

MAY YOU LIVE IN INTERESTING TIMES

Saint Paul DOWNTOWN ALLIANCE 2020 Speaker Series

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FEBRUARY 4, 2020



Agenda

- IDA: the Value of Downtowns Study
- New norm 101
- The other side of opportunity: equity
- Shaping the next 20 years



IDA: The Value of Downtowns Study



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



employment, tax
revenue, assessed
value



diversity, education
level, housing and
rent prices



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

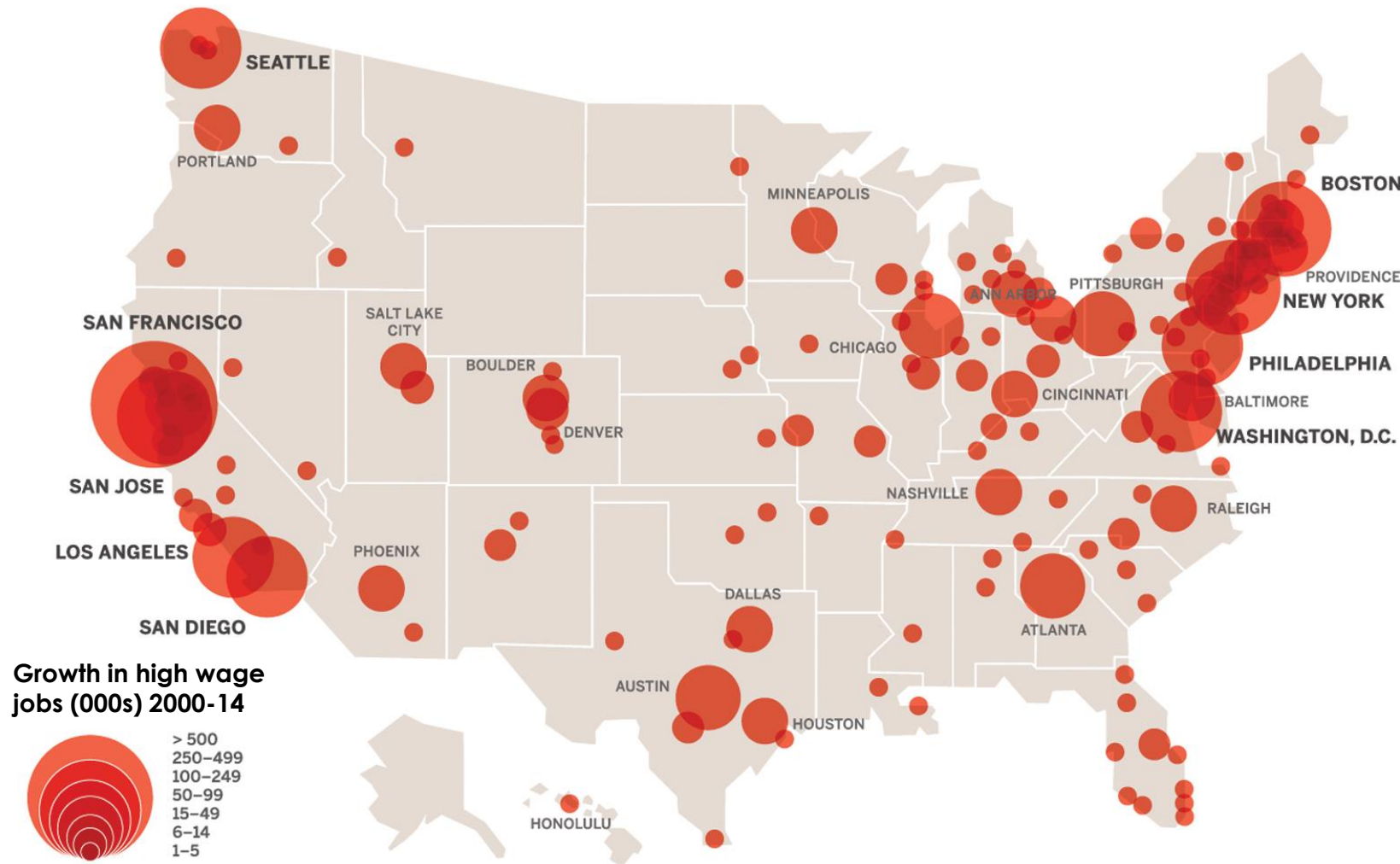


events, destinations,
visitors, downtown
hashtags

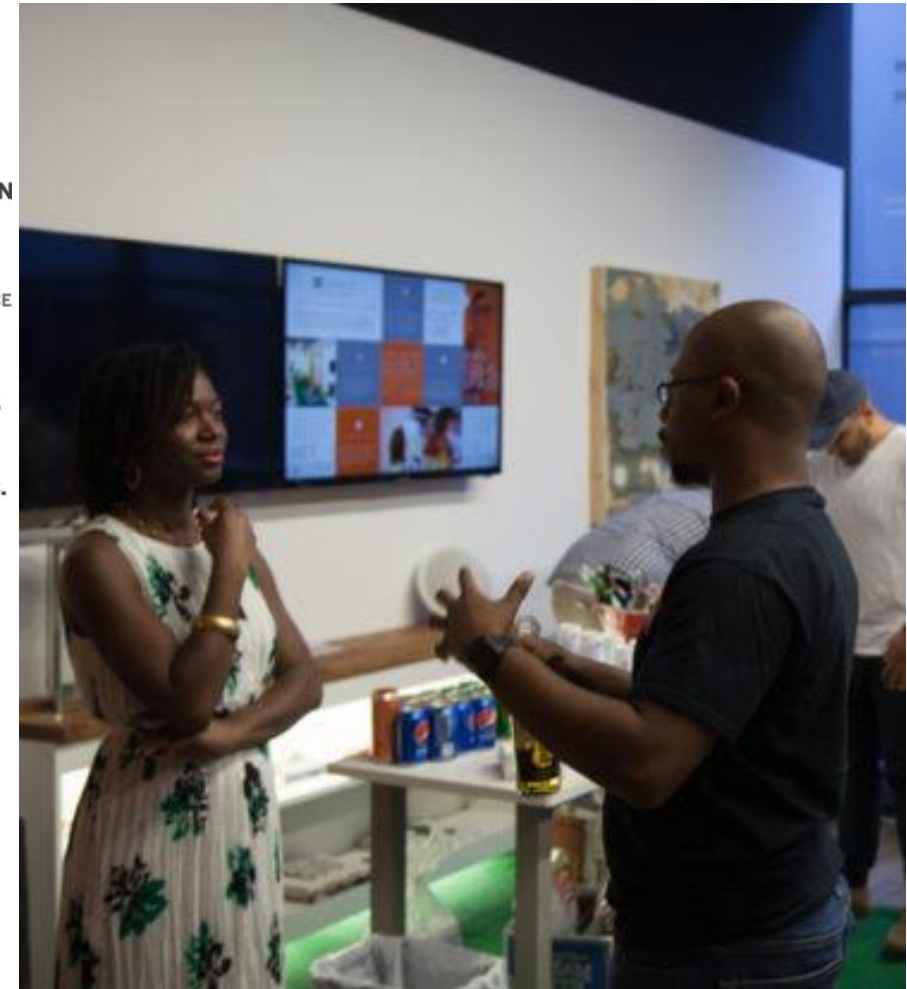
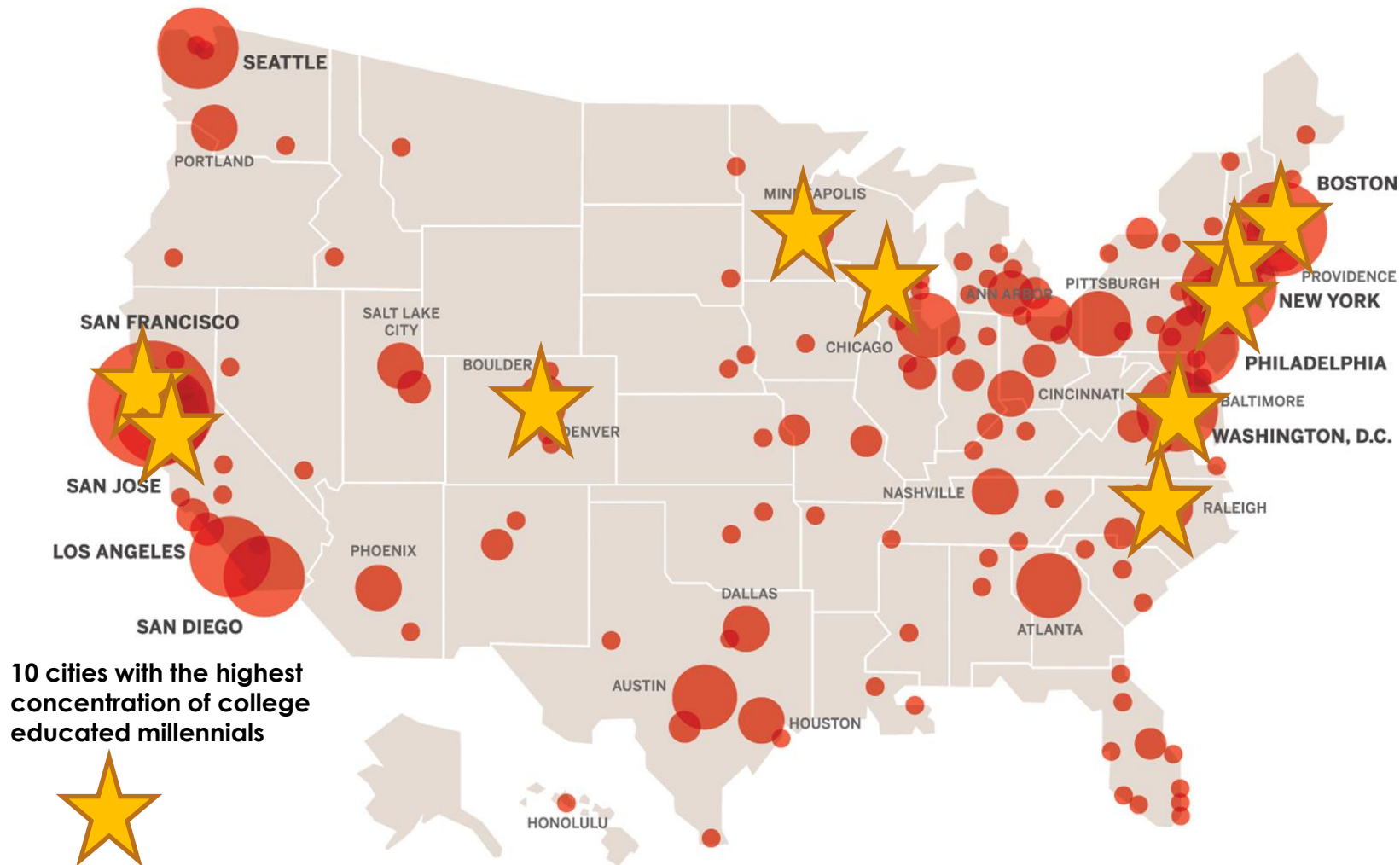


environmental, social
and economic
resilience,

Great downtowns = regional success...and correlate with faster regional growth for higher wage jobs

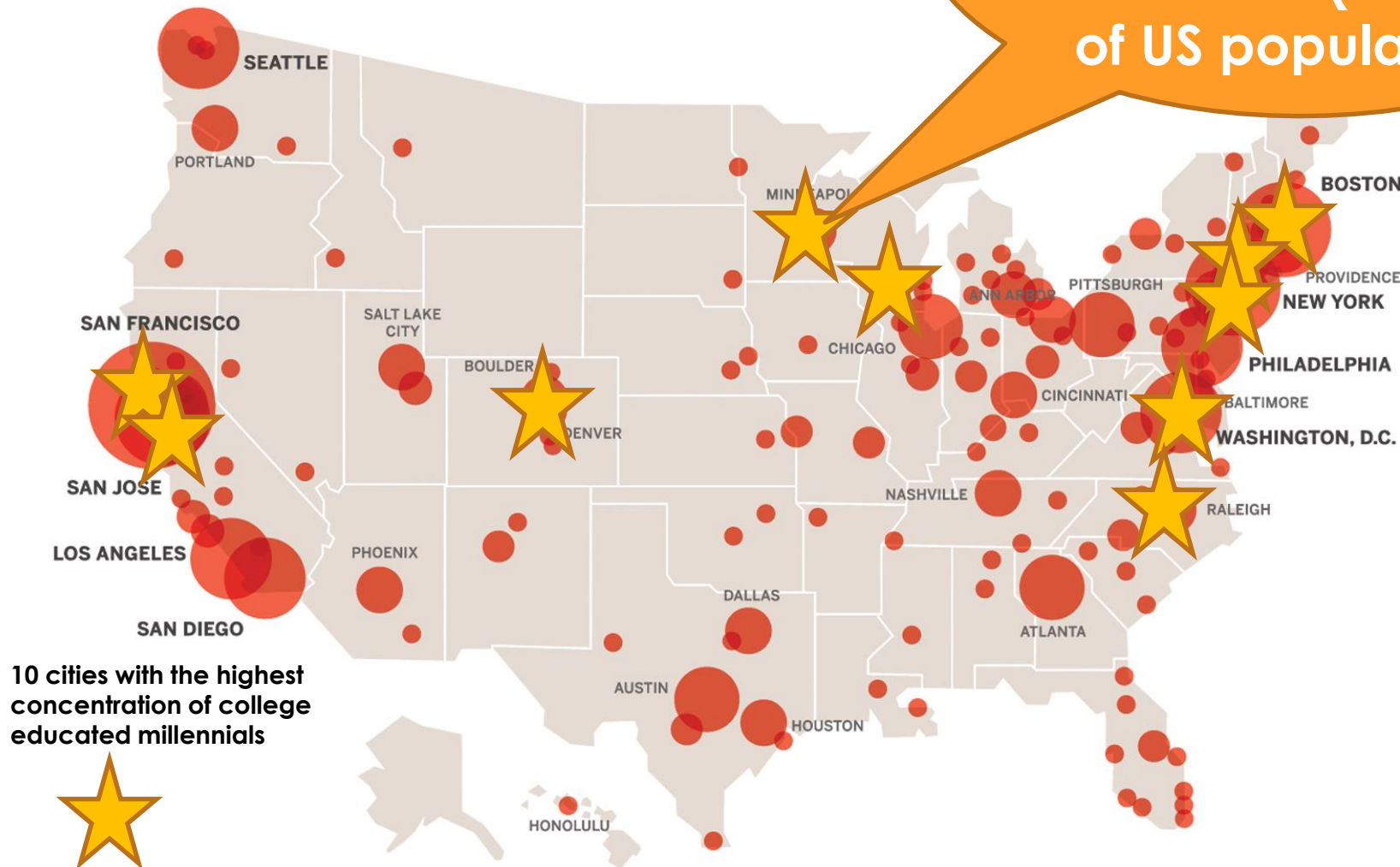


...and higher concentrations of college-educated millennials (read “scarce talent”)



MSP has landed on the successful side of a growing regional economic divide

In 2040 the MSP metro is projected to represent 1.5% of US GDP (and 1% of US population)





Downtown Wichita



Water Street, new downtown Tampa district



Downtown Hammond IN

F PRIMARY BUILDING USE

JUNKYARD BREWING CO



Downtown Moorhead MN

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

“North
America is a
suburban
continent
with an
urban
population”



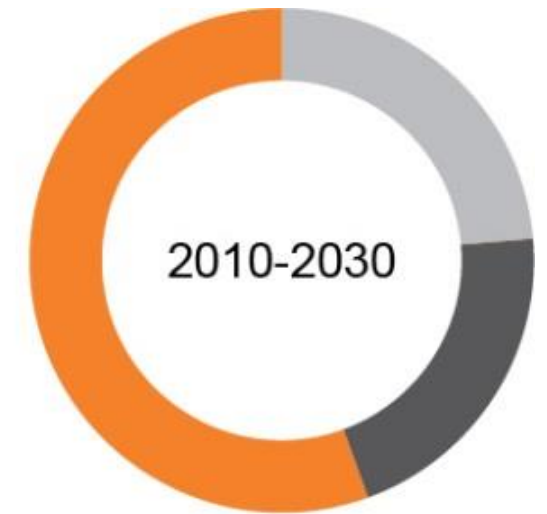
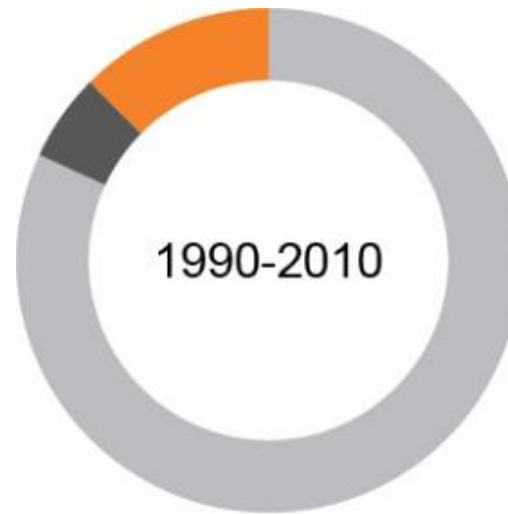
1. An urban opportunity:

shaped by two decades of unparalleled demographic change



Downtown Wichita

The US is growing rapidly older



35 to 65



under 35



over 65

*Families with kids
dominated US
growth
or decades*



Over the next two decades approx. 80% of net new households will be singles & couples



*Over the next two decades approx.
80% of net new
households will be
singles & couples*

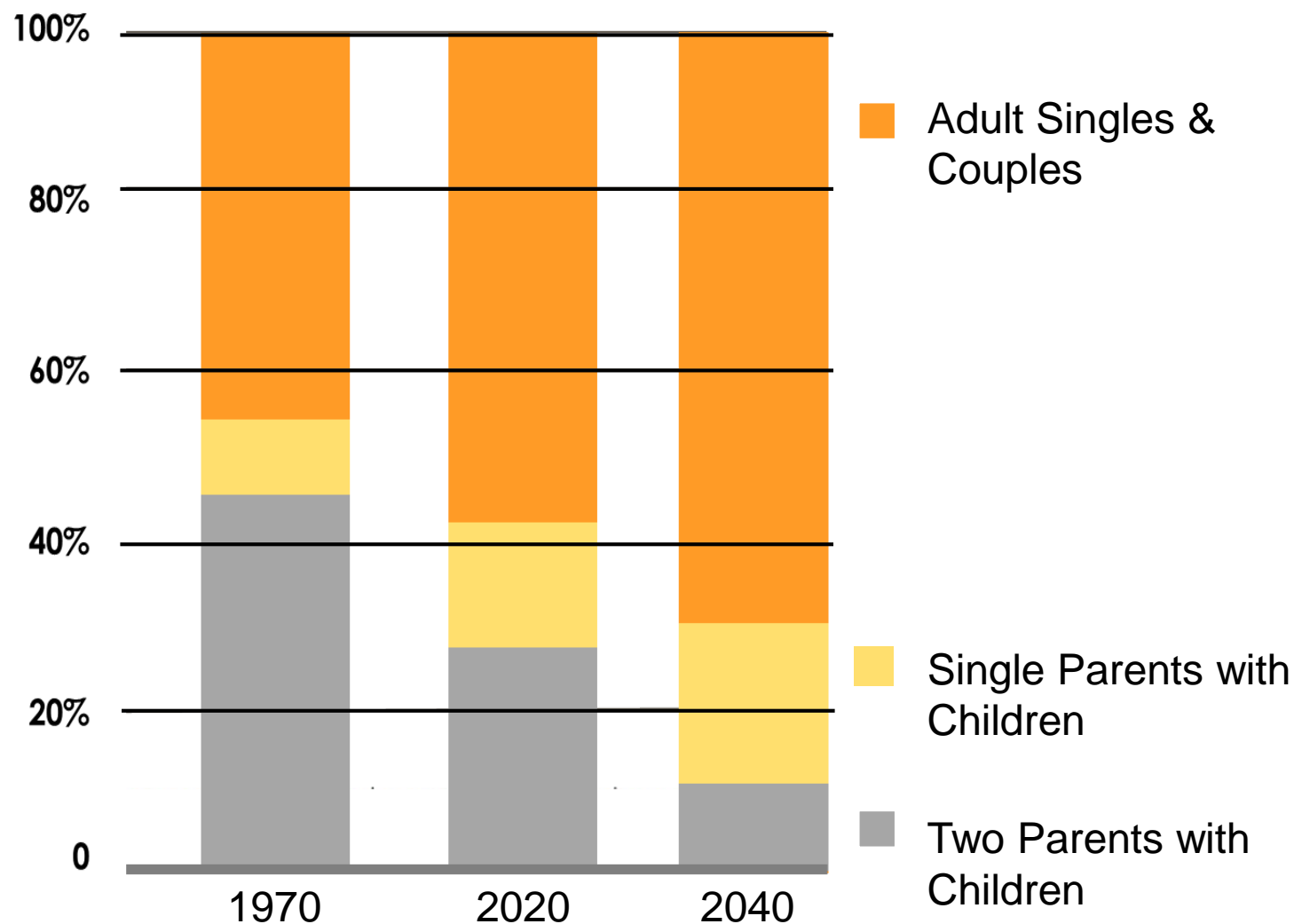
*...for Minneapolis/
St. Paul the figure is
roughly 70%*



This demographic shift is creating an epic housing mismatch:

The traditional market for single-family detached houses is households with two adults and kids

Shifting US demographics



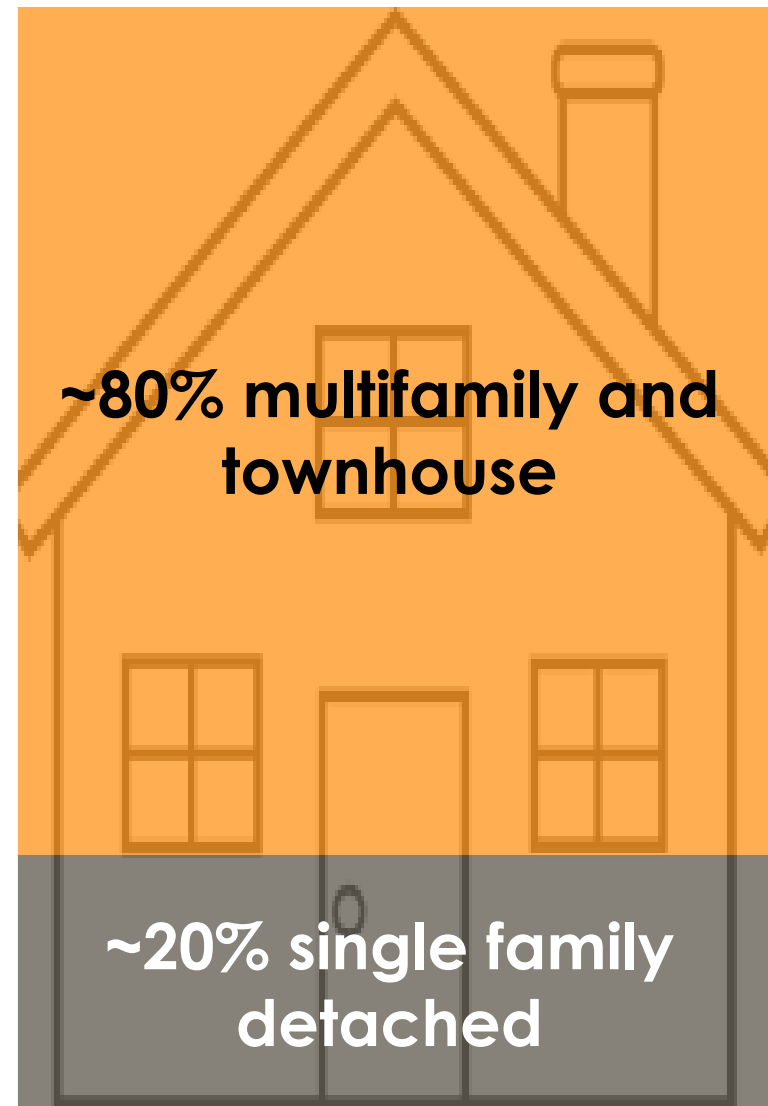
The great housing mismatch:

Today more than 80% of the housing market is seeking housing that represents less than 40% of supply

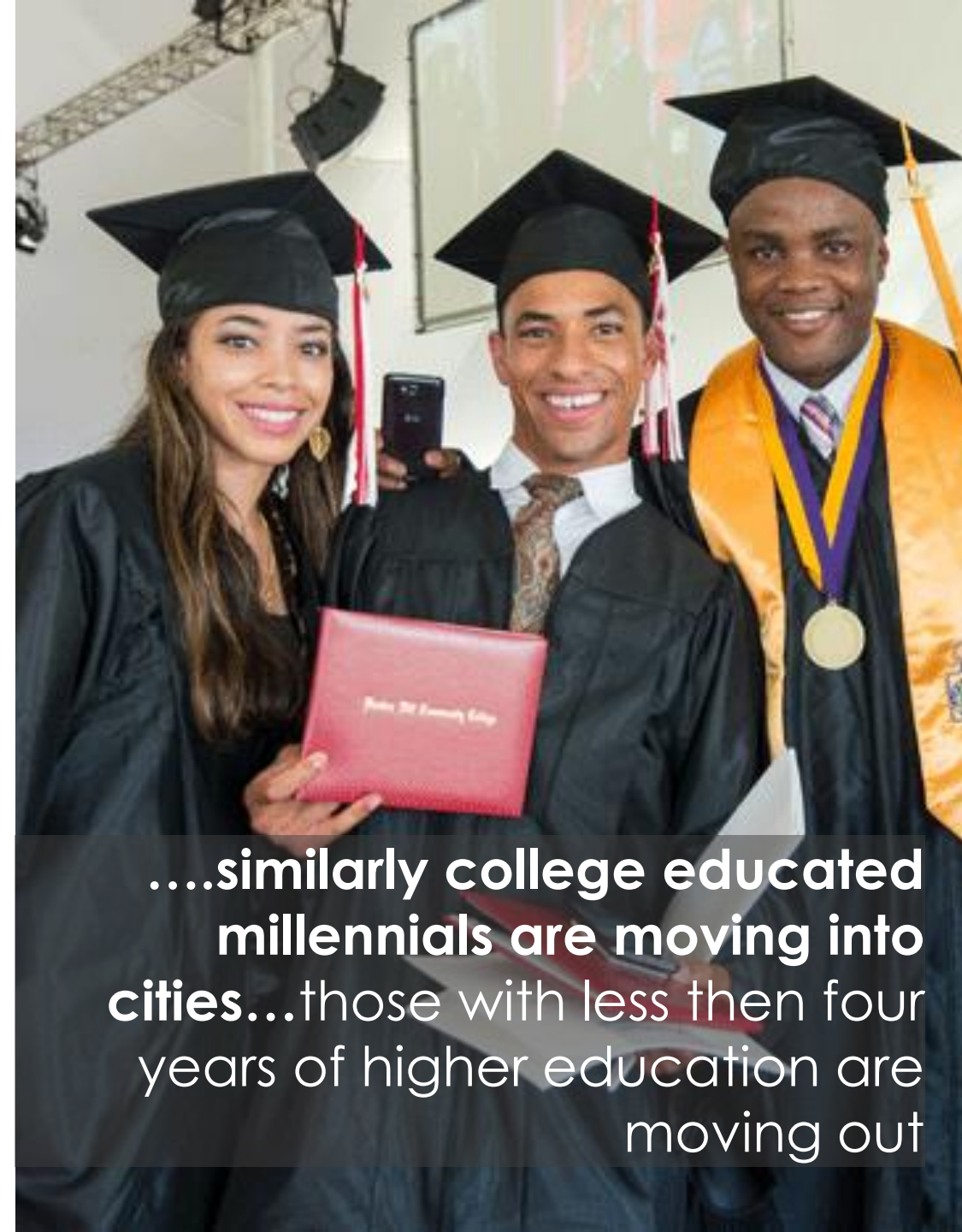
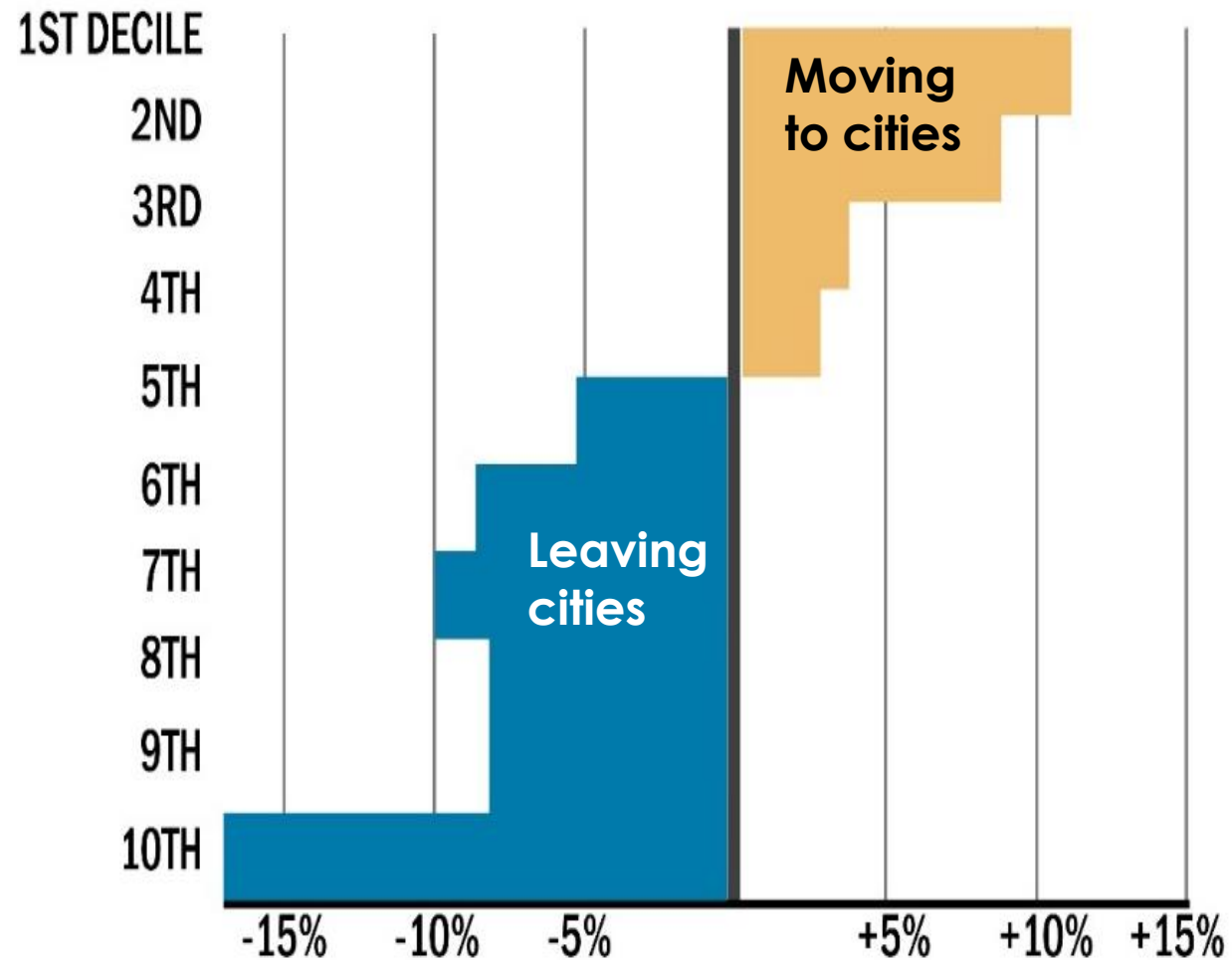
Current US Housing Supply



Current US Housing Supply



Higher-income households are moving into cities...lower-income households are moving out



....similarly college educated millennials are moving into cities...those with less than four years of higher education are moving out

Downtown populations 2010-19:

City
Populations **+~5%**

Downtown
populations **+~25%**

Downtown
millennial
Populations **+~50%**



Downtown St. Paul's population 2010-19:

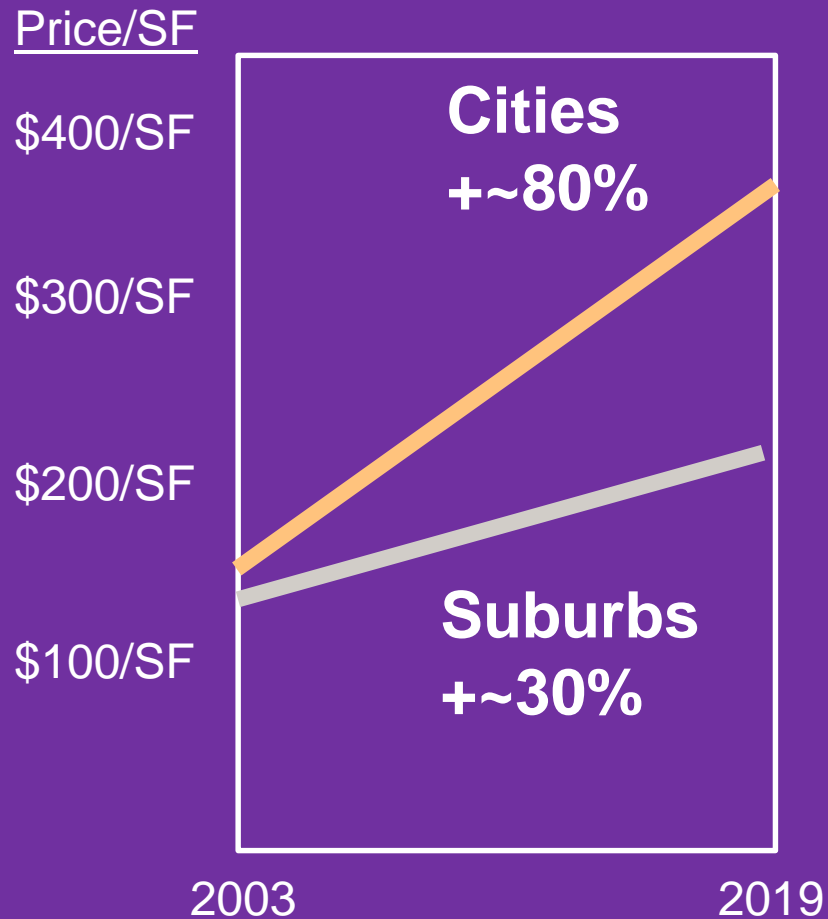
City
Population **+~8%**

Downtown
population **+~100%**

...regional population
projections suggest it
could easily triple over
the next 2 decades

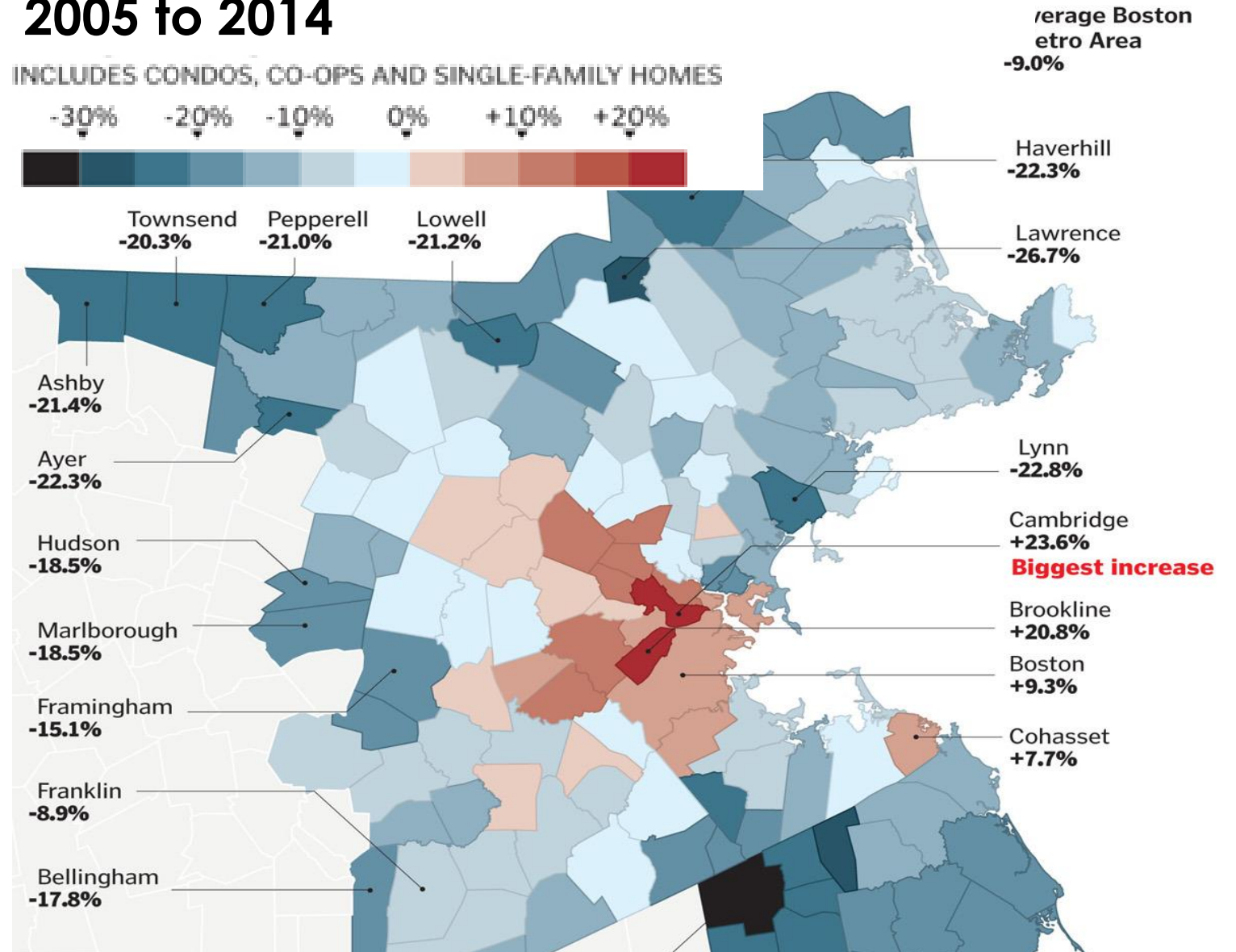


*Urban housing values
are rising much faster
than suburban values*

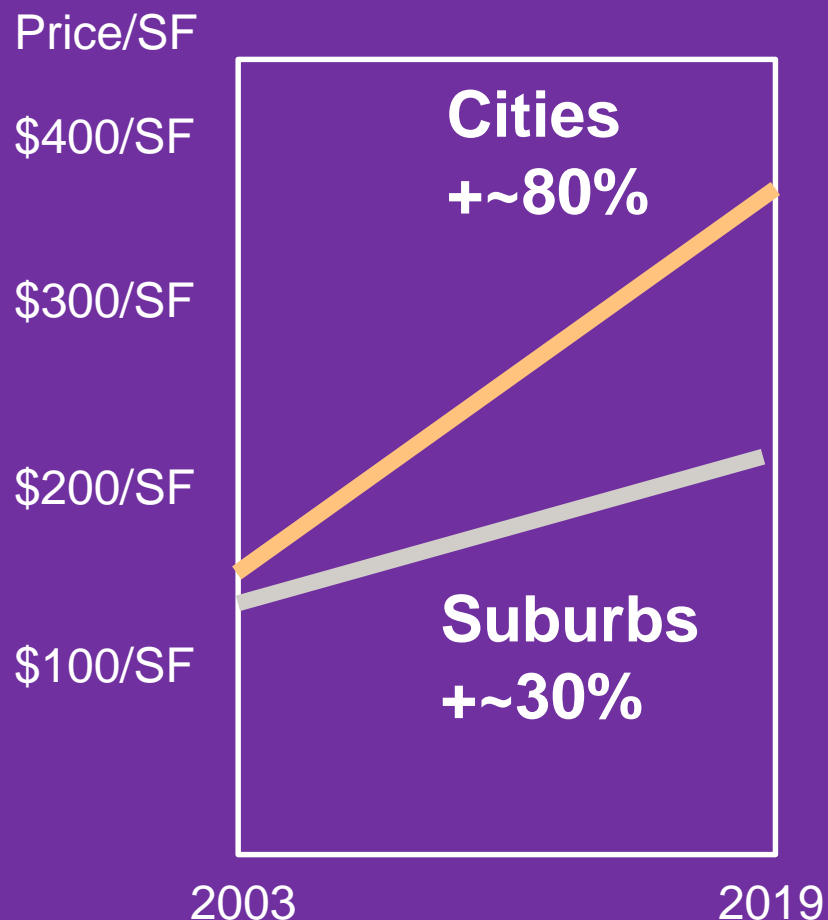


Marcus and Millichap

Median income change (Boston Metro) 2005 to 2014



*Urban housing values
are rising much faster
than suburban values*



Marcus and Millichap

Highest Appreciating St. Paul Neighborhoods Since 2000

Highest Appreciating St. Paul Neighborhoods Since 2000

1. City Center
2. 7th St W / Ann St
3. 7th St W / Saint Clair Ave
4. 7th St W / Smith Ave N
5. 7th St E / Jackson St
6. 7th St W / Bay St
7. University Ave W / Pelham Blvd
8. Energy Park Dr / Kasota Ave
9. Jefferson Ave / Brimhall St
10. Snelling Ave S / Jefferson

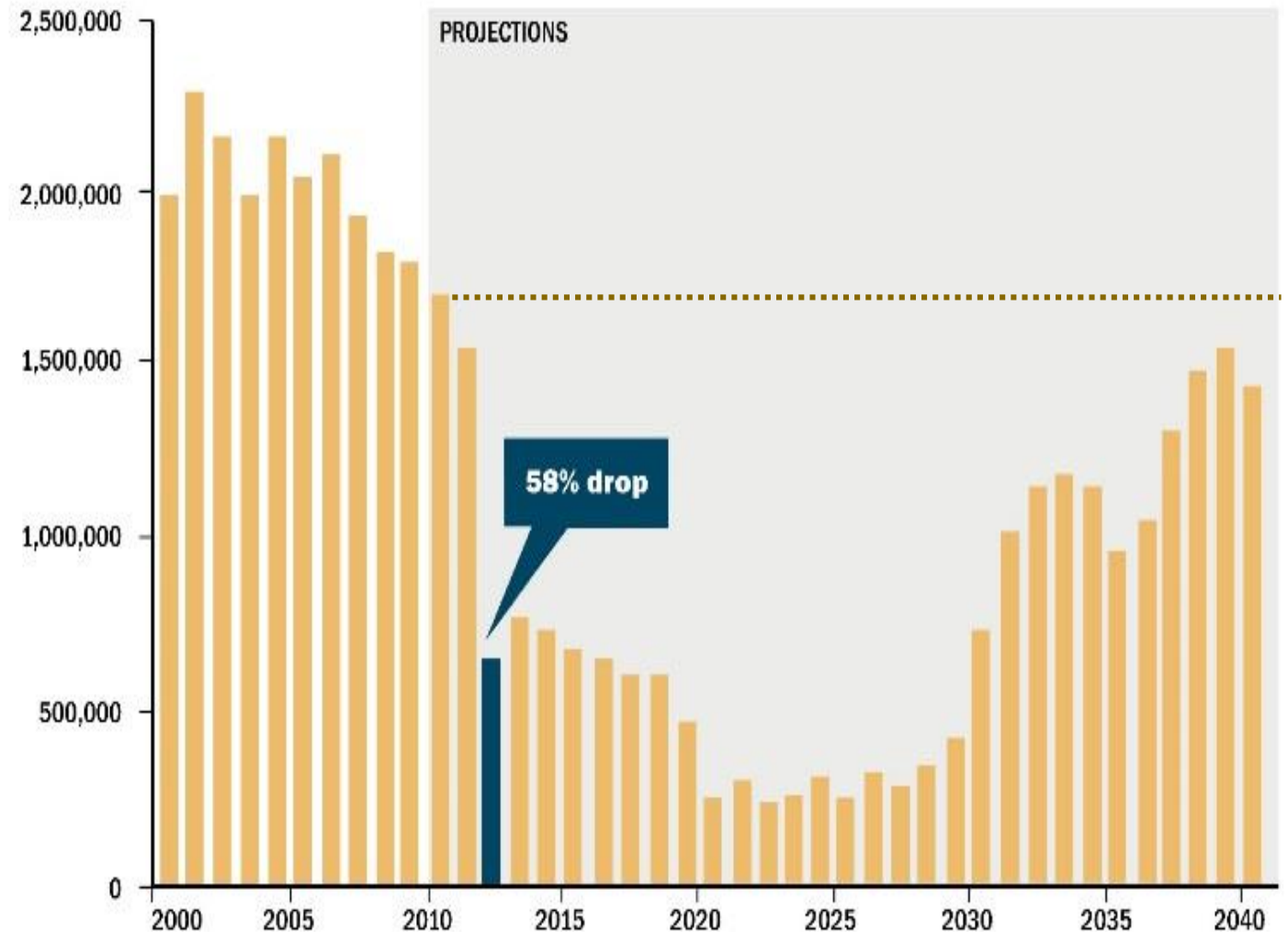
2. Urban imperatives:

It's the economy stupid...driven by a surging knowledge economy...US economic growth is concentrating in regions with lively urban cores that attract “talent”



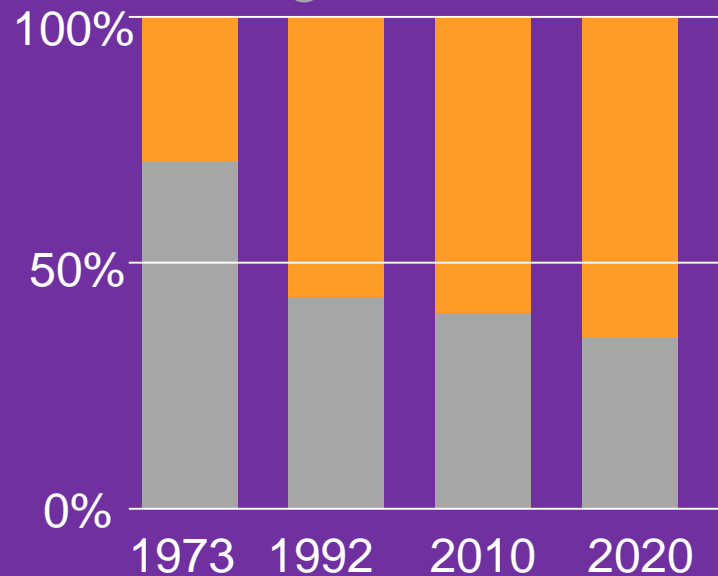
*US workforce growth—
along with the rest of
the developed
world—has slowed
significantly since
2010*

Growth in US Workforce

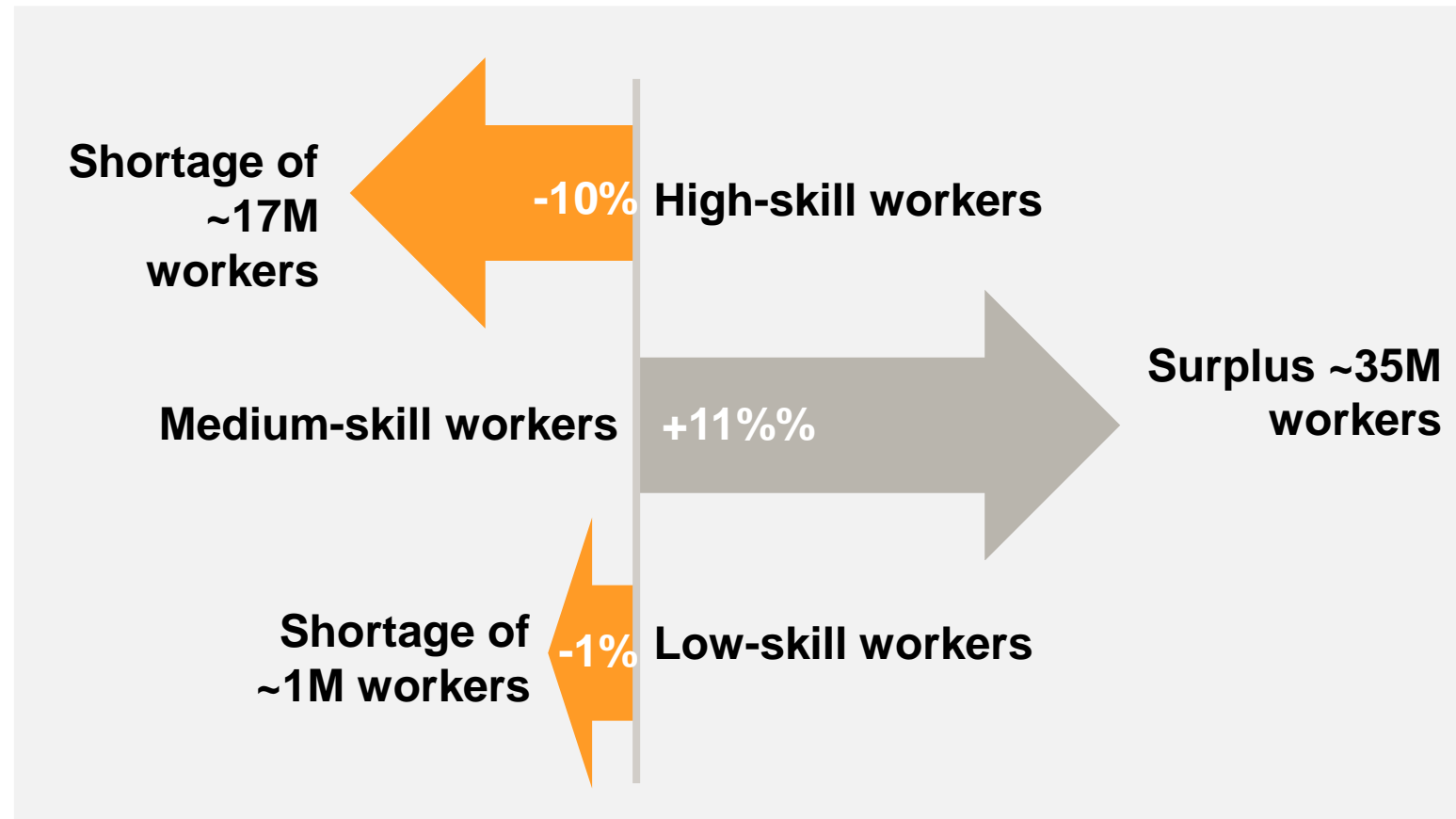


Virtually all of the net growth in jobs 2010-2020 requires 4 or more years of higher education

- *% of total jobs requiring some college*
- *% of total jobs requiring no college*



Creating a significant knowledge worker shortage across the developed world—already reducing US GDP by 2-3%



**College educated
24-34 year-olds are
more likely to live in
urban neighborhoods**

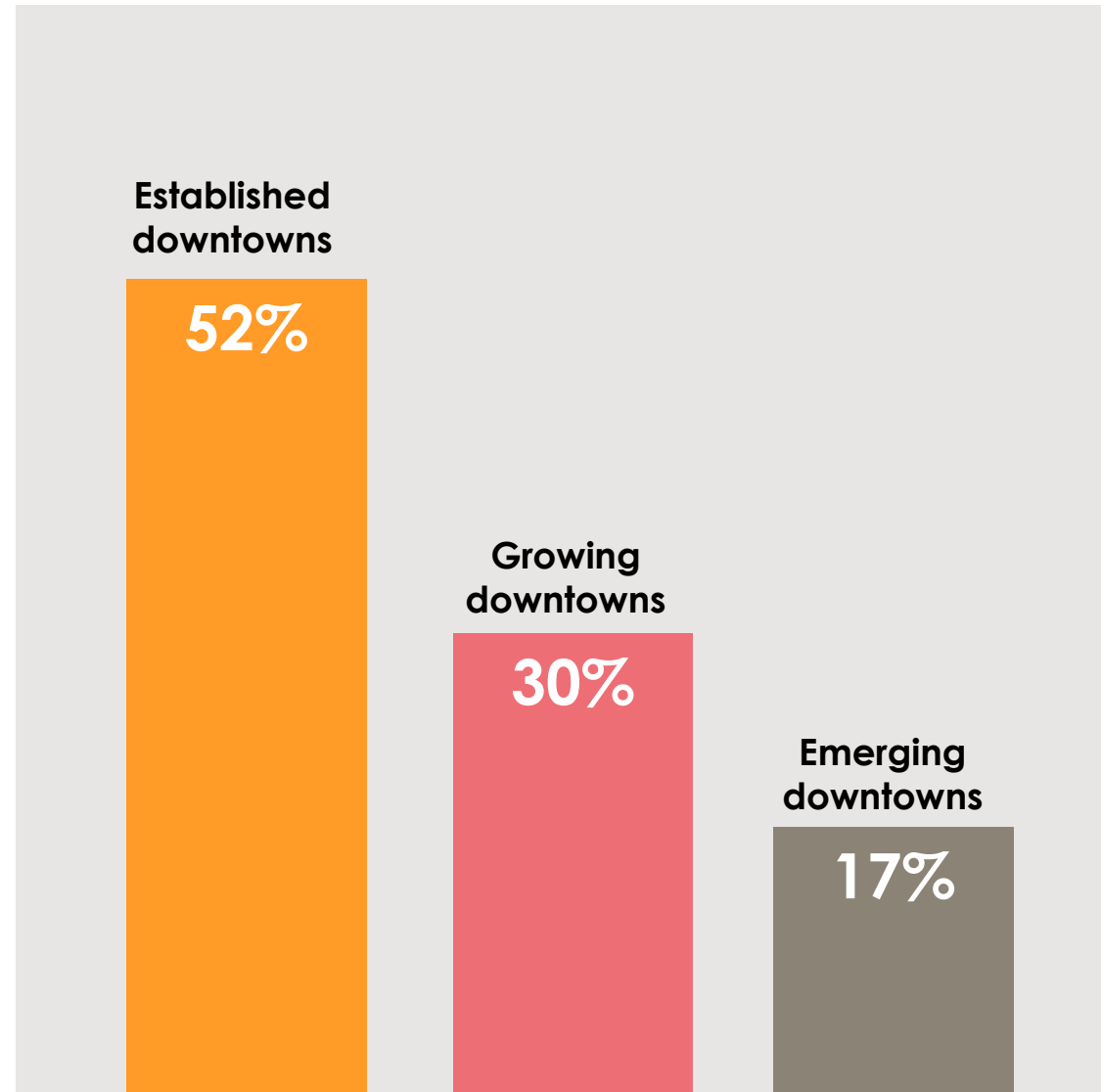
College educated
25-34 year-olds are...

- ~60% more likely to live in urban neighborhoods than their peers without college degrees
- ~70% more likely than all adults 18+ year-olds



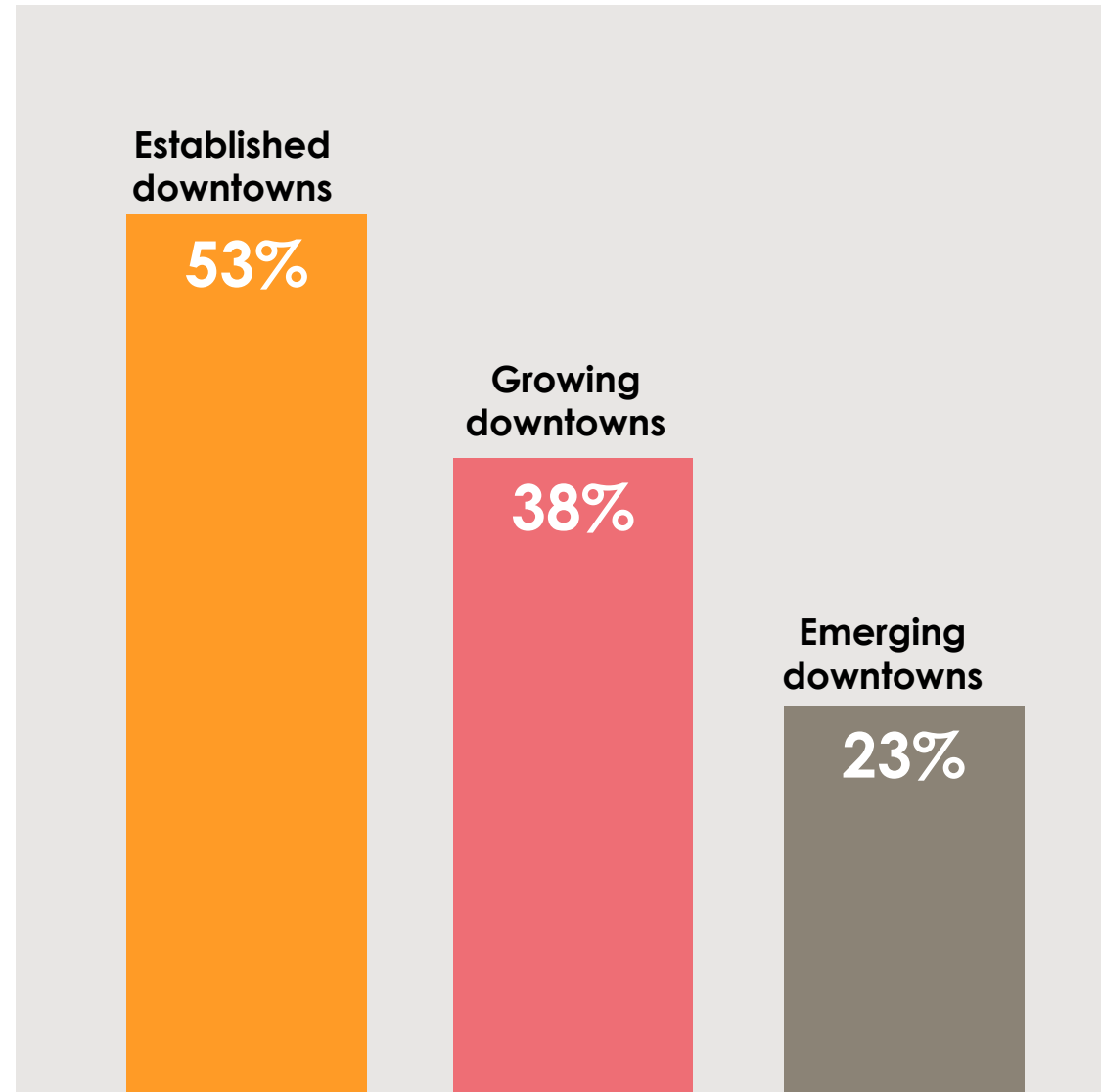
*More
established
downtowns
capture a larger
share of their
city and region's
economies*

2019: Share of total ALL CITYWIDE jobs



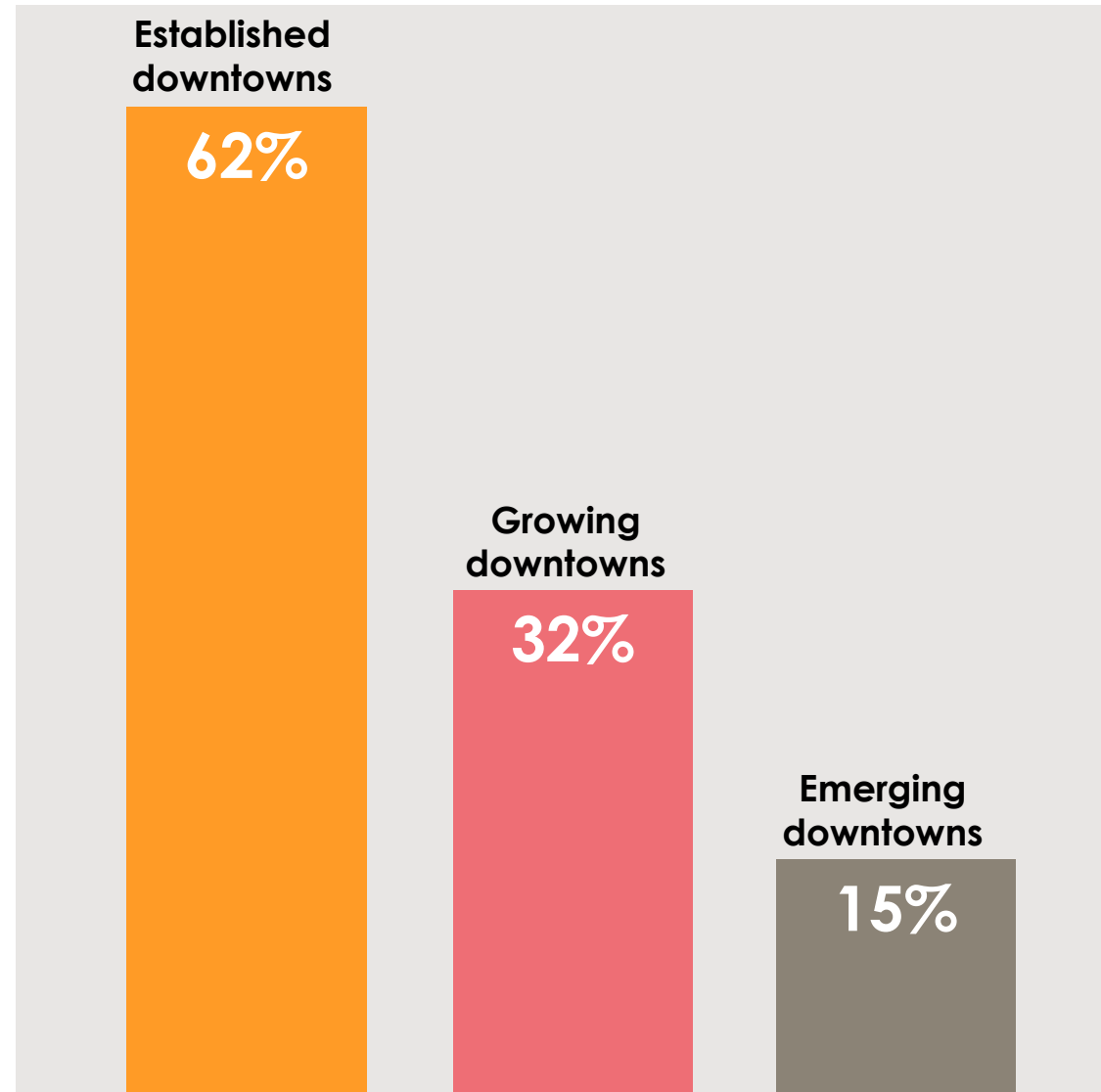
*More
established
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capture a larger
share of their
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2019: Share of total ALL CITYWIDE CREATIVE jobs

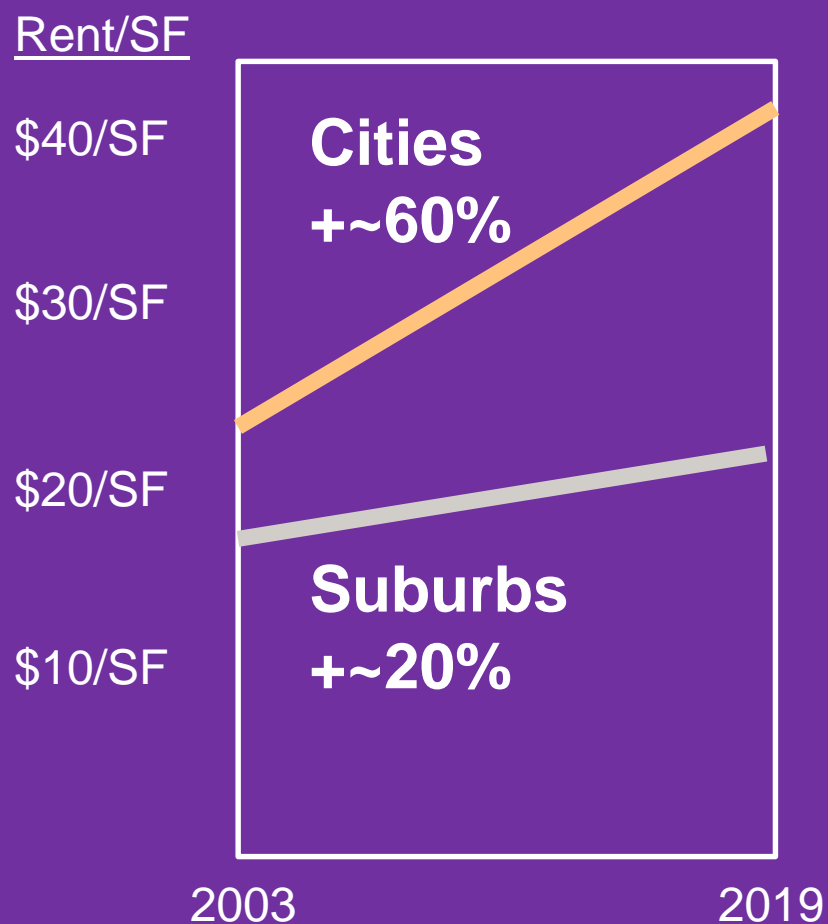


More established
downtowns
capture a larger
share of their city
and region's
economies

2019: Share of total ALL CITYWIDE KNOWLEDGE jobs



Urban office rents are rising much faster than suburban rents



Marcus and Millichap



Storage operators tap into market of empty office space



by Jay Fitzgerald on January 15, 2016

AGING COMMUNITIES

...oppose higher real estate taxes

...cities are increasingly dependent on growing downtown values to fund fiscal growth

50% of the Minneapolis/St. Paul region's growth 2020-40 will consist of folks over 65



3. *Disruptive technologies:*

**CYBER
MONDAY...
ALL YEAR-LONG**





**BLACK
FRIDAY**

\$7.4B

**CYBER
MONDAY**

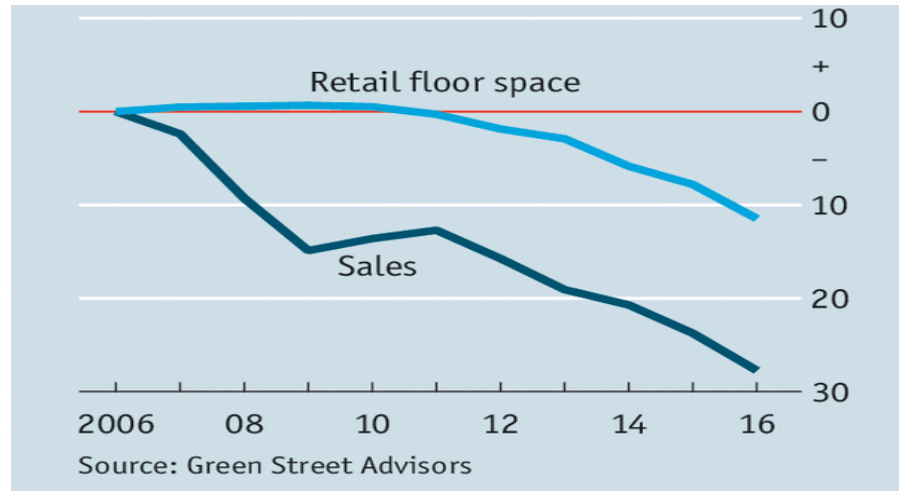
\$9.4B

Dramatic Changes to Retail Markets:

- Retail anchors are losing sales
- Food and experiential retail will animate streets



Retail anchors hit are shrinking



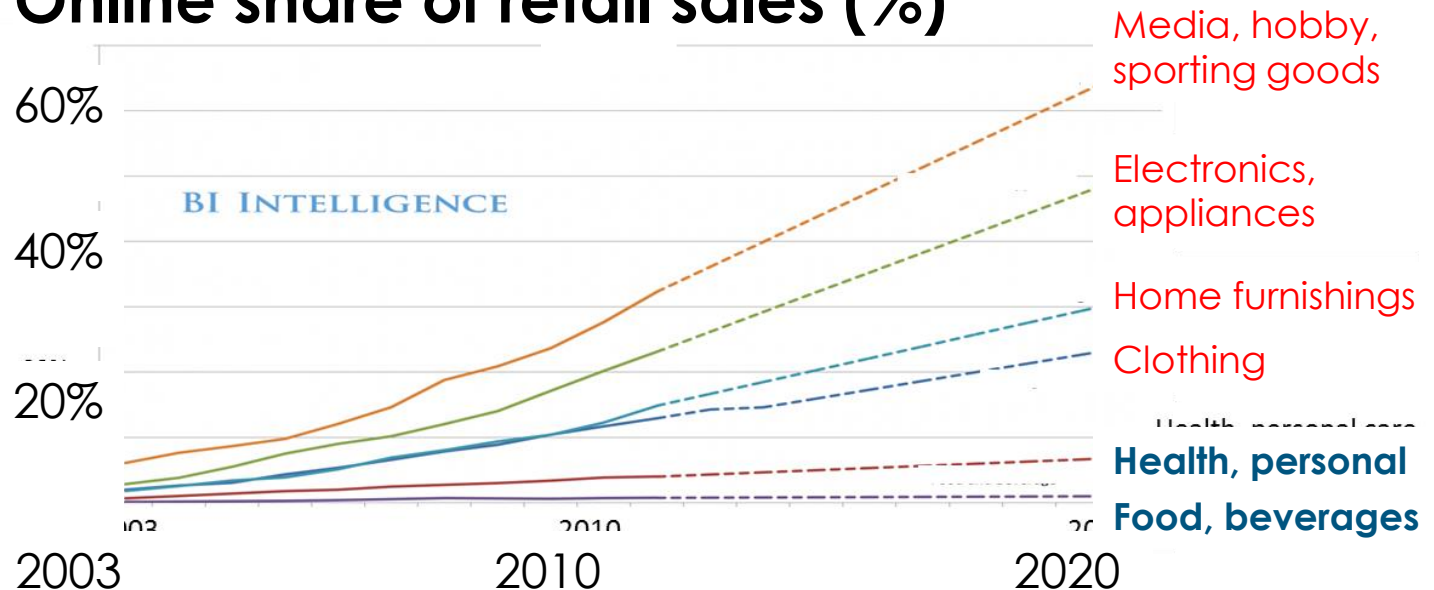
Economist.com

THE WALL STREET JOURNAL.

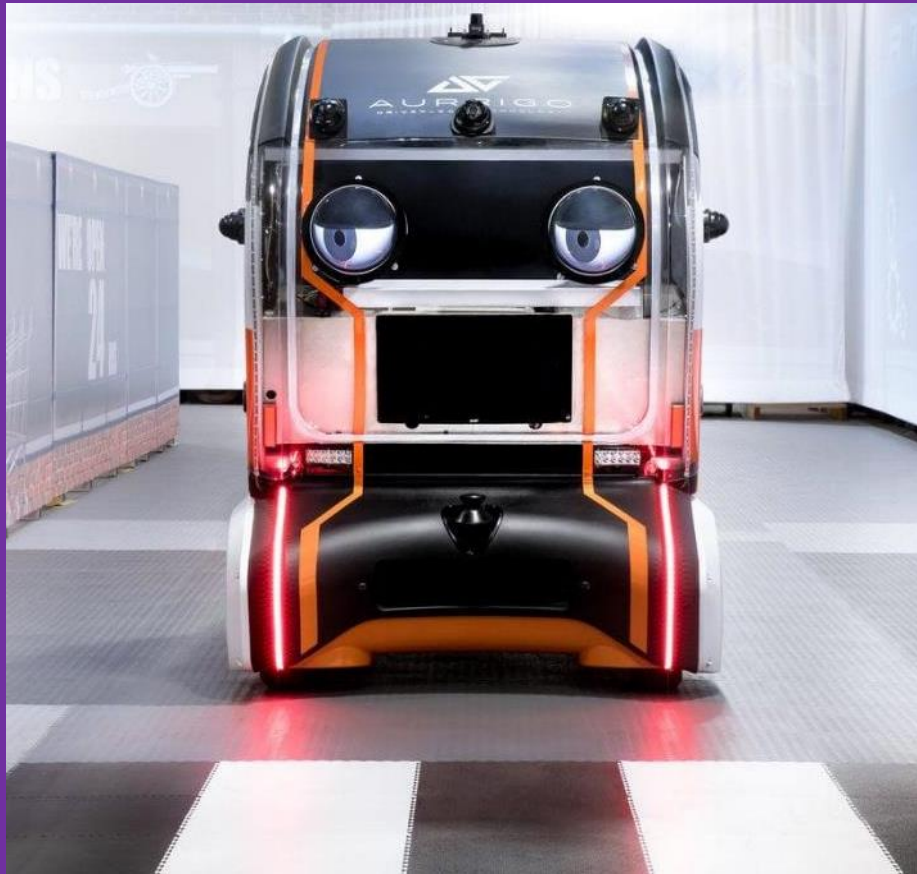
Retail Rents Decline in Big U.S. Cities as Landlords Succumb to the Retail Storm

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

Online share of retail sales (%)



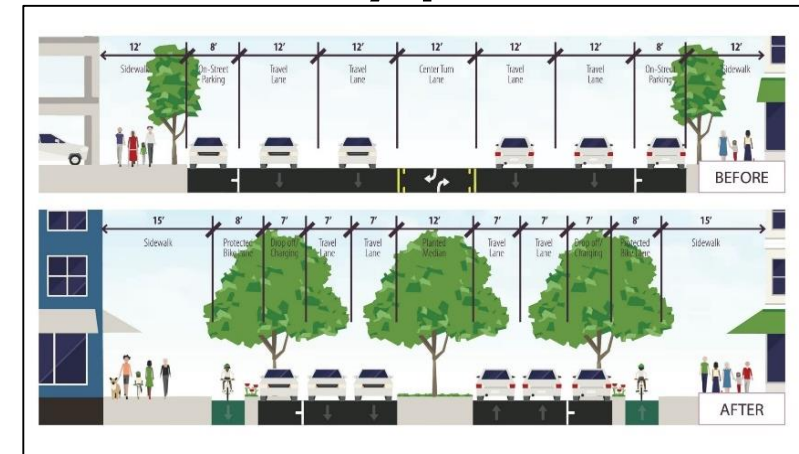
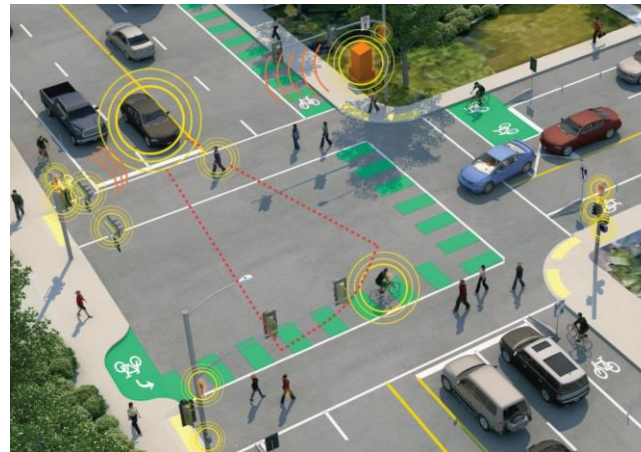
DRAMATIC CHANGES TO MOBILITY TECHNOLOGIES



Late 2020s: Connected cars will be mainstream in <10 years...and self-parking



Late 2030s: Shared autonomous mobility will be the urban norm...and will rarely park

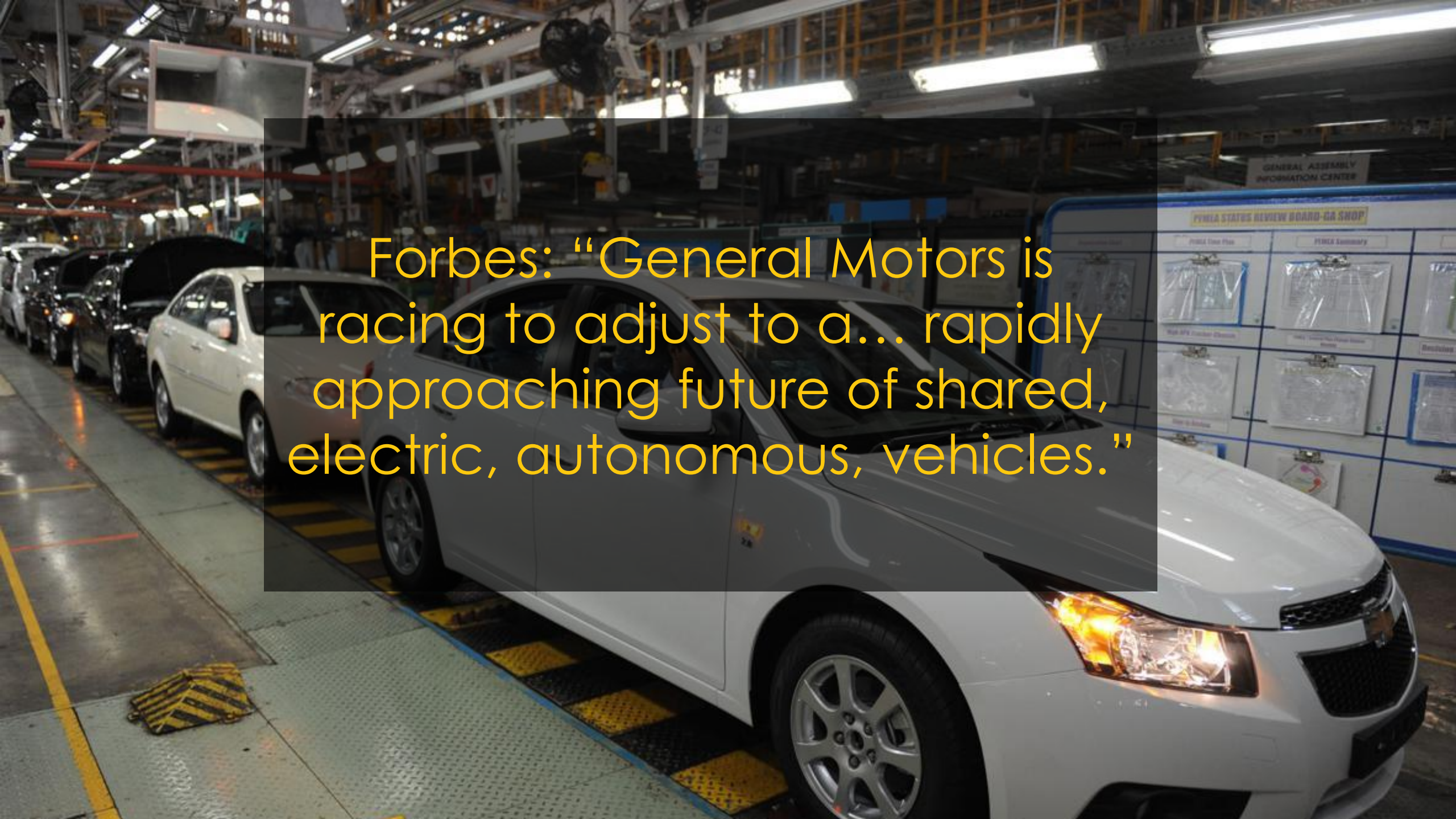


The story in **traditional suburbia**
will be about **personal**
autonomous vehicles



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



A photograph of a white Chevrolet Cruze on an automotive assembly line. The car is positioned on a yellow and black striped platform. In the background, other vehicles and industrial equipment are visible. A semi-transparent dark grey rectangle is overlaid on the center of the image, containing yellow text. To the right of the car, a blue and white information board is partially visible.

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



Why **plan now?**

Late 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?**

Late 2030's

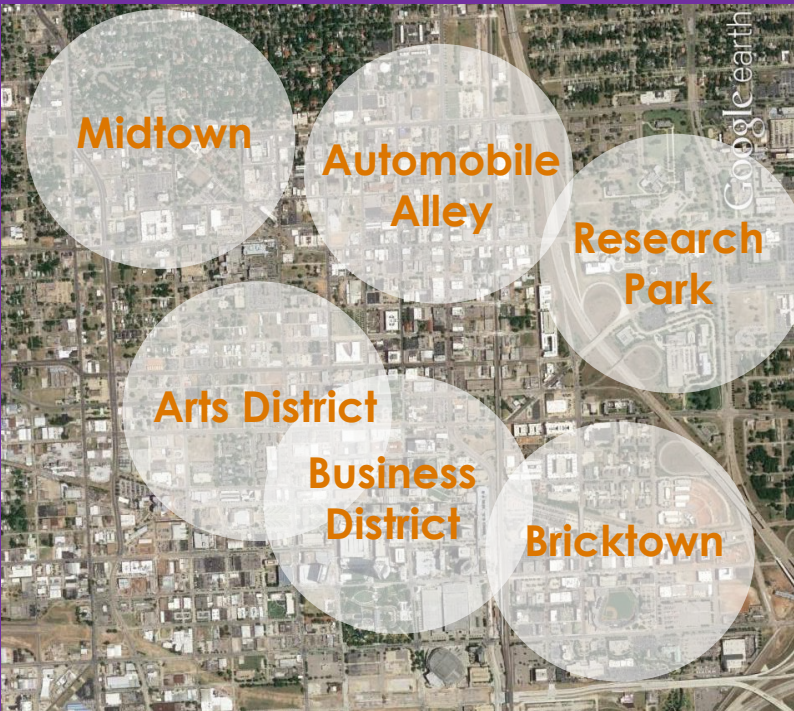
75%

Of vehicles will be driverless by
2040 (Stantec)

Source:
www.flickr.com/photos/gmanviz/1646780297/
[1/in/faves-41182236@N00/](https://www.instagram.com/faves-41182236@N00/)

Amenity dividend:

Downtown OKC's multiple 5-minute "amenity sheds" become one...



Business District



Bricktown



Automobile Alley



Arts District

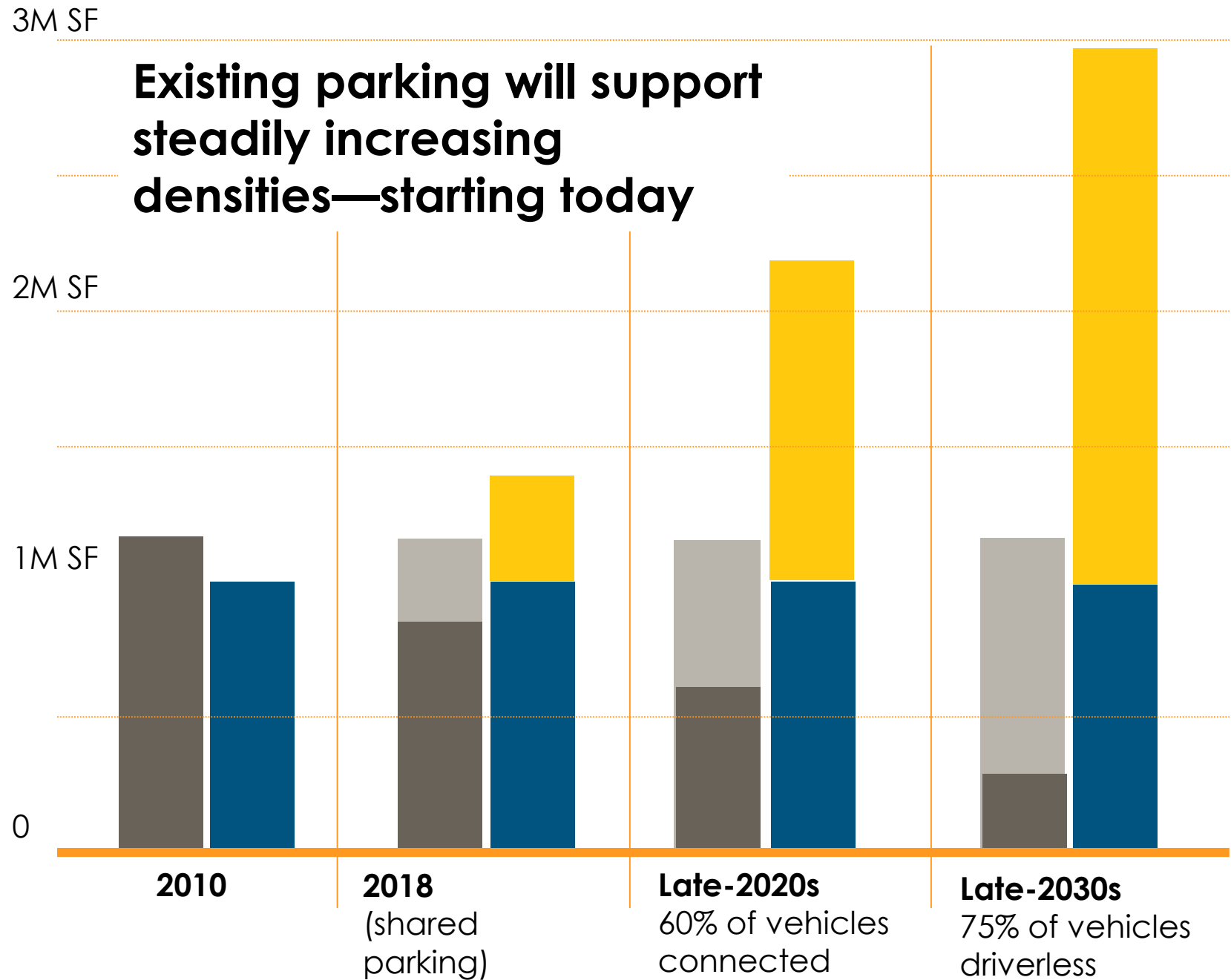
Density dividend:

Density dividend =
building SF supported
by reusable parking

**2010 mixed-use
building**

Potential reusable
parking SF

Parking SF required to
serve 2010 building SF





THE BUFFALO NEWS

National experts to examine future of transportation in Buffalo



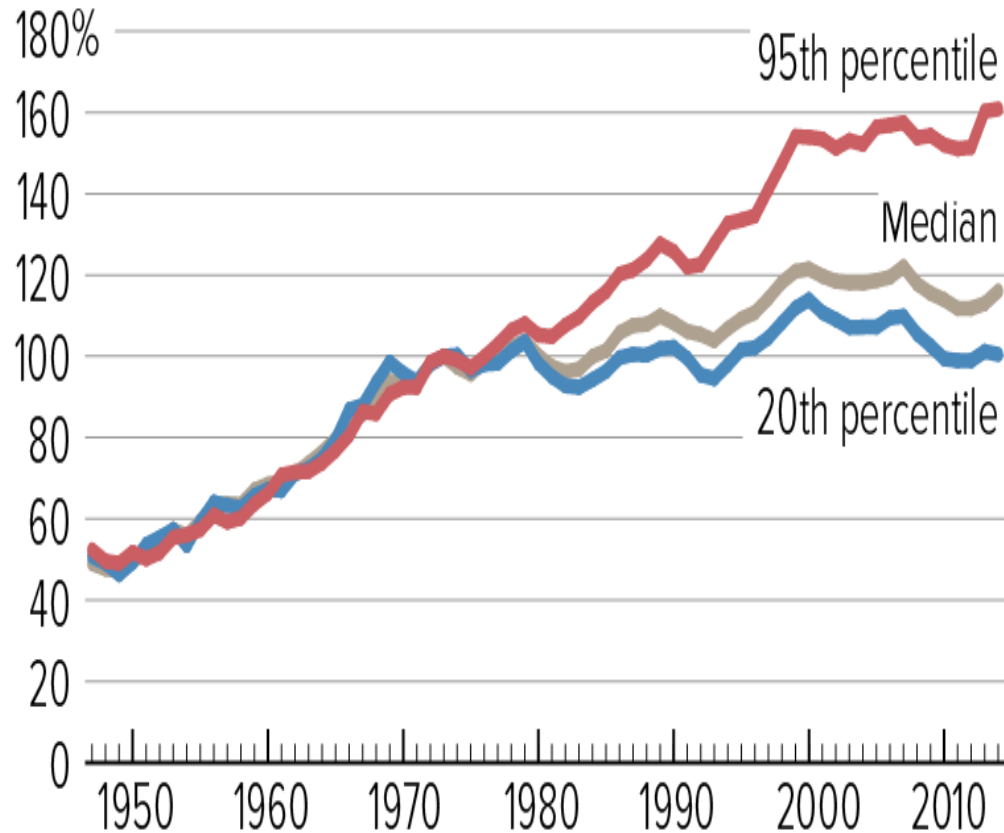
16th Street Mall, Denver

The other side of
opportunity **equity**:
today downtown's growing
opportunities flow in one
direction...

Most American incomes have been stagnant for 5 decades



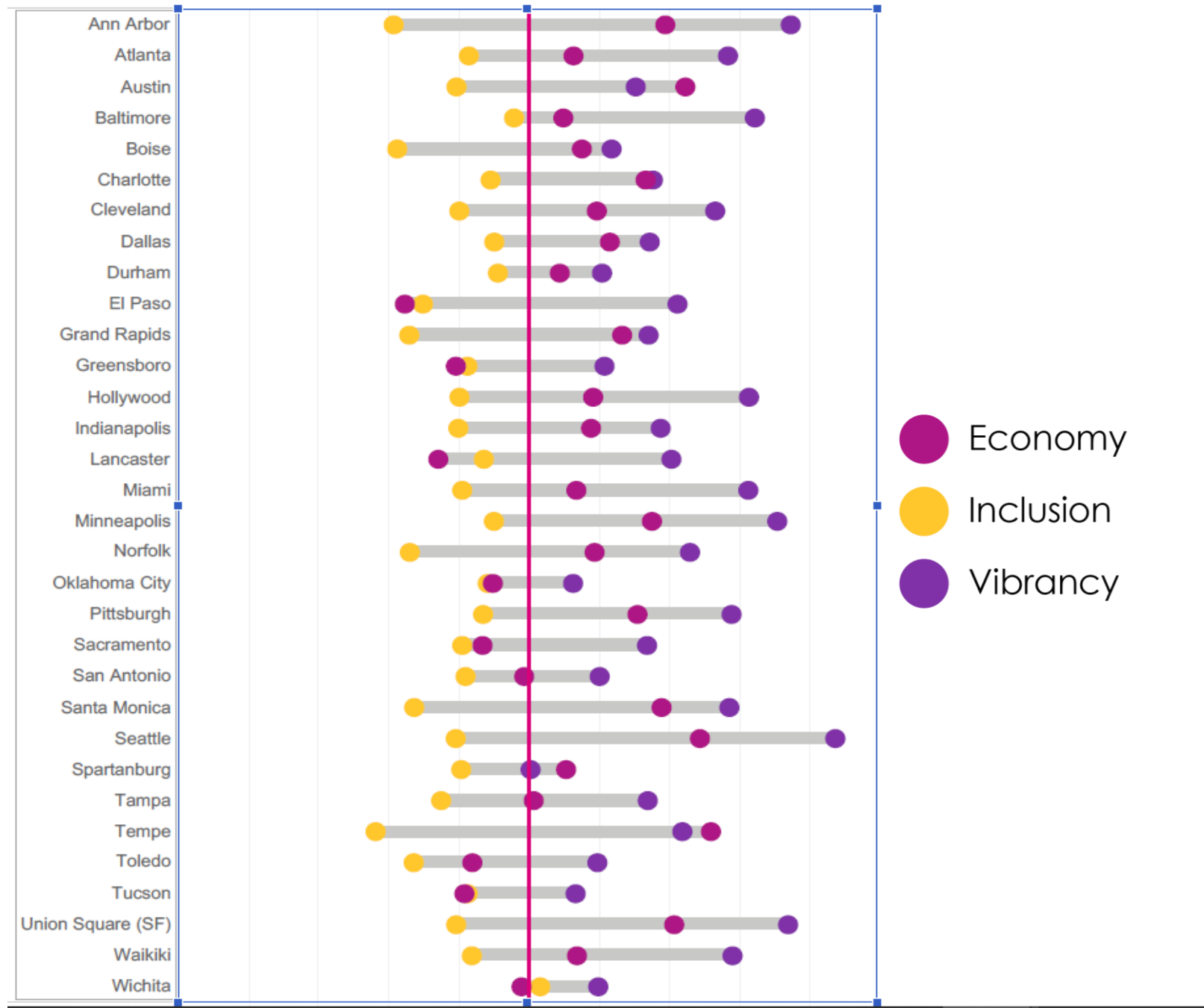
Growth in real income by income decline



CENTER ON BUDGET AND POLICY PRIORITIES | CBPP.ORG

Deloitte (2018):
“...much of the lowest 80%’s income will be increasingly consumed by ballooning healthcare debt, education debt, and food costs.”

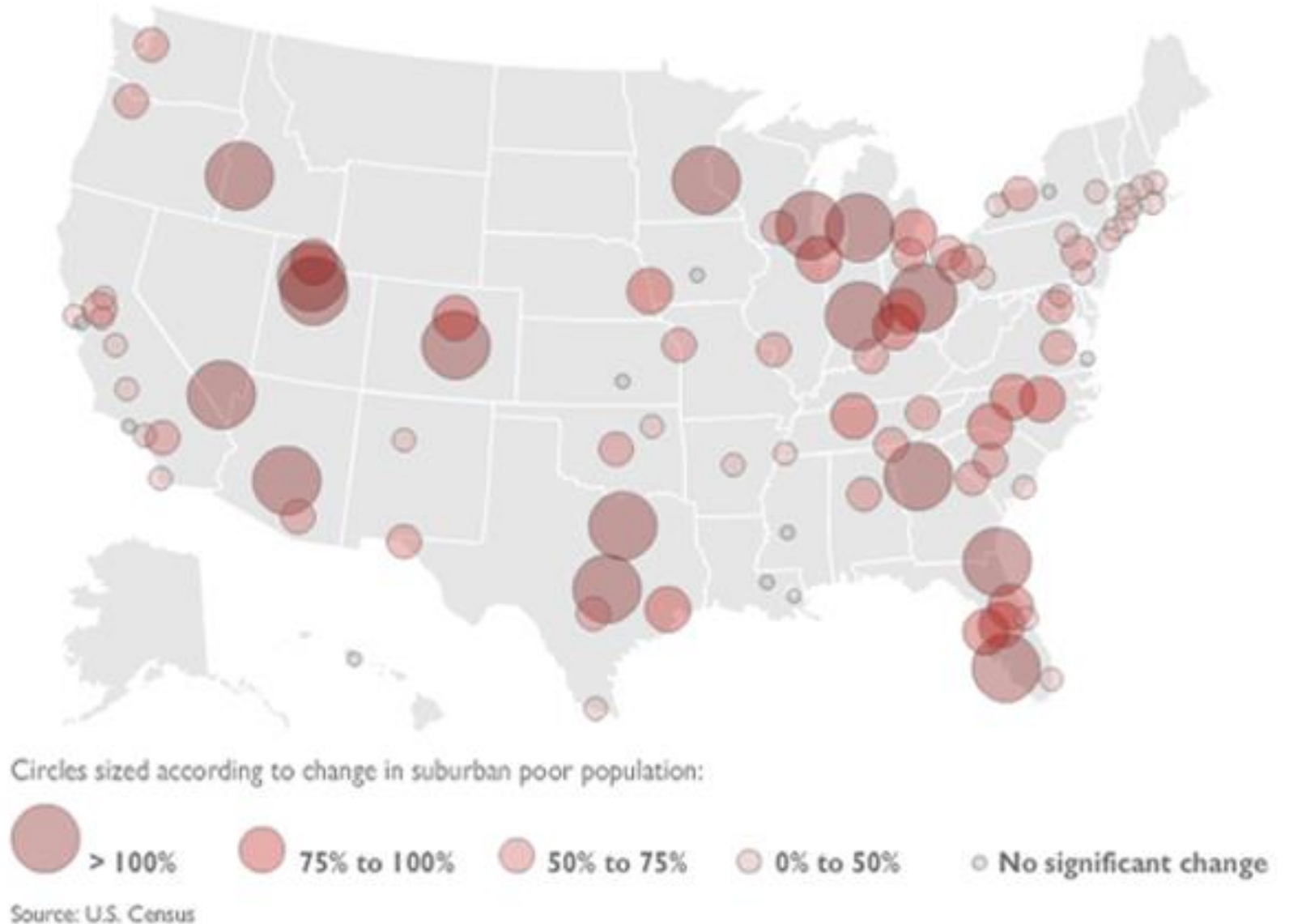
*As more affluent folks
spur downtown
success, the deck is
stacked against
inclusion*



*Urban success is
generating an
explosion of
suburban poverty*



...are regions where suburban poverty is exploding



% increase in people living in poverty 2000-2015

60% | Suburban

22% | Urban

24% | Rural

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.



**Shaping the next
two decades:** more
livable, competitive,
equitable, and resilient
downtowns

1. Thresholds for success

- *Leadership*
- *Engagement*
- *Partnership*
- *Transformative planning*
- *Equity*



LEADERSHIP...think
downtown alliances!

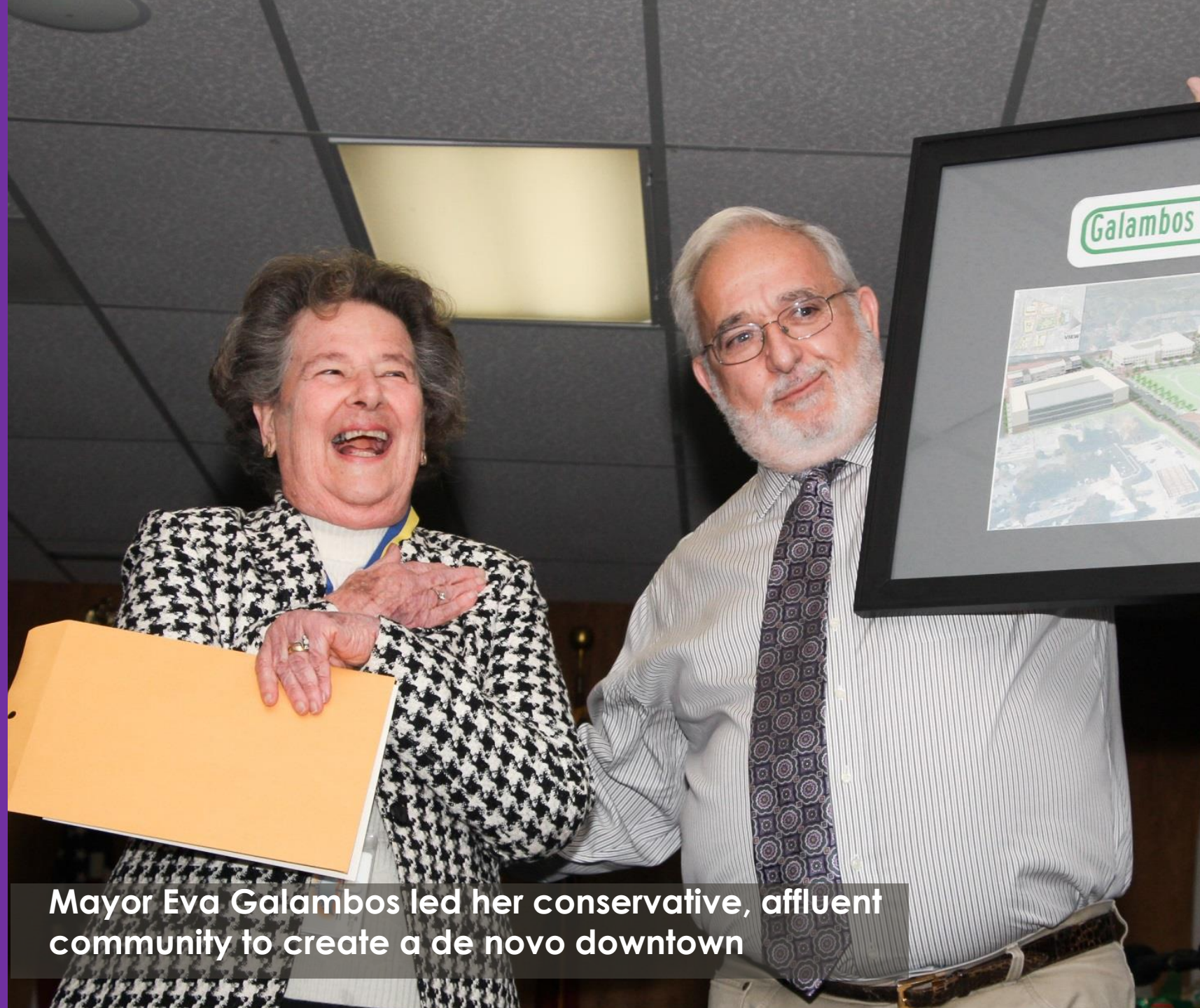
...and launching
transformative
community
conversations



Jeff Fluhr, launched revival of downtown Wichita and grew the downtown partnership into a regional partnership

Leadership...think
downtown alliances!

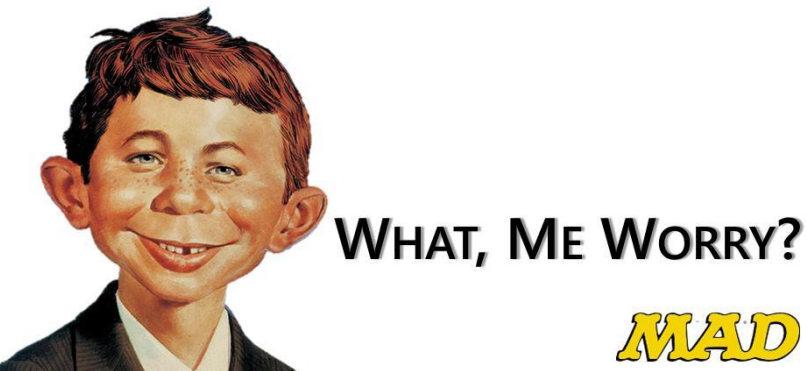
...and demonstrating
that these can be
very purple
conversations



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

ENGAGEMENT...think
downtown alliances!

...and making the
entire community
informed participants
in shaping the future



Birmingham AL launches community based Downtown Plan

PARTNERSHIPS...think
downtown alliances!

...and the power of
effective P3s...and
building public will to
launch them



New downtown for suburban Dublin OH

**Transformative
planning...**think
downtown
partnerships!



South Bay Mall, Boston

THEATER



South Bay new urban neighborhood, Boston

EQUITY...think
downtown
partnerships!

...and tapping
growing downtown
value to pay for a
robust equity agenda



One Charlestown: transforming New England's largest public housing development into a mixed-income community—without displacement



**Creating a public realm that transforms
diversity into community**



Cincinnati's Uptown Consortium emphasizes minority business participation in reviving this university/healthcare district

2. Principles for community building

- Making walkability real
- Connecting people and place
- Creating a complete public realm
- Building authenticity



MAKING WALKABILITY REAL

*...starts with getting
density right—1-2,000
housing units within a
5-minute walk can
bring a Main
Street...and a public
realm...to life (next
come programming
and design...)*



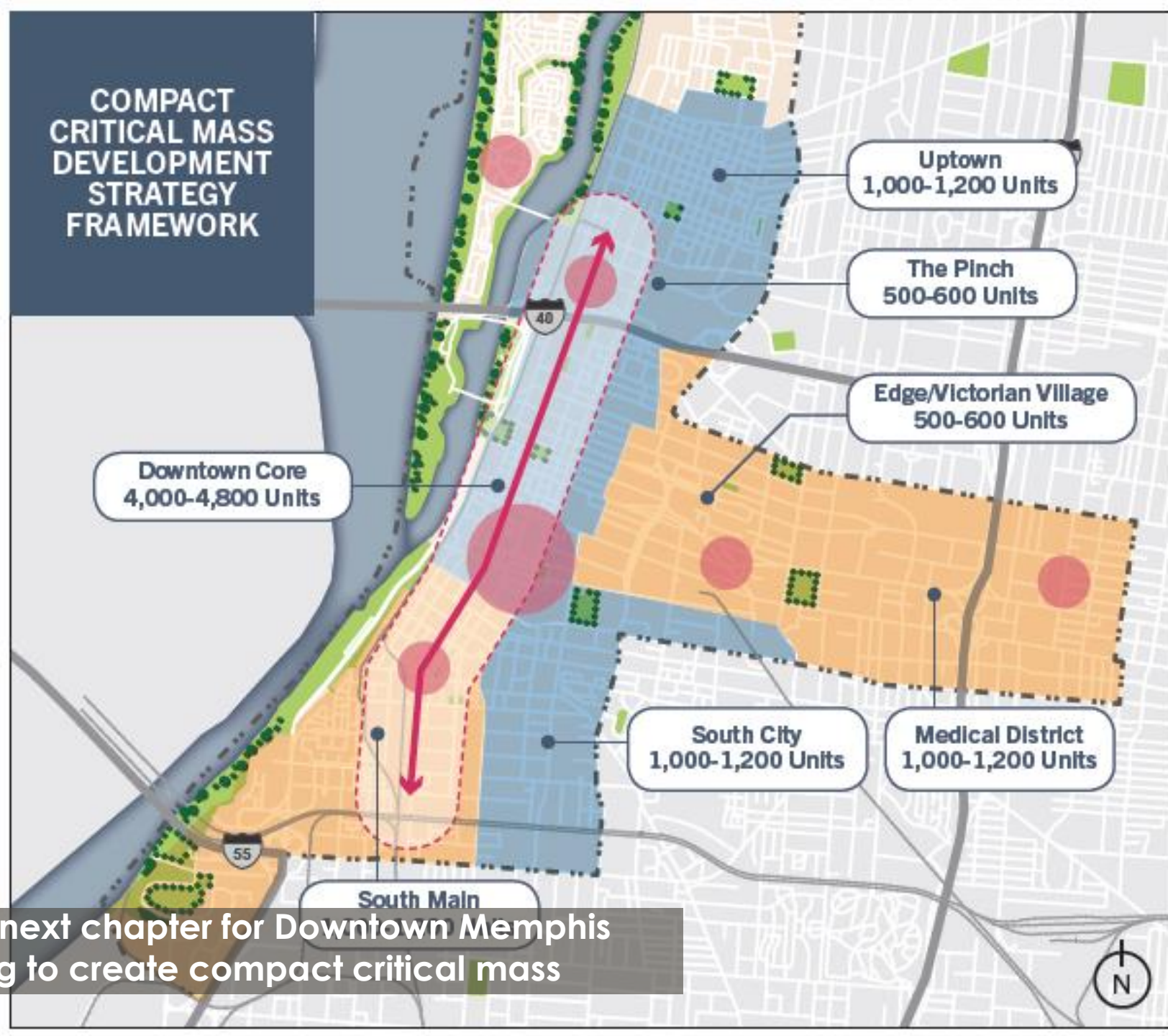
“Marshal’s Plaza” in suburban Newton MA



“Marshal’s Plaza” in suburban Newton MA is reemerging as a new “village”



“Build up not out!” Plan for writing the next chapter for Downtown Memphis focuses on concentrating new housing to create compact critical mass





Crystal City in Arlington VA is leveraging its density by reprogramming empty lawns into a “veneer” of retail that connect auto-oriented buildings into icons of walkability



Crystal City in Arlington VA is leveraging its density by reprogramming empty lawns into a “veneer” of retail that connect auto-oriented buildings into icons of walkability



With density and programming in place, design can step forward and work its magic

CONNECTING PEOPLE AND PLACE

*...starts with mobility
for all and continues
onto connecting
downtown directly to
lives of everyone in
the city and region*





Birmingham AL's Railroad Park has emerged as a badly needed central park—and badly needed common ground for the city and region

Creating a complete public realm

...starts by creating a hierarchy of spaces from the most personal—a quiet conversation, people-watching, kids playing—to places that draw the entire community together





Klyde Warren Park, Dallas

BUILDING AUTHENTICITY

*...starts not by
mimicking the past
but celebrating the
artists, makers, stories,
and entrepreneurs
that represent a
community's living
culture today...and
tomorrow*



Parking garage whose street frontage has been converted to artists working gallery spaces



Makers' Alley, Water Street downtown district, Tampa



Project Row House, Houston



Robert E. Simon, founder of Reston VA



A Memphis entrepreneur brings his vision to life in a pop-up retail “square”

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