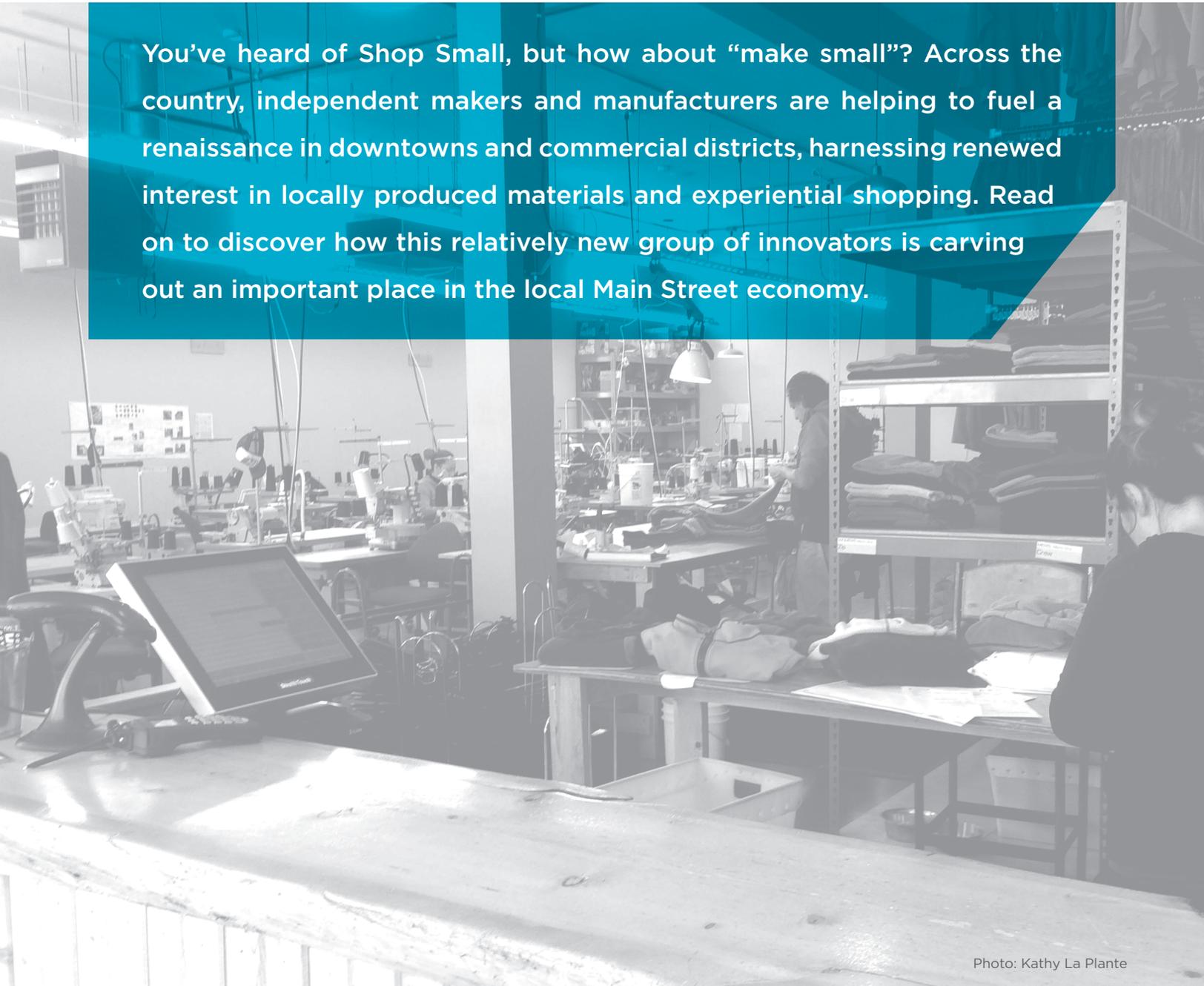




THE COMEBACK

Manufacturers Finding New Homes along Main Street

You've heard of Shop Small, but how about "make small"? Across the country, independent makers and manufacturers are helping to fuel a renaissance in downtowns and commercial districts, harnessing renewed interest in locally produced materials and experiential shopping. Read on to discover how this relatively new group of innovators is carving out an important place in the local Main Street economy.





By Matt Wagner

More than a century ago, manufacturers constructed large complexes in and around downtown centers across the country, from textile mill towns in New England to lumber production centers throughout the Pacific Northwest. This form of large scale production has long been abandoned in downtowns, as transportation logistics, production changes, and global competition hastened the shift to facilities on greenfield, suburban sites.

However, over the last few years, there has been a renaissance in a new generation of manufacturing, fueled by value-added products, innovative, small volume production equipment, and markets seeking locally produced products, resulting in a boom for “small-scale” producers.

Small-scale production refers to the production of a commodity with a small plant size firm. It requires less capital and space. These businesses typically produce non-standardized products, which are thus highly customized or value-added. Supporting this kind of manufacturing in our downtowns not only provides for viable reuse for older building stock and interesting venues for experiential retail, but can have large impacts on a community’s overall economic health. According to The Manufacturing Institute, for every \$1 earned in manufacturing revenue, communities receive another \$1.33 in multiplier benefits. Manufacturing also typically produces higher paid jobs, with expenditures in job creation supporting an additional 1.6 jobs within the community.

Matt Wagner has more than 20 years of non-profit management experience in downtown development, entrepreneurship and tech-based economic development. At NMSC, Matt is leading the launch of the renewed and re-imagined Four Point Approach, as well as helping

the Center reach new communities with this refreshed framework. Overseeing the Field Services team, Matt also leads the Center’s efforts to expand technical service offerings, and offer preservation-based economic revitalization services directly to communities. Matt received his Ph.D.

in Urban Affairs with a specialization in Urban Economic Development from the University of Wisconsin-Milwaukee. He is a Fulbright Scholar Specialist, recently completing work in the area of entrepreneurship and economic development at the University of Hyderabad, India.

One early sign of this has been the boom around “craft” entrepreneurship, which represents a significant piece of the small scale production market. In 2014, for example, sales on the craft website Etsy grew to more than \$1.4 billion, up from \$300 million just four years prior.

Over 20 million products are currently sold on the site. With only 10 percent of the site’s producers running their operations full-time, this site represents an entrepreneurship pipeline for more bricks and mortar opportunities in Main Streets all across the country.

Most early examples of small-scale production along Main Street tend to be in the food and apparel industries. One could contend that America’s growing “foodie” culture has fueled a number of small scale production opportunities for food related businesses at the local and regional levels. With more than 130 million coffee drinkers in the US, the Specialty Coffee



Melanzana, a small-scale outdoor apparel producer and retailer, located in Leadville, Colo.

Photo: Kathy La Plante

Association of America estimated that there are 10,000 coffee cafes and 2,500 specialty stores selling coffee. Chains represent 30 percent of all coffee retail stores, but the majority remain in the hands of independent owners or small family businesses commonly found along our Main Streets. A number of these, approximately 1,200 as reported by the Global Exchange, also roast (manufacture) their own coffee, creating wholesale opportunities alongside their retail businesses.

Like the rise in coffee consumption, the increase in craft beer drinking has resulted in an explosion of downtown micro breweries. According to the Brewers Association, in August 2014, over 53 percent of all U.S. brewing facilities were microbreweries, many of which are located in downtown or older

commercial districts. Part of this growth on Main Street can be attributed to the historic building stock that not only provides for space needs, including floor loads and ceiling heights needed for production, but also the unique character that accentuates the experience for customers.

Food production has historic roots in downtowns. For many years, bakeries packaged up fresh breads, pies, and cakes and sold them wholesale through local and regional groceries or direct to restaurants and coffee houses. With the growth of farmers markets, many have used these venues as “incubators” to launch bricks and mortar locations in downtown producing small-batch specialty food items like jellies, sauces and salsas.

Elgin Main Street in Texas has formalized this effort with an active food production recruitment program. This community of slightly more than 8,000 outside of Austin, has two new businesses downtown that are involved with food production. ATX Homemade Jerky opened in June, building off of new interest in flavored beef jerky, and sells through a small retail storefront in downtown with production in the rear of the store. Primary sales, however, are through dozens of area farmers markets. Martinez Foods makes breakfast tacos that are distributed through convenience stores and institutional kitchens, and most recently Beta Brewing opened a production and tap room operation in downtown. And finally, Hat Creek Pickle Company pickles nearly anything. New to downtown, they have a small retail component and use their location to produce and distribute pickled products through Whole Foods and other specialty markets.

Much of the success in Elgin can be attributed to a mindful plan to actively recruit manufacturing related businesses within the food industry, but also in creating policies that permit and support such uses.

In 2015, the City of Elgin passed an overlay zone for downtown that broadened the types of businesses permitted in the downtown. That list expanded to include a number of manufacturing type uses. Businesses that are now allowed in the downtown overlay zoning are wineries, breweries, food production and processing, meaderies, metal smithing, pottery making, cabinetry making, wood working, fiber processing, automotive repair, leather working, soap making and the already allowed uses.

Other Main Street examples abound. For instance, the Hopewell Downtown Partnership in Hopewell, Va., developed a grant program called the Community Business Launch Program to facilitate the growth of new food-based manufacturers in their downtown. Sweet Tooth—a program grantee—is now producing specialty chocolates while providing a throw-back downtown candy store retail offering. Another manufacturer, Fat Babs, will be producing bakery items for retail consumption downtown, while utilizing a larger downtown space to increase production capacity as they distribute to Whole Foods and other retail outlets.

And, it is not only food that is driving this downtown manufacturing boom. Apparel is the latest in small-scale production to gravitate to the historic building stock and strong sense of identity that characterizes Main Streets. For instance, Melanzana, located in downtown Leadville, Colo., uses 10 industrial sewing machines to produce outdoor clothing and employs nearly 20 people. And, in downtown Lansing, Mich., the fashion industry has taken root in the form of The Runway, a fashion incubator that features designers and producers of branded clothing. Production is facilitated with manufacturing and design equipment, including the ability to do prototyping.

**Turn the page to find out
How to Get Started >>**

The Runway in Lansing, Mich., helps fashion designers create a foundation for their business and provides them with the resources needed to produce their collections and ultimately move their product to market.

Photo: The Runway Lansing



Benefits of Manufacturing Downtown

- // Further diversifies uses in the district
- // Creates additional jobs with employees as potential retail consumers
- // As typically larger users of space, manufacturers occupy those harder to fill spaces
- // Manufacturing tends to pay higher wages
- // Can support other locally-owned businesses through purchasing of raw materials and/or as a supplier of locally-produced goods
- // Provides a unique retail shopping experience by showcasing how products are manufactured
- // Products tend to attract buyers from a wider trade area, further expanding the district's reach within the marketplace

How to Get Started

1. Evaluate local small-scale producers that currently don't have a retail component. This is, as they say, “low hanging fruit.” A retail outlet combined with production can provide for a unique shopping experience that furthers the brand and provides for immediate consumer feedback for manufactured products. The retail center can also act as a test center for new product launches.

2. Evaluate your local zoning and codes for any barriers that might prevent or discourage manufacturing-based businesses from locating to the downtown.

3. Create or partner with entrepreneurship and economic development organizations to develop the ecosystem that provides technical assistance to facilitate the formation and growth of small scale producers. This will provide a pipeline of potential entrepreneurs, making the district known as a location for small-scale producers.

4. Build or support additional physical infrastructure that can serve as a nascent home for new producers. Examples include traditional business incubators, maker spaces, and niche incubators (fashion, kitchen, brewery, etc.).

5. Study your market for potential niche opportunities within small-scale production. As part of your Transformation Strategies, develop activities in support of manufacturing. For example, a sports and recreation Transformation Strategy could consist have a targeted recruitment strategy for a producer of locally-designed mountain bike accessories.

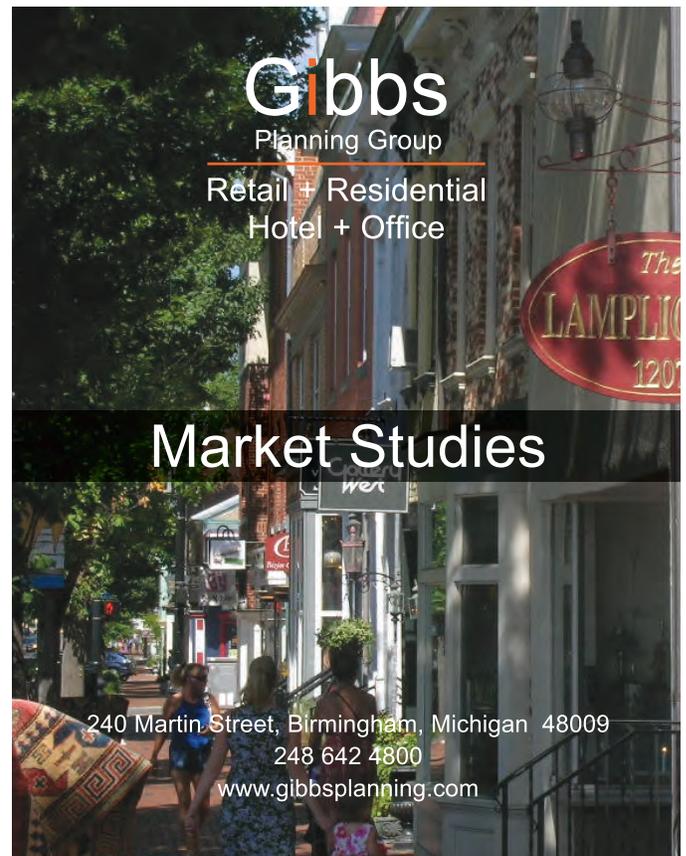
6. Develop targeted incentives that encourage the launch or location of manufacturers within the district. These could consist of rental subsidies, start-up grants, pop-up retail/manufacturing promotional events, or a business plan contest for local Etsy producers, and more.



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