2002 NATIONAL MAIN STREET TRENDS SURVEY

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

In its seventh annual survey of economic trends in America's older Main Street commercial districts, the National Trust for Historic Preservation's National Main Street Center has found that retail sales in America's Main Streets increased after the September 11th terrorist attacks and that, while the rate of new business start-ups appears to have slowed down, older commercial districts continue to experience significant economic growth.

The National Trust's Main Street Center distributes the National Main Street Trends survey each spring to approximately 1,400 organizations in communities actively involved in revitalizing their historic and older downtowns and neighborhood commercial districts. Over 370 communities completed the March, 2002 survey, representing 43 states and provinces in the United States and Canada. Communities ranged in size from 821 (Blanchardville, Wisconsin) to 1.2 million (San Diego, California).

The survey asks respondents to evaluate how each of 16 economic indicators changed in 2001, from retail sales levels to ground-floor occupancy rates to numbers of franchises, chains, and locally owned businesses.

Among the survey's major findings:

- Retail sales remain healthy. Ground-floor retail sales dipped slightly in 2001, but continue to be strong. Almost half of all respondents (48 percent) reported increases in ground-floor retail sales – down slightly from 2000, when 54 percent of respondents reported increases in ground-floor retail sales. Only three percent of respondents reported that ground-floor retail sales decreased in 2001.

- Main Street property values are up. Two-thirds of respondents reported that property values increased in their districts in 2001.

- Mom-and-pop start-ups declined slightly, but more franchises are opening on Main Street: Fewer respondents reported increases in the number of mom-and-pop businesses in 2001 than in the year before (44 percent reported an increase in 2001, versus 50 percent who reported an increase in 2000), and less than ten percent reported an increase in the number of chain stores. But more respondents reported an increase in the number of franchise businesses (21 percent reported an increase in 2001, versus 16 percent in 2000).

- More Main Street restaurants have opened: More than half of all respondents (52 percent) reported that their districts had more restaurants in 2001 than in 2000.

- Attendance at special events and festivals continues to increase: Over 80 percent of all respondents (82 percent) reported that attendance at special events and festivals increased in 2001. This continues a strong trend in recent years; 78 percent reported increases in 2000, and 83 percent reported increases in 1999.

TABLE 1: How did things change in your Main Street district in 2001?
Percentages of survey respondents reporting decreases, no change, and increases in various indicators of Main Street economic conditions.

Characteristic	% of respondents who reported…		
	Decrease	No change	Increase
Ground-floor retail sales	3.1%	49.3%	47.5%
Retail sales volume	25.2%	27.1%	47.7%
Property values	5.0%	30.5%	64.5%
Ground-floor occupancy rates	12.6%	32.0%	55.4%
Upper-floor occupancy rates	4.1%	58.4%	37.4%
# of retail businesses (other than restaurants)	19.5%	28.1%	52.5%
# of restaurants	8.6%	39.6%	51.8%
# of professional offices	5.0%	50.0%	45.0%
# of personal service businesses	2.3%	48.9%	48.9%
# of housing units	3.7%	63.5%	32.9%
# of location-neutral businesses	2.8%	67.3%	29.9%
# of businesses with websites	1.0%	21.2%	77.9%
# of locally owned businesses	10.5%	45.0%	44.5%
# of franchises	2.3%	76.8%	20.9%
# of chains	6.9%	84.4%	8.7%
Attendance at special events and festivals	4.6%	13.3%	82.1%

TABLE 2: How does 2001 compare to previous years?
Percentages of survey respondents reporting INCREASES in various indicators of Main Street economic conditions, 1997-2001.[1]

Characteristic	Year covered by 'trends' survey				
	2001	2000	1999	1998	1997
Ground-floor rental rates	48%	54	47	46	
Retail sales volume	48	56	65	59	
Property values	64	65	67		
Ground-floor occupancy	55	59	57	49	
Upper-floor occupancy	37	37	37	33	
# of retail businesses (other than restaurants)	52	61	58	51	
# of restaurants	52	47	47	49	41
# of professional offices	45	40	48	49	42
# of personal services businesses	49	43	39	37	
# of housing units	33	27	34	34	
# of location-neutral businesses	30	21	24	26	54
# of businesses with websites	78	81	84	74	48
# of 'mom-and-pop' businesses	44	50	48	47	44
# of franchise businesses	21	16	15	14	25
# of chain stores	9	12	11	5	18
Attendance at special events and festivals	82	78	83		

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

- Main Street revitalization performance improves with time and experience: A larger percentage of revitalization programs which have been active for more than five years increases in almost all characteristics than those which have been active for five years or less.

Table 3: Years of revitalization activity

Percentages of respondents reporting INCREASES in various indicators of Main Street economic conditions, based on the number of years of revitalization program activity.

Characteristic	Years of revitalization activity	
	5 years or less	More than 5 years
Ground-floor rental rates	37.6%	54.6
Retail sales volume	47.3	48.0
Property values	60.4	67.4
Ground-floor occupancy rate	55.9	55.0
Upper-floor occupancy rate	26.4	45.3
# of retail businesses	55.9	50.0
# of restaurants	52.7	51.2
# of professional offices	35.5	51.9
# of personal service businesses	46.2	50.8
# of housing units	18.5	43.3
# of location-neutral businesses	22.2	35.5
# of businesses using the internet	75.0	80.0
# of independently owned businesses	40.9	47.2
# of franchises	16.1	24.4
# of chains	5.4	11.2
Attendance at promotional events	85.9	79.4

- Small industries and other 'location-neutral' businesses move to Main Street: Almost one-third of all respondents (30 percent) reported that the number of 'location neutral' businesses in their districts increased in 2001 – a significant jump from 2000, when only 21 percent reported an increase in this category. 'Location-neutral' businesses include small industries, consultants, telecommunications facilities, mail order companies and other businesses whose sales are not dependent on a local customer base.

- More CBDs report increases in numbers of businesses than urban neighborhood Main Street districts, but more neighborhoods report increases in property values: There are some significant differences in responses of revitalization programs active in central business districts and in neighborhood commercial districts in several categories. In general, a higher percentage of respondents from central business districts reported increases in the numbers of businesses – although a higher percentage of respondents from neighborhood commercial districts reported increases in the numbers of franchises than those from CBDs. A larger percentage of respondents from neighborhood business districts also reported increases in property values than respondents from central business districts.

- The number of housing units in small-town CBDs is increasing faster than in urban neighborhood commercial districts: Somewhat surprisingly, a higher percentage of respondents from CBDs reported increases in the numbers of housing units than those from neighborhood business districts – perhaps reflecting saturation levels in neighborhood business districts, or perhaps reflecting increasing demand in the downtowns of smaller and mid-size communities.

Table 4: Downtowns and neighborhood commercial districts
Percentages of respondents reporting INCREASES in various indicators of Main Street economic conditions, based on whether the respondent represents a central business district or a neighborhood commercial district.

Characteristic	Type of commercial district	
	CBD	Neighborhood
Ground-floor retail sales	48.1%	45.5
Retail sales volume	47.5	42.9
Property values	62.0	72.7
Ground-floor occupancy rates	57.5	40.9
Upper-floor occupancy rates	39.7	9.5
# of retail businesses	51.4	59.1
# of restaurants	54.3	40.9
# of professional offices	47.3	31.8
# of personal service businesses	49.7	36.4
# of housing units	33.7	18.2
# of location-neutral businesses	26.8	54.5
# of businesses with websites	80.0	65.0
# of locally owned businesses	46.2	31.8
# of franchises	17.8	31.8
# of chains	8.2	4.5
Attendance at special events/festivals	82.4	77.3

- Main Street businesses continue to create online storefronts: For the fourth year in a row, more than three-quarters of all respondents reported that more of their district's businesses had websites than in the previous year. Seventy-eight percent of respondents said that more Main Street businesses had websites in 2001 than in 2000 (in 2000, 81 percent reported more Main Street business websites than in 1999). Unlike web-based businesses whose sales are generated primarily or exclusively online, Main Street small business websites – which augment in-store, bricks-and-mortar sales, have generally not been adversely affected by 2000's and 2001's dot-com failures.

The impact of the September 11th terrorist attacks on America's Main Streets

Almost three-quarters of survey respondents – 74 percent – reported that the September 11th, 2001 terrorist attacks have had no significant negative impact on businesses within their Main Street districts. This almost exactly parallels the results of a similar survey conducted by the National Trust's Main Street Center in October 2001 and focusing specifically on the impact of the attacks on business in older commercial districts. In the October 2001 survey, which questioned over 1,400 small Main Street businesses, 74 percent of those surveyed reported no significant sales decrease after the attacks.

In both surveys, many respondents reported that retail sales within their districts had actually increased since September 11th. In the October 2001 survey, this was particularly pronounced in restaurants and bookstores. In anecdotal comments attached to the both the October 2001 and March 2002 surveys, some respondents speculated that the terrorist attacks had increased traffic in their districts, as people sought contact with others and sought to support locally owned businesses, and that restaurants and bookstores benefited from this renewed community spirit. Evanston, Indiana reported that 85 percent of the Main Street district's businesses had higher sales in the 2001 holiday season than the year before.

Some respondents reported, however, that travel agencies and stores that sell luxury items, such as jewelry, lost sales after September 11th, and some reported business failures in these categories. One jeweler reported that, while 2001 holiday sales were much lower than usual, her business's sales have now rebounded and sales over the past 12 months are almost equal to sales over the previous 12 months. She reported, though, that her customers seem to be buying different types of jewelry now. "Instead of items that represent greed, like expensive watches, they are buying items that represent love, like diamond bracelets," she said.

The March 2002 National Main Street Trends survey supports and underscores information reported anecdotally in both surveys. For example, many respondents reported in written comments that, while retail sales have remained steady or have increased, the number of new business start-ups appears to have slowed. In fact, the percent of respondents reporting an increase in the number of retail businesses dropped to 52 percent in 2001, down from 61 percent in 2000, and the percent reporting an increase in mom-and-pop businesses decreased from 50 percent in 2000 to 44 percent in 2001. While the percent of respondents reporting more retail and mom-and-pop businesses is still quite healthy, it does appear that people are being slightly more cautious about opening new businesses since September 11, 2001. Also, the fact that the percent of respondents reporting increases in the numbers of people attending special events and festivals in their Main Street districts is so high – 82 percent, up from 78 percent in 2000 – suggests that, as respondents reported anecdotally, more people are gathering in public places and seeking out authentic community experiences than before the attacks.

Table 5: Impact of September 11, 2001 terrorist attacks

Percentages of respondents reporting no negative sales impact or some negative sales impact following the September 11, 2001 terrorist attacks.

	9/11/2001 impact on retail sales	
Characteristic	No negative impact	Some negative impact
Ground-floor retail sales	45.4%	49.1
Retail sales volume	56.1%	28.8
Property values	64.9	63.5
Ground-floor occupancy rates	57.2	49.1

Upper-floor occupancy rates	36.2	36.5
# of retail businesses	53.6	58.5
# of restaurants	58.6	37.7
# of professional offices	47.4	35.8
# of personal service businesses	51.7	45.3
# of housing units	27.2	46.2
# of location-neutral businesses	31.5	26.4
# of businesses with websites	78.2	80.8
# of locally owned businesses	46.7	41.5
# of franchises	21.9	17.0
# of chains	9.3	7.5
Attendance at special events/festivals	86.7	73.1

Table 6: October 2001 Main Street business survey

Numbers and percentages of respondents who reported that sales had increased, stayed the same, or decreased since the September 11, 2001 terrorist attacks, by business category

		Numbers of businesses			Percent of businesses		
Category	Total	Increased	No change	Decreased	Increased	No change	Decreased
Restaurants	354	154	171	29	43.5%	48.3%	8.2%
Apparel, shoes	135	13	107	16	9.6%	79.3%	11.9%
Home furnishings, furniture	87	5	50	32	5.7%	57.5%	36.8%
Bookstores	28	7	17	4	25.0%	60.7%	14.3%
Gifts/floral	193	37	123	32	19.2%	63.7%	16.6%
Jewelry	42	6	24	12	14.3%	57.1%	28.6%
Travel	38	2	19	17	5.3%	50.0%	44.7%
All other retail	527	150	305	72	28.5%	57.9%	13.7%
	1404	374	816	214	26.6%	58.1%	15.2%

Victories and challenges

As in previous years' National Main Street Trends surveys, respondents were asked to list the greatest victory their revitalization program had achieved in the past year and the greatest challenge facing their Main Street districts.

The victories respondents most often cited in this year's survey were:

- Leveling the playing field: A dozen survey respondents cited having made changes in planning and zoning laws in 2001 that will make it easier for development to occur in their Main Street districts.

- Increased attendance at promotional events and festivals. Carlisle, Pennsylvania, for example, reported that tickets for its annual "Taste of Carlisle" festival sold out.

- Keeping government offices on Main Street. Clinton, Arkansas reported that voters turned out in record numbers to support a single-issue referendum and overturn a local government decision to relocate government offices from the historic town center to an abandoned Wal-Mart building several miles away.

- Major new employers: Communities from Aiken, South Carolina to La Crosse, Wisconsin reported recruiting major new employers to their Main Street districts. La Crosse's new industry – a regional headquarters for CenturyTel – brought 775 new jobs to the district.

- Twelve theater renovations: Twelve survey respondents, including Murphrysboro, Ill., New Albany, Ind., and Corsicana, Tex., reported that theater renovation projects were either completed or underway in 2001.

- Historic preservation ordinances and National Register historic districts: Over 30 communities responding to the survey – almost 10 percent of all survey respondents – reported success in passing local historic preservation ordinances or in listing their Main Street districts on the National Register of Historic Places, including Sheboygan Falls, Wis., Plainview, Tex., and Social Circle, Ga., which had been trying to adopt a preservation ordinance for 22 years.

- Main Street housing: Many survey respondents, from Columbia, South Carolina to Coldwater, Michigan to Bainbridge, California, reported success in creating housing in their Main Street districts in 2001, mostly in upper-floor spaces. Idabel, Oklahoma reported success in restoring the 1916 Rouleau Hotel; slated for demolition four years ago, it now contains 25 apartments for the elderly. Similarly, Randolph, Vermont created 20 low-income senior housing units in the 2nd and 3rd floors of a historic downtown building which had been vacant for 45 years.

- Sidewalk improvements: Many communities reported completing streetscape and sidewalk improvement projects (West Seattle Junction, Washington's new downtown sidewalks incorporate decorative tiles made by school students). Many of these were completed with federal ISTEA and TEA-21 funds.

The challenges most frequently mentioned in this year's National Main Street Trends survey were:

- Increases in regional traffic: A number of survey respondents commented that, as their Main Street districts became more popular and successful, they were attracting increasing numbers of visitors from a larger geographic region – which was exacerbating traffic problems. Several respondents reported that this was also affecting the types of goods and services sold in Main Street businesses, which are beginning to cater more to the needs and interests of visitors than of local residents.

- Parking: Twenty years ago, Main Street districts blamed many of their problems on parking problems. Free parking was readily available at shopping malls, but, while most older downtowns had lots of parking available, the most convenient parking spaces were used by downtown workers, making it more difficult for shoppers to park. The problems, in essence, were parking management problems, not parking shortages. Now, however, it appears that the successes many Main Street commercial districts have achieved are leading to true parking shortages in some places.

- National retailers: A number of survey respondents reported that, as their districts have become more successful, national retail chain businesses have leased space. While several survey respondents acknowledged that national retailers attract shoppers and create spin-off traffic for locally owned businesses, others commented that the national retailers have displaced locally owned businesses, encouraged property owners to raise rents, and eroded the unique atmosphere of their districts.

- Competition from big-box retailers: While fewer National Main Street survey respondents reported this as a significant challenge in 2001 than in 2000, competition from big-box discount superstores remains a persistent problem affecting America's older commercial districts.

- Maintaining momentum and sustaining volunteer momentum: More than 20 survey respondents reported that maintaining program momentum and sustaining volunteer momentum was a problem. Most of these 20 respondents represent revitalization programs which have been active for more than ten years; as revitalization programs succeed in tackling many of the district's problems, they often shift their emphasis from district revitalization to district management, which is often a more staff-driven, less volunteer-intensive effort.

- Absentee property owners and property speculation: Approximately 25 percent more survey respondents reported that their districts were experiencing problems with absentee property owners and property speculation in 2001 than in 2000.

- Not having retail space to rent: This problem – mentioned by more than a dozen survey respondents – is, in many ways, a significant sign of revitalization success.

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