

Cities with large numbers of remote workers, such as San Francisco, have struggled to lure people back downtown.

*Photographer: David Paul Morris/Bloomberg*

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## Why Downtown Won't Die

As the office recedes in importance, central business districts are transforming into spaces to live and socialize, not just work. It's a process that began before Covid-19.

By Richard Florida

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America's downtowns are in big trouble, or so the pundits tell us, thanks to the enduring effects of Covid-19 and the rise of remote and hybrid work. In 10 of the largest US cities, office occupancy averages are less than half, roughly 44% as of mid-August, of what they were back in 2020 before the pandemic hit. That's better than they looked in May 2021, when the average stood at just 27%. But several big cities, including New York, Chicago and San Francisco, have been stalled at 40% or under for several months — a sign that the workplace disruptions of the Covid era are with us for the long haul.

### **Most Office Workers Haven't Returned in Major US Cities**

When the dust finally settles, experts like Stanford University's Nicholas Bloom predict that fully 20% of all workdays will be done remotely, up from roughly 5% before the pandemic, with as many as half of the knowledge and professional workers who occupy downtown offices working remotely at least part of the time. "We may not have central business districts anymore," New York City Mayor Eric Adams grudgingly admitted recently.

Can America's iconic downtowns survive this shift?

Yes, and for a basic reason. Great downtowns are not reducible to offices. Even if the office were to go the way of the horse-drawn carriage, the neighborhoods we refer to today as downtowns would endure. Downtowns and the cities they anchor are the most adaptive and resilient of human creations; they have survived far worse. Continual works in progress, they have been rebuilt and remade in the aftermaths of all manner of crises and catastrophes — epidemics and plagues; great fires, floods and natural disasters; wars and terrorist attacks. They've also adapted to great economic transformations like deindustrialization a half century ago.

The rise of remote work today won't kill off our downtowns, but they will be forced to change once again. And with smart strategies and perseverance on the part of city leaders, real estate developers and the civic community, they can become even better than they were.

## Downtown Isn't Dying — it's Changing

As I argued in 2021, what Covid-19 has really done is to accelerate a set of changes in our downtowns that were already underway. Vestiges of the industrial age, they were gradually evolving from the one-dimensional, work-only central business districts of the 1950s, '60s and '70s. Prior to that, downtowns were more mixed-use communities, with merchants, bankers, shopkeepers, artisans and later even factories co-mingled with residences



New construction in midtown Manhattan in 2021. The neighborhood's dependence on office workers is rapidly shifting.

*Photographer: Spencer Platt/Getty Images North America*

As the Industrial Revolution accelerated the separation of work and home in the late 18th and early 19th centuries, the very word “downtown” arose to distinguish commercial centers in cities like New York and Boston from more upscale, uptown residential neighborhoods. More specialized office complexes that we now refer to as the “central business district” evolved in the early-to- mid-20th century, alongside steel frame and elevator technology and land-use codes that accelerated the functional specialization of cities.

Suburbanization accentuated this fissure of urban areas into separate zones for working and living. As Robert Fogelson explains in his magisterial *Downtown: Its Rise and Fall 1880-1950*, downtowns have evolved and morphed several times over the past century and a half — and as his title suggests, they seemed all but dead by the late 20th century.

But by the late 1990s and early 2000s, downtown came back to life. Central neighborhoods across the country — from Charlotte, Atlanta and Houston to Milwaukee, Minneapolis and Seattle — have changed in line with broader urban gentrification, adding restaurants, nightlife, cultural venues, schools and other services and amenities. New York's Financial District tripled its residents as it rebuilt after 9/11. Across the country, this renaissance was powered by an influx of educated young people; more than half the growth in neighborhoods near urban cores between 2010 and 2016 was driven by college graduates ages 25 to 34.

Remote work has only sped this shift. Even as working from home enabled families to move to more-affordable suburbs or to less-expensive parts of the country, young people are heading back to central cities to take advantage of the economic and social opportunities they uniquely provide. A considerable number of people still want to live in neighborhoods in and around downtown, even if they spend less time in their offices. In fact, urban centers are filled with surprisingly large concentrations of remote workers — some of whom reverse commuted to the suburbs before the pandemic. “Most of the Manhattan apartments we inspect seem to have occupants working remotely,” is the way New York real estate expert Jonathan Miller put it on Twitter.



Pedestrians in downtown Manhattan in 2022. Despite the lagging office return rates, foot traffic in restaurants, bars and other venues is high.

*Photographer: Spencer Platt/Getty Images North America*

After plunging at the outset of the pandemic, Manhattan housing prices and rents have rebounded to record highs, making the city even less affordable. In cities across the US, demand for downtown housing is significantly out-performing housing in other urban neighborhoods, according to a detailed study by Moody’s Analytics. That demand is sharpening the appetite for residential conversions of older downtown office buildings and hotels — ideally, these projects offer an opportunity for expensive cities to increase their supplies of affordable housing while creating more vibrant and viable mixed-use communities. For most of America, downtowns are the closest things they have to a “15-minute city,” where jobs, schools, shopping, parks, restaurants, and all the other necessities of daily life are just a short walk or bike from home.

### **Rise of the Central Connectivity District**

But downtowns today are not just places to live, work and shop: They are the very best places for people and businesses to connect to each other. In big metros and small, downtowns occupy the most central locations and have the highest concentrations of spaces where people can come together. Even where offices remain relatively empty, downtown neighborhoods are abuzz with all manner of social activity. Restaurant reservations are at 98% of their pre-Covid levels; attendance at arts, theater, and cultural venues has similarly rebounded; and basketball and hockey arenas are full.

My colleagues at the University of Toronto’s School of Cities have been monitoring this activity in 62 major North American cities and their downtowns by tracking cellphone usage at points of interest like stores and restaurants. They find that downtowns in a few cities — including Salt Lake City; Columbus, Ohio; and Fresno and Bakersfield, California — have rebounded to beyond pre-pandemic levels. New York City’s Midtown and Financial District have recovered to more than three-quarters of pre-pandemic levels, placing the city fourth among large cities, while activity across the city as a whole stood at 97% of what it was before the pandemic —

in both cases well ahead of Sun Belt growth meccas like Austin, Miami, Nashville, and Charlotte. Ironically, perhaps, it seems as if everything “city” is back, save for the office.

### **Uneven Recovery**

Downtown recovery metric comparing foot traffic to pre-pandemic levels

Source: University of Toronto's School of Cities

Note: 11-week rolling average

These social and connective functions are precisely what people value most in their downtowns. In a 2021 Gensler City Pulse survey, restaurants, cafes, and social venues topped the list of what city dwellers say are most important features of a great business district, followed by parks and open spaces, access to transit, shopping, theaters, museums and other cultural attractions. Office buildings and commercial uses brought up the rear of the ranking.

### **Social Spaces Are Most Important**

Source: Gensler Research Institute

Note: By 15-city average. Data is from fall 2021.

The change is so sweeping that the old moniker “central business district” no longer applies. Today's downtowns are more aptly considered as central connectivity districts — essential platforms where people socialize, cooperate, and collaborate.

Even before the pandemic, the idea that knowledge workers would have to spend their days confined to their offices was out of sync with the way they really worked. With the rise of the internet, work that requires focused concentration can be done from anywhere and is often accomplished more efficiently away from the distractions of the office. Not having to commute or even get dressed in the morning is a huge timesaver and enabler of productivity.

But other kinds of work — work that is critical to innovation and creativity — is fueled by face-to-face interactions. Not surprisingly, this is precisely what recent surveys tell us knowledge workers most want from the office. More than half say the key benefit of in-person work is the opportunity to socialize and collaborate with co-workers and clients.

### **In-Person Encounters**

What are the top 3 benefits on working on your employer's premises?

Source: Nick Bloom, "Key Decisions About the Future of WFH"

Note: Data is from March 2022

Downtowns themselves are increasingly taking on the functions that were traditionally associated with offices, as people do more of their work in cafes, restaurants, hotel lobbies, libraries and other so-called third places. Recent surveys of remote workers indicate nearly 40% of them spend some part of their days working in coffee shops and co-working spaces. Changes in zoning codes could allow for more of this.

### **When the Office Is Everywhere**

As work escapes the office tower, it creates opportunities to bolster the economies of other places besides big-city downtowns. Work is already spreading from established office districts to adjacent residential neighborhoods, like Manhattan's Midtown South, Tribeca, and Hudson Square; Chicago's River North; and San Francisco's Mission District and SoMa. These downtown-adjacent neighborhoods tend to have few if any skyscrapers and instead boast older warehouse and industrial buildings where tech companies like Google, Amazon and Facebook are increasing their footprints, becoming among the biggest leasers of new office space in the US.

An analogous trend toward the reintegration of working and living is playing out in former dormitory suburbs and smaller cities that had been losing work to larger urban centers over the past couple of decades. Suburban office locations have generally seen a greater return to work than CBD office locations, in large measure because of the shorter commutes. “Pretty much anywhere where there’s a lesser commute or you’re in a suburban area or a less dense area — that’s from an office standpoint where folks are most likely to return,” Gil Borok of the real estate firm Colliers [put it earlier this year](#).

This trend has been most pronounced in older mixed-use suburbs like Bellevue, Washington, or Bethesda, Maryland, which are home to large concentrations of professional and knowledge workers. But it is also starting to happen as more traditional suburbs add co-working spaces and “third spaces” for remote professionals to work in occasionally. Among them is [Daybase](#), a company founded by a group of former WeWork executives that’s converting vacant retail spaces to co-working spaces in New Jersey suburbs.

Older cities like Newark, New Jersey and Bridgeport, Connecticut, which are close to large populations of suburban knowledge workers, are also likely to see more demand for offices and co-working spaces grow. As suburbs and smaller cities add more places to work and big city downtowns add more spaces to live, our society is starting to heal the long-running separation of life and work that was the product of the Industrial Revolution.

More than a half century ago, a then-young urbanist named Jane Jacobs wrote a seminal essay on the sterile skyscraper canyons of the mid-20th century — titled simply “[Downtown is for People](#)” — arguing that the future of urban centers lies in their becoming more balanced neighborhoods. That is even more the case today.

— With assistance by Marie Patino

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