



**Smart Growth America**  
Making Neighborhoods Great Together

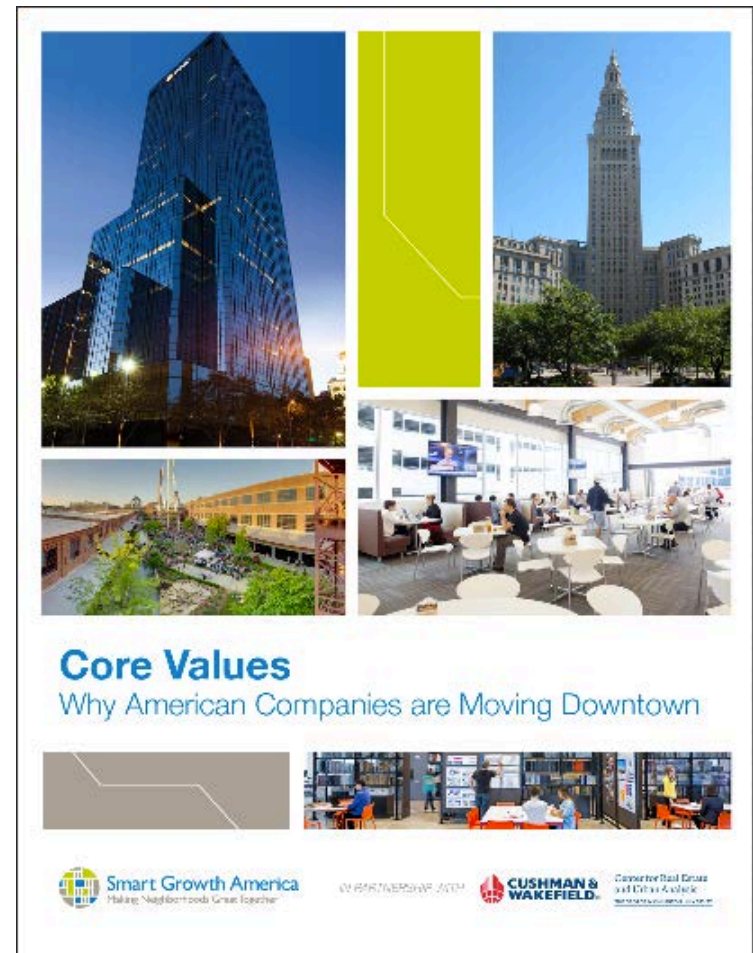
# **Core Values: Why American Companies Are Moving Downtown**



Geoffrey Anderson

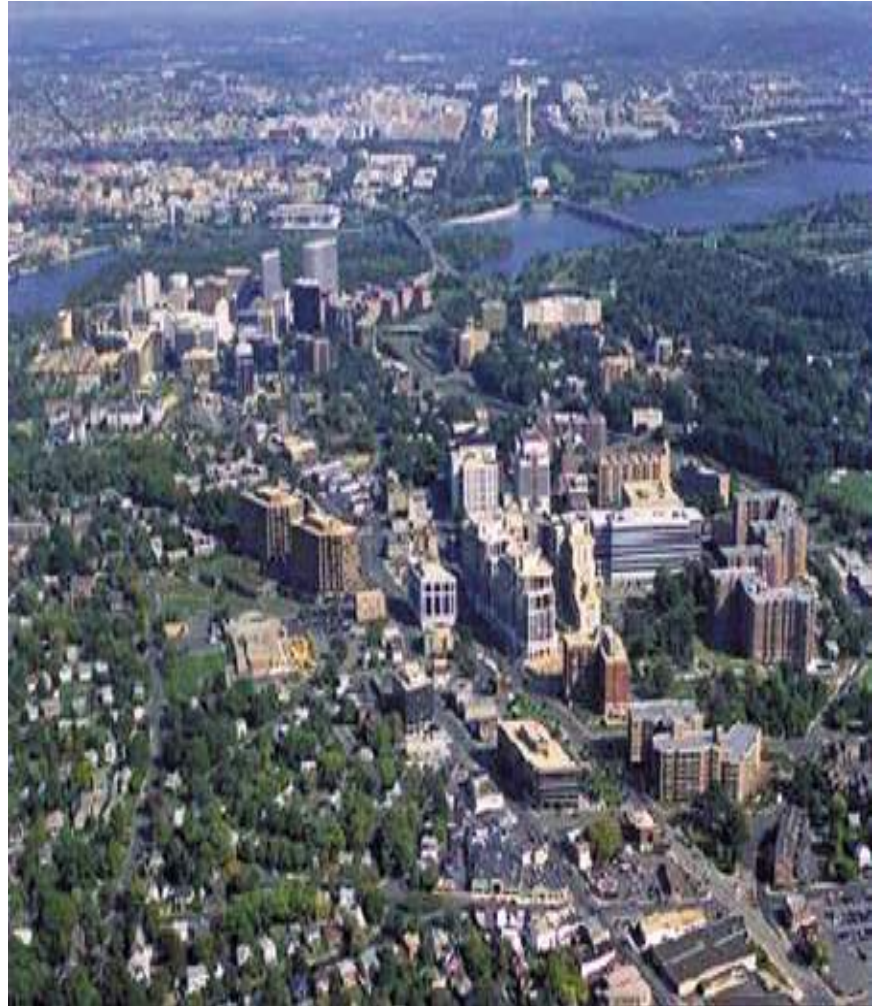
# CORE VALUES

- Smart Growth America
- Cushman and Wakefield
- George Washington University Center for Real Estate and Urban Analysis



# The Return of Downtowns

- 63% of jobs in metro areas were within 3 miles of the traditional city center in 1960
- 16% in 1996
- 23% in 2013

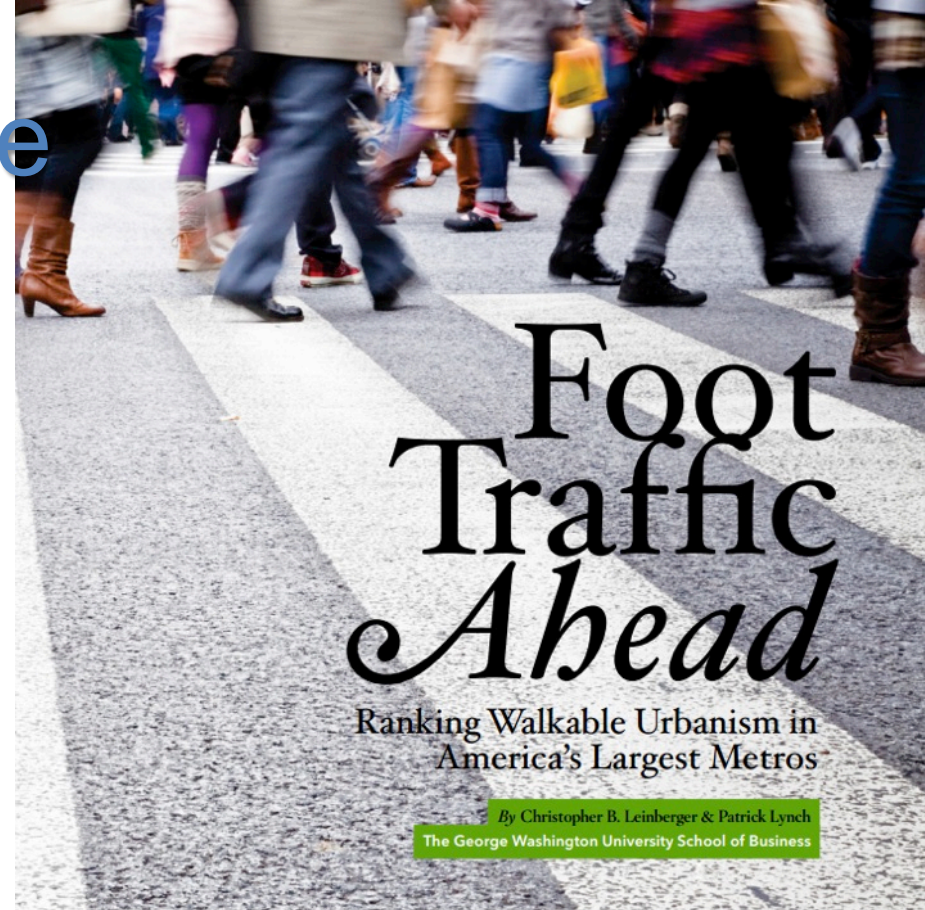


# There is a price/value premium for walkable places

2014 study ranks the top 30 US metropolitan areas in walkability

## Major findings:

- The top ranking metros have an average of 38% higher GDP per capita as compared to the low ranking metros.
- Office rent in urban WalkUPs rent at a 74% higher premium per square foot over drivable sub-urban areas.





# There is a price/value premium for walkable places (commercial)

Applies to commercial real estate -

Greater walkability:

→ 1% to 9% increase in commercial property value depending on type; also higher incomes and lower capitalization rates



• Sources: "Walking the Walk" by Joseph Cortwright, CEOs for Cities and  
"The Walkability Premium in Commercial Real Estate Investments"  
by Gary Pivo and Jeffrey Fisher

# What's Behind Downtown Trend?

- Who is moving?
- Where are they moving
- What are they looking for?
- What advantages are they getting?
- What does it mean for cities and for economic development?

# Businesses Moving Downtown

- Surveys companies that either relocated to, expanded or invested in walkable downtowns between 2010 and 2015
- 500 companies identified with interviews of at more than 40 senior level staff to understand why they chose a downtown location
- Included data from global real estate services company Cushman & Wakefield, from local chambers of commerce, and a variety of news and other publicly available sources.
- What we didn't do (not a comprehensive study)

FIGURE 1

## Companies moving and expanding downtown, by industry<sup>8</sup>

*Industries with fewer than 10 instances within the sample have been categorized as "Other."*

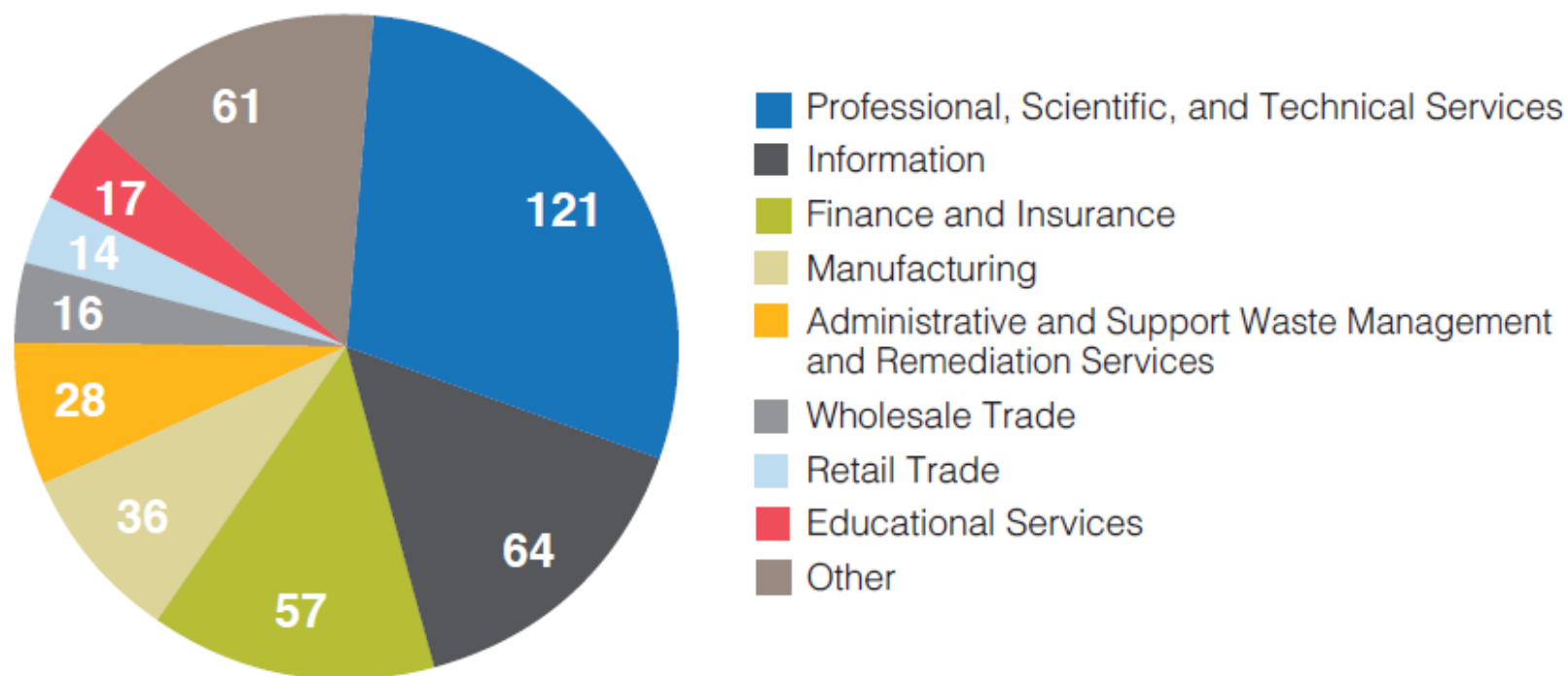




FIGURE 2

## Relocations, expansions, and new office creation

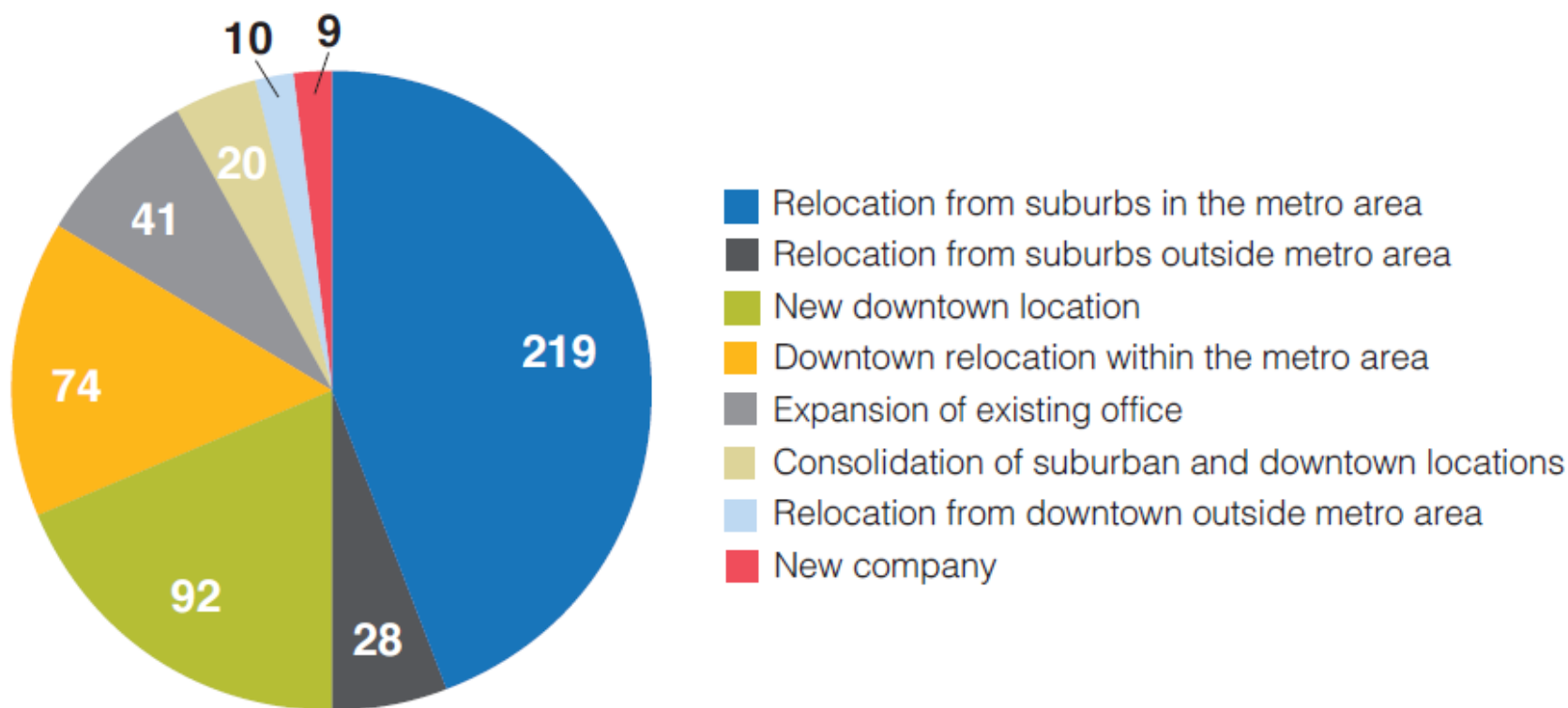
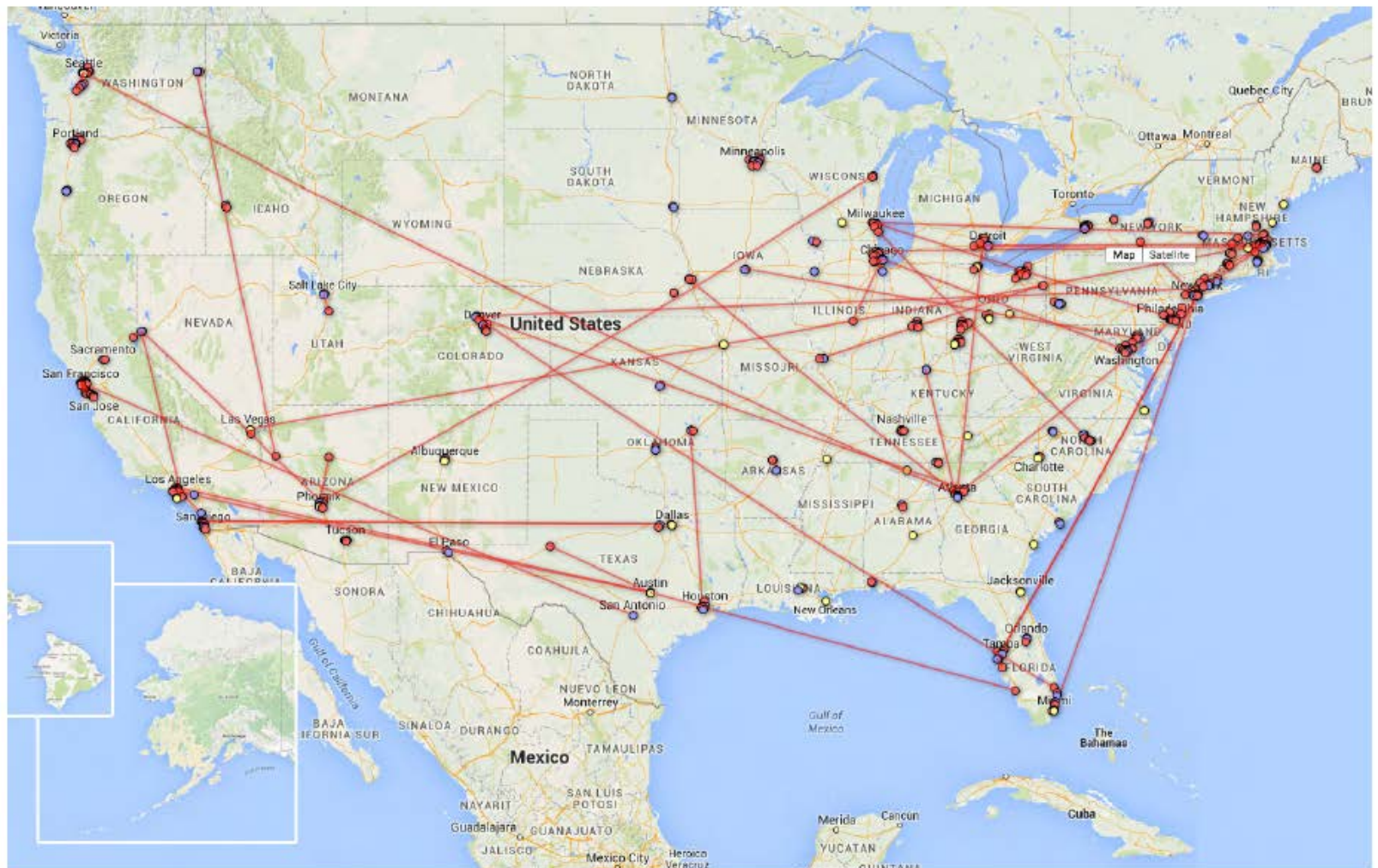


FIGURE 3

## Map of where companies are moving



# To attract and retain talented workers

“I can tell you 100 percent that when we are trying to attract new talent, being downtown and having a new open office feel, and being in a much more vibrant location is a differentiator.”

- Kent McNeil, Executive Vice President and Chief Financial Officer, Bumble Bee Seafoods, San Diego, CA



Bumble Bee Seafoods' headquarters in the former Showley Bros. Candy Factory in San Diego, CA. Photo courtesy of Bumble Bee.

# To attract and retain talented workers: Millennials

“We’re in a creative industry, so being in the center of the creative culture downtown is hugely important to us. It’s the kind of energy and environment that Millennials and now the Generation Z want to be in, and it’s just something that we can’t offer out in the suburbs. We know our move downtown will make us a more attractive employer for our next generation of employees.”

- Eric Pehle, Executive Vice President and General Manager in Minneapolis, Weber Shandwick, Minneapolis, MN

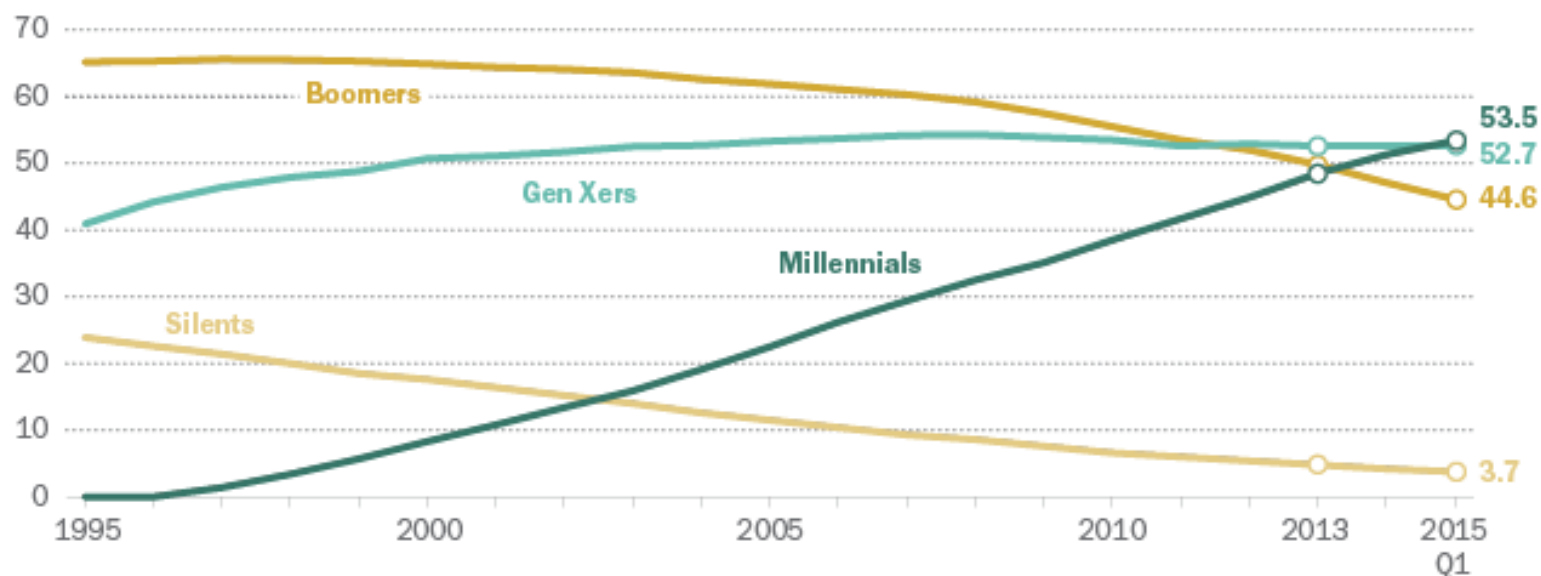




# Millennials now largest share of the work force

## U.S. Labor Force by Generation, 1995-2015

*In millions*



Note: Annual averages plotted 1995-2014. For 2015 the first quarter average of 2015 is shown. Due to data limitations, Silent generation is overestimated from 2008-2015.

Source: Pew Research Center tabulations of monthly 1995-2015 Current Population Surveys, Integrated Public Use Microdata Series (IPUMS)

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# Millennials

They follow lifestyle,  
not jobs.

Millennials choose  
where to **live** before  
finding a **job**.

Of all college-educated 25- to 34-year-olds  
**64%** looked for a job **after** they chose the  
city where they wanted to live.

(U.S. Census)





# Attracting new residents

Three qualities attach people to a place:

- Social offerings: entertainment and places to meet;
- How welcoming a place is;
- Physical beauty and green spaces.



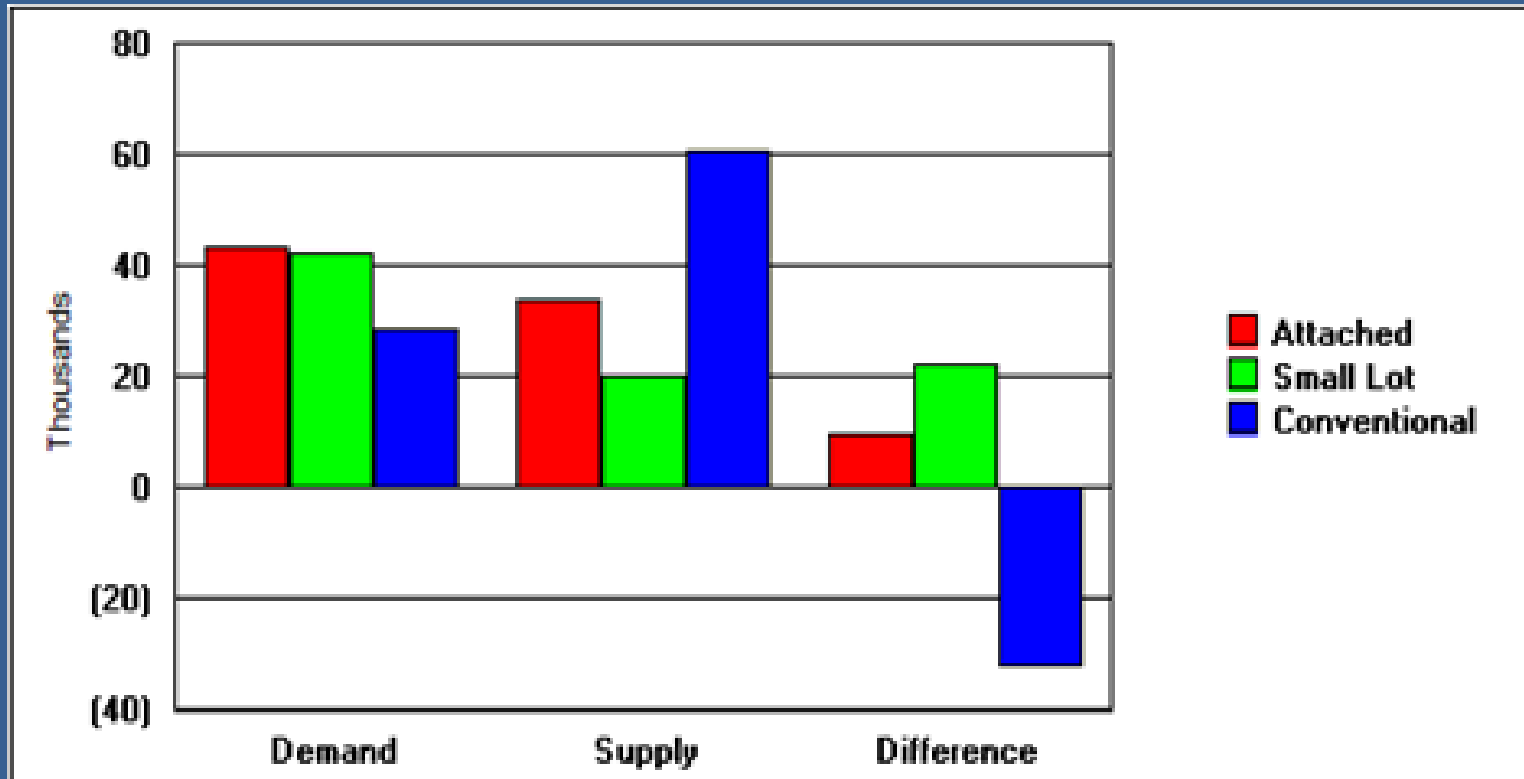
*Gallup poll of 43,000 people in 26 communities*

# National Association of Realtors

2015 National Community and Transportation Preference Survey found that millennials, those aged 18-34, prefer walking as a mode of transportation by 12 percentage points over driving. Millennials are also shown to prefer living in attached housing, living within walking distance of shops and restaurants, and having a short commute, and they are the most likely age group to make use of public transportation.

# The market: Housing

## Occupied Housing Demand-Supply Mismatch 2011



Source: Adapted from American Housing Survey 2011 by Arthur C. Nelson, University of Arizona.

# To attract and retain talented workers: Mid-Career Worker

“Initially there was some hesitation from employees about our move to One Tampa City Center. There was some concern about commute time and parking, but the benefits of being centrally located downtown, within minutes of many major businesses, restaurants and entertainment, quickly gave everyone a pretty good sense that being in the middle of the action is a good thing. Now, we’re all thrilled to be part of this vibrant, thriving community.”

- Dianne Jacob, Senior Vice President of Corporate Communications, PNC Bank, Tampa, FL





# Rising demand for walkable neighborhoods



84.7 million Americans are under 35, and 81.5 million are over 65.

These are currently the country's two largest demographics – making up **half the U.S. population** – and they both like mixed-used, walkable neighborhoods served by transit.

# To build brand identity and company culture

“As a part of our brand and our culture, we wanted to be in a downtown scene. There are a lot of independent restaurants and bakeries, those kinds of things, that are all within walking distance. So it’s got that kind of neighborhood-on-the-rise vibe that I think aligns really well from a tech startup brand standpoint. Tech startups like to think we’re cool and hip, and the downtown scene in Durham really aligns with that brand.”

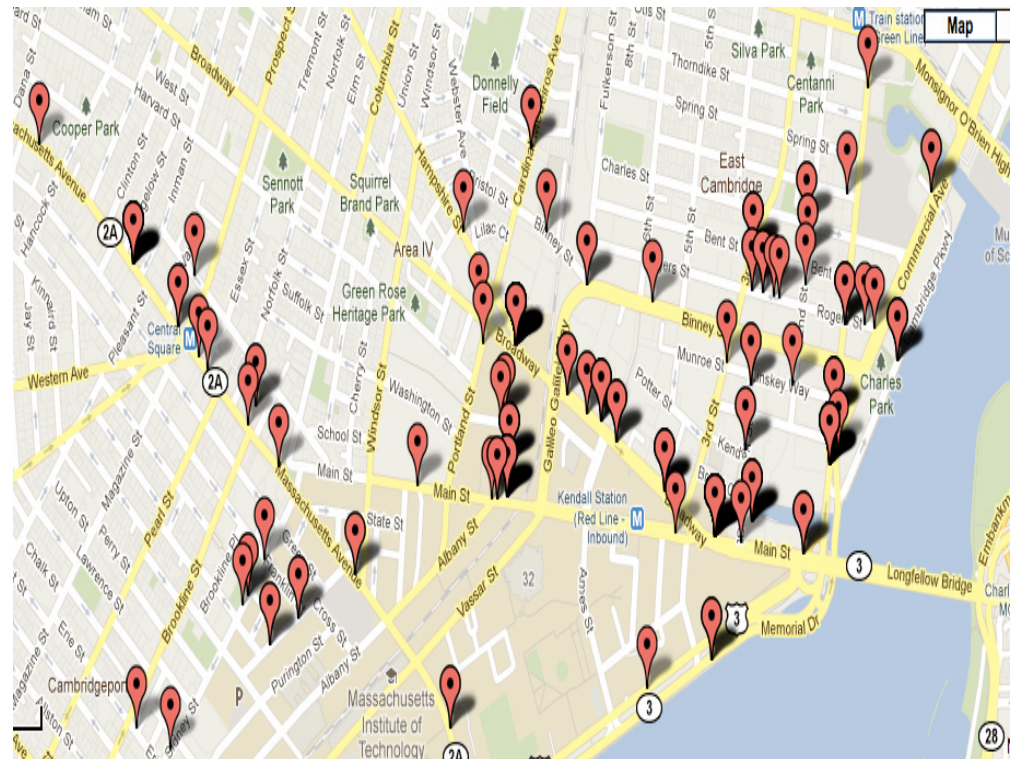
- Jessica Mitsch, Director of Global Campus Operations,  
The Iron Yard, Durham, NC



# To Support Creative Collaboration

“The investment here is 100 percent in research and scientists thrive on being able to interact and collaborate with colleagues, from the clinical space, the biotech space, the academic space. In order to have that kind of interchange you need to be in an area where those ideas are thriving constantly. And you can’t find a better place on the planet than Kendall/Central Square.”

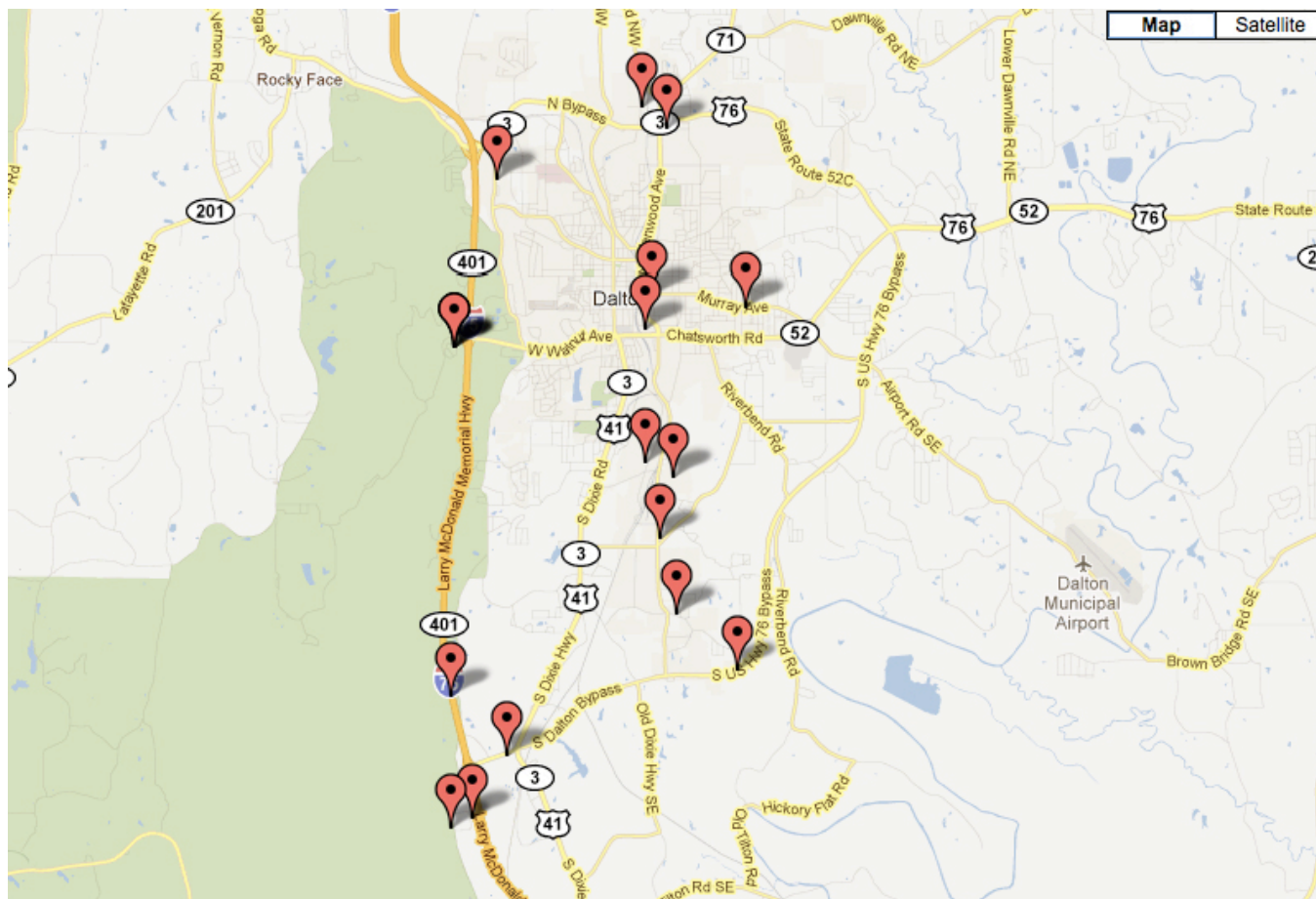
- Jeff Lockwood, Global Head of Communications, Novartis Institutes for BioMedical Research, Cambridge, MA



Over 150 biotech firms have located near Boston's Kendall Square, home to MIT.

LOCATION AND FORM MATTER: PROXIMITY

# Clustering: Carpets in Dalton, GA



# The Old Model: Plenty of Open Space; no Public Space



Typical Suburban  
Workplace



# The New Model: Settings for Interaction, Serendipity



# To be closer to customers and business partners

“Our corporate attorney is across the street from us, our accountants are down the road, anybody we need to see is within walking distance. Our banker walks to our facility. So being downtown, you get a lot of great conveniences and you eliminate a lot of windshield time. There’s a lot more efficiency down here.”

“Anthony Vastardis, CEO,  
Dental Associates, Milwaukee,  
WI”



# To Centralize Operations

“Before Panasonic moved we were on a 50-acre site with buildings spread out all over creation and it took 15 minutes just to walk to a meeting. ...Now we’re in a building where within a minute or two you can get to another floor and have a meeting with different divisions and different work teams. It’s a much more collaborative and ultimately more productive working environment.”

—Jim Reilly, Vice President of  
Corporate Communications,  
Panasonic, Newark, NJ



Panasonic's headquarters in downtown Newark, N.J. Photo by Inhabitat via Flickr



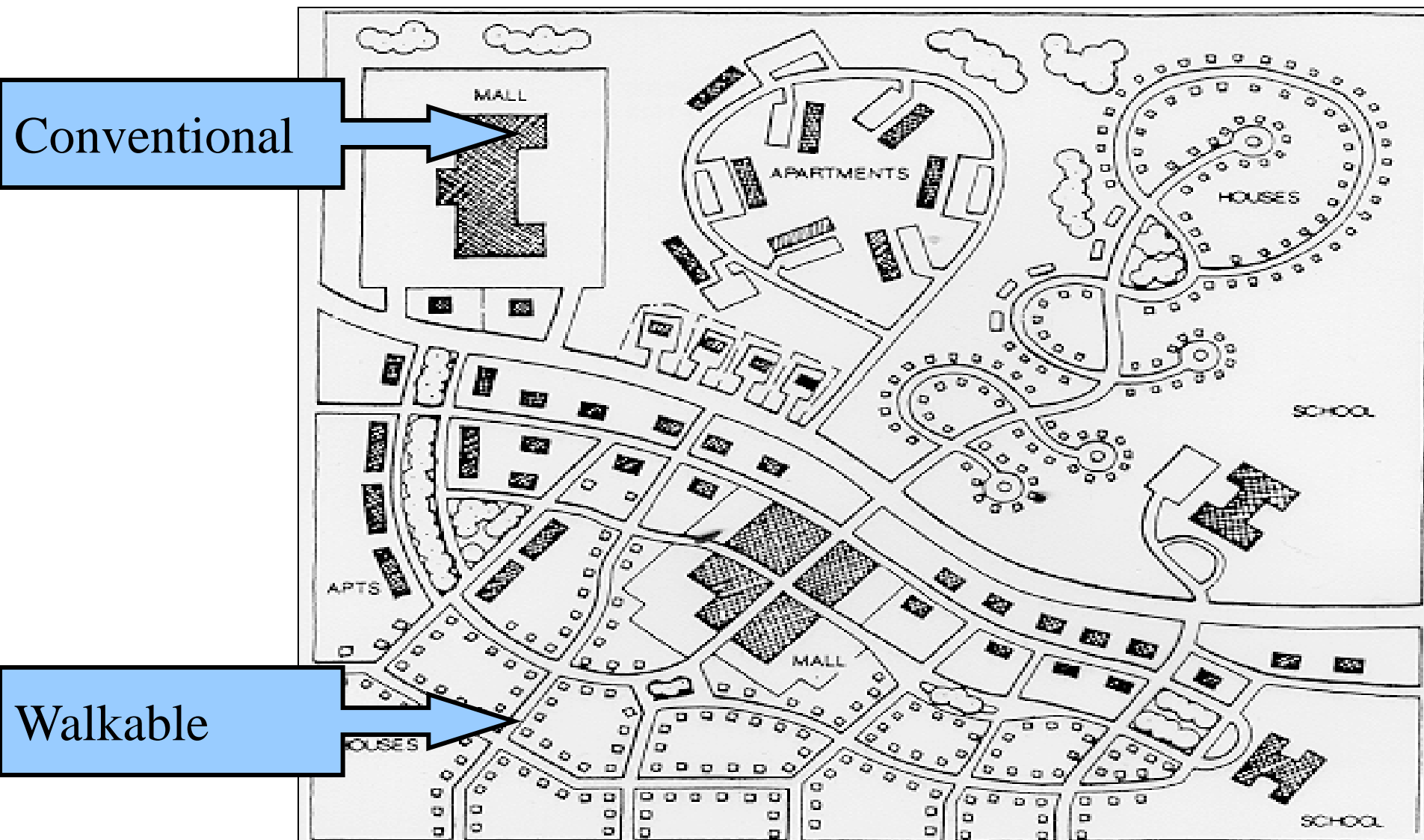
# To Support Triple Bottom Line Outcome

“The City of Detroit was in the midst of financial turmoil when the decision was made, but that didn’t deter us. We started assessing what would it be like to be an integral part of the redevelopment as a contributor and a leader, versus being a spectator. After weighing the costs and opportunities we decided it would really be the best place for the long-term future of the company. We were the first financial institution to go back into the city when everyone else had migrating to the suburbs. We saw it as a chance to help drive the revitalization of a major American city.”

David F. Girodat, President and CEO,  
Fifth Third Bank, Detroit, MI



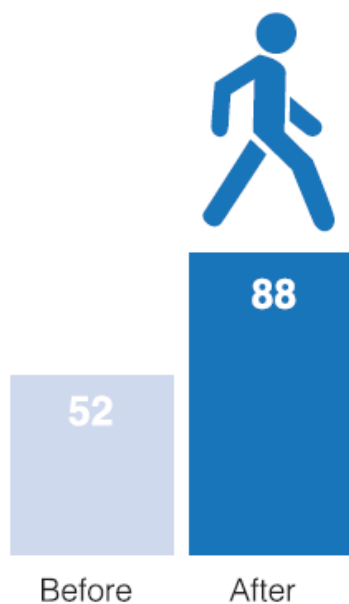
# Walkable Live/Work/Play Environments



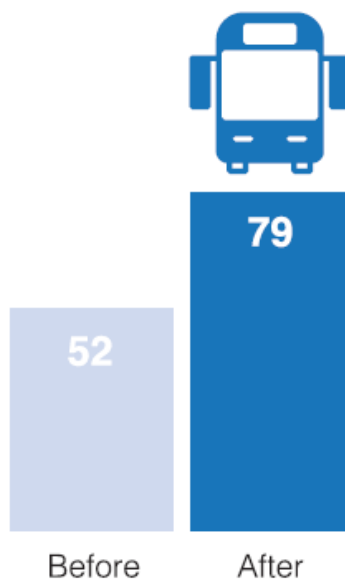
# A Range of Transportation Choices



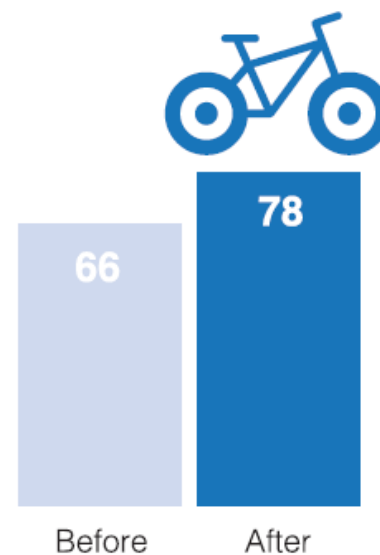
## WALK SCORE



## TRANSIT SCORE



## BIKE SCORE





# The Right Office Space



Shift in work  
activity →  
new work  
environments



# A Welcome Mat

“We wanted a place that would be conducive to getting the job done and also a place where our employees feel comfortable living their life. The Downtown Cleveland Alliance helped us feel like this was a place where our employees would be comfortable. And it wasn’t necessarily big gestures that achieved that. They gave us a packet of materials about things going on downtown—festivals, cultural events, even just yoga classes. It made us more confident that our employees would feel welcome here.”

—Jim Sprague, Chief Financial Officer, Gas Natural,  
Cleveland, OH



# Clean, Safe Streets



# What Cities Are Doing: Rockville Town Ctr, MD, Creating New Housing Downtown



REUTERS/LARRY DOWNING

## GOING BACK TO ROCKVILLE

AFTER THE BUST, URBAN-STYLE LIVING IS GAINING MOMENTUM



**REUTERS™**

tors

# What Cities Are Doing: Lancaster, CA Complete Streets

--New wide median (the Ramblas), narrowing streets, sidewalk improvements

--Farmers markets, affordable housing, wider sidewalks.





# The BLVD, Lancaster, CA

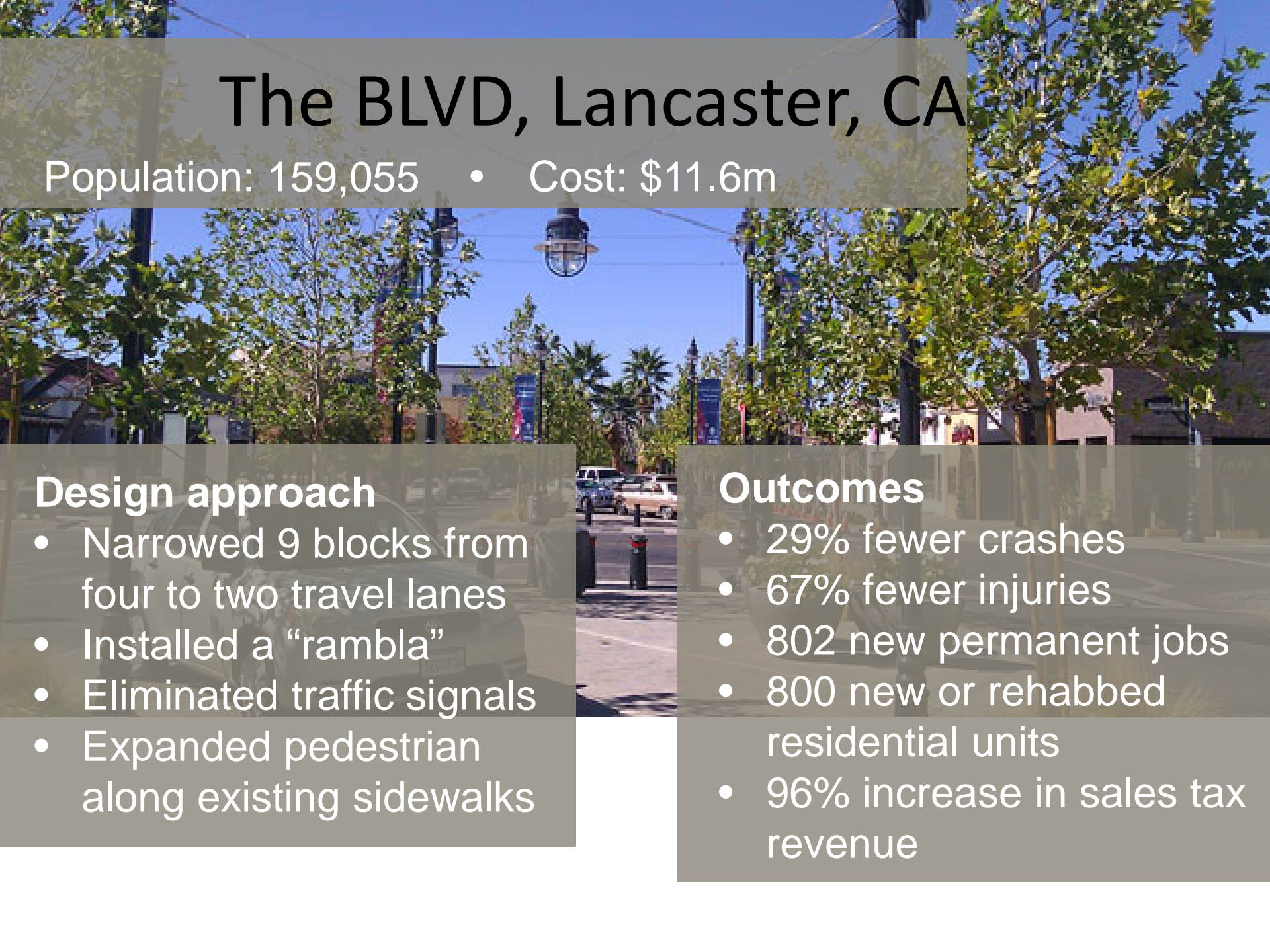
Population: 159,055 • Cost: \$11.6m

## Design approach

- Narrowed 9 blocks from four to two travel lanes
- Installed a “rambla”
- Eliminated traffic signals
- Expanded pedestrian along existing sidewalks

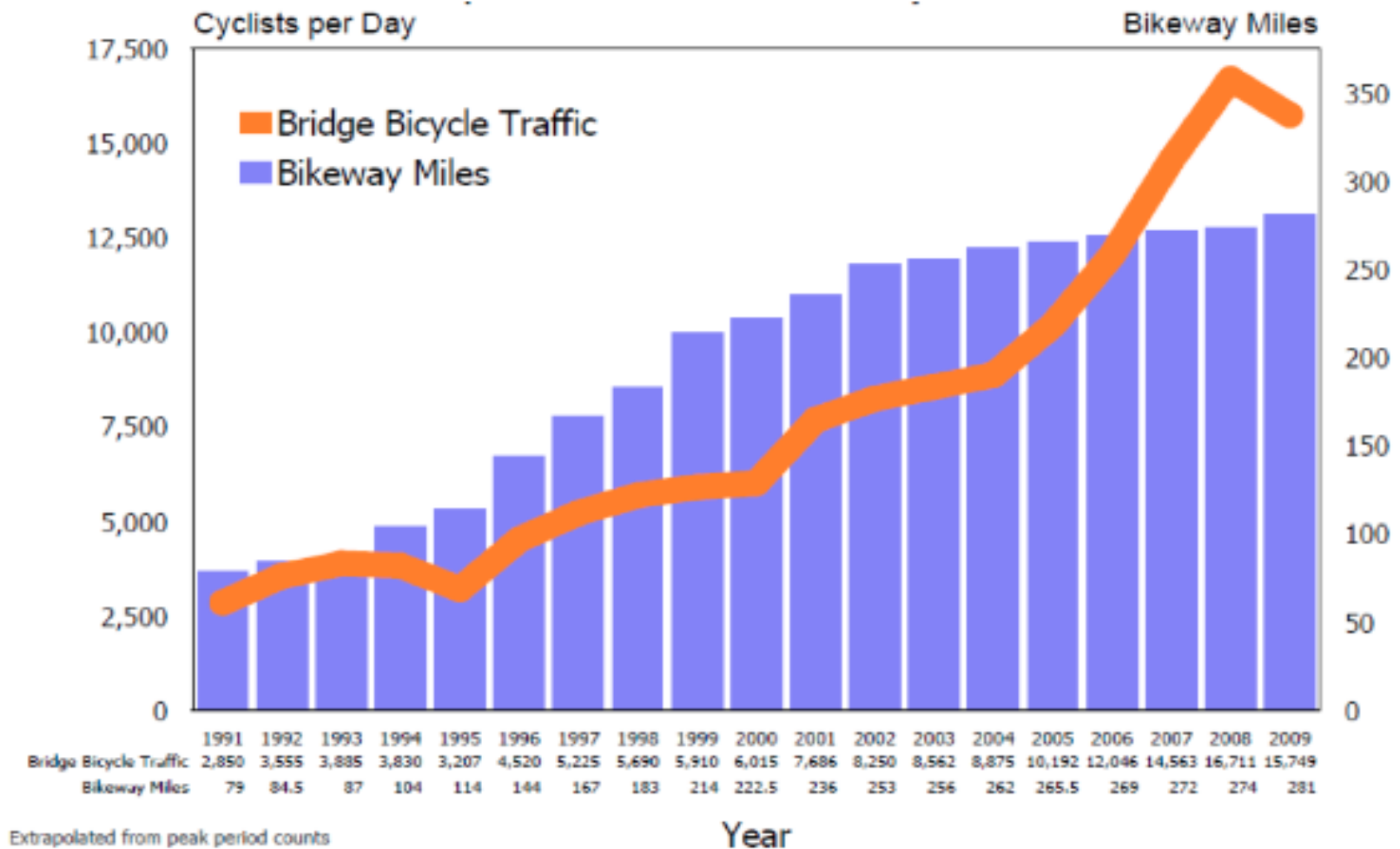
## Outcomes

- 29% fewer crashes
- 67% fewer injuries
- 802 new permanent jobs
- 800 new or rehabbed residential units
- 96% increase in sales tax revenue



# Portland

**Figure 11: Bikeway Miles and Bridge Bicycle Traffic Counts - Portland, OR<sup>12</sup>**





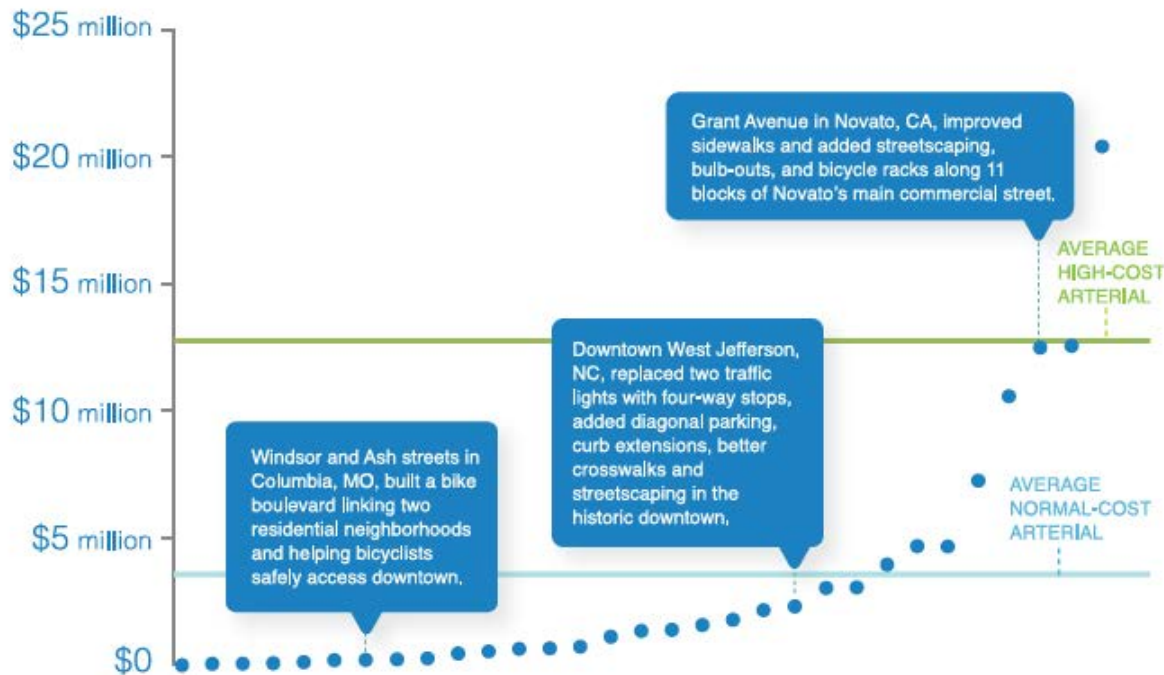
# Streets that were affordable

- Nearly 75 percent of the projects cost less than the average “normal-cost” arterial.
- Nearly all the projects cost less than the average “high-cost” arterial.

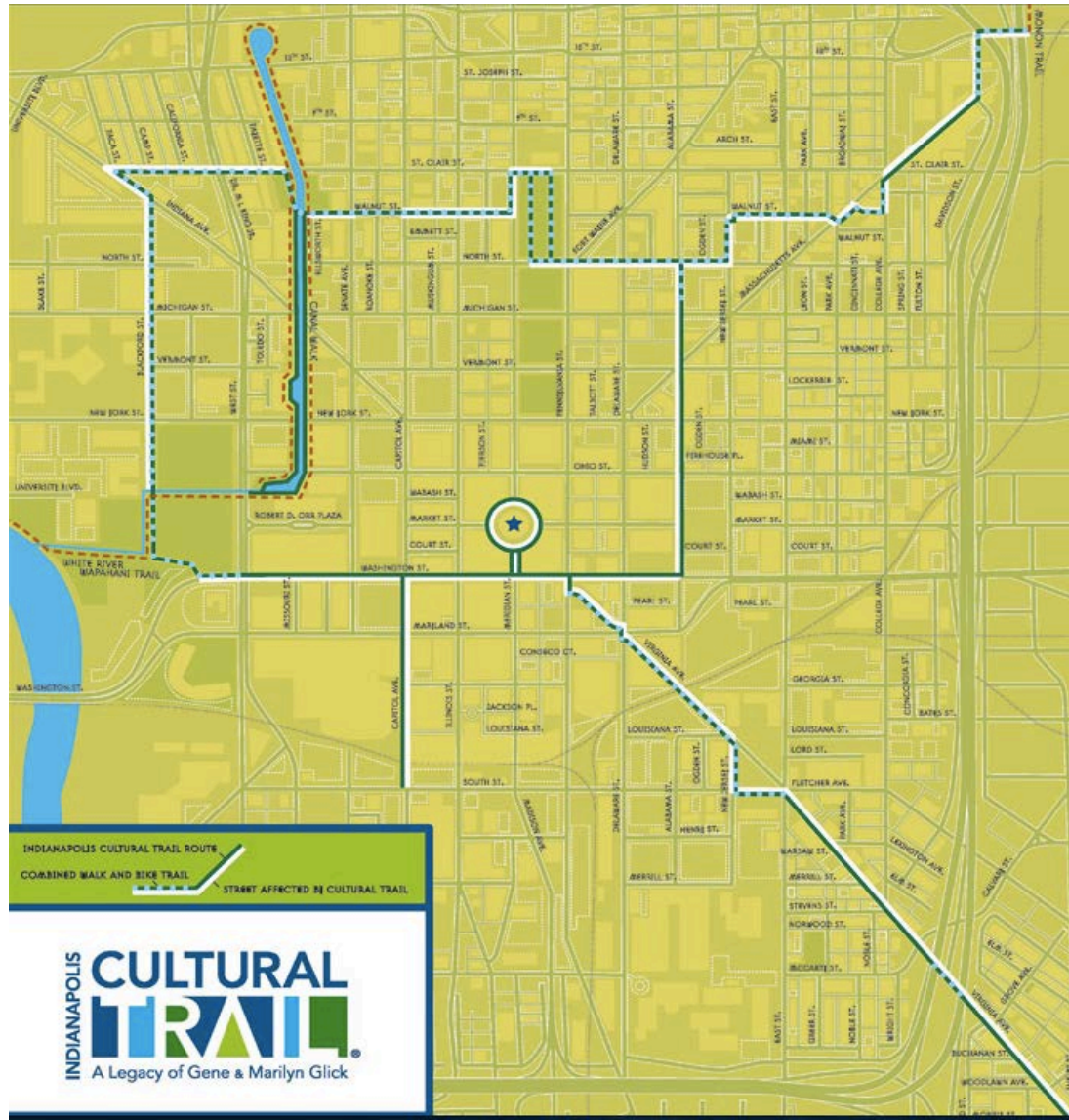


## The cost per mile to build Complete Streets projects vs. an average arterial road

Complete Streets projects are remarkably affordable—some of the projects in our survey cost just a few thousand dollars. They cost less to build than an average urban arterial, yet, as explained earlier, can still increase bicycle, pedestrian, and automobile activity.



# What Cities are Doing: Indianapolis, IN Placemaking













# What Cities are Doing: Greer, SC Leading Redevelopment





# What Cities are Doing: Transportation Choices

MORNING EDITION

## Nashville business heavyweights join new push for transit

Aug 5, 2015, 7:47am CDT Updated Aug 5, 2015, 2:49pm CDT

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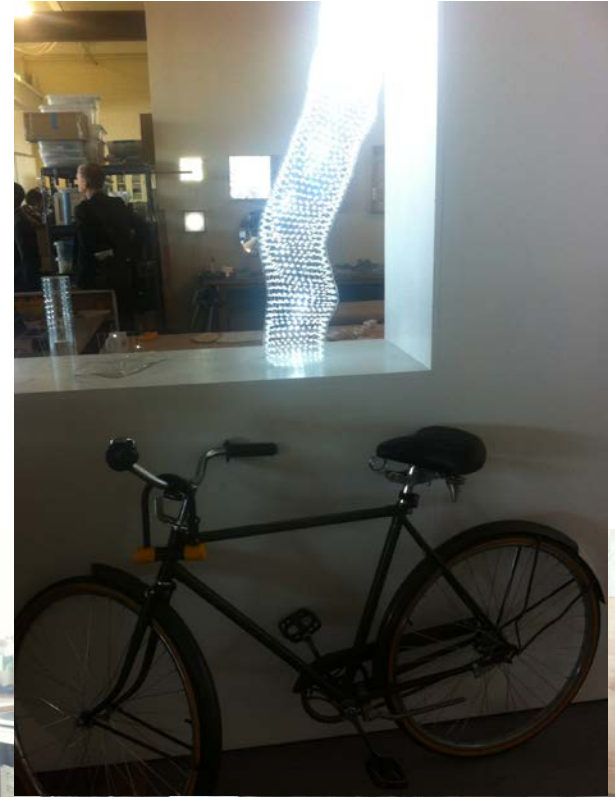
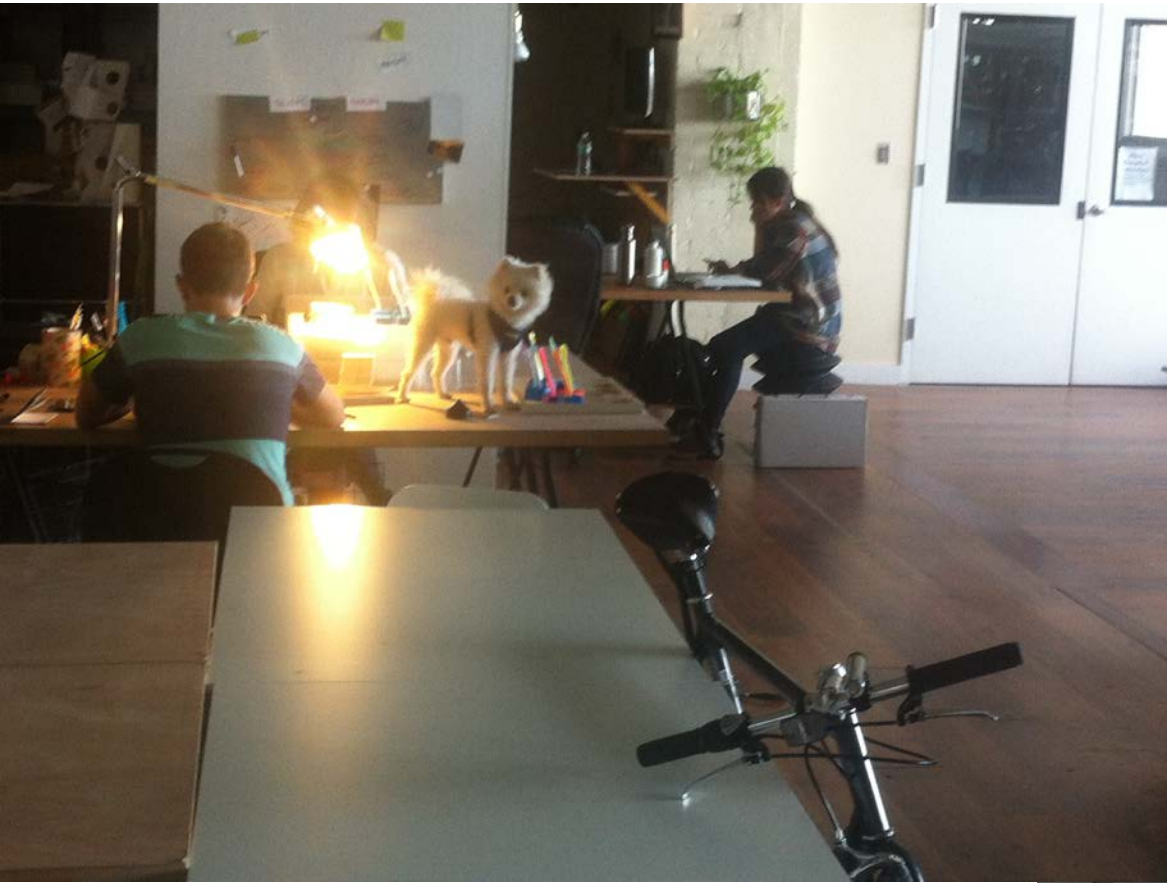
# What Cities are Doing: Affordable Housing

## Brattleboro Food Coop, VT

-Affordable Housing



# What Cities are Doing: Collaborative Maker Space in Brooklyn



# What Cities are Doing: Normal, IL, Urban Design





# What Cities are Doing: Charles City, IA, Turning Necessities into Luxuries

-Stormwater  
and Paddle  
Park



# What Cities Are Doing: Oklahoma City, OK, Changing the Way They Do Economic Development

Had the best incentives but  
lost the firm

Embarked on major program  
including: entertainment  
district, ball park, waterfront  
improvements

Mayor believes jobs will move  
to where people want to live







Main Street USA, Disneyworld





Burlington, Vermont



# Core Values

## Why American Companies are Moving Downtown



**Smart Growth America**  
Making Neighborhoods Great Together

IN PARTNERSHIP WITH



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