TRANSFORMATIVE PLACEMAKING

And the future of downtown Duluth

Tracy Hadden Loh
Transportation and Community Evolution: What is the Role of the I-35 Corridor in Duluth?
August 30, 2023
Our Mission:

The Anne T. and Robert M. Bass Center for Transformative Placemaking inspires public, private, and civic sector leaders to make transformative place investments that generate widespread social and economic benefits.
Why transformative placemaking?

- New technologies, demographic trends, and economic shifts are altering needs and demands for place
- These trends have yielded positive impacts but are failing to benefit many people and places
- Communities need to invest in transformative, place-based solutions
New technologies, demographic trends, and economic shifts are altering needs and demands for place
The relationship between place and economy is constantly evolving
The relationship between place and economy is constantly evolving
Spatial patterns

Concentration

Dispersion

Segregation

Source: Brookings, "Metro areas are still racially segregated," Jenny Schuetz, 2017
The digital revolution is impacting growth and development

Photo credit: Unsplash.com and Data Protection Excellence Network
The digital revolution is impacting growth and development.
The digital revolution is impacting growth and development

Collaborative

Expected vs. actual change in job density around jobs in information sector, 2004 - 2018

Online

Flexible

Expected vs. actual change in job density around jobs in information sector, 2004 - 2018

Source: Brookings analysis of Census LEHD Origin-Destination Employment Statistics
The digital revolution is impacting growth and development

Expected vs. actual change in job density around jobs in information sector, 2004 - 2018

<table>
<thead>
<tr>
<th>Expected</th>
<th>Actual</th>
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<tbody>
<tr>
<td>24%</td>
<td>88%</td>
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Source: Brookings analysis of Census LEHD Origin-Destination Employment Statistics

E-commerce retail sales as a percent of total sales, 1999 - 2021

Source: Brookings analysis of U.S. BLS Data via FRED
The digital revolution is impacting growth and development

**Collaborative**

Expected vs. actual change in job density around jobs in information sector, 2004 - 2018

- **Expected**: 24%
- **Actual**: 88%

Source: Brookings analysis of Census LEHD Origin-Destination Employment Statistics

**Online**

E-commerce retail sales as a percent of total sales, 1999 - 2021

- Q1 2018: 9.4%
- Q1 2019: 9.6%
- Q1 2020: 13.0%
- Q1 2021 (expected): 81%

Source: Brookings analysis of U.S. BLS Data via FRED

**Flexible**

Share of professionals who prefer WFH or a hybrid work model, 2021

- **WFH or Hybrid**: 81%

Source: The Harvard Gazette, Is ‘business as usual’ gone for good?
Our demographic revolution is driving new demands for where people live, work and play.
The digital revolution is impacting economic growth and development.

Expected vs. actual change in job density around jobs in information sector, 2004 - 2015.

The digital revolution is impacting economic growth and development

Collaborative

Expected vs. actual change in job density around jobs in information sector, 2004 - 2015

Online

E-Commerce Retail Sales as a Percentage of Total Sales*
2018 Q1 - 2022 Q4

Flexible

Source: Brookings analysis of Census LEHD Origin-Destination Employment Statistics

Source: Brookings analysis of Census Bureau data via FRED.
*Data seasonally adjusted.
The digital revolution is impacting economic growth and development.

**Collaborative**

Expected vs. actual change in job density around jobs in information sector, 2004 - 2015

- **Expected:** 60%
- **Actual:** 22%

Source: Brookings analysis of Census LEHD Origin-Destination Employment Statistics

**Online**

E-Commerce Retail Sales as a Percentage of Total Sales*

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<tbody>
<tr>
<td>9.4%</td>
<td>11.9%</td>
<td>16.4%</td>
<td>14.7%</td>
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*Data seasonally adjusted.

Source: Brookings analysis of Census Bureau data via FRED.

**Flexible**

Share of workforce that is fully remote, 2021

- **Fully remote:** 18%
- **Not remote:** 82%

Source: 2021 American Community Survey
Our demographic revolution is driving new demands for where people live, work and play.
Our demographic revolution is driving new demands for where people live, work and play.

Household Type

% of Americans aged 23-38

- 1968
- 1987
- 2003
- 2019

- Spouse and child
- Spouse and no child
- No spouse, with child
- Alone
- With parents
- Other family or roommates

Source: Brookings analysis of ACS and Census data via IPUMS

Experiences vs. Things

Hotel Performance

Household Type

Source: CoStar/STR
Our demographic revolution is driving new demands for where people live, work and play.

**Household Type**

<table>
<thead>
<tr>
<th>Year</th>
<th>% of Americans aged 23-38</th>
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<tbody>
<tr>
<td>1968</td>
<td>100%</td>
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<tr>
<td>1987</td>
<td>80%</td>
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<tr>
<td>2003</td>
<td>60%</td>
</tr>
<tr>
<td>2019</td>
<td>40%</td>
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Legend:
- % Spouse and child
- % Spouse and no child
- % No spouse, with child
- % Alone
- % With parents
- % Other family or roommates

Source: Brookings analysis of ACS and Census data via IPUMS

**Travel**

**Hotel RevPAR**

<table>
<thead>
<tr>
<th>Year</th>
<th>Minneapolis</th>
<th>Duluth</th>
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<tr>
<td>2018</td>
<td>$100</td>
<td>$120</td>
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<tr>
<td>2019</td>
<td>$140</td>
<td>$160</td>
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Source: CoStar/STR
Our demographic revolution is driving new demands for where people live, work and play.
These trends are yielding positive impacts…but the built environment is lagging behind the pace of change in negative ways.
Market and demographic trends are yielding positive impacts.
Demand for density is increasing

The information sector, particularly, is demanding density and proximity

Change in job density around jobs by sector 2004-2018

- Information: 88%
- Professional: 41%
- Retail: 40%
- Hospitality: 33%
- Headquarters: 25%
- Logistics: -11%

Source: Brookings analysis of Census LEHD Origin-Destination Employment Statistics
Job density = Better economic performance

Stronger activity centers are associated with higher productivity
US metro areas of > 500,000 residents*

* Excluding New York, Washington, Boston, San Francisco, San Jose (CA), Honolulu, and Bridgeport (CT).

Data source: Brookings analysis of EMSI GMP estimates and Census LEHD, 2019 vintage.
Dense location = Greater innovation

Gross licensing income per student, 2013-2015

Downtown Non-Downtown

$1,125 $350

Downtown universities:
• disclose 123% more inventions
• create 71% more startups

Walkability = Rent premiums (and social, health, environmental benefits)

<table>
<thead>
<tr>
<th>Category</th>
<th>Percent Increase</th>
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<tr>
<td>Multi-family rental</td>
<td>61%</td>
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<tr>
<td>Retail</td>
<td>121%</td>
</tr>
<tr>
<td>Office</td>
<td>105%</td>
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Source: George Washington University, “Foot Traffic Ahead,” 2019
Since 2005, just 5 “superstar” metro areas accounted for 90% of all US job growth in innovation sector.
The knowledge economy is rewarding large places.

In metros across the country, growth is concentrating downtown.

But big city downtowns on the coasts (and select downtowns in the Midwest and South) are experiencing the most growth.

Source: Brookings, "Big city downtowns are booming, but can their momentum outlast the coronavirus?,” 2020.
Prosperous zip codes account for 53% of new businesses during recovery from the Great Recession.

Places of concentrated advantage and disadvantage exist within regions.

Change in business establishments, 2014 - 2018:

- Prosperous: 183,798
- Comfortable: 86,229
- Mid-tier: 60,271
- At Risk: 30,582
- Distressed: -16,865

Source: Economic Innovation Group, “Distressed Community Index,” 2020
Our current systems are too siloed to address key challenges

**Economic development**
often lacks a focus on place, placemaking, and (far too often) racial equity.

**Community development**
often lacks a focus on economic development.

**Land use planning**
often lacks a focus on racial equity, economic, and community development.

**Traditional placemaking**
is limited in scope and scale.
Communities need to invest in transformative, place-based solutions
What sets transformative placemaking apart?

- **Scope:** Investments not only to create high quality places, but to support regionally significant communities that generate broad-based and locally-led prosperity.

- **Scale:** Investments not only in lots or blocks, but in activity centers (the “hyper-local”) where economic, physical, and civic assets cluster and connect.
Transformative placemaking leads to **four critical outcomes** that together foster communities of opportunity and wellbeing.
For example:

**Wytheville, VA**

Supporting local entrepreneurship by:
- Providing access to capital
- Offering free business classes
- Providing mentorship and networking opportunities

**Memphis River Parks**

Increasing connectivity between neighborhoods by:
- Defining pedestrian and cycling corridors
- Using a long-overlooked park as an anchor for new neighborhood investment

Photo credit: Berkshire Hathaway HomeServices (left), Selavie Photography (right)
Creating inclusive public spaces by:
- Tracking who utilizes the public space
- Offering more diverse and relevant programs
- Highlighting the role of underrepresented members of the community

Encouraging locally-managed civic infrastructure by:
- Offering Community Leadership Empowerment Workshops
- Providing resources to develop inclusive plans
- Adapting its development plan to reflect residents’ needs

For example:

University City District, Philadelphia

[Image of people interacting in a park]

11th Street Bridge Park, Washington, DC

[Image of a park with people and buildings]

Photo credit: Building Bridge Across the River (right), University City District (left)
Transformative placemaking leads to **four critical outcomes** that together foster communities of opportunity and wellbeing.
Transformative placemaking requires new ...
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