



Note:
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Downtown Revitalization

Status Quo and Recommendations

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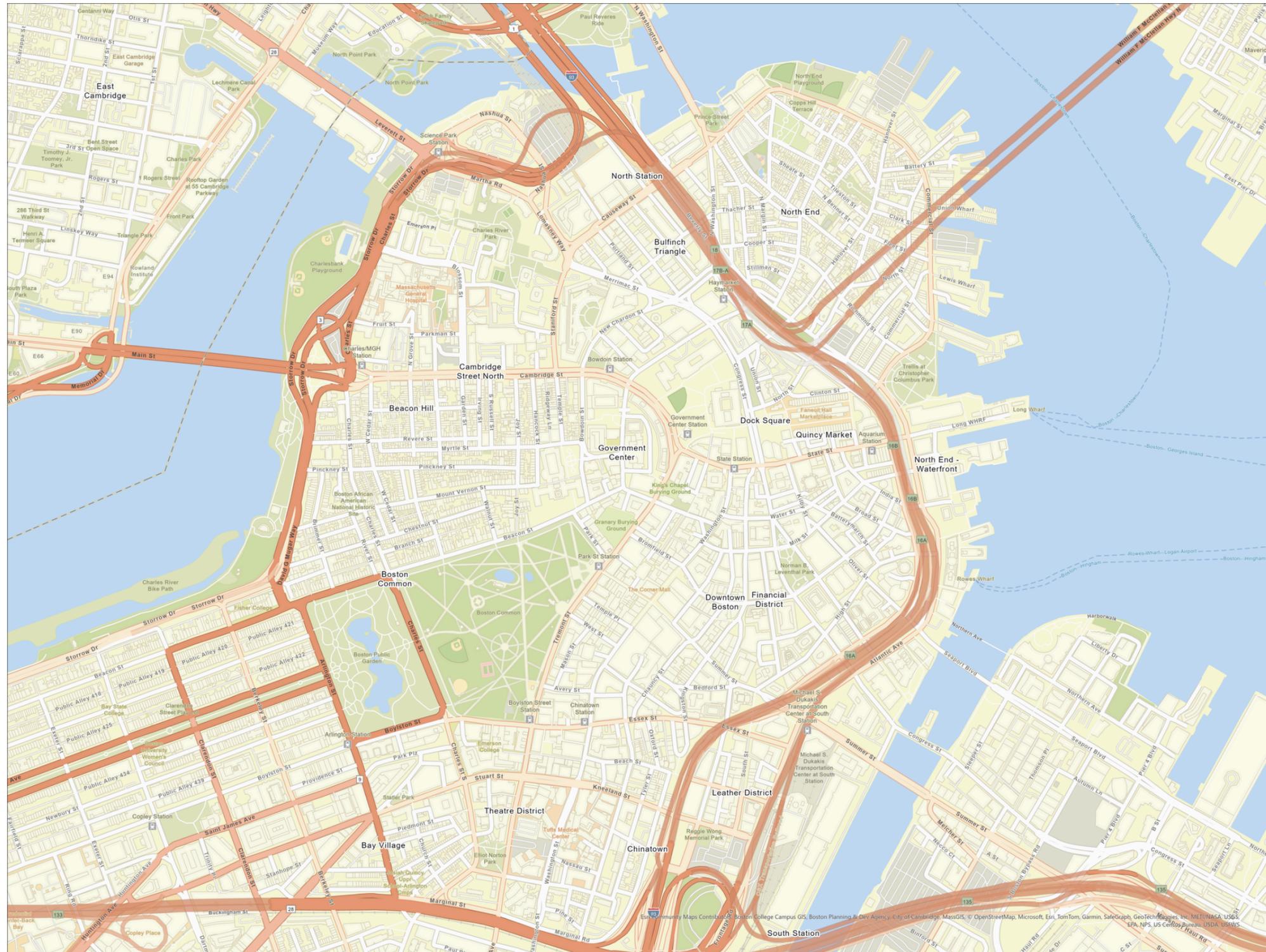


Agenda

- Current Conditions
- Possible Solutions
- Obstacles
- Opportunities
- Recommendations



The Downtown



The Problem

Despite making great strides in recovering in key metrics such as foot traffic, office vacancy, and commuter rail ridership, more can still be done to boost the vitality of the region.

The State of Downtown

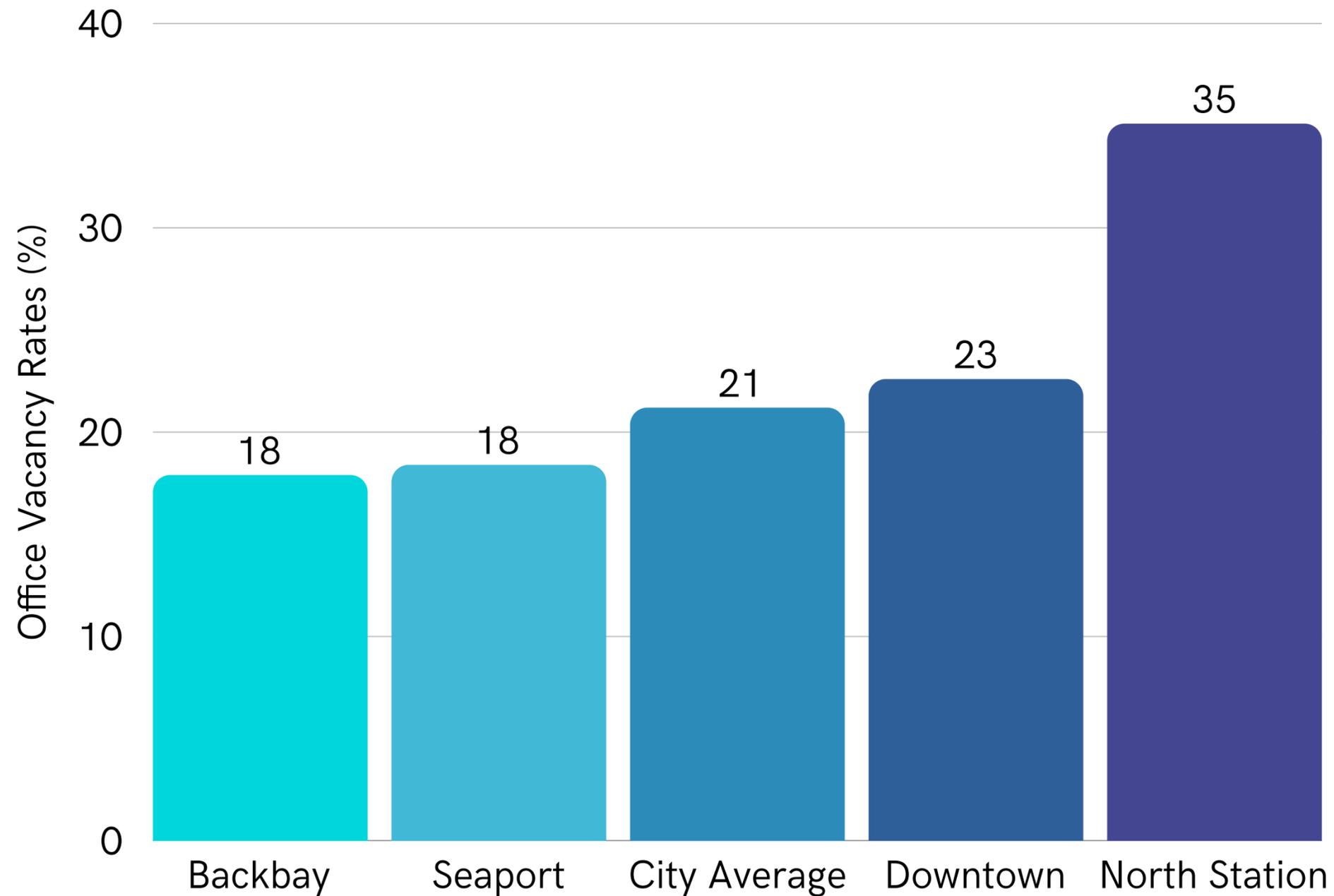
Downtown Boston is in the process of recovering from the COVID-19 Pandemic as key metrics such as foot traffic and consumer spending in the last few years are still below their 2019 levels (despite immense growth since 2020):

- **foot traffic** at roughly **15% below** pre-pandemic levels in December 2023^[1]
 - roughly 17% below in DBA (Jan 2019 vs Jan 2025)^[2]
 - 80,000-125,000 fewer daily worker visits than before the pandemic^[3]
- **consumer spending** decreased by more than **20%** in Q1 2024 in BID Downtown^[4]
 - **Greater Downtown** is about **10% lower**
 - **Boston average** is about **8% lower**



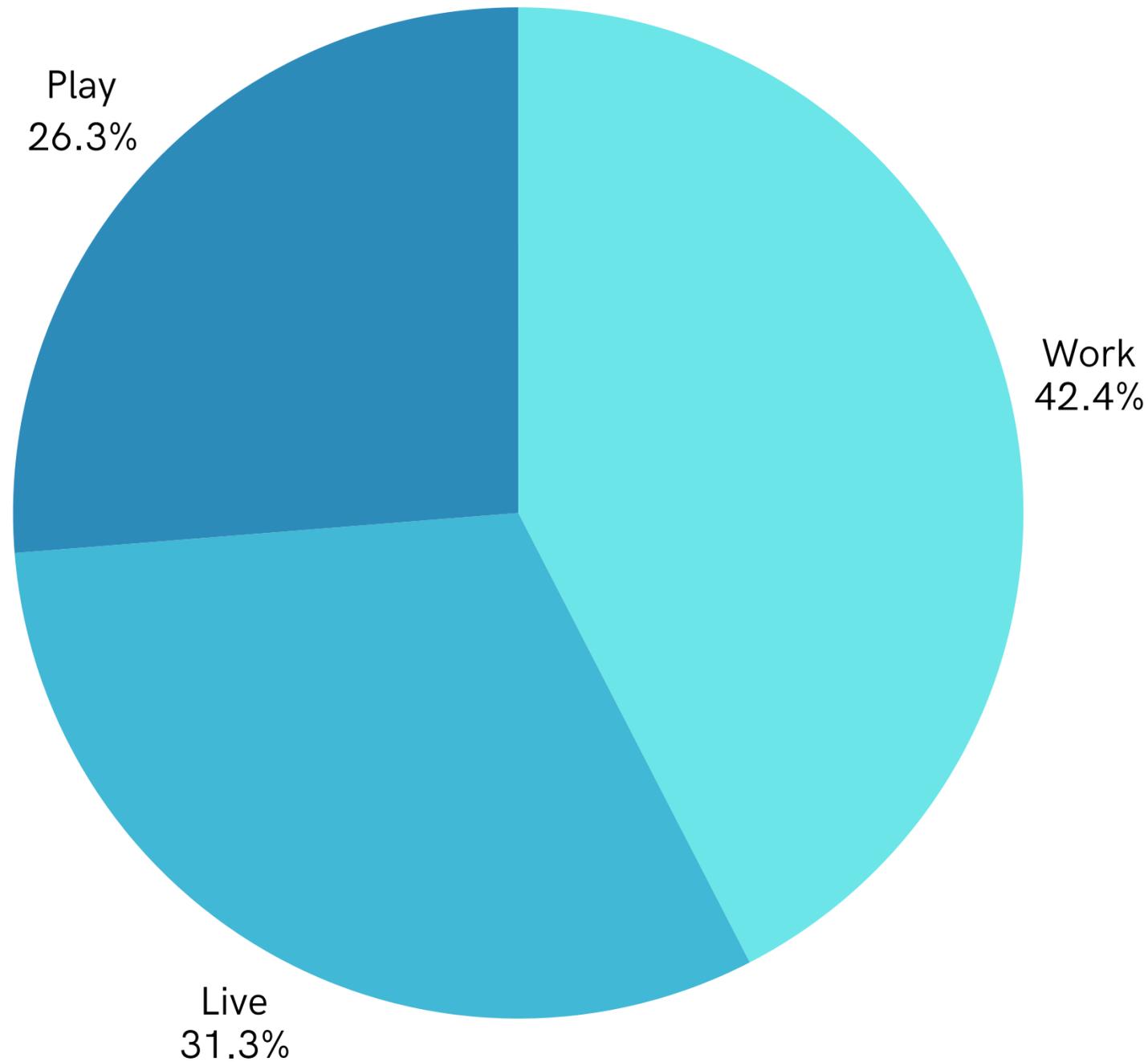
Vacancies

Boston Office Vacancy Last 12 Months ^[5]



Meanwhile, vacancy rates for residential and retail in the Greater Downtown has stayed between **1-4%**^[6], with rent values **steadily rising** for residential units; Greater Downtown's share of Boston's retail spending has also **fallen** by more than **3%**^[7]

Inventory Composition



Optimal Product Portfolio According to Report by
Cushman and Wakefield

Downtown Boston currently has an **excess** of office buildings, with more than **58%** of total square footage of buildings in the area being offices^[8]

Possible Solutions

To address the need for increased vitality in the Downtown, potential solutions need to bring more pedestrians and workers back into the Downtown, attract more visitors, encourage mixed-use development, etc...

Improving Amenities



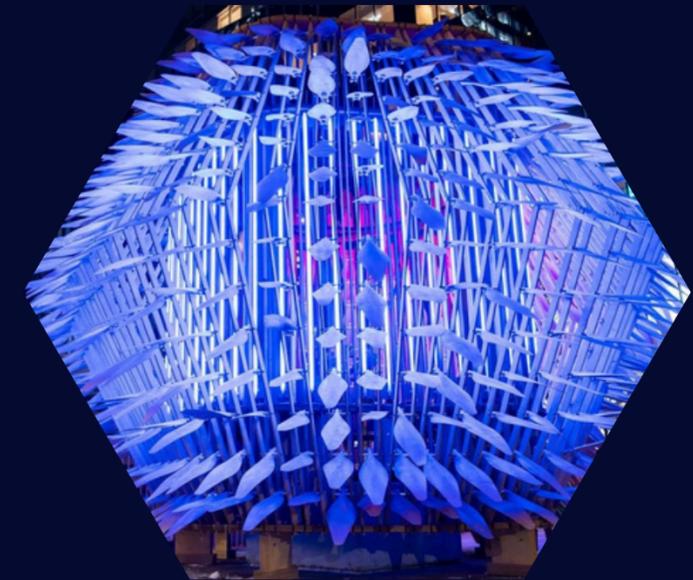
Neighborhood Activation

- Neighborhood Activation Grant
 - \$6.2 million to 111 grantees since 2023
- Space for Creative Enterprise Downtown RFI
 - RFI to transform vacant spaces into spaces for the arts



SPACE Grants

- filling vacant storefronts with small businesses
- 91 businesses funded, up to \$200k per business, totaling \$10m
- technical assistance provided to grantees
- ended May 2024



WINTERACTIVE

- public art displays around various sites in the Downtown
- attracted 650k+ visitors in 2024 during the winter months
- scheduled to return in 2026

Expanding Nightlife

Boston has long been perceived as a city that does not offer many options for leisure at night. To draw more visits to the Downtown and further encourage spending, the city of Boston is currently attempting to expand nightlife in the area:

Wake Up the Night Grant Pilot Program:

- awarding individuals and organizations up to \$10,000 for nighttime activations
- launched in April 2024, more than 40 grantees

Late Night Food Truck Program:

- providing 10 food truck operators the opportunity to operate in public spaces
- three allowed sites in Downtown: Boylston Street, Fanueil Hall, Theatre District

Drink Covers Distribution:

- city distributed 33,000 spiking prevention covers to 40 bars and night clubs in 2024, 100,000 more due in 2025



Improving Zoning

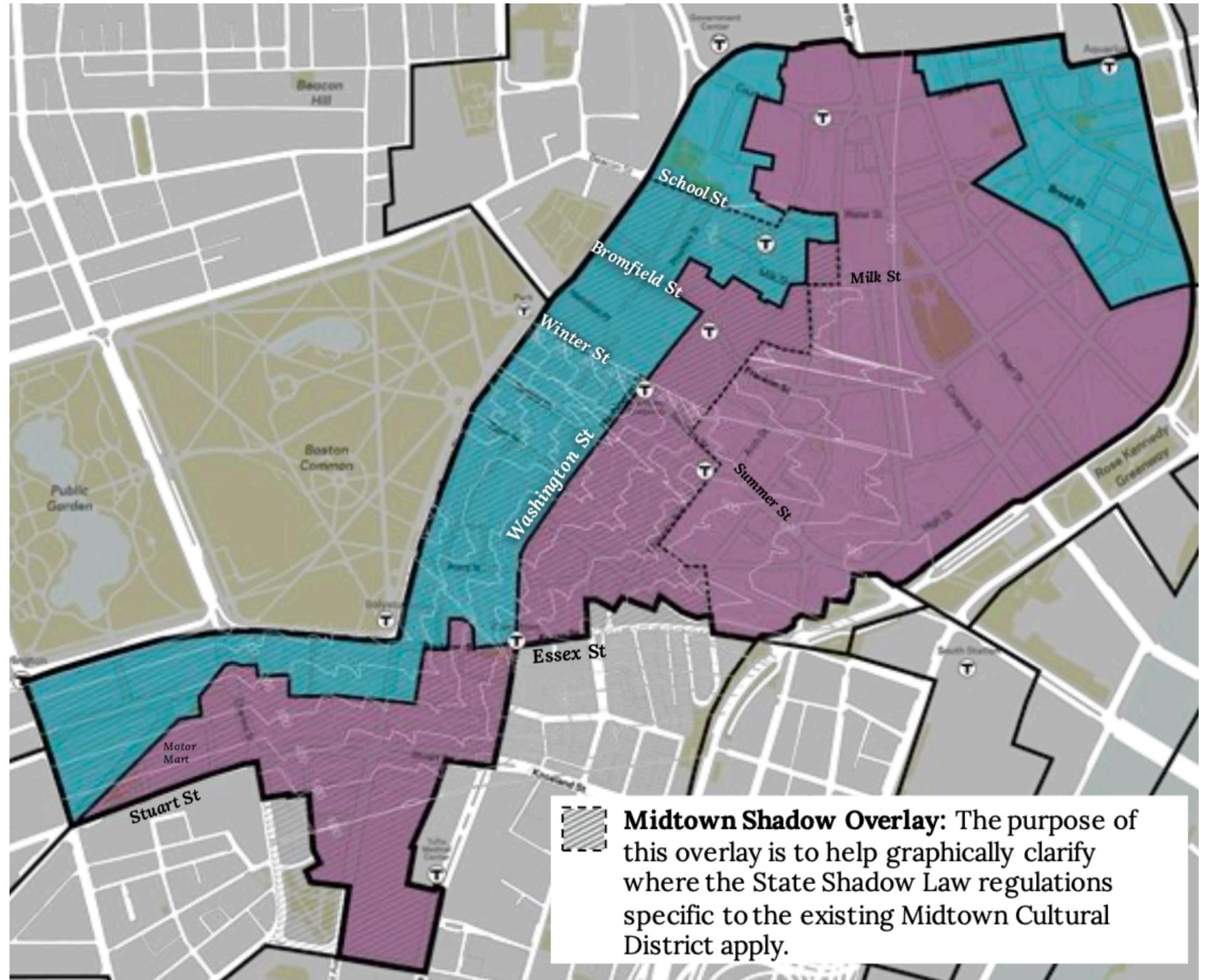
The Downtown Zoning Amendment final draft aims to lay the groundwork for adaptive reuse of existing buildings, promote mixed-use density, and preserve historic and cultural assets in the region

SKY-LOW-DT

- more restrictive on height, adhering to either 155' or state shadow law regulation, depending on which is lower
- 1-acre PDAs must include a landmark, preserve historical buildings/landmarks, and be primarily residential

SKY

- encourages mixed-use and high density
- adheres to state shadow law limit or Critical Airspace limit



Office to Residential Conversion Program

Purpose:

- bring much needed housing to the city
- many class-B and class-C buildings not useful as offices
- giving a building new life while preserving its history

Progress:

- 762 units and 606,000 sf conversion across 20 buildings
- tax abatements up to 75% of market value for up to 29 years
- creating 139 affordable housing units as per city requirement

Future:

- considering lab-to-resi, office-to-student/workforce housing
- seeing bigger buildings, expecting high-rise applications
- expanded from just the Downtown to the whole of Boston

Obstacles

Major obstacles stand in the way of current initiatives to revitalize the Downtown:

Retail

Though retail vacancies in the Downtown are low, performance still needs to improve:

- high barriers for vendors and small businesses to attain out-door permits
- difficult for businesses to organize pop-up events
- drops in visitors coming from international tourism

Rezoning

The following factors could impact the efficiency and future success of rezoning:

- concerns over historical preservation
- concerns over compliance to shadow and height regulations
- extensive process, cannot meet short-term demands

Conversions

Only 2% of the total SF in the Downtown is due to being converted into residential units:

- high interest rates have hindered real estate investments across the US
- building and construction costs are up in Boston by 20-30% (2020 vs 2024)^[9]
- many assess the office market will rebound even for class-B and class-C buildings

Opportunities

Many factors could be capitalized upon to improve efforts to revitalize the Downtown

Robust Transit Network

- existing transit network's hub is in Downtown
- average weekday commuter rail ridership in the Downtown at 90% of pre-COVID levels^[9]

Strong Historical Fabric

- historical monuments highlighting the history of America
- strong allure to domestic tourists

Vibrant Academic Institutions

- large student and young professionals community in the city
- room for expansion in leisure options

Winter Street Activation

- city planning to invest \$600,000 to activate Winter Street
 - programming, pop-ups
- retail vacancy more severe than the rest of the Downtown

Experiential Retail

- changing nature of work resulting in different types of businesses going to the Downtown
 - WNDR museum, Five Iron Golf...
- shorter term leases being signed in places like Faneuil Hall, trendy



Recommendations

Improving Play

Current plans for conversion focus on converting vacant spaces into **residential** units. Meanwhile, initiatives in place to support small businesses and retail aim to fill in vacant spaces and bring performance **back to a pre-pandemic level**.

To promote **economic recovery, long-term growth**, and a vibrant **mixed-use** environment in the Downtown, there needs to be more **intentional** efforts to bring **more retail and entertainment** than before.

A greater push to bring more Play into the Downtown can ensure its attractiveness as a place to **work and to live**. This will be especially so if the Downtown houses a right balance of **experiential retail** and **local-serving retail**.

Allowing for upper-floor experiential retail in buildings due for conversion

Increasing initiatives to boost night life: introducing a late night transit pilot program

Stronger marketing efforts to highlight the destination retail options available Downtown

Outreach to local-serving retailers to highlight market opportunities Downtown

Support for businesses looking to occupy Winter Street store fronts, particularly on rent

Public Realm Activation and Tourism

To support a **sustained recovery** of foot traffic and to suit goals of developing a **vibrant mixed-use** environment in the Downtown, the city needs to improve upon the **public realm**.

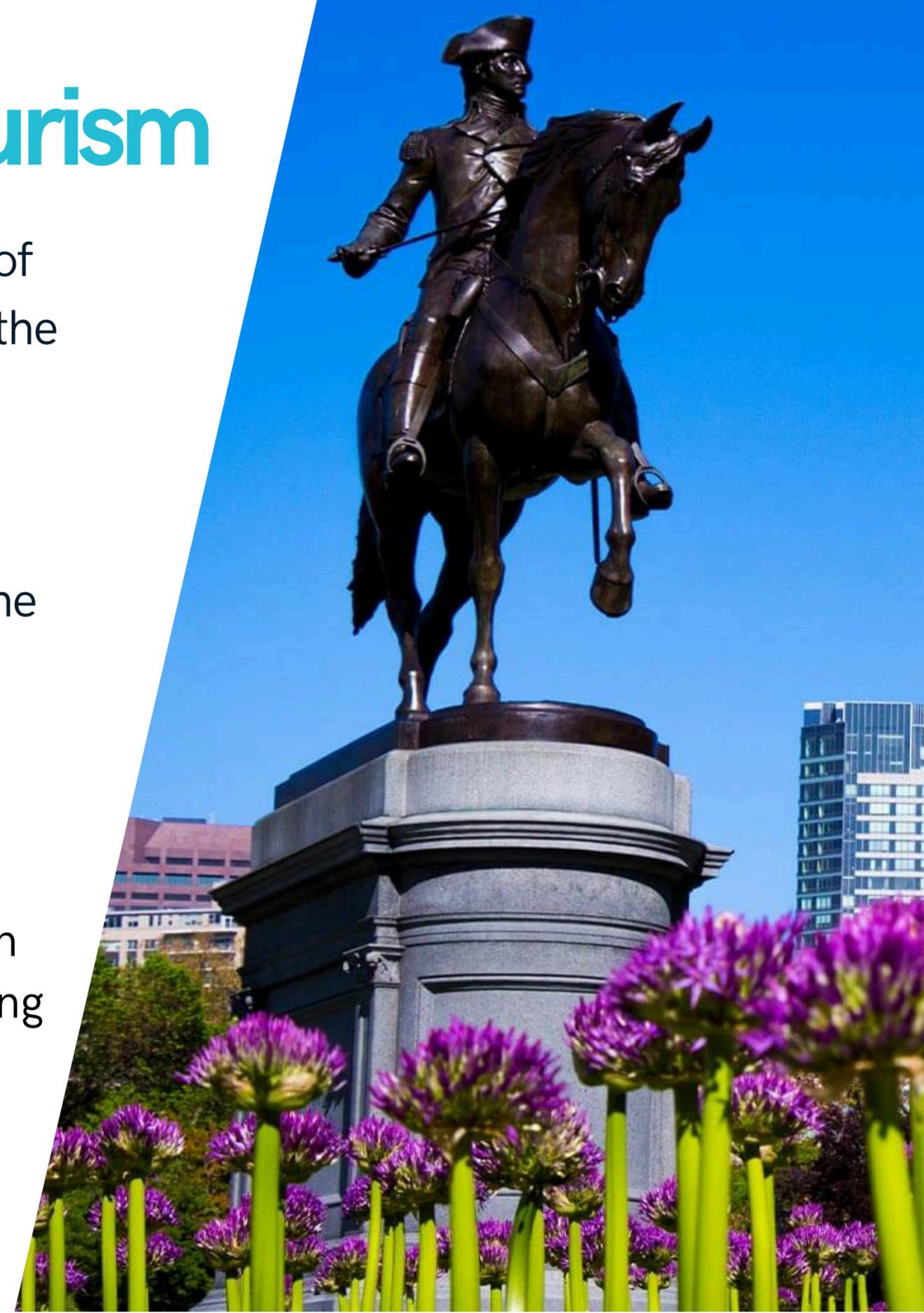
In addition, the Downtown has the potential to draw in a larger **tourist** presence with the many historical landmarks present in the area and its ease of access.

More Public Events

organizing more public events for all seasons - example: open food festivals in the summer

Tourist Centers

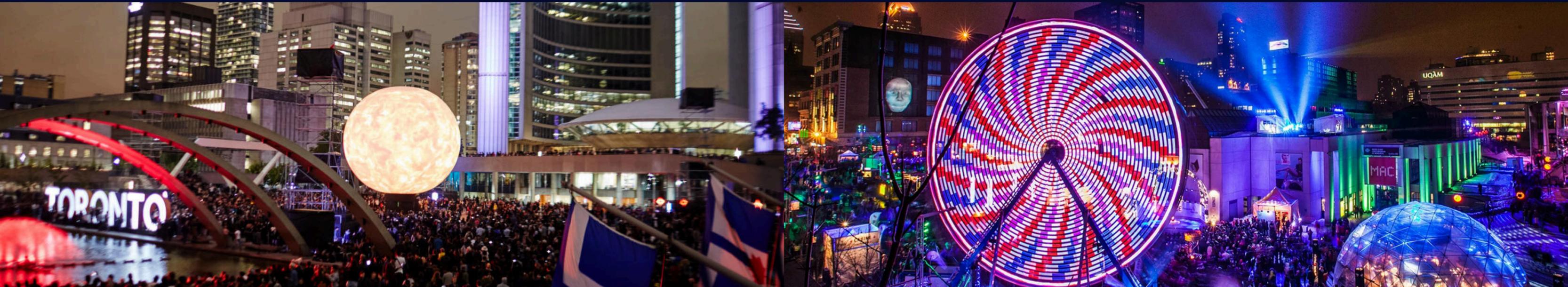
establishing tourist information centers Downtown and installing more guiding street signs



Nuit Blanche Toronto/Montreal

To improve on nightlife and draw more visitors to the Downtown, the city of Boston could look at the Nuit Blanche festivals hosted annually in Toronto, Montreal, and cities around the world:

- all-night arts and cultural festivals hosted in the city centers
- showcasing artworks by local artists, most attractions are free of charge
- annual visitors - Toronto: 1 million+, Montreal: 800k+ (for the entire duration of the En Lumière winter festival - 2 weeks)
 - city population - Toronto: 3.0 million, Montreal: 1.8 million



Park Festivals and Markets



Piedmont Park, Atlanta

- ~50-100 acres usable
- Atlanta Jazz Festival
- 3 day event
- attracting 200k+ visitors annually



Bryant Park, NYC

- ~10 acres
- Spring Makers Market
- over 170 local vendors
- lasts for 7 weeks on the weekends



Parker's Piece, Cambridge (UK)

- 25 acres
- Christmas in Cambridge
- festive market, various activities
- 2 month duration

Incentivizing More Conversions

Despite benefits such as significant tax abatements provided to developers, **cost** is the biggest obstacle to more conversion projects being undertaken. With **unfavorable conditions** in the construction market, developers determine that many potential projects would yield **insufficient earnings** to justify the costs incurred.

Coinciding with recent office vacancy data suggesting a stronger movement towards return to office, developers may conclude that it is more **financially sound** to hold on to their existing properties without changing them. In turn, many vacant type-B and type-C buildings that would be fit for conversion remain as office buildings.

Therefore, to attain long-term vibrancy in the Downtown by promoting **mixed-use development**, the city should further incentivize conversion projects.



Increasing the
extensiveness and
generosity of tax
incentive packages
provided to property
developers for
conversion projects

Reducing building
and construction
costs for property
developers through
sales tax exemptions
or reductions on
construction materials

Increasing workforce
development grants in
partnership with
developers to expand
the construction
workforce and reduce
labor costs

Conversions in Other Cities

New York City

- Midtown South Mixed-Used Plan
 - rezoning 42 blocks and creating ~9,700 new homes
 - 485-x Affordable Neighborhoods for New Yorkers program
 - 10 to 40 year exemption for projects that meet affordable housing requirements

San Francisco

- 30 x 30
 - office to residential conversions and University development in the Downtown
 - Proposition C ballot measure
 - waiving city's 6% transfer tax on up to 5 million sf of commercial-to-housing conversion projects downtown
 - approved resolution in the Budget and Finance Committee awaiting vote
 - creating a special district in the Downtown where all extra property taxes generated by converted properties would be disbursed back to the developers

Seattle

- Office to Residential Conversion Program
 - predicting that 1,000–2,000 housing units would be produced in a 7-year time frame
 - sales tax exemption on construction costs for eligible conversion projects
 - Multifamily Tax Exemption
 - tax exemption on eligible multifamily housing adhering to affordable housing requirements

Though making great strides in recovering from the effects of the pandemic, many measures can still be taken to **encourage the revitalization of Downtown Boston.** Most importantly, the city needs to **improve amenities and retail, activate the public realm, and support mixed-use development.**





THANK YOU

References

[1] BPDA, *Boston's Economy 2024: Recovery, Resilience, and Growth*

[2] DBA, Downtown Boston Alliance Office Report Q1 2025

[3] MTF, *The Future of Downtown Boston & Commercial Real Estate: Post-Covid Changes in Work-Life Patterns*

[4], [9] MTF, *The Real Estate Market of Downtown Boston: The Impacts of Changing Work & Life Patterns*

[5] BBJ, "Promising signs: Boston office vacancy rates down, absorption hits a high"

[6], [8] BPDA, Office-to-Resi Conversion Program Presentation, Q2, 2025

[7] ABG, *Retail Market Report: Boston - MA USA*

