



Downtown Frederick
Business & Organization Survey
and Inventory Project

A Snapshot of the 2005 Business
& Organizational Climate



The City of Frederick
Department of Economic Development
and
Downtown Frederick Partnership

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EXECUTIVE SUMMARY

Purpose

The Downtown Business Survey & Inventory Project was undertaken to compile critical downtown business data. A partial business inventory was completed in 2002 for the defined Main Street area along Market and Patrick Streets (bound at Bentz, Wisner, South and Seventh). The current survey and inventory sought to update and expand upon this list. Information gathered can provide the City of Frederick Department of Economic Development and Downtown Frederick Partnership with the necessary foundation for describing, understanding, and restructuring the downtown economy. Many positive economic development actions could be taken based on survey results to continue enhancing Downtown Frederick's already vibrant economy.

Methods

To gather the data, a field survey of downtown's businesses and organizations was conducted. Downtown Frederick was defined as the area bounded by South Street, East Street, Seventh Street, and Bentz Street, along with a section of West Patrick from Bentz to Jefferson Street. The inventory noted businesses and organization names, types, and addresses. A mailed survey was then sent to the approximately 600 enterprises identified; 146, or 25%, completed the survey, which by statistical research standards is sufficient for making estimates about the entire group of 600 businesses and organizations. This survey asked questions about employment levels, revenues, square footage amounts, lease rates, property conditions, and products and services. The survey did not gather information on residential issues.

Results

The inventory and survey project provides a snapshot of Downtown Frederick's current economy. Downtown Frederick has a strong mix of retailers, restaurants, offices, professional firms, nonprofit groups, and miscellaneous business types. These enterprises employ an estimated 5,000 full and part-time employees and occupy over 2 million square feet of commercial space. At the median, businesses and organizations pay about \$11-12 per square foot in annual lease rates. Rates tend to be lower for more established tenants. Most downtown businesses are small and independent, with about 4 employees, and generate approximately \$400,000 in annual gross sales revenue. As a whole, Downtown Frederick businesses capture an estimated \$375 million in gross sales revenue per year.

The survey revealed a stable business presence in Downtown Frederick. Over half of downtown businesses have been in operation for at least 15 years, many having started at their current downtown location. Though Downtown Frederick has many well-established businesses, start-up entrepreneurs find room to thrive. When asked why they chose Downtown Frederick, businesses – both young and old – cited various reasons, including: attractiveness of existing properties, creative culture, quality of life, customer base, and skilled workforce.

Conclusions/Analysis

A number of conclusions were drawn from survey results. Downtown's strengths, trends, opportunities, and challenges were identified. Downtown Frederick has many strengths, including its diversified business mix that includes both professional offices and vibrant retail, restaurant, and arts offerings. Other strengths include the stability of downtown businesses and the positive local economy. Most of the downtown properties are in good, if not excellent, condition.

In addition to downtown's many strengths, several trends became apparent from survey results, including a growth of information technology firms. About twenty information-related businesses now call Downtown Frederick home. These firms have located in renovated spaces like the Glass Factory, which offer unique, inspiring office spaces. Information technology firms garner some of the highest gross sales revenues downtown and add cutting-edge products and services to downtown's business mix.

With many strengths and promising trends, Downtown Frederick will likely sustain its economic success. Opportunities still exist for improvement downtown; the survey revealed an undersupply of certain business types as well as underutilized spaces. Though Downtown Frederick has a strong base of independent retailers and restaurants, there are few overnight accommodations; only two bed and breakfasts are located in the study area. As suggested in the 2003 Retail Market Analysis, Downtown Frederick could potentially absorb a full-service hotel and meeting facility. The study also determined that room exists for additional retail activity in this already strong dining and shopping destination.

While Downtown Frederick has many strengths and positive current trends, challenges still exist to doing business. Many business owners and organizational leaders offered insightful comments and suggestions on how Downtown Frederick could be improved. Many mentioned concerns about the cost and availability of parking, the streetscape, the city permitting process, and other matters.

Recommendations

Drawing upon survey results and conclusions, a number of actions are recommended that would improve and sustain Downtown Frederick's strong local economy, and make downtown a better place to do business. These include actions related to: property improvement; occupancy & tenancy; parking & wayfinding; marketing; retention, expansion, & recruitment; and information management.

Other Supportive Information

The report includes the full business inventory, survey form, maps, and sources consulted as supplemental appendices. The full 588 businesses are identified by name, type, and address in the inventory.

INTRODUCTION

Project Purpose

The Downtown Business Survey & Inventory Project, coordinated by the Department of Economic Development of the City of Frederick and the Downtown Frederick Partnership, was conducted between February 2005 and June 2005. This project collected information in order to provide a foundation for describing, understanding, and restructuring the downtown economy. The project was also meant to update and expand upon existing business data that was collected on the City's main streets (Market and Patrick). The current survey collected data for all downtown enterprises, seeking information about business types, property conditions, employment, square footage, revenues, and products and services. Out of the 600 businesses and organizations identified in the inventory, about 146 (25%) completed the mailed survey. This sample is large enough to permit estimates about all of the 600 businesses and organizations.

Uses of Data

Information collected in both the inventory and survey offers baseline data for future tracking of the downtown business and organizational economy. Such information, when compared over time, may help assess the impact of economic development programs and projects, as well as trends in the local economy. Collecting this information also can help city staff and other partners market and promote downtown more effectively. Quantitative data supplements anecdotal information about downtown, and can attract new businesses, residents, and organizations. The information also can help economic development and Main Street practitioners improve downtown's design, organization, and economic structure.

Target Users

The data summarized in this report may be of interest to economic development professionals, downtown advocates, city planning staff, existing and prospective businesses, the local real estate community, and downtown residents. All of these groups have a vested stake in downtown's future vitality.

Report Structure

This report includes details survey findings, provides an analysis of downtown's strengths, trends, opportunities, and challenges, and presents recommendations for how the information can be used to carry out economic development objectives. Supplemental information is provided as appendices, including a business inventory, the survey form, maps, and sources consulted.

The findings section details the results of the survey and inventory projects. Data has been grouped around themes: 1) Business Mix, 2) Comparison to Zip Code 21701, 3) Employment Levels, 4) Commuting & Parking, 5) Business Age, Duration in Downtown Frederick, 6) Why Downtown Frederick?, 7) Market Forces, 8) Products & Services, 9) Revenues, 10) Property Tenancy & Lease Information, 11) Occupied Space, 12) Property Condition, 13) Location, and 14) Comments & Suggestions. Charts help illustrate these topics, while written descriptions offer further detail.

An analysis of Downtown Frederick's strengths, trends, opportunities, and challenges follows the findings section. Downtown exhibits many strengths and positive current trends, and presents opportunities for new or expanding businesses. Though Downtown Frederick overall has a very strong local economy, challenges to doing business still exist. These challenges include issues like parking that many business owners expressed concern over, and this report attempts to outline these problems.

Finally, recommendations provide suggestions for positive action that will make downtown an even better place to do business. These recommendations were drawn from both survey and inventory findings and the suggestions made in the 2003 Retail Market Analysis and Desman Parking Study. Some recommendations may overlap with existing City of Frederick and Downtown Frederick Partnership initiatives, but are reiterated to stress their importance in enhancing the downtown business climate.

FINDINGS

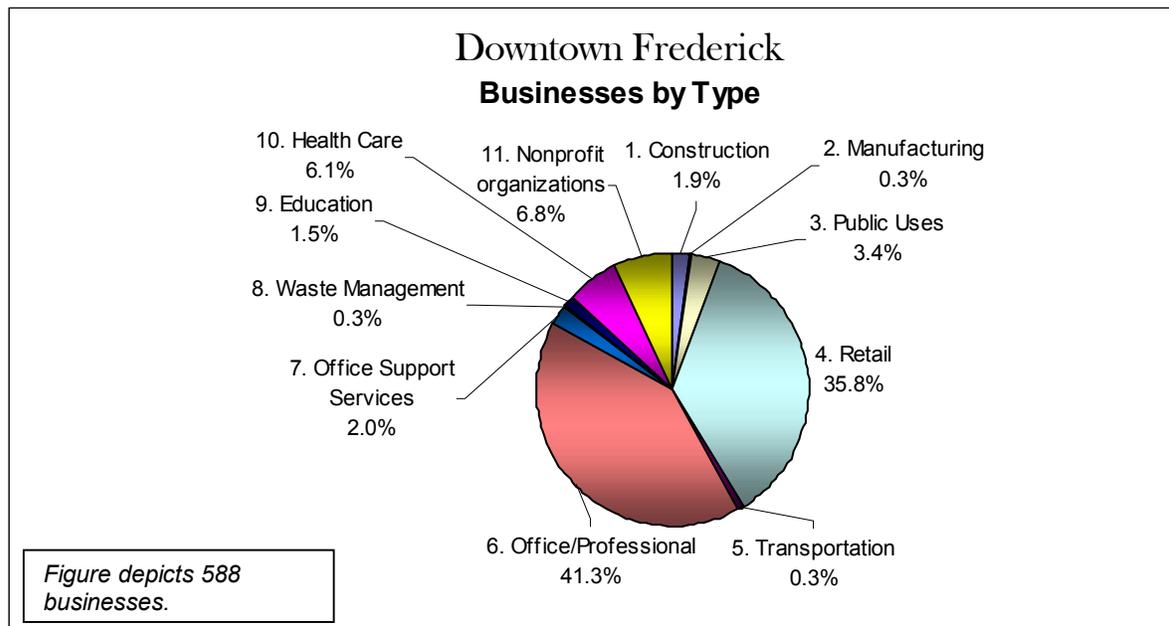
Results of the survey and inventory project have been grouped into the following categories:

1. Business Mix
2. Comparison to Zip Code 21701
3. Employment Levels
4. Commuting & Parking
5. Business Age, Duration in Downtown Frederick
6. Why Downtown Frederick?
7. Market Forces
8. Products & Services
9. Revenues
10. Property Tenancy & Lease Information
11. Occupied Space
12. Property Condition
13. Location
14. Comments & Suggestions

These categories offer insight into many topics concerning Downtown Frederick's local economy. Findings reveal the mix of Downtown Frederick's business and organizations as well as how this mix compares to the surrounding area. Statistics about employment levels, commuting, parking, business age, revenues, lease rates, and property condition all offer quantitative data important for understanding the dynamics of downtown. More qualitative responses are summarized in the "Why Downtown Frederick?" and "Comments & Suggestions" sections.

1. Business Mix

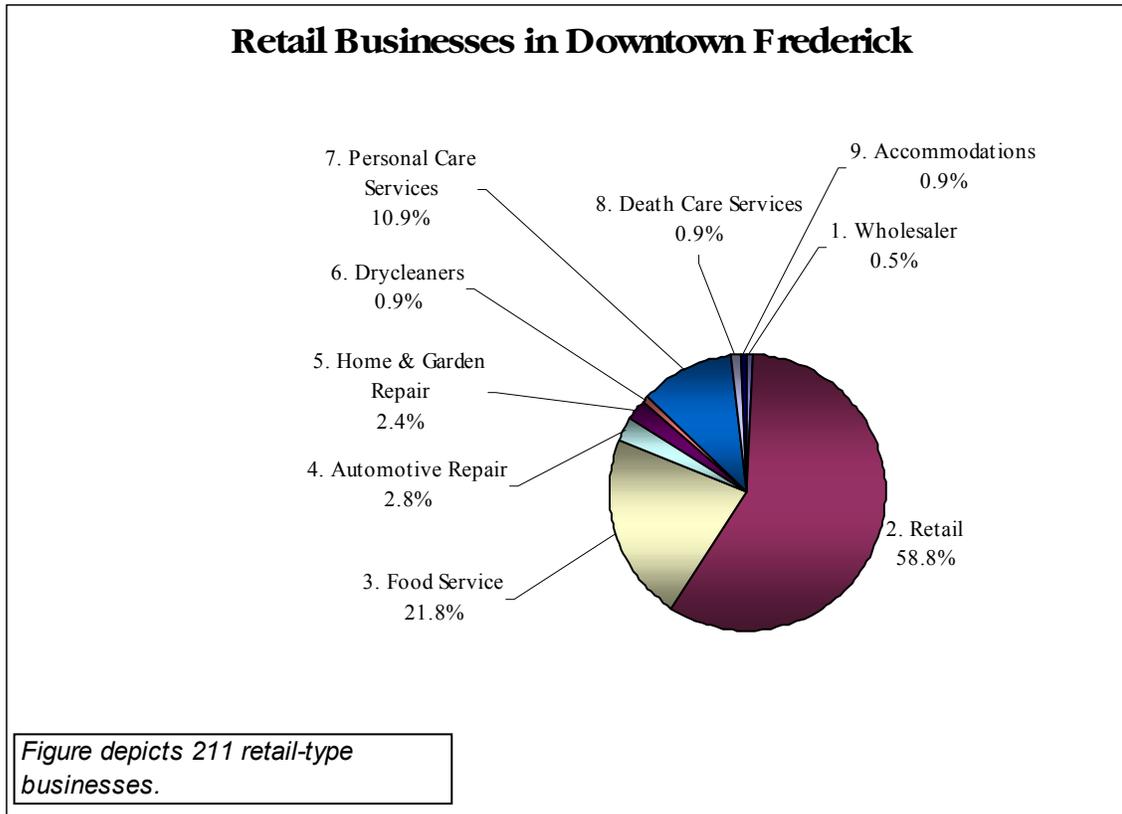
The inventory and survey classified downtown businesses into types, from which one can see downtown's strengths and opportunities. One key finding is that downtown has a remarkably strong balance of different business types. Overall, downtown's 588 employment-generating uses can be split into thirds that balance each other. One third is composed of retail-related uses, another third is composed of offices and professional firms, and the final third is composed of miscellaneous businesses and organizations, including those related to arts, government, health care, nonprofit work, and other types.



Retail:

Over a third of downtown commerce consists of 211 businesses in the retail, restaurant, and personal service industries; these business types enhance downtown's tourism appeal and vibrancy. Retail businesses also provide dining and shopping options for downtown workers and city residents. The retail mix is primarily comprised of downtown's 124 traditional retailers, which make up nearly 60% of retail types. Downtown Frederick's retail stores offer unique, specialty items that appeal to tourists, workers, and residents. Another 20% of this retail mix is composed of downtown's 46 food service businesses, which include restaurants, bars, coffee shops, and markets. From upscale gourmet dining to deli-style lunch counters, downtown has options that can satisfy a variety of taste buds. The last 20% of the overall retail business third primarily consists of personal/neighborhood services: downtown has hair & beauty salons, drycleaners, repair shops (automotive or home), and funeral parlors that meet local resident needs. Downtown also has a small percentage of wholesalers and accommodations operators (two bed and breakfasts) that fit into this retail mix.

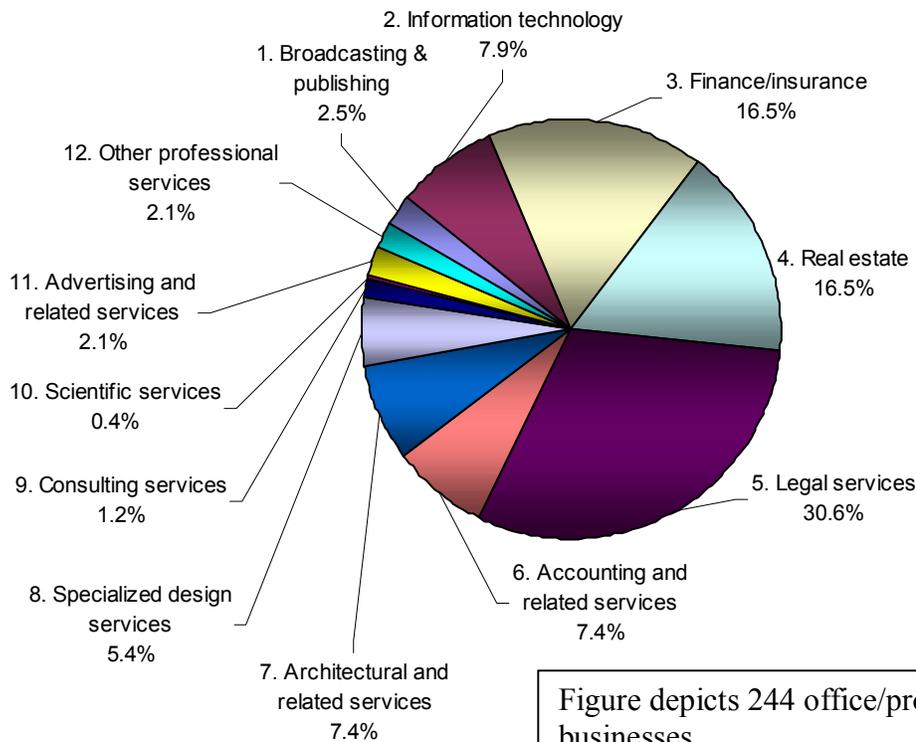
The retail uses in Downtown Frederick enhance the area’s vibrant atmosphere and add convenience to living and working downtown. Since retail uses occupy one third of the mix, and office/professional uses another third, a nearly one to one match exists between offices and retail uses. That means that for every law firm or finance office, there is a corresponding gift shop or restaurant that provides lunchtime diversions for the office’s workers.



Office:

Another third of the Downtown Frederick economy is composed of offices and professional firms. This group is characterized by its blend of traditional professional firms, including law, finance, and insurance firms, as well as newer office types like information technology and specialized design services. Among traditional professional uses in Downtown Frederick, the law plays a major role. Attorneys make up the bulk of professional workers, with 30% of the office/professional uses devoted to law firms. Downtown Frederick has approximately 74 law offices, and most are clustered near the Frederick Courthouse at 100 West Patrick Street. Realtors and real estate service workers are tied with financial and insurance agents as the next largest group in downtown, each with 40 businesses; together, real estate and financial/insurance offices approximately equal the number of law firms.

Office & Professional Services in Downtown Frederick



In addition to having traditional professionals like attorneys, realtors, and financial advisors, Downtown Frederick has recently welcomed an influx of information technology experts into the downtown area. Comprising nearly 8% of all professional/office services, IT firms offer cutting-edge services in a historic downtown context, and are part of Downtown Frederick's growing creative class of professionals. Information technology professionals join architects, engineers, graphic designers, and advertisers downtown. These creative groups, as well as the traditional professionals, contribute to a unique blend of old history and new innovation that differentiates Downtown Frederick from other mid-sized city cores. Information technology firms as well as other creative professionals tend to be attracted to downtown locations that offer unique, inspiring spaces unlike the typical "vanilla box" offices in suburban office parks. Since information technology firms provide virtual services, these businesses can operate anywhere – and the fact that many are choosing Downtown Frederick attests to the city's attractive architectural, cultural, and commercial offerings.

2. Comparison to Zip Code 21701.

Downtown Frederick's business mix captures a strong percentage of local economic activity. Using U.S. economic census bureau information from 2002, the total number of establishments in various categories within zip code 21701 were compared to the number within downtown. The table below depicts downtown's share of business activity in various sectors. For a relatively small area, downtown captures about a third of all business activity within the zip code. Downtown appears strong in the following categories: retail trade, information (which includes information technology, publishing, and broadcasting), professional services, food services, and other services.

Code	Industry Description	Total Establishments, 21701 ZIP code	Downtown Establishments	Downtown's Percentage of Total
21	Mining	1	0	0%
22	Utilities	2	0	0%
23	Construction	119	11	9%
31	Manufacturing	53	2	4%
42	Wholesale Trade	83	1	1%
44	Retail Trade	286	124	43%
48	Transportation & warehousing	26	2	8%
51	Information	30	27	90%
52	Finance & Insurance	110	43	39%
53	Real Estate & rental & leasing	71	38	54%
54	Professional, scientific & technical services	234	135	58%
55	Management of companies	9	0	0%
56	Administrative support, waste mgmt, remediation	59	12	20%
61	Educational services	20	8	40%
62	Health care and social assistance	159	37	23%
71	Arts, entertainment, & recreation	22	7	32%
72	Accommodation & food services	114	48	42%
81	Other services (except public administration)	139	77	55%
95	Auxiliaries (exc corporate)	2	0	0%
99	Unclassified establishments	3	0	0%
	TOTAL	1542	526	34%

3. Employment Levels

Downtown Frederick's businesses and organizations are estimated to employ over 5,000 workers, of which nearly 4,000 are full-time employees. Some of the major downtown employers include government agencies. Frederick County government alone has 800 workers at downtown offices. Downtown workers in general are key contributors to the local economy, providing daytime foot traffic for local restaurants and shops. These employees contribute a diversity of skills, intellect, and expertise vital to the success of Downtown Frederick's businesses and organizations. The local workforce also attracts new companies to downtown. The tables below portray employment levels in Downtown Frederick, and have been organized into employment numbers overall, in the retail sector, and in the office/professional sector.

OVERALL

Overall Current Employment Figures

	Full-time Employees	Part-Time Employees	Total Employees
Average	12.64	3.75	16.39
Median	3	1	5
Estimated Total	3925	1313	5238

Overall Future Employment Projections

	Full-time Jobs Expected in Next Year	Part-time Jobs Expected in Next Year
Average	13.48	5.2
Median	4	2

RETAIL

Retail Current Employment Figures

	Full-time Employees	Part-Time Employees	Total Employees
Average	4.56	5.06	9.62
Median	2	2	4.5
Estimated Total	687	726	1413

Retail Future Employment Projections

	Full-time Jobs Expected in Next Year	Part-time Jobs Expected in Next Year
Average	4.4	6.63
Median	2	3

OFFICE

Office Current Employment Figures

	Full-time Employees	Part-Time Employees	Total Employees
Average	15.54	1.9	17.43
Median	3	1	5
Estimated Total	1493	300	1793

Office Future Employment Projections

	Full-time Jobs Expected in Next Year	Part-time Jobs Expected in Next Year
Average	16.08	4.91
Median	4	1

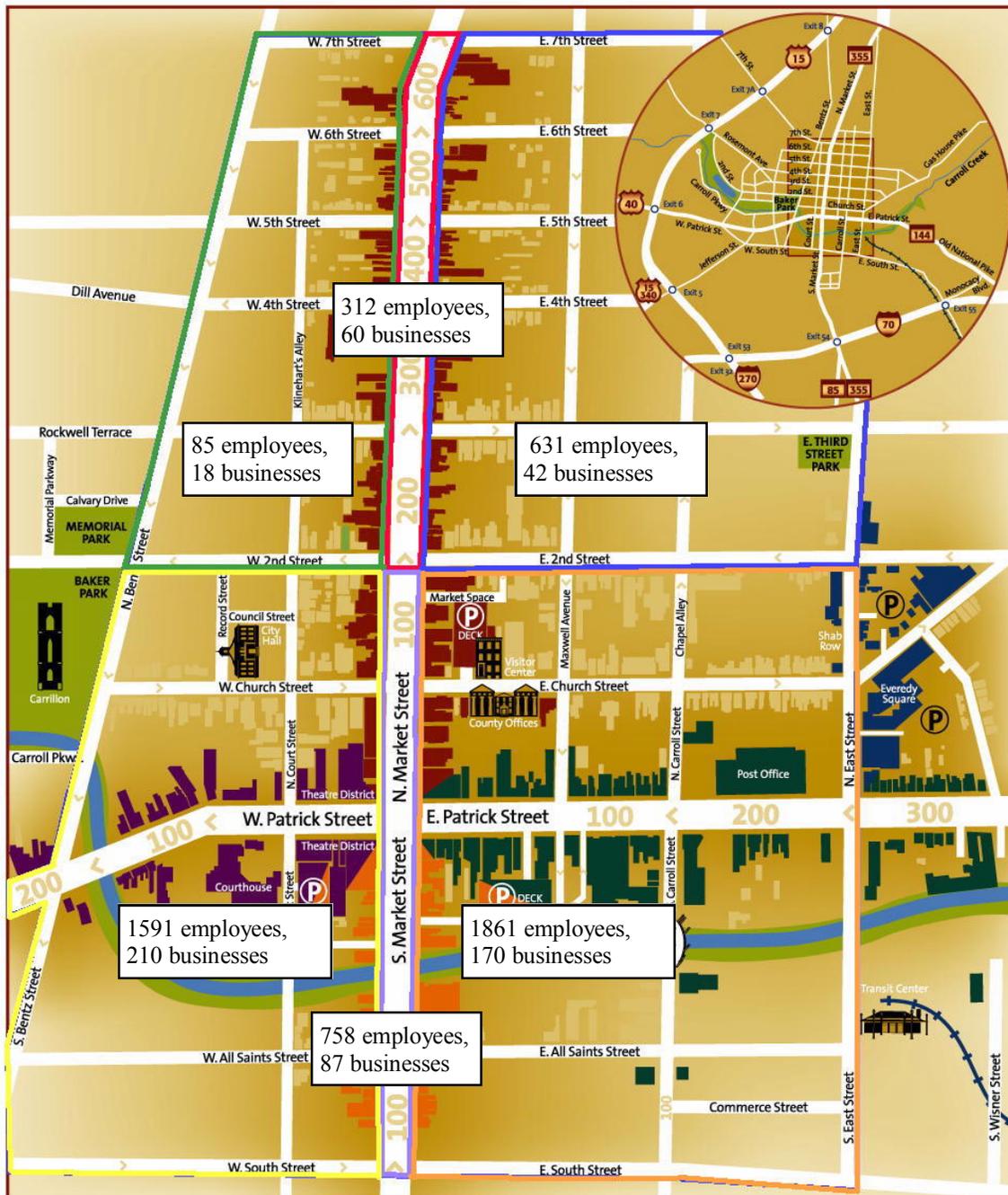
GEOGRAPHY

Businesses and organizations have also been organized according to geographic location. Downtown was split into six areas. These areas are listed below by their boundaries and include the estimated number of employees and businesses within those bounds. A map follows that shows these areas.

1. West Second, North Bentz, Seventh, and North Market (including businesses on all mentioned streets except North Market):
85 employees, 18 businesses
2. East Second, North East, Seventh, and North Market (including businesses on all mentioned streets except North Market):
631 employees, 42 businesses
3. West Second, North Bentz from West Second to West Patrick, South Bentz, South, North Market from Second to Patrick, and South Market (including businesses on all mentioned streets except West Second, North Market, and South Market):
1591 employees, 210 businesses
4. East Second, North East from East Second to East Patrick, South East, South, North Market from Second to Patrick, and South Market (including businesses on all mentioned streets except East Second, North Market, and South Market):
1861 employees, 170 businesses
5. North Market above Second:
312 employees, 60 businesses
6. North Market from Second to Patrick, South Market:
758 employees, 87 businesses

Employment hotspots exist in Downtown Frederick's southern areas, closest to Square Corner, the traditional heart of downtown. Less business activity occurs off side streets and in northern parts of downtown (above 3rd Street). These areas are primarily residential.

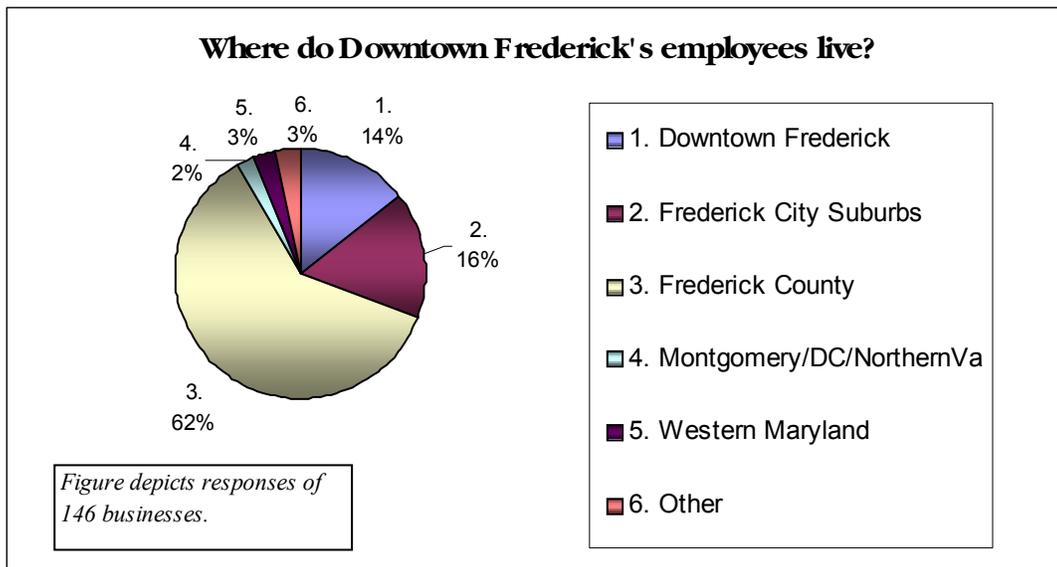
This map, adapted from the Downtown Frederick kiosk map, shows employment distribution by downtown area. Market Street and Patrick Street are the Frederick's main streets, and both jobs and businesses are concentrated on these streets.



4. Commuting & Parking

Understanding commuting patterns and parking issues downtown is important because employee satisfaction, and ultimately company satisfaction, can be greatly affected by the length of commute and the convenience of transportation.

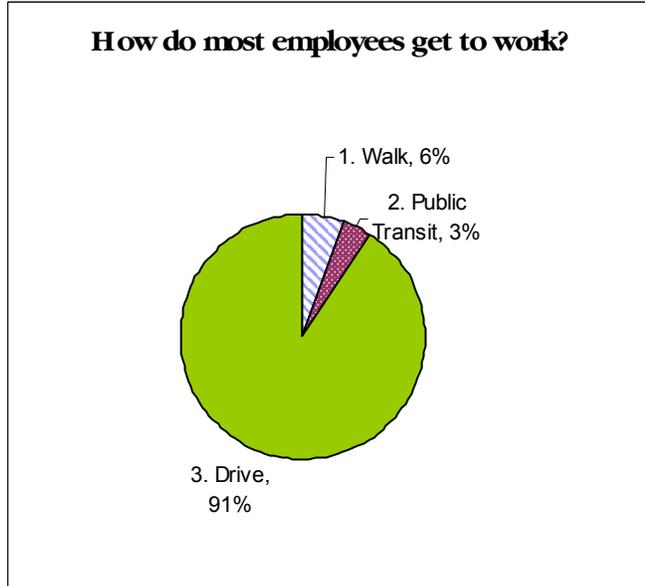
Most employees of Downtown Frederick businesses and organizations commute from areas in the Frederick region. Over 60% live in Frederick County, outside city limits. A large proportion (30%) of workers also live either downtown (14%) or in the suburbs surrounding the city (16%). Only 8% live in neighboring areas; just a few businesses reported their employees commuting from the Montgomery County area, Western Maryland, or other places like Pennsylvania and Carroll County. These figures help quantify the idea that Frederick, both as a county and city, is a place to live, work, and play. The 21 businesses and organizations that say most of their employees live downtown represent professional offices, restaurants, retail stores, services, manufacturing, and nonprofit groups. Of the three businesses that reported most of their employees living in Montgomery County/DC/Northern Virginia, two were information technology companies. This trend makes sense because the I-270 corridor, which stretches from Montgomery County to Frederick, is home to many growing technology companies. As companies expand or create spin-off businesses, they often consider moving to Frederick because of the area's well-educated workforce, quality of life, and vibrant downtown. For additional reasons all types of businesses have been relocating to Downtown Frederick from other locations, please see the "Why Downtown Frederick?" section within the Findings chapter. Just 5 respondents, or 3%, said their businesses are home-based operations.



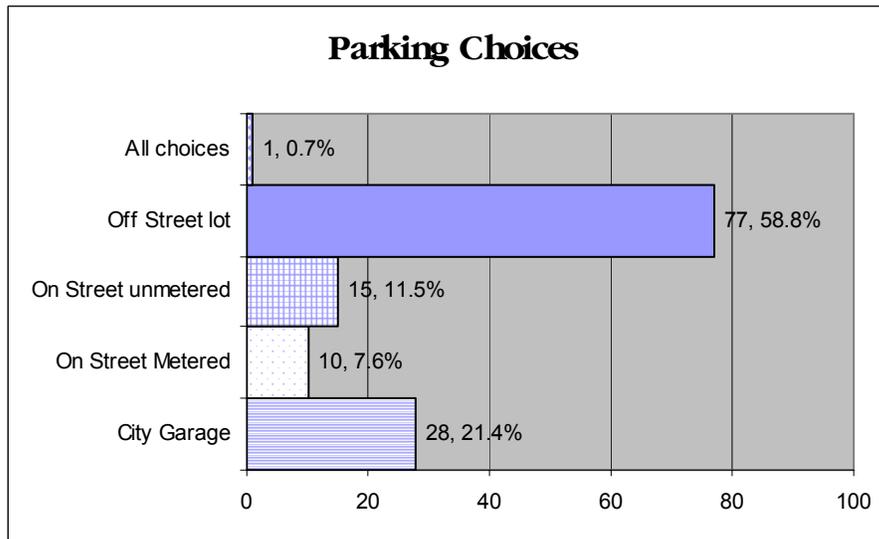
According to survey respondents, 91% of Downtown Frederick’s employees drive to work, and many park in off street lots. About half of the downtown residents who work downtown also appear to prefer driving over walking; though 14% of employees are downtown residents, only 6% of all downtown employees walk to work. Just 3% use public transportation.

Over half of survey respondents reported that most of their workers are able to find free, off-street parking. Another 29% park in either the paid garage or metered on-street parking. The remainder park in either un-metered street spaces or a combination of choices. The Downtown Business Survey would thus indicate that most employees are able to find free off-street parking. This finding contradicts conclusions made in an earlier study done for Frederick, the Desman Parking Study, which found that most employees parked in on-street spaces or garages rather than in

off-street lots. This difference in findings could be due to biases or undercounting in the Downtown Business Survey. Biases could have emerged since certain large employers like the county government, which has about 800 workers, did not complete the survey and most of their employees probably park in city garages or in on-street spaces. Such missing responses probably led to undercounting in this category. Thus, while the Downtown Business Survey would seem to indicate parking is not a major issue in Frederick, as most employees were reported to park in free, off-street lots, clearly more reliable data from the



Desman Parking Study suggests continued government study and provision of parking is necessary.



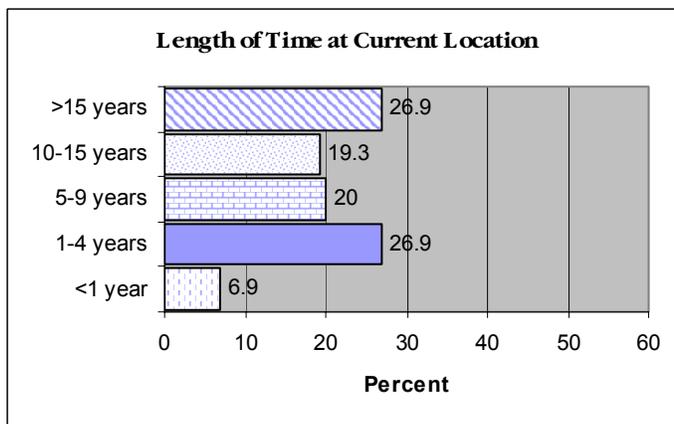
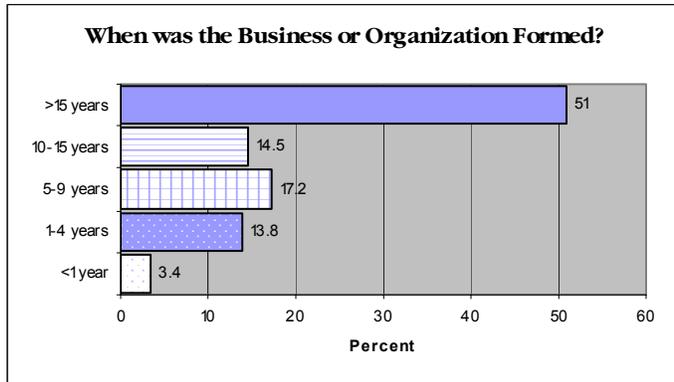
Desman Parking Study suggests continued government study and provision of parking is necessary.

Chart depicts 146 responses to question “Where do most of your employees park?”; number and percentage of respondents are listed for each choice.

Some of the Desman findings are worth repeating to better understand the issue of downtown parking. The Desman Parking Study identified 3,881 parking spaces in privately-owned, commercial off-street lots. Most of these lot spaces were reserved for clients/customers. The Desman study noted that during peak period parking, just 57% of the privately-owned spaces were occupied. The Downtown Business Survey responses indicated that a quarter of businesses and organizations own their own parking for employees. Of the 146 respondents, 37 (25%) offered employee parking in off-street lots. Together these businesses own 284 spaces that they reserve for employees; so in the entire population of 588 businesses, an estimated 1,136 spaces are available for employees.

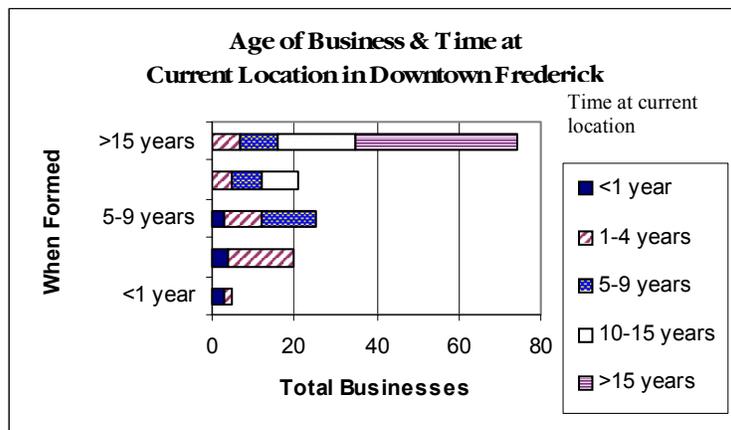
5. Business Age, Duration in Downtown Frederick

Downtown Frederick appears to have a stable long-term business base. Half of Downtown Frederick's businesses have been in operation for at least 15 years. Over half of these established, long-term businesses started in the city or moved to their current downtown location over 15 years ago. Another 25% of the long-term businesses have been downtown for between 10 and 15 years. Around 50% of all downtown businesses have been at their current location downtown since the organization was formed. Of the businesses that relocated to their current location, 75% came from other locations within downtown. Just 17.6% were from areas of Frederick beyond downtown, and only 7.4% came from outside of Frederick County.



Recently established businesses, those that have just started operation in the past 4 years, are also a significant category of downtown businesses. Over half formed their business and opened shop in Downtown Frederick rather than starting somewhere else and relocating to downtown. All of the respondents that had moved to Downtown Frederick within the past year had been in business for less than 4

years. Thus, in addition to its strong theme of stability, Downtown Frederick also attracts entrepreneurial start-up activity. This combination of stability and start-up activity compliments another downtown theme of established traditional businesses and innovative new businesses.



6. Why Downtown Frederick?

Businesses and organizations that had relocated to Downtown Frederick (or within downtown) were asked to describe what inspired them to move to their current location. Most of the responses fell under these general categories for why businesses chose downtown:

- Central location
- Customer base
- Commuting ease
- Physical property attributes
- Local work force
- Location near DC
- Quality of life
- Proximity to downtown anchors
- Traditions

Central location

Many businesses have been drawn to Downtown Frederick because they want to be in the city's center. They identify the heart of downtown as the place that offers the most visibility and foot traffic. Those businesses that rely on walk-in traffic are thus best suited for central downtown spaces; it makes sense to locate retail uses in the heart of downtown, along the main streets, and many retailers are located here.

Customer base

Though retail businesses are drawn to the heart of downtown for the visibility and foot traffic it offers, they are also attracted by the population that frequents downtown. Frederick – both the city and county – has experienced a surge of population growth in recent years. These residents are, on average, relatively affluent and attracted to the downtown environment for its ambience, restaurant and retail offerings, and special events. Downtown Frederick's large population of office and professional workers also provide a weekday customer base for restaurants and retail stores. Tourists visit downtown in droves, and shop and dine while they experience downtown's history and culture.

Commuting ease

Many of the downtown business owners and organizational leaders said they located at their current location in part because it was close to their residence. Most of Downtown Frederick's employees live in the county, city suburbs, or downtown, and are within relatively easy commuting distance of their workplace. Frederick has a relatively lower level of traffic congestion compared to neighboring Montgomery County, Baltimore City, and the District of Columbia. Frederick truly offers a place to live, work, and play.

Physical property attributes

The primary reason businesses relocated from an existing downtown location to a new downtown locale was the need for larger space. Many Downtown Frederick businesses have had commercial success and outgrown their first downtown stores or offices. Other business operators noted specific property amenities that influenced their move. One specialty retailer, who works by appointment rather than in foot-traffic, chose her second-floor space because “the building is ideal part showroom/part workroom.” Downtown Frederick has many other specialty retailers and neighborhood service stores that could occupy similar second-floor spaces.

Local work force

In addition to the attractive customer base in Downtown Frederick, the city has a well-educated local work force that provides the intellectual manpower needed in many businesses. Several professional firms mentioned this workforce as a motivating force behind their move to Downtown Frederick.

Location near DC

Some of the businesses – particularly some of the information technology companies – mentioned Frederick’s proximity to the District of Columbia as an attraction. For some of these companies, particularly those in the information technology sector, clients include federal government agencies located in the nation’s capitol.

Quality of life

Downtown Frederick has a high standard of living that many employees and residents enjoy. Amenities like a vibrant business district, historic ambience, pedestrian-friendly layout, public parklands, special events, and creative culture inspire businesses to move downtown. The uniqueness of downtown compels many businesses to relocate into the city. According to one merchant, downtown was attractive in part because “it was not the Mall!”

Proximity to downtown anchors

Many of Downtown Frederick’s companies chose their current locations because of the presence of community anchors. These major institutions, such as the courthouse, county and city government agencies, and the library, all draw foot traffic into downtown. These visitors often shop or eat before they leave. Additionally, much spin-off business activity occurs because of the presence of major institutions. A great example of this spin-off activity involves the courthouse and downtown law firms: because the courthouse is located downtown, nearly 80 law firms have clustered within walking distance of this anchor tenant.

Traditions

While less frequently cited as a reason for relocating downtown, traditions also play a part in some businesses' choice to move downtown. As one merchant said, "My grandfather moved to Frederick in 1918. We purchased our current location in 1947." This story of family roots is not uncommon among some Downtown Frederick businesses. Another business owner noted that her company "had always had a downtown office and would always keep one downtown." This sense of tradition may contribute to the stability of Frederick's downtown businesses. As mentioned elsewhere in this report, over half of Downtown Frederick's businesses and organizations have been located downtown for more than 10 years.

7. Market Forces

Downtown Frederick appears to be experiencing steady, positive growth in its local economy. Over 75% of Frederick's downtown businesses and organizations reported at least steady business activity during the past two years. Of that total, about 30% said business had either stayed the same in that time frame; another 30% said business had improved somewhat. Approximately 15% reported that business had improved dramatically. Fewer than 10% combined said business had decreased somewhat or decreased dramatically. The remainder of respondents either were not in business two years ago, and could not report on activity, or were nonprofits for whom business sales activity is not an issue, or simply did not respond. Thus, on the whole, Downtown Frederick's economy appears to be following a steady, and slightly positive, trend in terms of business activity.

Positive Expectations

Besides business activity, another measure of the current economy was the issue of business expectations for the next year. Businesses were asked if they were considering any of the following in the next year: expanding, relocating, closing, downsizing, or none. Reported expectations generally reinforced the theme of steady and somewhat positive growth. Over half of respondents said they were expecting to maintain the status quo over the next year, neither expanding, relocating, closing, or downsizing. Another 25% said they would expand their operations. These trends indicate that on average, Downtown Frederick is stable and the economy looks bright for many businesses. Just 10% said they might be relocating in the next year; the survey did not ask where they would be relocating to, and perhaps some will follow the trend other businesses have set by moving to a new downtown space. The remaining respondents either did not know what would be considered in the next year or did not respond.

Hot Spots

Of the businesses that expected to expand within the next year, and thus appeared to be experiencing economic success, over half were located within the Main Street district, on Market Street below 3rd Street or on Patrick Street. Many of the other companies considering expansion were in close proximity to Downtown Frederick's "Square Corner," especially on blocks off Market onto Church Street. The exception to this pattern of success within the Main Street district was found in the responses of some businesses located at 241 East Fourth Street, in the renovated Glass Factory, that also expressed a desire to expand.

8. Products & Services

As previously mentioned, Downtown Frederick has a diverse mix of businesses and organizations, with many retailers balancing offices, professional firms, and other organizational types. Of the vast array of products and services offered in the downtown area, the more interesting and unique products and services have been highlighted.

Downtown Frederick's specialty shops offer:

- Custom designed wedding gowns
- Skateboards and snowboards
- Needlework supplies, knitting crochet, and cross-stitch
- Supplies and gifts for pet-lovers
- Paint-your-own pottery
- Gourmet pizzas, salads, and sandwiches
- Home & garden furnishings and accessories
- Video production
- Handcrafted contemporary gifts
- Fine art and custom framing
- Antique furniture
- Jewelry
- Personalized stationary & invitations
- Children's toys and games
- Outdoor clothing & equipment
- Prescription lenses & frames
- Off-premise corporate and social catering

Downtown Frederick's offices and professional firms provide:

- Website design & development
- Information technology services for the federal government
- Software design
- Art education
- Conservation education & outreach
- Preservation & forensic services, archaeological, & historical consulting
- Social services for low-income people
- Construction of affordable housing
- Graphic design
- Interior design
- Marketing for senior living communities
- Museum services & educational programming
- Transportation planning
- Acupuncture

Downtown Frederick also has many award-winning businesses. About 25% of survey respondents (35), listed recent awards their business or organization had won. Awards included: Best of Frederick (Frederick Magazine), best window display, Standards for Excellence in Nonprofit Management, Environmental Excellence, Family-Friendly Business, and many other awards.

9. Revenues

Of the 146 total respondents, about 60% chose to report annual gross sales revenues. Thus, the revenue data may not be as accurate for estimating the entire population of 588 businesses' revenues, but it does provide a starting point for thinking about revenues in Downtown Frederick. Of course, many of the organizations in Downtown Frederick are nonprofit or governmental entities that usually do not have sales revenue figures, but have operating budgets and grants that cover costs. Another issue to consider while reviewing the revenue data is that businesses did not report costs, only gross sales revenue, so this data does not suggest the annual profits of downtown businesses.

OVERALL

Revenue Figures (of 146 respondents, 86 reported gross revenues, so figures are limited to this sub-sample)

	Total Revenue	Revenue per Square Foot	Revenue per Total Employees
Average	\$2,394,722	\$614.52	\$183,292
Median	\$400,000	\$250	\$78,263

RETAIL

Retail Revenue Figures (of 53 respondents, 37 reported gross revenues, so figures are limited to this sub-sample)

	Total Revenue	Revenue per Square Foot	Revenue per Total Employees
Average	\$923,750	\$185	\$83,604
Median	\$307,500	\$160	\$60,000

OFFICE

Office Revenue Figures (of 57 respondents, 33 reported gross revenues, so figures are limited to this sub-sample)

	Total Revenue	Revenue per Square Foot	Revenue per Total Employees
Average	\$3,205,710.00	\$1,220.73	\$338,565.00
Median	\$1,000,000.00	\$400.00	\$116,666.00

Revenue Figures

For all businesses that reported their annual gross sales revenues, the median amount was \$400,000, and the average was \$2,394,722. When office/professional firms were analyzed apart from these overall calculations, their median revenues were \$1,000,000, and their average was \$3,205,710. Meanwhile, when retail businesses were analyzed separately, their median revenues were \$307,500, and their average was \$923,750. Thus, the data indicates that office/professional firms generate more sales activity than retailers in Downtown Frederick; however, without cost information for the business types, this data in no way suggest which type of business is generally more profitable. Businesses with the highest grossing revenues (over \$1,000,000) were primarily office/professional firms, and several of these were in the information technology field. A small number of retailers and restaurants also reported revenues above \$1,000,000.

Total Downtown Revenue

Using the data collected from the survey, an estimation of the total annual gross revenues earned in Downtown Frederick is possible. To do this, one can sum the revenues reported by the 146 respondents, and then add estimated revenues for the remainder of the total 588 for-profit businesses and organizations (nonprofits and governmental agencies were excluded from the revenue calculation). These estimates are \$400,000 for each business that is not a non-profit or governmental agency. After completing this calculation, the total annual gross revenue in Downtown Frederick is estimated at \$374,372,500.

10. Property Tenancy & Lease Information

About 34% of businesses surveyed own the buildings in which they operate; the majority, 66%, rent their space. Since most businesses rent, additional information is provided regarding leases in Downtown Frederick.

LEASE INFORMATION

OVERALL

Lease Information

	Term of Lease, in Months	Rent per Month	Square Footage	Yearly Rent per Square Foot
Average	38.9	1959	8,279	13
Median	36	1400	1,900	12

RETAIL

Retail Lease Information

	Term of Lease, in Months	Rent per Month	Square Footage	Yearly Rent per Square Foot
Average	40	1773	4241	12
Median	60	1401	1750	11

OFFICE

Office Lease Information

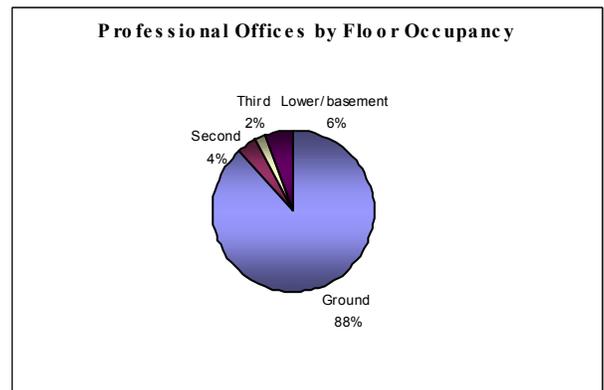
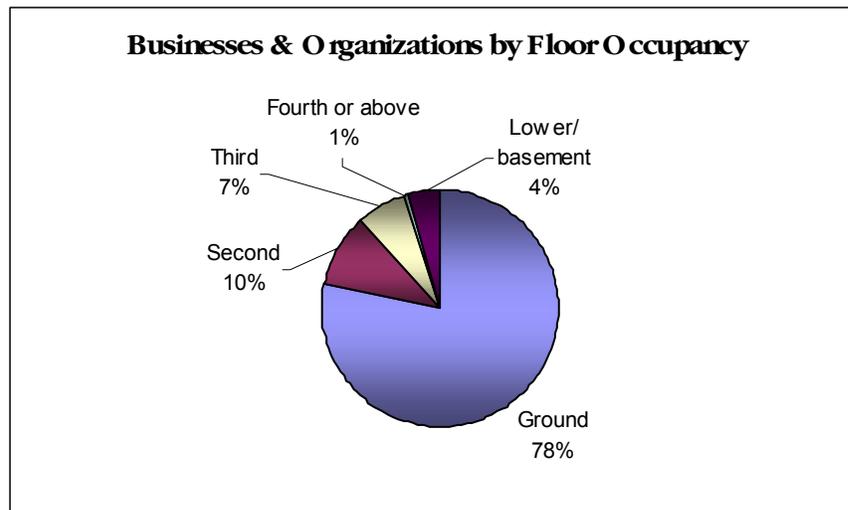
Not surprisingly, the highest annual rents per square foot – those equal to or above \$20 –

	Term of Lease, in Months	Rent per Month	Square Footage	Yearly Rent per Square Foot
Average	41.76	2706.704	3063	14.02
Median	36	1400	1900	14.18

were found in the heart of downtown, on the blocks around Square Corner. This geographic location is also the area where some of Downtown Frederick's highest gross revenues per square foot are generated. However, rent rates vary depending on building conditions, amenities, and length of tenancy in addition to location. Median annual lease rates for all businesses and organizations was \$12 per square foot; for retail, the median was slightly less at \$11 per year, and for offices, the median was slightly higher at \$14.

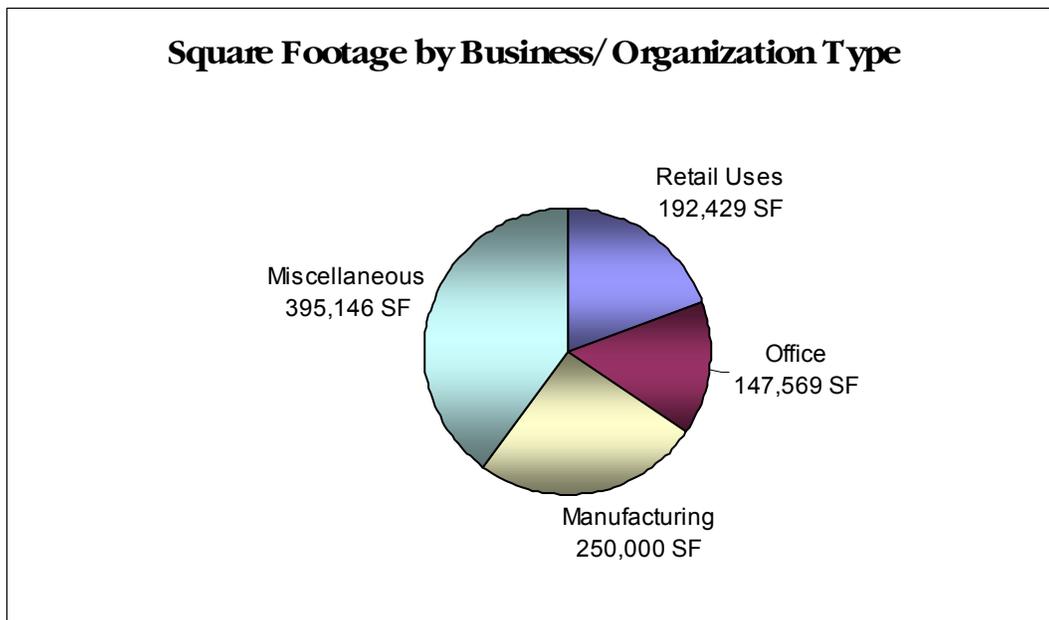
11. Occupied Space

The Downtown Business Survey measured the amounts of businesses that are located on various building floors. The great majority of businesses and organizations (78% of respondents) were located on the ground level, though it is important to note that among that group of ground-floor tenants, many also occupied other floors in the building if not the entire building. Clearly, businesses benefit from the accessibility and visibility of ground level locations; such locations are more important to retail businesses than other business types because retailers often rely on walk-in foot traffic. Interestingly, the distribution of retail businesses is less concentrated on ground floors than for offices and other uses.



Just 66% of retail businesses are on the ground floor. This statistic could be explained by the high demand for space near Square Corner that makes businesses willing to operate out of lower levels or second floors. Meanwhile, 88% of professional office uses are on the ground floor; this statistic makes sense if one considers the numerous offices located in small, converted row houses along West Patrick Street. These offices often occupy the entire building, and few retail stores occupy ground levels here because the buildings have not been converted or built with large storefronts. Consistent ground floor retail should be encouraged along Downtown Frederick's main streets as downtown's primary retail zone.

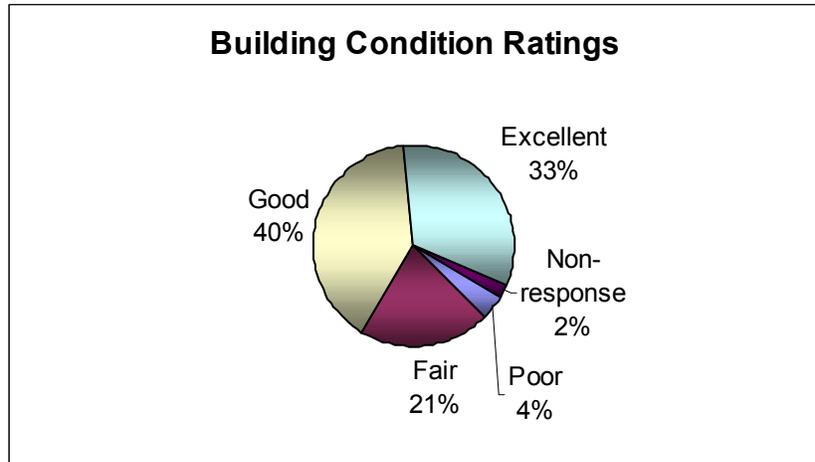
In addition to quantifying businesses by floor occupancy, the survey also measured square footage amounts of commercial spaces. The 119 respondents that were able to quantify their square footage amounts reported a total of 985,144 square feet of space. The pie chart “Square Footage by Business/Organization Type” illustrates the distribution of this space by business category. Average and median square footage were further broken down for the following business types: 1) All businesses/organizations: Average – 8,279 SF, Median – 1,900 SF; 2) Retail uses: Average – 4,241 SF, Median – 1,750 SF; and 3) Office – Average 3,063 SF, Median – 1,900 SF. Since the median is the same for each category, it has been used to estimate the total square footage in downtown for the remaining 467 businesses and organizations: 887,300 SF. Thus, adding that estimated total plus the survey respondent total of 985,144, one can estimate Downtown Frederick’s total commercial/organizational square footage at 1,872, 444 SF; downtown thus has **nearly 2 million occupied square feet** of restaurants, retailers, law firms, banks, and a variety of other uses.



This chart represents survey responses; total occupied commercial square footage downtown is closer to 2 million square feet.

12. Property Condition

Most Downtown Frederick businesses and organizations stated that the building in which they operate is in either good (40%) or excellent (33%) condition. An additional 21% of businesses said the building was in fair condition, and only a few (4%) said the property was in poor condition. Businesses that also owned the building in which they were located were more likely to report good or excellent conditions; out of 49 owner-occupied buildings, 41 were ranked as good or excellent (84%). This finding could indicate that property owners are more likely to improve their properties than non-owners. Businesses that leased for the most part also ranked their buildings as good or excellent (66%).



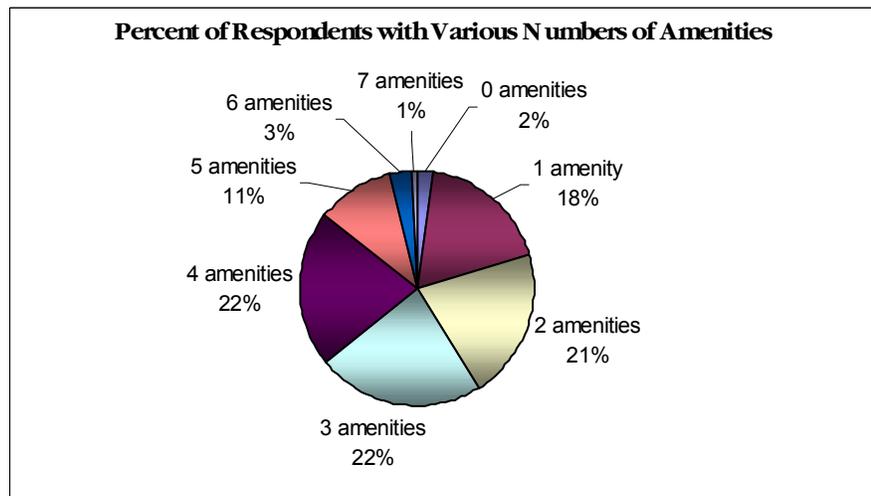
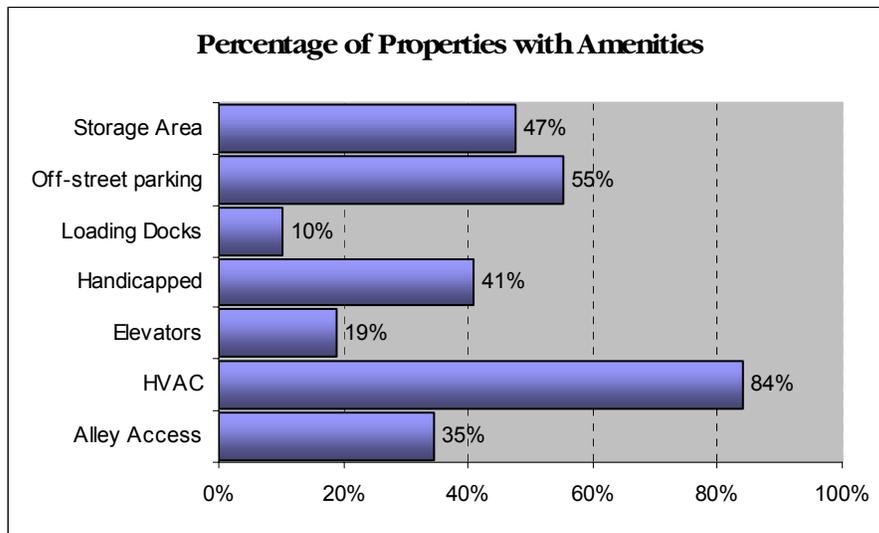
Property Amenities

Survey respondents were asked to indicate whether or not they had the following amenities:

- Alley access
- HVAC - Heating, Ventilation, & Air Conditioning
- Elevators
- Handicapped access
- Loading docks
- Off-street parking
- Storage area

These amenities were selected because they were felt to contribute to the convenience and attractiveness of downtown properties. Results indicated that many Downtown Frederick buildings offer amenities most sought by businesses, including HVAC systems, off-street parking, and storage areas.

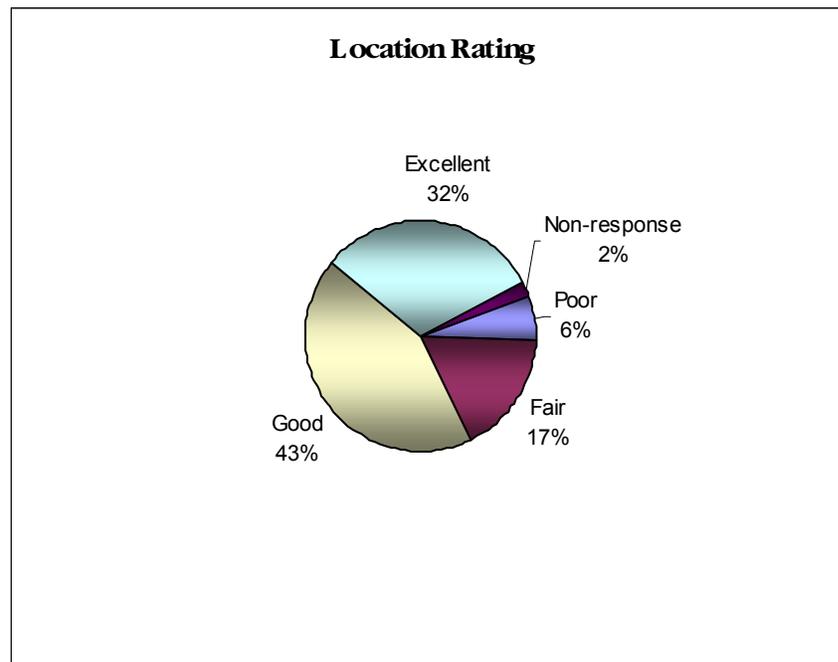
To more clearly illustrate the amenities available in Downtown Frederick's buildings, charts have been created that depict: 1) the percentage of buildings, as measured by the survey, that had each amenity (for instance, the number of buildings reported as having HVAC was 84%), and 2) the percentage of buildings that had various combinations of amenities (as an example, the number of buildings with 4 amenities was estimated at 22%).



Since many of the business respondents expressed concerns over parking availability downtown, it is important to note that 55% of respondents reported they had access to off-street parking as a property amenity. Another survey question further probed this topic, and asked respondents that had off-street parking to list the number of spaces available for customers. Only a handful of businesses responded to this question, and responses ranged from one customer space to 34. Anecdotal evidence suggests that most businesses that have off-street parking have only a few spaces that may be occupied by employees rather than customers. The 2002 Desman Parking Study of Downtown Frederick indicated that there were 5,463 off-street parking spaces in all of downtown, but only 3,881 of those were privately owned, on-site spaces – the type of off-street parking this survey was asking about. Nearly 80 business or organizational entities owned those 3,881 spaces identified in the Desman study, and major institutions like churches and the post office facility had large shares of that total number of spaces. Parking issues – both cost and availability – continue to be concerns for the majority of businesses that do not have access to on-site parking.

13. Location

Most Downtown Frederick businesses and organizations are satisfied with their current location in terms of how well it meets their customers' and clients' needs. About 75% of all businesses ranked their location as good (43%) or excellent (32%). Another 17% reported their location as fair, and 6% thought it was poor. There did not appear to be any geographic correlation between the location ranking and the actual geographical spot – in other words, the businesses that said their location is poor were not all clustered in the same area. It appeared that the determining factor in whether or not a location was ranked as poor was the type of clientele or customer that those businesses serve. For instance, some of the businesses considering relocating out of Downtown Frederick serve clients in other regions, and are considering moving closer to those clients. For some other businesses, relocation was being considered because their business required trucking of materials that was not compatible with downtown's narrow streets, and thus they sought a new location in order to facilitate better distribution to their customers.



14. Comments & Suggestions

Survey respondents were asked to provide their comments and suggestions on how to make Downtown Frederick a more pleasant and exciting place to do business. Though many respondents did not contribute comments or suggestions, about 40% of the total survey respondents did offer their input on how to improve downtown. These responses have been grouped according to the downtown issue they address:

- Cost of parking
- Availability of parking
- Streetscape
- Streets & traffic
- Public transportation
- Trash
- Vacant properties
- Real estate
- Information exchange with City Hall
- Permits & regulations
- Taxes
- Noise
- Special events
- Visitor facilities
- Business & organization types

Cost of parking

- 1) “You must do something about the price of parking meters in this city. We have gone from reasonable to stupid.... Please, please, please, #1 gripe of our customers. It’s tough enough to find a parking space in this town, but a \$1 per hour is outrageous.” – *Anonymous retailer*
- 2) “We would greatly appreciate a parking place during the hours we are opened. The hefty increase in parking fees has been a hardship on both our patrons and our staff, as we are all volunteers. Parking in the deck is also expensive and a long walk to elderly volunteer staff. Our hours are from 12-3 on Tues, Thurs, and Fridays.” – *Anonymous nonprofit*
- 3) “We are moving out of Frederick City because of parking. It is untenable. There is no reason why the City of Frederick cannot provide at least one parking permit like it does for residents. Especially since residents leave during the day. I have paid hundreds of dollars in parking since we’ve been here and my staff walks for several blocks, often carrying heavy work, to avoid paying for parking. We are moving May 1 to Willow Road, an office in the country with parking!” – *Anonymous nonprofit*
- 4) “The parking meter rates are way too high – i.e. Bethesda downtown is 75 cents/hour. We do not need to become pretentious! It’s a great small town feel we need to preserve!” – *Anonymous retailer*

- 5) "Send your garage attendants home at 6 pm. When there is free parking on streets due to holidays, the garage should be free as well."
– *Anonymous retailer*
- 6) "Stop raising meter rates, provide some parking incentives to promote downtown businesses. Parking is the biggest drawback for people coming downtown."
– *Anonymous retailer*
- 7) "Parking validation! Would help tremendously. More garages. Cheaper garage prices for downtown employees or more passes."
– *Anonymous retailer*
- 8) "Parking seems like the #1 issue most customers and employees have problems with. Free or reduced parking on weekends/evenings is good, or some kind of reduced/free employee weekdays parking would greatly help."
– *Anonymous retailer*
- 9) "Parking fee is not customer friendly. Parking deck cost increased 88% under this administration in less than 2 ½ year time period. Are you really trying to persuade the consumer to come downtown?"
– *Anonymous retailer*
- 10) "Offer free parking in the town garages with validation from area restaurants or area retail businesses."
– *Anonymous retailer*
- 11) "More free parking, or just better parking."
– *Anonymous retailer*
- 12) "Metered parking and limited parking is a deterrent for some potential clients."
– *Anonymous office/professional firm*
- 13) "Lower the meter rates."
– *Anonymous retailer*
- 14) "I miss the old meter rates when you could put in your nickels and dimes, and not feel foolish for even bothering."
– *Anonymous retailer*
- 15) "Meters too pricey; give business owners access to public decks at discount rates."
– *Anonymous retailer*

Availability of parking

- 1) "We will be happy when the new parking decks are finished. Holding a monthly pass certainly doesn't guarantee a parking space. Clients sometimes have to park blocks away."
– *Anonymous office/professional firm*
- 2) "Remove the restricted parking spaces for the library in the Carroll Creek deck. They confuse out of town visitors and make local businesses harder to access. Move those spots to upper floors of deck or eliminate the designated spots entirely. It is more fair and will help non-library visitors."
– *Anonymous nonprofit*
- 3) "Build more parking (I know that is in the works but it cannot be overstated)."
– *Anonymous nonprofit*

- 4) “Provide more parking – taking into account that employees (esp. female) won’t use garages in the downtown.”
– *Anonymous office/professional firm*
- 5) “Provide more parking – clients do complain from time to time about difficulty in finding parking.”
– *Anonymous office/professional firm*
- 6) “Parking is needed for people who do business and come downtown to do business or shop – limiting area around Baker Park hurt downtown and park for activities.”
– *Anonymous office/professional firm*
- 7) “Parking is a problem for those who volunteer in the office or attend meeting here.”
– *Anonymous nonprofit*
- 8) “I’m sure everyone is saying this but it can’t be said enough. Parking is a nightmare. I’m not sure we will stay downtown if it doesn’t improve. That would be really sad as we love it (otherwise) down here.”
– *Anonymous office/professional firm*
- 9) “Have better parking for clients and employees.”
– *Anonymous office/professional firm*
- 10) “Business owners need access to parking – we have tried everywhere to get off street parking nearby without luck.”
– *Anonymous retailer*
- 11) “Remove employees from parking all day at meters, thus giving public more parking.”
– *Anonymous retailer*

Streetscape

- 1) “Sidewalks: sidewalks need to be kept cleaner (use vacuum machines and staff to clean Market & Patrick); work with property owners to fix uneven sidewalks (esp. Patrick Street).”
– *Anonymous office/professional firm*
- 2) “Sections of sidewalks have been pushed up from existing large tree roots, potential falling hazard for public.”
– *Anonymous retailer*
- 3) “Pass an ordinance requiring proper water drainage and maintenance of parking lots and alleys/driveways.”
– *Anonymous office/professional firm*
- 4) “Leave lights in the trees all year; lots of flowers in the summer.”
– *Anonymous retailer*
- 5) “On East Patrick Street: better street lighting needed or lighting fixtures lowered to project on sidewalks. Now lighting is above the trees (in summer) thus light does not cast onto sidewalks.”
– *Anonymous retailer*
- 6) “I don’t have any suggestions except fix the sidewalk on West Patrick and maybe more retail stores will move in.”
– *Anonymous retailer*

- 7) "Fund art works to be placed at major intersections downtown."
– *Anonymous retailer*

Streets & traffic

- 1) "Stagger road improvement projects so as to minimize impact on customers attempting to patronize downtown businesses."
– *Anonymous retailer*
- 2) "Present one-way system is ineffective on certain streets, such as West Fourth Street where it acts as an impediment to business development, particularly on North Market Street. The Carmack Jay property would be more viable as a business location if 4th street were two-way. Traffic flow on the East side of town would be facilitated if East Patrick Street was two-way on Carroll Street."
– *Anonymous retailer*
- 3) "Our location in Frederick City is not a real advantage for us. We distribute to 6 states and have a difficult time getting through the city to the interstates. The East Street extension may help."
– *Anonymous retailer*
- 4) "Improve traffic flow, encourage public transportation use."
– *Anonymous office/professional firm*
- 5) "Complete the East Street extension and Monocacy Boulevard. Both will make a huge difference."
– *Anonymous miscellaneous business*
- 6) "When the street project is complete it will help accessibility of customers/clients to location."
– *Anonymous retailer*

Public transportation

- 1) "Love the shuttle!"
– *Anonymous retailer*
- 2) "Extend hours for free shuttle to 9:30 on Friday and Saturday."
– *Anonymous retailer*
- 3) "Better public transportation"
– *Anonymous office/professional firm*

Trash

- 1) "Public disposal of trash (bins at various locations needed)."
– *Anonymous retailer*
- 2) "Provide commercial curbside recycling – especially cardboard. Place trash receptacles throughout the commercial district – not just along Market Street... Public restrooms and trash cans are the most frequently mentioned requests from customers."
– *Anonymous retailer*

Vacant properties

- 1) "The building on the East and behind me has been vacant for several years now. This is too long."
– *Anonymous office/professional firm*
- 2) "Enforce proper upkeep of vacant storefronts."
– *Anonymous retailer*
- 3) "Keep landlords from allowing retail storefronts to remain empty."
– *Anonymous retailer*
- 4) "Encourage creative use and renovation of buildings/properties."
– *Anonymous office/professional firm*

Real estate

- 1) "Provide more reasonably priced modern office space."
– *Anonymous office/professional firm*
- 2) "I will be relocating by the end of April 2005. The landlord is raising the rent considerably. I would like to move downtown if I can find reasonable rent."
– *Anonymous retailer*
- 3) "Educate and help the downtown homeowners to take advantage of the rehabilitation projects."
– *Anonymous retailer*
- 4) "More affordable housing close to downtown (within walking distance)."
– *Anonymous office/professional firm*

Information exchange with City Hall

- 1) "The City of Frederick is on the right track, but could keep businesses better informed of construction, events, etc."
– *Anonymous retailer*
- 2) "Keep a database of available properties."
– *Anonymous retailer*
- 3) "Offer potential tenants a complete info kit with forms concerning all required permits, etc."
– *Anonymous retailer*

Permits & regulations

- 1) "Make the permit/sign process more user friendly and less time consuming. Permits should not take 2-3 months."
– *Anonymous office/professional firm*
- 2) "Just keep hearing disturbing stories about the length of time it requires new or expanding businesses to get building permits."
– *Anonymous office/professional firm*
- 3) "Historic District commission makes any additions/modifications more difficult and expensive. It needs clearer guidelines and a less arbitrary and capricious methodology." – *Anonymous office/professional firm*

Taxes

- 1) "Get taxes under control so small businesses are not forced out of downtown."
– *Anonymous office/professional firm*

Noise

- 1) "Ticket motorcycles which are too loud; ticket cars which drive too fast and are too loud, enforce noise ordinance/fine for repeated violations."
– *Anonymous office/professional firm*

Special events

- 1) "Make the Gallery Walk an all day event, or at least include more daytime hours – keeps families able to participate, and would include our receptions."
– *Anonymous nonprofit*
- 2) "Organize more parades and celebration events."
– *Anonymous retailer*
- 3) "Do not bring outside competition, like the organizers of the 'In the Street' event."
– *Anonymous retailer*

Visitor facilities

- 1) "Develop a comfort station or station for visitors to downtown area."
– *Anonymous retailer*

Business & organization Types

- 1) "I think we need a few more recognizable retail names, chosen carefully."
– *Anonymous retailer*
- 2) "Move community action agency to different location. I know a need exists for the service they provide, but it attracts a lot of undesirable people to downtown Frederick." – *Anonymous retailer*

ANALYSIS

The survey findings helped identify downtown's strengths, trends, opportunities, and challenges. Downtown has a remarkable number of strengths which help explain why so many businesses and organizations have located here. Recent trends suggest that the information technology sector is an emerging office use in Downtown Frederick, and that the downtown economy has been experiencing stable growth in recent years. A number of opportunities for improvement have been identified regarding undersupplied commercial categories and underutilized spaces. Finally, several challenges businesses face downtown have been highlighted.

STRENGTHS

1) Balance of business & organization types

Among downtown's many strong points, the mix of business and organization tenants is a key strength. With nearly 600 for-profit, non-profit, and governmental businesses and organizations, Downtown Frederick has a strong mix of retail, office/professional, and miscellaneous enterprises. These groups – retail, office/professional, and miscellaneous – are about equal in size. This balance sets Downtown Frederick apart from other Main Street communities that have many retail stores but few offices, and other downtown areas that have a large number of office buildings but few unique retail destinations. The miscellaneous group, which includes governmental agencies, health care organizations, social service groups, and nonprofit organizations, adds a public interest dimension to the mix. Downtown Frederick's diversified mix of businesses may help it weather economic recessions and maintain its vibrant commercial atmosphere.

2) Interrelationship of businesses & organizations

The business mix contributes positively to the local economy partly because of the relationships that exist among businesses and organizations. Downtown's offices, professional firms, and government agencies provide a stable downtown workforce that patronizes local restaurants and shops. The presence of Frederick County government alone provides 800 potential lunchtime customers. Also, since these organizations and businesses provide a well-educated local workforce, they increase downtown's attractiveness to prospective new businesses. While office uses bring daytime customers for restaurants and retailers, the retail uses provide a vitality and enhanced quality of life downtown that attract new professional firms and offices downtown. Many businesses have located in Downtown Frederick because of the presence of downtown anchors like the courthouse, library, and other governmental agencies. Downtown might not have its nearly 80 law firms if the courthouse were not located at the corner of Court Street and West Patrick Street. Similarly, the presence of the hospital on 7th Street, in close prox-

imity to downtown, helps explain why many health care-related businesses exist along West Patrick Street and other parts of downtown.

3) Stability

Downtown Frederick has many well-established businesses that contribute a sense of stability in the downtown economy. According to survey results, over half of businesses and organizations have been in operation for 15 years or more. About 45% have been at their current location for 10 years or more—many since the business was formed.

While long-term businesses have a significant presence, Downtown Frederick still offers room for start-up entrepreneurial activity. Approximately 20% of downtown's current businesses opened shop in the last 4 years. Another dimension of Downtown Frederick's stability is the finding that 34% of businesses own the buildings they operate from, which means that this group of businesses are immune to rent increases and have more control over the condition of their properties.

4) Vibrant retail

Downtown Frederick has unique retail stores and independent restaurants that deserve special attention. With 124 retail destinations, 46 food service establishments, and 45 personal/neighborhood service businesses, the retail category is certainly strong downtown. About 45% of the retail businesses in the 21701 zip code are in Downtown Frederick. Many of these businesses have won awards for their products and services. Part of the retail strength is the diversity of stores and restaurants. Unique, specialty items and interesting atmospheres have made many of Frederick's downtown shops recreational shopping destinations. Meanwhile, gourmet restaurants, lunchtime delis, lively bars, coffee shops, and specialty markets have established Downtown Frederick as a food service locale, earning certain streets the designation "Restaurant Row." Businesses catering to personal or neighborhood services, such as hair salons, repair shops, and drycleaners offer convenience for downtown residents.

5) Civic organizations & social services

The Downtown Frederick business & organization survey revealed that downtown has many nonprofit, civic organizations that provide services not offered in the for-profit realm. These organizations enhance quality of life; for instance, the presence of many arts organizations lends a creative culture to Downtown Frederick that attracts visitors, businesses, and residents. Social service groups and many nonprofits provide a humanitarian dimension to downtown. Other organizations offer residents and workers a chance for civic activism or fraternal organizing. Finally, downtown churches provide religious services for residents and have contributed to Downtown Frederick's "clustered spires" image.

6) Downtown economics

The survey results indicate that Downtown Frederick has a strong local economy. Median annual gross sales revenues for all businesses were \$400,000; from this data, the total gross sales revenue generated downtown per year is estimated at around \$375 million. Downtown has about 2 million square feet of occupied commercial & organizational space, including restaurants, retailers, law firms, banks, and many other uses. Rental rates for these properties range anywhere from \$11/square foot, the median rent paid by retailers, to \$20/square foot, the rental rate at renovated properties near Square Corner. Within this range, offices are paying a median of \$14/square foot and overall, businesses and organizations are paying a median of \$12/square foot.

7) Properties

Properties downtown can collectively be viewed both as a strength and a challenge to local business development. Though some challenges exist, overall the downtown buildings make a positive contribution to the downtown environment. First, survey respondents suggested that about 75% of buildings are in good or excellent condition. Many have amenities; nearly all respondents said their business had HVAC, about half had a storage area, and over half had at least a few off-street parking spaces. These buildings add historic ambience and architectural character that defines downtown and increases its appeal to many visitors and residents. About 75% of business owners and organizational leaders are satisfied with their property's location within Downtown Frederick in terms of how well it meets the needs of their clients and customers.

TRENDS

Part of the purpose of the survey and inventory project was to collect baseline data that would be useful in establishing trends when future surveys are completed. However, some trends have been identified based on anecdotal information about the past few years and responses to the survey's retrospective questions. These questions asked businesses to compare the economy now with a few years ago. Two trends were identified; first, that the information technology field is growing, and second, that the downtown market appears to be growing steadily.

1) Information Technology

Downtown Frederick has a combination of traditional professional firms – attorneys, financial experts, insurance agents, and realtors that have been downtown for decades – and emerging, innovative businesses such as information technology companies. This unique blend of tradition and innovation sets Downtown Frederick apart from other similar historic Main Street communities. Downtown has about 20 information technology-related businesses. In 2002, the 21701 zip code had just 30 businesses in the information category, which includes information technology as well as broadcasting and

publishing. Clearly, this sector is well represented downtown and has been growing in the past few years. IT firms currently comprise 8% of all downtown professional & office uses. Urban analysts believe creative professional firms like information technology companies are attracted to unique downtown spaces; they call architects, engineers, graphic designers, architects, and others members of a creative class that finds rehabilitated historic offices more inspiring than “vanilla box” suburban office parks. In Downtown Frederick, the Glass Factory at 241 East Fourth Street is a prime example of a rehabilitated industrial building that now houses many creative professionals, including several information technology firms.

In addition to downtown’s creative appeal, another reason information technology firms are interested in Frederick is because of its proximity to the I-270 technology corridor and the District of Columbia. As the northern anchor of this corridor, Frederick has attracted many information technology and biotechnology firms. The finding that many small and medium-sized information technology companies – businesses that can operate virtually anywhere – have located downtown is a testament to the area’s quality of life and ambience.

2) Stable Growth

Survey responses suggested the downtown economy is stable and experiencing some positive market trends. Organizations and businesses contacted were asked to report how commercial activity had changed during the past two years. Of the 146 survey respondents, 75% reported at least steady business activity: that 75% included 30% which said business had stayed the same, 30% which said it improved somewhat, and 15% which said business improved dramatically. This steady growth may be contributing to the positive expectations most businesses held for the future. Just over half said they would maintain their current level of operations, and 25% suggested they would expand in the next year. Fewer businesses thought they would relocate, and none said they would close.

Positive market forces appear to be strongest within the Main Street district, along Market Street below 3rd and along Patrick Street, since most businesses that thought they would expand in the next year are located here. Many of those companies occupy strategic locations near Square Corner. Meanwhile, successful, expanding businesses can also be found outside of this district in the Glass Factory (241 E. 4th Street), which appears to be a hot spot for professional office activity.

OPPORTUNITIES

While Downtown Frederick has many strengths, there are still opportunities for improvement. Some business sectors appear to be undersupplied, and some spaces underutilized. Downtown has few accommodations (hotels, etc.) compared to the surrounding area, is undersupplied in several retail categories, and offers underutilized upper-floor spaces.

1) Few accommodations

Only two bed and breakfasts exist within the downtown boundaries identified for this survey project; only one more is within the downtown vicinity. The 2003 Market Analysis suggested that Downtown Frederick would benefit from the establishment of a luxury, boutique hotel/inn with a meeting facility downtown. The luxury inn would offer more options for tourists interested in staying overnight, and would be particularly attractive to heritage tourists that want to see more of downtown. A meeting space would accommodate weddings, corporate social events, business meetings, and other large parties that currently have few venues to choose from.

2) Room for more retail

According to the 2003 Market Analysis, the Downtown Frederick business mix is undersupplied in certain retail areas. The study specifically mentioned that market demand could absorb more downtown restaurants, apparel retailers, and a bookstore. These retail stores and restaurants would cater toward residents and visitors, customer segments that the Market Analysis identified as having great spending capacity. Though Downtown Frederick already has a vibrant retail sector, new or expanded retailers could add even more vitality and diversity to the existing offerings. The best location for new retailers, according to the Market Analysis, is within Downtown Frederick's "primary retail zone," the area radiating 3-4 blocks from Square Corner: along South Market from All Saints to Patrick Street, and along North Market from Patrick Street to 3rd or 4th Streets. This area has many "double-loaded" storefronts, strong architectural character, short-term parking, and existing retail activity. The area is close to anchors, such as city and county governments, that draw residents downtown. The analysis recommended implementing overlay zoning or incentive programs to encourage more retail activity and property renovations along North Market Street between 2nd and 3rd Streets.

3) Underutilized upper-floors

The Downtown Frederick survey responses indicated that the great majority (78%) of businesses and organizations are located in ground-level spaces (although some of these enterprises occupy the entire building so are actually on multiple floors). Fewer businesses are located on upper floors alone. As long as upper floors are occupied with residential uses, such a lack of upper floor commercial occupancy may not impede economic development. However, if vacancies exist on these floors, they are underutilized and could be occupied by small, start-up firms. The 2003 Retail Market Analysis recommended that rehabilitations and renovations of upper-floor spaces occur in order to attract start-up offices seeking Class B or C office space.

CHALLENGES

Downtown Frederick's strengths, positive trends, and opportunities certainly outweigh the challenges it presents. However, these challenges are worth reviewing in order to prevent them from impeding future economic development. Several of these challenges are currently being addressed through existing governmental initiatives.

1) Parking

The cost and availability of parking are perpetual problems in many downtown communities. Downtown Frederick is no exception; many survey respondents, when given the chance to express their comments and suggestions about downtown, mentioned either the cost or availability of parking as top concerns. Many respondents felt parking fees were too high for their patrons and employees, and at the same time, many expressed a desire to have available parking for their customers, clients, and employees nearby. The cost and availability issues are opposing forces; if the cost is lowered, the availability usually decreases and vice versa. Parking needs between employees and patrons also appear to conflict. One retailer recommended his solution to the problem: "Remove employees from parking all day at meters, thus giving the public more parking."

The parking problem is compounded by the fact that most downtown employees drive to work; 91% of survey respondents said most of their employees drive. Public transit is underutilized in Downtown Frederick, with just 3% of businesses using that service. Even among businesses that had a majority of employees living downtown (14% of respondents), most still drove to work instead of walking (just 6% walked).

2) Properties

Downtown buildings present both strengths and challenges. While most properties are in good or excellent condition, there are still some properties in poor condition (about 4% as estimated by survey responses), and 21% in fair condition. These properties could be brought to good or excellent condition if proper rehabilitation and renovation work is undertaken. Such improvement might bring in more upper-floor commercial tenants, as mentioned in the opportunities section.

Though many businesses chose downtown because of its historic architectural ambience, these historic buildings do seem to lack amenities related to accessibility. Just 41% are handicapped accessible, only 19% have elevators, and a mere 35% have alley access. The lack of accessible amenities presents challenges in complying with federal standards, meeting the needs of all customers, clients, and employees, and in providing general business convenience. Installing ramps, elevators, or alley entryways can be expensive and difficult in historic buildings. Renovations that add these features while retaining historic character usually require expertise and sensitivity to design.

As a final challenge relating to properties, vacant properties were a concern many survey respondents mentioned. Several felt vacant storefronts should be filled or kept in better visual appearance. These vacancies represent lost economic activity downtown, and could be serving as barriers to development along commercial streets, which may burden neighboring businesses. Further study is needed regarding downtown vacancies.

3) Permit & Regulatory Processes

Several business owners expressed dissatisfaction or confusion with regards to the city's permit and regulatory processes. Some felt the permitting process is unreasonably lengthy, and others mentioned their confusion over historic district regulations. The city's permitting and regulatory processes appear to be effective in protecting and maintaining downtown's unique ambiance. However, ensuring that the permitting process is completed efficiently and as quickly as possible, and clarifying or educating the public about historic district regulations could make business or property owners more likely to undertake property improvement downtown.

4) Streetscape

Survey respondents had several concerns relating to elements of the streetscape. Some raised issues relating to sidewalks in Downtown Frederick, particularly along Patrick Street. Business owners suggested sidewalks are uneven in many sections there and pose a falling hazard to the public. Another merchant thought the sidewalks are not kept clean enough, and that the City should provide more sidewalk sweeping services. In addition to sidewalks, other business leaders would like to see improvement in street and sidewalk lighting, particularly along East Patrick Street. One merchant commented that the sidewalks are dark during spring and summer because street trees prevent overhead light from filtering down to the sidewalk.

Some business owners had suggestions for streetscape improvement. To keep the sidewalks cleaner, one business owner proposed placing more trash bins around downtown. Another wanted curbside recycling to go along with those bins. Some merchants suggested that more decorations be installed: one wanted winter holiday season tree lights in the trees year-round; another wanted more flowers in the summer; and one merchant proposed installing public art works at major downtown intersections. Additionally, one retailer would like a visitor rest station built, with public bathrooms and seating. The business owners believe such improvements would make downtown more attractive, clean, and convenient for pedestrians.

5) Information Sharing/Outreach

Some business owners expressed a desire for greater contact and better contact with city staff. They commented that more notice could be given regarding construction projects, events, and other city-sponsored activities, because such activities can affect businesses

directly and indirectly. Business owners and organizational leaders also had specific ideas about how the Department of Economic Development, Downtown Frederick Partnership, and others could provide business-oriented information. One businessperson suggested that a database of properties in downtown be created and maintained so that prospective new tenants (or current businesses seeking to relocate within downtown) could have a one-stop information source on available properties. Another businessperson wanted an information kit created for prospective tenants about required permits and other forms necessary for opening a downtown business.

RECOMMENDATIONS

Based on the project's findings and analysis, there appear to be many actions that could be taken to enhance an already vibrant downtown business district. These recommendations are based primarily on input from survey respondents and analysis of survey data, and further study is necessary before implementation.

Property Improvement

- **Promote/provide incentives** to property owners to modernize properties to include technological improvements (cables, fiber optics) while retaining historic character to attract more technology businesses downtown.
- **Provide incentives** for property improvements that would make downtown properties more accessible. Encourage the creation of ramps, elevators, or other additions that will make downtown businesses accessible to a wide range of customers, clients, and employees. Such measures will increase property appeal to new businesses.
- **Continue supporting the creation of a streamlined permitting process** where possible for common business activities like sign changes. Making the process as efficient as possible while retaining effectiveness should lead to greater property improvement downtown that will attract more businesses, visitors, and residents.

Occupancy & Tenancy

- **Undertake a study** of vacancies/infill potential to identify underutilized space. Vacancy information can also be mapped in GIS. Measure length of vacancies, estimate lost revenues, and estimate what types of businesses could occupy vacant spaces in order to facilitate occupancy of these spaces.
- **Promote or regulate ground-floor space** in the Main Street district, along Market and Patrick Streets, to be retail and restaurant uses as a priority, in order to provide a more continuous retail & restaurant district. Encourage more double-loaded retail blocks that would increase this area's identity as a dining and shopping destination, which would attract new businesses and visitors.
- **Continue to work with the real estate community and planners** to promote downtown residential living because residents, along with visitors, are key nighttime and weekend customers at downtown businesses.

- **Consider disincentive programs** that discourage long-term speculation and property vacancies. Vacant storefronts and spaces represent lost economic activity and can act as barriers to economic success for nearby tenants.
- **Provide incentives** to promote upper-floor occupancies. Vacancies represent lost economic activity, and many offices could occupy upper-floors along streets like Market and Patrick that are already thriving on ground-floor levels if renovations were undertaken.

Parking & Wayfinding

- **Promote downtown parking** solutions in concert with the Desman Parking Study, whether solutions include garage construction, transit usage, meter rate changes, or other programs that encourage available short term parking for downtown business customers and clients.
- **Continue work to provide more visible parking and wayfinding signage** within downtown so that first-time visitors can readily navigate downtown. Better signage may encourage more repeat visits if downtown's parking and attractions are easy to find.

Marketing

- **Continue marketing downtown's strengths**, including its reputation as the dining district of Frederick, sometimes called Restaurant Row, as well as its strong character, quality of life, cultural venues, customer base, and local workforce. Marketing will continue attracting new businesses and visitors.
- **Publicize impressive numbers** found in the survey project, such as Downtown's estimated 5,000 employees, 600 businesses, \$375 million in sales revenues, and 2 million square feet of commercial and organizational space.
- **Emphasize the 2003 Retail Market Analysis finding** that an additional 52,000 square feet of retail and restaurant uses could be absorbed by the local economy, and track new square footage additions as vacancies are filled. Marketing this figure could draw new retailers and restaurants downtown, or persuade existing businesses to expand.
- **Continue to advertise Downtown Frederick's arts & entertainment** venues and special events because these activities contribute the quality of life and culture that many businesses are seeking in a community.

Retention, Expansion & Recruitment

- **Focus retention on existing offices and professional firms** that may at times be overlooked in favor of retail stores and restaurants. Promote retention, expansion, and recruitment of offices like law firms, information technology firms, and health care offices that provide the daytime customer workforce needed in the retail stores and restaurants. New offices in these categories can be prompted to locate near existing business clusters; attorneys and health care workers along West Patrick and information technology professionals in the renovated industrial spaces in the southeastern and eastern parts of downtown.
- **Retain existing unique specialty shops and restaurants** that provide the recreational shopping atmosphere downtown and recruit new retail stores and restaurants as vacancies occur.
- **Retain anchor tenants like government agencies**, and coordinate with planners to identify locations for future expansion of major institutions when necessary.
- **Facilitate creation of downtown full-service hotel** and meeting facility that can accommodate tourists, special event attendees, and business travelers.

Information Management

- **Utilize GIS & the planning department** to map business locations from the inventory list. Maps would link to information concerning type of businesses, average annual rent rates, gross sales revenues, property square footage, and other parameters that could all be searched. Economic development staff could use these maps to identify geographic business trends and direct prospective new businesses to locations based on this data.
- **Maintain and update an inventory of downtown businesses** that includes contact information, business type, and address. Include vacancy information within this database so that prospective tenants can review this information. Maintain a separate, confidential, expanded database that includes survey responses.