

# Old places support a sound, sustainable and vibrant economy



Photo: Paul Burk

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In *Why Old Places Matter*, I wrote about the many reasons that old places help people flourish. Yet, I intentionally saved the discussion of how old places support a

sustainable and vibrant economy for last. Why? Because the other reasons for keeping, using, reusing and preserving old places are given short shrift, and professional preservationists often jump right to the argument that saving old places is economically beneficial, assuming that the economic argument is the only one that decision-makers want to hear.

Old places are deeply beneficial to people because of the way they give us a sense of continuity, identity and belonging; because they inspire us with awe, beauty and sacredness; because they tell us about history, ancestry and learning; and because they foster healthy, sustainable communities.

As Randall Mason, chair of the graduate program in historic preservation at the University of Pennsylvania, wrote in a study on preservation and economics for the Brookings Institution in 2005,

“Historic preservation is organized primarily to sustain and create cultural values, like historical associations, senses of place, cultural symbolism, the aesthetic and artistic qualities of architecture, and the like. Studying the economics of this (or any other part of the cultural sector) amounts to calculating the incalculable, or pricing the priceless.” (Randall Mason, *Economics and Historic Preservation: A Guide and Review of the Literature*, Washington, DC: Brookings Institution, 2005, 8, accessed March 29, 2015)

That we must justify saving the old places through economics is a sign of just how wholly commercial our American society is. But justify we must. Fortunately, as Donovan Rypkema, real estate consultant and principal of Place Economics puts it,

“The good news is historic preservation is good for the economy. In the last 15 years dozens of studies have been conducted throughout the United States, by different analysts, using different methodologies. But the results of those studies are remarkably consistent – historic preservation is good for the local economy. From this large and growing body of research, the positive impact of historic preservation on the economy has been documented in six broad areas: (1) jobs, (2) property

values, (3) heritage tourism, (4) environmental impact, (5) social impact, and (6) downtown revitalization.” (Caroline Cheong, Donovan Rypkema and Randall Mason, “Measuring the Economics of Preservation: Recent Findings,” Advisory Council on Historic Preservation, June 2011, 1.)

Although I won’t follow Rypkema’s list of six reasons exactly (the National Trust’s website lists 12 – “12 Economic Benefits of Historic Preservation,” National Trust for Historic Preservation, accessed April 8, 2015.), here’s a quick review of six key reasons that keeping and reusing old places is good for the economy:



The American Brewery building in Baltimore, Maryland, a project of the National Trust Community Investment Corporation. (Photo: Paul Burk)

**1. Jobs, income, state and local taxes.** Rehabilitation of older buildings produces higher paying jobs than new construction, and the money tends to stay in the local economy. “... \$1 million investment in historic rehabilitation yields markedly better effects on employment, income, GSP and state and local taxes than an equal investment in new construction or many other economic activities (e.g., manufacturing or services).” (See the “Annual Report on the Economic Impact of the Federal Historic Tax Credit for FY 2012,” National Park Service and Rutgers University, Edward J. Bloustein School of Planning and Public Policy, 2013, accessed April 5, 2015. See also the 2016 annual report, “Annual Report on the Economic Impact of the Federal Historic Tax Credit for FY 2016,” National Park Service, accessed February 25, 2018.)

2. **Heritage tourism.** The economic benefits of heritage tourism are unparalleled. As Donovan Rypkema has said, “Wherever heritage tourism has been evaluated, this basic tendency is observed: heritage visitors stay longer, spend more per day, and, therefore, have a significantly greater per trip economic impact.” (See Donovan Rypkema, “The Economics of Historic Preservation,” keynote address, Alexandria Historic Preservation Conference and Town Meeting, May 5, 2007.)

3. **Revitalization.** For decades, older communities have used their historical buildings and streetscapes as assets for revitalization, providing a greater diversity of income and cultural background in neighborhoods, increasing property values, increasing job opportunities. As the website for the Main Street program says, “the cumulative success ... of the Main Street programs on the local level has earned a reputation as one of the most powerful economic revitalization tools in the nation.” (See “Reinvestment on the Rise,” Main Street America, accessed February 18, 2018.)

4. **Attracting talent and investment.** According to The Economics of Uniqueness, heritage-related projects “contribute to urban livability, attracting talent, and providing an enabling environment for job creation.” As Richard Florida and others have emphasized, creative people are the talent that drives the new economy, and creative people are attracted to places that have authenticity. Businesses located in places that are perceived as good places to live, with a sense of authenticity, have an edge in attracting talent and investment. Or, as the World Bank report puts it, “heritage is a differentiator that attracts talent to cities.” (See Donovan Rypkema’s “Heritage Conservation and Property Values.”)



Savannah, Georgia draws tourists because of the beauty and charm of its historical parks, buildings and streetscapes. (Photo: Tom Mayes/National Trust for Historic Preservation)

**5. Property values.** One of the main purposes cited in preservation statutes as a rationale for historic preservation is that it stabilizes and supports property values. Studies throughout the United States show that this is generally true, with property values in historic districts rising more consistently than in areas that are not historic districts. In addition, studies show that historic districts maintain their value during times of real estate devaluation, such as the 2008 recession, and recover more rapidly.

**6. Business incubation.** As the Preservation Green Lab report *Older, Smaller, Better* recently concluded, older smaller buildings are critical to the incubation of small businesses, which are the primary job creators in the American economy.

This is the briefest summary of some of the economic benefits of old places. Scores of studies and reports provide both backup and caveats for these conclusions and can be found from a wide variety of sources. A good beginning point, which will refer to other studies, is Cheong, Rypkema and Mason's "Measuring the Economics of Preservation" and Randall Mason's *Economics and Historic Preservation*.

I object to the notion that everything in life has to be reduced to an economic equation, but imagine if these studies could capture the full value of the benefits old places give people – the sense of identity and belonging, the awe of beauty, the creativity and imagination? The valuation would be, as Randall Mason put it, "calculating the incalculable, or pricing the priceless."