streetsense.

Navigating the New Economics of Place:

SURVIVING AND THRIVING IN 2022 AND BEYOND

INTRODUCTION: THE POST-CRISIS REALITY

Cities are on the brink of major transformation. As the COVID-19 pandemic begins to wind down (or ramp up, depending on the week), we recognize that the implications for those who create, invest in, and manage great places could not be more significant.

The past two years have seen a radical transformation in how people live, work, and go about their everyday lives. Digital solutions have fundamentally altered the frequency with which we gather and given us new tools to engage. At Streetsense, our real estate and place-based consultancy is rooted in understanding and interpreting these trends for our clients.

This toolkit offers those who create and manage great places a primer on some of our thinking, one that offers communities, developers, and businesses the ammunition to inform advocacy efforts and to advance market-driven policies, programs, and investment decisions.

The underlying theme that undergirds each one of these trends is the need for **substantive investments in the technological infrastructure** necessary to support all that future holds in their store—from employees working remotely, to new forms of transportation, to businesses that require connectivity to support online presence. It is a level of investment that will require significant Public-Private Partnerships (P3) of the highest order. Federal, state, and local governments will have to coordinate closely with the real estate community, businesses, and internet service providers to ensure seamless and equitable connectivity for all users.

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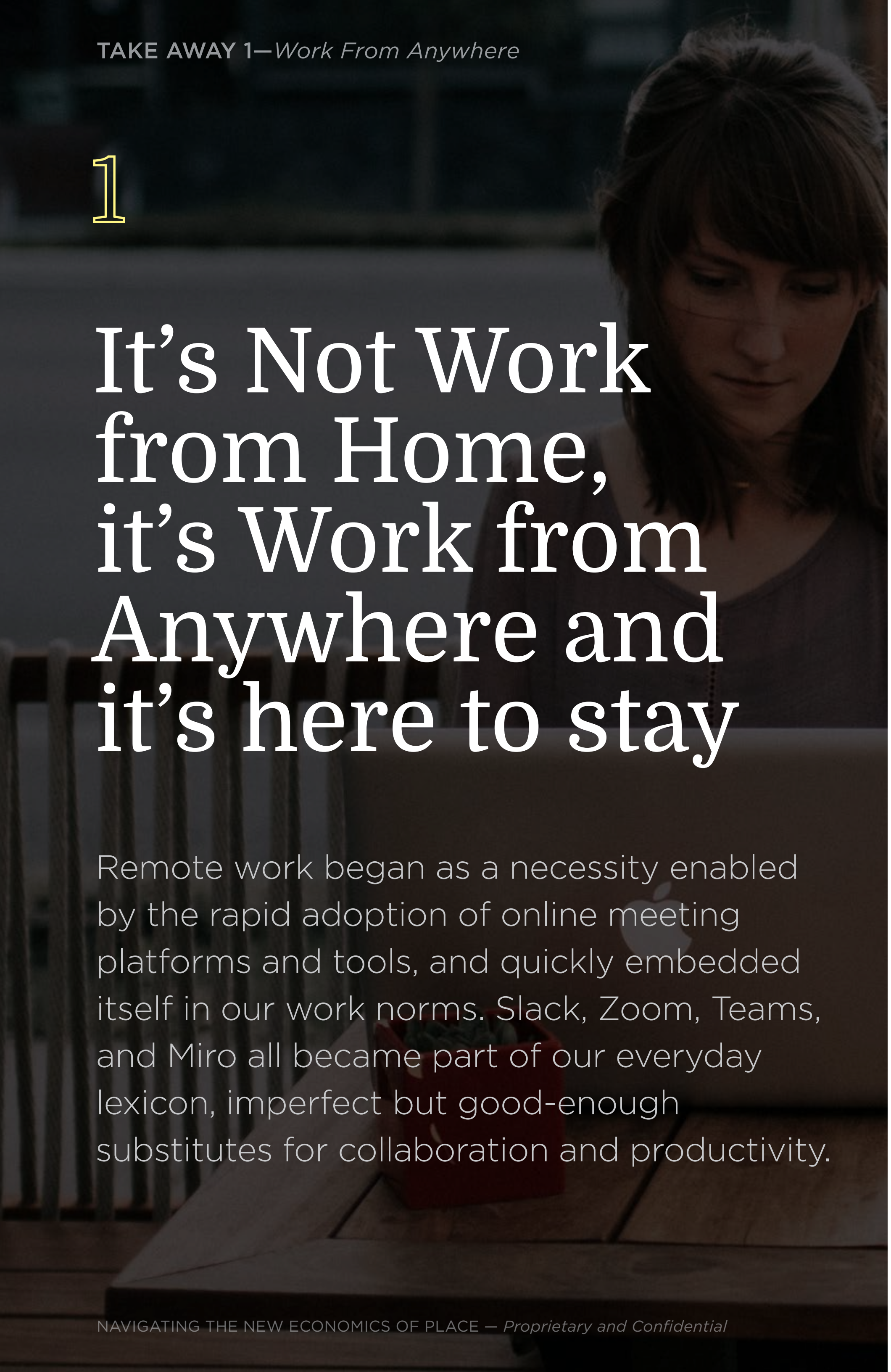
ABOUT STREETSENSE:

Streetsense is an uncommon collective of strategists, designers, and creative thinkers ready to help public, private, and non-profit sector decision makers solve place-based real estate and economic development challenges. We help transform, activate, and create places that drive long-term value and build resilient communities.

HOW TO USE THIS GUIDE:

This easy to use toolkit is divided into six sections. Each "take away" is followed by key findings and case studies that highlight data culled from our internal market research and literature review. Following key findings, readers will find a "Take Action Checklist" with recommendations for either the public sector or private sector that are aligned with the tools and resources available to each.

unsplash: UX Indonesia



1

It's Not Work from Home, it's Work from Anywhere and it's here to stay

Remote work began as a necessity enabled by the rapid adoption of online meeting platforms and tools, and quickly embedded itself in our work norms. Slack, Zoom, Teams, and Miro all became part of our everyday lexicon, imperfect but good-enough substitutes for collaboration and productivity.

While many non-essential businesses suffered mightily during lock-down, industries that could adopt remote work were more resilient. Tech, finance, and professional services make-up between one fifth and one third of employment in major metropolitan areas. These industries were among those that seamlessly embraced remote work with limited interruptions to their operations.

Workers and employers alike are now weighing the pros and cons of remote work. Many businesses have embraced and downsized their footprint, offering workers flexibility and saving on office rent in the process. Other business leaders bemoan the loss of company culture and distinctly feel the loss of collaboration—which they posit is a long-term threat to business growth. But as we shall explore here, the future is not one or the other. Places that embrace and support the fundamentals that enable **both** remote work **and** in-person collaboration will retain their economic competitiveness over time.

KEY FINDINGS

All indicators continue to point to hybrid work as a likely outcome of the pandemic. While not every business can support a remote work solution (the University of Chicago estimates that 37% of jobs can be done fully remotely), the industries who can collectively represent 50% of earned wages, making the loss of spending and tax income from office workers, particular in our Central Business Districts (CBDs) of great significance to urban places.[1]

Not only have employees expressed strong preferences for the kind of flexibility and savings in time and commute expenses that comes with either remote or hybrid work, but powerful economic factors are at play for employers as well. According to Global Workplace Analytics, **the average company saves $11,000 in real estate costs per remote worker per year if their downsize will result in a shift to 2.5 hybrid days a week.**[2]

THERE IS A REASON WHY WORKERS LIKE IT.

Remote work saves a worker an average of 49.6 minutes a day in commute time and results in 890 million fewer miles traveled per day, collectively saving workers an average of $183 million per day in direct commuting costs.[1]

49.6
MINUTES IN COMMUTE TIME SAVED

890M
FEWER MILES TRAVELED PER DAY

$183M
SAVED

1 Dingel, Jonathan. How Many Jobs Can be Done at Home? Becker Friedman Institute. 2020.

2 Teleworks Savings Potential, Global Workplace Analytics, 2021.

KEY FINDINGS CONTINUED

However, for localities reliant on their CBDs as a tax generator, the revenue implications could be catastrophic. According to Fitch Ratings, employees working remotely for as little as 1.5 days a week results in a 20% decline in office workers and a reduction in market demand for office space by 10%, which in turn results in a 44% market value decline. The resulting changes in tax assessments will create gaping holes in municipal budgets. The New York Times reported in mid-December that the City of New York expects a $2.5 billion decline in tax revenue in 2022, which would be the largest decline in over thirty years, and New York is not alone. In many cities property taxes make up 30% of a city's budget, making it the single largest source of revenue for city services and schools.[3] Cities with office-dominant CBDs will struggle more than those who have built and retained a strong residential customer base. In many office-dominant downtowns, office vacancy will remain high, and with fewer employees to support auxiliary businesses, we will see retail footprints shrink.

So, while hybrid work may make sense for many businesses and employees, it behooves both the real estate industry and public sector decision makers to understand how to make in-person work as appealing, productive and value-additive as possible.

THIS BEGS THE QUESTION:

when the time comes, what will it take to get people back into the office?

3 Buhayar, Noah, New York Tax Bills Show Covid's Lasting Damage to Real Estate, Bloomberg, 2021

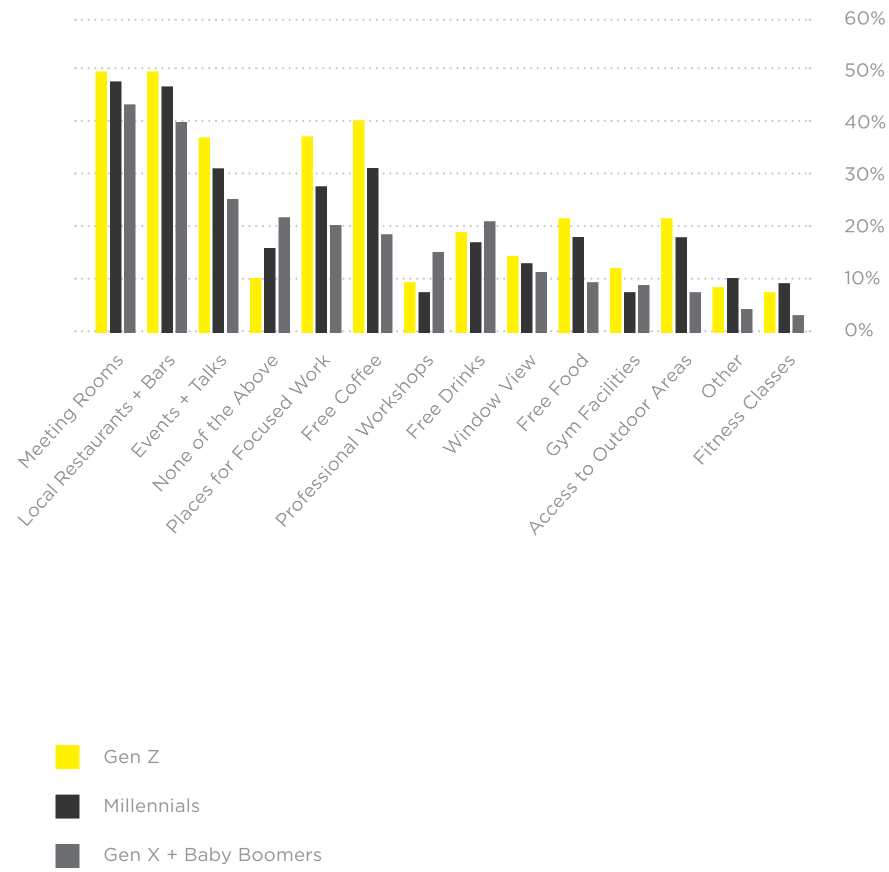
The Three C's:

COFFEE, COLLABORATION & CONCENTRATION

Across all age cohorts, workers cite the need for in-person collaboration, which relies on the availability of meeting rooms and social spaces like restaurants and bars. Specifically, Gen Z and Millennials, more so than their Gen X or Baby Boomer counterparts, are enticed by free coffee, events, and talks which support their learning and professional growth.

Younger workers are more likely to live with roommates or in tighter quarters that are less conducive to concentrated work. As a result, they value "places to do focused work", which does not need to happen in a dedicated office. In fact, after "home" the most popular work locations include co-working spaces and coffee shops. [4]

WHAT DO YOU MISS MOST ABOUT OFFICE LIFE?



https://hubblehq.com/blog/future-of-work-different-age-groups to bar chart

4 Watkins, Hannah. Gen Z and Millennials are much more pro-office than gen x and baby boomers. 2021.

Take Action Checklist

PUBLIC SECTOR

- Create and enhance environments that are conducive to driving sales for restaurants, bars, and other social spaces, including permanent outdoor dining policies
- Explore small business technical assistance and marketing support for restaurants and bars to ensure they are connecting with local office workers and businesses
- Support the activation of public spaces where people can gather and socialize as a matter of public policy

PRIVATE SECTOR

FOR BUSINESSES

- even if downsizing from a larger office space, make sure you set aside sufficient space for collaboration, socialization, meetings...and don't forget the coffee!
- consider offering a hybrid work stipend for employees to help offset the cost of home office and internet service

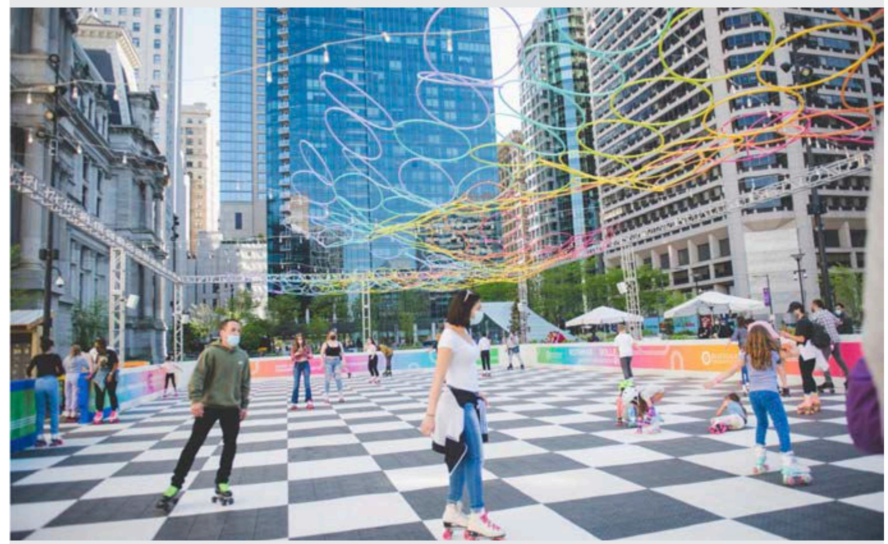
In residential buildings, incorporate "third spaces" that offer tenants quiet space for concentrated work, either outdoors or indoors, with reliable broadband access, including small meeting rooms and soundproof "zoom rooms" as a common area amenity

Work with your municipality or regional plan authority to advocate for improved middle-mile networks and broadband Investments in significant public infrastructure that require private sector advocacy

The City of Sacramento engaged Streetsense to develop a Digital Marketing Playbook and provide free business consultations for restaurants and businesses

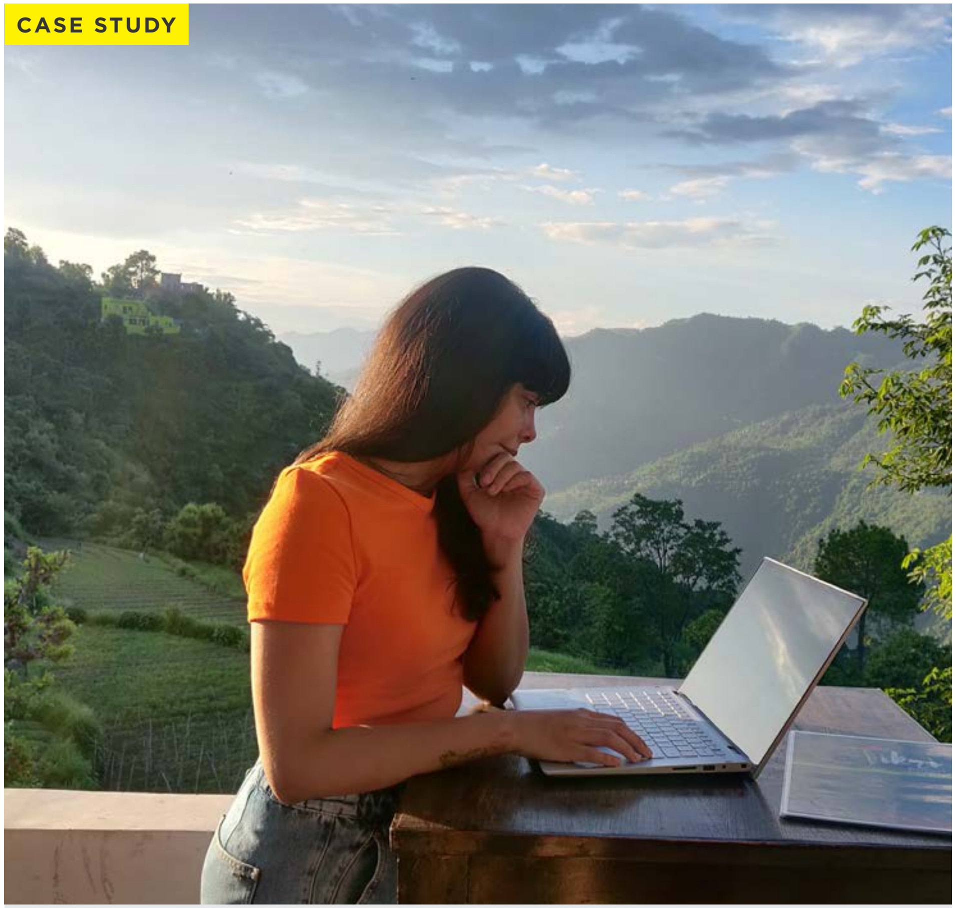
Photograph by BeauMonde Originals

Streetsense created the brand, interior design, and marketing strategy for the social spaces at The Wren, located in Washington, D.C.



The Philadelphia Center City BID developed Dilworth Park and added extra design features that made it instagrammable

CASE STUDY



Spotify Work from Anywhere (WFA) Program

This year Spotify launched their WFA program, allowing their employees to "work where they work best, wherever that may be." The program gives employees the freedom to choose a desired location in a region that aligns with their role, while retaining salaries commensurate with what they would earn in San Francisco or New York. Within this region the employee has the option of a Spotify office, co- working space, or their own home.

CASE STUDY

During the height of the pandemic, as many as 70% of all full-time workers in the U.S. were working from home. Moving forward, it is estimated that 25-30% of the workforce will work remotely several days a week.[5]

Spotify is one of those companies making remote work a permanent workplace amenity, while the Assembly is a collaborative workspace that is embracing the future of hybrid-work.

5 Global Workplace Analytics, Work-at-Home After Covid-19, https://globalworkplaceanalytics.com/work-at-home-after-covid-19-our-forecast,Oct. 16, 2021

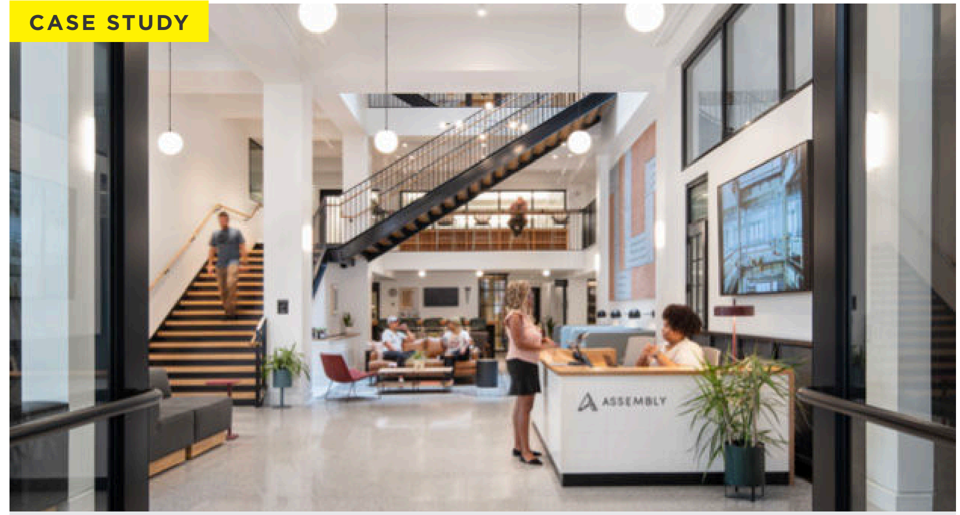
CASE STUDY

Assembly, Norfolk, VA

Assembly in Downtown Norfolk is a collaborative business hub that occupies the shell of what used to be one of the city's largest department stores. It anchors a critical block and iconic building along historic Granby Street. The brainchild of Drew Ungvarsky, CEO of Grow a digital marketing agency, the 50,000-sf project opened in early 2021 and aims to create spaces for connectivity and "collision" between like-minded thinkers. Tenants are vetted and curated from Norfolk's leading creative and technology businesses and startups. Companies can opt for dedicated office space with access to shared amenities, while freelancers and remote workers can opt for membership with discounts available for students and non-profits.

Offices spaces range in size, accommodating a variety of businesses at different stages in their growth trajectory. Common areas encourage collaboration and include a roof-top deck and event space, meeting rooms, a café, communal library, and gaming areas. The building is located one block from a Tide Light Rail station, which is important given that there is limited parking, and members are encouraged to commute by bike or e-bike (Norfolk has a popular e-bike and e-scooter program). There is easy access to on-site bike storage and showers. Soundproof podcast studios and private call pods are an additional nod to the emerging needs of digital businesses. The building is served by fiber-optic internet lines.

CASE STUDY



Assembly, Norfolk, VA

In a symbolic transformation, an old department store in downtown Norfolk, VA is reimagined as a collaborative hub for creative and technology companies.

2

Office market contraction will impact place unevenly...and small and mid-size cities stand to benefit

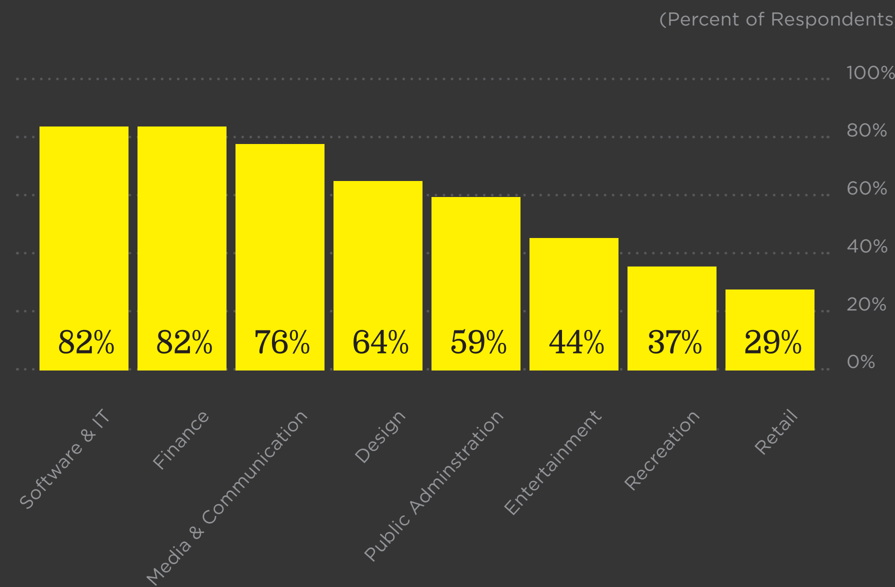
As many employers and employees renegotiate the terms of employment and employers accept hybrid work, living somewhere with a manageable daily commute is no longer a requirement of the job. In contrast, employees are increasingly open to trade-offs that give them more, and more affordable space in return for a slightly longer commute on the few days they do go into the office. Moreover, many executives seeking rent savings in the nation's highest-rent districts are looking for smaller satellite locations closer to smaller groupings of employees. These shifts have the potential to remake regional office markets and offer significant opportunities for small and mid-size cities, particularly those within 2-to 3-hours of large CBDs.

KEY FINDINGS

Business leaders are by no means unanimous in their projections for the future of work, and there will likely be both consolidation AND diffusion of office space. These decisions will be dependent on unique local conditions and business factors.

A PwC survey of 133 executives and 1,200 office workers in November and December of 2020 found that 61% of CEO's plan on consolidating their office location to a single premier business district location, while 58% say they will open more offices in satellite locations like suburbs. What defines "premier city" and what makes a suburban location attractive will be the driving question for both businesses and city leaders in the coming decade.

CAN YOUR INDUSTRY WORK FROM ANYWHERE?



LinkedIn Survey, May 2020: Certain industries are more likely to remain remote or hybrid. A survey of 5,447 LinkedIn members conducted between April – May 2020 found that the WFA was considered most effective in the Software/IT, Finance and Media & Communication

KEY FINDINGS CONTINUED

Cities dominated by finance and tech may be among the slowest to recover, including San Francisco and San Jose. In fact, the Kastle Back-to-Work Barometer, a weekly occupancy report from Kastle Key Card Systems that has been tracking return to work in the largest metro areas, places San Francisco and San Jose at the bottom of the pack. While the average return to work for the top ten metro cities was 39.5% as of December 2021, occupancy rates in San Francisco and San Jose were between 28-29%. San Francisco is a city where one in three workers are in software, IT, or financial industries, in contrast to cities that seem to be recovering more swiftly, like Denver, where only about one in five workers are in software, IT, or finance.

Additionally, cities and smaller metro areas on the periphery of major metro areas have benefitted from pandemic-related migration patterns. This is demonstrated by overall double-digit rent growth in places like Riverside, 2.5 hours outside of LA, and Sacramento about 1.5 hours outside of San Francisco.

When people do relocate, they are looking for homes that can accommodate both spaces to live and work. In the New York Tri-State area, the average home sold in Suffolk County, Long Island was 132 square feet larger than pre-pandemic levels, 129 sq ft larger in Fairfield County, CT, and 98 sq ft larger in Westchester, NY.[7]

6 On the Map, The US Census Bureau, 2021.

7 Alixandrescu, Lucian, NYC Suburbs That Drew Homebuyers During COVID-19, PropertyShark, 2021.

KEY FINDINGS CONTINUED

As the need for office space declines, many large cities will have to manage some degree of contraction of their Central Business Districts. If satellite offices are dispersed towards suburban and ex-urban environments to be closer to where people have moved, there will be more opportunities for smaller cities to benefit from these migration patterns. These decisions will be dependent on unique local conditions and business factors.

Take Action Checklist

PUBLIC SECTOR

- Review your zoning framework and make sure you have removed any impediments such as outdated use restrictions or discretionary special permitting processes for the industries you'd like to see grow
- Invest in placemaking that will attract young, highly educated workers. Companies are still looking for highly amenitized office space in accessible and walkable environments with great places to collaborate, socialize, eat, and drink
- For small and mid-sized cities competing for satellite office locations
  - Assess the degree to which your local regulatory and permitting policies are easy to navigate and develop strategies to address any deficiencies
  - Develop branding, marketing, and promotional campaigns to raise the profile of your community and to help businesses looking for satellite locations
- For cities reliant on one or two industries—develop a market-informed strategy to identify the most viable industries poised for growth in your community and develop and embrace strategies that will enhance industry diversification, including targeted workforce training, streamlined permitting, site selection and real estate technical assistance
- For regions—work to improve or enhance regional connectivity and improve your regional transportation infrastructure

PRIVATE SECTOR

FOR BUSINESSES

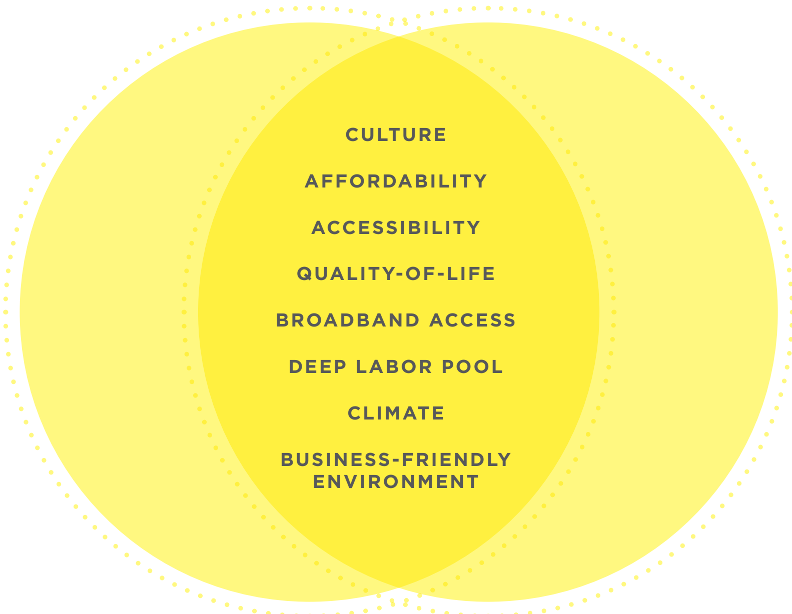
- Consider locations in transit-oriented communities with good access to premier cities; these locations will retain their competitive advantage over time
- Embrace office spaces that include outdoor space like rooftops and patio spaces and/or operable windows
- Share health and safety protocols with your employees and if upgrading ventilation and HVAC systems, let workers know to offer those returning to the office greater peace of mind
- For investors—partner with public sector agencies to collaborate on placemaking or public realm improvements that create attractive outdoor environments for employers and employees

3

The hierarchy of cities is in flux, and “premier” cities stand to retain global competitiveness

How we define a premier city is changing, creating a new level of competition and opportunity. Cities will have to go beyond just offering businesses and employees the fundamentals required to run their businesses, but also provide the quality of life and amenities that attract and retain the highest-quality labor.

PREMIER STATUS CREDENTIALS



KEY FINDINGS

Even pre-pandemic, access to a skilled labor market was a driving factor in corporate site selection. In the past, a company might consider labor availability within an hour commute radius. Today, premier cities are those that offer access to skilled labor including as a two- or even three-hours vicinity. Cities that are showing signs of a more rapid recovery, including Chicago, New York, and Washington, D.C are those with accessible transportation options—including regional and commuter rail, and bus service that make commutes more palatable (not to mention more carbon neutral).

Among the cities that best exemplify this trend is New York. The pandemic hit Midtown Manhattan, with its powerful combination of subway, commuter, and regional train access, hard. But Class A office supply is seeing strong signs of revival.

One Vanderbilt, a newly constructed 1,401 foot tall, 1.7 million square foot office building located immediately adjacent to Grand Central Station recently carved its way into the NYC skyline. The East Midtown skyscraper will offer world-class amenities, including an on-site restaurant supervised by Chef Daniel Boulud. As of the publication of this report, 90% of the building has been leased.[8]

Other indicators also suggest New York City will remain among the nation's premier cities. In 2021, more apartments were sold in Manhattan in the third quarter than at any other time in the last 32 years. This surpasses the 2007 record of 4,523 apartments sold.[9] Similarly, Facebook recently leased 730,000 square feet of office space on Manhattan's West Side between Pennsylvania Station and the Hudson River. Although Facebook has given most of their employees the option to work remotely, they continue to invest in New York office and have hired 8,500 new full-time employees.[10]

8 SLR Green brings One Vanderbilt to nearly 90% occupancy, Real Estate Weekly, 2021.

9 Chen, Stefanos, Manhattan Apartment Sales Surge to Three-Decade High, New York Times, 2021.

10 Haag, Matthew, Facebook Bets on Big Future of NYC, and Offices, with New Lease, New York Times, 2020.

KEY FINDINGS CONTINUED

Why did Facebook choose New York City?

“ When considering the next phase of our growth in the city, it was important that our newest office space was situated in the heart of a vibrant community that offered access to arts, culture, media, and commerce ”

-John Tenanes

facebook VP of global facilities and real estate

Take Action Checklist

PUBLIC SECTOR

- Conduct a diagnostic assessment of current economic development fundamentals. Develop a strategic plan that informs policies, investments and programs that will enhance your position as a premier city. Align these strategies with eligibility requirements for Federal, State, and local recovery funds
- Diagnose the need for broadband access and develop a municipal strategy to improve and fund fiber optic infrastructure
- Invest in and advocate for transit enhancements across the broader region
- Invest in quality-of-life enhancements, including public space investments, parks, and cultural offerings

PRIVATE SECTOR

- For investors, property owners and developers—when considering development, investment, and leasing opportunities in new cities, obtain and utilize “premier city” market data and metrics to evaluate and screen opportunities that include:
  - diversity of industries outside of tech, finance, or professional services
  - locations served by multiple forms of transit cultural and entertainment offerings
  - excellent intracity accessibility, including safe networks for bikes and e-mobility, quality affordable housing options, existing broadband, and fiber optic networks business friendly

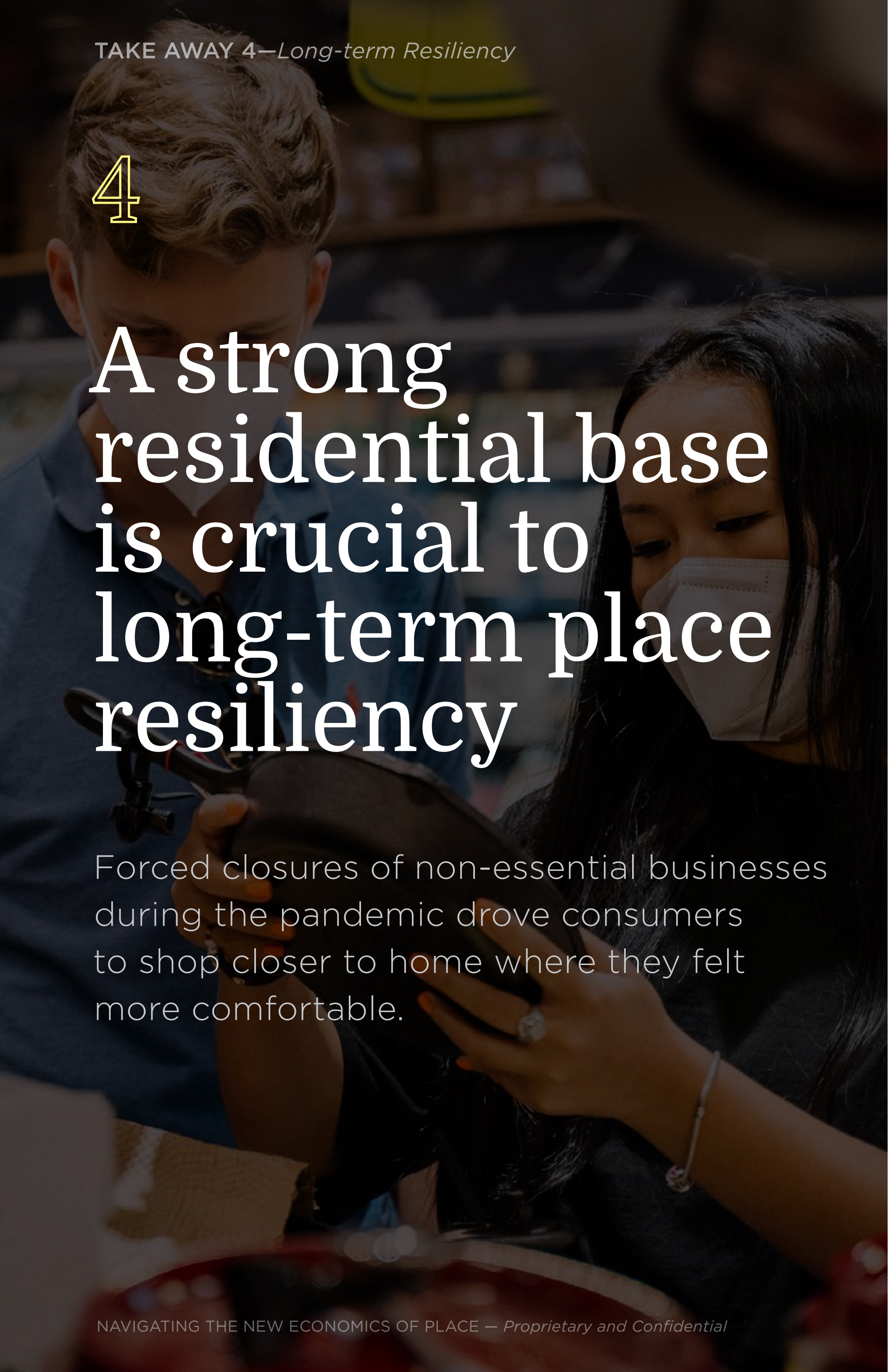
Streetsense was hired by the town of Vienna to "diagnose" downtown Vienna, VA's commercial market and develop an economic development strategy

The Master Plan for The Collection at Chevy Chase, developed by Streetsense, included signficiant entertainment and outdoor gathering places

CASE STUDY:

The Massachusetts Rapid Recovery Plan Program

Streetsense was engaged by the Commonwealth of Massachusetts to develop the Rapid Recovery Plan Program, a $10 million dollar program aimed at helping participating municipalities conduct a diagnostic assessment of their commercial areas, collect baseline data on the impacts of COVID on small businesses, and conclude with a consensus-driven set of project-based investment strategies. The 124 individual Rapid Recovery Plans will inform the distribution of ARPA funds and other Federal resources as well as provide standardized source data and unprecedented insight into community wants and needs. Streetsense prepared summary reports and developed an interactive tableau dashboard that offers participating communities and the Commonwealth evidence to support forward thinking policy decisions that will advance place-based investments for years to come. Over 1,100 projects were identified and highlighted the need for state coordination and funding of investments in the public realm, including outdoor dining policies, streetscape improvements, broadband investments, and placemaking, as well as district marketing and branding investments.



4

A strong residential base is crucial to long-term place resiliency

Forced closures of non-essential businesses during the pandemic drove consumers to shop closer to home where they felt more comfortable.

As a result, businesses surrounded by strong residential customer bases were much more resilient. In many ways, the losses sustained by businesses located in Central Business Districts have been balanced out by the gains experienced by local neighborhood business districts and suburban downtowns that benefited from the redistribution of spending.

KEY FINDINGS

An analysis of local spending conducted by the Mastercard Economics Institute using credit card sales found that in New York outer city neighborhoods, sales growth had *increased* between 2019 and 2021, whereas spending in the City's Central Business Districts, including the Financial District and Manhattan had decreased.[11]

2021 GROWTH IN SALES COMPARED TO 2019 (NYC)

OUTER CITY NEIGHBORHOODS

(Upper East Side, Harlem, Brooklyn)

CENTRAL BUSINESS DISTRICTS

(Financial District, Midtown)

11 Recovery Insights: Small Business Reset, Mastercard Economics Institute, 2021.

> “We want to be the kind of complete neighborhood where your residences, your job, your dry cleaners, your bank, your childcare facility are all within walking distance...If we had more residents downtown, would they have been able to survive? I don't know if we can say that as a foregone conclusion, but it certainly would have helped.”

-Michelle Van Hyfte,

Vice President for Urban Design: Downtown Austin Alliance

> “To think that we're going to make it in cities with just single use office districts—that's not a formula for success.”

-Paul Levy,

Head of the Center City District Improvement Organization: Philadelphia

Take Action Checklist

Businesses in residential neighborhoods now have opportunities to grow market share as residents spend more time and money closer to home. Business models will have to adapt, with more people embracing hybrid work and setting their own schedules, for example, things like a defined breakfast or lunch rush may change, or dinner traffic may become more robust.

PUBLIC SECTOR

- Encourage downtown residential living. Remove any multi-family/residential restrictions in CBDs to encourage more residential development
- Revisit your allowed uses downtown. In many traditional CBDs, uses that were more local or service-oriented in nature were restricted, making it more difficult to service the needs of residents
- Explore investments in public realm enhancements, including pedestrian amenities, public space improvements and activation that makes a community appealing for both workers and residents
- Invest in "middle-mile" fiber optic networks that offer high-speed internet to office workers and residents alike. Both ARPA and the 2021 Federal Infrastructure Bill include significant resources to invest in broadband networks

PRIVATE SECTOR

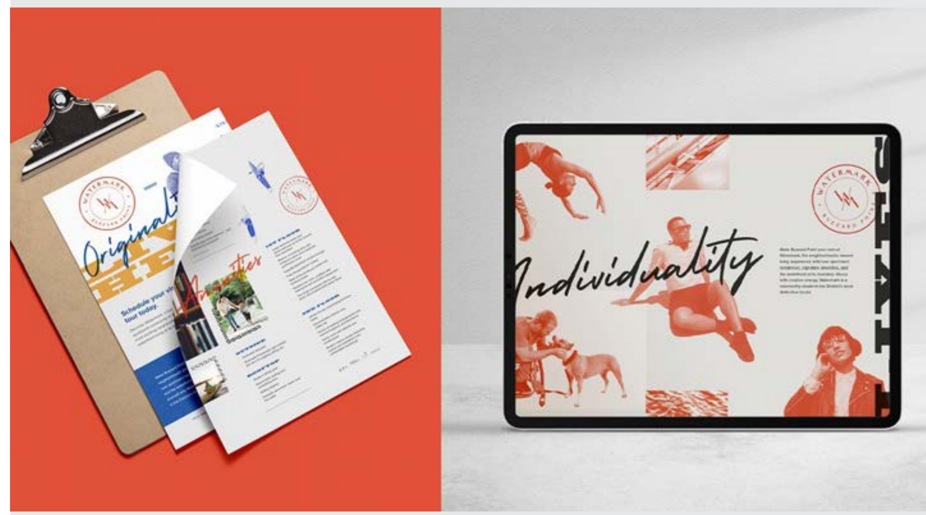
FOR BUSINESSES

- Invest in a local marketing effort to raise your profile among your residential customer base, this might include geofence marketing over social media channels that allow you to target specific audiences based on location
- Take a close look at how local customer spending is changing and change with it. Is daytime traffic picking up because more people are working from home? Do you need to change your offerings or hours of business? Do not take your customer for granted.

FOR DEVELOPERS AND OWNERS

- Set more reasonable expectations on rental income from ground floor commercial space and consider it an amenity that creates value for residents or offices upstairs
- In all spaces, provide guaranteed high speed broadband network, including 5G and fiber optic cables. Last mile networks connect middle-mile networks to the customer and are often the bottleneck in service delivery.

Boston-based non-profit Culture House worked with the Boston Public Library to create free Wi-Fi zones in outdoor areas.



Streetsense developed a brand and social media strategy to reinforce commuity at the Watermark, a 419-unit commuity in southwest D.C.

source: https://culturehouse.cc/projects/boston-public-library-free-wi-fi-zones/

CASE STUDY

Downtown Norfolk, Norfolk, VA

In Downtown Norfolk, VA a Streetsense-led analysis of downtown zoning regulations identified a ground-floor use requirement that "no less than 65% of all ground floor space along designated downtown streets be devoted to active ground floor uses". Additional analysis showed that this requirement would result in over 5 linear miles, and as much as 2.6 million square feet of "active uses", far more than the market could bear. As of the publication of this toolkit, discussions are underway to reclassify designated downtown streets to eliminate the requirement.

Third Street Promenade, Santa Monica, CA

Third Street Promenade, the famed shopping district in Santa Monica, CA was experiencing vacancy rates greater than 30% when Streetsense was engaged to help define the challenges and identify strategic real estate solutions to the retail challenge.

Following an analysis of retail zoning and downtown land use for Downtown Santa Monica, Inc. the organization that manages the promenade, the City Council voted unanimously to eliminate regulations that had previously limit ground floor uses along the promenade to the traditional retail, dining, and offices. They also opened the street to businesses that had been previously restricted, including those that serve the everyday needs of a growing downtown residential population, including pet stores, personal services, and childcare. Other changes included a reduction in the minimum requirement of retail on the ground floor (from 50' feet of required depth to 25' feet for active uses), which offered property owners more flexibility in how they use their ground floors if the frontage remains brick-and-mortar in nature.

CASE STUDY

5

Transportation is changing radically, holding great promise for urban places—if we embrace it

unplash:Rick Gebhardt

Transportation access for people and products is among the most significant factors of economic growth. Port cities like New York, Boston, and San Francisco owe their existence to early maritime trade. Alternatively, the completion of the transcontinental railroad made Chicago hum while simultaneously resulting in the decline of many communities along the Erie Canal. Urban history is littered with winners and losers from changes in transportation technologies.

The delivery of information products, which once depended on showing up in person, can now be done from anywhere. What we are witnessing is in fact a transportation revolution disguised as a technological revolution. One that has the potential to upend the hierarchy of urban places in ways that we have yet to imagine.

CONTINUED

Moreover, the pandemic gave rise to a much more rapid adoption of alternative mobility options, including micromobility like e-scooters and e-bikes, which have less environmental impact than the automobile and are particularly well suited to more compact and walkable places. In the US, where roughly 60% of all trips are five miles or less, these low-impact modes of transportation hold great promise as an efficient and affordable way to get around.[12] Perhaps less obvious to the casual observer, all these new modes of transportation are highly reliant on digital apps—which in-turn require online access. Yet another reason why high-speed broadband access and exceptional Wi-Fi connectivity is becoming a baseline expectation for those who manage urban places.

12 Disrupting The Car: How Shared Cars, Bikes, & Scooters Are Reshaping Transportation and Cannibalizing Car Ownership, CB Insights, 2018.

unsplash: Yoav Aziz

KEY FINDINGS

Micromobility is here to stay. McKinsey & Co. predicts that e-mobility will continue into 2030 with a 5-10% boost in the number of passenger kilometers traveled using micromobility modes of transportation. The McKinsey study further noted that in 10 years 70% of people indicated they would consider purchasing an e-scooter for everyday use. With higher consumer adoption rates and a growing comfort of use, particularly in places that have invested in safe street networks, the profitability of micromobility is expected to rise, further fueling industry growth.

Nationwide, shared bike programs were popular during the pandemic. In NYC, Citibike saw a 25% increase in peak daily trips from 2019 to 2021.[13]

13 Rogozhin,Stanislav, Analysis and prediction of Citi Bike usage in the unpredictable 2020, 2020.

The program is scheduled to double its service area by the end of 2022 with plans to add 8,000 more docks and 4,000 more bikes to the Citibike program.

Moreover, where safer mobility infrastructure has been introduced alternative mobility has exploded. In Queens, NY, where a nearly 2-mile stretch of roadway along 34th Avenue has been closed to through traffic, non-car mobility increased by 1220% from January to July of 2020, according to The Strata dataset.

As changes in transportation habits take hold, these trends hold great promise in supporting future urban growth, helping to curb emissions, and offering urban dwellers more agile options for getting around—if cities embrace the infrastructure needed to support it.

Take Action Checklist

PUBLIC SECTOR

- Invest in improved physical infrastructure and bike networks, including safe and well-paved lanes (when ridden on unpaved or cracked roads, e-scooters pose a significant risk of injury) and offer secure places to store and park bikes (both on streets and in buildings)
- Change zoning regulations to require increased bike parking/storage in new buildings and in public spaces and allow for reductions in minimum parking requirements if developers incorporate micromobility infrastructure into their projects
- Improve regulatory frameworks, including the categorization of increasingly faster e-mobility and consider new rules of the road (i.e., speed limits along bike lanes, updated licensing and registration requirements, etc.)
- Work closely with the private sector to develop incentive programs to subsidize bike and/or e-bike purchases

PRIVATE SECTOR

- Embrace micromobility infrastructure and consider it a "must have" amenity, this includes sufficient and secure places to store micromobility on-site
- Explore partnerships with shared bike and docking station operators

FOR DEVELOPERS

- Set aside more space for storage, bike repair, and charging locations for e-mobility. Consider shower rooms and bathrooms that allow commuters to freshen up after a ride
- Speak with your local planning department to see whether parking requirements can be reduced to allow you to re-purpose space to serve a higher and better use
- Develop sites adjacent to bike lanes and infrastructure

Residential developers are beginning to include bicycle storage rooms in their buildings to accomodate for growing riders.

unsplash: CHUTTERSNAP

CASE STUDY

Paris, France: Plan Velo

Paris recently unveiled a plan to boost both "cycleways" and bike parking spaces through its updated Plan Velo, which includes plans for an additional 30,000 parking stands (of which 1,000 spaces will be reserved for cargo bikes), 40,000 new secure bike parking spaces near rail stations and incentives to encourage the private sector to install an additional 50,000 bike parking spaces throughout the city.

CASE STUDY

The Equitable Commute Project: Spring Bank & The State of New York

Through a partnership with Spring Bank and grants from the State of New York, front line workers can get a 50% subsidy for high quality e-bikes. Spring Bank has launched a new finance product that will cover the remaining cost. The small loan is available to those with limited credit history.

CASE STUDY

34th Avenue Open Streets

A quiet revolution is happening in Jackson Heights, Queens. During the pandemic, the city of New York limited car traffic along several public streets in dense neighborhoods to enable social distancing. The community has embraced the 1.3 miles of relatively car-free streets, now "open" to pedestrian, cyclists, and e-mobility users. According to Fast Company using data from Strava, bicycle traffic from January to July of 2020 increased by over 1,220%, offering cyclists and e-scooter users of all ages and abilities a safe place to move through the borough. Turning this street into a permanent option of alternative mobility is now a priority for the City of New York's Department of Transportation, who recently unveiled plans for making the open street permanent with the installation of traffic "diverters" that discourage through traffic from cars.

6

It's omnichannel or die for many businesses

Perhaps this is old news, but it is no less salient: consumers are more likely than ever to shop online. At the same time, pure play e-tailers like Amazon are increasingly embracing brick and mortar locations. The future is clearly not either/or, but rather both. Business must begin to embrace both in-person and online sales, adopting true omnichannel solutions. The public sector can play a role in helping businesses, particularly smaller, less-capitalized businesses, compete in a hyper-digital environment.

14 One in four Businesses still don't have a website. August 19, 2021. https://smallbiztrends.com/2021/08/small-business-no-website.html

IN A SURVEY OF 1,250 SMALL RETAIL BUSINESS OWNERS CONDUCTED BY DIGITAL.COM,

one in four small retailers do not have a website.[14]

KEY FINDINGS

E-commerce sales now comprise 15% of all retail sales, and by 2023 that figure is estimated to jump to 18%.[15] Despite these increases, the sky is not the limit for online sales. Supply chain challenges, shipping delays, and increased shipping costs (USPS has already increased shipping costs by an average of 4.9%) are increasingly being borne by the consumer, creating a disincentive that is driving many back to brick and mortar stores.[16] Moreover, the costs associated with last mile delivery make it increasingly attractive for businesses to use their brick-and-mortar stores as fulfillment centers. For online businesses, brick and mortar stores conveniently help facilitate exchanges, which are increasingly compressing margins and costing retailers dearly in the form of labor, transportation, and warehousing costs. Additionally, local stores are making it easier for customers to “click and collect” by allowing them to buy online and pick up in store.

Moving forward, the diversification of purchasing options will serve as an important resiliency measure for many businesses.

15 Buchholz, Katharina, Is Working from Home a Privilege? Statista, 2020.

16 Gibbs, Brian, 2021 UPS Rate Increase, Part 2: General Rate Increase (GRI), Refund Retriever, 2021.

Take Action Checklist

PUBLIC SECTOR

- Develop programs that offer support, training, and technical assistance to help businesses get online
- Evaluate your zoning regulations and revisit outright prohibitions that prevent basements or portions of retail spaces space from being used for last mile/fulfillment/ micro-warehousing
- Pre-empt last mile logistics challenges by developing a comprehensive transportation management plan that address issues like truck route usage, curb management issues, hours of delivery, and alternative vehicle use, such as specialized e-cargo bikes
- Work with local property owners to develop short-term activation programs for vacant space owing to the likelihood that less well-positioned commercial space may remain vacant for longer periods of time

PRIVATE SECTOR

FOR PROPERTY OWNERS

- Reevaluate how rent is calculated, especially if percentage rent is used. In most leases, increases in online sales can reduce gross sales, which is how percentage rent is typically calculated. Landlords may want to negotiate retail lease terms to capture both online sales and those made on premise.
- For residential developers—incorporate larger package storage rooms, offer package lockers, and/or install digital systems to manage increased deliveries

FOR BUSINESSES

- Embrace omni channel sales, it is no longer an option, but a requirement
- Consider leveraging existing space in a brick-and-mortar stores for last mile fulfillment, for your business and/or for others (if zoning allows)
- Develop inventory management systems to ensure that the merchandise you keep in store is aligned with what the on-demand needs of customers
- Encourage click-and-collect—if customers come to pick up something in the store, they are primed to purchase something else

Cities are making way for cargo bikes which are an alternative and efficient way to deliver goods in high-density urban areas.

A formerly vacant retail space comes to life in Cambridge, MA where the Non-Profit Culture House created a pop-us social space.

https://unsplash.com/photos/dwBZLRPhHjc
https://assets.bwbx.io/images/users/iqjWHBFdfxIU/ikaW1_8YK_uA/v0/1000x-1.jpg

CASE STUDY

Downtown Alliance Jumpstart Program for Small Business

The Downtown Alliance, the Business Improvement District (BID) for Lower Manhattan and the Financial District, engaged Streetsense to develop a personalized consulting program for businesses. The program offers new retailers and restauranteurs looking to open in Lower Manhattan with a customized strategic launch plan and one-on-one consultative sessions to help businesses develop impactful launch, marketing, and social media strategies. The sessions also include pro-forma review and feedback on operations, customer journey and menu engineering. The "Jumpstart Program" is structured as an incentive to small business owners looking to set up shop in the district and will be available to twenty new retailers and restaurateurs.

About Streetsense

Who We Are

Streetsense is an uncommon collective of designers and strategists offering solutions in real estate, retail, food and beverage, hospitality, and the public sector. We specialize in branding and marketing, architecture, interior design, research and analysis, and operations. Our interdisciplinary approach contributes to dynamic, cohesive, and innovative projects and deliverables. Founded in 2001 as a real estate strategy firm, Streetsense has evolved over the last 19 years in response to emerging needs in the market. Today, we are an agency of over 180 designers, architects, planners, brokers, writers, analysts, strategists, and more. We are constantly refining our approach and expanding our capabilities to offer the best service and the most innovative solutions.

Place Strategy at Streetsense

Mixed-use environments have always been evolving, however, the pace at which evolution is occurring is unparalleled. In an effort to respond to this everchanging industry Streetsense built its place strategy practice, which is comprised of individuals with expertise in development/finance, design, brand/storytelling and operations. Space is a physical entity, but place happens when you create meaning and experience for people. More than just the design of the public realm, sense of place is also influenced by merchandising and tenanting, brand essence and public space programming. This team of subject matter experts has been built to identify, analyze, and solve real estate challenges from the perspectives of five key stakeholders in the real estate ecosystem:

- Investor/Developer
- Landlord/Property Manager
- Tenant
- Consumer/General Public
- Public Sector

Each of these preceding stakeholders is essential to a healthy sector; unmet needs or objectives from any can easily initiate a collapsing of this house of cards.

The place strategy process always begins with (and without compromise) research, identifying unmet potential and examining why such potential isn't being met. From there a high-level vision is set, followed by an execution strategy and implementation of the strategy. Streetsense is first and foremost a creative consultancy but possessing a group of individuals with prior experience in development, brokerage, and asset management allows the firm to pair all of its creative recommendations with economic certainty—a confidence in an idea's ability to generate return on investment. Sense of place is a wonderful thing but if returns aren't being met, investment has gone to the wrong elements. Maximized, strategically curated place-based experiences yield maximum consumer draw; maximum consumer draw yields maximum consumer expenditure of time; maximum expenditure of consumer time yields the expenditure of discretionary income; the expenditure of discretionary income yields sales revenue for retail tenants; sales revenue to retail tenants yields rental income to landlords, and rental income to landlords yields return on investment for landlords. With these elements intact exists a healthy and symbiotic real estate ecosystem.

Public Non-Profit Solutions Group

Streetsense has a team dedicated to place strategy for public and non-profit sector clients because we know how unique the processes and levers for change are when public resources are at play and consensus-building is required. PNP Solutions is a highly qualified team of downtown and community development experts with decades of experience consulting for Local, State and Federal government entities, Business Improvement Districts, Main Street groups, and Community Economic Development organizations. We have supported hundreds of communities, policy makers, and program administrators rethink the way that municipalities deliver customer experiences, grow and market small businesses, and drive sound real estate and neighborhood development.

How can Streetsense help you?

To contact a member of our team directly:

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Thank You

streetsense.