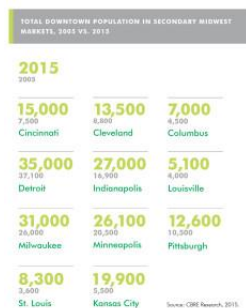


# Remaking the Midwest - Mixed Use and the Rise of 18-Hour Cities

By [Beth Mattson-Teig](#) November 25, 2015

Point to any major metropolitan area in the Midwest from Cleveland to Milwaukee and they all have something in common—a surge in urban revitalization underway ranging from public parks and mass transit to new commercial and residential development.

A recent study on the “Resurgence in Midwest Secondary Markets” released by CBRE highlights the push by cities to build stronger, more resilient communities. The building boom underway is being fueled by three fundamental factors—people, place, and profit. A shift is afoot among people choosing to live in and around downtown versus the outlying suburbs. According to CBRE, ten of the 11 Midwest markets studied saw population growth in their downtowns from 2005 to 2015, with Detroit being the exception, which was essentially flat. This echoes much of the research in [this year’s \*Emerging Trends in Real Estate\* report](#) on the growth in secondary U.S. markets.



[Click to zoom.](#)

Cincinnati, for example, has seen its downtown population double in the past decade to 15,000 people. That shift is due in large part to the “millennial effect.” Millennials are choosing an urban lifestyle that offers live/work/play options and amenities all within easy reach by foot, bike, or mass transit. Companies are chasing talent, and Midwest cities are certainly feeling more competitive pressure to create urban environments that appeal to today’s talent pool.

The Great Recession was a harsh wake-up call for many U.S. midwestern cities. “The recession changed the Midwest,” says Brian Vandewalle, chief executive officer, president, and principal planner at Vandewalle & Associates in Madison, Wisconsin. “What we used to call the Rust Belt, the industrial Great Lakes cities like Detroit and Milwaukee, really got smashed,” he says. Vandewalle & Associates is a multidisciplinary planning firm that specializes in economic development and redevelopment projects in cities across the Great Lakes region that range in size from 50,000 to 500,000 residents.

A number of Midwest markets had lost market position due to the shift in the manufacturing base, and the recession made it worst, says Vandewalle. Property values went down and there was more blighted property. In addition, manufacturers and industrial space users left the cities, leaving large brownfields behind. Cities facing those issues realized they needed to transform themselves into urban centers—places that appeal to the new generation of workers in order to retain and grow that business base, he adds.

VALUE OF CRE UNDER CONSTRUCTION IN DOWNTOWN SECONDARY MIDWEST MARKETS  
\$ IN MILLIONS



Source: CBRE Research, 2015.

*Click to zoom.*

Companies are increasingly chasing talent. Employers in certain industries, such as technology, are proving that they are willing to go where the labor is—even if it means locating in markets where it means paying significantly higher operating costs, says Spencer Levy, Americas head of research for CBRE. “Talent trumps cost in many industries. So, there is only so much a city or state can do in terms of giving public/private incentives to overcome that if your city doesn’t have a core that is attractive to the top talent that these employers are looking for today,” he says.

John Deere, for example, has its world headquarters in Moline, Illinois. Yet the situation in downtown Moline was “completely upside-down,” with old factories and brownfields along the riverfront and no retail or housing, says Vandewalle. “You can’t have a world headquarters with a downtown central city in that kind of condition,” he says. Vandewalle & Associates has worked with the city of Moline over the course of two decades to completely reposition the market, notably redeveloping the city’s working riverfront and historic central business district.

NUMBER OF FORTUNE 500 COMPANIES HEADQUARTERED IN SECONDARY MIDWEST MARKETS  
TOTAL COUNT



Source: Fortune 500, 2015.

What is evident from the CBRE report is that the rebuilding process underway in many of these midwestern cities is in full swing. Pittsburgh, for example, has an estimated \$1.2 billion in development projects underway, according to CBRE. One notable example is the former Nabisco factory just outside downtown that is being repositioned as a mixed-use tech campus that includes Class A office space, retail uses, restaurants, a hotel, and new apartments.

Capital investment in midwestern downtowns has increased substantially in recent years in everything from real estate to infrastructure. Cities such as Cincinnati, Kansas City, and Minneapolis have all seen expansion of their subway or light-rail transit systems. Cities are also leveraging universities and research medical centers to create innovation districts and foster new business startups. According to the CBRE report, Detroit has introduced a new Innovation District in its downtown and midtown area that includes collaboration with Wayne State University and the Detroit Medical Center, among other partners.

“Our downtown has really had a renaissance over the last 15 years,” says Guy Worley, president and CEO of the Columbus Downtown Development Corporation. Downtown Columbus has had some \$3.7 billion in new investment since 2000, and about \$360 million in public and private sector projects is under construction.

One of the drivers in that renaissance has been strong leadership from Columbus Mayor Michael Coleman to bring the public and private sectors together to make these investments, says Worley. A second driver has been one of the city’s main natural resources—a population of some 140,000 college students. “We are lucky in that we have 140,000 students here for four years, and our goal is to retain them here,” says Worley.



*Click to zoom.*

When they graduate, many of those millennials want to live in an urban environment with many of the same amenities they have access to in the suburbs. To that point, Columbus has focused on developing urban green space, which has turned out to be a key catalyst for revitalization and especially new residential development downtown.

Columbus has created four new green spaces in its downtown since 2000, including the Scioto Mile. The city converted a former roadway to create the 145-acre (59 ha) park that stretches from its Arena District to the Scioto River with an integrated system of boulevards, bikeways, and pedestrian paths. Another key green space downtown is the nine-acre (3.6 ha) Columbus Commons, which hosts some 250 different events each year ranging from live concerts to food trucks and fitness classes. What had been a stretch of parking lots located between the two parks has since been developed with about \$250 million in mixed-use commercial and residential development, says Worley.

Many cities are moving forward with long-term strategies and they have an ample supply of future redevelopment opportunities. “I’m not surprised that the Midwest is growing, probably faster than some other portions of the country, because there is a real focus on retaining and attracting talent,” says Worley. “All of the cities in the Midwest are competing against one another. We are competing for talent, and we are competing for employers.”