



## 2024 Downtown Frederick Business Performance Survey

### Executive Summary

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The annual Business Performance Survey, completed in January 2025, provides a valuable opportunity to assess the health of Downtown Frederick's business community and the effectiveness of the Downtown Frederick Partnership. This 2024 survey marks the thirteenth annual review of Downtown Frederick's business performance.

The survey gathered broad participation across various sectors of the downtown economy. As in previous years, it includes sections on retail characteristics, business financial health, the business operating environment, Partnership performance, satisfaction with services, and projections for the future.

Key findings from 2024 highlight areas of strength and concern:

- **Revenue Performance:** 47% of businesses reported their profits as "much better" or "slightly better" in 2024, an improvement from 42% in 2023.
- **Economic Outlook:** 24% of businesses felt that the overall economic climate in 2025 would be "good" or "very good," a decrease from 40% in 2023.
- **Rental Costs:** 45% of businesses believed their rental costs were "fairly priced" compared to 26% in 2023.
- **Most Beneficial Partnership Services:** Respondents ranked "Communication of City/Community News" (90%), "Marketing of Downtown Frederick Overall" (80%), and "Improving the Streetscape/Environment" (65%) as the most beneficial services.
- **Partnership's Performance:** 55% of businesses rated the Partnership's performance as 9 or higher on a 10-point scale in 2024, compared to 52% in 2023, noting a growth in positive ratings year over year.

Downtown Frederick Partnership plans to continue offering this survey in future years. The survey results and insights inform the action planning process for the Partnership each year by helping identify new projects as needed and adjust existing work program activities on identified opportunities and needs.

# 2024 Downtown Frederick Business Performance Survey

## **Survey Background**

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In January 2025, the Partnership's Business Development Committee launched the thirteenth annual Business Performance Survey to learn more about doing business in Downtown Frederick and the effectiveness of the Partnership. The survey was distributed via email to approximately 250 retail, restaurant, craft beverage and personal service businesses and was available throughout the month of January. A total of 93 businesses responded, representing almost 35% of the businesses, including retail, restaurant, craft beverage and personal service community. Each question received responses from at least 50% of survey participants. The Partnership thanks them for their participation.

The summary below highlights insights from businesses about their experience in 2024, with some statistics compared to previous years. The information serves as one method of gathering input from businesses. As always, the Partnership invites feedback throughout the year.

## **Characteristics of Responding Establishments**

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Downtown Frederick Partnership's goal is to receive a survey response from all segments of the Downtown Frederick retail community. In broad categories, the Partnership looks for participation from the following retail sectors: clothing and accessories, furniture and home furnishings, specialty shops, specialty services and restaurants/breweries/distilleries. For the 2024 survey, the majority of responses (77%) were provided by the business owners.

In 2024, restaurants/breweries/distilleries made up 22% of the survey respondents and 28% of the 250 retail, restaurant and personal service businesses in Downtown Frederick. Specialty shops represent 25% of the survey respondents and 25% of the Downtown Frederick retail business community.

The Partnership aims to ensure survey responses represent businesses across various locations within Downtown Frederick. North Market Street accounted for 35% of total responses, followed by East Patrick Street at 15%, South Market Street at 11%, and East Street, Everedy Square and Shab Row collectively making up 11%.

## **Business Tenure**

This year, nearly the same percentage of businesses with 10 or more years in operation (44%) responded to the survey as in the previous year. Businesses with 2 to 5 years (27%) and 6 to 9 years (20%) reported similar response rates to 2023. However, fewer businesses with less than 2 years in operation participated in the survey compared to last year.

## **Business Staffing**

- 61% of businesses in 2024 employ two or fewer full-time employees, which is slightly higher than the 55% reported in 2023. Similarly,

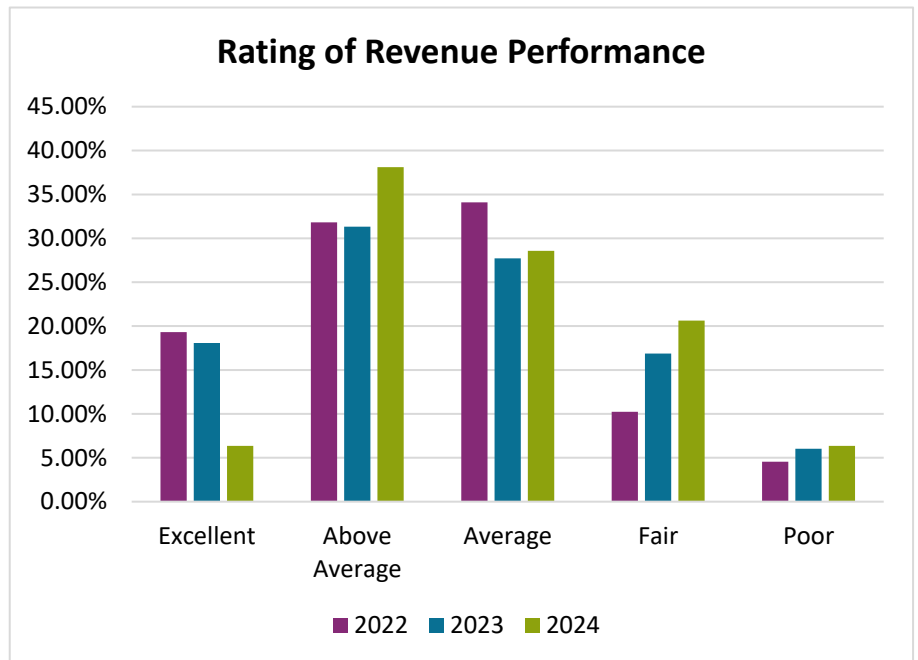
businesses with 3 to 5 full-time employees account for 21% in 2024, lower than the 27% reported in 2023.

- Among the businesses reporting that they employ part-time workers, the majority (49%) reported employing fewer than 3, while 20% reported employing 3 to 5 and 17% reported employing 6 to 10.
- More businesses in 2024 anticipated hiring new staff (excluding filling existing positions) compared to 2023. 39% planned to hire new staff in 2024, compared to 32% in 2023.
  - Among the businesses anticipating new hires in 2024, most (71%) expected to add only one or two jobs, consistent with the percentage in 2023.

### Assessment of Business Financial Health

The Partnership’s Business Development Committee launched the Business Performance Survey to compare the success of the downtown retail community over time. Given the smaller scale of the downtown area, revenue performance data for the Downtown Frederick retail community alone is not available from public sources.

- In 2024, 45% of businesses reported their revenue (total income) performance as “excellent” or “above average”, an increase from 38% in 2023.
- 27% of businesses in 2024 rated (total income) performance as “fair” or “poor,” an increase from 17% in 2023.
- 54% of businesses reported their total income as “much better” or “slightly better” as compared to the previous year, up from 41% in 2023.
- 64% of respondents in 2024 had annual gross sales exceeding \$250,001 compared to 46% in 2023 and 57% in 2022. Among businesses on North Market Street (including cross streets like Church Street and Market Space), 18% reported gross sales between \$250,001 and \$500,000, while 42% of businesses in this revenue range were from other Downtown Frederick areas.



- When comparing 2024 profits (income after expenses) to 2023, 46% of businesses reported “slightly” to “much better” profits, 18% reported no change and 28% reported “slightly” to “much worse” profits, compared to 24% in 2023. Additionally, 8% of respondents were new businesses without prior-year history.
- 56% of respondents rated the overall economic climate for businesses like theirs in the coming year as “very good” or “good,” up from 52% in the previous year’s survey. Only 5% of businesses on North Market Street (including cross streets like Church Street and Market Space) described their 2024 economic outlook for Downtown Frederick as “very good,” compared to 24% in other areas of Downtown Frederick.

*“We have noticed a steady decline in sales over the last 3 years due to customers’ lack of discretionary income. We consistently hear feedback from customers that they love our items, but don’t have the money to spend. This combined with less foot traffic (particularly during the week), and increased costs means that we have begun to see reduced cash flow and no sales growth year over year. I think with the current economic situation that this trend will unfortunately continue for at least another year.”*

### **Online Sales**

As a result of the pandemic, many downtown businesses either began or improved their online sales capabilities. Earlier surveys revealed that the majority of businesses (72%) planned to keep this focus moving forward. As a result, a new question was added in 2021 and has been included in the survey each year since, including in 2024.

- The number of businesses reporting that 1-15% of their total sales come from an online source saw a significant decrease at 40% in 2024, compared to 85% in 2023 and 57% in 2022.
- 14% reported that more than 15% of their total sales come from an online source compared to 12% in 2023.
- Additionally, 46% of respondents in 2024 (29 out of 63) do not offer online sales at all.

## **Assessment of the Business Operating Environment**

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### **Rental Rates and Other Costs**

The Partnership’s Business Development Committee monitors costs to understand whether businesses are under stress due to existing rental or operational costs as well as learn about potential changes in the marketplace.

- In 2024, 72% of respondents (compared to 68% in 2023, 71% in 2022, 66% in 2021 and 75% in 2020) felt that their rental costs were “fairly priced”.
- A similar percentage of respondents in 2024 and 2023 (29%, the same as 2022 and 2021) felt that their rental costs were “overpriced” or “very expensive”.

- Similar to last year, 25% of respondents reported that rental costs were stable, compared to 28% in 2022, marking a significant decrease from 41% in 2021. Meanwhile, 46% reported a “slight increase” in rental costs in the last year, compared to 40% in both 2023 and 2022. Additionally, 12% reported a “significant increase” in rent, compared to 13% in 2023 and 20% in 2022.
- Survey results indicate that 29% of businesses have 5 or more years remaining on their current lease, while 37% have 1 to 2 years left. Additionally, 18% reported 3 to 4 years remaining and 16% have less than 1 year left on their lease. 16% of survey respondents own their own building.
- Rental costs did not seem to have a strong impact on location decisions for the coming year.
  - The majority of respondents (69%) reported that they were likely to remain in the same location and an additional 21% indicated they would remain at the same location and consider other business changes.
  - The majority of businesses who lease (86%) anticipate an increase in rental costs, either slight or significant, at the end of their current lease term.
- When asked about the most significant areas of cost increase in the past year (holding rental rates aside), respondents ranked the options as follows:
  - Inventory Costs – 73% (60% in 2023 and 82% in 2022)
  - Wages – 54% (60% in 2023 and 68% in 2022)
  - Business/Property Insurance – 49% (41% in 2023 and 13% in 2022)
  - Energy Costs – 48% (46% in 2023 and 50% in 2022)
  - Health Insurance – 36% (27% in 2023 and 21% in 2022)
  - Financing/Loan Costs – 24% (30% in 2023)
  - Wages saw the largest year-over-year decrease in level of concern.
  - Property insurance and health insurance experienced the highest year-over-year increases in level of concern
- The non-rental expense area that respondents identified as having the greatest impact on net revenue was inventory costs (48%), followed by wages (29%).

## Assessing 2024 Performance and Identifying Future Needs

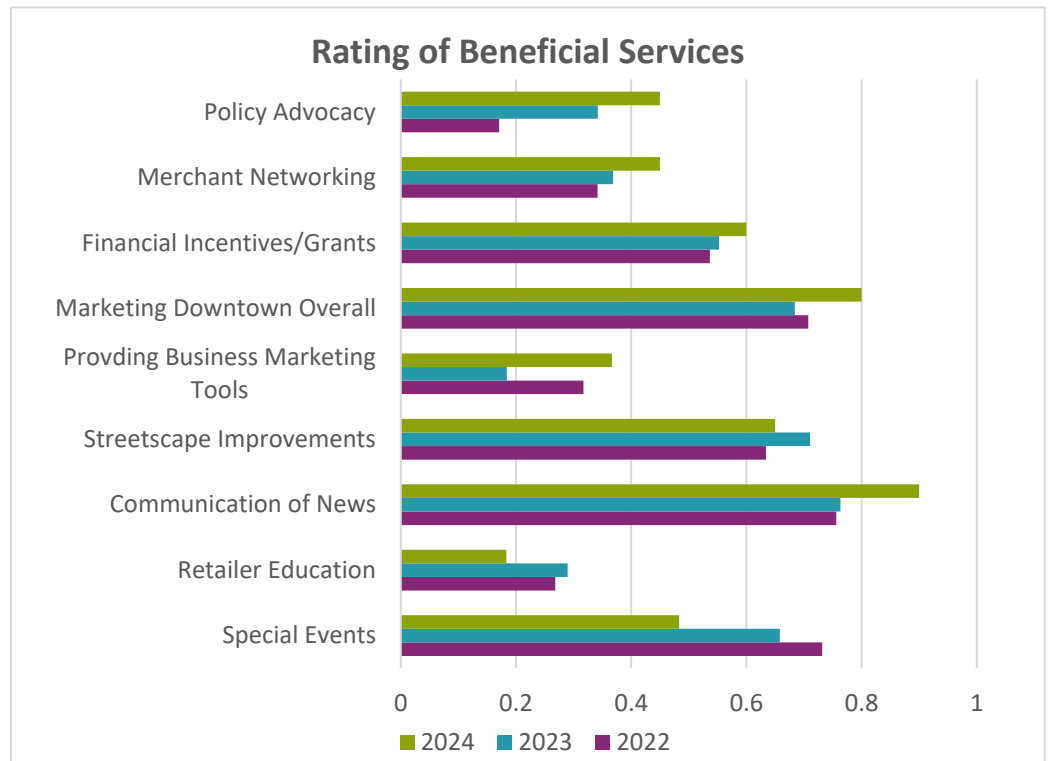
### Downtown Frederick Partnership’s Performance

The Partnership seeks retailer feedback to determine the effectiveness of the organization’s action plan and services to local businesses. Below is a summary of the respondent assessments.

- Despite the hard work of running a small business, many businesses were able to maintain strong engagement with the Partnership. Most businesses responding to the survey said they were either active (42% in 2024, up from 37% in 2023) or very active (17%), with another 42% reported regularly reading email communications.

- In 2024, 55% of businesses rated the Partnership’s performance as a 9 or higher on a 10-point scale, while 52% of businesses gave the same rating in 2023

- Businesses were asked to rate nine different services provided by the Partnership and had the option to describe how a service helped their business.<sup>1</sup>



- Respondents rated “Communication of City/Community News” (90% in 2024, up from 76% in 2023), “Marketing of Downtown Frederick Overall” (80% in 2024, up from 68% in 2023) and “Improving the Streetscape/ Environment” (65% in 2024, down as compared to 71% in 2023) as the most beneficial services offered by the Partnership.

- Businesses also provided feedback on potential areas of improvement for the same nine service areas. The areas that received the most recommendations

<sup>1</sup> Listed options were: Special Events, Retailer Education, Communication of City/Community News, Improving the Streetscape/Environment, Providing Tools to Help You Market Your Business, Marketing Downtown Frederick Overall, Financial Incentives/Grants available through the Partnership, Merchant Networking and Policy Advocacy.

for improvement were "Marketing of Downtown Frederick overall" (35%), "Financial Incentives/Grants available through the Partnership" (30%), and "Improving the Streetscape/Environment" (20%).

Sample response for ideas for how the Partnership could improve included:

*"Ways appt only/service type businesses can be included."*

*"Proving tools to businesses on how to attract customers and increase foot traffic."  
(requested for many different parts of downtown)*

*"Advocating for more public bathrooms, and safer crosswalks."*

*"More grant options that are more general and not tied to building improvements."*

Respondents listed the specific ways in which the Partnership helped them in the past year. Below is a selection of quotes from the survey:

*"The Ambassadors are awesome. Can't say enough good things about this program."*

*"The marketing of Downtown Frederick as a whole has been excellent. We are continually doing better than our industry average and a good part of that is due to being in Downtown Frederick and the efforts to market downtown as a destination."*

*"Starting our business was easier because of the Partnership!"*

*"Great support as far as keeping me in the loop with upcoming events, communication with grants, programs, answering my questions and help with networking with other owners."*

Sixty-eight percent of respondents would recommend Downtown Frederick to other retailers with either a 9 or 10 on a 10-point scale in 2024, compared to 76% in 2023.

### **Satisfaction with Downtown Frederick**

Respondents were asked to rate their satisfaction (on a five-point scale) with services, retail mix and amenities in Downtown Frederick. Ten areas were listed for rating with a new item introduced in 2024 related to the number of vendor markets held in Carroll Creek Park.<sup>2</sup>

The items that received the highest overall ratings were:

- Ambassador Program Services: 86% reported being "somewhat or very satisfied."

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<sup>2</sup> Listed response options included: Ambassador Program Services, Current Number of Retail Stores, Current Number of Restaurants, Cost of Retail Space, Public Safety, Number of Events/Festivals in Downtown Frederick, Number of Vendor Markets on Carroll Creek Park, Overnight Stay Opportunities in Downtown Frederick, Number of Residence within Walking Distance, Number of Offices within Walking Distance.

- Current Number of Restaurants: 75% reported satisfaction
- Current Number of Retail Stores: 71% reported satisfaction
- Number of Vendor Markets on Carroll Creek Park: 44% respondents reported they were “somewhat dissatisfied” or “dissatisfied”

### **Event Participation**

- 89% of businesses reported they hosted or promoted a First Saturday event through their business’s social media and/or other marketing efforts and 32% reported seeing an overall change in foot traffic and sales revenue on First Saturdays in 2024.
- Over 50% of businesses participated in the new events—Fall Fest, Frederick @ Night, Love Local, and Uptown Salsa— offered for the first time in 2024, and 32% reported a significant increase or increase in business as a result.

Some observations about events included:

*“I really loved Frederick @ Night and the Night Markets, and they were the most reliably profitable for us!”*

*“Not an increase yet - but we know things take a while to gain traction”*

### **Impact of Vendor Markets on Carroll Creek Park**

New for the 2024 survey, businesses were asked to rate the impact of vendor markets on Carroll Creek Park on their sales and foot traffic during market days.

- 25% of businesses reported that vendor markets had no impact on their business.
- 44% stated that vendor markets had a somewhat negative or very negative impact on their business.

For businesses that reported a negative impact, the specific challenges cited included:

- 73% of respondents reported that vendor markets led to lower foot traffic during market events.
- 57% stated that parking difficulties (e.g., spaces occupied by vendors or event attendees) deterred regular customers.
- 52% indicated that vendor markets resulted in lower sales compared to a typical day without an event.
- 35% reported that they faced competition from vendors offering similar products or services at lower prices.

Some feedback included:



*"The vendor markets on Carroll Creek are awful for the downtown merchants and do not support local retailers or authentic local artisans. For the most part they contain cheaply made products and distract from a quality shopping experience."*

*"Vendor markets end up supporting the renters not from Frederick! Many of the smaller vendors paying to vend - are not certified with proper tax or health dept approvals. The creek is park and should be for cultural activities not a bunch of junkie vendors."*

## **Parking**

Respondents were asked to rate their satisfaction with various parking features in Downtown Frederick. Eight parking features were listed for rating.<sup>3</sup>

- The parking feature that received the highest overall rating was "Free Holiday Parking" with 88% of respondents reporting that they were somewhat or very satisfied. Free Holiday Parking consistently receives the highest ranking. The second highest rated parking feature was "Parkmobile" with 56% reporting satisfaction, followed by "Cost of Hourly City Garage Parking" with 48% reporting satisfaction.

Specific parking-related feedback included:

*"Downtown employees should get a discount on parking."*

*"...Free parking during the week, maybe a Wednesday or Thursday to promote weekday shopping."*

## **Looking Ahead**

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Downtown Frederick businesses identified their biggest challenges for 2025:

- **Increasing Costs:** 59% cited rising expenses as their top concern
- **Customer Traffic:** 59% worried about attracting more foot traffic
- **Employee Retention:** 21% identified staffing as a major challenge

The 2024 survey highlighted both encouraging progress and areas for growth for the Downtown Frederick business community. Many businesses reported improved revenue performance, with a higher percentage noting better profits compared to the previous year. While challenges such as rising costs and attracting more foot traffic remain, businesses showed resilience and adaptability. The survey also revealed that engagement with the Partnership is increasing, with many businesses appreciating the support provided in areas like communication, marketing and streetscape improvements. While many businesses are optimistic

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<sup>3</sup> Listed parking issues included: Cost of On-Street Parking, Cost of Hourly City Garage Parking, Cost of Monthly Passes in the City Garages, Parkmobile, Number of Garage Parking Spaces, Park N Shop Program, Parking Costs During Events, Free Holiday Parking.

about the future, the survey also surfaces concerns around rising operational costs, the impact of vendor markets and attracting more foot traffic. Overall, the survey shows a business community that is adapting to challenges while looking for opportunities to strengthen and grow with continued support.

The Partnership will use these insights from this report as well as other sources to make changes to the plans and programs the organization will implement in FY26 (July 1, 2025 to June 30, 2026). The feedback is incredibly helpful to ensure the work of the Partnership has the greatest possible positive impact in Downtown Frederick.