MAIN STREET

NATIONAL TRUST *for* HISTORIC PRESERVATION™

2003
NATIONAL MAIN STREET TRENDS SURVEY

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

In its eighth annual survey of economic trends in from America's older Main Street commercial districts, the National Trust for Historic Preservation's National Main Street Center has found that Main Street businesses are becoming simultaneously more local and more global, with increases in both highly specialized business and also in community gathering places.

The National Trust's Main Street Center distributes the National Main Street Trends survey each spring to approximately 1,500 organizations in communities actively involved in revitalizing their historic and older downtowns and neighborhood commercial districts. Over 300 communities completed the spring 2003 survey, representing 43 states and provinces in the United States and Canada. Communities ranged in size from 490 (Clarksville, Missouri) to 1.2 million (San Diego, California).

The survey asks respondents to evaluate how each of 20 economic indicators changed in 2002, from retail sales levels to ground-floor occupancy rates to numbers of franchises, chains, and locally owned businesses.

Among the survey's major findings:

- Overall, survey respondents reported that retail sales dropped slightly in Main Street districts in the past year and that some older, traditional Main Street businesses were being replaced with restaurants, cafes, specialized retail businesses, and small-scale industries.

- Main Street property values continue to rise. More than half reported increases in Main Street property values, reflecting overall improvement in the economics of older and historic commercial districts in recent years.

- More than half reported increases in ground-floor occupancy rates.

- Growing numbers of people are coming to historic and older Main Streets for festivals and special events. Three-quarters of all survey respondents reported increases in attendance at district events, building on a strong trend in recent years.

- Main Street districts are becoming safer. Twice as many survey respondents reported decreases in crime in the past year than those reporting increases in crime. And respondents from urban neighborhood Main Street districts reported slightly greater decreases in crime than those from small-city downtown districts.

- Property owners and developers continue to invest in Main Street property. Almost 80 percent of survey respondents reported that more building improvement projects took place in 2002 than in 2001. Seventeen percent reported an increase in the number of building rehabilitation projects using the federal historic rehabilitation tax credit.

- Local and state governments continue investing in public improvements for their older and historic Main Streets. Over 60 percent of survey respondents reported increases in the numbers of public improvements projects taking place.

TABLE 1: How did things change in your Main Street district in 2002?

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 rental rates	1.7%	58.0%	40.3%
Retail sales volume	26.0%	34.0%	39.9%
Property values	2.1%	39.9%	58.0%
Ground-floor occupancy	13.2%	34.4%	52.4%
Upper-floor occupancy	3.8%	67.4%	28.8%
# of retail businesses (other than restaurants)	16.0%	26.4%	57.6%
# of restaurants	9.0%	39.9%	51.0%
# of professional offices	5.2%	58.7%	36.1%
# of personal service businesses	4.5%	55.6%	39.9%
# of housing units	4.2%	66.3%	29.5%
# of location-neutral businesses	3.8%	85.8%	10.4%
# of businesses with websites	0.7%	40.6%	58.7%
# of 'mom-and-pop' businesses	10.1%	38.9%	51.0%
# of franchise businesses	3.1%	85.4%	11.5%
# of chain stores	3.5%	85.4%	11.5%
# of crimes	19.8%	69.4%	10.8%
Attendance at special events and festivals	7.3%	19.1%	73.6%
# of building rehabilitation projects	6.6%	15.6%	77.8%
# of federal rehabilitation tax credit projects	4.5%	78.8%	16.7%
# of public improvement projects	6.9%	28.8%	64.2%

"Third places"

For the second year in a row, more than half of survey respondents reported increases in the numbers of restaurants opening in their districts.

In *The Great Good Place* (1989), author Ray Oldenberg calls community gathering places "third places" ("first places" are home; "second places" are work). He defines these as places where people meet friends and build personal connections in their communities – places that are easily accessible to neighborhoods and that become part of residents' everyday routines. Oldenberg and a host of urban planners and sociologists consider "third places" to be crucial to creating healthy towns and cities, enriching civic life, discouraging isolation, and defining community personality.

In this year's National Main Street Trends Survey, 51 percent of respondents reported that they have more restaurants in their districts than in the previous year. Respondents described many of their new restaurants as "community gathering places," "places people get together after work," and "hang-outs," including coffee shops, tea houses, and internet cafes. For instance:

- Schylon's Tea Haus, in downtown Duluth, Georgia, offers live jazz, foreign language classes, and wireless internet access.
- Moonlight & Magnolias, a Rock Hill, South Carolina flower shop, hosts a Friday happy hour with free beer and popcorn for men – who then pick up flowers on their way home
- Java Cat 5 Internet Café, in downtown Emporia, Kansas, serves lunches, designs websites, and offers a venue for local performers and stand-up comics.

Main Street revitalization leaders reported a similar increase in restaurants-as-gathering-places in last year's National Main Street Trends Survey, as well. Many attributed the growth in Main Street restaurants last year to a post-September 11th surge in interest in spending time with neighbors and in supporting local businesses.

TABLE 2: How does 2002 compare to previous years?

Percentages of survey respondents reporting INCREASES in various indicators of Main Street economic conditions, 1997-2002.[1]

Characteristic	Year covered by 'trends' survey					
	2002	2001	2000	1999	1998	1997
Ground-floor rental rates	40%	48%	54	47	46	
Retail sales volume	40	48	56	65	59	
Property values	59	64	65	67		
Ground-floor occupancy	52	55	59	57	49	
Upper-floor occupancy	29	37	37	37	33	
# of retail businesses (other than restaurants)	58	52	61	58	51	
# of restaurants	51	52	47	47	49	41
# of professional offices	36	45	40	48	49	42
# of personal services businesses	40	49	43	39	37	
# of housing units	30	33	27	34	34	
# of location-neutral businesses	10	30	21	24	26	54
# of businesses with websites	59	78	81	84	74	48
# of 'mom-and-pop' businesses	51	44	50	48	47	44
# of franchise businesses	12	21	16	15	14	25
# of chain stores	12	9	12	11	5	18
# of crimes	11					
Attendance at special events and festivals	74	82	78	83		
# of building rehabilitation projects	78					
# of federal rehabilitation tax credit projects	17					
# of public improvement projects	64					

Innovative businesses

Survey respondents reported that specialty stores are thriving in their main street districts – and many of them do brisk business online, from a long-time family-owned candy store (Lebanon, New Hampshire) to a business that sells teak furniture (North Little Rock, Arkansas). Many of

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

these businesses have global markets; some are industries that have chosen to locate in older commercial districts rather than in industrial parks. Some examples include:

- A store that specializes in knitting machines (Philippi, West Virginia)
- Accurate Controls, which sells monitoring equipment for jails and detention facilities (Ripon, Wisconsin)
- Good Kitty/Bad Kitty, a specialty pet store (Auburn, Washington)
- Venus, a specialty cosmetics store (Traverse City, Michigan)
- Gallivant Forge, a blacksmith (Toledo, Ohio)
- Native America, a specialized arts and crafts shop (Athens, Georgia)
- Lola Bistro, a restaurant that added a kitchen school and studio for filming shows for the Food Network (Tremont, Ohio)
- The Resort, selling logo merchandise from golf clubs and resorts from throughout the country (Royal Oak, Michigan)
- Sendmoreinfo.com, which pays people to read commercial emails and visit websites (Marysville, Kansas)
- Nursebank, a private agency providing registered and licensed nurses to hospitals, care facilities and private clients (Washington, Pennsylvania)

New Markets Tax Credits

One in four survey respondents intends to participate in the new federal New Markets Tax Credits program, and more than half are considering participating.

TABLE 3: Do you plan to participate in the new federal New Markets Tax Credits program?

Percentages of survey respondents

Yes, probably	25.1%
Maybe/not sure	58.3%
No, probably not	16.6%

The New Markets Tax Credits program provides federal tax credits to investors who make capital available for business development in qualified low-income commercial districts. The US Department of the Treasury estimates that the New Markets Tax Credits will attract $15 billion in new capital to underserved business districts in the next decade.

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:

Completing major infrastructure improvements. A number of respondents reported that major public infrastructure improvements had been completed in the past year. Kingwood, West

Virginia, for example, wrapped up a project begun five years ago; Clinton, Iowa completed a $2.5 million streetscape improvement project.

Record attendance at festivals. Over 70 percent of survey respondents reported record attendance at main street festivals and special events. El Dorado, Arkansas, for instance, broke attendance records at its 15-year-old fall music festival.

Commitment of major institutions to remain on Main Street. Several respondents reported that major institutions – local and state government, industries, and others – had decided to remain within their districts this past year, rather than moving to new facilities outside the downtown or neighborhood. Tupelo, Mississippi, for example, completed construction on a new city office building downtown, and Monticello, Georgia turned a block of buildings into a new government complex housing city hall, social services, a museum, and other offices.

Rehabilitation of significant buildings. Many survey respondents reported that significant buildings had been redeveloped this past year, from Panama City, Florida to Green Bay Wisconsin. Wooster, Ohio, for example, reported that a developer is rehabilitating seven buildings as a mixed-use arcade, purchasing an additional 30,000 square foot building across the street to augment the complex – a $5 million project.

One-way to two-way street conversions. Ten survey respondents – like Platteville, Wisconsin – reported returning one-way streets to two-way traffic.

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

Losing long-established businesses. Although almost 60 percent of survey respondents reported increases in the overall number of retail businesses in their districts in the past year, a number of them reported losing long-established main street businesses in the past year - particularly general merchandise stores. Parsons, Kansas, for example, reported losing its J.C. Penney store after 82 years in its downtown location.

Parking. For many years, the primary parking problem that most older commercial districts had was a parking *management* problem, rather than a parking *supply* problem. But it appears that a growing number of historic main street districts now have legitimate parking shortage – a reflection of the economic recovery main street districts have experienced in recent years. Beaufort, South Carolina's downtown management program, for instance, is now working with a developer to create a downtown-friendly parking structure wrapped with ground-floor retail and upper-floor housing.

Erratic evening hours. While some survey respondents complained that few of their retail businesses remain open in the evening for shoppers, about 20 reported that they have a greater problem with establishing uniform evening hours for retail businesses – which suggests that at least some businesses are beginning to maintain evening hours. As with the parking issue, this suggests that older commercial districts are becoming stronger.

Competition from big-box superstores. Almost one-third of all survey respondents reported that competition from big-box superstores and commercial sprawl development was a significant problem for their historic main street districts – a problem that has persisted for more than a decade.

Not enough retail space. As in last year's survey, respondents reported that they do not have enough vacant retail space to accommodate new businesses interested in locating in their districts. Some reported that the spaces available aren't the right size for interested businesses, and that property assembly is sometimes difficult.

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