

# FINANCE & COMMERCE

## Business News

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### Adding up the numbers

by Todd Messelt Special to Finance and Commerce

#### **Peter Bruce's latest study of downtown Minneapolis found that pedestrian traffic is increasing in many areas.**

The results are in from Pedestrian Studies' annual count of skyway and sidewalk traffic in Minneapolis, and the news is mostly good for building owners and retailers in the city's central business district.

Of the 22 downtown sites surveyed in this year's count, 17 saw a jump in average daily volumes compared with 2005, and some areas saw increases as high as 28 percent.

"The numbers are going up, not down," said Pedestrian Studies owner Peter Bruce, who has been conducting annual pedestrian traffic counts in downtown Minneapolis since 1991.

"This is a lot better than previous years, and the general reason is there's more occupancy," Bruce said.

According to the 2006 results, the city's busiest skyways were in Gaviidae Common, Northstar Center, IDS Center and City Center.

Three of the four busiest skyways were in City Center. Of the City Center skyways surveyed, the highest volume recorded was 15,000 people per day.

"This is the first time in two years I've been able to report results for City Center skyways," Bruce said, "and the traffic counts are moving up there."

For example, he said, the numbers were 20 percent higher than historical averages in the City Center/Macy's skyway.

"However, the City Center/Gaviidae skyway doesn't show the same increase. ... It's about the same as historical averages," Bruce noted. "So there's more traffic being generated on the west side of Nicollet Avenue in the stream of buildings going south from City Center."

Outside on Nicollet Mall, the Eighth and Ninth street blocks continued to have the highest volumes of sidewalk traffic in the city, with more than 20,000 pedestrian trips per day.

"Another place where I noted that skyway traffic shot up over historical averages was the Six Quebec building," Bruce said. "There's a 28 percent increase there. That's high, although it could be a little misleading since the historical averages are based on only two years of counting, and at least one of them was done while the building was filling up with new retail tenants."

Although he noted that circumstances like weather and special events can affect pedestrian counts, Bruce said the numbers generally tend to reflect the overall reality of retail and office occupancy downtown.

"I've felt that in many of my studies, when occupancy is down 15 percent, then pedestrian traffic is down 15 percent, and vice versa." Bruce's observations seem to hold true when compared with data on downtown occupancy. In the past, when occupancy has slid, the pedestrian numbers declined shortly thereafter.

For example, in 2005, Bruce began seeing a reversal of the continual annual decline in pedestrian traffic volumes that began in downtown Minneapolis around 2000.

The vacancy rate in the Twin Cities office market followed the same pattern, with occupancy rates beginning a slow descent in between 1998 and 1999 and bottoming out between 2003 and 2004.

Pedestrian Studies' 2006 numbers seem to concur with reports of contrasting occupancy fluctuations within various pockets of the city. For example, Bruce reported stronger volumes on the west side of Nicollet Mall last year. Meanwhile, vacancy rates in the Nicollet Mall area are among the lowest in the city at less than 7 percent, according to a United Properties report. United Properties reported 17.3 percent overall office vacancy in the Minneapolis central business district.

And where occupancy rates are down, so are the pedestrian traffic numbers, Bruce reported.

"My reading of the information about office occupancy in downtown tells me that the buildings in the financial district are still down," he continued. "That would include a cluster of buildings from Fifth to Eighth streets around Marquette Avenue. Many of those buildings are still under occupied, and I confirmed that in some of my counts."

There were only five sites that showed some kind of decrease, and most of those sites were in the financial district, he said.

Although Pedestrian Studies also counts skyways and sidewalks in St. Paul, the 2006 numbers were spotty due to lackluster interest from building owners and property managers in that city, which has some of the highest occupancy rates in the Twin Cities region.

A mid-year 2006 study by United Properties found a 22.6 percent vacancy rate in downtown St. Paul.

Overall, Bruce said St. Paul skyway volumes were typically 35 to 50 percent of those in Minneapolis.

The annual counts are funded by Pedestrian Studies clients, usually building owners and property management companies that use the data to determine and substantiate lease rates.

In addition to measuring pedestrian traffic volumes, Pedestrian Studies produces detailed reports that explain the data.

The company also consults with building owners and downtown associations on how to improve wayfinding methodologies and attract foot traffic.

Bruce, who founded Pedestrian Studies in 1991, has worked on more than 41 counts, studies and traffic-shaping projects in Los Angeles, New York, Seattle, Houston, Columbus, Pittsburgh and Hollywood.

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