

Active Living Research

Using Evidence to Prevent Childhood Obesity
and Create Active Communities

ARTICLE SUMMARY

November 2013

Walkable Shopping Areas are Good for Business

Introduction

Walkable commercial districts are a key component of communities that promote active living. This report examines whether there are also economic benefits to businesses in walkable communities.

Key Findings

This literature review shows there is great enthusiasm for walkable shopping areas among retail experts, developers and many residents of urban and suburban areas. They have a potential to prosper as a result of demographics, increased gas prices, public policies encouraging higher densities and changing life style preferences. Businesses can be successful if such areas reach a critical mass, cater to diverse needs, are located in higher density areas or have good mass transit service, and have a supermarket as an anchor. With success, enterprises in walkable shopping areas are able to pay higher rents for their space, and housing near walkable commercial areas commonly sells for higher prices than in more distant areas.

Methods

The study consisted of a meta-analysis of 70 studies and articles. However, there have been few studies that address economic performance directly and the author conducted an exploratory study of 15 walkable shopping areas judged as successful to examine the sources of success.

Other Findings

Studies have found that walkable retail areas often attract more patronage and more shopping and service outlets than their immediate trade area would suggest. They realize a “place dividend” by developing a unique local identity. They can be 3 to 4 times as large as would be justified by those within walking range.

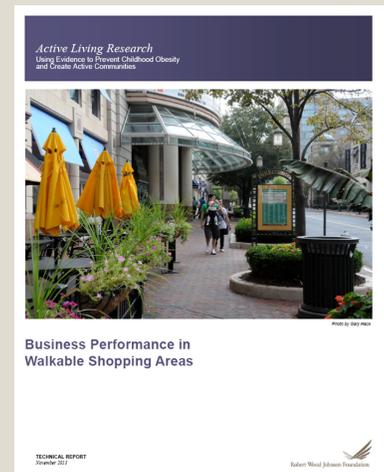
Businesses appear to do better in walkable shopping areas than in areas attracting mainly drive-to patronage. Evidence suggests that rents in walkable shopping areas can be 27-54% higher than in non-walkable areas. Many of the most successful recent shopping developments have been located and designed to attract a substantial walk-in population.

SOURCE

Hack, G. (2013). *Business Performance in Walkable Shopping Areas*. Princeton, NJ: Active Living Research, a National Program of the Robert Wood Johnson Foundation.

For full report, go to:

<http://activelivingresearch.org/business-performance-walkable-shopping-areas>



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To be successful, walkable retail areas need to cater to diverse needs and reach a critical mass. Successful retail areas encourage multi-purpose trips, which mean offering not only unique local shops but also more generic larger-format outlets and services. One successful strategy is to couple street oriented retail with a shopping center capable of accommodating large grocery, pharmacy, discount and leading brand stores.

Supermarkets with respected brands are important anchors for neighborhood shopping areas. Many local shopping areas have been revived with the arrival of a highly attractive supermarket. In underserved communities, attracting a supermarket has often been key to developing a walkable shopping area.

Mass transit is an important component of the highest performing walkable retail areas. It can multiply the number of potential patrons within walking range of the area.

While there is a great deal of turnover in neighborhood shops, over time the accumulated loyalty and equity in businesses underpin success. Turnover can also be an asset, allowing new shops to reflect changing demographics.

Ethnic shopping areas and urban lifestyle areas dominated by young professionals have the built in patronage to make local shopping a success. Some of the most successful walking shopping areas in the US are ethnic shopping districts that have become the social as well as service centers of their communities.

The presence of walkable shopping areas increases nearby housing values. The increments vary and can be as much as 50%, particularly in denser communities. The number of urban and suburban residents who express a preference for living within walking range of a diverse shopping area far exceeds the housing available.

Implications

While the economic performance of walkable shopping areas is worthy of continued empirical research, including interviewing merchants, all the evidence seems to suggest that walkable retail is on the upswing, and likely to grow over the next several decades. Since 45% of daily trips, on average, are made for shopping and running errands, encouraging walking is an important strategy in reducing obesity and improving health. It is also important to reducing energy usage and carbon emissions.