

Increasing The Number of Downtown Businesses And Employees

Any good local economic development professional already knows that 80% of all new job growth in any community, in any year, will come from expansion of existing businesses already in that community. Such efforts usually produces a higher “net new job” return than far flung business recruitment efforts and usually cost thousands of dollars less to achieve. This reality is not to suggest that business recruitment is unnecessary. Communities must do both if they are to grow and prosper in the long-term. However, for older commercial areas like Downtown Pensacola, its even more critical to hold onto what is already here.

The workforce population of a downtown area can be stabilized and expanded in a relatively short time with a focused, calculated and ongoing business retention program. This is why one of the top priorities for 2005 at the Pensacola Downtown Improvement Board (DIB) is to establish an effective and strategic business retention program that over time will help us secure the hundreds of commercial tenants that call downtown home. Towards that end, the DIB has commissioned several pieces of specialized market research to help us better understand the dynamics of doing business or investing in downtown as well as the potential for expansion.

One of the data collections that we have been gathering (to establish a baseline and to begin functioning as a one stop shop) is a comprehensive listing of available commercial space in Downtown Pensacola. When completed, we’ll publish this on the Downtown Pensacola website and make it easy to query using a number of common characteristics for describing real estate. However, in the process of collecting this data, something very interesting has begun to emerge. There is very little vacant office space available in downtown Pensacola for expansions. Sure, there are several companies and firms from other parts of the region that moved into downtown office space on a temporary basis after Hurricane Ivan came ashore in September. And yes, many of those firms will move back to their permanent offices when the repairs to their buildings are completed over the next year. But for the present, it appears that most of the downtown office space that is available is small and not contiguous.

Such a high occupancy rate is great news – for the present. However, the real challenges for the DIB and the other governmental or community betterment organizations engaged in economic development will be to have a strategy to keep the space occupied and to service new users wanting to enter the downtown market.

We know from other cities that there is a strong correlation between stable downtown neighborhoods and less fluctuation in downtown office markets. In short, the closer business decision-makers live to the place where they work, the less likely they are to be tempted to move to a new location somewhere else in the same region. With the numerous new residential developments popping up in downtown proper and the revitalization occurring in Belmont- DeVilliers, Seville, and Old East Hill, this should spell even more rosy news for downtown office occupancy.

In an office environment like this, the public sector does not have to invest significant public dollars in infrastructure to help new or expanding office tenants or developers – like is almost always the case for arts, hospitality, and entertainment projects. Likewise, public subsidies for individual office projects should not have to occur. There are, however, things that the public sector can – and should do – to ensure that Downtown Pensacola capitalizes on this opportunity. Working with our partners at the City of Pensacola, we should be dedicated to making sure that the development environment is as predictable as possible with very little uncertainty. We must also make sure that the local development process is easy to maneuver so that at the end of the experience, the “word on the street” among developers is positive about Pensacola. I am personally very encouraged about some of the changes that have been instituted and are in the works at the City’s Community Development Department to do just that.

Relative to most of our competition, Pensacola’s development costs are low. That is a huge positive for continued downtown development.

With such a tight downtown office market, our relatively low development costs, and the streamlining of the development processes that are underway at the City, we should not be surprised if a sizeable new office development is proposed for downtown in the near future. Such a project would only make our efforts to keep downtown businesses growing in the downtown area more successful and give us more to market to new businesses interested in finding a location in the heart of it all – Downtown Pensacola.