

***THE
AMERICAN EXPRESS OPEN
INDEPENDENT RETAIL INDEX***

***NEW YORK CITY
SUPPLEMENT***

OCTOBER 2011

INTRODUCTION

Civic Economics is pleased to present this community supplement to the American Express OPEN Independent Retail Index, a study of market trends in independent retailing and food and beverage service in 15 major American cities. This document is a supplement to the main study report.

The Index is the first longitudinal market share study, charting the success of independent, local proprietors over a 20-year period, from 1990 to 2009. The data source for sales and employment at retail stores, restaurants, and bars is the NETS Database, built from Dun & Bradstreet business data for every year since 1990. The Index itself is a way of scoring communities based on the vitality of the independent business community in Retail Shopping and Eating & Drinking. *The higher the index, the higher the market share captured by independents.* An index of 100 reflects the average market share in that sector in 2009.

The Index additionally provides localized analysis of those trends in fifteen major cities, studies one or more independent business hot spots in each, and reviews trends in those neighborhoods to identify the impact of those successes. We have provided a supplemental document for each of the study communities.

For more information about the Index and the methodology, please review the primary study document. All study documents are available online at SmallBusinessSaturday.com.

NEW YORK CITY AND THE OPEN INDEX

The five boroughs of New York City have a population of 8,175,133, the 2nd largest (after Los Angeles County) among the 15 study communities; its growth rate of 2.1% is healthy for a fully built region. Per capita retail spending and per capita income are each below the study average, though there is tremendous variation among the boroughs.

New York tops the OPEN Index combined rankings, with a first place finish in Retail Shopping and second (behind San Francisco) in Eating & Drinking. It has held those positions consistently through the study period.

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COMPARISON OF STUDY COMMUNITIES						
City	Study Area	Combined Ranking	Growth 2000-2010	Per Capita Income 2009	Retail per Capita 2007	Density (per Square Mile) 2010 *
NEW YORK	Five Boroughs	1	→ 2.1%	\$ 28,516	\$ 9,375	26,980.6
SAN FRANCISCO	San Francisco County	2	→ 3.7%	\$ 44,373	\$ 15,516	17,246.4
WASHINGTON	District of Columbia	3	→ 5.2%	\$ 40,846	\$ 6,555	9,800.0
BOSTON	Suffolk County	4	→ 4.7%	\$ 53,751	\$ 10,381	12,338.1
PHILADELPHIA	Philadelphia County	5	→ 0.6%	\$ 20,882	\$ 7,299	11,296.2
MIAMI	Miami-Dade County	6	↑ 10.8%	\$ 22,619	\$ 14,074	1,282.8
LOS ANGELES	Los Angeles County	7	→ 3.1%	\$ 26,983	\$ 12,336	2,417.9
SEATTLE	King County	8	↑ 11.2%	\$ 37,797	\$ 20,002	908.4
ATLANTA	Fulton County	9	↑ 12.8%	\$ 36,412	\$ 13,363	1,741.3
CHICAGO	Cook County	10	↓ -3.4%	\$ 29,021	\$ 11,571	5,493.1
DETROIT	Wayne County	11	↓ -11.7%	\$ 21,691	\$ 8,720	2,694.4
SAN DIEGO	San Diego County	12	↑ 10.0%	\$ 30,705	\$ 13,009	737.0
MINNEAPOLIS	Hennepin County	13	→ 3.2%	\$ 35,687	\$ 19,646	2,070.4
DALLAS	Dallas County	14	→ 6.7%	\$ 25,703	\$ 13,929	2,692.3
PHOENIX	Maricopa County	15	↑ 24.2%	\$ 27,185	\$ 15,153	414.8
	Study Community Average		5.5%	\$ 32,145	\$ 12,729	6,540.9
	U.S. Average		9.7%	\$ 27,041	\$ 12,990	87.3

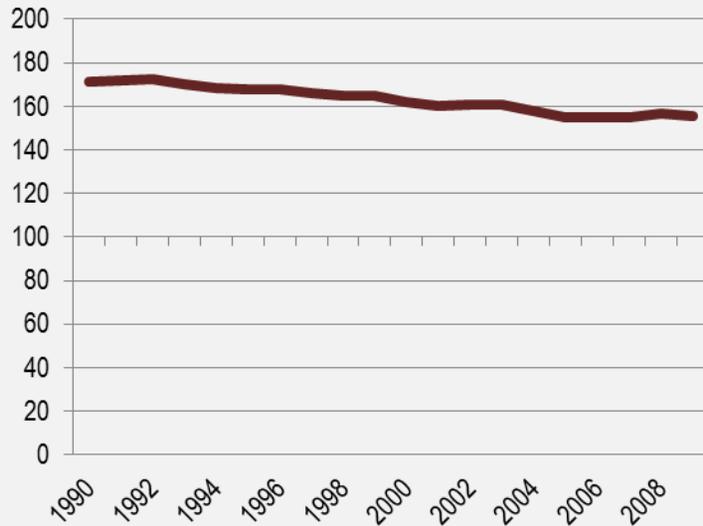
Source: US Census

OPEN INDEX

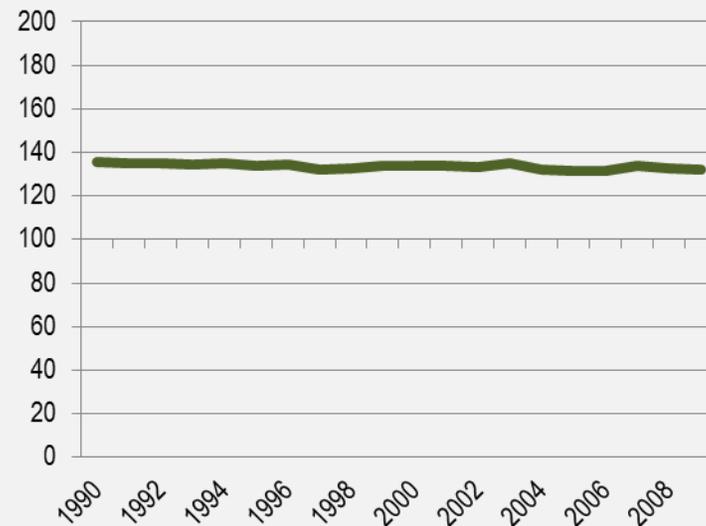
2

NEW YORK CITY (FIVE BOROUGHS)

RETAIL SHOPPING INDEX



EATING & DRINKING INDEX



1990 Index: 171 Rank: 1
2000 Index: 162 Rank: 1
2009 Index: 155 Rank: 1

1990 Index: 136 Rank: 2
2000 Index: 134 Rank: 2
2009 Index: 132 Rank: 2

Combined Ranking, 2009: #1

Source: NETS, Civic Economics, US Census

OPEN INDEX

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OPEN INDEX RANKINGS BY CATEGORY, 2009

SHOPPING RANKINGS			EATING AND DRINKING RANKINGS			COMBINED RANKINGS		
City	Points	Rank	City	Points	Rank	City	Points	Rank
New York	155	1	San Francisco	136	1	New York	287	1
Miami	125	2	New York	132	2	San Francisco	250	2
Boston	116	3	Washington	126	3	Washington	238	3
Los Angeles	115	4	Philadelphia	119	4	Boston	233	4
San Francisco	114	5	Boston	118	5	Philadelphia	224	5
Washington	112	6	Chicago	109	6	Miami	223	6
Philadelphia	105	7	Seattle	108	7	Los Angeles	213	7
Detroit	100	8	Los Angeles	98	8	Seattle	199	8
Atlanta	95	9	Miami	98	9	Atlanta	192	9
Seattle	91	10	Atlanta	97	10	Chicago	191	10
Dallas	89	11	Minneapolis	95	11	Detroit	185	11
San Diego	89	12	San Diego	95	12	San Diego	184	12
Minneapolis	88	13	Detroit	84	13	Minneapolis	184	13
Chicago	82	14	Phoenix	84	14	Dallas	171	14
Phoenix	75	15	Dallas	82	15	Phoenix	159	15

Source: NETS, Civic Economics, US Census



INDEPENDENT BUSINESS IN NEW YORK CITY

Chart 4, at right, shows the change in employment in New York City Retail Shopping and Eating & Drinking Establishments over the study period.

Collectively, New York independents provide more than 370,000 jobs in the city as of 2009.



LOCAL INDEPENDENT BUSINESS HOT SPOTS

The Index set out to quantify the health of independent businesses in major American cities over time and in comparison with one another. However, this study would be incomplete without a look within those major cities at the independent business districts that help to define the character of the community and contribute mightily to the vitality of nearby neighborhoods.

For each of the 15 study communities, Civic Economics tied the NETS database of independent retailers, restaurants, and bars to a map produced in Geographic Information System (GIS) software. From the broadest map of the county, we identified a number of hot spots of independent businesses, and zoomed in on them to find each city's most indie-driven business districts.

A note on data: Within the 60 million data points from which Civic Economics built the Index, there are undoubtedly errors and omissions. At progressively smaller geographic levels, such as the neighborhoods discussed below, those may become apparent. However, despite the occasional misplaced business on a map, we believe the data provides a unique and reliable view of the trends at the nation, county, and neighborhood level.

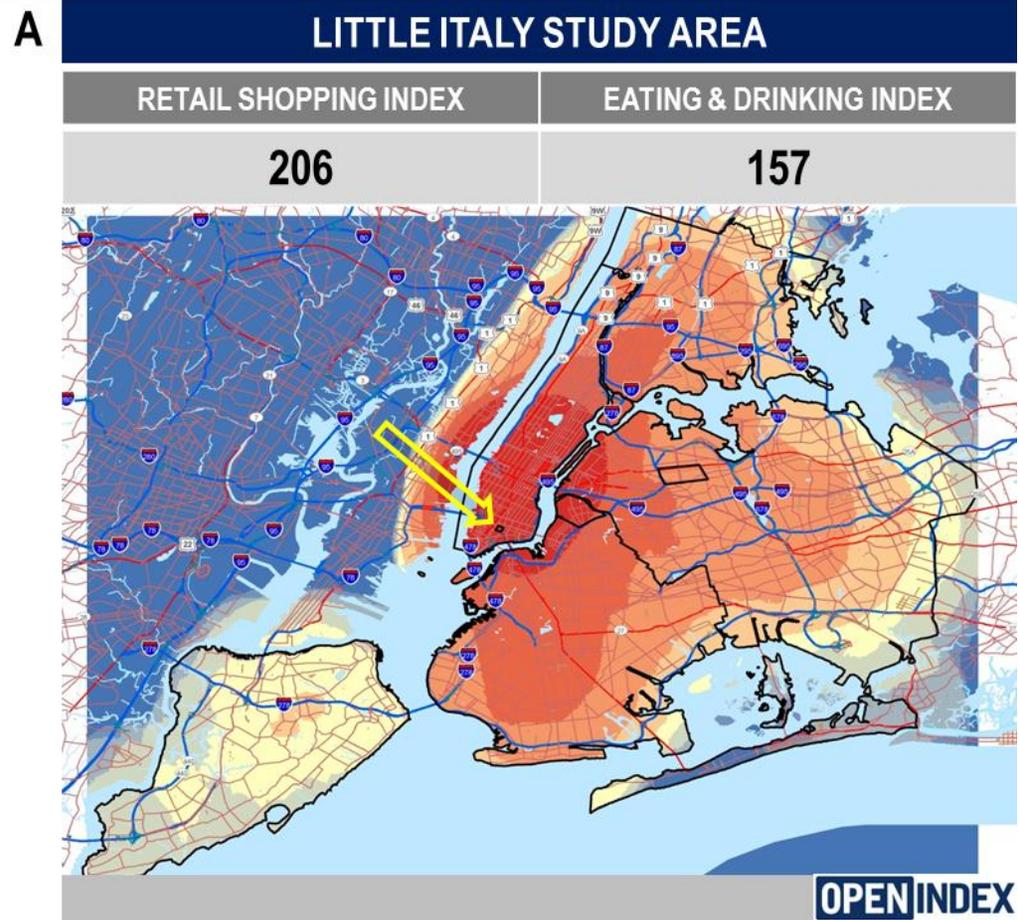
In identifying neighborhoods with strong independent business communities, New York City presented an embarrassment of riches. In every corner of every borough, streets are lined with locally owned shops with only a sprinkling of non-local businesses. Ultimately, we chose to examine Little Italy in Manhattan, Greenpoint in Brooklyn, and Jackson Heights in Queens, representing the diversity of the city and its commercial districts beyond Manhattan.

LITTLE ITALY, MANHATTAN

Little Italy (in small box on Map A, at right) is a small district in Lower Manhattan, which has served as a center of the city’s Italian culture for nearly a century. The area serves residents of nearby neighborhoods and other portions of Greater New York as well as large numbers of tourists from around the world. Today, the area includes more than Italian businesses, though, as a range of international businesses have joined the neighborhood.

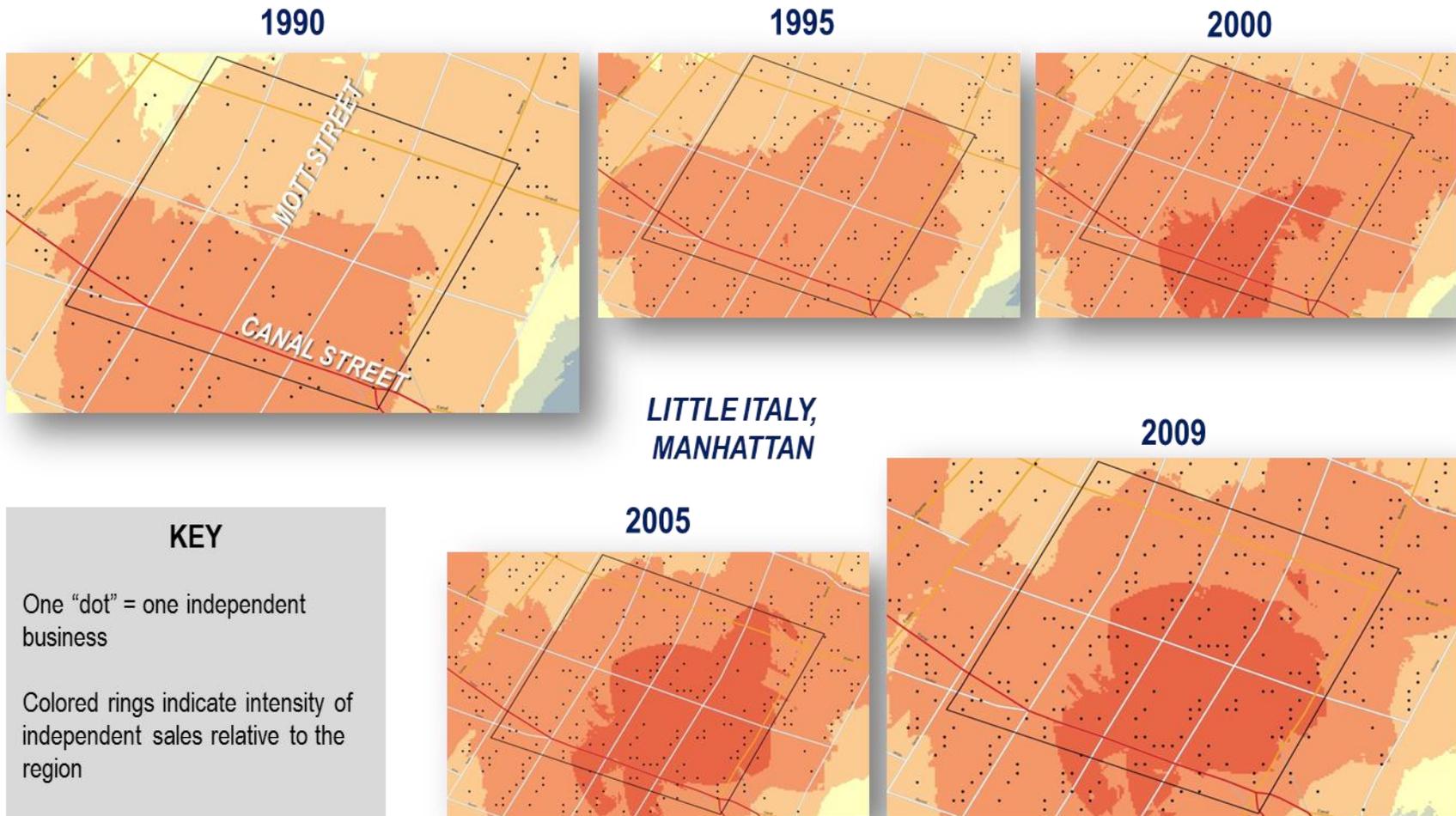
Map B on the following page depicts the evolution of the Little Italy business community since 1990. It depicts a continuous increase in the number of independent businesses in the area.

Chart 5 (on page 9) compares the retail and food & beverage markets in Little Italy. The district remains the near-exclusive domain of independent businesses. Over the course of the study period, though, Retail Shopping revenues experienced a consistent rise while Eating & Drinking made a parallel decline. This shift reflects both the changing nature of Little Italy and the emergence of other destination dining areas within Lower Manhattan.



B

EVOLUTION OF AN INDEPENDENT BUSINESS DISTRICT



Source: NETS, Civic Economics

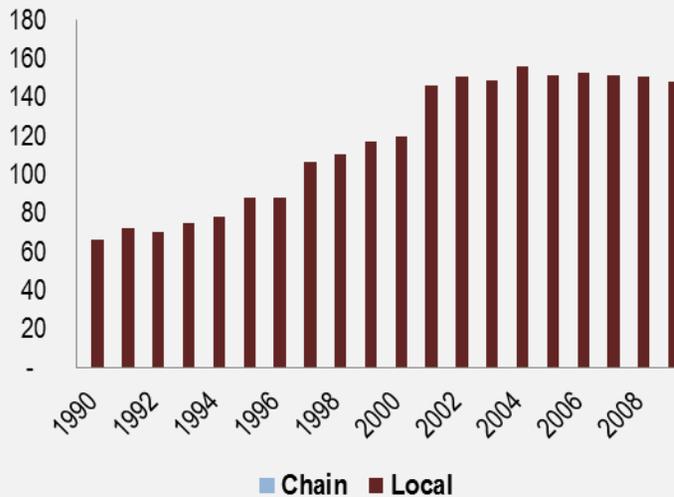
OPEN INDEX

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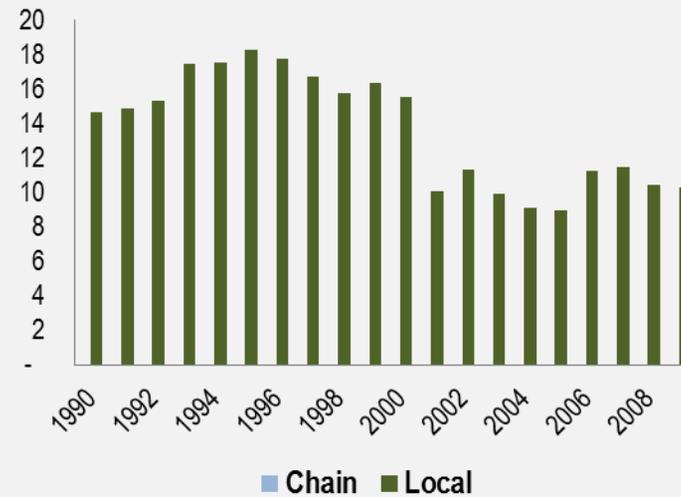
NEIGHBORHOOD SALES VERSUS COUNTY (\$ Millions)

LITTLE ITALY, MANHATTAN

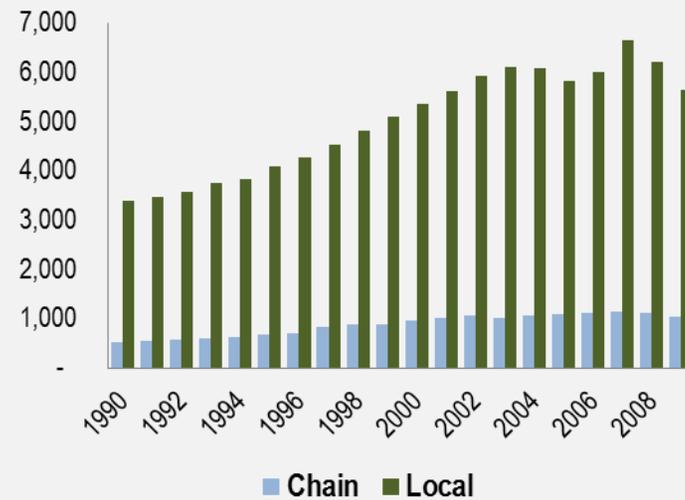
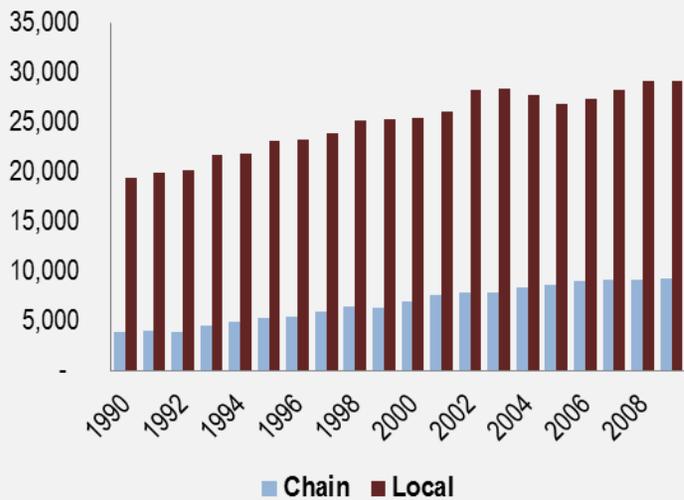
RETAIL SHOPPING



EATING & DRINKING



NEW YORK CITY



Source: NETS, Civic Economics

OPEN INDEX

The Economic Impacts of Little Italy

To measure the economic benefits provided by a thriving independent business district, Civic Economics studied two questions in each local business district analyzed.

The first is whether the presence of the district produces strong neighborhoods around it. The left side of Chart 6 below provides one answer to that question, tracking the median sales price in the zip code most closely associated with the district.

The 10013 Zip Code encompasses Little Italy and nearby Downtown neighborhoods. It is roughly bisected by Canal Street and runs west to the Hudson River waterfront. The broader New York City real estate market enjoyed a modest but steady increase in home values during the study period after 1996. Manhattan, buffeted by 9/11 and a number of financial crises, was less consistent in its rise, but ended the period with a 50% greater value increase than New York City overall. In stark contrast, 10013 enjoyed a strong and continuous rise through the study period until the recent recession-related declines. Nonetheless, values in 10013 outperformed the City and the Borough by a wide margin.

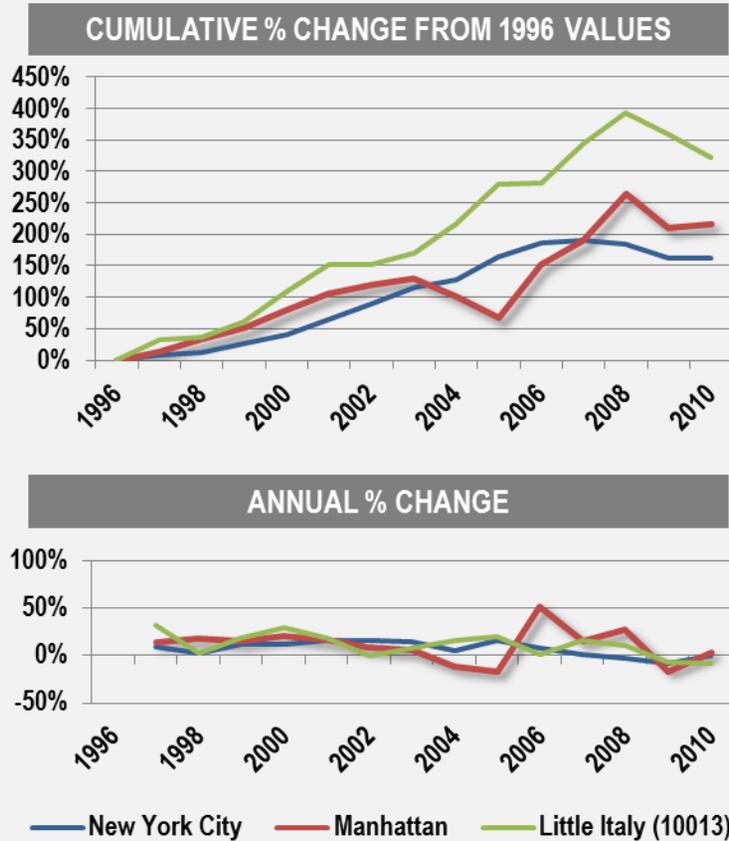
The second question is how many jobs are created by the presence of the district. The right side of Chart 6 below shows job creation at both independent and chain businesses.

Business conditions in Little Italy changed substantially over the study period, as Eating & Drinking declined in importance in the neighborhood. The small business community responded to those changes as they often do, changing offerings to match consumer needs. As a result, even as sales trends and the business mix changed over time, employment grew steadily. The retail shops, restaurants, and bars in the few blocks of Little Italy employed over 1,700 people, an increase of 700 over the study period.

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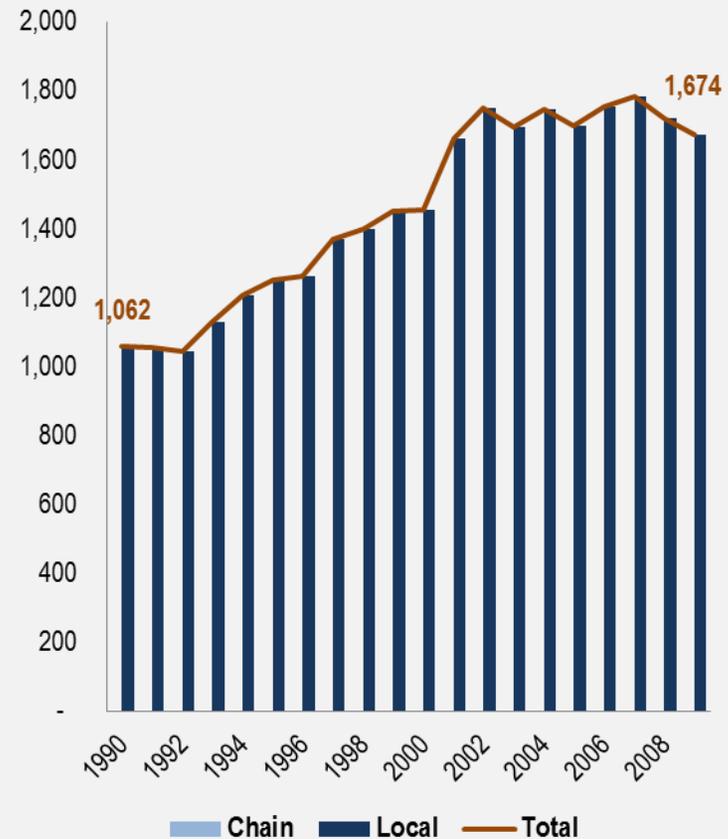
THE ECONOMIC IMPACTS OF AN INDEPENDENT BUSINESS DISTRICT

ZILLOW HOME VALUE INDEX



Source: Zillow.com, Civic Economics

JOB CREATION IN THE NEIGHBORHOOD



Source: NETS, Civic Economics

OPEN INDEX

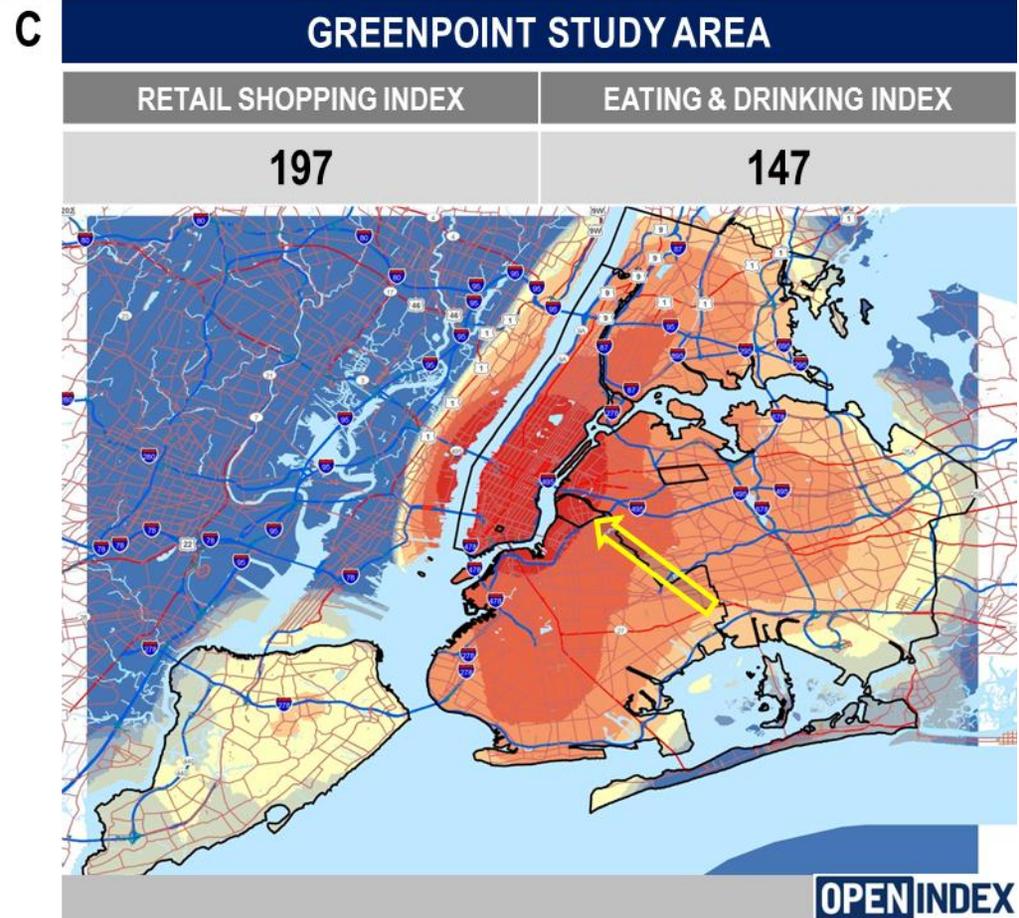
GREENPOINT, BROOKLYN

Greenpoint (in small box on Map C, at right) is the northernmost section of Brooklyn. It constitutes a peninsula defined by the East River and Newtown Creek and north of the Brooklyn-Queens Expressway. Greenpoint has experienced rapid transformation since a broad rezoning in 2005.

Map D on the following page depicts the evolution of the Greenpoint business community since 1990. The longstanding concentration of business along Manhattan Avenue filled out and expanded to the north and east during the study period.

Chart 7 (on page 14) compares the retail and food & beverage markets in Greenpoint with the broader New York City market. What most stands out, in addition to the strong and steady growth in Greenpoint business revenues, is that this neighborhood-focused business district is far more independent dominated than the city as whole.

Those who call Greenpoint home, whether new or lifelong residents, demonstrate a clear preference for locally owned businesses.



D

EVOLUTION OF AN INDEPENDENT BUSINESS DISTRICT

1990



1995



2000



GREENPOINT,
BROOKLYN

2009



2005



KEY

One "dot" = one independent business

Colored rings indicate intensity of independent sales relative to the region

Source: NETS, Civic Economics

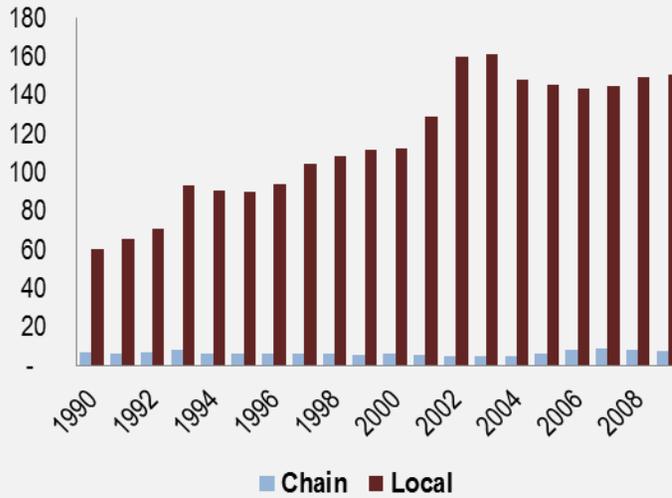
OPEN INDEX

7

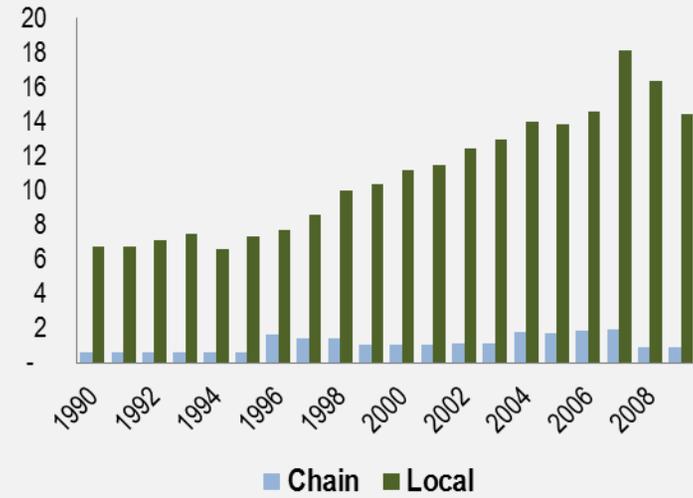
NEIGHBORHOOD SALES VERSUS COUNTY (\$ Millions)

GREENPOINT, BROOKLYN

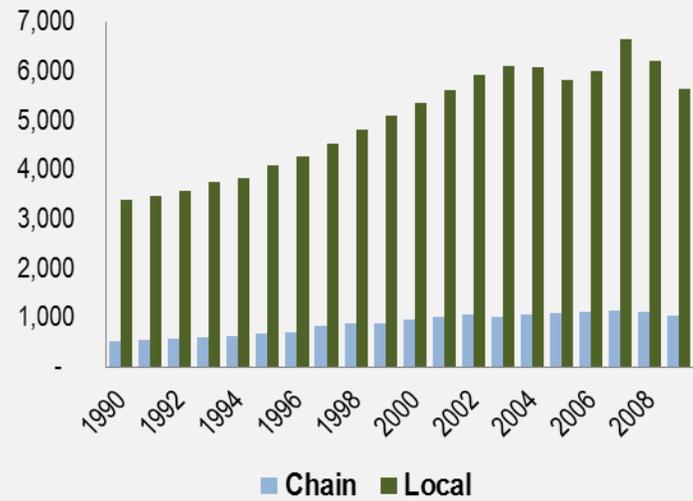
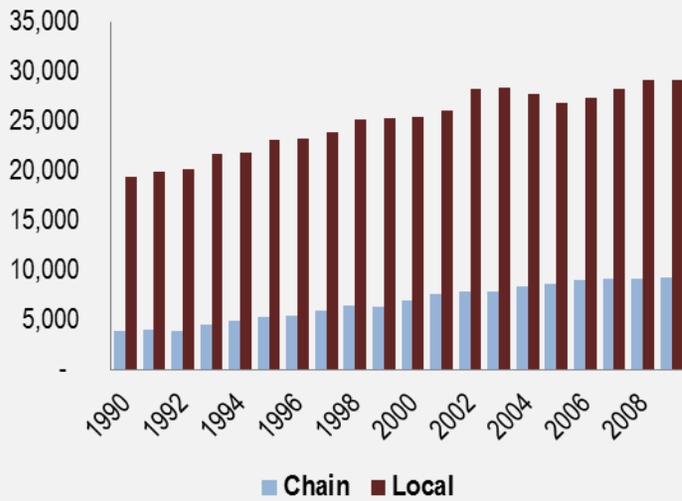
RETAIL SHOPPING



EATING & DRINKING



NEW YORK CITY



Source: NETS, Civic Economics

OPEN INDEX

The Economic Impacts of Greenpoint

To measure the economic benefits provided by a thriving independent business district, Civic Economics studied two questions in each local business district analyzed.

The first is whether the presence of the district produces strong neighborhoods around it. The left side of Chart 8 below provides one answer to that question, tracking the median sales price in the zip code most closely associated with the district.

The 11222 Zip Code encompasses all of what is generally considered to be Greenpoint, as well as industrial land across the Brooklyn-Queens Expressway. The Brooklyn market experienced similar value gains to the whole of New York City during the study period. Greenpoint property values, by contrast, began to outperform the city and borough markets in 2000 sustained a large advantage in gains even during the recent downturn. The dramatic gain of 2005 and 2006, of course, may be traced in part to the impact of re-zoning in Greenpoint. As with many of the 27 neighborhoods studied for the OPEN Index, business growth led the charge well ahead of housing values.

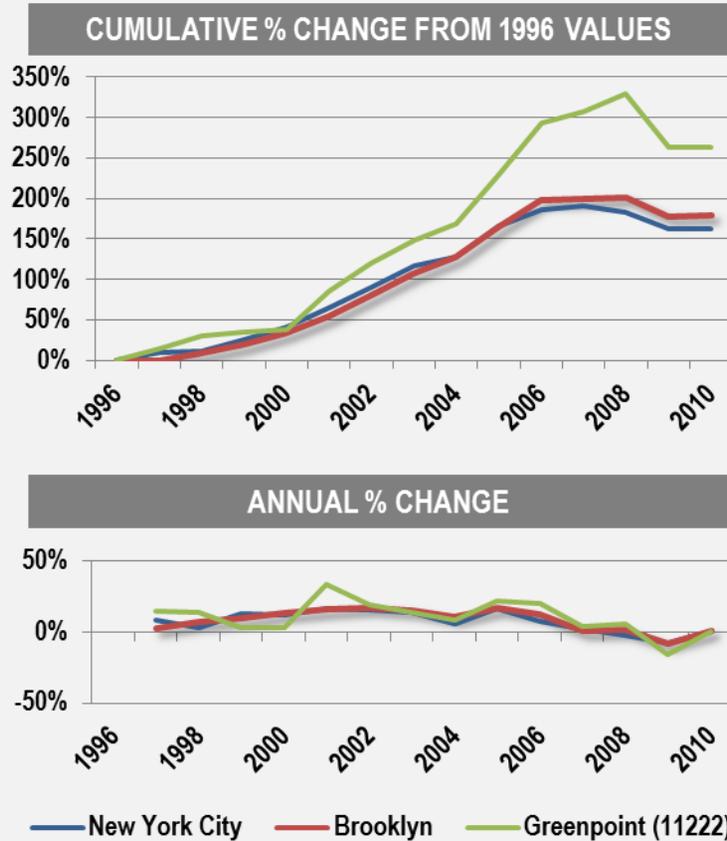
The second question is how many jobs are created by the presence of the district. The right side of Chart 8 below shows job creation at both independent and chain businesses.

Over the course of the study period, the business owners of Greenpoint have doubled total employment in the neighborhood. At the conclusion of the study period, more than 1,600 New Yorkers were employed by the shops, restaurants, and bars of Greenpoint.

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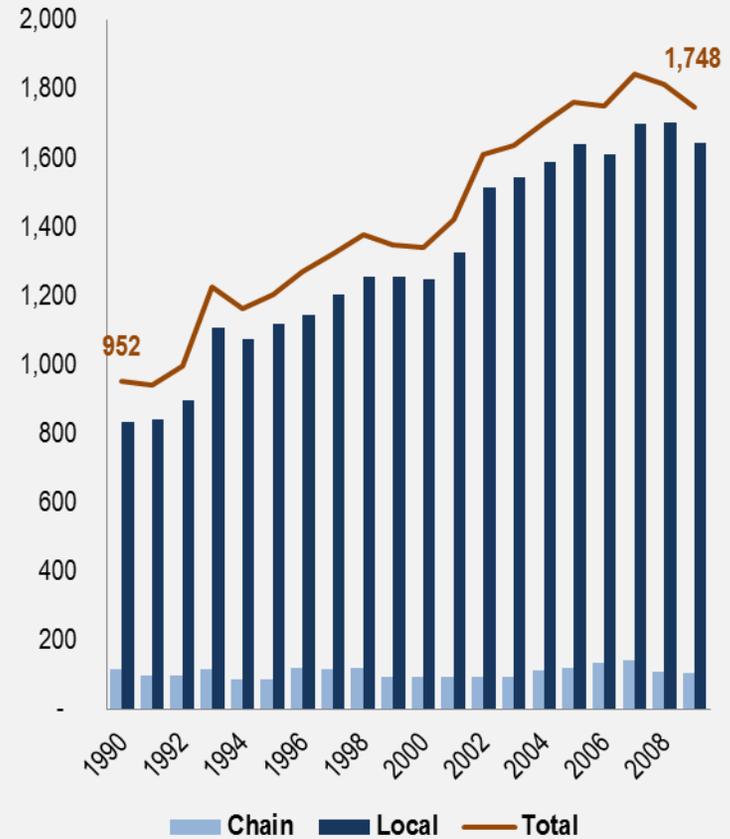
THE ECONOMIC IMPACTS OF AN INDEPENDENT BUSINESS DISTRICT

ZILLOW HOME VALUE INDEX



Source: Zillow.com, Civic Economics

JOB CREATION IN THE NEIGHBORHOOD



Source: NETS, Civic Economics

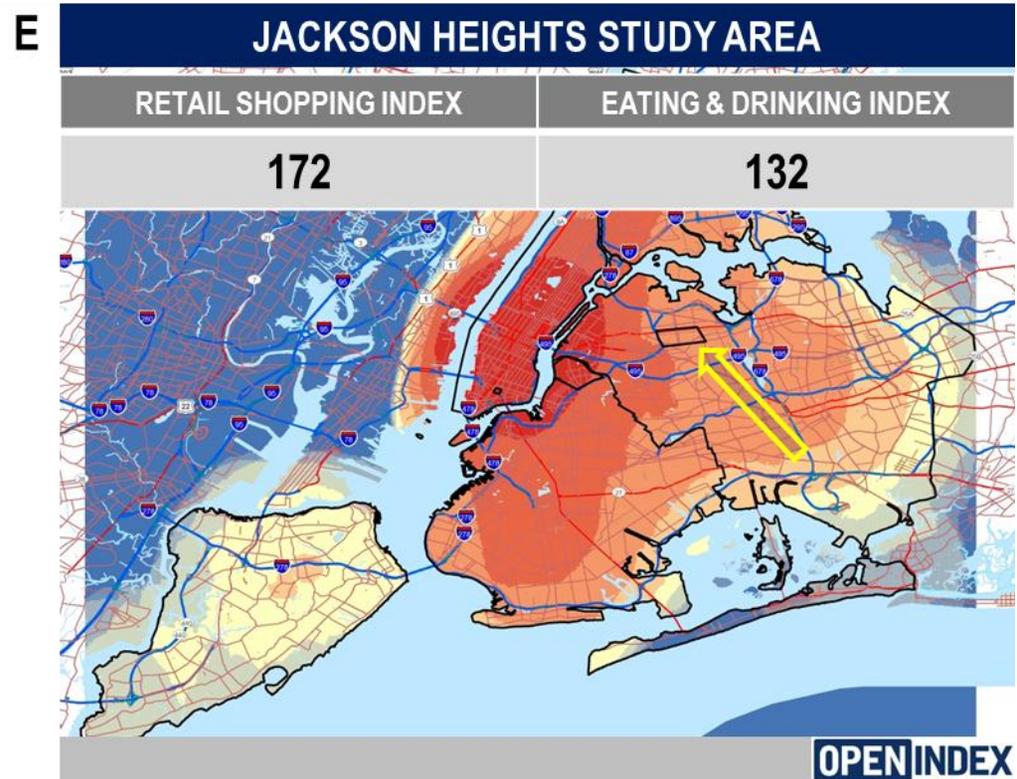
OPEN INDEX

JACKSON HEIGHTS, QUEENS

Jackson Heights (in small box on Map E, at right) is a historically significant neighborhood in Queens, and much of the neighborhood is included in a New York City Historic District dedicated to the preservation of early 20th century garden apartments. Jackson Heights exemplifies the melting pot diversity of New York City, and its commercial corridors do, as well.

Map D on the following page depicts the evolution of the business district along Roosevelt, 27th and, to a lesser extent, Northern Boulevard since 1990. As is typical for New York, the area included a healthy small business community well before the study period, but that concentration has increased solidly since 1990.

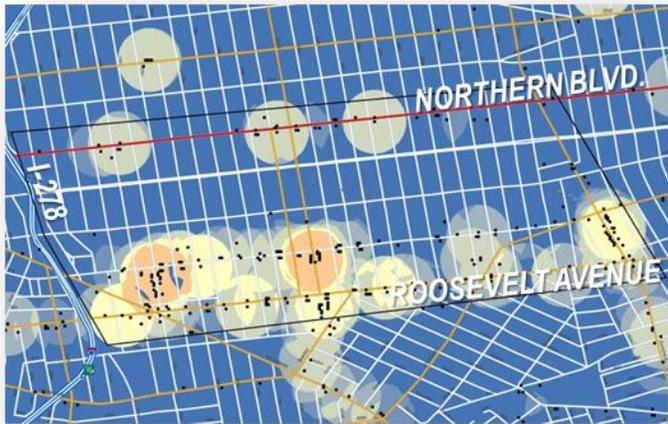
Chart 9 (on page 19) compares the retail and food & beverage markets in Jackson Heights with the New York City market. With respect to both market shares and revenue trends, Jackson Heights mostly echoes citywide outcomes, with modestly faster growth and a modestly smaller share of chain retail.



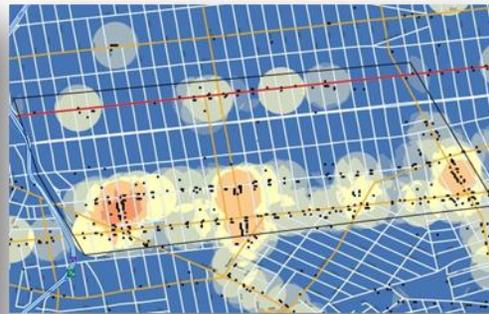
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EVOLUTION OF AN INDEPENDENT BUSINESS DISTRICT

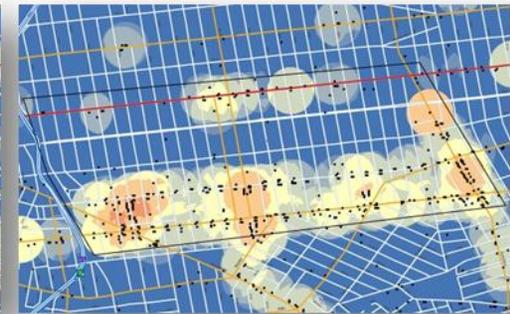
1990



1995

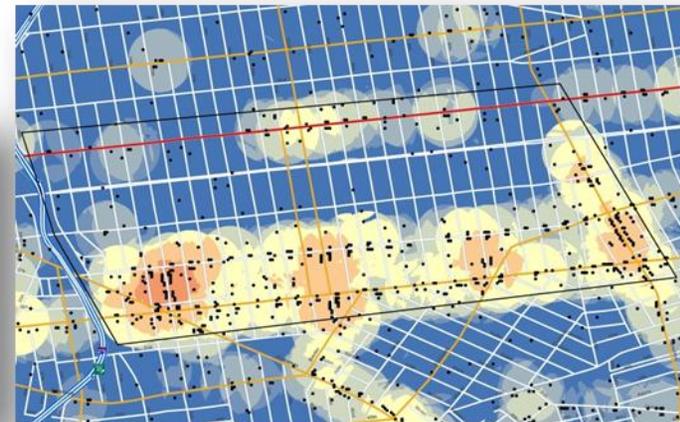


2000

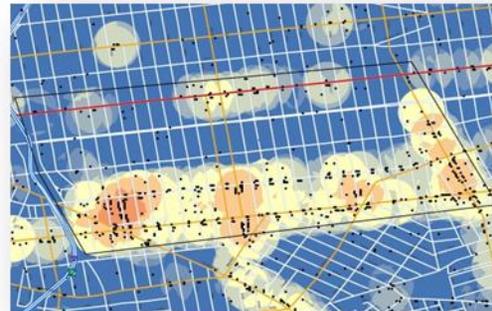


JACKSON HEIGHTS,
QUEENS

2009



2005



KEY

One "dot" = one independent business

Colored rings indicate intensity of independent sales relative to the region

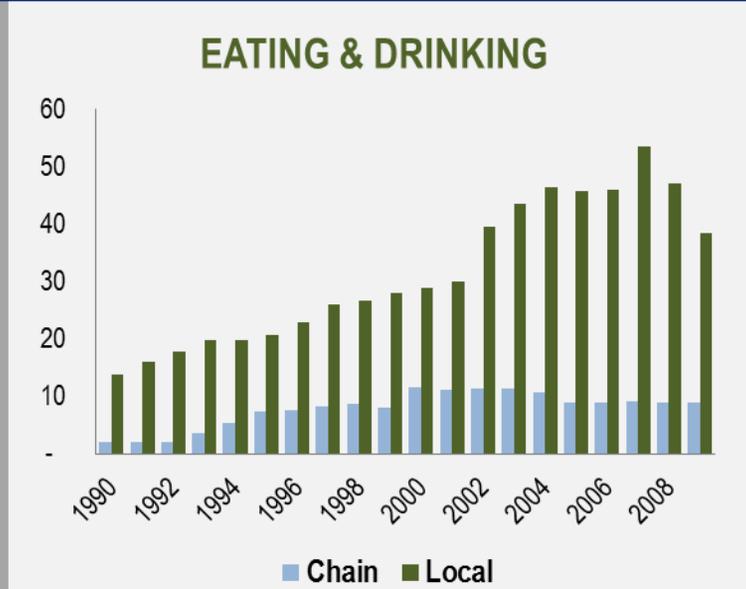
Source: NETS, Civic Economics

OPEN INDEX

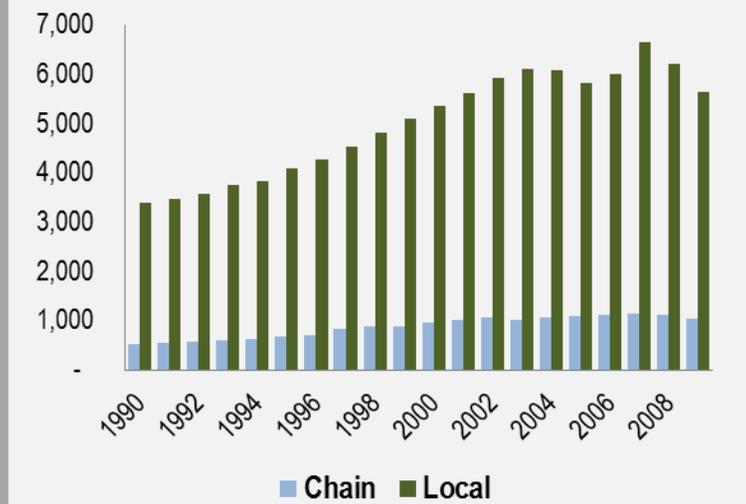
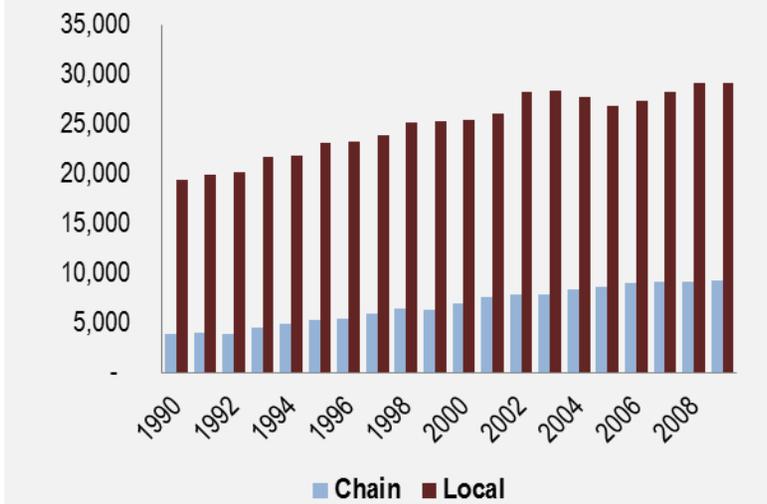
9

NEIGHBORHOOD SALES VERSUS COUNTY (\$ Millions)

JACKSON HEIGHTS, QUEENS



NEW YORK CITY



Source: NETS, Civic Economics

OPEN INDEX

The Economic Impacts of Jackson Heights

To measure the economic benefits provided by a thriving independent business district, Civic Economics studied two questions in each local business district analyzed.

The first is whether the presence of the district produces strong neighborhoods around it. The left side of Chart 10 below provides one answer to that question, tracking the median sales price in the zip code most closely associated with the district.

The 11372 Zip Code encompasses much of the Jackson Heights Historic District and businesses along Roosevelt Avenue. The 11370 Zip Code includes the adjacent neighborhood of East Elmhurst and the businesses along Northern Boulevard. Since 1996, both neighborhood Zip Codes provided modestly enhanced value increases relative to both Queens and New York City. Prior to the recent recession, homes increased in value by roughly 25% more than the borough and the city. Jackson Heights (11372) though, was severely impacted by the recession, experiencing a sudden and deep reversal of fortune. Whether due to a concentration of foreclosures or more systematic factors, this change bears watching in the years ahead. East Elmhurst, by contrast, maintained its close track of the broader market.

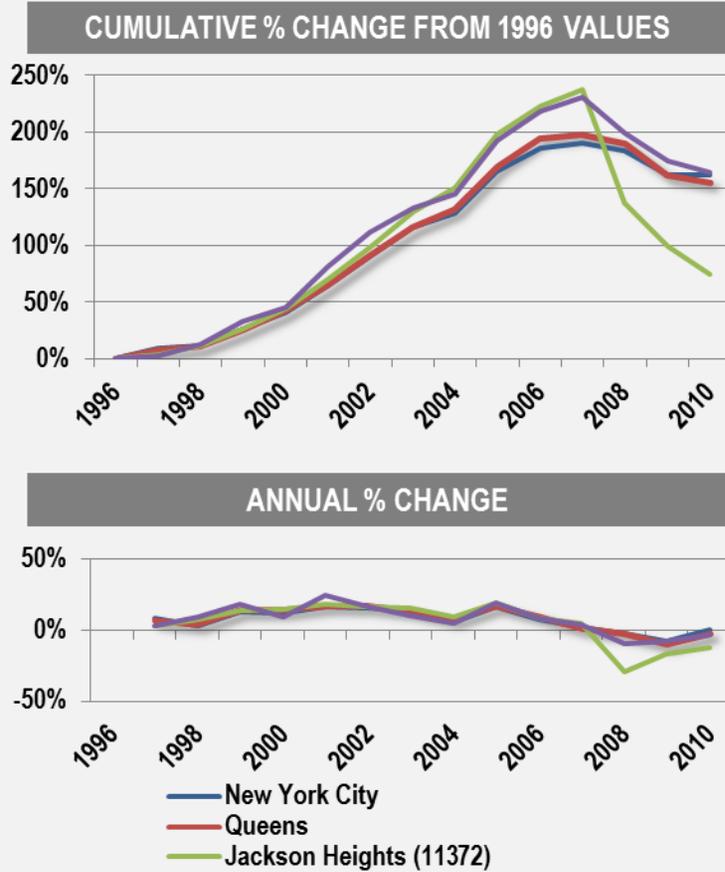
The second question is how many jobs are created by the presence of the district. The right side of Chart 10 below shows job creation at both independent and chain businesses.

Over the course of the study period, Jackson Heights businesses increased total employment dramatically, from just over 2,000 to nearly 5,000.

10

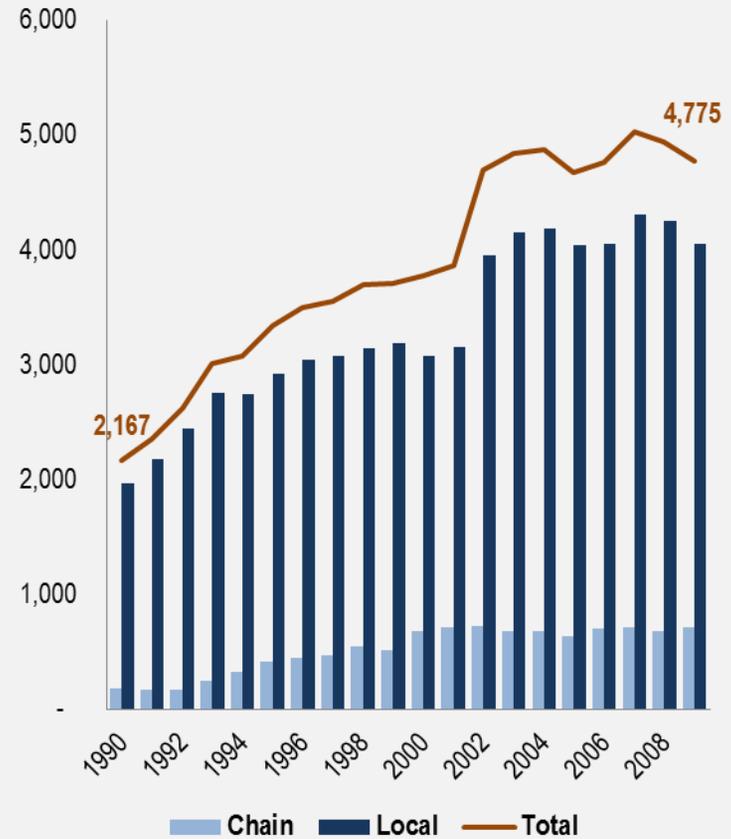
THE ECONOMIC IMPACTS OF AN INDEPENDENT BUSINESS DISTRICT

ZILLOW HOME VALUE INDEX



Source: Zillow.com, Civic Economics

JOB CREATION IN THE NEIGHBORHOOD



Source: NETS, Civic Economics

OPEN INDEX

CONCLUSION

It is little surprise that New York tops the first American Express OPEN Independent Retail Index. Native New Yorkers have cultivated a place apart, with its own preferences and styles, and even transplants to the city embrace the local. New Yorkers live in the nation's densest city, rely heavily on transit, and often have no access to private automobiles. As a result, daily life is revolves around the neighborhoods where they live or work and the businesses they patronize are those that offer the strongest value, measured by quality, convenience, and desired goods or services. Overwhelmingly, New Yorkers find that value is provided by their neighbors.

CONTACTS

To learn more about the OPEN Index and to download study documents, please visit us online at SmallBusinessSaturday.com.

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Civic Economics is an economic analysis and strategic planning consultancy with offices in Austin and Chicago. Founded in 2002 by Matt Cunningham and Dan Houston, the firm has earned a national reputation for innovative approaches to economic development challenges. Learn more at www.CivicEconomics.com.

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