# 2000 National Main Street Trends Survey

National Main Street Center *of the* National Trust for Historic Preservation

In its sixth annual survey of emerging trends in historic Main Street commercial districts, the National Trust for Historic Preservation's Main Street Center has found compelling evidence of the continuing economic rebound of historic downtowns and neighborhood commercial districts throughout the United States and Canada.

The survey is distributed annually in January to approximately 1,200 organizations in communities actively involved in revitalizing their historic downtowns and neighborhood commercial districts. More than 200 communities completed the 2000 survey, representing 24 states. Communities ranged in size from 300 to 600,000. The survey asks respondents to indicate how each of 16 economic indicators changed in 2000, from ground-floor rental rates to numbers of locally-owned businesses.

Among the survey's major findings:

· Retail sales are up. For the third straight year, more than half of all survey respondents reported that retail sales volume in their older commercial districts was greater than in the previous year.

**TABLE 1: How have things changed in your Main Street district in the past year?**
*Percentages of survey respondents reporting decreases, no change, and increases in various indicators of Main Street economic condition*

| Characteristic | % of respondents reporting changes | | |
|---|---|---|---|
| | Increase | No change | Decrease |
| Ground-floor rental rates | 54% | 46% | 0% |
| Retail sales volume | 56 | 26 | 18 |
| Property values | 65 | 34 | 1 |
| Ground-floor occupancy | 59 | 30 | 11 |
| Upper-floor occupancy | 37 | 60 | 3 |
| # of retail businesses (other than restaurants) | 61 | 23 | 16 |
| # of restaurants | 47 | 43 | 10 |
| # of professional offices | 40 | 57 | 4 |
| # of personal services businesses | 43 | 53 | 4 |
| # of housing units | 27 | 67 | 6 |
| # of location-neutral businesses | 21 | 78 | 1 |
| # of businesses with websites | 81 | 18 | 1 |
| # of 'mom-and-pop' businesses | 50 | 41 | 8 |
| # of franchise businesses | 16 | 80 | 4 |
| # of chain stores | 12 | 82 | 7 |
| Attendance at special events and festivals | 78 | 18 | 4 |

- Ground-floor occupancy continues to grow. More than half of all respondents reported higher ground-floor occupancy rates in 2000 than in 1999, building on a three-year trend. No respondents reported decreases in ground-floor occupancy.

- Retail is returning to Main Street. More than 60 percent of respondents reported that there were more retail businesses within their commercial districts in 2000 than in 1999.

- Special events are attracting more people. More than three-quarters of all respondents reported that more people attended festivals and special events in their older commercial districts in 2000 than in 1999.

- Property values and ground-floor rental rate are increasing. Almost two-thirds of respondents reported that property values within their older commercial districts increased in 2000 (only one percent of respondents reported lower property values). And over half of all respondents - 7 percent more than the previous year - reported that ground-floor rental rates increased in 2000. Both are healthy signs that older commercial districts are attracting new investment.

- Older commercial districts continue to nurture 'mom-and-pop' businesses. Fifty percent of survey respondents reported an increase in the number of independently-owned 'mom-and-pop' businesses from 1999-2000.

**TABLE 2: Percentages of survey respondents reporting INCREASES in various indicators of main street economic condition, 1997-2000[1]**

| Characteristic | Year covered by 'trends' survey | | | |
|---|---|---|---|---|
| | 2000 | 1999 | 1998 | 1997 |
| Ground-floor rental rates | 54% | 47 | 46 | |
| Retail sales volume | 56 | 65 | 59 | |
| Property values | 65 | 67 | | |
| Ground-floor occupancy | 59 | 57 | 49 | |
| Upper-floor occupancy | 37 | 37 | 33 | |
| # of retail businesses (other than restaurants) | 61 | 58 | 51 | |
| # of restaurants | 47 | 47 | 49 | 41 |
| # of professional offices | 40 | 48 | 49 | 42 |
| # of personal services businesses | 43 | 39 | 37 | |
| # of housing units | 27 | 34 | 34 | |
| # of location-neutral businesses | 21 | 24 | 26 | 54 |
| # of businesses with websites | 81 | 84 | 74 | 48 |
| # of 'mom-and-pop' businesses | 50 | 48 | 47 | 44 |
| # of franchise businesses | 16 | 15 | 14 | 25 |
| # of chain stores | 12 | 11 | 5 | 18 |
| Attendance at special events and festivals | 78 | 83 | | |

[1] Not all indicators were included in each year's survey.

### *Years of program activity*

In almost all instances, respondents from communities which have been active in revitalization activities for more than five years were more likely to report increases than respondents from communities active in revitalization activities for five years or less. The difference is particularly pronounced in ground-floor rental rates, property values, upper-floor occupancy rate, numbers of housing units, and numbers of 'location neutral' businesses (businesses whose market areas are not geographically limited to the immediate trade area and which can, therefore, physically locate almost anywhere). In these categories, communities with more mature revitalization programs reported significantly greater progress than those with less mature revitalization programs.

**Table 3: Years of revitalization activity**

| Indicator | Years of revitalization activity | |
|---|---|---|
| | 5 years or less | More than 5 years |
| Ground-floor rental rates | 2.46 | 2.59 |
| Retail sales volume | 2.31 | 2.40 |
| Property values | 2.55 | 2.70 |
| Ground-floor occupancy rate | 2.45 | 2.52 |
| Upper-floor occupancy rate | 2.24 | 2.40 |
| # of retail businesses | 2.51 | 2.44 |
| # of restaurants | 2.38 | 2.35 |
| # of professional offices | 2.34 | 2.38 |
| # of personal service businesses | 2.36 | 2.42 |
| # of housing units | 2.10 | 2.28 |
| # of location-neutral businesses | 2.08 | 2.24 |
| # of businesses using the Internet | 2.78 | 2.81 |
| # of independently owned businesses | 2.51 | 2.40 |
| # of franchises | 2.08 | 2.14 |
| # of chains | 2.02 | 2.07 |
| Attendance at promotional events | 2.70 | 2.75 |

### *Central business districts and urban neighborhood commercial districts*

In general, respondents from central business districts reported similar changes in 2000. Respondents from central business districts were slightly more likely than those from neighborhood commercial districts to report increases in retail sales volumes in 2000 and in the numbers of independently owned businesses. It is most likely, however, that this reflects the greater period of time in which most central business district revitalization programs have been active rather than reflecting a difference in economic condition; central business district revitalization programs included in the survey have been active an average of 8.3 years, versus an average of 5.1 years of revitalization activity for the neighborhood commercial districts.

**Table 4: Index of survey respondents, by type of commercial district.** [2]

| Indicator | All | CBD or neighborhood | |
|---|---|---|---|
| | | CBDs | Nbds |
| Ground-floor rental rates | 2.5 | 2.6 | 2.2 |
| Retail sales volume | 2.4 | 2.4 | 1.8 |
| Property values | 2.6 | 2.6 | 2.4 |
| Ground-floor occupancy rate | 2.5 | 2.5 | 2.2 |
| Upper-floor occupancy rate | 2.3 | 2.3 | 2.2 |
| # of retail businesses | 2.5 | 2.5 | 2.0 |
| # of restaurants | 2.4 | 2.4 | 2.4 |
| # of professional offices | 2.4 | 2.4 | 2.0 |
| # of personal service businesses | 2.4 | 2.4 | 2.0 |
| # of housing units | 2.2 | 2.2 | 2.4 |
| # of location-neutral businesses | 2.2 | 2.2 | 2.0 |
| # of businesses using the Internet | 2.8 | 2.8 | 2.8 |
| # of independently owned businesses | 2.4 | 2.5 | 1.8 |
| # of franchises | 2.1 | 2.1 | 2.2 |
| # of chains | 2.1 | 2.1 | 1.8 |
| Attendance at promotional events | 2.7 | 2.7 | 2.4 |

## *The Internet's continuing role in shaping the future of historic Main Streets*

For the fourth consecutive year, the category in which survey respondents reported the strongest growth involved the number of district businesses using the Internet. This year, 81 percent of survey respondents reported that more businesses within their districts used the Internet to conduct business in 2000 than in 1999 - building on similar substantial increases in 1999 (84 percent) and 1998 (74 percent).

Many survey respondents included written comments about businesses within their districts using the Internet. As in previous years, it appears that these businesses fall into one of three broad categories:

- Businesses which use the Internet to provide better service to their existing local customers. For example, the Bailes-Cobb Department Store, in downtown Hartwell, Ga., gives customers a $20 store certificate in exchange for their email addresses. The store then notifies customers by email of new arrivals, sales, and special offers (www.bailescobb.com).

---

[2] The index reflects overall, aggregate responses to each of the indicators. A survey response of “Decreased” was given a score of 1; “No change” was given a score of 2; and “Increased” was given a score of 3. An aggregate score of 2 for a particular indicator, therefore, would indicate that, on average, survey respondents witnessed no change in that indicator. Scores close to 3.0 indicate that a high percentage of survey respondents witnessed an increase in that indicator, and scores close to 1.0 indicate that a high percentage of survey respondents witnessed a decrease.

- Businesses that use the Internet to augment sales in their bricks-and-mortar stores or offices. Examples from this year's survey include DaLuca Music, in downtown Hatboro, Pa., whose online sales of used musical instruments augment sales to local customers (www.dalucamusic.com).

- Businesses whose sales are almost exclusively Internet-based, with few local customers. For example, CIS Sports in downtown Jeffersonville, Ind., has an exclusive marketing arrangement with the manufacturer of Louisville Slugger baseball bats, gloves, golf clubs and other merchandise, which it sells to a worldwide customer base from its Web site (www.cissports.com).

## *Victories and challenges*

Each year, the National Main Street Center asks survey respondents to list the greatest victories they have experienced in the past year, and the greatest challenges still facing them.

Respondents reported a record number of 'victories' in 2000. Those mentioned most frequently included:

- Securing funding for capital improvements projects
- Developing housing within the district, particularly upper-floor housing development.
- Amending local zoning laws to encourage redevelopment within the older commercial districts, particularly to make it possible for a building to accommodate a mixture of uses (retail, residential, office, etc.)
- Developing senior housing within the older commercial district
- Recruiting and developing new retail businesses
- Redeveloping large 'white elephant' buildings

Respondents also reported a number of tough challenges. Those mentioned most frequently were:

- *Movie theater closings*: Several survey respondents reported that their Main Street movie theaters have closed or are in danger of closing, facing increasing competition from multiplexes and increasing difficulty for independent movie theater operators to obtain first-run movies.

- *Sprawl development:* Many survey respondents reported that their commercial districts continue to be threatened by new commercial development on the edges of their communities, diluting retail sales and putting Main Street businesses at increased risk.

- *Parking problems (both real and perceived):* Many respondents reported either actual shortages of parking or, more typically, poor parking management and utilization (for example, business employees using parking spaces intended for customers)

- *Government offices moving out of the older commercial district:* More survey respondents reported that government offices were leaving their districts in 2000 than in any other year the Main Street Trends Survey has been conducted. Federal, state and local government offices were mentioned, including a number of instances in which the post office is relocating out of a town center. Some of the relocations and proposed relocations of federal offices cited by survey participants appear to be in violation of Federal Executive Order 13006, which mandates that federal agencies give precedence to locations in downtown historic buildings when seeking new office space.

- *Inadequate or erratic building code enforcement*: Survey respondents from throughout the country reported that local building codes are often inadequately enforced and that local code officials are either unwilling to enforce them or are unsure about how to enforce building codes for historic commercial buildings.

- *Increasing retail rental rates:* A number of survey respondents reported that rental rates for retail space are beginning to increase beyond the ability of retailers to pay them - a problem which could indicate market speculation on the part of property owners or which could suggest positive economic progress and an improving district.

- *Problems with state departments of transportation*: Several respondents reported problems working with their state departments of transportation - ranging from problems with the placement of highway signs to problems with road standards incompatible with the physical configuration and needs of the older commercial district.

*For more information, contact:*
National Main Street Center
National Trust for Historic Preservation
1785 Massachusetts Avenue, NW
Washington, DC 20036
202.588.6219
mainst@nthp.org
www.mainstreet.org