



# The Value of U.S. Downtowns: Informing the Downtown Vitality Index

Thursday, March 21 | 8:30am – 10:00am (Arial, 18)

Speakers:

**David Dixon, FAIA**, Vice President of Planning and Urban Design Leader, Stantec's Urban Places (Boston, MA)

**Kristopher Larson, AICP**, President & CEO, Hollywood Entertainment District (Los Angeles, CA)



#WCUDF19

please  
silence your  
mobile  
phones



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#WCUDF19

## *No city or region can succeed without a strong downtown.*

### Value of Downtown:

- Value of Investing in Canadian Downtowns
- Value of U.S. Downtowns and Center Cities

### Project Goals:

ENABLE  
ARTICULATION OF  
DOWNTOWN'S  
**IMPORTANCE AND  
VALUE TO A RANGE  
OF STAKEHOLDERS.**

CREATE A USEFUL  
SET OF TOOLS  
FOR **REPLICABLE,  
DATA-DRIVEN  
MEASUREMENT**  
OF VALUE.

DEFINE A  
**BASELINE FOR  
ASSESSMENT**  
OF PROGRESS  
AND PEER  
COMPARISON.

# The Value of Downtowns





Where we  
create real  
estate  
value



**Where we  
establish our  
identity**



**Where we  
transact  
business**



Where we  
shop

milestones  
GRILL + BAR

CINEPLEX

WINNERS

adidas

SHOPPERS  
DRUG MART

GoodLife FITNESS

SEPHORA  
Loves  
Toronto

JACK ASTOR'S  
Bar and Grill

WINNERS

COMBINATION

CINEPLEX

milestones  
GRILL + BAR

Yonge st

Yonge st

WINNERS  
OPENING  
AUGUST 11, 2016

MEET YOU HERE

OPENING  
AUGUST 28

WINNERS

MEET YOU HERE



Where we  
create ideas





Where we  
make things

Where we  
connect





Where we eat



Where we  
socialize

Where we  
relax



Where we  
celebrate



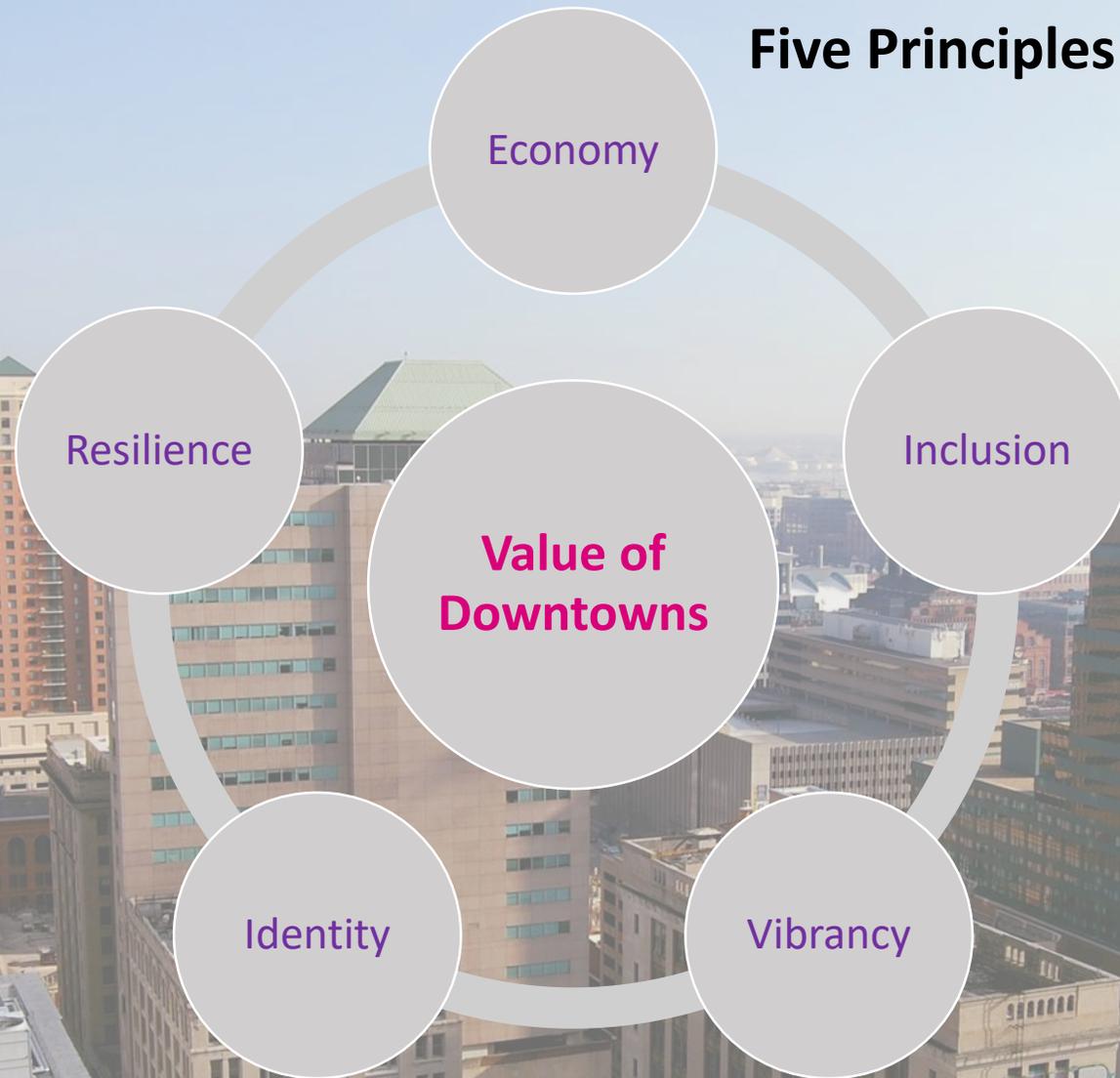
# Where we debate



Where we  
interact  
together



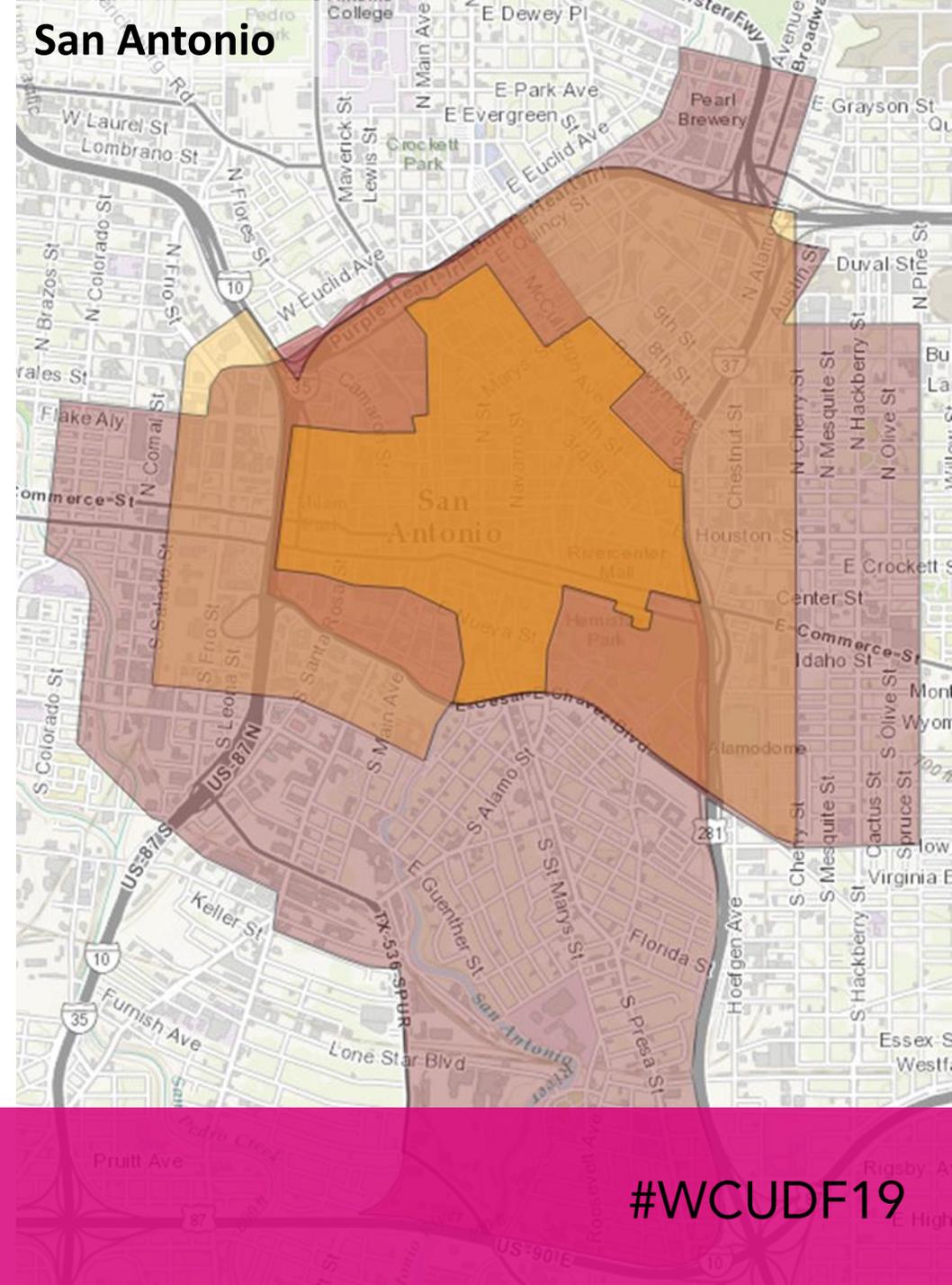
# Five Principles of Downtown Value



# Defining Downtown Boundaries

-  Public Improvement District
-  Central Business District (Census Definition)
-  Central Business District (COSA Definition)
-  Greater Downtown

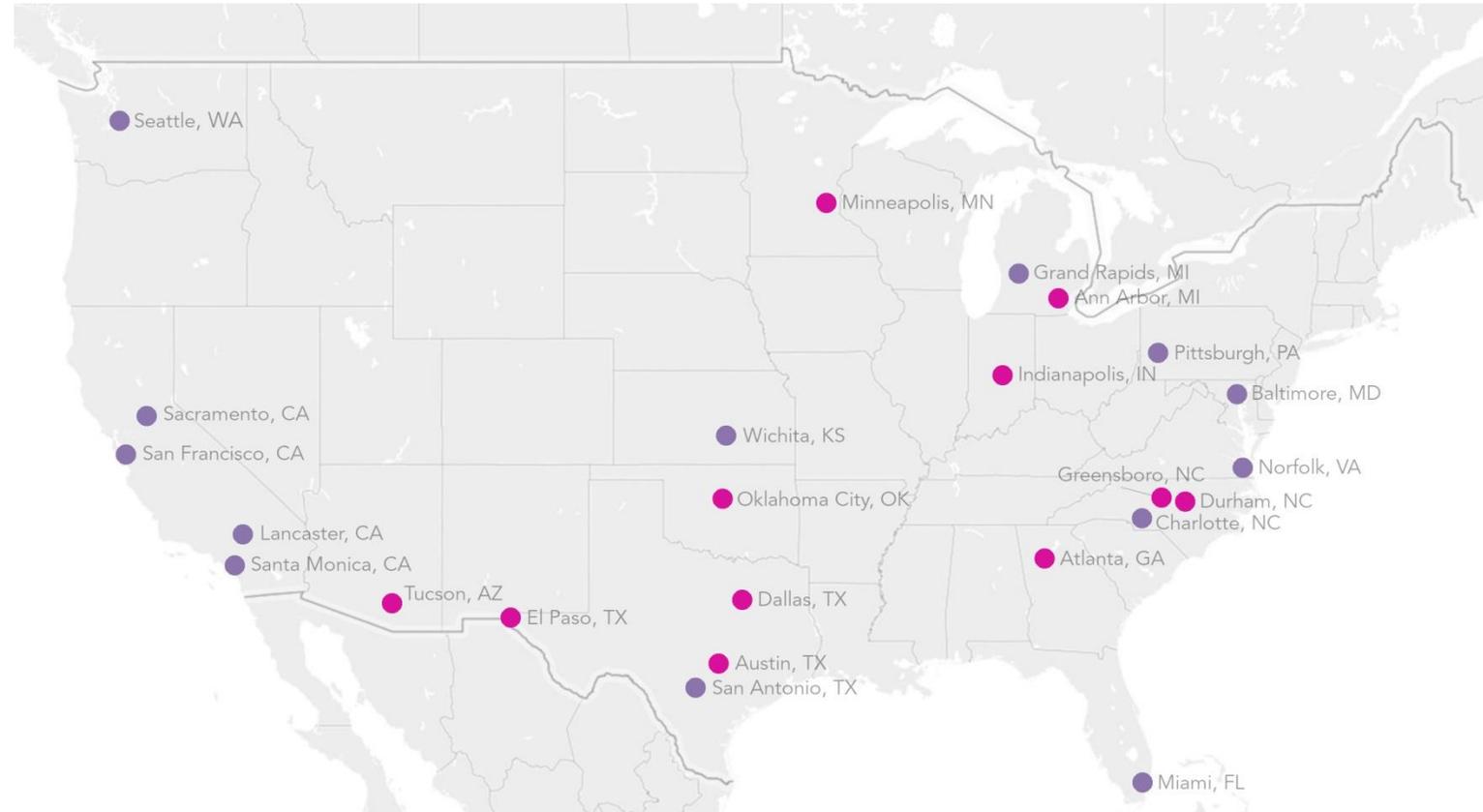
## San Antonio





# Value of U.S. Downtowns and Center Cities – Year 2

- 24 downtown organizations total



## The Value of U.S. Downtowns and Center Cities

AN IDA PILOT STUDY CALCULATING THE VALUE OF DOWNTOWN

A PUBLICATION CREATED BY  
THE INTERNATIONAL DOWNTOWN ASSOCIATION





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# Outcomes from 2017 Cohort

# Lancaster, CA



**A THRIVING ECONOMIC ENGINE**

The BLVD adds to Lancaster's economic success. With only 1% of the land area, **The BLVD provides 5% of retail sales and 9% of all jobs in Lancaster.**

**EMPLOYMENT UP 8%**  
in Downtown

**\$23 MILLION IN**  
Average Gross Sales since 2014

**SALES UP 47%**  
since PBID inception

**BLVD 2.0** Well-known brands and entertainment venues draw new customers and complement small business.

- Residence Inn by Marriott
- Don Sal Mexican Cantina
- Starbucks
- Buckle & Boots Watering Hole
- Regency Theatres
- And more to come

**COMMUNITY ENGAGEMENT** Frequent civic and seasonal events draw thousands Downtown, creating new opportunities. Public art projects such as POW! WOW! bring new business to BLVD merchants.

**BUILDING OUR BRAND** Two million people annually are reached via our public relations program designed to influence key audiences. Social media plays an important role.

**7 MILLION** Facebook impressions

**13,520** Facebook followers, a 98% increase since 2015

[theblvdlanaster.com](http://theblvdlanaster.com)

- Empowered to tell data-driven stories:
  - To the public and key stakeholders
  - To UPMO board
  - For BID renewal

# Grand Rapids, MI



- Strengthened intergovernmental relationships
- Data makes the case for the strong 'ROI' of investment in downtown
- Factsheet for Downtown "at a glance"

## San Antonio, TX



- Data shared widely with property owners, parking investors, hospitals
- Useful in advocacy conversations with elected officials



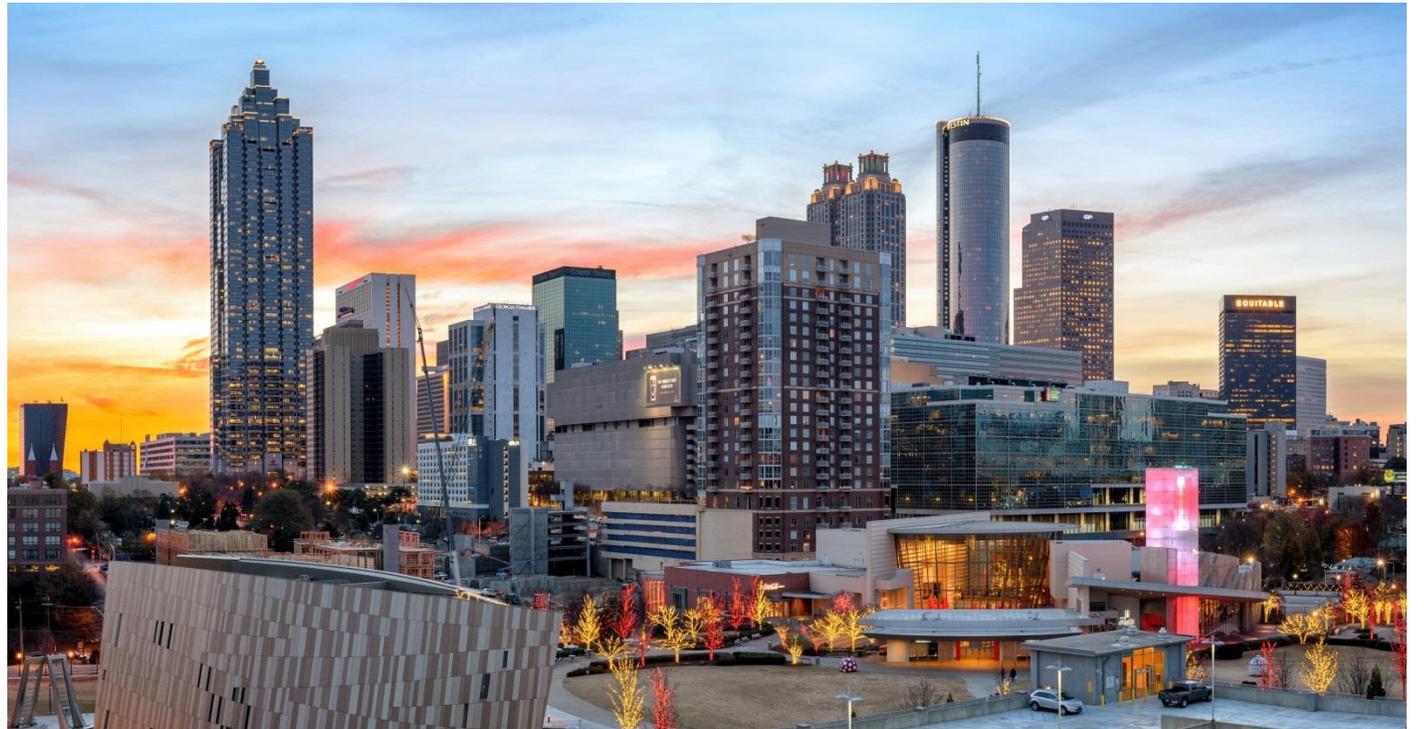
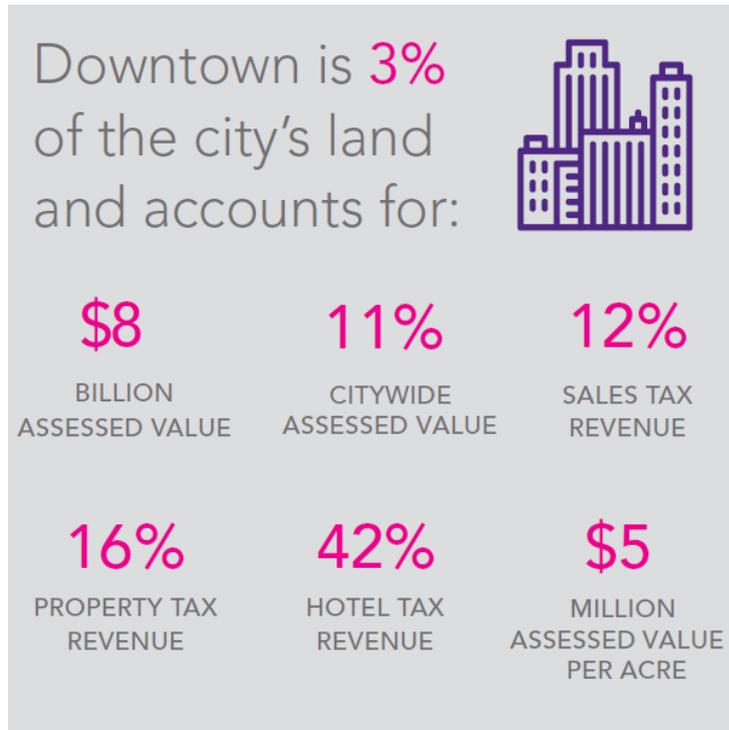


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# Trends from 24 Downtowns

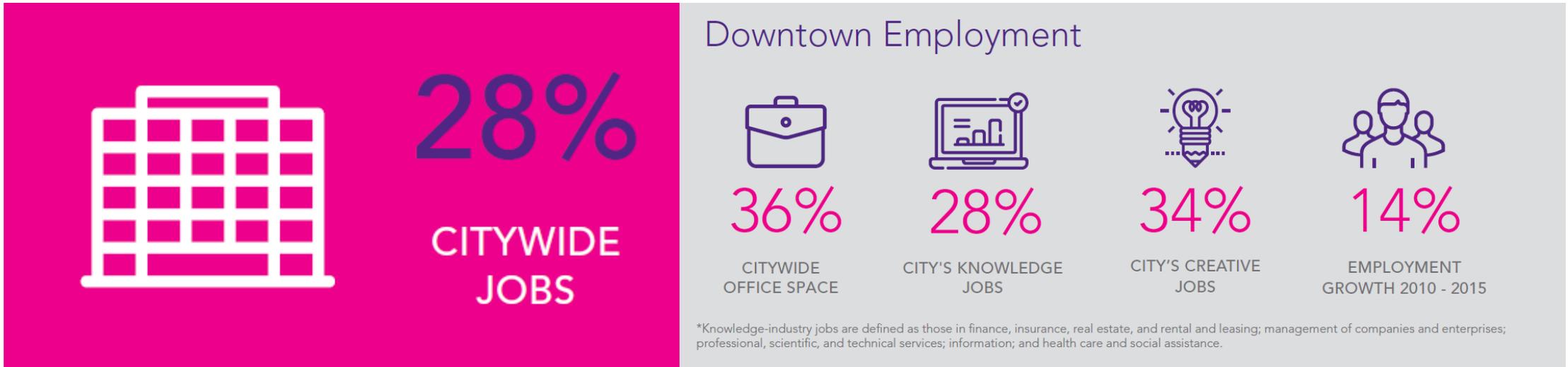
# ECONOMY

Downtowns make up a small share of their city's land area, but have substantial economic importance.



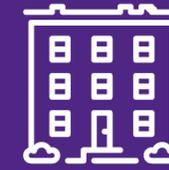
# ECONOMY

Downtowns and center cities are employment centers powered by a diverse cross-section of industries.



# INCLUSION

Great downtowns are inherently equitable because they enable a diverse range of users to access essential elements of urban life.



## Downtown Residential Averages

CITY'S POPULATION	5%
AVERAGE POPULATION GROWTH	22%
DOWNTOWN RESIDENTS WHO ARE NON-WHITE	37%
CITY'S MILLENNIAL RESIDENTS	11%
CITY'S FOREIGN-BORN RESIDENTS	3%
CITY'S MIDDLE-INCOME HOUSEHOLDS	18%
RESIDENTS WITH A BACHELOR'S DEGREE OR HIGHER	45%
RESIDENTIAL HOUSING UNIT GROWTH	39%

## VIBRANCY

The density of downtowns—of spending, users, institutions, businesses, and knowledge—allows them to support critical services and infrastructure, such as public parks, transportation services, affordable housing, or major retailers that can't function as successfully elsewhere in the region.

### RESIDENTS

12  
Residents  
Per Acre



### EMPLOYEES

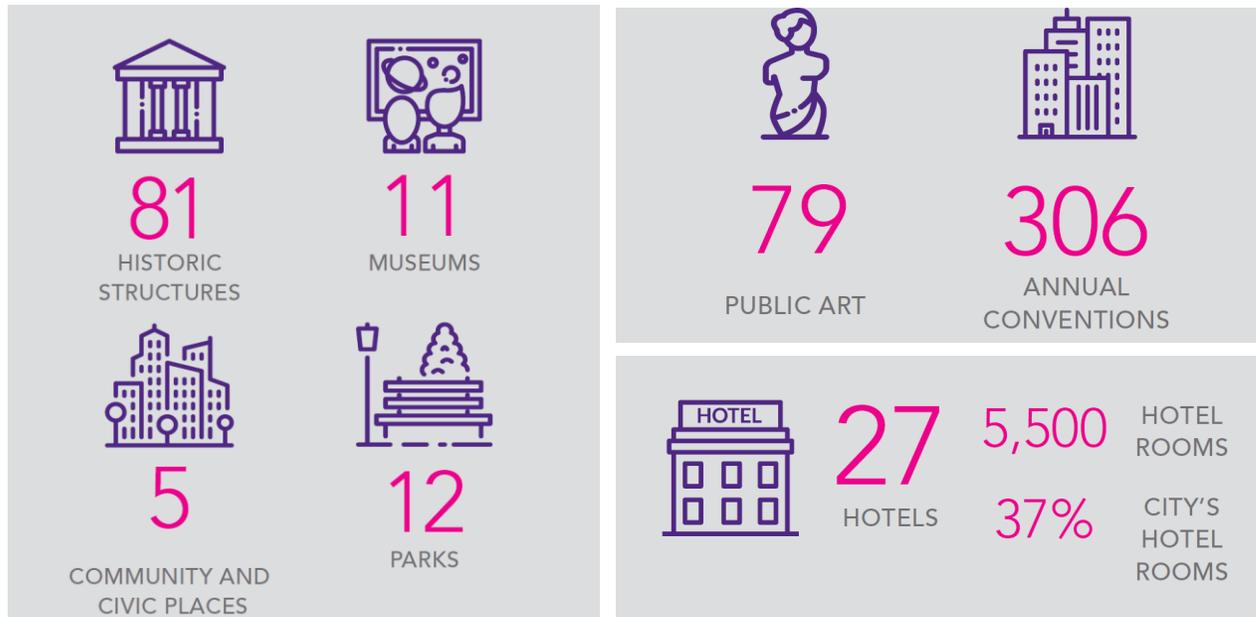
46  
Workers  
Per Acre



Downtown is 13% of citywide retail sales and 14% of retail and food and beverage businesses.

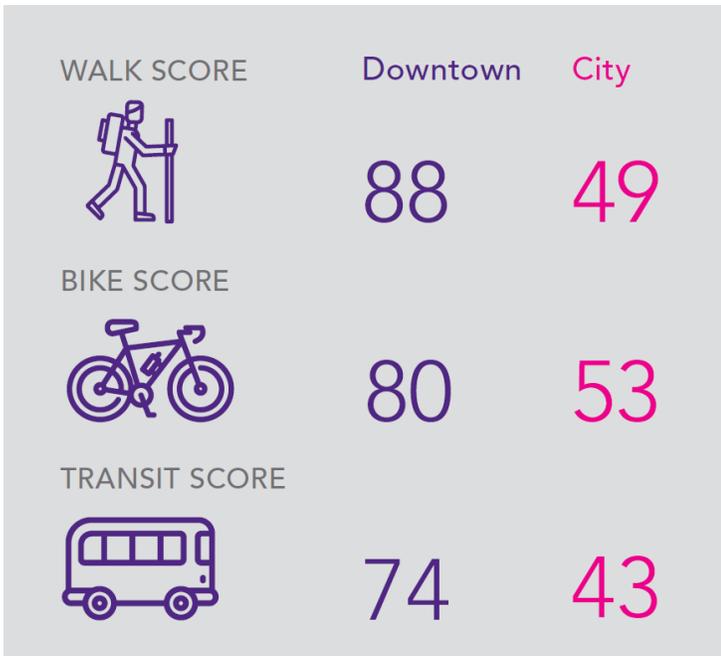
# IDENTITY

Combining community history and personal memory, a downtown's cultural value plays a central role in preserving and promoting the region's identity.



# RESILIENCE

Because of the diversity and density of resources and services, center cities and their inhabitants can better absorb economic, social, and environmental shocks and stresses than their surrounding cities and regions.



Non-Single Occupancy Vehicle  
Commuting



# DOWNTOWN TYPES

Three tiers of downtowns based on their relationship with the city

	Land Area (sq mi)	Assessed Value/Sq mile	% Citywide Jobs	% Citywide Knowledge Jobs	% Citywide Creative Jobs	% Citywide Population	% Citywide Millennials	% Citywide Hotel Rooms	Walk Score	Density (Residents/Acre)	District Pop Growth (2010 – 2016)	District Job Growth (2010-2015)
<b>Emerging</b>	2.71	\$ 1.98 B	17%	15%	23%	3%	5%	20%	82	6	19%	8%
<b>Growing</b>	3.70	\$ 4.25 B	30%	32%	38%	5%	13%	44%	91	13	41%	19%
<b>Established</b>	3.95	\$ 6.5 B	52%	62%	53%	14%	22%	57%	96	26	30%	16%



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# Vitality Index



# Purpose

The Vitality Index is a tool for urban place managers and the general public to objectively quantify and benchmark their district's strengths and weaknesses with peer cities based on the principles of economy, inclusion, vibrancy, identity, resilience (environmental, economic, social), and demonstrate change over time. These categories are built upon the research started with the Value of Downtowns project, and this Index will enable urban place managers to more easily communicate the impact of the vitality of their downtown to stakeholders and make comparisons to other similar urban districts.

# David Dixon FAIA . Stantec's Urban Places

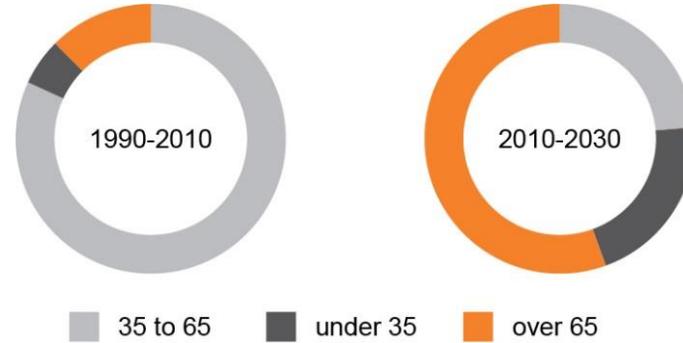
## The new norm 101:

- demographics
- knowledge economy
- disruptive changes

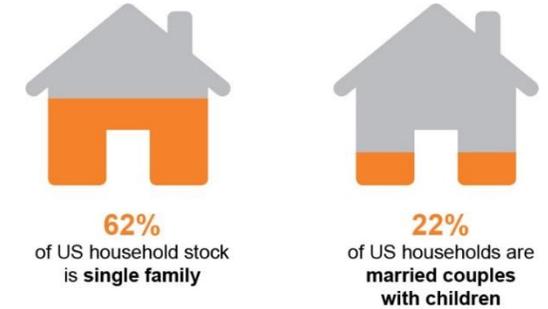
# AN URBAN OPPORTUNITY

shaped by two decades of unparalleled demographic change

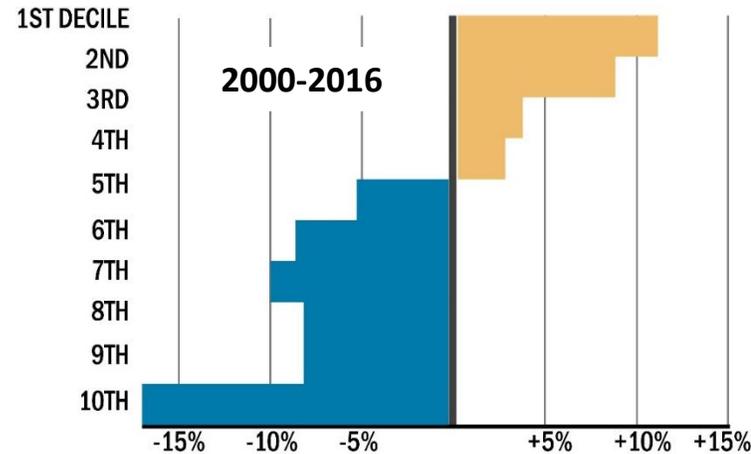
## The US is growing older and younger



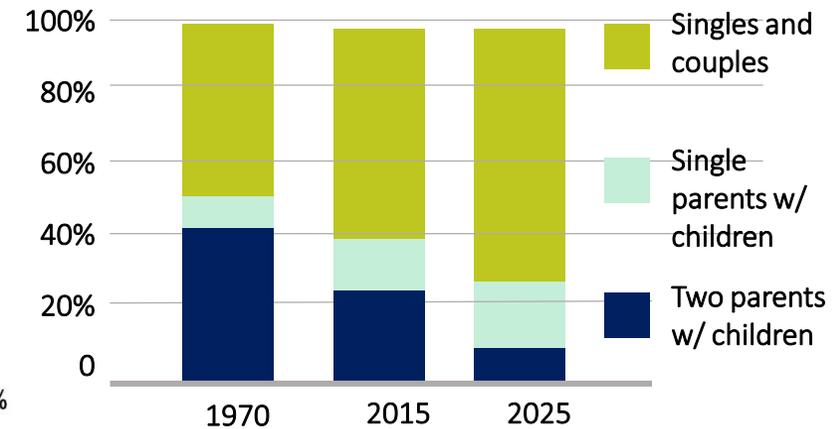
## The US is under-supplied with MF housing



## Higher income families moving to cities



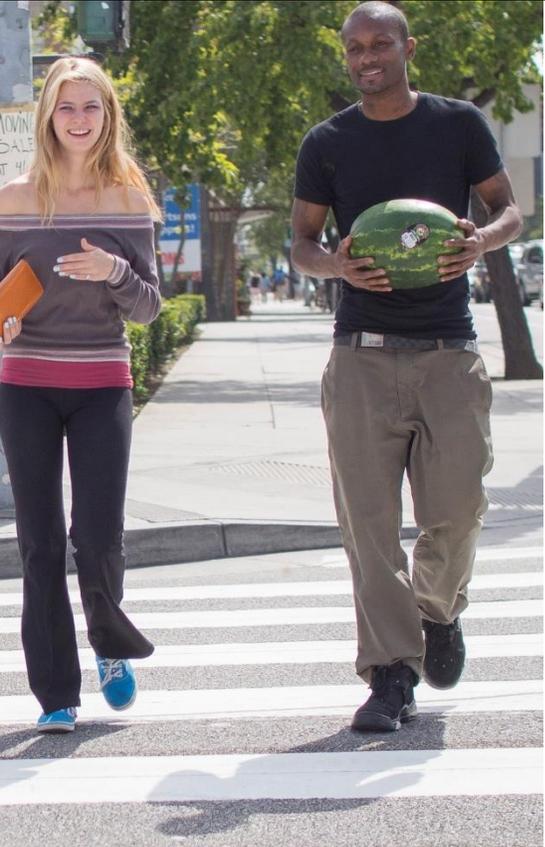
## Traditional single family market—two parents with kids—is shrinking



# Families with kids dominated US growth for decades



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



# The great mismatch: case study—Wellington FL—growing imbalance between housing supply and market demand

- 2010-23: share of Wellington's population...

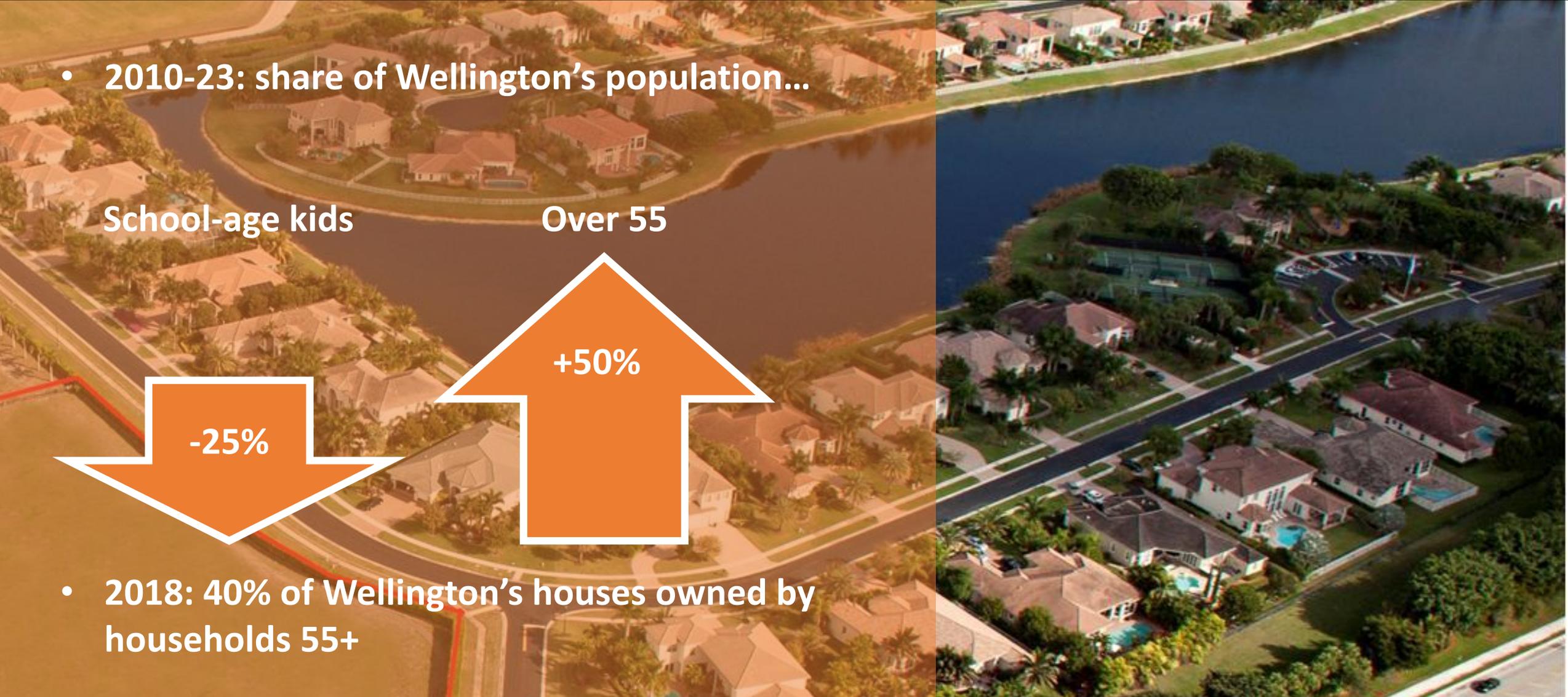
School-age kids

Over 55

-25%

+50%

- 2018: 40% of Wellington's houses owned by households 55+



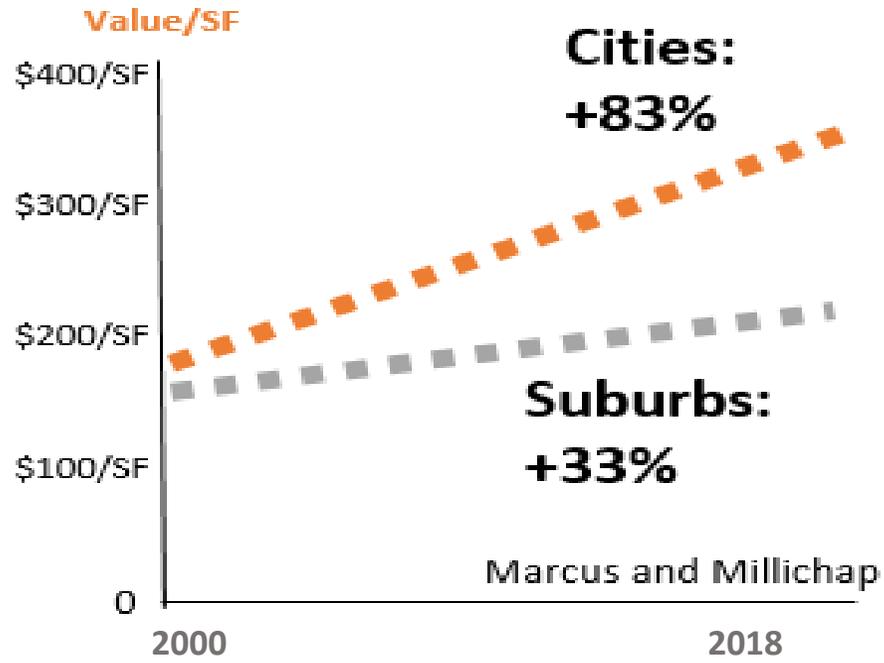
# Advertisements and popular culture reflect perceived values and norms



# Changing advertisements and popular culture reflect growing diversity

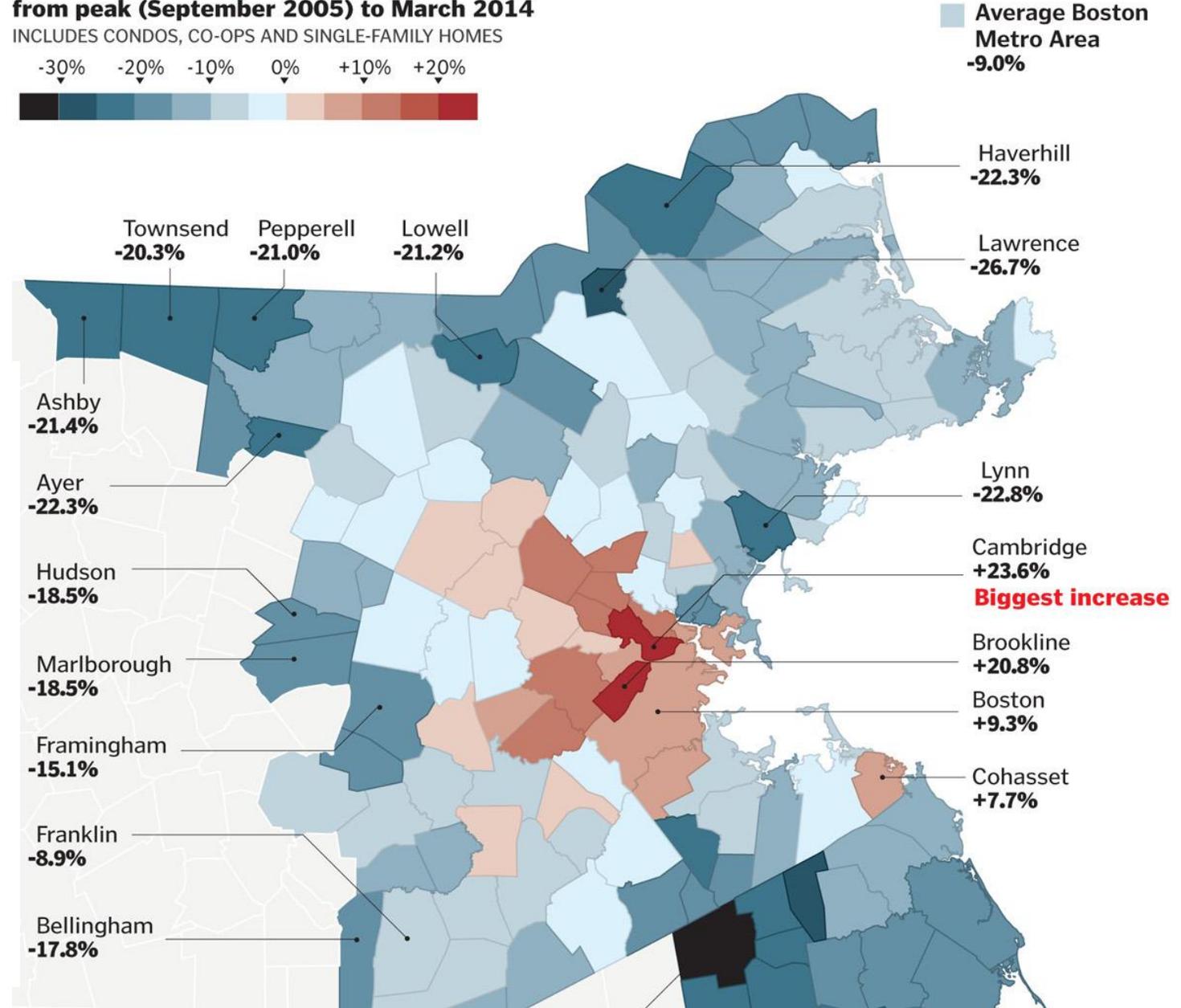
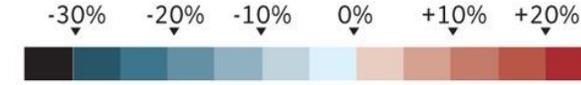


# Urban housing values rising faster



## Change in median home value in Boston Metropolitan Area from peak (September 2005) to March 2014

INCLUDES CONDOS, CO-OPS AND SINGLE-FAMILY HOMES



# NEW NORM 101:

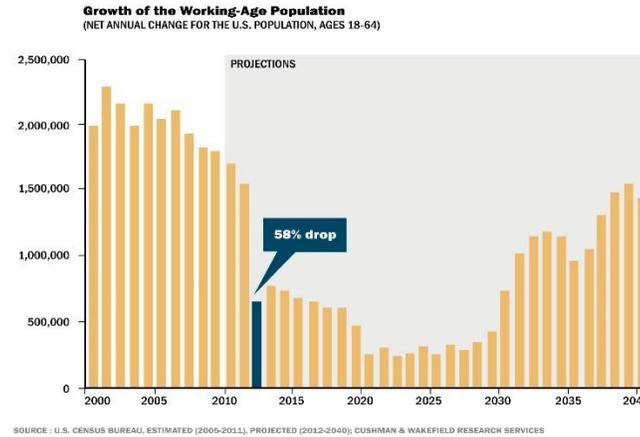
- DEMOGRAPHICS
- KNOWLEDGE ECONOMY



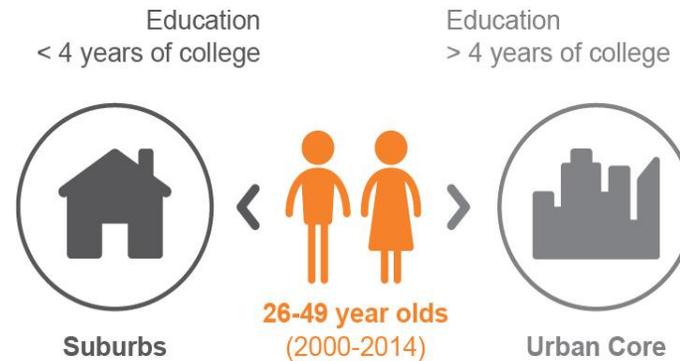
# AN URBAN IMPERATIVE

driven by a surging knowledge economy and growing knowledge worker shortage

## The US is adding fewer new workers

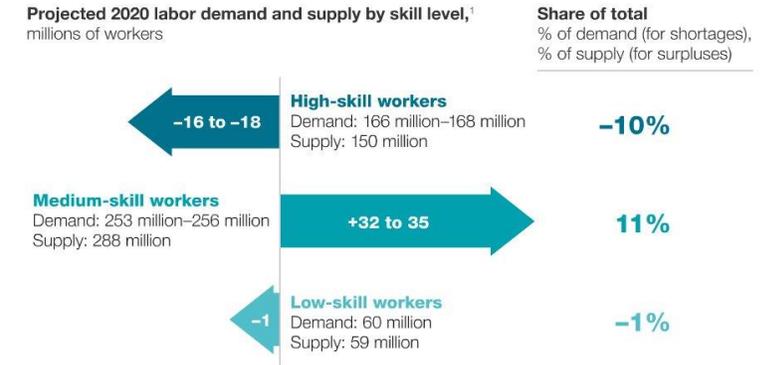


## College-educated 26 to 49-year-olds are moving to cities

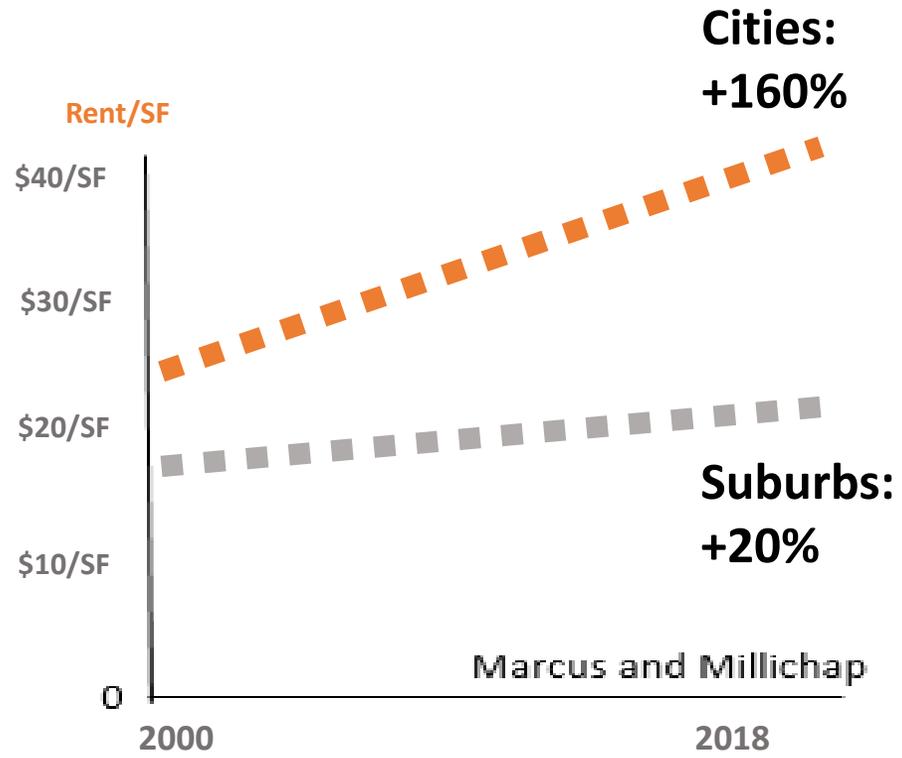


## Creating a knowledge worker shortage

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



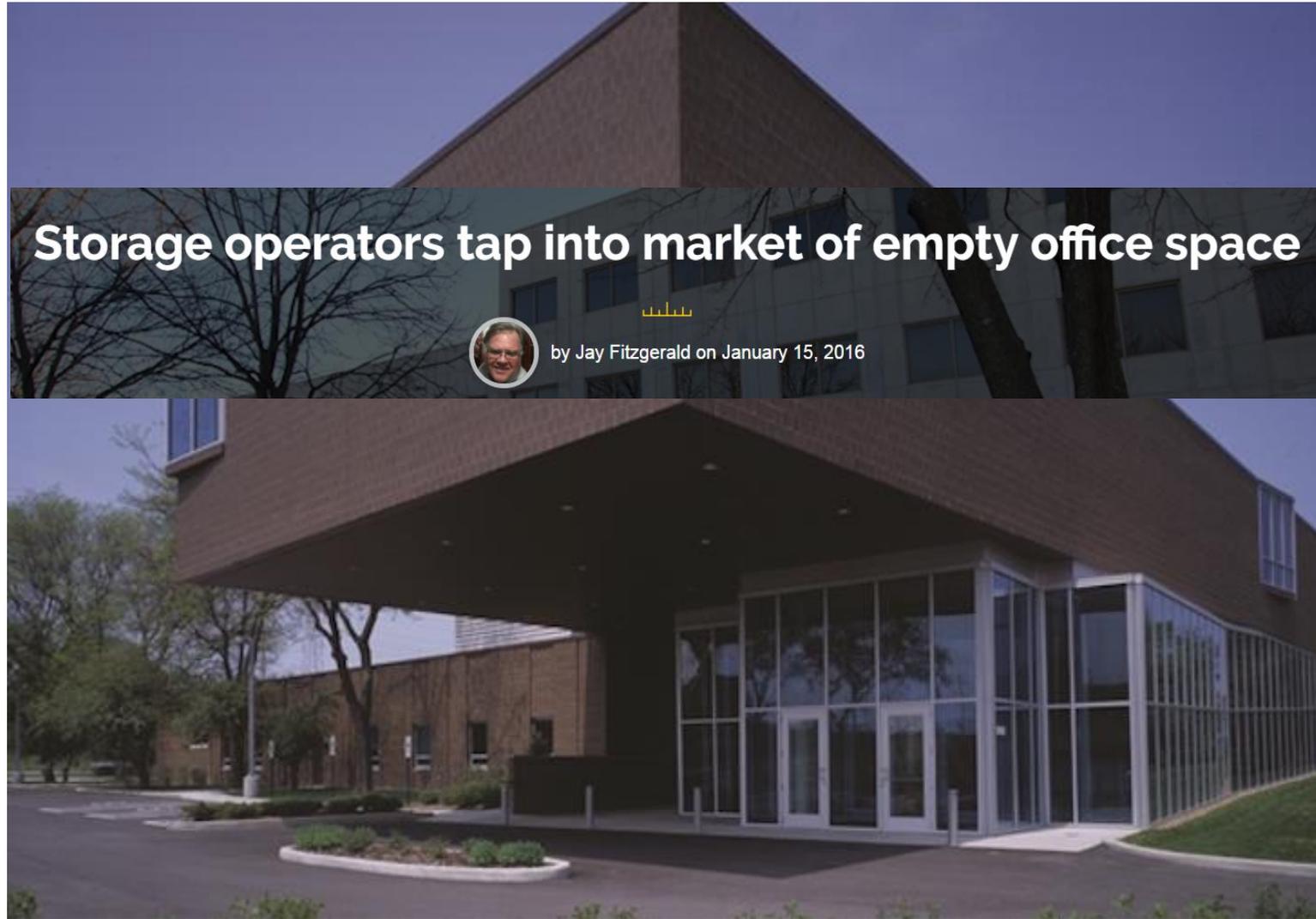
# Urban office rents rising faster



## Storage operators tap into market of empty office space



by Jay Fitzgerald on January 15, 2016



# NEW NORM 101:

- DEMOGRAPHICS
- KNOWLEDGE ECONOMY
- DISRUPTIVE CHANGES



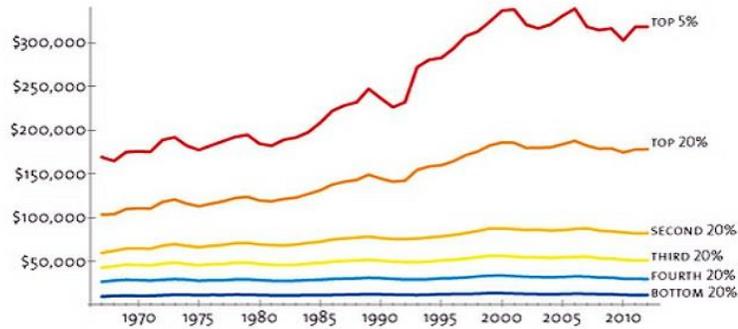


These trends are unfolding during a period of...

# 1) GROWING ECONOMIC DISPARITIES

## Income disparities are growing

Average Household Income, 1967-2012 in 2012 dollars, by percentile



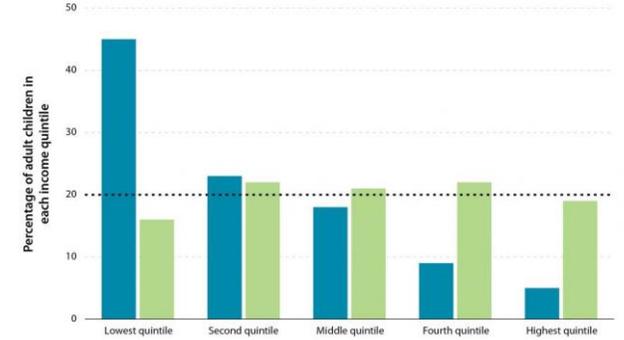
SOURCE: CENSUS BUREAU

Mother Jones

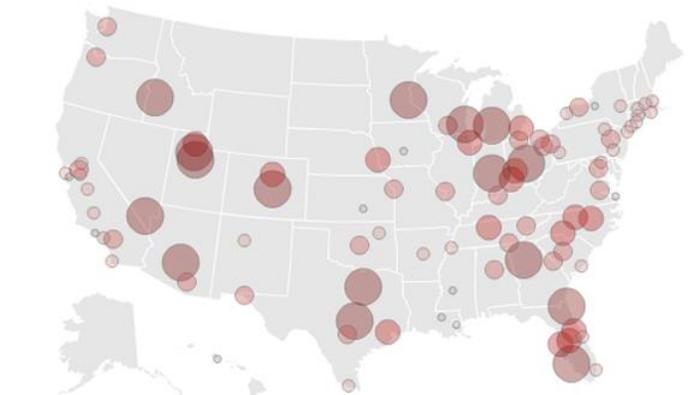
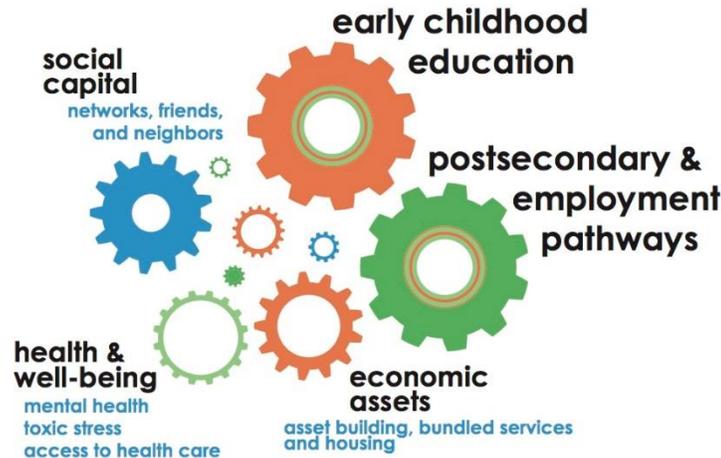
## Growth alone does not cure poverty

## Generational poverty persists

Income Quintile of Adults Born into Lowest-Quintile Families, by College Attainment  
Without a college degree, a child born into a poor family has little chance of breaking into the upper end of the income distribution.



## Poverty is moving to suburbs



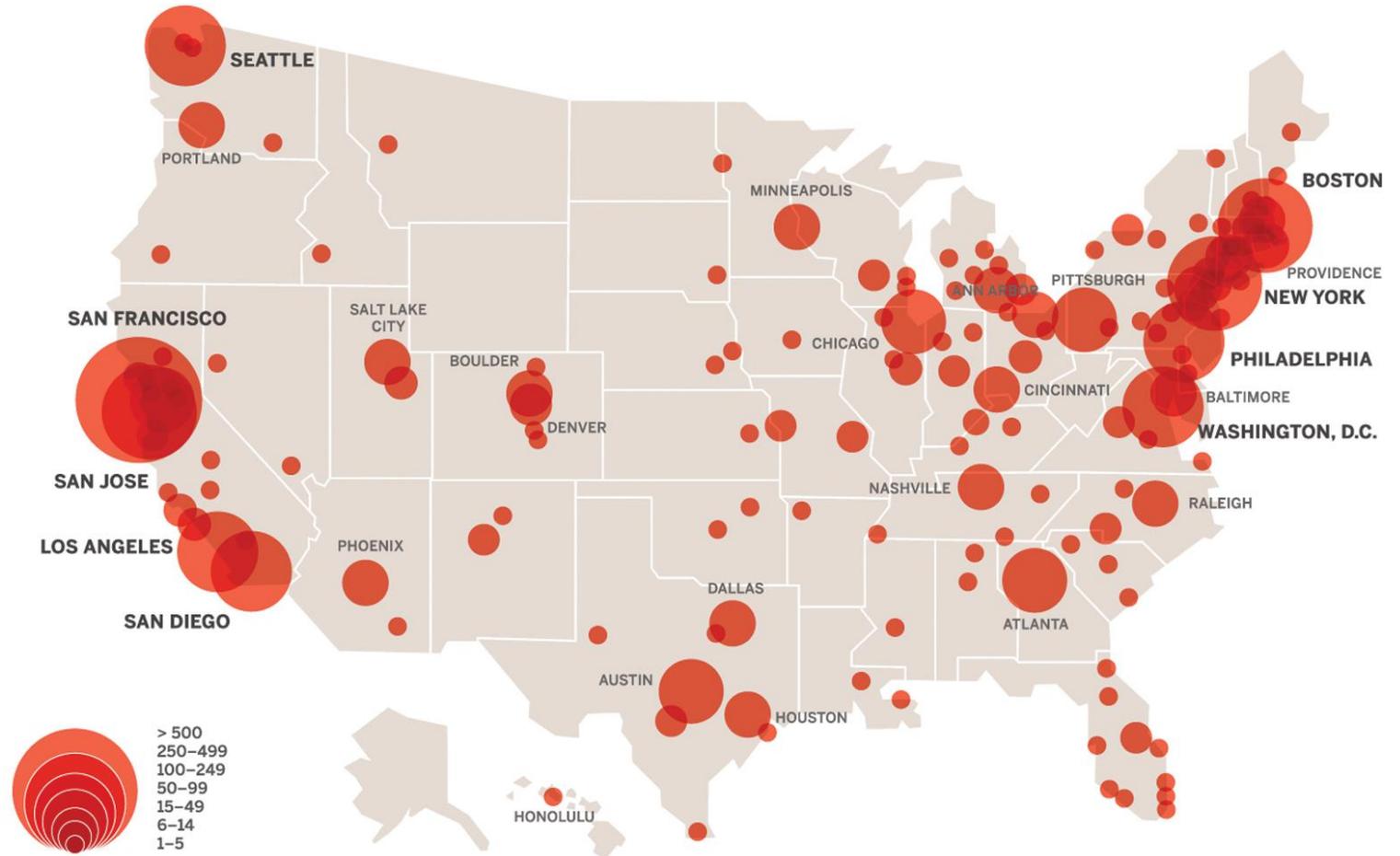
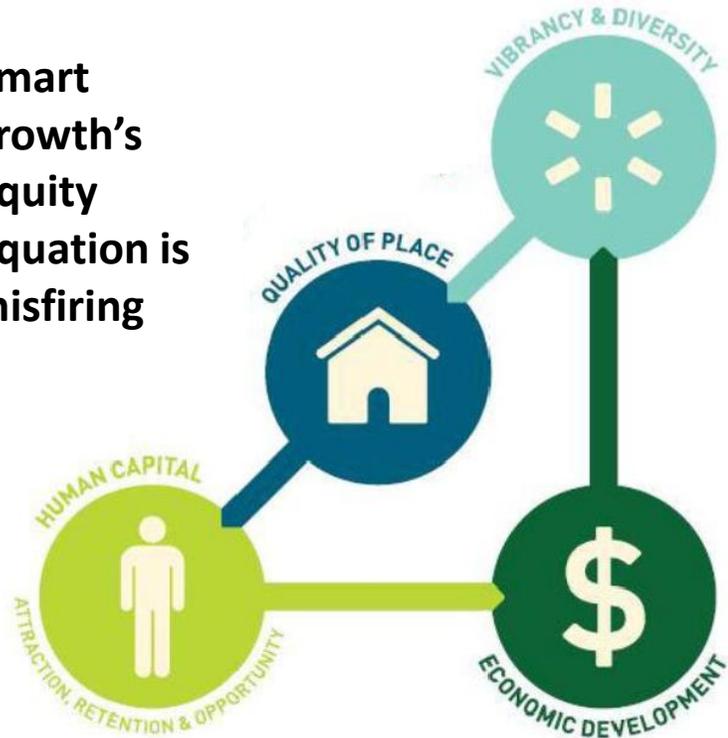
Circles sized according to change in suburban poor population:

> 100%   75% to 100%   50% to 75%   0% to 50%   No significant change

Source: U.S. Census

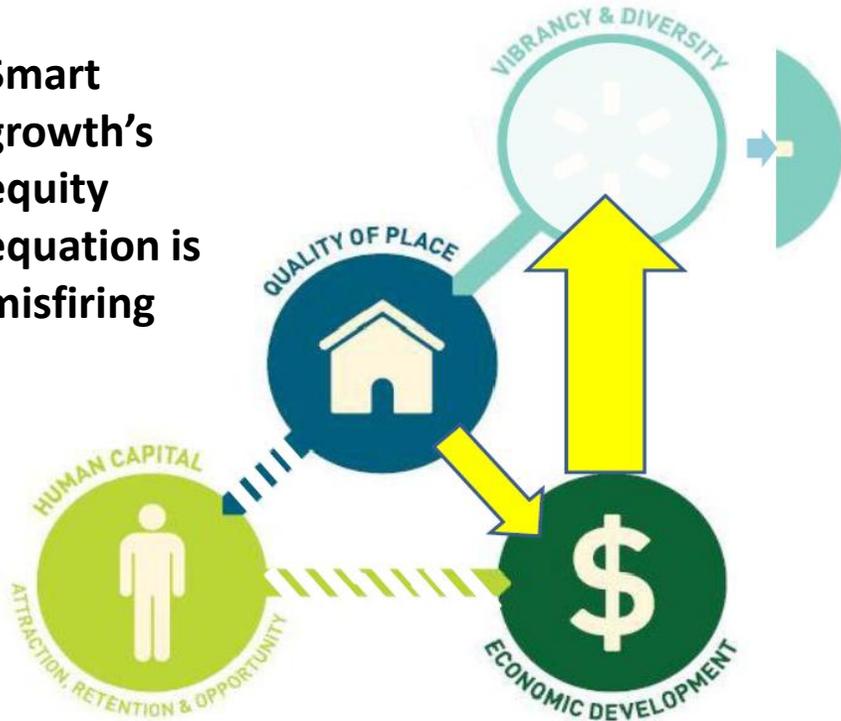
...urban success =  
**suburbanization of  
poverty**

Smart  
growth's  
equity  
equation is  
misfiring

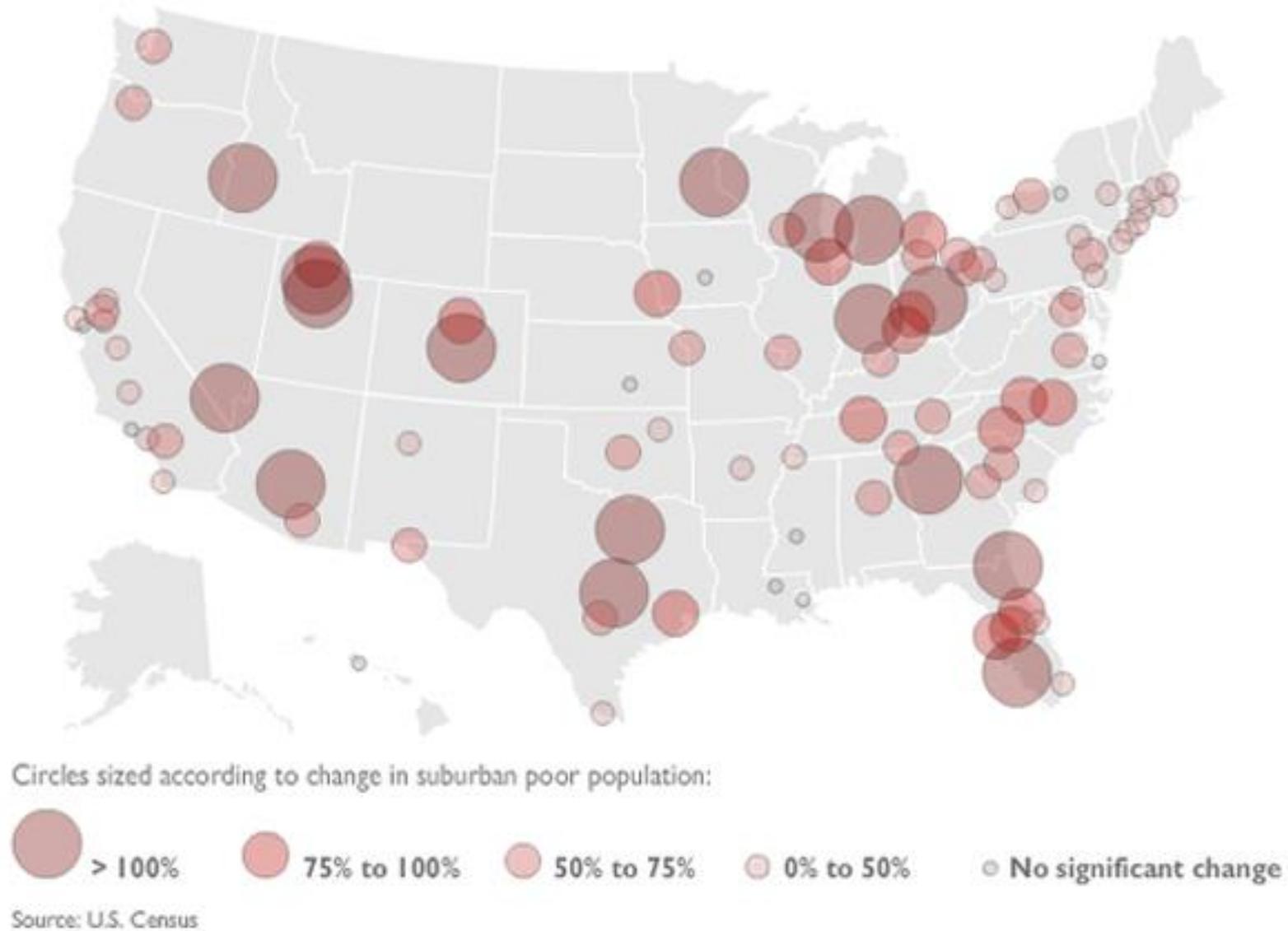


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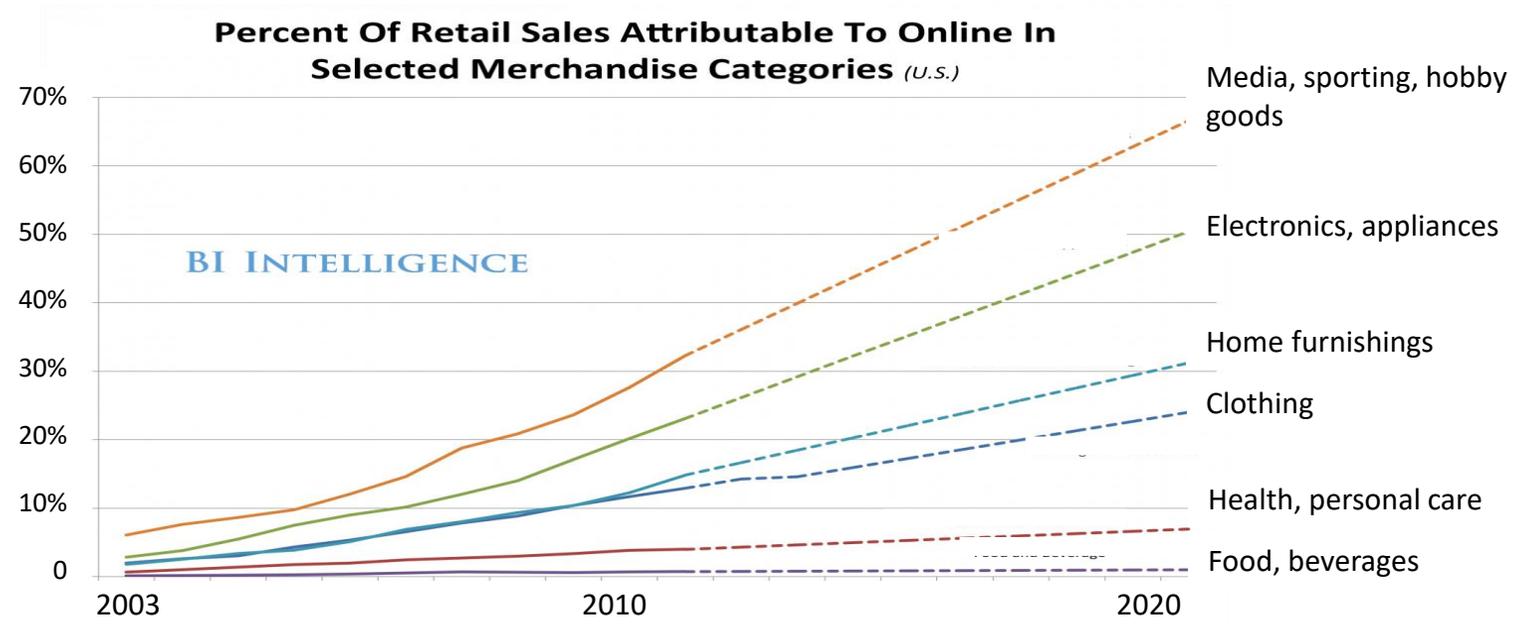
**Change in Suburban Poor Population in the Largest 95 Metro Areas**  
Percent change in suburban poor population from 2000 through 2010





# 2) DRAMATIC CHANGES TO RETAIL MARKETS: food and fun replacing shopping to animate streets

## Online share of retail sales



## Retail anchors hit are shrinking



Economist.com

## Retail rents dropping

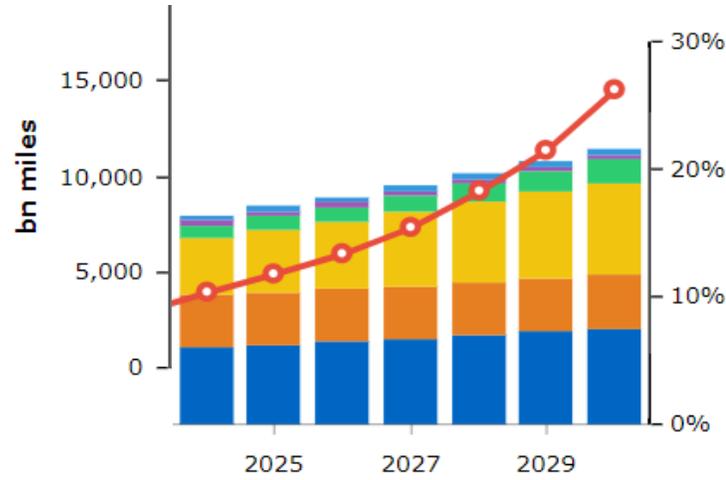
### THE WALL STREET JOURNAL.

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

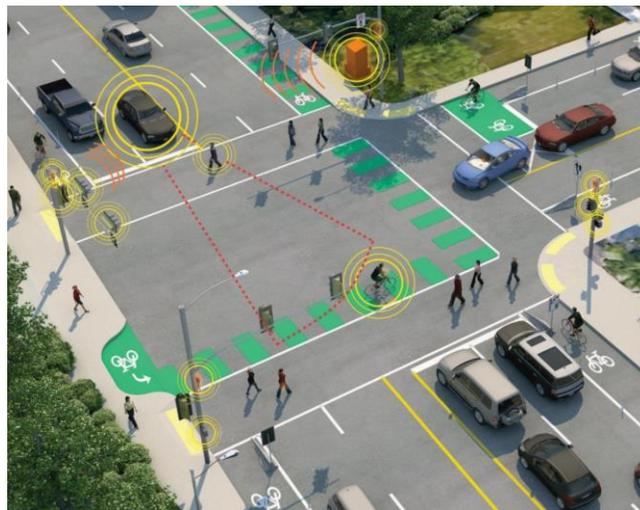
Landlords...once considered immune from downturns are having to adjust their lease pricing

**3) DRAMATIC TECHNOLOGICAL CHANGES:**  
 the autonomous mobility revolution will reshape communities

Shared CAVs will be mainstream



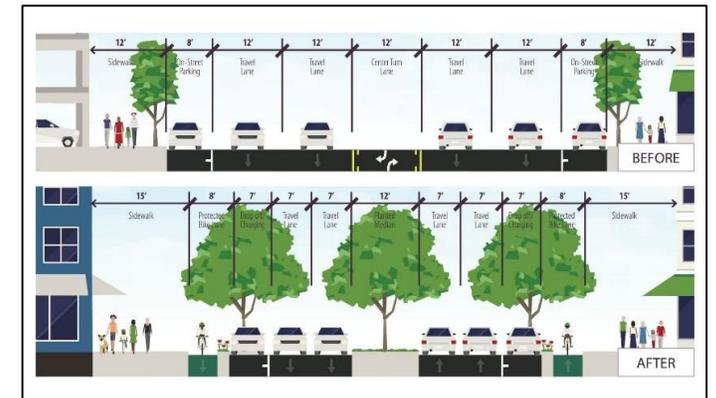
Start planning for CAV infrastructure



Unlocking a new era of downtown density



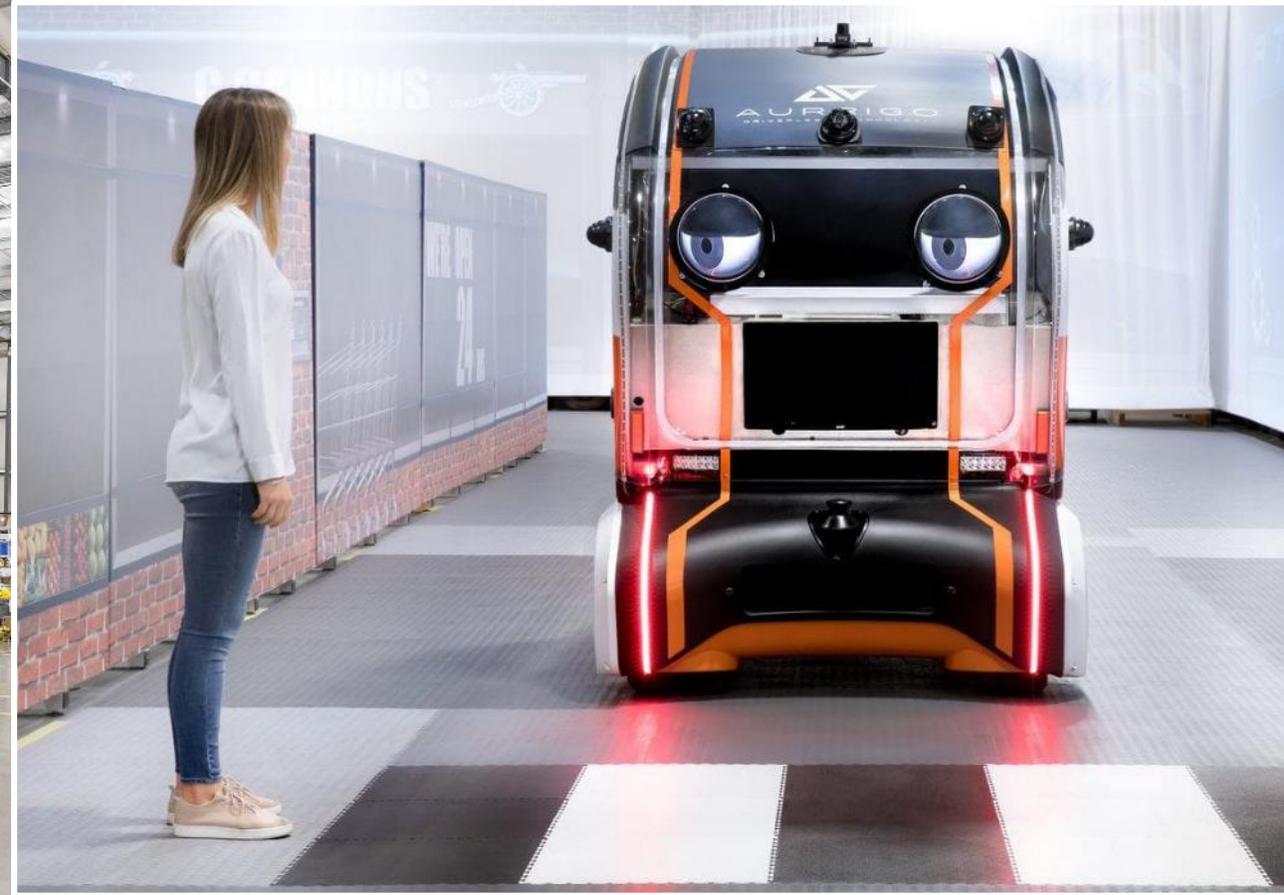
...and reclaiming streets for people

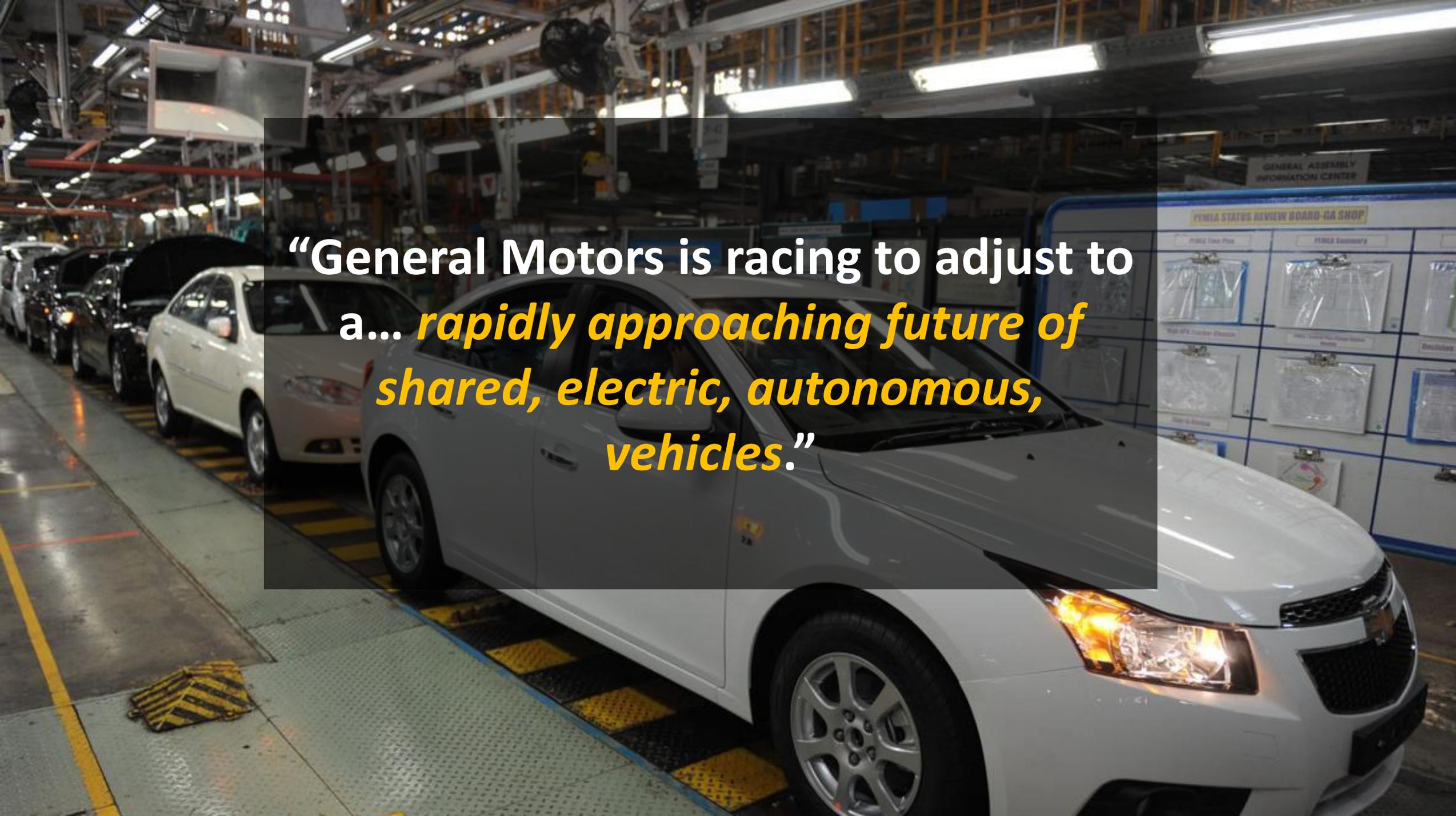


The story in traditional suburbia will be about  
personal autonomous vehicles



# The story in urban cores will be about shared autonomous vehicles (SAVs)



A white Chevrolet Cruze is shown on an assembly line in a factory. The car is positioned on a yellow and black striped platform. In the background, other cars are visible on the line, and there are signs for "GENERAL ASSEMBLY INFORMATION CENTER" and "FYMIA STATUS REVIEW BOARD-CA SHOP".

“General Motors is racing to adjust to a... *rapidly approaching future of shared, electric, autonomous, vehicles.*”



**Discussion – We want to hear from you!**

**What makes a vital downtown?**

# What makes a vital downtown? (and how do we measure it?)



Metric	Definition	Explanation	Scoring	Source
<b>ECONOMY</b>	Downtowns and center cities make up a small share of their city's land area, but have substantial regional economic significance.			
<b>Percentage of Citywide jobs located Downtown</b>	How much of the city's employment is located in downtown.	This metric demonstrates how significant downtown is as an economic driver for the region and indicates that downtown is a regional destination daily.	Higher is better	LEHD
<b>Change in Downtown Employment</b>	The percentage change in the total number of jobs downtown from 2010 to 2015.	A high growth rate indicates that downtown is a desirable location for employers and there is an increase in the number of opportunities for downtown and city residents.		LEHD
<b>Job Density</b>	Employees per square mile of downtown.	Density of workers is an indicator of a well-developed and bustling downtown.		LEHD
<b>Residential Educational Attainment</b>	Percent of the population with a bachelor's degree or higher.	A highly educated population and work force is attractive to prospective employers and entrepreneurs. It is also an indicator of economic resilience and opportunity.		ACS
<b>Assessed Value Per Square Mile</b>	The assessed value is the estimated market value of a property, which forms the basis of calculating the tax bill. The assessed value per square mile normalizes the land values against the different sizes of downtowns.	As demand for property downtown increases, values increase which point to a higher level of investment in the downtown.		Local data
<b>Tax Impact</b>	Which tax impact to choose? Some states don't have a particular type of tax, and others don't have access to this data consistently)	Downtowns generate significant tax revenue while only making up a small amount of the city's footprint.		Local data

INCLUSION	Downtowns invite and welcome all residents of the region (as well as visitors from elsewhere) by providing access to opportunity, essential services, culture, recreation, entertainment, and participation in civic activities.			
Metric	Definition	Explanation	Scoring	Source
Residential Population Growth	The percentage change in the total number of residents downtown from 2010 – 2017.	A growing population indicates that downtown is attracting new residents and represents a desirable place to live	Higher is better	ACS
Population Density	The number of residents per acre (or sq mile?)	Density of residential population is an indicator of a well-developed and bustling downtown.		ACS
Middle Income Households	The percentage of downtown households with an income 67% - 200% of regional AMI	If a downtown has a high percentage of its population in the middle class it indicates healthy economic opportunity.		ACS
Attainable Middle-Income Housing	The percentage of downtown housing that is valued between 67% - 200% of regional median home value	The availability of middle-income housing means that downtown residents are able to own a home within their means.		ACS
Attainable Middle-Income Rent	The percentage of downtown rental units that cost between 67% - 200% of regional median gross rent	Many downtowns have more rental units than owner-occupied properties. The availability of middle-income rental units means that downtown residents are able to reasonably afford rental housing.		ACS
Affordable Housing	The number of publicly subsidized affordable housing units downtown	More affordable housing suggests the downtown is actively making an effort to be inclusive to lower incomes.		Local data
Diversity Index	Probability that two randomly selected people downtown are of a different race and ethnicity	Downtowns are home to people from all walks of life Diversity demonstrates that downtown is for all types of people.  ( <a href="https://www.esri.com/library/whitepapers/pdfs/diversity-index-methodology.pdf">https://www.esri.com/library/whitepapers/pdfs/diversity-index-methodology.pdf</a> )		ESRI
Unemployment Rate	The percentage of residents who are in the labor force but currently unemployed	A low unemployment rate means that downtown residents are able to access economic opportunity.	Lower is better	ACS

<b>VIBRANCY</b>	Due to their expansive base of users, downtowns can support a variety of unique retail, infrastructural, and institutional uses.			
Metric	Definition	Explanation	Scoring	Source
<b>% of Citywide Retail Sales</b>	How much of the city’s retail business occurs downtown.	This metric indicates to what extent downtown is a regional hub for shopping and dining.	Higher is better	ESRI
<b>Retail and F&amp;B Density</b>	The number of retail and F&B businesses per square mile	A downtown with a dense fabric of retail and food and beverage destinations is more likely to attract residents, workers, and visitors.		
<b>Retail Vacancy Rate</b>	Percentage of vacant retail space downtown	A low retail vacancy rate indicates that downtown has a strong and stable local economy.	Lower is better	Local data
<b>New construction</b>	Sq ft of commercial projects delivered in previous year	New development is an indicator of a strong economy that attracts investment.	Higher is better	Local data
<b>Developments in the pipeline</b>	Sq ft of commercial projects under construction (and planned?) in previous year	Continued investment in future developments is a strong sign of a vibrant downtown now and in the future.		Local data
<b>% of jobs in small businesses</b>	The percentage of downtown jobs that are in businesses with less than 10 employees.	A high number of small businesses points to a diversity of firms that contribute to the vibrancy of the downtown.		LEHD
<b>Total Downtown Events Attendance</b>	Event attendance in downtown at event venues.	Events are a big part of what attracts people to the downtown area. This metric should give some indication of the amount of activity in downtown.		Local data

IDENTITY	Downtowns preserve the heritage of a place, provide a common point of physical connection for regional residents, and contribute positively to the brand of the regions they represent.			
Metric	Definition	Explanation	Scoring	Source
Number of Museums	Number of museums within the downtown area	Icons, history, and landmarks unique to a downtown create a sense of identity.	Higher is better	Local data
Visitor Origin - International	Visitors visiting from outside the US.	Towns without a wide-reaching reputation and identity are not tourist hotspots internationally. This study interprets international visitors as proof of identity.		Local data
Sports Stadiums	Number of sports stadiums in downtown.	Sports stadiums are huge drivers of traffic and bring massive crowds to downtown. A sports team can also be a major part of the downtown’s identity.		Local data
Event Venues	Number of event venues that are typically used for public events such as conferences, conventions, concerts with a capacity over 50 people	Major event venues are a core part of a downtown’s identity, especially if certain venues become associated with large events.		Local data
Number of Social Media Mentions	Number of posts using the downtown organization hashtag	Social media recognition, particularly “Instagrammable” spaces are becoming more and more iconic places of a city and downtown.		Local data
Downtown Master Plan	Is there a downtown master plan?	A downtown master plan is evidence of a vision and united idea for what downtown should be in the future.		

<b>RESILIENCE</b>	Because of the diversity and density of resources and services, downtowns and their inhabitants can better absorb economic, social, and environmental shocks and stresses.			
Metric	Definition	Explanation	Scoring	Source
<b>Parks</b>	Acreage of parks per capita	Access to parks is critical not only as valuable green space in a typically built-up downtown area, but also as third places, opportunities for civic engagement, and destinations for healthy exercise.	Higher is better	Local data
<b>WalkScore</b>	WalkScore from WalkScore.com	A more walkable downtown means that downtowns amenities are accessible to all, and residents do not need to be car-dependent to access jobs, schools, and other activities.		WalkScore
<b>Downtown non-SOV Commute</b>	Non single occupancy vehicle commuters.	Access to downtown and mobility are highly important for creating a vital downtown.		ACS
<b>Energy Consumption</b>	How much energy downtown consumes.	Power consumption and dependence could greatly impact how well downtown can absorb shocks.	Lower is better	US Dept of Energy (by zip code only)
<b>% of Residents in Poverty</b>	Percent of the population that is in poverty.	A lower percentage of residents in poverty means that residents are able to better recover from an economic shock (e.g. financial crash or natural disaster).		ACS
<b>% of residents who are rent burdened</b>	The percentage of downtown residents who pay more than 30% of their income to rent.	Even if a resident is not in poverty, if they are rent-burdened, they are less economically and socially resilient should there be an economic shock.		ACS

**GOVERNANCE** A vital downtown is led by place management professionals who connect all the stakeholders, bridging the gap between public and private.

Metric	Definition	Explanation	Scoring	Source
Urban Place Management Organization	Is there a downtown organization?	Downtown place management organizations work to make downtown more vital, the presence of one is a boost to vitality.	Yes/no	Local data
Downtown Master Plan	Is there a downtown master plan?	A downtown master plan is evidence of a vision and united idea for what downtown should be in the future.		Local data

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