

Economic development officials in 3 cities share how they're bringing people, businesses back to downtown



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TULSA REGIONAL CHAMBER



By [Ashley Fahey](#) – Editor, The National Observer: Real Estate Edition,
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The future of downtowns across America has been debated and scrutinized since the onset of the Covid-19 pandemic.

In the early days of the pandemic, people decamped dense urban cores for more square footage, social distancing and cost savings elsewhere. People stopped going into the office, which meant central business district towers emptied out. Once-bustling streets became silent. Restaurants, bars and dry cleaners closed their doors — many permanently.

More than two years later, most downtowns have rebounded to some extent, although not evenly or fully. The continued question about how much office space people will need in the future, and where,

has city officials and economic developers looking at how to repurpose dated offices into new uses. Initiatives and events to bring visitors back to urban cores, and fill up hotel rooms that've sat empty through Covid-19, are happening everywhere, with a note of caution as the virus continues to spread.

It's been the job of local city governments as well as downtown organizations, frequently nonprofits, to not only help small business owners financially survive the pandemic, but also to chart a course for their downtown's next chapter in the wake of new pandemic realities.

Small U.S. cities and towns, in particular, have had materially different experiences in how they've navigated the Covid-19 pandemic than their larger counterparts. Here's how three distinct downtowns are evolving as the pandemic continues to change the course of how people live, work and travel.

Tulsa, Oklahoma

Tulsa, Oklahoma's population grew more modestly than others — 5.6% — in the decade leading up to the Covid-19 pandemic.

It had a population of 413,066 as of April 1, 2020, according to U.S. Census Bureau data. But in downtown Tulsa specifically, there are only about 4,200 residents, said [Brian Kurtz](#), president of the Downtown Tulsa Partnership.

His organization was formed July of last year after a study, which concluded around the start of the pandemic, recommended Tulsa have a dedicated organization to manage its downtown districts. That was previously under the purview of the city.

The organization has a budget of \$1.2 million annually for services in the Tulsa Stadium Improvement District, a special assessment district in Tulsa's Inner Dispersal Loop.

Since the pandemic, both in an official capacity as the Downtown Tulsa Partnership and efforts leading up to the group's official formation, the organization has worked with the city on numerous pandemic-spurred initiatives, to bring people back to downtown and support small businesses. They include establishing a temporary and permanent parklet program in downtown, and managing CARES Act funding to help restaurants and other downtown businesses fill financial gaps.

What's on the mind of Kurtz's organization now? Like many, the return to the office, which frequently means a return to downtown. Pre-pandemic, downtown Tulsa had a daytime population of 35,000 to 40,000 on a given workday.

Kurtz didn't say what that number is today but it's not back to pre-Covid-19 levels yet.

"Our major employers are back (but) employees have flexibility and freedoms like they didn't have three years ago," he continued. "Part of our job is to create a dynamic, active downtown environment, filled with restaurants and entertainment establishments, (and) how are we helping people feel safe and welcome in the public realm."



Downtown Tulsa's Arts District is pictured.

GRANTSWETWOOD

But Tulsa and the state of Oklahoma have embraced the move to remote work, with a job-incentives program that pays remote workers to move to the city.

[Arthur Jackson](#), senior vice president of economic development at the Tulsa Regional Chamber, referenced the city's Tulsa Remote program, which offers a \$10,000 grant and other benefits to eligible remote workers who move to, and work from, Tulsa for one year. Jackson said he didn't have the most updated retention rate from that program, but its website indicates nearly 1,600 have participated thus far.

Beyond more remote workers, a new office building delivering next year in downtown Tulsa is 82% preleased, Jackson said, suggesting office leasing activity is coming back, at least for new buildings in town.

Office absorption in Tulsa turned positive in the first quarter of 2022, to 439,000 square feet, according to Cushman & Wakefield PLC (NYSE: CWK). Vacancy is at 12% — an increase from a year ago but [well below the national vacancy rate of 19.9%](#) in Q1, according to Jones Lang Lasalle Inc. metrics (NYSE: JLL).

Jackson said companies today, more than ever, are focused on how to find talent, including how to diversify their workforce, which he thinks Tulsa is well positioned to capture.

Tulsa is home to three Native American tribe headquarters and was the site of Black Wall Street, before the Tulsa racial massacre of 1921 saw mobs of white residents attack Black residents and destroyed what had become a thriving neighborhood of Black-owned businesses, the Greenwood District, in downtown. The newly opened Greenwood Rising Black Wall Street History Center in Tulsa's downtown aims to honor the legacy of Black Wall Street.

About 15% of Tulsa's population is Black, as of the 2020 Census. Seventeen percent identify as Hispanic, 4% as Native and 3% as Asian.

But like many cities, downtown Tulsa has a number of older office properties, which early office trends suggest may be most likely to sit vacant as the flight-to-quality theme for office space continues. Kurtz said his group is looking at mechanisms to bring new housing in downtown, including how to convert underperforming Class B and C office properties into residential.

Jackson said, looking ahead, downtown Tulsa needs more full-service hotel rooms so it can remain competitive in landing big events and company relocations, as well as a full-service grocery store. Homelessness is another issue in downtown that has to be addressed, he continued.

"I think the best days are ahead of us as a region and a downtown," Kurtz said. "We're working to make this as best of a place as possible."

Fayetteville, North Carolina

It's part of a city economic developer's job to be optimistic about their downtown. But [Bianca Shoneman](#), president and CEO of the Cool Spring Downtown District, can point to myriad reasons why she thinks Fayetteville, North Carolina, has actually gotten stronger through the pandemic.

For one, occupancy in apartments and condos in the mid-sized city's downtown never dipped below 93%. Twenty-three new street-level businesses were established in the most recent fiscal year. The one-year job growth rate across the entire city was 3.7% in the fourth quarter of 2021, about on pace with the U.S. average, according to National Association of Realtors data.

Even during the height of the pandemic, Fayetteville was considered a top performer among the nation's 150 largest apartment markets, according to RealPage Inc. July 2020 data. Fayetteville apartment rental rates grew 3.9% in the 12-month period ended Q2 2020. At the time, asking rents were down 0.2% nationally, RealPage found.

"For us, downtown during the pandemic has become a sexier place to invest in," Shoneman said.



The Prismatic Exhibit in Fayetteville, North Carolina, was a large-scale public art exhibit in October 2020 that increased foot traffic in downtown by 30%.

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The Cool Spring Downtown District is a nonprofit formed in 2017, aimed initially at fostering an arts and entertainment district in downtown Fayetteville. Along with planning events and initiatives, Shoneman's group now assists in economic development efforts and lends support to small businesses in Fayetteville's downtown.

A longtime military town, with a population of 208,501 as of the 2020 Census, the pandemic may've put Fayetteville on the map for new reasons. It is, for example, the city with the highest percentage of Black-owned businesses in the U.S., according to a recent study by Charlotte, North Carolina-based LendingTree Inc. (NASDAQ: TREE). The online-lending marketplace found 11.2% of businesses in Fayetteville, which has the seventh-highest Black population among 50 metros examined, are Black-owned.

Shoneman said the city's diverse population and business ownership has made Fayetteville a more interesting place to attract investment and foster entrepreneurship — for minority business owners, especially.

But despite new tailwinds for the North Carolina city, there are key things Shoneman's group and others hope to advance upon. For one, additional bike infrastructure and walkability in downtown, especially to connect public amenities like the Cross Creek Linear Park. Cleanliness is another.

"We do not have an ambassador or streets team, so we don't have an enhanced service to clean up downtown," she said. "The need to maintain sanitation levels, that's a continuous concern."

From a corporate recruitment standpoint, Shoneman said she sees potential to build momentum from the area's military talent, and proximity to Fort Bragg, one of the largest military installations in the

world. High-tech jobs for the aeronautics and aerodynamics industries, for example, have a lot of potential, she said.

"Those type of high-tech, daytime workers are the type we want in our economy," she said.

Buda, Texas

A suburb of Austin, Texas, along Interstate 35 may have a small downtown, but leaders there are hoping to build upon lessons learned from the pandemic and expand it geographically.

Though small, Buda, Texas, has been part of the Main Street America program since 2017. That initiative helps downtown organizations in places like Buda revitalize older, historic downtown districts through grants and other initiatives. Downtown Buda has a number of historic commercial buildings that had, for a long time, been underutilized or were seeing a lot of tenant turnover, said [Lysa Gonzalez](#), director of destination services at the city of Buda.

Since becoming part of the Main Street program, it's estimated Buda has captured more than \$13.6 million in reinvestments and nearly 100 new businesses and expansions, according to the city. Its downtown now has a 20,000-capacity amphitheater and an array of small businesses, including antique stores and the Buda Mill & Grain Co., a collective with 27,000 square feet of retail, restaurants and community spaces.

Momentum established in the years leading up to the pandemic came to a halt in early 2020. Like in every other city, during the pandemic, local groups and the city worked to figure out how to keep businesses in its burgeoning downtown afloat. An initiative called the "Still Budaful" program allocated nearly \$1 million in grants to local businesses. Another grant helped businesses get online, as many were operating solely from sales resulting from foot traffic to a brick-and-mortar store.

More recently, signature events, such as a Main Street Sip N Stroll and Buda in Bloom vendor market, have returned to the city's downtown. There've been no obstacles in bringing people back to downtown, Gonzalez said.



Downtown Buda, Texas, pictured in September 2019.

ARNOLD WELLS/STAFF

But leaders in Buda, which had a population of 15,108 at the 2020 Census but is closer to 18,000 now, according to Gonzalez, is now tasked with figuring out downtown's next chapter — and, like so many small towns across America, how to manage rapid growth.

The city [recently received \\$1.6 million in federal funds](#) that'll be used expand the city's sewer system and create a new commercial artery in downtown.

The pandemic has presented a unique time for downtown leaders to think about how they want their city centers and business districts to grow — especially in response to Covid-19 and semi-permanent changes to how and where people occupy space.

Gonzalez said the city of Buda established a 10-year comprehensive plan in 2015 but most of those goals have since been completed.

"At the time, we wanted full buildings with sustainable businesses, retail and restaurants," she said. "We had a lot of office space when we started and not a lot of other things. Now we have a good mix in our core part of downtown and we're looking at the next streets over."

Bringing more people to downtown remains a key priority, she continued. That may include a mix of tourism initiatives, working to establish a cultural arts district and capitalizing on current businesses and venues, including the downtown amphitheater, to grow development outward.

But, Gonzalez said, a key goal is for downtown Buda to grow — but not too much or too quickly. Being a suburb of booming Austin, the city's population has grown 107% between 2010 and 2020, according to Census data.

"We know growth is coming but ... the one thing people love about Buda is that we've continued to feel small," Gonzalez said. "How do we boost our economy and continue that growth and still have that (small-town) feeling? That's what we want to keep, regardless of what happens with our economy."