



Vacancy and Reuse of Commercial Properties: Understanding Markets, Challenges and Opportunities

Moderator: Marcia Nedland

Organizer, Middle Neighborhoods Community of Practice

Middle Neighborhoods Initiative

A National Initiative focused on mobilizing attention to reverse the disappearance of middle neighborhoods through decline or gentrification. The initiative does this through:

- Community of Practice : practitioners, policy, researchers
- Research: topics relevant to middle neighborhoods
- Policy Analysis and Advocacy : housing, lending, community dev
- Communications strategies: advancing awareness

Coordinated by **National Community Stabilization Trust** and Neighbor Works America and advised by a Steering Committee of 20 prominent researchers, practitioners and policy makers



Characteristics of Middle Neighborhoods

- Mostly single-family homes built for families with children.
- Still well more than 50% owner-occupied, but slowly eroding.
- Housing stock is aging, still in generally acceptable condition, but often lacks features and updates to compete well for today's homebuyers.
- More racially, ethnically and economically diverse.



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Today's Speaker and Co-Sponsor



Alan Mallach

- Senior Fellow: Center for Community Progress

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Reclaiming Vacant Properties 2026: The Future is Bright

September 22-26, Pittsburgh

communityprogress.org/rvp26



Agenda / 12:00-1:30

- Welcome and Introductions
- Presentation
- Audience Discussion



Vacancy and Reuse of Commercial Properties: Understanding Markets, Challenges and Opportunities

Alan Mallach, Senior Fellow
Center for Community Progress

Typology of commercial properties



- ❑ Neighborhood Commercial
 - Buildings in commercial corridors
 - Ground floor space (storefronts)
 - Upper floor space
 - Supermarkets/small shopping centers
 - Isolated commercial buildings
- ❑ Downtown Commercial
 - Pre-war office buildings
 - Postwar office buildings
 - Commercial/mixed use buildings
- ❑ Car-oriented commercial facilities
 - Scattered retail/service buildings along arterial roads
 - Small arterial road shopping centers
 - Regional/enclosed malls
- ❑ Industrial properties (brownfields)
- ❑ Institutional facilities (schools, hospitals, etc.)

Why does this matter?

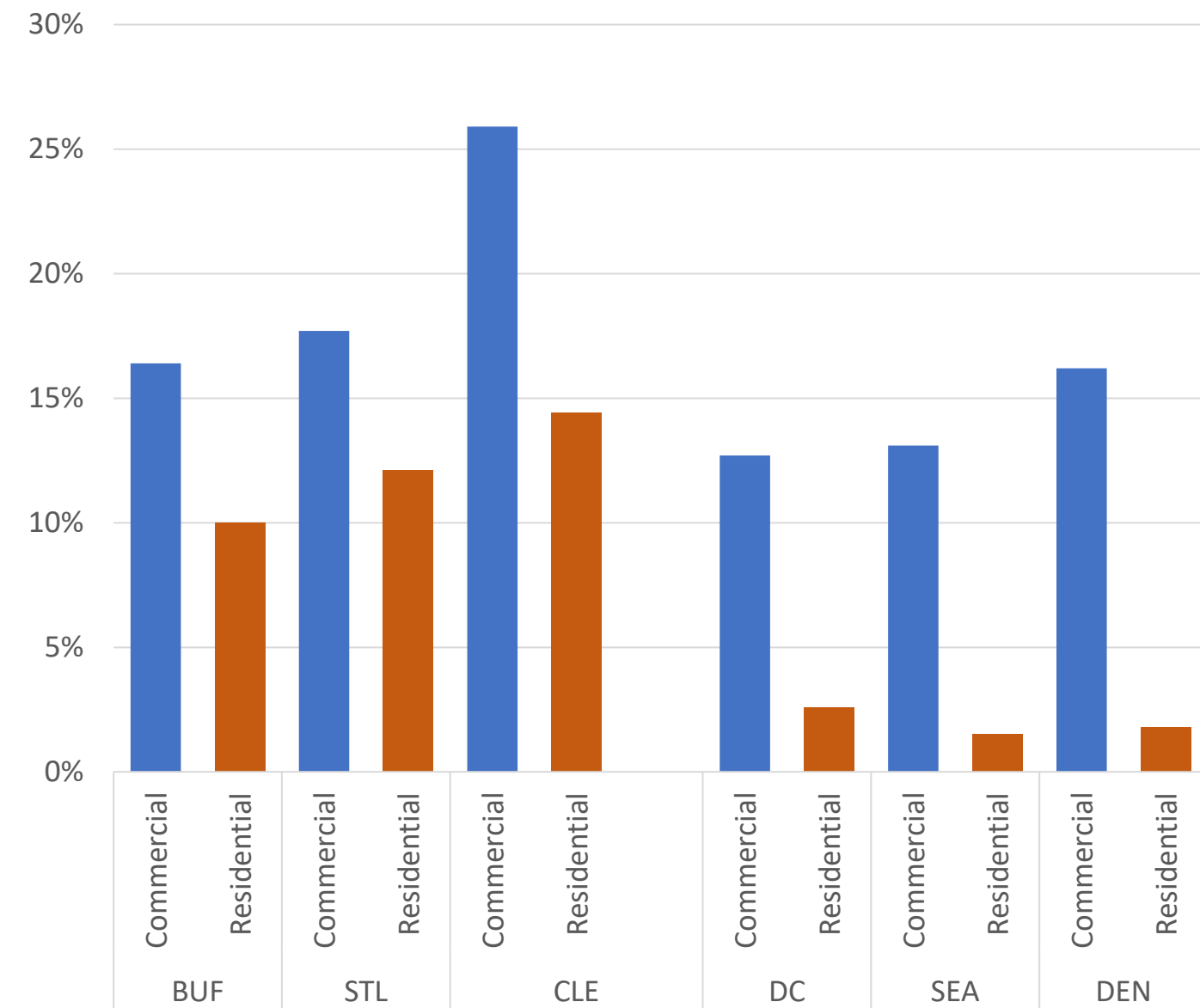
- Why are commercial properties important, especially in middle neighborhoods?



It's all about the market.

Commercial and
residential markets
work differently

Commercial markets
are non-fungible



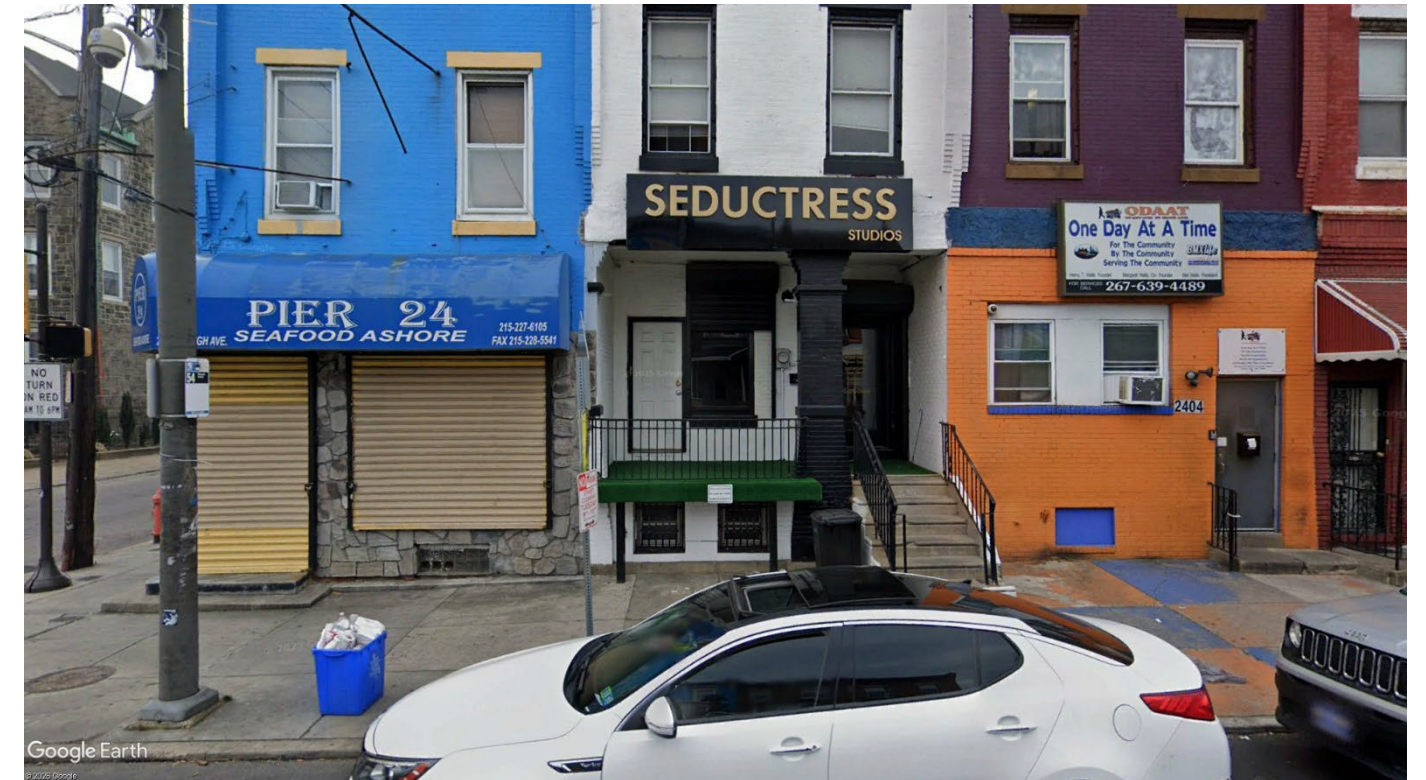
Commercial markets are distinct from one another



Class A office



Class C office



Neighborhood retail

Suburban retail



Four basic market considerations for **any** business

Do people want [whatever they're selling]?

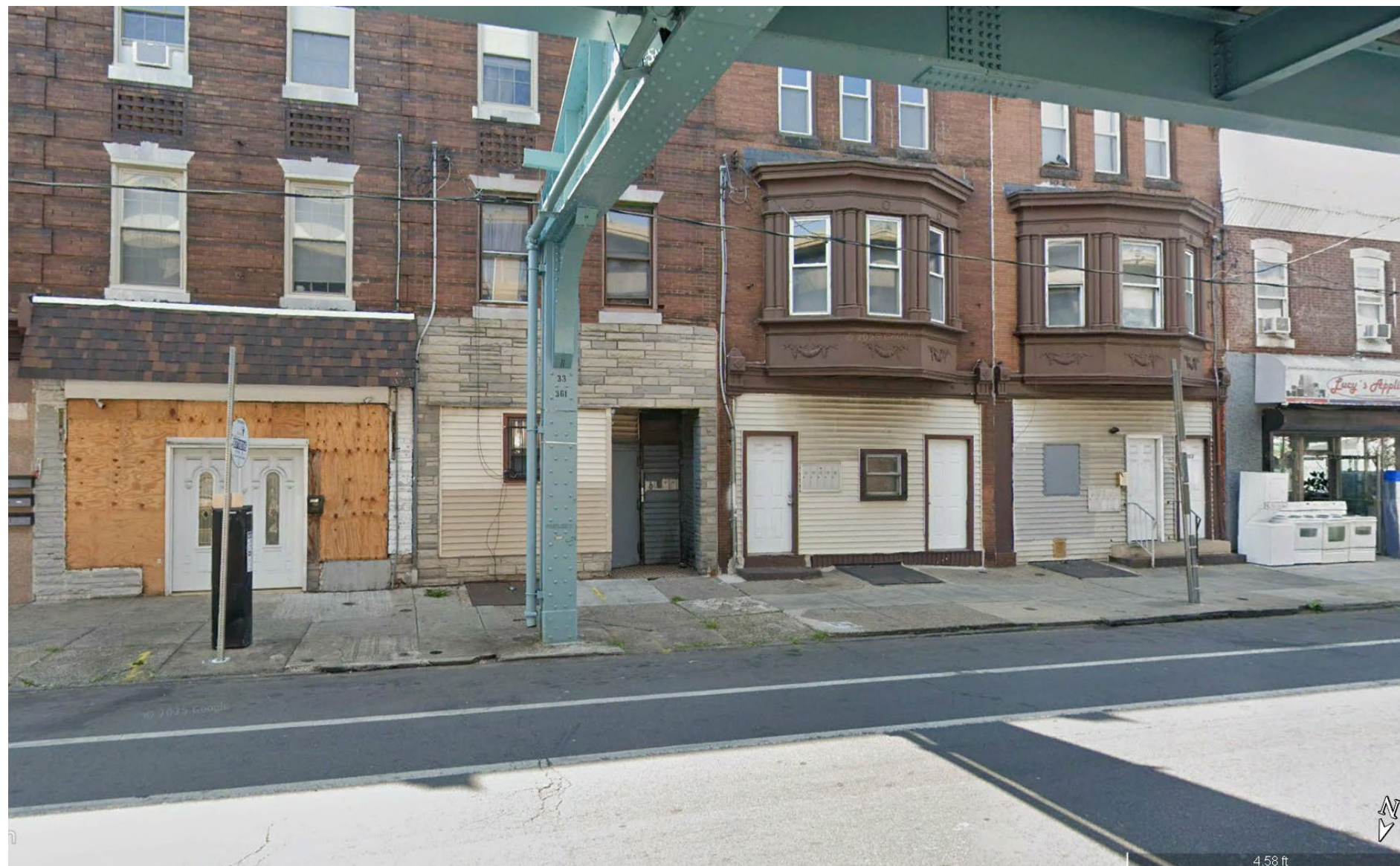
Do enough people want it to sustain a business?

Can it compete with others selling (more or less) the same thing?

Do the people who want it have enough money to pay what it costs to provide it?

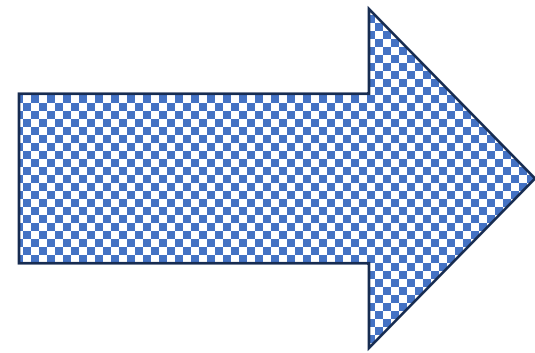


Neighborhood commercial corridors are particularly difficult



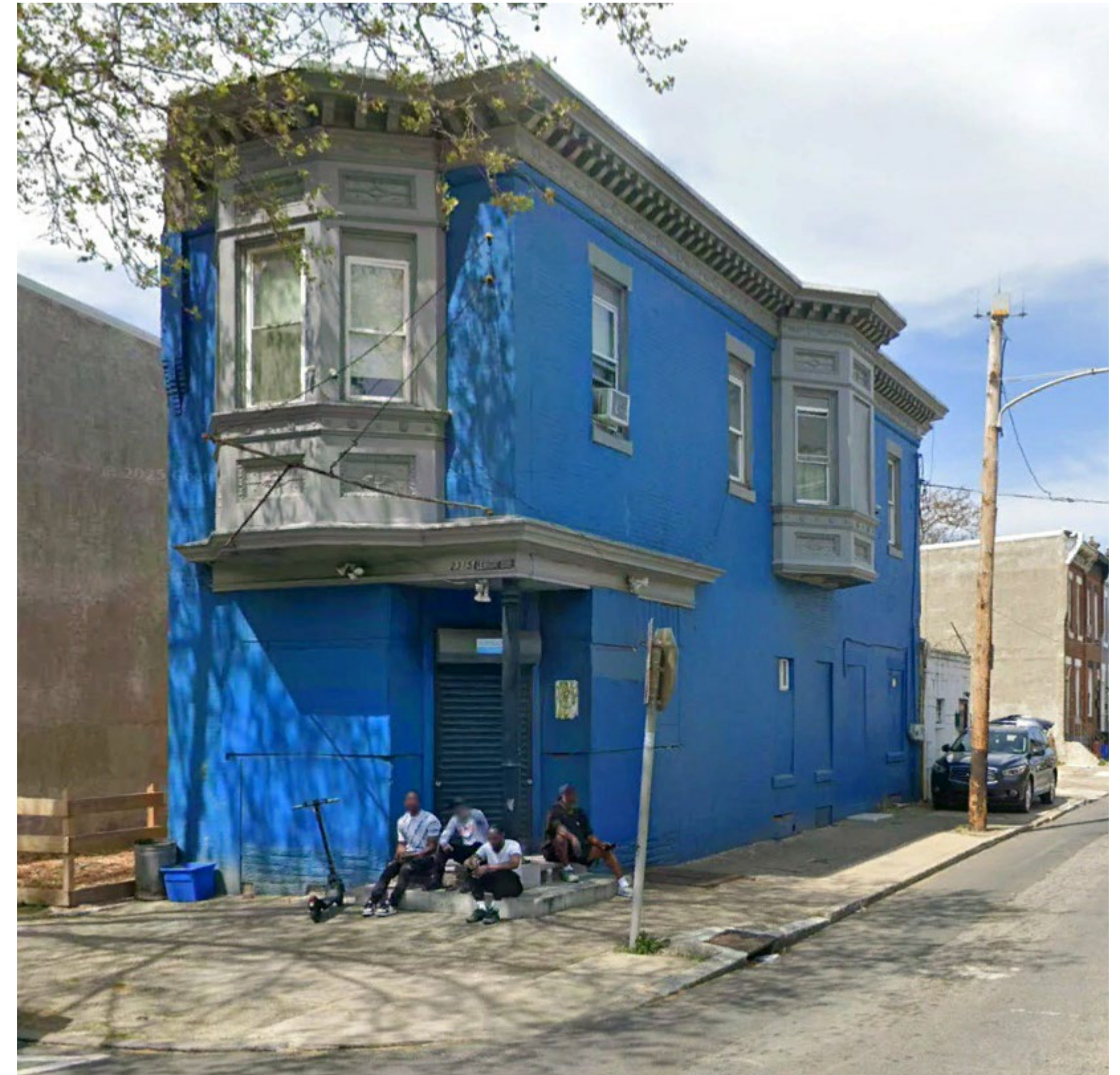
- ❑ Corridor was a product of a different (pre-automobile) era
- ❑ Corridor once supplied all the neighborhood's needs
- ❑ Corridor was often linked to an ethnic or cultural group (Polonia, Little Italy, Chinatown)
- ❑ Properties have multiple owners, small footprints, little parking and difficult supplier access
- ❑ Properties are often in poor condition, with unmotivated owners

Whatever happened to the neighborhood bakery?



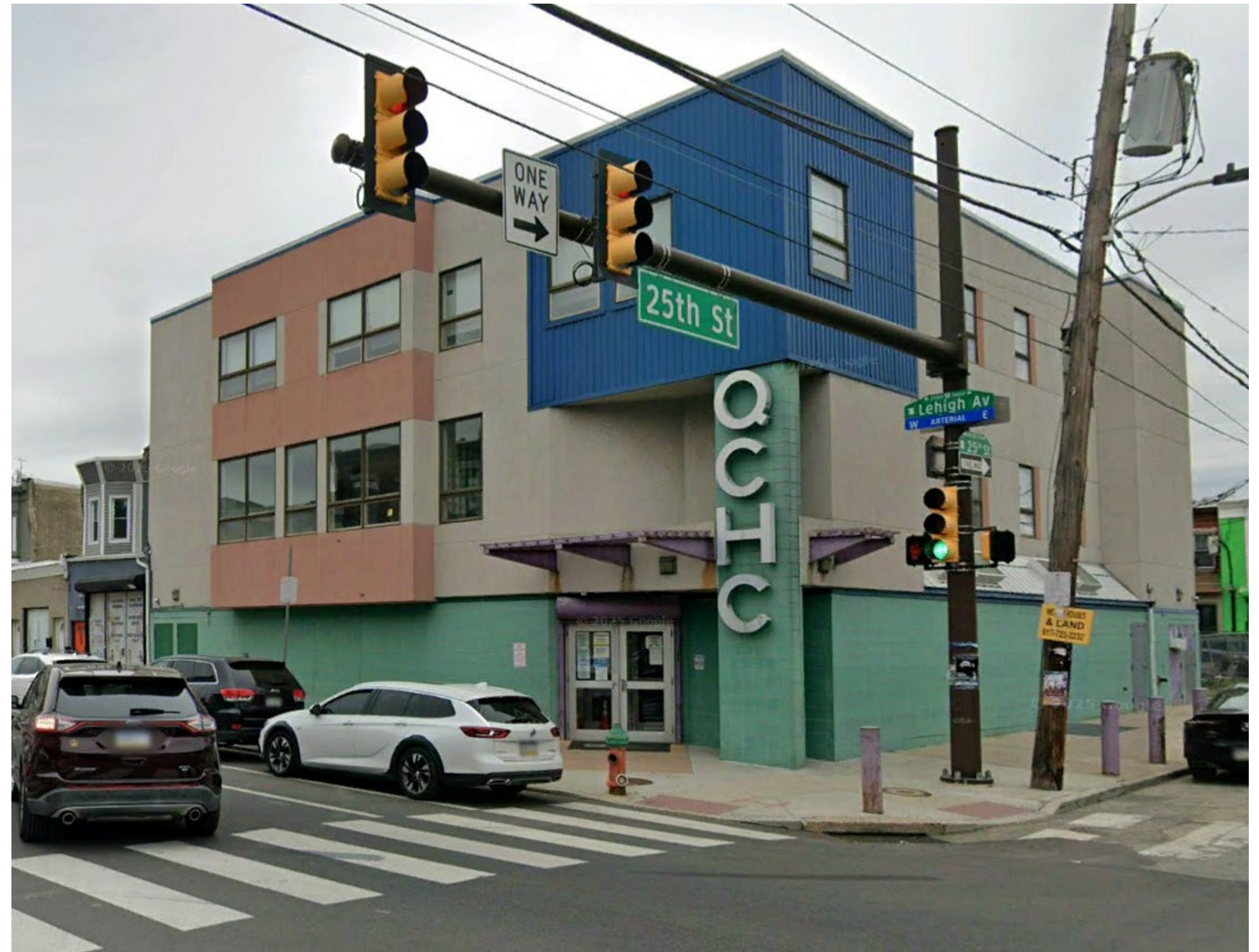
Reuse: the central question

- What does the space want to be?
 - What uses meet the three basic market criteria?
 - What is the space suitable for?
 - Can the use support itself (possibly with realistic up-front subsidy)?



Reuse options

- Business use (market, drugstore, restaurant, accountant, etc.)
- Community serving (health care center, CDC, youth center)
- Residential
- Light industrial/maker space
- Other?



Other issues

ESSENTIAL

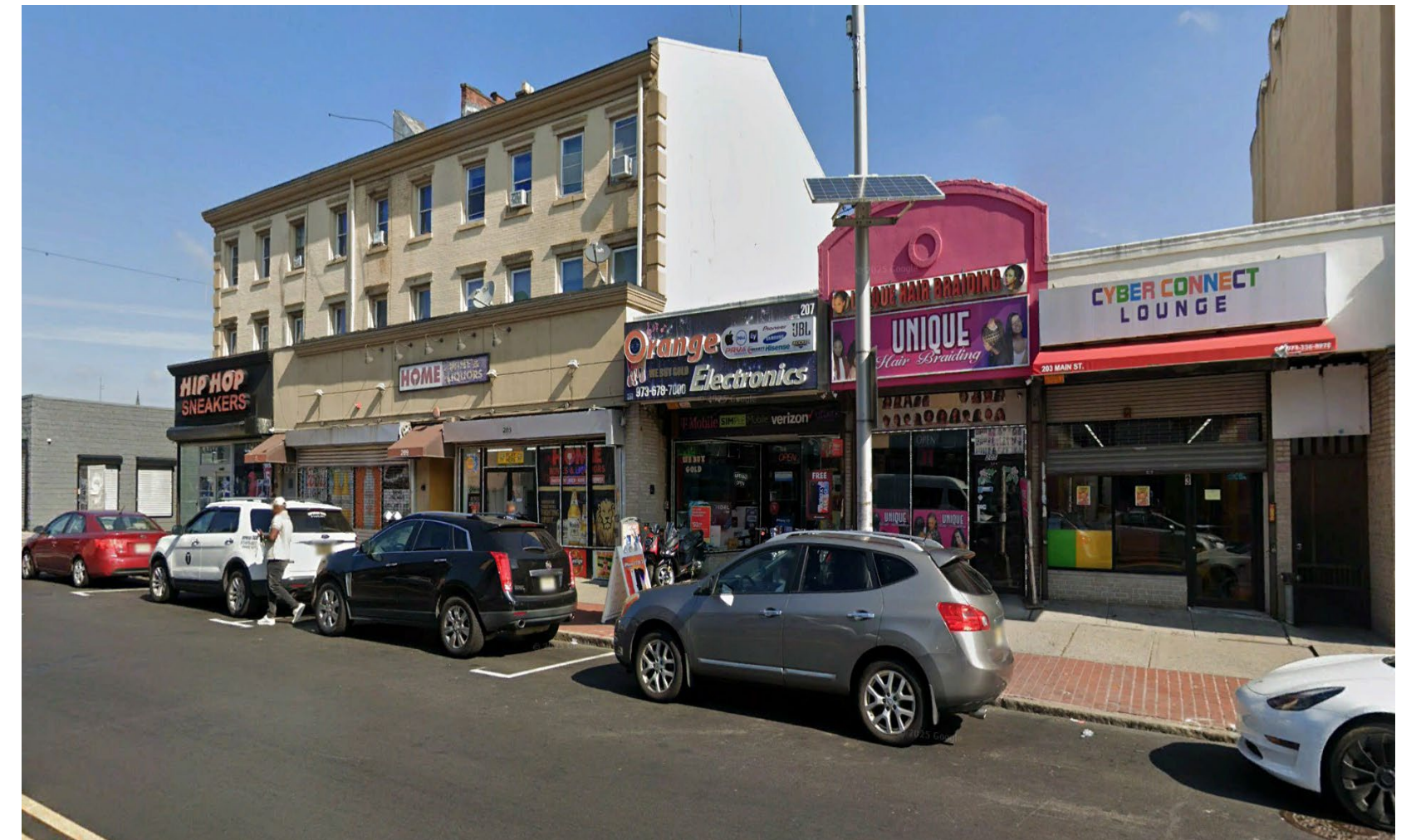
- Critical mass/retail density
- Safety – real and perceived

DESIRABLE BUT NOT ESSENTIAL

- Appearance – comfort
- Anchor establishment

POSSIBLE BUT UNPREDICTABLE

- Open space, art and amenities
- Transit



Struggling suburban shopping centers



A completely different challenge



Be realistic

- 20% of new small businesses fail in the first year
- 40% fail within 3 years
- 50% fail within 5 years
- 70% fail within 10 years





Thank you.

Alan Mallach

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Upcoming Webinars

Four-Part Series: Understanding the Big Picture with Alan Mallach

Co-Sponsored with Center for Community Progress!

All webinars 12-1:30 Eastern

August 4

4. The Housing Affordability Crisis: Who Is Affected and Why It's Happening

In Development

Middle Neighborhoods for Planners (for CEU credit)

Mapping the Trends of Middle Neighborhoods in Your Community



Professional Development Opportunities at NeighborWorks Training Institute

August NTI: NeighborWorks Training Institute (NTI) in Miami

- High Impact Strategies for Comprehensive Community Development in Places (Course NR115) – 1 of 3 required courses for a Micro Credential
- Building Legacies: Property Inheritance and Estate Planning Strategies for Housing Professionals (Course HO233)



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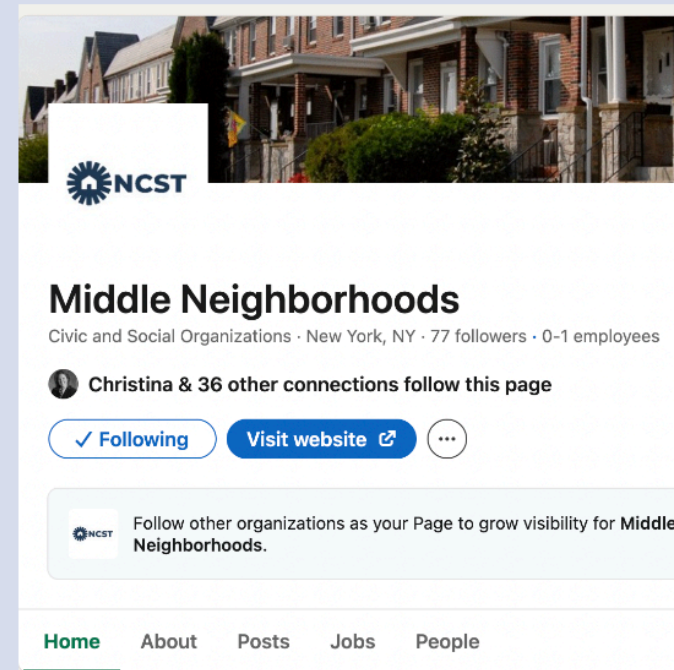
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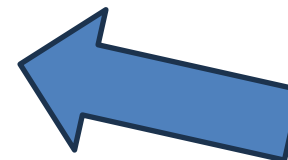


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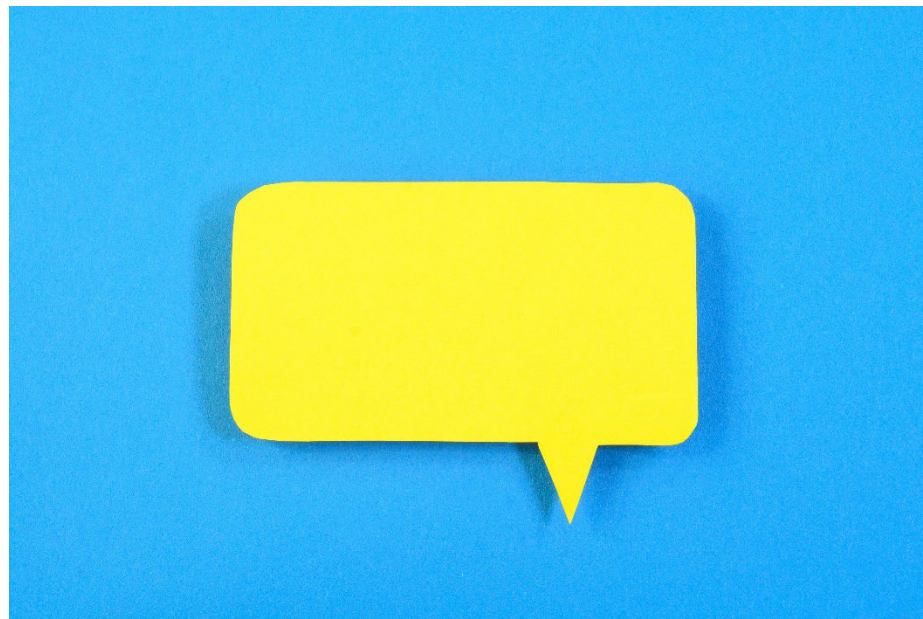
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- **Tell us** about your experience today!



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Community of Practice
(CoP)**

The Middle Neighborhoods CoP is an informal, facilitated network of practitioners, researchers and policymakers engaged in revitalizing middle neighborhoods. CoP members share learnings through topical webinars, referrals, site visits, phone calls, and occasional larger group events.

Please join us!

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