Memphis is a Special Place!

Region Smart
Memphis

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Memphis, TN
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It’s About Win-Win Solutions

• Healthy Environment
• Vigorous Economy
• Vibrant Community

What is Changing?

• National and global economy
• Demographics
• Technology
• Consumer attitudes & market trends
• Health care
• Energy sources & transportation options
• The weather

Economic Development

20th Century Model

• Elephant Chasing
• Shotgun recruitment strategy
• Low cost positioning
• Cheap labor
• Focus on what you don’t have
• Quality of life unimportant
• Driven by transactions
• Key Infrastructure = Roads

21st Century Model

• Public/Private Partnerships
• Laser recruitment strategy
• High value positioning
• Highly trained talent
• Focus on what you do have
• Quality of life critical
• Driven by an overall vision
• Key Infrastructure = Education

The One Big Thing Rarely Works?

• Convention centers
• Festival Marketplaces
• Casinos
• Aquariums
Most New Jobs in Small Businesses

- US Small Business Administration says “small business generated 64% of new jobs over 15 year period”.
- Middle market companies produce 3 out of 5 new jobs in growth industries.
- Even in high tech centers like the Research Triangle most jobs are in small businesses. 71% have 50 employees or fewer; 42% have 20 employees or fewer.

Most Incentives Go to Big Business

- Wisconsin recently approved a $3 Billion incentive package for Foxconn.
- This amounts to almost $231,000 in public subsidies per job.
- A non-partisan legislative analysis says that Wisconsin will not break even for at least 25 years.
- Foxconn is also being allowed to skip state environmental reviews.
- Sources: WSJ, August 9, 2017; CNN Money

Competing for Amazon

- 238 cities competed for the new Amazon HQ.
- Competing cities have offered as much as $7 Billion in economic incentives.
- At best only one city will win.
- At worst, the competition has become a contest to throw cash at big business.

What Makes More Sense?

**Subsidies & Tax Breaks**
- Pits one community against another
- Moves economic activity around
- Businesses leave or threaten to leave after subsidies run out
- Puts all the eggs in one or two baskets
- Taxpayers subsidize big business

**Great Place & Skilled Workforce**
- Creates lasting assets that will pay dividends long after initial investment
- Helps existing businesses
- Creates diverse, durable local economies
- Communities invest in themselves
- A more realistic strategy for smaller cities and towns

Why Small Matters!

- Small Steps
- Small Businesses
- Small Deals
- Small Developments
- Can add up to **BIG IMPACT!**

Main Street Reinvestment

- $70.3 billion reinvested
- 131,916 new businesses
- 583,757 new jobs
- 267,538 buildings rehabbed
- Every $1 of public money leveraged $32.51 of private
Economic Vitals – Dimensions of Success

- **Talent** – Smart People
- **Innovation** - Ability to generate new ideas & turn them into commercial realities
- **Connectivity** – Places where people and ideas can easily connect
- **Distinctiveness/Place** – Unique characteristics, an authentic, great place

Strategies for Success

- Create a Shared Vision
- Build Civic Capacity & Talent
- Build on an Authentic Sense of Place
- Focus Regional Efforts on Building a Strong Downtown
- Engage in Community & Strategic Planning
- Strategically Leverage State Policies

Build an Authentic Sense of Place

- The link between quality of place and the ability to attract and retain residents & talent is increasingly clear.
- A strong sense of place must be rooted in authenticity.
- Trying to copy New York, Nashville, Atlanta or other cities is a mistake.

Distinctive = Having a Special Quality

**Synonyms**
- Cool
- Extraordinary
- Original
- Special

**Antonyms**
- Common
- Ordinary
- Regular
- Standard

Authentic = True to one’s spirit or character

- Bona Fide
- Genuine
- Real
- False
- Dishonest
- Unreal

Community Character Matters!

- “We take stock of a city like we take stock of a man. The clothes or appearance are the externals by which we judge.”
- Mark Twain

In Today’s Economy – Place Matters

**Traditional Economy**
- Product Driven
- Cost Sensitive
- Market Driven

**Today’s Economy**
- Knowledge Driven
- Value Sensitive
- Place Driven
What attaches people to community?

- Social offerings – such as, entertainment venues & places to meet
- Openness – how welcoming a community is to newcomers
- Community Aesthetics – physical beauty and green spaces

Dimensions of Uniqueness

- Anchor institutions
- A healthy downtown
- Historic buildings
- Walkable neighborhoods
- Parks and green space
- Arts and Culture
- Local shops and restaurants

Anchor Institutions

- Large institutions, such as universities, hospitals or non-profit organizations.
- Anchors are proven economic engines.
- Some anchor institutions engage with the community
- Others do not.

Healthy Downtowns

- Downtowns play a decisive role as an icon.
- They are critical as a connecting point and nerve center for a metro area.
- A key asset for regional prosperity

Why Do Downtowns Matter?

- Downtowns are the heart and soul of a community.
- If you don’t have a healthy downtown, you don’t have a healthy city or town.
- The apple rots from the inside out.
- It is hard to be a suburb of nothing.

Companies Moving Downtown

- A study by Smart Growth America and Cushman Wakefield reports that 500 American companies have either relocated to, expanded, or opened new offices in “walkable downtown locations” in the past 5 years.
- 247 companies moved from suburban office locations to downtowns.
- The average Walk Score of old locations was 52. The average Walk Score of new locations was 88.
- 5 Fortune 500 companies that recently announced moves from suburban sites to downtown are Motorola, McDonald’s, Marriott, Caterpillar and GE.
Why Move?

- To attract & retain talented workers
- To build brand identity & corporate culture
- To support creative collaboration
- To be closer to customers & business partners
- To centralize operations

Amazon moved 7000 employees into downtown Seattle

They moved into 9 new buildings and 2 historic renovations, all in a mixed use neighborhood accessible by car, train, bus, boat, bike or on foot.

What is the value of historic buildings, neighborhoods and landscapes?

Economics of Preservation

“Dozens of studies document that historic preservation is good for the economy”. It positively effects:

1. Jobs
2. Property values
3. Tourism
4. Downtown Revitalization
5. Affordable Housing
6. Environmental Impacts

Source: Measuring the Economics of Preservation: Recent Findings, ACHP, 2011

Old is New Again

- “Renovation & redevelopment are not new, but the market is embracing older space with new fervor.”
- “Office space in rehabbed industrial buildings is now demanding rents above new Class A product.”

Corporate Offices – Minneapolis, MN

Higher Rents
Less Turnover

Source: Emerging Trends in Real Estate, 2016
Hotel Chains are Reusing Historic Buildings

- Millennials say that “authenticity” and “interesting” are more important than “comfortable” or “predictable” in lodging facilities.
- Millennials also say that they would rather stay in “walkable neighborhoods” rather than locations that require a car.
- In many communities, renovated historic hotels have been a driver in larger community revitalization efforts.

Shouldn’t a hotel reflect a city and not each other?

Affordable Housing in Historic Buildings

- Elementary School, Boston, MA
- Furniture Factory, Grand Rapids, MI
- Former Hospital, Aurora, IL
- Former Department Store, Denver

Historic Buildings: An Underutilized Asset

Historic Neighborhoods Are Walkable Neighborhoods

- Historic districts are typically walkable neighborhoods.
- Walkable Places Create Real Estate Value

- Numerous studies show that the demand for walkable, mixed use design far outstrips current supply
- There is a growing demand for urban/small town/village living especially among retirees, empty nesters, young professionals and single people.
Walkability Boosts Value

**Walkable, Compact Neighborhoods**

- **Promote Health** – the average resident weighs 6-10 lbs. less than residents of car-dependent neighborhoods.
- **Save Money** – Transportation is the 2nd largest household expense.
- **Foster Connection** – Studies show that every 10 minutes spent in a car commute reduces time spent in community activities by 10%

- **Increases Value** – Every one point increase in Walk Score equates to a $200 to $300 increase in home values.
- **Provide Commercial Premiums** – A new study by Real Capital Analytics (RCA) shows significantly greater appreciation for commercial properties in “highly walkable locations” over “car dependent locations” (125% appreciation vs. 22%).

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**Walkable Communities**

- In all 30 of the largest US metro areas, the majority of new real estate development is occurring in walkable urban neighborhoods.
- On average rents are 74 percent higher in walkable neighborhoods than comparable space in driveable suburban locations.
  - Office properties 90% higher
  - Retail properties 71% higher
  - Multifamily rental 66% higher

Source: Foot Traffic Ahead; Ranking Walkable Urbanism in America’s Largest Metros, George Washington University School of Business, 2016

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**Suburbs Are Being Redesigned**

- “The largest retail trend of the next generation will be the conversion of dead or dying strip commercial centers in the suburbs into walkable urban places.”
- Source: Chris Leinberger, The Brookings Institution

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**Place Making Dividend**

People stay longer, come back more often and spend more money in places that attract their affection.

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**Green Space Creates Real Estate Value**

- “The relationship between rising property values and green spaces is well documented.”
- “Some studies find as much as a 15 to 30% increase in the value of properties adjacent to parks and open space.”


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“Walkable suburban real estate can command value premiums of 25% to 100%.”


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Parks Create Value and Vitality

Downtown Fort Worth - Before

Downtown Fort Worth - After

Sulphur Springs – Parking Lot to Park

As we grow our communities we must simultaneously green them

Where do you find green space in cities?

- Abandoned lots = community gardens
- Old landfills = public parks
- Abandoned rail lines = bike trails
- Rooftops = Gardens
- Decking Highways = New green space
- Daylighting streams = Linear Parks
- Removing parking = New parks
- Sharing School yards
Arts and Culture

- Museums
- Theatres & Playhouses
- Concert Halls
- Art Galleries
- Festivals
- Murals and public art
- Public squares
- Taverns & coffee houses

Secrets of Successful Communities

1. Develop a shared vision for the future
2. Inventory local and regional assets
3. Build plans around the enhancement of assets
4. Use education, incentives, partnerships, and voluntary initiatives, not just regulation
5. Pick & choose among development proposals
6. Cooperate with neighbors for mutual benefit
7. Protect community character & foster an authentic sense of place
8. Have strong leaders & committed citizens