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

AN IDA STUDY CALCULATING THE VALUE OF DOWNTOWN

**2023 EXECUTIVE SUMMARY**

INSPIRED LEADERS SHAPING CITIES

## A STRONG DOWNTOWN IS CRITICAL FOR A SUCCESSFUL CITY AND REGION.

The *Value of U.S. Downtowns and Center Cities* study demonstrates the impact and benefits American downtowns and center cities provide across their respective cities and regions. This study articulates the unique contributions and multiple benefits of downtown investment for a broad range of stakeholders and audiences. It also benchmarks the performance of U.S. downtowns and creates a baseline for future data collection and comparisons to other downtowns.

The study identified five key principles— economy, inclusion, vibrancy, identity, and resilience—and analyzed more than 150 key metrics within the principles to quantify the value of a given U.S. downtown. The study relied on both public and proprietary data sources, defining the downtown beyond the boundaries of an urban place management organization (UPMO). Metrics were calculated by change over time, by square mile, and by share of city and regional value, allowing IDA to measure each downtown against its respective city and region.

Almost 50 UPMOs across the U.S. have participated in the study to-date, a broad and varied sample. 2023 study districts were Baton Rouge, Milwaukee, Nashville, and New Haven. Our analysis of six years of downtowns studies shines a light on how critical a healthy downtown is, not only to those who live and work there, but to the success of the entire city. In the wake of the COVID-19 pandemic, as many downtowns look to their future, these findings affirm that while geographically small, on average three percent of all citywide land, downtowns remain immensely valuable, diverse, efficient, inclusive, and resilient on multiple levels.

Economy: Thanks to the density of economic activity, downtown remains the most economically valuable place in most cities. Though small in area, downtowns deliver an outsized impact on city coffers, averaging 22% of the citywide property tax revenue.  Downtowns also contain 25% of total employment, a crucial figure has remained high through fluctuations – from 2017 to 2019, employment increased by 2% per year on average across all study downtowns, before falling by 4% in 2020 to return to 2017 levels. Though the post-COVID recovery continues to evolve downtowns still represent economic opportunity and have a built environment that supports future growth, though that growth may come in new and different forms in future years.

Inclusion: Downtowns and center cities provide access to opportunities and essential services for diverse users, positioning them as highly inclusive urban nodes which exhibit demographic diversity with residents from a wide range of backgrounds. On average, downtown residents are 47% non-white, 51% hold a bachelor's degree or higher, and 46% are between the ages of 18 and 34, all figures which have continued to rise since 2017. However, their popularity as a place to live means high demand for downtown housing, and median rent downtown is up 69% on average according to ACS data. Nevertheless, median incomes downtown are rising as well; median income in study downtowns rose 75% from 2010 to 2021, compared to 41% across all study cities.

Vibrancy: Due to their higher density and expansive user base of residents, workers and visitors, downtowns support a variety of uses which offer mutually-reinforcing benefits to the region. Downtown residential growth has continued to accelerate, averaging 50% from 2000 to 2021, against a citywide average of 15%. Downtowns are also regional shopping, nightlife, and entertainment centers. Study downtowns account for 11% of citywide retail sales dollars, 35% of hotel rooms, and generate $345m in retail sales per square mile, approximately four times the citywide average.

Identity: Downtowns, with their long-standing tendency to bring diverse people together, have become repositories for many cultures and histories, with historical and cultural assets as well as recreation options. This blend of old and new provides a high quality of life that attracts residents, employers, visitors and investors. On average, study downtowns contained 38 structures on the National Register of Historic Places, 72 public art installations, 11 museums and 21 live entertainment venues.

Resilience: The dense and mixed-use nature of a downtown allows for residential, commercial and community uses, all connected by a variety of mobility options. Downtowns in this study rank significantly higher than their city in Walk Score (86 downtown, 48 city), Bike Score (76 downtown, 53 city), and

Transit Score (59 downtown, 32 city). The diversity and density of resources and services downtown make it inherently better able to rebound from economic, social, and environmental shocks and stresses than other parts of the region.

Downtown Typologies: Each downtown in the study has its own unique context and is at different stages of development. IDA classifies downtowns into three tiers based on citywide share of and average growth in employment, density, population, and assessed value. The charts on the next page show different trends across all five principles in each tier.

## OPPORTUNITIES FOR DOWNTOWNS

The COVID-19 pandemic caused unprecedented disruptions in downtowns across the United States and accelerated trends such as remote work. However, despite early prognostications of the death of cities, vibrant urban places were proved more important than ever. While trusted and authoritative data from government sources continues to lag several years behind the present, we can now better understand the impact of COVID-19 on downtown and the beginnings of post-pandemic recovery, which continues to vary by location. According to research published by the Center City District in Philadelphia in *Downtowns Rebound*, in 2Q2023 in the largest 25 cities in the U.S., the number of workers downtown had recovered to 65% of 2019 levels. Visitors (anyone who does not live or work downtown) had a stronger rebound of 81% recovery. Most impressive, on average, more residents lived downtown in 2023 compared to 2019, a recovery rate of 111%, which indicates the continued importance that residential density and growth have on vibrant, 24-hour cities. Nevertheless, residents make up a smaller percentage of the daytime population downtowns, and increasing the frequency of workers coming downtown is critical for local economies.

Residential Growth and Inclusion: The continued prevalence of remote work has reduced the number of office workers downtown, workers who long drove the street life of many downtowns. Our research shows that downtowns have long been outpacing their cities in residential growth, and the COVID-19 pandemic served to further emphasize the importance of diverse, mixed uses in any neighborhood. As downtowns continue to grow their residential population, they will become more resilient, and less reliant on office workers who are unlikely to return to previous behaviors. The high demand for downtown living has also led to increasing rents. Downtown priorities need to include equitable development and growth that does not displace residents nor exclude workforce opportunities. Downtowns should also strive to have a diverse tenant mix to provide goods and services for households across all socioeconomic levels.

Public Safety: Clean and safe have long been central to the work of UPMOs, but in recent years public safety has taken on increasing importance. UPMOs, especially the operations teams, have found themselves at the front line in addressing systemic, societal challenges such as social equity, rising homelessness, increases in crime (whether real or perceived), and policing reform. The role of ambassador teams is multifaceted, including as a deterrence for anti-social behavior, real-time data source on activity on the ground, and resource for the local businesses, residents, employees, and visitors.

Advocacy: UPMOs became more trusted partners through the pandemic, as they continued their clean and safe operations, cut through the noise to provide essential information, and became vocal advocates for their small businesses and districts. UPMOs now have the opportunity to build upon their wider public recognition to increase awareness of the value of their district, continue advocacy, and make lasting change.

## CONCLUSION

Downtowns—and their place management organizations—proved their great worth to their communities in the midst of the COVID-19 pandemic by bringing new ideas and mutual support to a challenging and rapidly changing environment. Downtowns are now able to look to the future and consider the role they will play in their city moving forward. Those roles may shift, but the data currently available shows downtowns have retained a great deal of their intrinsic value. While traditional, strictly 9-to-5 Central Business Districts may be a thing of the past, this will not be the first time downtowns have reinvented themselves, and vibrant, dense mixed-use downtowns can expect to be stronger than ever. We undertook this study with the goal of creating a product that would empower local leaders to work with the public and private sectors at all levels to encourage investment in and support for downtowns. As this study makes clear, investing in downtown continues to deliver powerful benefits for the city and region.

 

# Downtown Typologies

Based on the data collected for the *Value of U.S. Downtowns and Center Cities* study, IDA identified three tiers of downtowns. Criteria included rate of growth and citywide share of residents and jobs; density of residents and jobs; assessed value per square mile. Downtowns with the greatest density and share of citywide resources made up the *established* tier. Other downtowns fell into *growing* or *emerging* tiers based on how quickly they were moving toward the *established* level.

Generally, as a downtown moves from *emerging* to *growing* to *established*, figures across all categories rise. For example, *established* downtowns boast higher assessed values, generate a higher proportion of city tax revenues, and house a higher percentage of city residents and jobs.

*Growing* downtowns buck this generalization on growth metrics, with a population growth rate almost double and a job growth rate more than triple the average downtown. Most *growing* downtowns start from a smaller base of population and employment as they transition away from *emerging* status, making growth percentages look especially dramatic.

*Emerging* downtowns are those with the most potential, they have yet to accumulate the density of *established* downtowns or enter the rapid growth of *growing* downtowns. While most *emerging* downtowns hold fewer jobs than they did in 2002, recent years have been more prosperous, employment in *emerging* downtowns grew by 5% from 2015 to 2019. They also are more likely to be oriented as traditional Central Business Districts, with a median of 5 workers per resident downtown, compared to 3.4 in *established* downtowns and 3.8 in *growing* downtowns.

In addition, the Diversity Index shows that downtowns generally have less racial and ethnic diversity than their cities overall. Looking at tier averages, diversity is lowest in the *growing* tier. This suggests that when districts begin growing rapidly, that is also when they are most in need of concerted effort to keep that growth open to all.

For mobility, *established* downtowns offer the most options, scoring the highest on Walk, Transit, and Bike scores, and half of residents used a sustainable mode to commute. *Growing* and *emerging* downtowns performed similarly on these metrics. While *growing* and *emerging* downtowns outpace their cities on mobility metrics, continued improvement in these areas will make these areas even stronger centers of activity.

## Established Downtowns

- BALTIMORE
- FORT LAUDERDALE
- MIAMI
- MILWAUKEE
- MINNEAPOLIS
- NEW HAVEN
- PITTSBURGH
- RICHMOND
- SAINT PAUL
- SAN FRANCISCO
- SEATTLE
- WEST PALM BEACH

| | |
|---|---|
| 5.5% | OF CITYWIDE LAND AREA |
| $4.35B | ASSESSED VALUE PER SQUARE MILE |
| 19% | CITY'S ASSESSED VALUE |
| 20% | CITYWIDE RETAIL TRADE AND F&B SALES |
| 58% | CITYWIDE HOTEL TAX REVENUE (MEDIAN) |
| 9% | CITYWIDE POPULATION |
| 45% | % OF RESIDENTS AGED 18 TO 34 YEARS |

### RESIDENTIAL

| | DOWNTOWN | CITYWIDE |
|---|---|---|
| GROWTH AVG. 2000 – 2021 | 56% | 12% |
| DENSITY RESIDENTS / ACRE | 21 | 12 |
| INCOME MEDIAN HOUSEHOLD | $70.4K | $67.2K |
| DIVERSITY INDEX | 68.6 | 73.5 |

### EMPLOYMENT

| | |
|---|---|
| 13% | GROWTH (2002–2020) |
| 43% | CITYWIDE JOBS |
| 47% | CITYWIDE KNOWLEDGE JOBS |
| 46% | CITYWIDE CREATIVE JOBS |

HOTEL

25
HOTELS

5,587
HOTEL ROOMS

58%
CITYWIDE HOTEL ROOMS

DOWNTOWN SUSTAINABLE COMMUTE

DOWNTOWN
39%

CITY
22%

| | DOWNTOWN | CITY |
|---|---|---|
| WALK SCORE | 94 | 65 |
| BIKE SCORE | 80 | 63 |
| TRANSIT SCORE | 76 | 45 |

## Growing Downtowns

- ANN ARBOR
- ATLANTA
- AUSTIN
- BOISE
- CHARLOTTE
- DALLAS
- DURHAM
- GREENSBORO
- HUNTSVILLE
- INDIANAPOLIS
- LEXINGTON
- LOS ANGELES
- NASHVILLE
- NORFOLK
- SACRAMENTO
- SANTA MONICA
- TEMPE

| | |
|---|---|
| 2.7% | OF CITYWIDE LAND AREA |
| $3.91B | ASSESSED VALUE PER SQUARE MILE |
| 11% | CITY'S ASSESSED VALUE |
| 10% | CITYWIDE RETAIL TRADE AND F&B SALES |
| 42% | CITYWIDE HOTEL TAX REVENUE (MEDIAN) |
| 5% | CITYWIDE POPULATION |
| 51% | % OF RESIDENTS AGED 18 TO 34 YEARS |

### RESIDENTIAL

| | DOWNTOWN | CITYWIDE |
|---|---|---|
| GROWTH AVG. 2000 – 2021 | 80% | 23% |
| DENSITY RESIDENTS / ACRE | 10 | 6 |
| INCOME MEDIAN HOUSEHOLD | $65K | $66.9K |
| DIVERSITY INDEX | 61.9 | 71.5 |

### EMPLOYMENT

| | |
|---|---|
| 28% | GROWTH (2002–2020) |
| 21% | CITYWIDE JOBS |
| 25% | CITYWIDE KNOWLEDGE JOBS |
| 30% | CITYWIDE CREATIVE JOBS |

HOTEL

21 HOTELS

4,486 HOTEL ROOMS

22% CITYWIDE HOTEL ROOMS

DOWNTOWN SUSTAINABLE COMMUTE

DOWNTOWN 27%

CITY 10%

| | DOWNTOWN | CITY |
|---|---|---|
| WALK SCORE | 87 | 42 |
| BIKE SCORE | 79 | 52 |
| TRANSIT SCORE | 63 | 33 |

## Emerging Downtowns

- ALBUQUERQUE
- BATON ROUGE
- BIRMINGHAM
- CLEVELAND
- CORPUS CHRISTI
- EL PASO
- EVANSVILLE
- GRAND RAPIDS
- HOLLYWOOD
- LANCASTER
- LITTLE ROCK
- OKLAHOMA CITY
- SAN ANTONIO
- SPARTANBURG
- TAMPA
- TOLEDO
- TUCSON
- TULSA
- WAIKIKI
- WICHITA

| | |
|---|---|
| 1.8% | OF CITYWIDE LAND AREA |
| $2.31B | ASSESSED VALUE PER SQUARE MILE |
| 8% | CITY'S ASSESSED VALUE |
| 6% | CITYWIDE RETAIL TRADE AND F&B SALES |
| 23% | CITYWIDE HOTEL TAX REVENUE (MEDIAN) |
| 3% | CITYWIDE POPULATION |
| 42% | % OF RESIDENTS AGED 18 TO 34 YEARS |

### RESIDENTIAL

| | DOWNTOWN | CITYWIDE |
|---|---|---|
| GROWTH AVG. 2000 – 2021 | 21% | 9% |
| DENSITY RESIDENTS / ACRE | 8 | 5 |
| INCOME MEDIAN HOUSEHOLD | $42.4K | $48.6K |
| DIVERSITY INDEX | 67.4 | 73.1 |

### EMPLOYMENT

| | |
|---|---|
| -9% | GROWTH (2002–2020) |
| 17% | CITYWIDE JOBS |
| 18% | CITYWIDE KNOWLEDGE JOBS |
| 26% | CITYWIDE CREATIVE JOBS |

HOTEL

15 HOTELS

3,347 HOTEL ROOMS

33% CITYWIDE HOTEL ROOMS

DOWNTOWN SUSTAINABLE COMMUTE

DOWNTOWN 22%

CITY 6%

| | DOWNTOWN | CITY |
|---|---|---|
| WALK SCORE | 80 | 42 |
| BIKE SCORE | 70 | 48 |
| TRANSIT SCORE | 45 | 25 |

Note: Hotel figures exclude San Antonio, which is an outlier among emerging downtowns

 