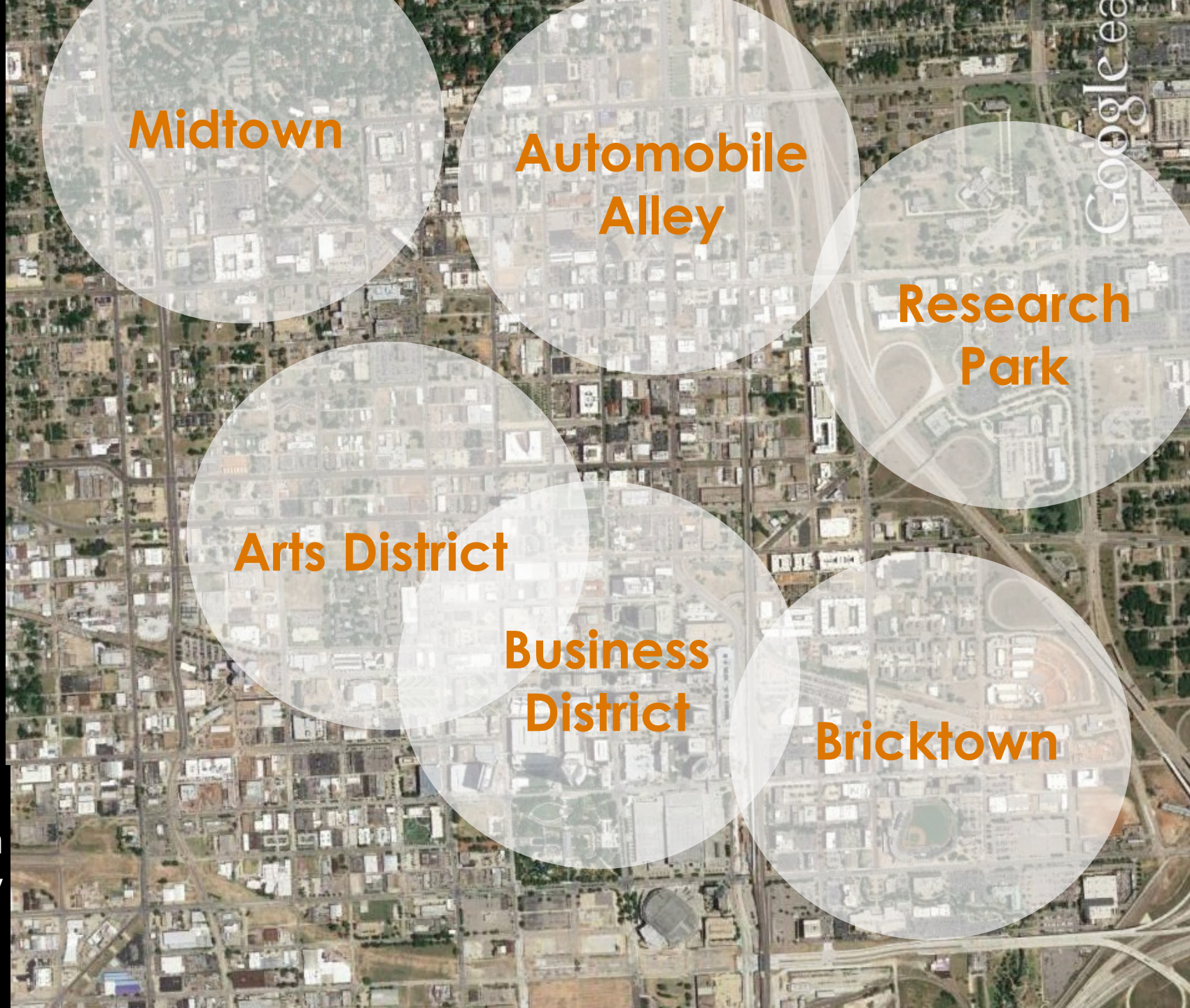
OF VEHICLES WILL BE DRIVERLESS BY 2040 (Stantec)

Source:
www.flickr.com/photos/amanviz/16467802971/in/faves-41182236@N00/

AMENITY DIVIDEND:

the 5-minute walkshed grows into the 2-3 mile SAV-shed

Case study: downtown Oklahoma City



Business
District

OKLAHOMA HARDWARE CO.
Bricktown

Automobile
Alley

Arts District
Emporium

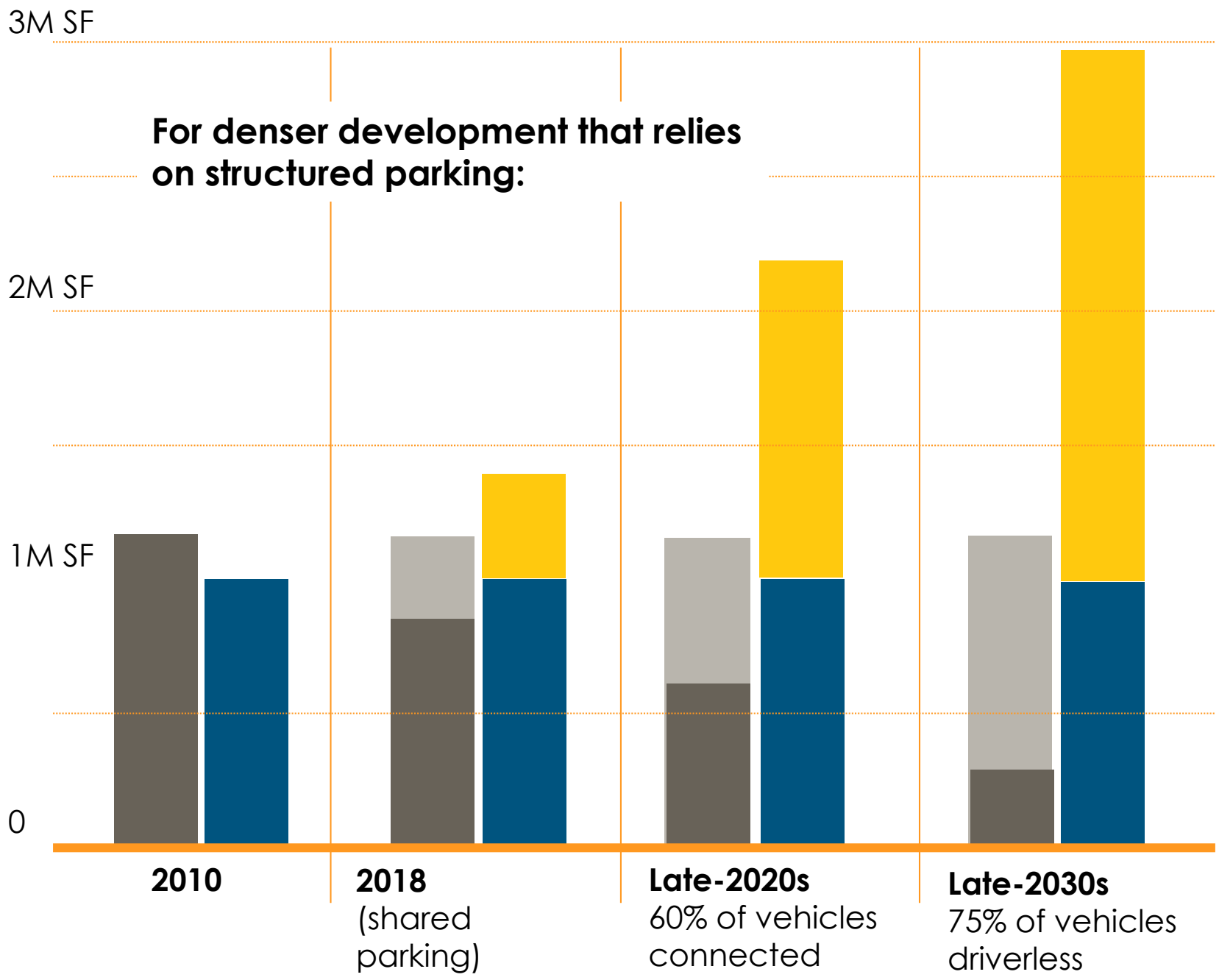
DENSITY DIVIDEND:

Density dividend = building SF supported by reusable parking

2010 mixed-use building

Potential reusable parking SF

Parking SF required to serve 2010 building SF

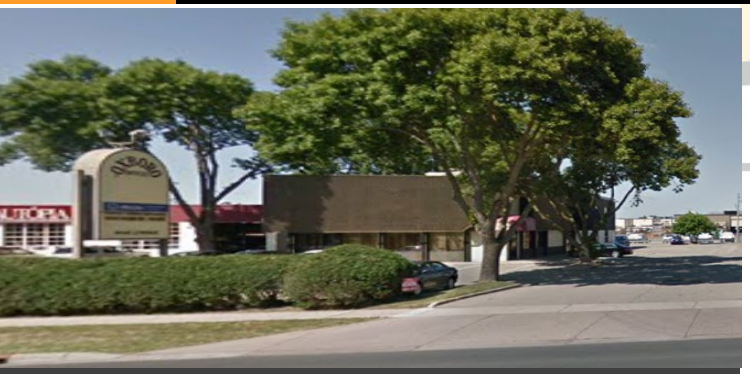


"North America is a ***suburban*** ***continent*** with an ***urban*** ***population***"

SUBURBAN REMIX

CREATING THE NEXT GENERATION OF URBAN PLACES

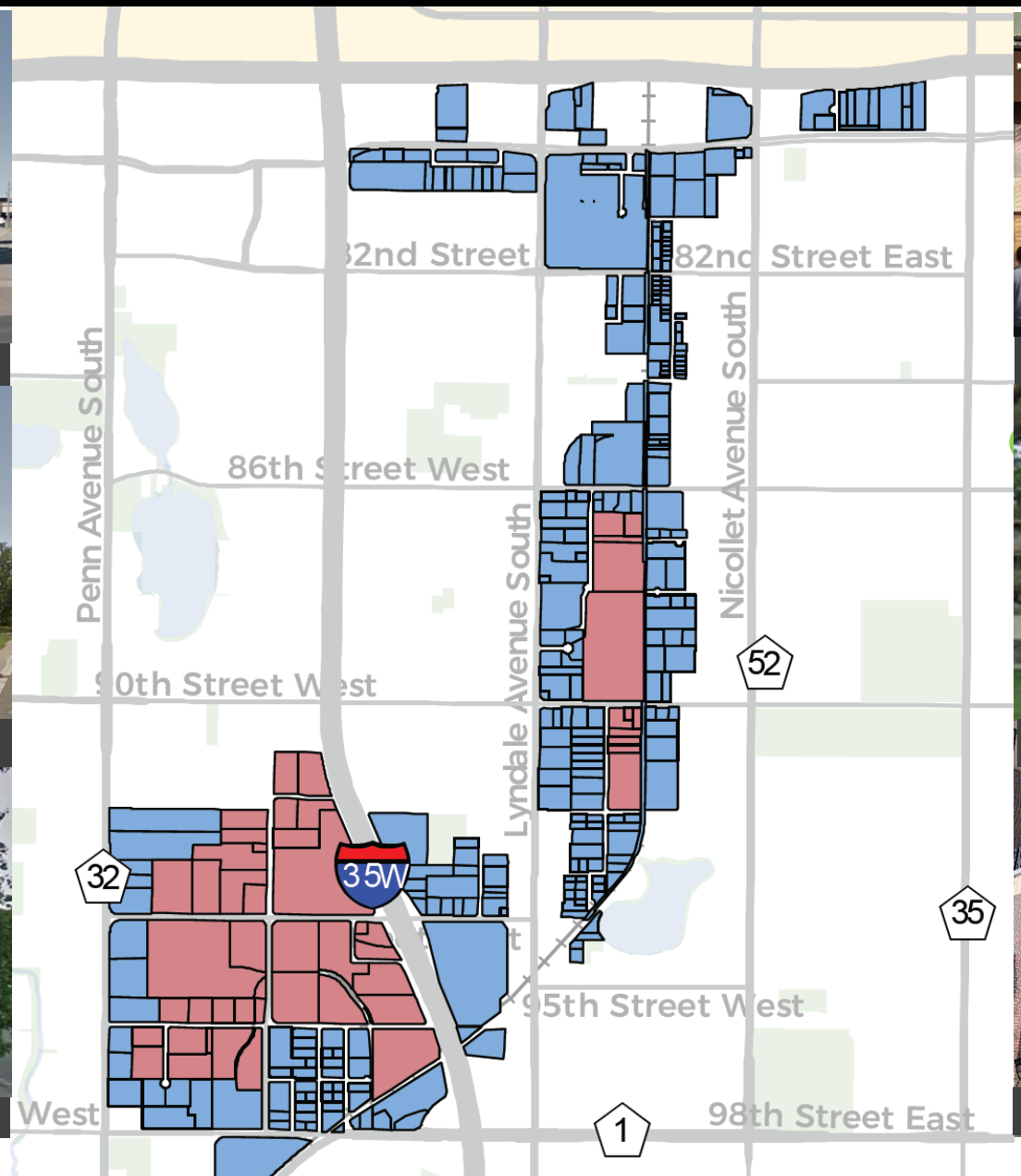
Potential for Change: Bloomington MN (mature suburb)



95th St.

83rd St.

American Blvd.



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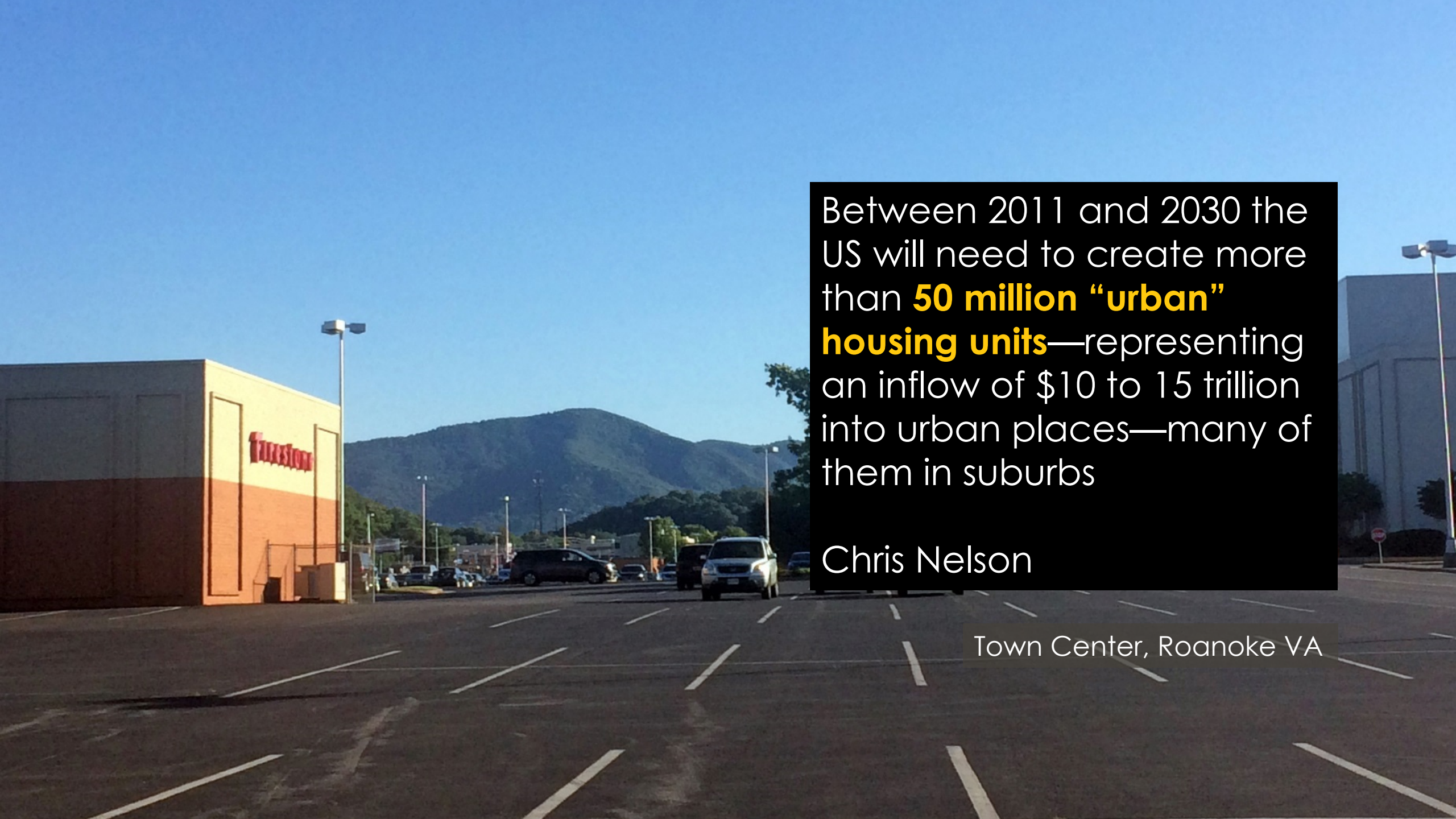

Between 2011 and 2030 the US will need to create more than **50 million "urban" housing units**—representing an inflow of $10 to 15 trillion into urban places—many of them in suburbs

Chris Nelson

Town Center, Roanoke VA

Town Center, Roanoke VA

Potential for Change: Sandy Springs GA (affluent commuter suburb)

Mayor Eva Galambos led her conservative, affluent community to create a de novo downtown

"There was no central heart of Sandy Springs, a place that people could call a city center."
Sandy Springs GA

Potential for Change: Dublin OH (affluent, class A suburban office center)

Dublin Ohio's City Manager and Council launched a year-long community-based visioning process and invested $300M to create a lively, mixed-use downtown

Potential for Change: Dublin OH (affluent, class A suburban office center)

Dublin Ohio's City Manager and Council launched a year-long community-based visioning process and invested $300M to create a lively, mixed-use downtown

Bridge Park, Dublin, Ohio

3 for
$10.00
Or

The Value of U.S. Downtowns and Center Cities

AN IDA STUDY CALCULATING THE VALUE OF DOWNTOWN COMPENDIUM - SECOND EDITION

A PUBLICATION CREATED BY THE INTERNATIONAL DOWNTOWN ASSOCIATION

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