

# Economic Benefits of Heritage Conservation

*"...heritage conservation makes good economic sense"*

- **Investment Opportunities**
- **Job Creation**
- **Business Growth**
- **Regional Development**
- **Higher Property Values**
- **Enhanced Tourism**

## Heritage

### **Heritage vs. Economic Development**

Preserving our heritage does not mean giving up progress and economic development. Heritage conservation is not only compatible with economic development; it can be an effective economic-development tool.

### **Heritage Resources Are Economic Resources**

While the social and cultural benefits of heritage conservation are well known, many communities have discovered that their heritage resources are also valuable economic assets.

### **Heritage Investment Pays Dividends**

Investing in the preservation, rehabilitation and ongoing use of heritage buildings and other historic places has economic benefits for both individuals and communities.

Heritage conservation can lead to higher property values and increased tax revenues, more jobs, revitalized neighbourhoods and economic growth.



*Government of Saskatchewan, Korvemaker, 2001*

*This downtown landmark rents retail space on the ground floor and apartments on the second storey (Cornerstone Place, Melville).*

## Conservation

### **Heritage Investment is a Good Investment**

The rehabilitation and adaptive reuse of a heritage building not only preserves cultural values, it can be a profitable investment.

Reusing portions of the existing building, lower site preparation expenses and access to existing service hookups all help to reduce construction costs for rehabilitation projects.

On average, the cost of a large commercial rehabilitation will be about four per cent lower than comparable new construction on a clear site. If the new building requires demolition of an existing structure, the savings are greater. (Rypkema 2003)

Even where rehabilitation costs more than new construction, it can still produce a higher rate of return. Central locations, interesting architecture and high-quality materials will often lead to higher rents and occupancy rates for heritage buildings. (English Heritage 2002; Shipley et al 2006)

*In some jurisdictions, tax incentives make investments in rehabilitation even more attractive.*



*City of Saskatoon, Kathryn Szalasznyj, 2005*  
*A former warehouse is now a premium residential property (Fairbanks Condominiums, Saskatoon).*

### **Heritage Conservation Means Jobs**

Heritage conservation supports the development of a skilled, well-paid workforce in the building trades and traditional crafts. It also creates demand for professional services in areas such as architecture and engineering.



*Courtesy of the Saskatchewan Heritage Foundation*  
*Heritage conservation provides good jobs for local workers.*

Compared to new construction, the labour component of a building rehabilitation is a larger proportion of total project cost. Because it is more labour-intensive, rehabilitation creates more jobs per dollar invested than new construction.

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**Heritage Conservation Means Business**

Bringing vacant and underused buildings back to productive life creates business opportunities and adds to the local tax base. Because they offer diverse space and a wide range of rents, historic buildings are especially well-suited to new businesses and small retailers.

In Victoria, British Columbia, a municipal tax incentive program attracted \$62 million of private investment for the rehabilitation of 16 downtown heritage buildings.

Desirable commercial space and 293 residential units were created, adding to the vibrancy of downtown. (Barber 2007)

**New Life for Main Street**

Rehabilitating heritage buildings is an effective strategy for revitalizing older commercial districts.

In Canada and the United States, “Main Street” projects that link heritage conservation and economic development have created thousands of new jobs and businesses and stimulated millions of dollars of investment in historic downtowns. (National Trust for Historic Preservation; Heritage Canada Foundation 2009)

**Heritage and Regional Development**

Heritage conservation is an effective catalyst for stimulating local and regional economies. Studies show that rehabilitating heritage buildings has a greater economic impact than new construction.

Economic Impact per Million Dollars  
Invested Rehabilitation vs. New Construction

	Residential		Non-residential	
	Rehab	New	Rehab	New
Jobs	18.4	16.4	19.3	16.7
Pers. Income	\$623,000	\$578,000	\$685,000	\$600,000
State Taxes	\$623,000	\$578,000	\$685,000	\$600,000
GDP	\$623,000	\$578,000	\$685,000	\$600,000

(Listokin and Lahr 1997)

**Heritage Enhances Competitiveness**

Heritage buildings and historic streetscapes convey an appealing sense of place and help shape a community’s unique identity.

In a globalized world, quality of place is a drawing card and difference is an asset. Communities that integrate new development without sacrificing their distinctive historic character will have an advantage in attracting the talented workers and innovative businesses that spell success in today’s economy.

**Heritage Designation and Property Values**

Extensive research shows that heritage designation often has a positive effect on property values.

For example, studies involving several thousand residential properties in 15 American cities found that the value of designated properties was 5 to 20 per cent higher than comparable non-designated properties. (Leichenko et al 2001; Ijla 2008)

One study also observed a “halo effect,” where just proximity to a heritage district raised the value of non-designated properties. (Ijla 2008)

A Canadian study compared the sale-price trends of designated and non-designated properties in 14 Ontario communities. It found that 59 per cent of the designated properties appreciated faster than the market average, while 15 per cent appreciated at the average rate. The designated properties also held their value better in market downturns. (Shiple 2000)



Government of Saskatchewan, Dawson, 2004

Heritage designation protects property values in Regina’s Victoria Park Heritage Conservation District by ensuring that appropriate development occurs in the district.

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**Heritage Tourism is a Growth Industry**

Over one million Canadians visited a historic site from 1998 to 2000. (Canadian Tourism Commission 2003)

In Saskatchewan, 64 per cent of respondents to a recent survey said they had visited a historic building or site in the previous year. (Sigma Analytics 2006)

In addition to travelling in large numbers, heritage tourists also stay at their destinations longer and spend more than other travellers. (Listokin and Lahr 1997; Rypkema 1995)

Historic places provide the authentic experience that heritage tourists seek. Unlike tourist attractions that must be built new, historic places are unique tourism assets that already exist in most communities.

As an added benefit, the promotion of historic places as tourist attractions helps local residents develop a greater understanding and appreciation of their own culture and heritage.



Government of Saskatchewan, Thorsen, 2005

Bed and Breakfasts in heritage properties are a popular choice for tourists (Fieldstone Inn, RM of Lumsden).

## Conserving the Past, Growing the Future

Conserving historic places creates economic opportunities and contributes to Saskatchewan's prosperity.

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