

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

***SEATTLE
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.

SEATTLE AND THE INDEX

King County, in which Seattle is located, has a population of 1,931,249, which ranks 8th among the study communities. While Seattle's Combined Ranking in the Index is 8, its performance varies between Retail Shopping, with a below average Index score of 91, and Eating & Drinking, with an above average score of 108. While that demonstrates a characteristically Cascadian dedication to eating local, it may not reflect a preference for the familiarity of chain stores. Rather, it might be said that Americans have embraced Seattle retailers. The city has spawned leading chains across several retail sectors, including department stores, sporting goods, warehouse clubs, coffee shops, and online selling.

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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

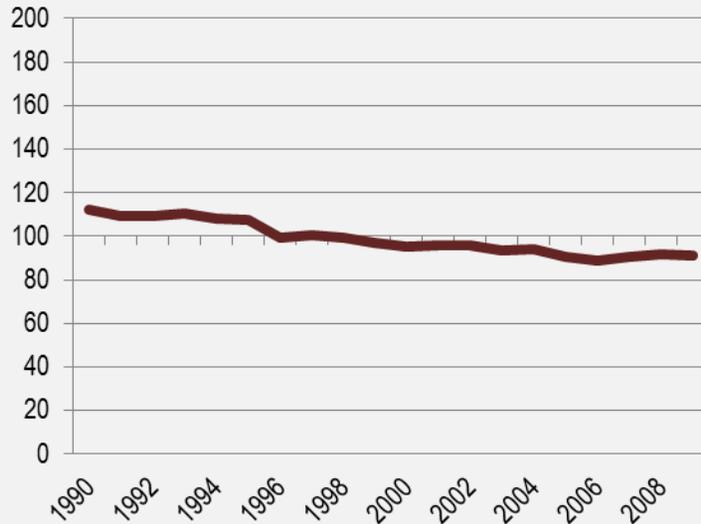
Source: US Census

OPEN INDEX

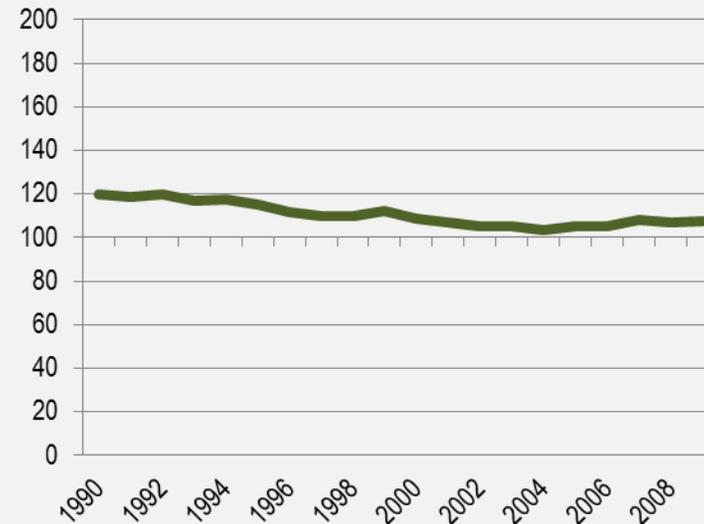
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SEATTLE (KING COUNTY)

RETAIL SHOPPING INDEX



EATING & DRINKING INDEX



1990 Index: 112 Rank: 10
2000 Index: 95 Rank: 9
2009 Index: 91 Rank: 10

1990 Index: 120 Rank: 5
2000 Index: 108 Rank: 7
2009 Index: 108 Rank: 7

Combined Ranking, 2009: #8

Source: NETS, Civic Economics, US Census

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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

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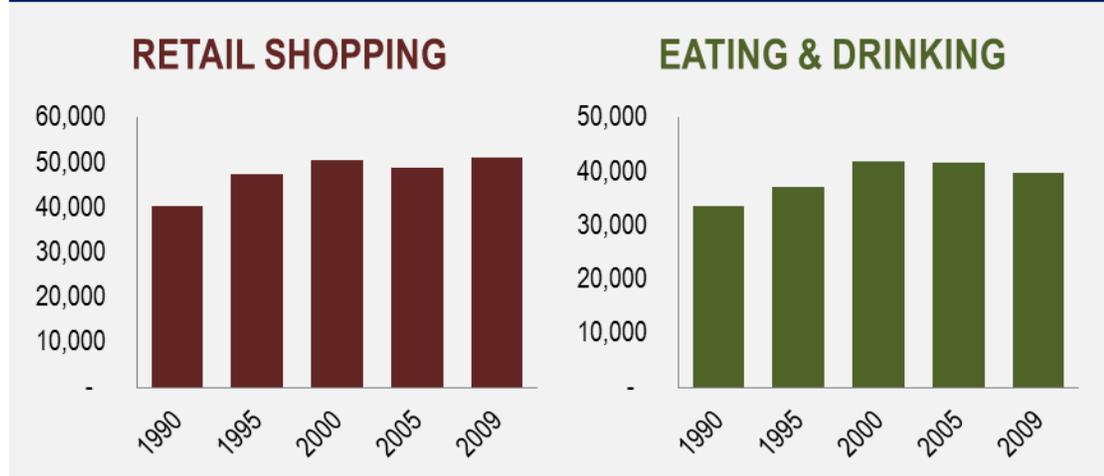
INDEPENDENT BUSINESS IN SEATTLE

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

Collectively, Seattle independents provide almost 91,000 jobs in the county as of 2009, with 51,000 coming in the Retail Shopping category and 40,000 in Eating & Drinking.

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EMPLOYMENT AMONG INDEPENDENT BUSINESSES, 1990-2009



Source: NETS, Civic Economics



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 national, county, and neighborhood level.

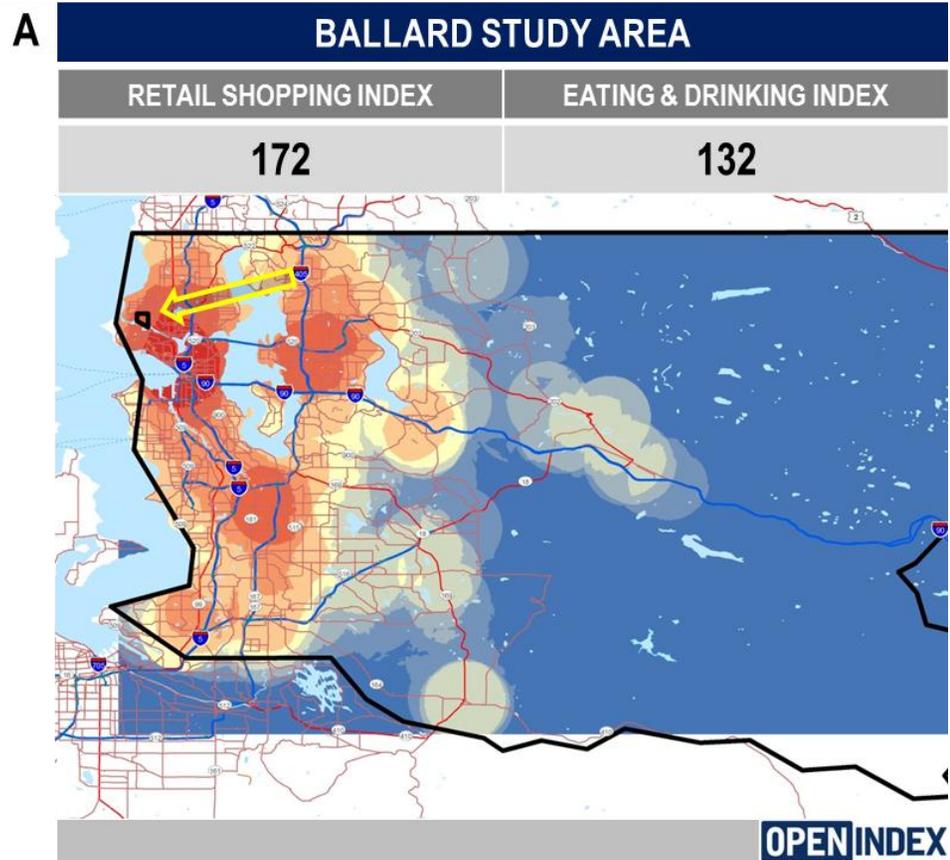
Seattle is regarded as the leading city in the Pacific Northwest. In an urban region defined and subdivided by mountains and sea, neighborhoods evolve unique personalities driven by geography and economy. The result is a rich tapestry of neighborhoods, and a wide range of choices for this study. Ballard, in the northwestern portion of the city of Seattle, stands out for its sense of a place apart from the city in which it is situated.

BALLARD

Ballard (in small box on Map A, at right) was a wholly separate city a century ago, with a seaport and the terminus of the Great Northern Railway. That era produced the industrial and maritime heritage of the neighborhood, a downtown by the Bay, and residential areas on the hills above.

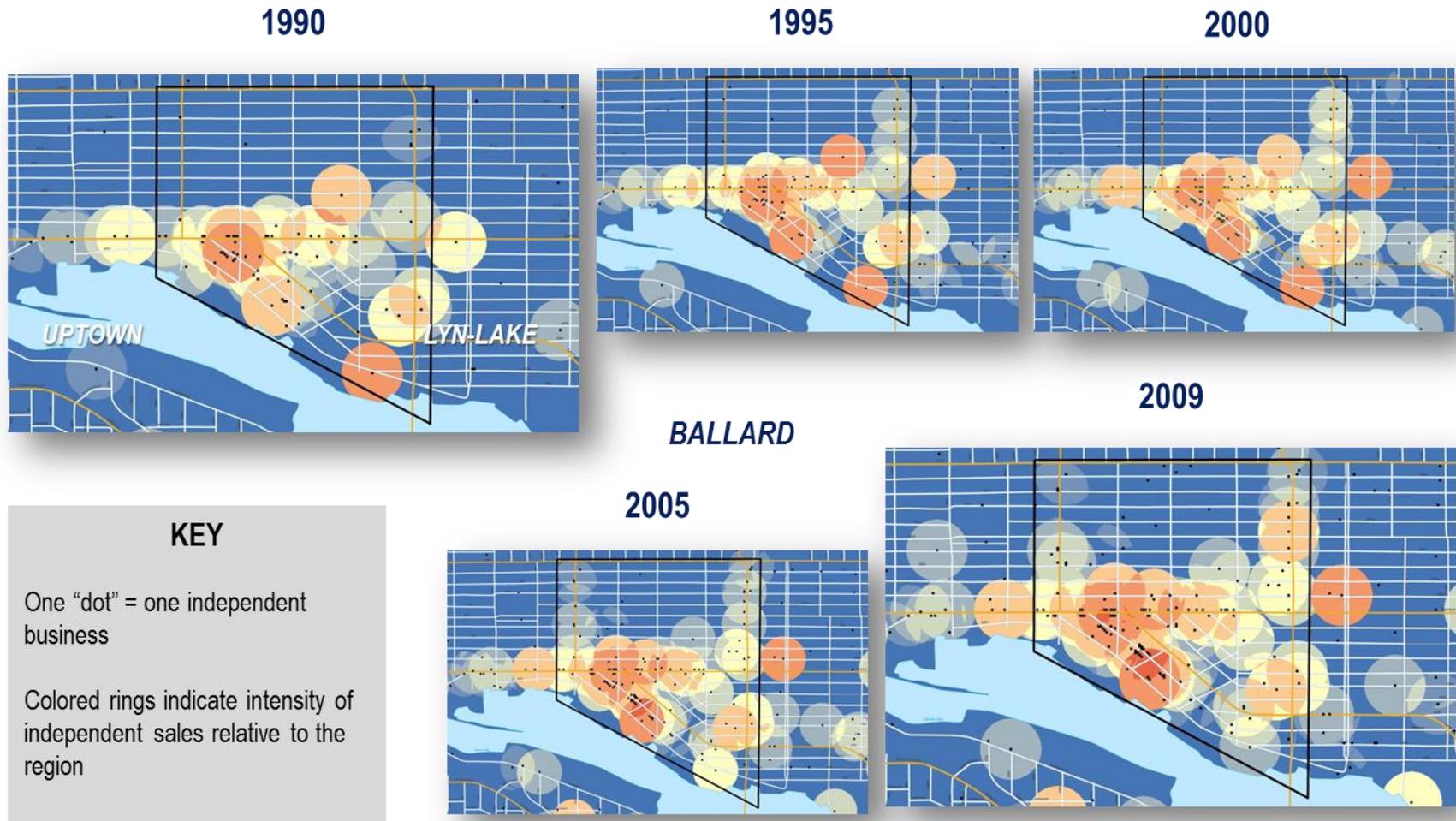
Map B on the following page depicts the recent evolution of the business districts in downtown Ballard since 1990. It depicts a neighborhood that began the study period with a strong concentration of independent businesses and retained that distinction while adding a mix of restaurants and bars to the mix. Consequently, the magnitude of the district has intensified over the past twenty years. The deepest red in the 2005 and 2009 maps indicates a high concentration of independent activity well beyond King County's independent retail core.

Chart 5 (on page 8) compares the retail and food & beverage markets in Ballard with the broader King County market. Most notably, independents enjoy a substantially higher market share in the neighborhood than in the County. Indeed, despite the sustained success of the business district over a long period, few chain stores and restaurants have entered the market and their sales have remained relatively flat over the twenty year time period.



B

EVOLUTION OF AN INDEPENDENT BUSINESS DISTRICT



Source: NETS, Civic Economics

OPEN INDEX

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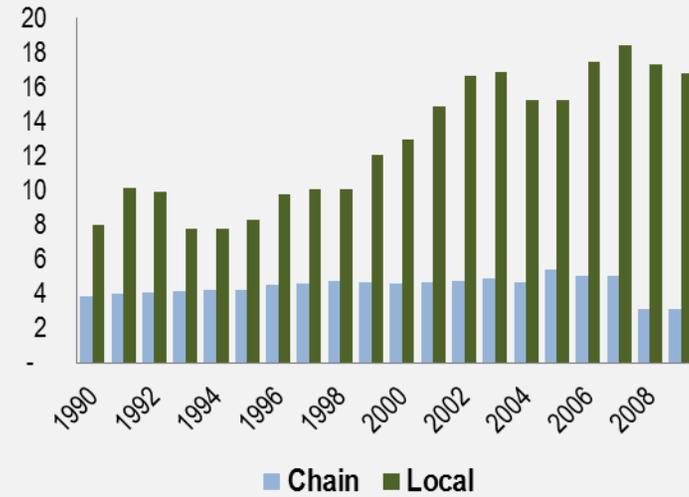
NEIGHBORHOOD SALES VERSUS COUNTY (\$ Millions)

BALLARD

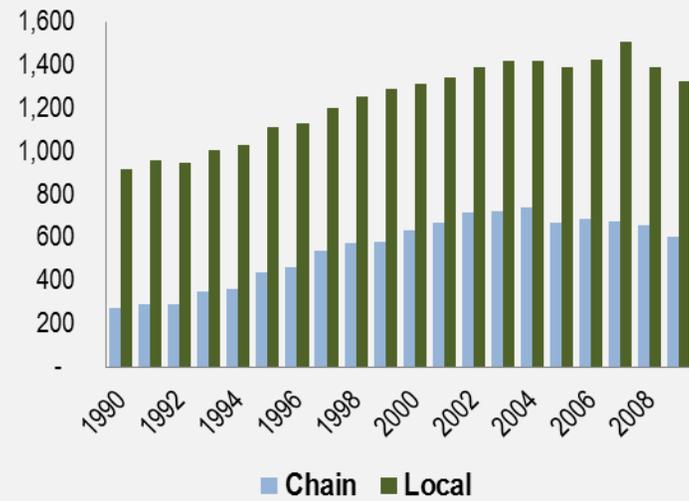
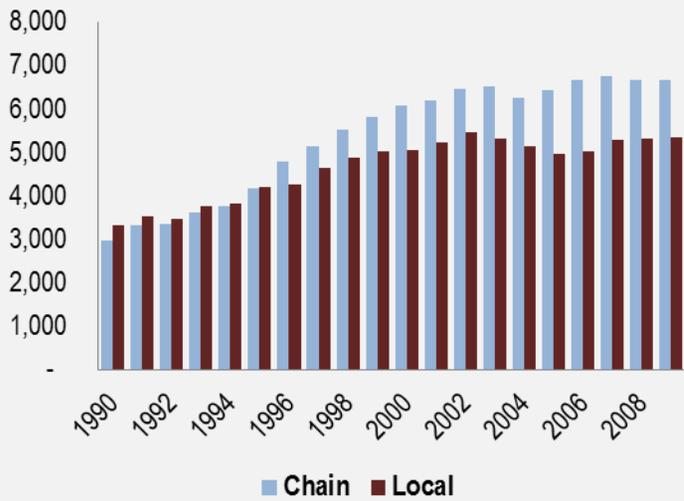
RETAIL SHOPPING



EATING & DRINKING



KING COUNTY



Source: NETS, Civic Economics

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The Economic Impacts of Ballard

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 98107 Zip Code encompasses the entire business district and adjacent residential areas. Through most of the study period, Ballard home prices outpaced the city median modestly, a trend that likely predates the data reported here. A consistent but modest performance like that in Ballard represents a desirable state of affairs. It allows a neighborhood to enjoy stability and retain a diversity of classes without hitting limited-income residents with sudden tax increases beyond their means.

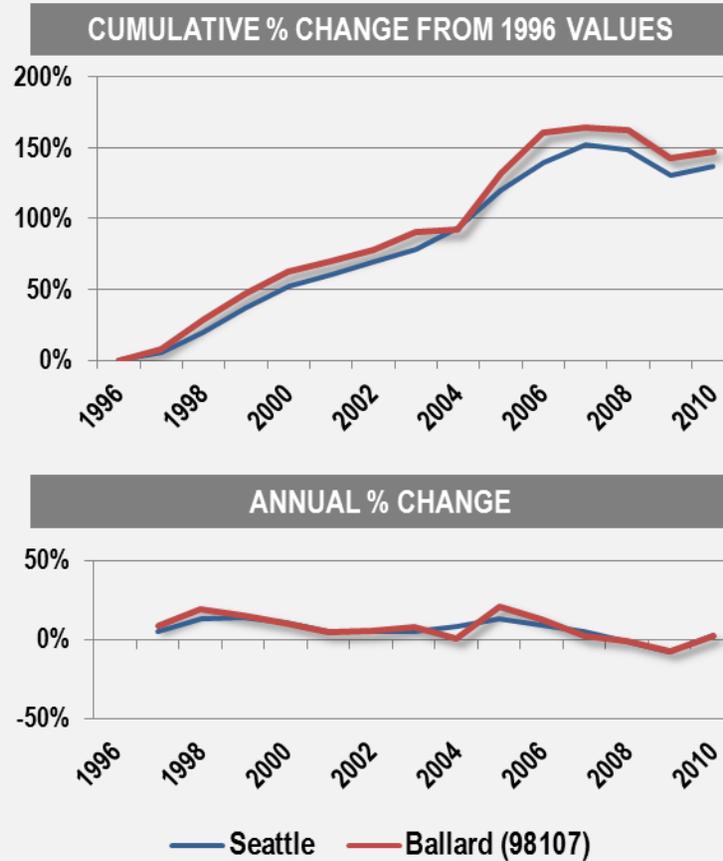
The second question is how many jobs are created by the presence of the district. The right side of Chart 6 below shows job creation at both independent and chain businesses.

From 1990 to 2009, Ballard's business district has provided a consistent base of 1,400 to 1,600 jobs in retailers, restaurants, and bars. Even the recent recession, which clearly impacted the region, has had little impact on sales and employment in the neighborhood's independent businesses.

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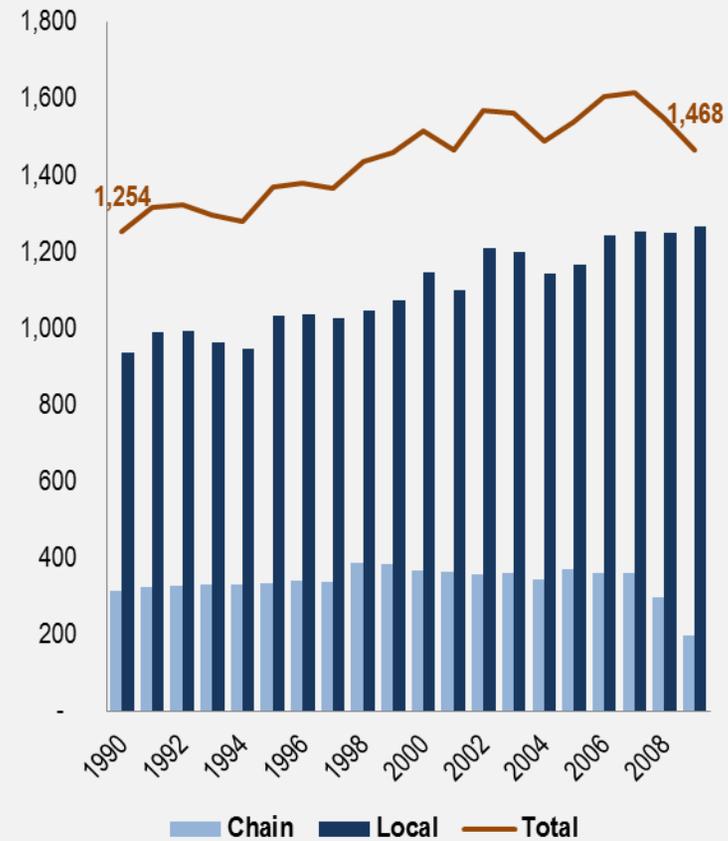
THE ECONOMIC IMPACTS OF AN INDEPENDENT BUSINESS DISTRICT

MEDIAN HOME SALES PRICES



Source: Zillow.com, Civic Economics

JOB CREATION IN THE NEIGHBORHOOD



Source: NETS, Civic Economics

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CONCLUSION

Seattle has spawned a number of retail giants, and the world has embraced these Seattle exports. Within the city, though, residents enjoy a strong small business community across a diverse range of neighborhoods. The entrepreneurs of places like Downtown Ballard provide cultural and economic benefits to the broader community. And should one of them emerge as the next Seattle-based retail giant, they will have this community to thank.

CONTACTS

To learn more about the OPEN Index and to download study documents, please visit 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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