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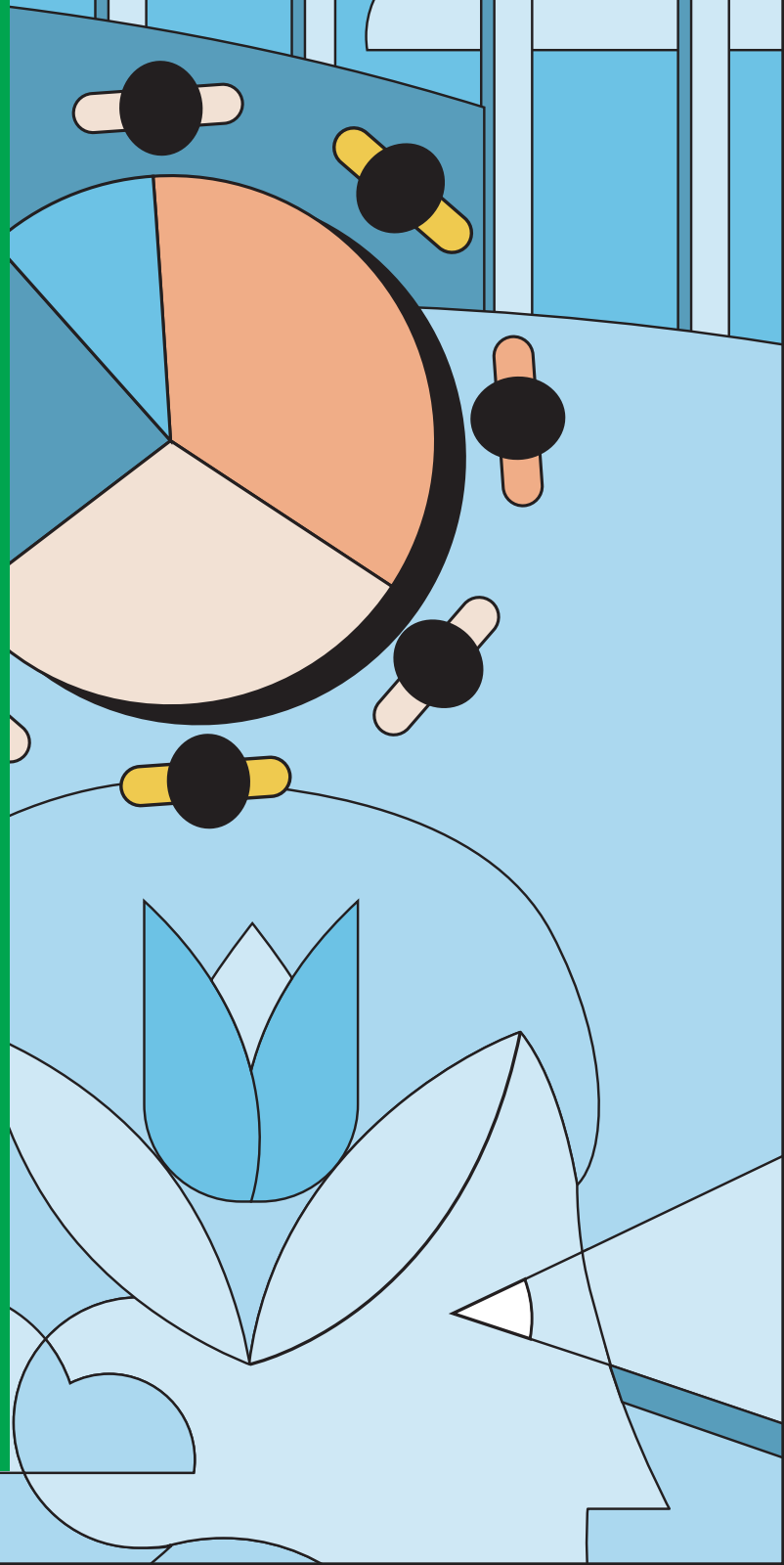
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People First

The Next Generation of Downtowns

The future of downtown is bright! Yes, Covid gutted downtown office workers, scared tourists, and spooked visitors.

But Now. Is. The. Time. to rethink and reimagine downtowns that work better for more people.



First the Math: $A \times B = C$

A

60%

Tuesdays, Wednesdays, and Thursdays⁰¹ are when people come to the office. Today, "the office" is used 60% of the time compared to pre-Covid.

B

50%

Only about half of all workers are coming to their offices⁰², when they do come.

C

30%

Downtowns now host 30% of office worker traffic, compared to The Before Times.

Less downtown foot traffic translates to less sales tax, less beverage tax, less parking tax revenues...and lower values of commercial office space. These decreases will have ripple effects to cities' strategic plans or budgets.

But wait. From scarcity comes opportunity. You just have to look for it.

What to Watch For

Here are five leading indicators that could signal change in how your downtown is used:

- **Downtown office and retail space that is vacant or nearly empty.** Future demand for Class A office space will range from 20-40% of pre-pandemic levels.⁰³ Cushman Wakefield expects one in five offices to be vacant in 2024.⁰⁴ This creates a field of opportunity for redevelopment, pop-up shops, and rezoning potential.
- **Falling property values.** When buildings are empty or partially empty, their value falls. Cheaper buildings beckon new investors and inspire ideas for how buildings can be used in more dynamic ways.
- **Less government spending.** When property values fall, their assessed tax falls. When taxes fall, cities have less money to spend. For example, Washington, DC is projecting a revenue shortfall of \$464M starting in 2024. When municipal governments have less money to spend, it forces tradeoffs and (in the best case) public engagement that helps a community discover what their values are.
- **What Big Tech companies are investing in.** Microsoft, Zoom, Slack, and industry-specific tech companies like Teladoc are shaping the future of work. For example, does downtown need a "remote" clinic, where patients can come and have an online consultation with their doctor, and go next door to pick up their prescriptions?
- **The employer-employee power struggle.** The ability to work from home is partly a tug of war between executives and workers. As this paper goes to print, workers still have the upper hand because there are too few workers in the American labor force, so workers can ask for - and receive - more benefits. It is normal for power to shift to workers after huge disruptive, national events. If/when the pendulum swings back and executives regain the upper hand in salary and benefit negotiations, they may demand workers return to the office.

What about you? What indicators are you seeing that predict downtown reinvention?

“New ideas must use old buildings.”

Jane Jacobs, *The Death and Life of Great American Cities*

Five Big Ideas

Now is the time to give downtown a rethink. Who is downtown for? What are downtowns best at? How can your test-drive policies, programming, and innovations make downtown more resilient and vibrant?

1. People First

Who is your downtown for? People are what make downtowns⁰⁵ vibrant. Those people may be office workers (Manhattan), tourists (Orlando), destination- or event-attendees (Chicago Loop), or full-time residents (Tenderloin District, San Francisco).

People are the beating heart of a vibrant downtown, so begin with them in mind.

If your downtown is primarily for office workers, how likely is your downtown to rebound? Research shows⁰⁶ that working from home is highly correlated to three factors:

- **Income** - those who earn more than \$100,000 per year are least likely to return to the office, followed by those who earn \$59,000-99,999.
- **Pre-pandemic telework** - people who worked from home before the pandemic are most likely to continue to work from home now.
- **Industries** - people in these industries are more likely to work from home: educational services; finance and insurance; professional, scientific, and management; and information.



IDEAS IN ACTION: Face Your Downtown's Future

National studies are nice, but nothing compares to localized, on-the-ground insight. You may have a local employer or utility willing to foot the bill for a local study, a local research company that would offer their services in kind, or money rattling around in the federal grant fund that could be invested to help you get a grip on what's happening and what's coming downtown.

Philadelphia partnered with Pew and turned up 5 key economic trends and several critical questions for its future. For example: "A survey of 114 downtown companies and organizations by the Center City District found that only 15% were operating fully in person five days a week; another 25% were still all remote; and the rest were in the office part of the time. Of the 16 firms in the survey that described themselves as having 201 or more employees, none said they had the goal of returning to full-time in-person operations. Employers noted that one primary reason for continuing with some level of remote work was to keep current workers happy and attract new ones."⁰⁷

Information like this sparks a dialogue that leads to ideas and more intentional communication with employers, so that your future downtown creates win-win opportunities for multiple stakeholders.

If your downtown is an events destination after hours and on weekends, congratulations, you have a solid base from which to start because vacation and leisure travel destinations have not only recovered, many have exceeded their pre-pandemic levels.⁰⁸



How can you take this to the next level? Start by asking:

- Who is most likely to attend a downtown event? For example, if suburbs with young families surround your downtown, what family-friendly event will bring people by?
- Enlist local artists and creatives and ask how they want to be involved. Teaching a class, doing a demonstration, or doing a short or innovative performance will give the event an extra “sparkle” and attract the artists’ fans and friends.
- How can we make this a can’t-miss event that’s great for guests and downtown businesses? Enlist your downtown businesses in designing the event. People support what they help build, and downtown business owners are entrepreneurs with great ideas.
- How can this event attract in-town residents and out-of-town visitors?
- Could this become a multi-day or weekend event? Attracting overnight guests goes your lodging taxes, a welcome offset to lost revenue from declining property and sales taxes.⁰⁹

IDEAS IN ACTION: Chicago Loop Alliance

In summer 2022, the Alliance pulled out all the stops, including re-launch of the award-winning [Sundays on State](#). They brought over 130,000 people downtown on the first Sunday, and brought well over a half million people downtown through July. CLA proves that intentional, creative programming resparks downtowns.¹⁰

Identify the residential areas in or adjacent to downtown and hold the line of liveability and vibrancy by reinvesting, redeveloping, and incentivizing closeby development.

It’s tempting to invest in hollowed-out sections of downtown that feel completely deserted, but the truth is that adjacencies create more traction. Start with areas with a neighborhood feel, with a healthy mix of walkable quality-of-life amenities (coffee shops, neighborhood grocery or convenience stores, bars, restaurants) or near areas with a sustainable corps of full-time residents.

More ideas to make downtown shimmer as a destination for residents and out-of-town guests:¹¹

- Turn one-way streets into two-way streets
- Expand downtown, i.e., take land back from a freeway or reclaim unused or underutilized areas
- Adaptively reuse or redevelop abandoned or underutilized assets like vacant office buildings and abandoned power plants
- Consolidate “clusters” of organizations into a single downtown location, e.g., your community’s regional economic development and partner agencies; performing arts groups; public sector employees who are spread across underutilized municipal buildings
- Create a permanent public market
- Open a downtown satellite of a local or international university
- Connect people to downtown with mass transit like a streetcar or bus rapid transit
- Build a kid-friendly playground downtown
- Create a branded downtown entertainment district
- Replace parking minimum requirements with maximum parking standard
- Establish or expand your downtown bike share program

2. Make Downtown Feel like Home

Developers and commercial real estate companies are already doing this - with encouragement from the [Revitalizing Downtowns Act](#) - but it’s worth asking, can we encourage people to move downtown permanently?

The people most missing from downtown are office workers earning north of a hundred grand with lots of money to soak up services. If they’re not working downtown, would they live downtown? Could your downtown attract young professionals, creatives, or entrepreneurs trying to escape more expensive places to live who have the ability to work remotely?

If your community started to build more quality of life amenities in The Before Times, you are already a step ahead.

IDEAS IN ACTION: The Heart and Soul of Omaha

In 2018, Omaha made a bold choice, “To reach our potential, Omaha must reaffirm and reinforce the urban core’s historic role as the cultural, entertainment, residential and employment heart of the region.”

This was not an either/or choice, either downtown or the suburbs. “This long-range vision for Omaha connects communities while supporting neighborhoods in and surrounding the core. It looks to create jobs and provide living opportunities for all ages and incomes. It attracts visitors, inspires investment and enhances the quality of life for everyone in the region. This is not a short-term fix, but a long-term plan to help Omaha become a model metropolitan area that others aspire to.”

Making downtown more residential can help your community address its housing crisis, as Omaha is doing. Many people spend too much of their monthly income on housing. Excellent examples of beautiful, sustainable affordable housing are being built around the world. Why not in your downtown?

Permanent, residential real estate reinvigorates downtowns, makes them more sustainable, attracts more businesses, and has the potential to create new neighborhoods imbued with a special sense of place.

3. Downtown Schools

Schools are the most important brand attribute a community has if it wants to attract and keep young families. Putting a high-quality school downtown makes the lives of working parents easier. If they work downtown, it eliminates a stop at daycare before work. If they live downtown, it enables them to walk their kids to school.

Downtown schools - which were rare in The Before Times - will become a feature of future downtowns. Even if your downtown doesn’t have enough residential density now to support a downtown K-6 or K-12 school, what can it do? Build a high tech or magnet school? Recruit a downtown satellite of a nearby college? Offer specific training that helps downtown residents reskill?

IDEAS IN ACTION: Reimagining Richmond’s Downtown¹²

The City of Richmond, Virginia is making “three big moves” to reimagine its downtown:

1. Rezoning the city center for mixed use
2. Reducing the city’s footprint by renovating, replacing, or relocating vacant city-owned properties;
3. Developing a high tech high school downtown and creating a higher education campus downtown.

See also: the Des Moines Downtown School

4. Fix What’s Broken

Many communities made choices long ago that have had tragic consequences on people and neighborhoods. Is now the time to fix it?

For example, in Rebecca’s hometown (Madison, Wisconsin), the historic Italian Greenbush neighborhood was the first stop for immigrants for a century. It became a vibrant enclave of cobblers, carpenters, and barbers, bricklayers, and Nonas who made tomato paste by laying tomatoes out to dry in the sun on long wooden boards.

“African American and Italian boys played sports together on an abandoned lot off of Regent Street, the Jewish proprietor of Novick’s grocery store encouraged my great-grandmother to buy food for her family on credit when her husband had missed work due to illness, and very few people locked their doors.”¹³

Then in the 1960s during the euphemistically named “urban renewal”, the Bush was virtually leveled and replaced with “towers in the park,” another euphemism for low-income housing. The neighborhood - and intricate social fabric that held it together - was torn apart.

What about your community? Hindsight is 20/20. What mistakes were made in your downtown’s history, and how can you use this moment to repair it and restore its sense of connection and community?¹⁴

IDEAS IN ACTION: The Connecting Pasadena Project

Fifty years ago Caltrans tore a massive hole through a thriving Pasadena neighborhood of homes, small businesses and the landmark Neighborhood Church. More than 60 acres were cleared. A giant “ditch” was carved out of the landscape. Millions of cubic yards of concrete were poured to create the 710 Stub. The Stub was deliberately designed to channel freeway-scale traffic through what was left of the neighborhoods to the south.

Today, the Connecting Pasadena project calls for more detailed engineering and planning focused on reclaiming the Stub and creating beautiful, functional, open, diverse, and interconnecting neighborhoods — not a master-planned mega-development scheme. Rather than auctioning off the land to private developers, visionary residents are asking the City to retain ownership and allow long-term leases for incremental, appropriately-scaled buildings. The proceeds can be reinvested to underwrite the costs of filling in the ditch and creating park space and other public amenities for all of Pasadena to enjoy.¹⁵

5. Invest in Fiber

Whether you're working in-office, hybrid, or remote, employers and employees depend on reliable high speed internet access. High speed internet is to today's economy what electricity was to yesterday's economy.

When you invest in reliable, blazing fast internet downtown, you:

- Send a signal to current downtown employers that you see them, and understand their expanding digital needs
- Affirm to people relocating that they've made a wise choice
- Enable local businesses that provide free wireless, to have another tool in their customer attraction toolkit
- Attract businesses that may be suffering from spotty or slow internet service
- Give a virtual high five to digital workers, signaling that your downtown is productive place to be

That's it. Two thousand words. One algebra equation. Five leading indicators. And five big ideas to rethink and reinvent downtowns that work better.

If you've enjoyed this, you may enjoy:

- [A Vision for the Future](#), our first article in the Work Better Series
- [The F-Word @Work: Flexibility](#), our second article in the series
- The Work Better Project page on LinkedIn, <https://www.linkedin.com/company/work-better-project/>
- And fer cryin' out loud, join the International Downtown Association. Their Knowledge Center is on track to be the best in the world, with in-depth case studies, resource guides, templates, and solutions.



Thank You

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Liz Farmer. Award winning journalist and all around government finance rock star. Every local or state government official is putting themselves needlessly in peril if they don't read Liz's Long Story Short.

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Kevin Milligan. The come-out-of-nowhere tax explainer and implication-drawer who offered prompt and generous insights about how tax and policy structure can bend the future of downtowns from "bleak" to "favorable."



⁰¹ The Economist named "TWaT Cities" one of its words of the year for 2023. TWaT is an acronym for Tuesdays, Wednesdays, and Thursdays.

⁰⁵ We use the term "downtown" but you can call them central business districts or commercial business districts or "CBDs." Dealer's choice.

⁰⁹ Local Lodging Taxes During and After the Pandemic, Tom Hazinski and Justin Marlowe, October 15, 2022.

¹³ "They called it home: A brief History of the Greenbush," accessed April 05, 2023

⁰² Average office occupancy is 48.4% across ten major U.S. cities according to the Kastle Back to Work Barometer, March 27, 2023

⁰⁶ Remote Work During COVID-19: What Can it Tell Us About the Future of Work?, Liz Farmer, Rockefeller Institute of Government, September 2022

¹⁰ "Tourism and Major Events Continue to Lead Midsummer Loop Activity," Chicago Loop Alliance, July, 2022.

¹⁴ This isn't always cheap, but done well, it can heal a community. See: "The economics of Highway Removal" by Liz Farmer.

⁰³ (Did you hear a collective "Gulp" from the commercial real estate sector?) Data from Dr. Charlie Grantham and Professor Scott Galloway, NYU.

⁰⁷ "Five Key Economic Trend and the Critical Questions They Raise for Philadelphia," Pew, June 22, 2022.

¹¹ "12 Strategies That Will Transform Your City's Downtown," John Karras, UrbanScale blog, accessed April 05, 2023

¹⁵ Rick Cole, "An Historic Opportunity to Reunify the Heart of Pasadena," Pasadena Now, March 27, 2023

⁰⁴ "Downtown to Remote Workers: Plz Come Back," Morning Brew, April 03, 2023

⁰⁸ Work Trips, Vacations, and Tax Revenue, Liz Farmer, Feb 24, 2023

¹² "Building Breakout Cities" by CityAge and the Ewing Marion Kauffman Foundation, accessed April 04, 2023

FOR MORE INFORMATION



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