

Downtown Economics

Ideas for Increasing Vitality in Community Business Districts

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Employment in Small City Downtowns

Focusing Economic Development Efforts on Retaining and Creating Jobs

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Downtowns are sometimes dismissed as distressed and struggling retail districts that are disconnected from the economic mainstream of our communities. Underutilized buildings and vacant storefronts often send out notice that the downtown economy has been forgotten. At the same time, economic development initiatives often bypass downtown with lofty goals focused on luring new companies to the edge of town.

What is hidden in this assessment is the economic potential from existing downtown employers and the sectors they represent. Research from Wisconsin (representative of many states in the U.S.) provides information to help understand current downtown employment in small cities as a basis for economic development activities that retain and create jobs. University of Wisconsin-Extension research examined the current business mix and employment estimates of businesses and organizations located within a half-mile walk of center of each of Wisconsin's downtowns (300+ places with a municipal population of over 1,000). Data was examined by municipality size, ranging from small cities (pop. 1,000 to 2,500) to larger cities (pop. above 100,000).

Downtowns are Important Employment Hubs

Analysis of the data indicates that small city downtowns are important employment hubs.

Overall, approximately one in five Wisconsin jobs are affiliated with businesses that are located downtown. A very small city with a population of 2,500 will, on the average, have close to 1,000 employees within a half mile of the middle of downtown. A larger city with a population of 50,000 will, on the average, have over 5,000 employees. These figures indicate that there is a high density of employment in these small geographic downtown areas. Clearly not all are employed in the shops that line Main Street. Instead, they are employed in a diverse mix of businesses and organizations within and around the retail core.

Downtowns have a Diverse Employment Mix

The data indicates that retail is not the dominant source of downtown employment. The average downtown has only 10 percent of its jobs in the retail sector. Public administration (13 percent) and manufacturing (11 percent) each employ a larger number of people downtown. Other important employment sectors include finance and insurance (9 percent), health care and social assistance (9 percent), educational services (9 percent), accommodations and food service (9 percent), and professional, scientific and technical services (5 percent). However, significant differences in mix exist as one climbs the hierarchy from small city to larger city.

Employment Mix Varies by Size

A very small city with a population of 2,500 typically has a significant manufacturing base within a half mile of the center of downtown. In Wisconsin, these firms could be involved in food products, plastics, or

industrial machinery manufacturing among others. The very small city downtown also has a relatively high concentration of employment in retail as these communities are often too small to support large format stores on the edge of town. They also have a concentration of employees related to education with elementary and secondary schools, and possibly a small college. A larger city with a population of 50,000 has a different employment mix with a higher concentration in public administration, finance and insurance, and professional, scientific and technical services. The percentage employed in manufacturing and retail drops significantly in cities over 50,000. For all cities, accommodations and food service, primarily restaurants are consistently significant employers. Health care and social assistance are also important downtown sectors regardless of community size.

A New Focus for Downtown Economic Development

The Wisconsin employment data gives us a new lens to view the economic purpose of small city downtowns. Too often, communities buy into the notion that an economically successful downtown must be lined with retail stores and eateries clustered together in a “quality environment.” Architectural streetscapes reinforce the purpose of downtown as a festive place of consumption. As a result, many downtown economic development models often default to retail recruitment. But if economic development is about leveraging the assets that currently exist in an area, then downtown’s purpose as an employment center must be recognized.

Refocusing economic development efforts on job retention and creation does not preclude efforts to establish a vibrant retail and restaurant sector. In fact, it recognizes that to create quality jobs, you need to have a quality place. According to the Project for Public Spaces (PPS), creating an environment that will be attractive for businesses requires making it attractive to employees. This

means “creating places where connections can happen, where productivity and creativity increase and where the professional networks foster collaboration and innovation.”

Many of our small city downtowns have the ability to be a catalyst for local job growth. Programs and spaces to support entrepreneurship are available in many of the underutilized buildings of our districts. The knowledge and skills of the labor force can be groomed at various educational institutions and facilities often located downtown. Physical proximity through quality and unique meeting spaces are typically available, allowing for innovation through face-to-face networking and information sharing. Finally, downtowns central place and the potential use of existing buildings and infrastructure support the very important concept of sustainability.

This discussion stops short of prescribing a plan for job retention and creation at the local level. Instead, it argues for a new economic development focus on downtown as the community’s central place of employment. With more new jobs and new hires downtown, pedestrian traffic will follow. This traffic will support the support vibrant retail stores, eateries and the exciting environment we all want to see downtown.

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