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GLOBAL TRENDS

*Affecting North American Downtowns
and How to Respond at Home*

What's Changed, What Hasn't and What Needs to Change

Back in late 2019 B.C. (Before COVID-19), we released the **P.U.M.A. 2020 Global Trends Report** highlighting opportunities arising from converging shifts in demographics, lifestyles and a new category, "disruptive forces," that are shaping our cities. Little did we know that months later we'd be in the midst of the disruptive events of our lifetimes – the COVID-19 pandemic that has wreaked havoc on public health and economies around the globe and the American protests for racial justice that could accelerate dramatic social change.

Since we initiated the **P.U.M.A.'s Global Trends Report** in 2007, it has become a reliable go-to resource for downtown management organizations, business leaders, and local decision-makers, and has often predicted and/or reaffirmed many of the shifts that have supported the urban renaissance. We now offer a **2020 Global Trends Report Pandemic Update** – our reasoned estimation and expectation on how the pandemic and associated disruptions will affect North American downtowns. We also offer a qualifier that today's analysis may have a limited shelf life, as we've watched conditions change weekly during the initial months of the pandemic.

Overall, long-term prospects remain favorable for downtowns. The pandemic is a colossal disruption but more of an accelerator than a game-changer. We expect that many of the trends accelerated by the pandemic will disrupt entire economic segments and industries, but downtowns will regain their momentum and find new (and old) ways to thrive. We offer analysis in the **P.U.M.A.'s Global Trends Report** categories of demographics, lifestyles and disruption.

DEMOGRAPHICS



Much of our analysis is founded in the assertion that impacts from the pandemic will be felt differently by each of the generations that are shaping our cities.

Younger generations have experienced less personal risk and are more likely to return to social gathering and pre-pandemic preferences quickly. We expect pre-pandemic preferences for urban living and lifestyles from Millennials and Generation Z (age 40 and younger) to recover. Once health conditions stabilize, there may be a surge in demand for entertainment, dining and services that appeal to younger demographics.

Baby Boomers (ages 55 to 75) and their elderly parents are most impacted by day-to-day risks associated with the pandemic and are most likely to change behaviors moving forward. Older age groups will be reluctant to gather and last to recover. Given the concentration of COVID-19 misery in later stage housing, such as nursing homes and assisted living, we see increased demand for new multi-generational housing options, accessory dwelling units, co-housing, shared nursing care and other alternatives.

Gen X (ages 40 to 55) is, once again, somewhat in the middle. While, similar to younger generations, these households also experienced less personal health risk, most in this age group have children and live outside of center cities where they have found affordable homes with family-oriented amenities. The pandemic could accelerate this generation's ascension to positions of power and influence as Boomers get a taste of retirement and are least equipped to reenter a more competitive job market.

LIFESTYLES



ACCELERATED TREND: CHANGING CONSUMER BEHAVIORS

The pandemic has euthanized outdated retail formats that were already declining, including indoor malls, department stores and several legacy brands. The trend toward online sales is likely accelerating, although it accounted for less than 10% of total purchases pre-pandemic. Local independent concepts and experiential retail will once again distinguish downtowns. Opportunities for community-serving retail will be a growing niche, with a premium on stores that demonstrate social impact and connection. As the recovery gains momentum, **expect a surge in entrepreneurship that can be focused to fill and enliven storefronts.**



ACCELERATED TREND: NATURE OF WORK

The pandemic's impact on conventional office and co-working formats is a big question mark moving forward. The trend toward more flexibility in the workplace will accelerate and five-day office work weeks may become less common; however, **we believe conventional office formats will remain essential particularly for firms that require teamwork and creativity.** Job placement and career advancement could also be problematic in a virtual workplace. Downtowns with institutional anchors, such as government, hospitals and/or universities, will continue to house businesses that service them.



ACCELERATED TREND: HOUSING

Younger demographics will continue to fuel demand for downtown living, although the pandemic may shift preferences for unit types and affordability. After experiencing months of lockdown in a studio space or microunit, preference for larger one-plus bedroom units may emerge. **Affordability will be more important than ever, as younger generations predisposed to urban living will also be most severely impacted by the pandemic's economic disruption.** Alternative ownership and rental types may emerge, including group living options, cooperatives and live/work formats. Real estate segments slowest to recover may offer housing conversion opportunities, such as low performing hotels.



ACCELERATED TREND: PUBLIC HEALTH

Public health will emerge as a higher priority consideration to shape cities and urban environments. Health considerations will be increasingly considered in urban design, and public health expertise will be sought to advise city builders and policy makers.



ACCELERATED TREND: THE POWER OF PLACE

Experimentation during the pandemic could accelerate trends to close streets, activate sidewalks and enliven plazas.

The arts and culture segments, which may be some of the last areas to recover, should be engaged to bring creativity and vibrancy into the reinvention of public spaces and to showcase local heritage and context.



ACCELERATED TREND: SHIFTS IN TRANSPORTATION AND MOBILITY

Fixed-route transit use was declining prior to the pandemic, reinforcing the need for transit to be part of larger integrated mobility systems along with point-to-point alternatives. During the pandemic, communities have had an opportunity to test routes for safer bicycle and pedestrian movement, thereby helping to accelerate the trend to diversify beyond autos moving forward.

*Downtown Denver, Larimer Square, July 2020
photo by J.J. Folsom*



DISRUPTION



ACCELERATED TREND: SOCIAL EQUITY

The pandemic has revealed long-standing economic and social inequality. The movement for change has been accelerated with the racial justice protests following the senseless killing of George Floyd. The protests are strengthening the resolve and impact of younger generations, and bringing home the need for change among a broad cross-section of America including mainstream white populations. **Expect the equity movement to focus on both economic opportunity and racial justice, and downtown organizations can play a role to support both agendas.**



ACCELERATED TREND: CLIMATE CHANGE

The pandemic has revealed how a drastic reduction in carbon emissions can favorably affect the environment, with many world capitals enjoying the cleanest air in decades. **Already a top priority of younger generations, this glimpse at a cleaner future may accelerate global trends to replace fossil fuels with renewables.**



ACCELERATED TREND: POLITICAL REALIGNMENT?

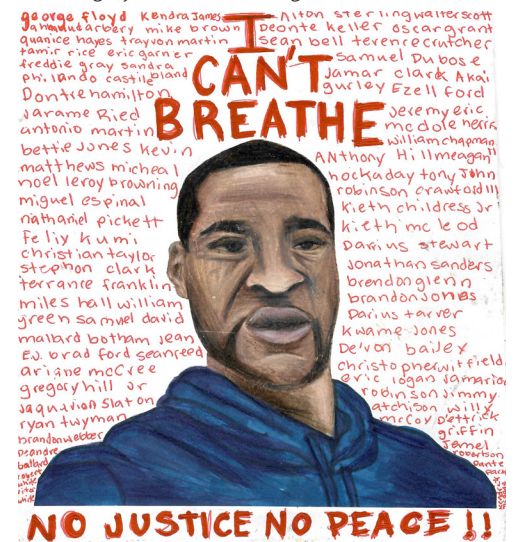
Realignments are once-in-a-generation shifts in how countries approach their social compact. In the U.S., realignments have shifted between an emphasis on the greater good (i.e. FDR and the New Deal) and individual prosperity and freedom (i.e. Reagan Revolution). **The pandemic may accelerate a trend back to the common good, spurring action to fix weaknesses in the American safety net for public health, economic fairness and racial justice.** This shift must be coupled with an effort to update the business model of the federal government. Washington's governing infrastructure remains largely a creature of the mid-twentieth century, and its structure and departments need to be realigned with tomorrow's demographics, lifestyles and disruptions.

CONCLUSIONS

Overall, our conclusions for downtowns remain consistent with the pre-pandemic 2020 Global Trends Report – **demographic, lifestyle and disruptive trends shaping cities remain favorable for vibrant downtowns.** Our key findings include:

- **Growing demographic diversity and youth** will continue to favor those downtowns that welcome these segments of the population.
- **Capturing Millennial and Gen Z talent** remains likely for downtowns as younger demographics bounce back quicker from the pandemic.
- **The emergence of second tier "opportunity cities"** could be accelerated by the pandemic, particularly if top tier "superstar cities" do not provide more affordable housing and lifestyle options.
- **Valuing local context remains key to unlocking differential advantages,** including the conversion of public spaces to accommodate more outdoor dining, gathering and cultural celebration.
- **Addressing economic opportunity and racial justice are key** core values and policy imperatives as downtowns navigate pandemic recovery and beyond, boosted by the accelerated trend in social equity.
- **Innovation and investment will remain reliant on local and regional initiative,** and a federal realignment in American politics could be accelerated by the pandemic and help funnel more investment for infrastructure and safety net services to cities.

Drawing by Leah Folsom, Age 12



A NEW MODEL FOR DOWNTOWN MANAGEMENT ORGANIZATIONS

The pandemic is advancing our thinking on how downtown management organizations can adapt to accelerating trends. We offer a framework for a new business model to help steer economic recovery and post-pandemic prosperity in center cities. The new model is based upon three complementary and mutually-supportive activity centers.

— ENVIRONMENT — — ECONOMY — — INNOVATION —

The foundational elements of downtown management organizations remains intact – how to keep the downtown environment clean, safe and attractive. Services and improvements within the environment activity center include:

- **Clean and safe** services to deliver a downtown experience that is welcoming to all.
- **Greening and beautification** to help make downtown attractive and walkable.
- **Place enhancements** that create distinctive spaces in the public realm to encourage gathering and celebration.

Moving forward, downtown management organizations combine a variety of business support, marketing and promotional functions to strengthen and diversify the downtown economy, with emphasis on both storefronts and the creation of primary jobs. Initiatives within the economy activity center include:

- **Small business support** to provide ongoing hands-on assistance to shore up the storefront economy, most vulnerable during the pandemic and critical to downtowns' long-term vitality, including the ability to attract primary employers.
- **Events and activation** to attract nearby communities and celebrate local cultures, and designed to support existing retail and dining businesses.
- **Promotions and communications** to keep downtown stakeholders informed and plugged into current events and changes.

A new role recommended for downtown management organizations moving out of the pandemic, innovation is required to help downtowns capitalize upon and contribute to accelerating trends. Areas of emphasis include:

- **Research and development** within downtown management organizations to align programs and services with best practices in the downtown management industry.
- **Equity and opportunity** to mobilize downtowns' various stakeholder groups, led by the business community, to support (and occasionally lead) efforts to advance economic opportunity and racial justice.
- **Advocacy, planning and policy development** to make sure that downtown is actively participating in and contributing to local city building.

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