



THE FUTURE OF CITIES: ADAPTING TO CHANGES IN THE RETAIL LANDSCAPE

The retail sector has weathered many changes over the last several decades, but the COVID-19 pandemic was an unprecedented shock. Many businesses were forced to close their doors, consumer behavior suddenly shifted toward e-commerce and municipalities adapted their permitting and zoning to allow businesses to operate in new mediums. Now, in 2023, we have a stronger picture of the post-pandemic retail economy in cities. This report provides an updated analysis of the state of the retail sector, predicts what is coming for retail in cities nationwide and offers recommendations for cities looking to support downtowns amid this changing landscape.

KEY FINDINGS



Local leaders have a critical role to play in promoting growth, equity and resilience for their retail community through investments in programming, resources, public space, trainings and other types of support.

- 1** The growth in the retail market post-pandemic has not been equitably distributed — and growth is slower in BIPOC and low-income communities.

RECOMMENDATION:

Neighborhood-based organizations will be essential partners for cities to support small businesses. Relationships with hyper-local organizations like downtown associations and chambers of commerce are essential for consensus-building and to reach BIPOC-owned businesses and businesses in underserved areas.

- 2** The rates of in-office work are the highest they've been since the start of the pandemic. While these rates are still below pre-pandemic levels, many downtown areas will benefit from workers spending their time and money at nearby storefronts.

RECOMMENDATION:

Economic development will center around improving the quality of life. As local businesses have become an essential gathering place for communities, economic development initiatives will increasingly be designed to encourage well-balanced, livable neighborhoods.

- 3** The changes in central business districts have been profound, but different cities face varying paths forward for downtown recovery. Recovery has been slowest in older, denser downtowns within larger metro areas. Downtowns that have struggled tend to be in the north, whereas downtowns that have recovered more quickly tend to be in the southern United States.

RECOMMENDATION:

Local leaders serve a critical role in providing support for local retail business. Local leaders can serve as convenors between retail business and local colleges, postsecondary institutions and community-based organization to meet local retail workforce needs and support the re-skilling of workers.

- 4** Many retailers are encouraging a “phygital” approach — blending physical and e-commerce shopping experiences, including shopping in-store, purchasing online and/or picking up or returning in-store.

Case studies in the report highlight cities that have supported retail and downtowns through:



Pop-up shops in vacant retail space



Building a connected business ecosystem



Small business incubators



E-commerce and digital marketing training



Downtown office to residential conversions



Storefront improvement grant programs

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