



Downtown Economics

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Ideas for Increasing Economic Vitality in Community Business Districts

Why Downtowns will Shine After the Economic Storm

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While the depth and duration of the current recession is still uncertain, there are compelling reasons to be optimistic about downtown's ability to rebound after the recession. There are clear opportunities for downtowns to take advantage of consumer, economic, and environmental trends that will direct activity back to our central business districts. While downtowns are all different, their leaders should consider the following five opportunities as they prepare for recovery.

1. Downtowns are diversified, mixed-use places that are prepared to rebound.

Downtowns have always been multi-function places with housing, office, retail, and entertainment uses. Unlike shopping centers that have been developed for national retail chains (and are now experiencing vacancies), downtowns enjoy diversification in uses that allow one sector to rise while another declines.

Many downtowns have recession-proof draws. While high-priced restaurants and live theatre might be patronized less in a recession, farmers' markets and children's museums will still be on the list of local outings. Further, many downtowns focus on education, health care, and government services, which are more insulated from consumer spending swings.

Downtown housing continues to be an important component of the retail mix. While condo development and sales have slowed, the market for rental housing is strong in many markets. Long-term, demographic trends remain favorable for downtown living given the growing preference of both younger and older segments for urban, amenity-rich living.

2. Downtowns will benefit from a growing interest in supporting the local economy.

The best downtown merchants usually connect to the needs of the community by going beyond price to include service and renewed neighborhood-serving relationships not found in many box stores.

A downtown's unique business mix and architecture, and independent merchants' use of that style and their ability to do their own thing, creates an experience that chain stores struggle to match.

Meanwhile, with attention focused on the state of the economy, consumers are increasingly concerned about the wellbeing of their regions, communities, and neighbors. Many people believe that they can make a difference in their local economy by keeping their dollars circulating among local independent businesses and farmers.

"Buy local" is becoming a nationwide theme. In many cases, consumers are focusing more on value than price, factoring in the cost of travel and the service of local retailers. Personal attention, unique products, and outstanding service and support, often the hallmark of downtown retailers, will continue to attract new customers seeking a local economic connection.

3. Downtowns' development is consistent with an increased interest in the environment.

The federal government is jump-starting our economy with large investments that will help us lessen our dependence on fossil fuels. On numerous fronts, downtowns are positioned to be the central place of social and economic interaction consistent with a green economy.



First, downtowns are often the most convenient and walkable destination, centrally located in a community (or region). This gives them leveraged market potential. As a result, local governments are giving more attention to strengthening public transportation systems. Because of its hub location, downtowns will become even more accessible with improvements in bus and light rail systems. Volatile gas prices are causing people to rethink their automobile trips and consider how much fuel they can save by working or doing business with establishments conveniently located downtown.

Second, there are environmental benefits of reusing and improving structures rather than new “greenfield” development. There are significant opportunities to retrofit existing buildings with green technology. Energy efficiency improvements and weatherization of housing and public buildings are included in the American Recovery and Reinvestment Act of 2009. While new construction is slowing, the remodeling industry seems to be less affected by the economic downturn. Finding more creative uses for existing buildings is growing in popularity, and the richest stock of these buildings are typically downtown.

4. Downtowns are places that truly support entrepreneurship.

Downtowns have become the location choice for many entrepreneurs and creative people. The downtown environment offers social and business interaction, diversity, authenticity, and amenities appealing to people with various talents.

To accommodate entrepreneurs, downtown offers a variety of quality spaces from lofts to storefronts. Many are rich in historic character and are more small, flexible, and affordable than what they find elsewhere.

Some downtowns offer a very supportive network of business assistance and promotions, with a focus on encouraging entrepreneurship. They have programs in place to incubate local independents by offering market data and business counseling. Downtown’s central location near local colleges and schools is often a natural place to offer educational resources

(such as Small Business Development Centers) to businesses.

5. Downtowns offer a “sense of place” that is increasingly important to residents.

With the nation’s economic downturn, more and more people are reevaluating their hometowns and why they choose to live there. They are reminded of their connections to a place. The community’s natural, social, and cultural amenities, places to worship, dine, shop, and recreate, and the histories and memories associated with those elements, are often found in and around downtown.

Families are becoming less dependent on the automobile by focusing on pedestrian-friendly activities close to home. They are also looking for more things to do in their immediate area, enjoying the amenities that once made their downtown a vibrant place to experience. They are reuniting themselves with local libraries, museums, theaters, parks, athletic facilities, civic buildings, schools, coffee shops, and retail establishments as sources of entertainment.

Renewed interest in quality of life, not quantity of consumption, means increased value in what makes the local community special. While downtowns are often a utilitarian place for business and work, they also represent a place where people young and old can find meaning, enjoyment, and a source of community pride.

Downtowns should develop these competitive strengths

The economy will rebound, and downtowns should seize the opportunity to take full advantage of these competitive strengths. While downtowns are all different, they are positioned for a strong recovery.

Community leaders can build upon downtowns’ diversified mix of uses, contributions to the local economy, promotion of sustainable development, support for entrepreneurship, and sense of place. These strengths cannot be replicated anywhere else in the community. Together, they will allow downtowns to play a more prominent role in a healthy local economy.

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