What to Do About Vacant Commercial Space, Little Free Libraries
How Vacant Commercial Spaces Impact--
And Reflect--the Health of the Neighborhood

When we check out communities with our consulting clients for the first time, we often mention vacant commercial spaces. Many hosts think we are over-reacting.

If you've become blind to vacancies, we urge you to think through both visual and economic impacts of vacant commercial space. Divide commercial real estate into retail, office, industrial, and warehouse space.

Visually, vacant commercial impacts are simple but profound. To comment on our top photo, a struggling neighborhood often will see some housing renaissance long before obsolete commercial types of spaces become investment targets. But the visual effect of neglected commercial buildings drags down potential for housing reinvestment. In this situation, neighborhood leaders need to urge city leaders, developers, and real estate interests to encourage non-profit office or housing development here, or they need to face the reality that this building may be beyond saving. A landscaped vacant lot would be far more appealing.

The lower left photo shows a vacancy situation with minimal visual impact--although when every building sports a For Lease sign, that's uninspiring. But for now, let's just say that vacancy above street level in a large building isn't an aesthetic problem.

At the lower right, we see what neighborhood leaders often cannot. That ex-store with a big empty parking lot in front really looks uninviting. For the duration of the vacancy, nearby residential and office reinvestment will be suppressed. Cities or property owners can minimize this effect through pop-up businesses, super-attractive signs or banners heralding desired future tenants, art installations, even some potted plants on the vacant parking lot. Or again, it may be such a long shot to lease this building that it needs to be converted to a different use.

Now let's talk about vacancy as a reflection of community economic health. With too little space within one of the four sub-categories, rents will rise and choice will be inhibited, sometimes causing the business to locate elsewhere or be priced out of your town.

Too much available space means that commercial property owners suffer with too little revenue and that the community lacks the vitality that store windows, busy offices, and employees can bring. A too-empty warehouse or industrial area can become a spooky harbor for socially undesirable activities.
The dynamic is different in every community, so there is no specific rule of thumb for the "right" vacancy rate for each type of property. A livelier market can cope with a much higher vacancy rate than a more sluggish local economy. The more dynamic community can absorb space much quicker and therefore vacancies are not concentrated in a specific area for months on end.

We always urge communities to focus on the change in the commercial vacancy rates over time rather than absolute numbers. But most leaders persist in wanting numbers. So we would say that just like residential property, if you fall under 5 percent vacancy for any commercial category, you can safely assume that you have too little vacancy. You need to persuade or incentivize the private market to build more space.

If you have more than 10 percent retail vacancy or 20 percent vacancy for the other categories, probably the market has overbuilt compared to the demand. Where growth is very slow or non-existent, consider converting some vacant commercial space to other uses. A fast-moving economy can handle more than 20 percent for a short time. Especially in this situation, monitor what happens over time to pick up the trend.

So how is a citizen activist or elected official supposed to know if there is too much or too little vacancy? Numbers are scarce except in large cities, where the data may be collected by a private firm but not shared with the public.

In the end, usually you have to trust your observations. Do commercial properties keep that same "for lease" sign up for years? Or are they so discouraged that they don't bother with the sign? If so, you have too much space or a greedy landlord. If the signs vanish within three to six months, you have a healthy market; if snatched up closer to that three-month time frame, you may even have too little vacancy.

How about an annual joint meeting among business associations and districts, elected officials, and the planning commission to share data and observations, and then talk about strategy?

You see that the inexact science of commercial vacancy can impact the visual appeal of the community and also the demand for other real estate. Keep an eye on the vacancy trend for each of the four commercial sectors, and then act aggressively to market viable properties, or to inspire adaptive re-use where the last use is unlikely to continue. Vacant gas stations, clothing factories, and department stores are unlikely to find the same type of tenant in the future, so get busy thinking with the property owner about another type of
Gutsy planning commissioners and elected officials also should consider trying to prevent over-building. (The market tends to remedy under-building much more efficiently.) A once-glamorous space can be considered seriously outmoded if it takes ten years to lease completely. A warehouse distribution center that does not lease up fully can easily become a dreary mess. An over-supply of office space can cause marginal economic returns for all office building owners.

Try not to let any of that happen to you.

**Little Free Libraries Phenomenon: What Do You Think?**
Since 2009 a phenomenon known as "little free libraries" has been sweeping the U.S. Beginning with one gentleman seeking to honor his late mother, the concept of a tiny library swap location available to children is really gaining in popularity.

Proponents of more community love this idea, since commonly people meet neighbors, and especially children, they were not acquainted with. Children who appreciate reading really enjoy the scale--just a few books to choose from. From watching, we also think they just reaching something by themselves.

A few code inspector types have objected to erecting a structure without a permit. But we hope that code enforcement can embrace positive community values.

Commonly these libraries appear in front yards near the sidewalk, in pocket parks, on subdivision common ground, or in larger public parks near a school. Some are so close to a public library that it seems redundant, but probably not to the children.

As a community building technique, this is worth a try, even in fairly desolate neighborhoods. Make the design as waterproof as possible, easy to open and close, and small. Install the little library where someone nearby will be monitoring it.

Isn't this a great way to be child-friendly and to emphasize what is really important in life--family, learning, and community?

Newer additions to the website: Arts and Economic Development, Strip Mall Redevelopment, and Several More!
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