The Revolution, Part II: Revisiting Opportunity in the Small Town

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In 2014, Real Estate Issues included a review of The Metropolitan Revolution: How Cities and Metros are Fixing our Broken Politics and Fragile Economy by Bruce Katz and Jennifer Bradley.¹ The lessons outlined remain prescient, especially for the development community seeking new locations and opportunities for its projects.

Among the remarkable responses to the divisiveness inherent in the national political structure of the United States is the resurgence of the American community as the standard bearer of its own accomplishments. The stories told by Katz and Bradley in Metropolitan Revolution² remind us that cities and towns are important again and that the recovery is not being experienced nationally but locally where the real estate market has always been centered.

Fundamental to the significance of cities and towns is the simple observation that federalism is at once too distant, distracted, and disinterested to reach down and help the most basic units of government. Although our towns and cities are the nation’s building blocks, Washington is handicapped from sharing in their future except in the most specific and limited ways. Increasingly its interest is reserved for only the largest cities and even that support may wane as the Trump presidency lays out its urban policy platform.

Money, even for transportation which has always been a favored investment, is no longer a certainty. Looking to the federal government for any financial resources is not the basis of a deliberate strategy, absolutely not if a locally desired outcome is to be controlled or assured. Had this observation been made two to three years ago, it would have prefaced with some notable environmental exceptions. The experiences
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in Flint, Michigan suggest aid for even the most basic human services is not reliably available “on call” and may decline as environmental priorities shift. Today’s partnerships with Washington are experienced principally as a gesture of political support. The enthusiasm stops well short of committable funding.

The planning, real estate, and economic development communities are responding to this reality by cultivating and incubating locally existing entrepreneurial skills and ideas. For those in real estate especially, opportunities have always been substantively driven by local economic fundamentals. Now the notion of leveraging obvious strengths and resources is center stage across multiple disciplines with shared objectives.

The shift toward local autonomy is not entirely novel but it is a change in attitude. A growing body of literature brings attention to alternative strategies in this age of diminished federalism. Observers\(^\text{3,4,5,6}\) describe the combination of grass roots initiative, self-motivation, local confidence, and discrete focus necessary to take ownership of local needs and achieve a grand community vision.

Widening curiosity in this subject opens the door to a distillation of the common themes which are the organizing framework for self-driven experimentation. The real estate industry is often skeptical about untested concepts, but promotes segmentation and positioning as necessary to penetrate and secure targeted groups of users. Efforts toward product differentiation become more important when federal policies and practices do not, by themselves, stimulate demands.

The most successful stories\(^\text{7}\) about improving civic structure center on particular essentials. These essentials are often in place already, sometimes vigorously exercised, or are logical precursors to achieving community stability. The real estate and economic development industries associate community stability with measures of population growth, job creation, and local financial capacity. Planners typically see stability expressed in visual terms describing a more richly aesthetic community with attributes of livability, place, and broadened appeal to a wider intergenerational population. From differing perspectives, each profession engaged in enhancing the commercial and civic environment seems to agree that all these metrics or indicators are important in varying ways. A sustainable and vibrant community is one of properly planned, properly connected, physical and economic systems. For developers and communities desirous of creating locational distinctions with value, these attributes and their context assume much greater importance. In effect, the **conditions** of our towns and cities create the market setting in which the real estate industry and its allied disciplines fashion their products.

By whatever means a fundamental civic vision is benchmarked, the rewards in doing so are especially appealing to the nation’s small and moderate sized communities. We term them **character communities** to signify them as potentially special in form. These are places, which despite increasing urbanizing trends, still contain almost 40% of the nation’s population and substantial wealth. A 2016 release from the Urban Land Institute (ULI) says that only 15% of the population growth from 2015-2025 will opt for urban areas, down from the 21% experienced 2010-2015. The figures may be surprising, given the loud urban buzz that has drawn so many developers. In fact, ULI says suburban and rural places will lure about 89% of the population growth. These are powerful numbers, especially when hitched to corresponding patterns of employment gains also reported.\(^8\)

Much that can be gleaned from ULI’s figures lies in a fuller understanding of census geography and the basis of measurement. Still, getting caught in definitions misses the point: **it is a mistake to claim cities are going out of fashion, but neither are exurban places.**\(^9,10\) In fact, the U.S. Department of Commerce (USDOC) Census of Governments reports there are about 36,000,\(^11\) general purpose governments in this country, a number which has stayed fairly constant since 1977.\(^12\) These general purpose governments are the hundreds of cities, municipalities, villages, towns, and townships we think of as local jurisdictional bodies legally responsible for civic institutions. About 123,000,000 people of the
country’s 323,000,000 people reside in almost 35,000 of these places, all sized less than 50,000 people, the vast majority smaller than 25,000 people. To add scale, these 35,000 places would each have a population of only about 3,500 people on the average.

Growth itself is just one part of the bigger narrative signaling potential in character towns, however. Many are, as the numbers above indicate, very small places. Many of these places are in the south where there are comparably fewer larger cities. Many are places we often think of as America’s heartland.

In the trend toward urbanization, some places are being eclipsed by other communities that are either richer, cleaner, determined, or better positioned to avoid disruptive technologies because of their size and existing diversification. The most successful of these communities are neither nostalgic nor isolationist in their outlook: they have discovered the imperatives of self-reliance and independence. While the outline of the President Trump’s announced infrastructure program is only now taking shape, the platform appears largely consistent with this message: each community must cultivate and apply its own resources. While each of these places cannot claim to have all the planning or development resources required to launch them into the next great place, they display features likely to assure stability now or to enable a pathway to some desirable future. With the internet of things and the opportunity to choose among options in ways unimagined for workers and families two decades ago, the time for these smaller places is now. Recognizing those that can, and will, bring their best game forward is the start of a beneficial real estate opportunity.

But there is a natural sorting and, even among those communities seeking to reinvent themselves, there will be those which set the pace. Listed below are the systems and institutions which, after years of working in such places, strongly evidence the capacity to sustain or advance a civic vision so essential to propelling community development beyond the largest urban centers. All suggest a need for certain basic services which almost every local area requires. More importantly, they also speak to the visceral composition of the community, vibrant and alive, without linking its success exclusively to the imprint of another community or to another level of government.

1. Many communities have professional citizens. These are not the local gadflies with nothing to do but criticize each agenda item. These are the community’s genuinely interested and concerned activists who believe in the power of local participation and democratization. They are expressing opinions and advocating for their community. They are known and identifiable by the community’s elected leadership and by many of the community’s less active citizens. Professional citizens are widely known for their commitments to a project or program. These people remind us that an absence of transparency is often adversarial to advancing a community’s larger goals. Often, they will lead a cause. On other occasions, they might act informally as a conduit to share information and ideas. They may be individuals appointed to committees, business leaders, members of the NGO community, members of the faith community, or simply neighbors. Individually and collectively they are a powerful force of accountability. Above all, these towns have leadership.

2. Of like mind are the citizens as cheerleader rather than the citizens as guardian of truth in government. These are the people or groups recharging the community’s energy. They are on board for the big plan, whatever that plan may be. They are persuasive voices. Again, like the professional citizen activist, it may be a single individual or a larger organization. It may be a corporation always identified with the community even if that company’s dominance has started to decline. In any case, the party is well known by a very broad constituency. In smaller towns, it may be an especially effective elected mayor or other official. It can easily be an organization like the League of Women Voters which is known for objectivity as well as its value system. Those at the front are often restaurant owners or small business owners. Most people will not only be
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able to identify these people or organizations by name, they are well known for their views on behalf of the community. More often than not they sponsor events and activities characteristic of the community profile. Almost every day, because of the esteemed position or place they hold in civic society, they are willingly committing themselves and looking for others to share their passion and their course. You see their names on school infields and on banners in community parades. They are not necessarily wealthy but they have rich ideas. In Dublin, Texas (population 3,500), young entrepreneurs reestablished the soft drink bottling production of a former Dr. Pepper plant. In Kokomo, Indiana (population 80,000), it is the mayor. In Inverness, Florida (population 7,300), the city manager speaks for the vision. These towns look forward while embracing what they have.

3. Also tied into a civic theme, is the virtual absence of the routinely divisive policies and politics dominant today. Of course, parties matter to a degree. Even in nonpartisan races there is some interest in the party represented by those in office. Still, there is a palpable community sentiment ranking local needs well above the conflicts imposed by party labels and priorities. A pothole repair does not necessitate a party affiliation—Democratic, Republican, or Independent repair of a pothole is just as effective! These towns practice shared trust.

4. All people know their way through these towns. These towns offer entry features and wayfinding characterized by themed signage and a succession of iconic structures and landmarks. Together, these are more than an aesthetic guidance system. They signal the community identity and might themselves be the source of tourism. The buildings and landmarks can be nostalgic in theme but they also represent what should be part of the larger civic infrastructure organizing the community according to recognizable principles. For example, they might be captured as images in the community’s wayfinding system. What there is to see and do, as well as continued investments in maintaining the same, are indications of a unified and committed citizenry.

The icons need not tie to just the community’s history. They can link to a theme or idea. They may reflect a simple idea promoted by the Chamber of Commerce or City Hall that quickly establishes both the identity of the community and the value of its civic stock. These are towns that invest in and preserve their icons. They are places like Taos, New Mexico (population 5,800) sustaining an art culture or Columbus, Indiana (population 46,100) supporting strong architecture and design with assistance from Cummings Diesel. You have been to a place like this and experienced its charm if only for the day. These communities have that definitive, but undefinable, sense of place.

5. Communities which play to their obvious strength have opportunities ready to leverage immediately. In some character towns, these strengths derive from their history or their iconic themes. Other towns may have an industrial history in which a certain manufacturer may still be dominant or remain strongly connected with other industries. Some towns are closely associated with a local university. Others may have a health or cultural theme. In Casey, Illinois (population 2,762) a steel fabricator has taken the lead in creating a whole series of icons for his town which now work as an attraction. These icons are ordinary things which have become the extraordinary. Promoted as the “world’s largest”, the collection of wooden shoes, post box, rocking chair, and other inventive pieces are housed inside or near individual businesses. These creations have become a draw for the curious and the town is experiencing a boost in visitation. The strength in other places may be the scale of its resident artist populations, its local produce, period antiques, some naturally occurring amenity, or simply its location as part of a larger heritage or regional bike trail. These places may be environmentally centric towns having a network of pathways and linkages to natural recreation areas. The options are as varied as the number of character towns. What the options share in common is a laser focus on building or maintaining a foundation that boosts other opportunities—produce into wines,
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produce into large open markets – and to build the civic infrastructure on which so many other initiatives rely. *These places have inventoried and played to their assets.*

6. In the global economy, almost everything is ubiquitous but there are inherent economic considerations which must be incorporated in every strategy and decision. Minimum economic performance must be maintained. There is sentiment for the local drugstore and grocery. While highly desirable, they are rarely sustainable and may not be bellwethers. There is a hierarchy among retail and restaurant chains stemming from the composition of the trade area, population, income, and general expectations about financial performance. In an era of disinvestment and consolidation, there is a certain threshold of economic sustainability evident in the presence of a Walmart which offers an array of goods and, in many ways, could be the general store of another era. The physical presence of such a giant is evidence that this character town has achieved favorable recognition by America's largest corporation. It's on a strategic map and part of a larger business plan. At one time, McDonald's fulfilled a similar role as communities struggled to attract one. Contrary to elitist opinions, Walmart is not the universal progenitor of declining community values. The store is the centerpiece of a more complex development pattern. Without addressing other issues, Walmart signals the significance of this community as a cross-road for regional commerce which may have the capacity to support other types of investments as well. What may be damaging to a character town is not an open Walmart. Rather, it is a closed Walmart and the unfavorable messages projected by an oversized and vacant storefront. *The challenge is to sustain the political will necessary to control and channel the energy of the ostensibly ordinary and link it to the institutions and civic infrastructure important to the broader community.*

7. At the heart of this civic infrastructure is the character community's central core. The larger commercial area might include a Walmart, but downtown, in this context, still remains viable or offers the appealing architectural features to (re) create the feel of a vibrant hub. Alone, the active downtown with a mix of businesses and eating options along with a small but growing number of residential conversions says volumes about a character community's strength to sustain itself or to move ahead progressively. Anecdotally, the growing number of loft or apartment conversions filling underutilized or empty second story spaces is a significant indicator of locational vibrancy, much in the same way shuttered first floor widows suggest decay. Often downtown's leadership is tied to banks, but other anchors in these settings include active gathering places often associated with the public sector such as schools, government offices, postal services and cultural facilities. These activities or buildings – even if not meeting contemporary space demands – are not here by accident. They stem from their connection to neighborhoods just at the edge of the core, which in some cases, are also being sustained or reinvented. Not atypically, these areas comprise the iconic architecture and landmarks already mentioned. The communities most likely to surge ahead, as other suburban areas decline, are those showing respect toward their central core and its anchor institutions. They sponsor active downtown programs, festivals, special events, and participate in organizations, focused on downtown development. Libraries function as more than reading and education space in these settings. They are civic and cultural centers. Churches and places of worship play a role as civic centers, classrooms, supporters of arts education, and community meeting halls. In character towns, libraries and churches may even stand in for bookstores and coffee shops. Communities as diverse in size as Huntingburg, Indiana (population 7,500) and Orlando, Florida (population 263,000) have each worked to strengthen their CBD with libraries and multiple places of worship and other religious institutions. *The core is the pulse.*

8. If elites rail against Walmart, they rally to the
presence of professional and recreational sports which are markers of a town’s commitment to health, wellness, and overall well-being. Few smaller communities will be the home of a professional team, but they can be, and often are, the beneficiaries of training tournaments and sports camps facilities targeted to professional and amateur groups. The growth of youth sports and training facilities for major professional franchises has created economic opportunities for communities willing to invest in supporting facilities. Such investments are evidenced in Elizabethtown, Kentucky’s (population 29,900) lacrosse, soccer, field hockey, and all-purpose field complex and in Aberdeen, Maryland (population 15,400) where baseball fields for all aged players are accommodated. All sports and recreational activities might also combine with education, nutrition, and wellness programs. **Health and wellness are not the preserve of just the very rich.**

9. Locally distilled spirits, small wineries, and craft breweries are recent phenomena that seem to be correlated with vibrancy or the potential to leverage other successful initiatives. These places are part industry, employer, and gathering places that may further connect to local produce, scheduled events, or food centric culture. They may simply identify the town as part of its branding campaign. We are not necessarily drinking more, but we are doing it differently and inventing new spaces for these activities to occur. Some are informal spaces, some are new, others are repurposed from existing venues established in the community. All of these establishments fit well into the commercial core but can also function well in adjacent neighborhoods looking to become hip. **Every town needs its own homegrown gathering places.**

10. Much of the cheering, advising, and building comes from outsiders who are welcomed into the community. These character communities incline themselves toward being egalitarian. They display an interest in welcoming the ideas, participation, and certainly the investment of outsiders. What is not unusual is to see certain communities rally and gather to like-minded or similarly oriented people. We see this in inner city neighborhoods that have been revitalized by newcomers, whether immigrants from other places or the emerging millennials from the resident population. **These towns display warmth and openness.**

11. All of the people identified, their town, and their many organizations are the catalyst for the creation of strong public private partnerships which allocate risk properly between the public and private sectors. These partnerships achieve their purposes by openly acknowledging the task at hand is best addressed by a multitude of vested interests with respectively unique resources and capabilities. The shared risk and reward of the true public private partnership is free of the developer’s posturing and the community’s reticence. From the standpoint of the character town, land assembly, permitting, and recurring infrastructure investments are broadly community responsibilities. In advance, they announce the community’s focus in an area or project. In partnership, they demonstrate a commitment to share risk on an ongoing basis. The private parties introduce expertise, sometimes cash, and sometimes in-kind services. These partnerships are common and work well for real estate development. But, the model has other applications which speak to an idea of intentional cooperation. These partnerships are equally important to health, education, art, cultural and social initiatives ignored federally or specific to circumstances of a single character community. Savannah, Georgia (population 144,300) and its relationship with the Savannah College of Art and Design, and Asheville, North Carolina (population 87,900) with its repurposed older buildings and emphasis on culinary offerings illustrate the ways parties can cooperate beneficially. Strong partnerships are especially important to transformative projects that will raise the surrounding quality of other ventures and assure the long term tax base. **However, every partnership is not a public/private partnership nor can a community sustain itself with every activity structured to serve both interests.**
12. Educational institutions are evidence of a community desirous of enriching the quality of life for residents. A small college town offers a glimpse of what a community might become if the civic infrastructure can be linked to an established college or university. Examples include Deland, Florida (population 29,200) and Stetson University or Bucknell University and Lewisburg, Pennsylvania (population 5,700). But such opportunities, as magnificent as they are for building a community fabric and affirming the substance of a location, are rare. The more obvious and attainable options are charter and community schools oriented to special needs or to discrete populations because these may not be altogether creatures of a regional school board. They may be religious. They may be private or public. Magnet high schools, a major investment, can offer the best training in a variety of technological and specialized fields. These specially designated high schools, in conjunction with nearby community colleges, can open the door to a better educated population and better trained work force that represent the future of the character town. For the residents, there is an opportunity to build academic credentials attractive to the finest higher educational institutions. For economic development, the network of educational options evidences a community with a very clear understanding about workforce needs. While lacking the financial resources of the major four year institution, community colleges are broadening their reach because the cost of a conventional university degree is becoming prohibitive and because they are often the product of a local mission. On a much smaller scale, the community college offers advancement, cultural enlightenment, and a catalyst for other activity. The town must cultivate its mind and conscience.

So, what are the concluding comments? The country’s 36,000 towns and cities are the central polities in our larger system of governance. They are likely to remain so for the foreseeable future. People have choices, and they are exercising their options. Consequently, the success of towns and cities really matters. They provide the foundation for our community development and real estate functions.

There is no single approach for a character community to track as it rediscovers itself, builds upon its potential, or holds itself out as a viable setting for investment. That said, the conceptualization of a stable community capable of attracting and sustaining such investment almost certainly draws on the basic ideas outlined here. Taken together, they describe a community capable of positioning itself based on some specific advantage, maximizing the attributes contributing to that advantage, and pulling a diversity of strongly committed citizens and activists into a process comprised of purposeful strategy. The smaller communities which have taken action to preserve themselves are certainly well ahead of others.

Nonetheless, because the actions are built on themes and not a formula, they take time, and the management of expectations is yet another challenge. It may not always be possible to accelerate a plan. That plan, whatever it may be, must begin with a shared vision igniting the passion of the citizens who own and execute the plan and the skills often carried by the broader development industry which is itself anchored by real estate professionals, community builders, and advisors.

ENDNOTES

3. Beitsch, O., supra.


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