

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

***CHICAGO  
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](http://SmallBusinessSaturday.com).

## CHICAGO AND THE OPEN INDEX

Cook County, in which Chicago is situated, has a population of 5,194,675, the 3rd largest among the 15 study communities; its growth rate of -3.4% exceeds only Detroit; given the built-out nature of the county, though, this is unsurprising. Per capita retail spending and per capita income are a bit below the study average. Despite the draw of the Miracle Mile, suburban counties in the Chicagoland area draw much retail spending out of the urban center.

Chicago ranks only 14<sup>th</sup> in its Retail Shopping Index score, but a healthy 6<sup>th</sup> in Eating and Drinking, for a Combined Ranking of 10<sup>th</sup>.

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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
<b>CHICAGO</b>	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

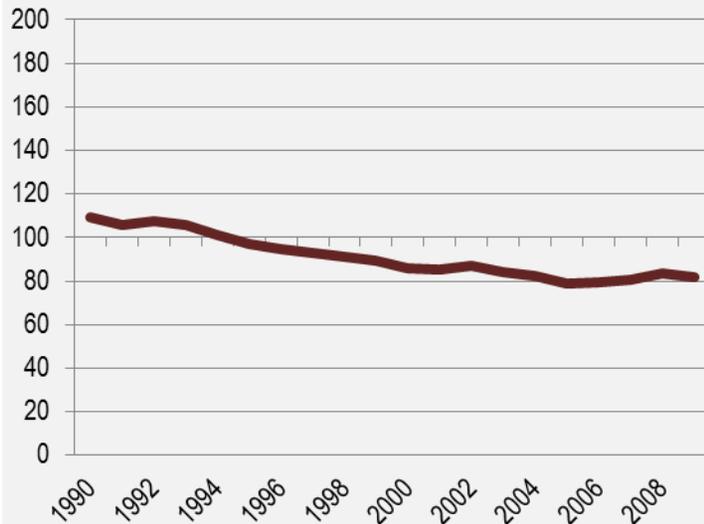
Source: US Census



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**CHICAGO (COOK COUNTY)**

**RETAIL SHOPPING INDEX**



**EATING & DRINKING INDEX**



1990 Index: 109      Rank: 11  
 2000 Index: 86      Rank: 14  
 2009 Index: 82      Rank: 14

1990 Index: 116      Rank: 6  
 2000 Index: 111      Rank: 6  
 2009 Index: 109      Rank: 6

**Combined Ranking, 2009: #10**

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

**OPEN INDEX**

**INDEPENDENT BUSINESS IN CHICAGO**

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

Collectively, Cook County independents provide nearly 190,000 jobs in the county as of 2009, with 104,000 coming in the Retail Shopping category and 86,000 in Eating & Drinking.



## 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.

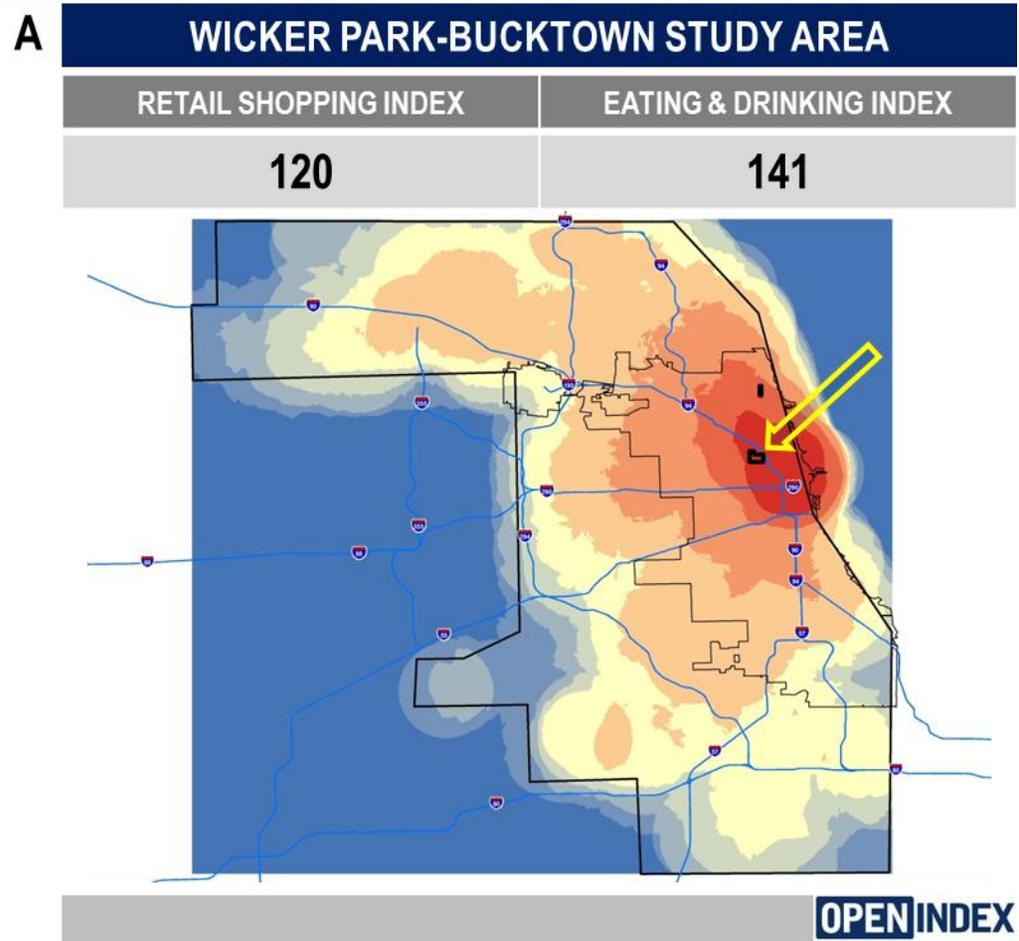
A note on data: Within the 60 million data points from which Civic Economics built the Index, there are undoubtedly errors and omissions. At progressively smaller geographic levels, such as the neighborhoods discussed below, those may become apparent. However, despite the occasional misplaced business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

When Americans think of shopping in Chicago, the bright lights of the Miracle Mile will come to mind. However, as Chicagoans know, the city is endowed with countless neighborhood-scale business districts and corridors in neighborhoods of all types. We have taken a closer look here at two of those, both of which Civic Economics knows well: Wicker Park-Bucktown, northwest of the Loop, and Andersonville further north.

**WICKER PARK-BUCKTOWN**

Wicker Park - Bucktown (in small box on Map A at right) is a large residential and commercial area around the diagonal axis of Milwaukee Avenue between Division and Armitage, with three stations along the CTA Blue Line. Since the mid-1990's, commercial activity in the area has increased dramatically and driven a boom of new and rehabilitated housing that has transformed the area. The early commercial redevelopment was led by an arts community that still plays a strong role in neighborhood commerce and culture. Studios and galleries brought coffee shops, restaurants, and bars and, most recently, a range of service businesses and even upmarket chain retailers.

Map B (on page 9) depicts the evolution of the business districts along Milwaukee, Division, and adjacent streets since 1990. It shows an ever increasing number of independent businesses in the area (represented by dots), filling Milwaukee and, more recently, Division Street storefronts.

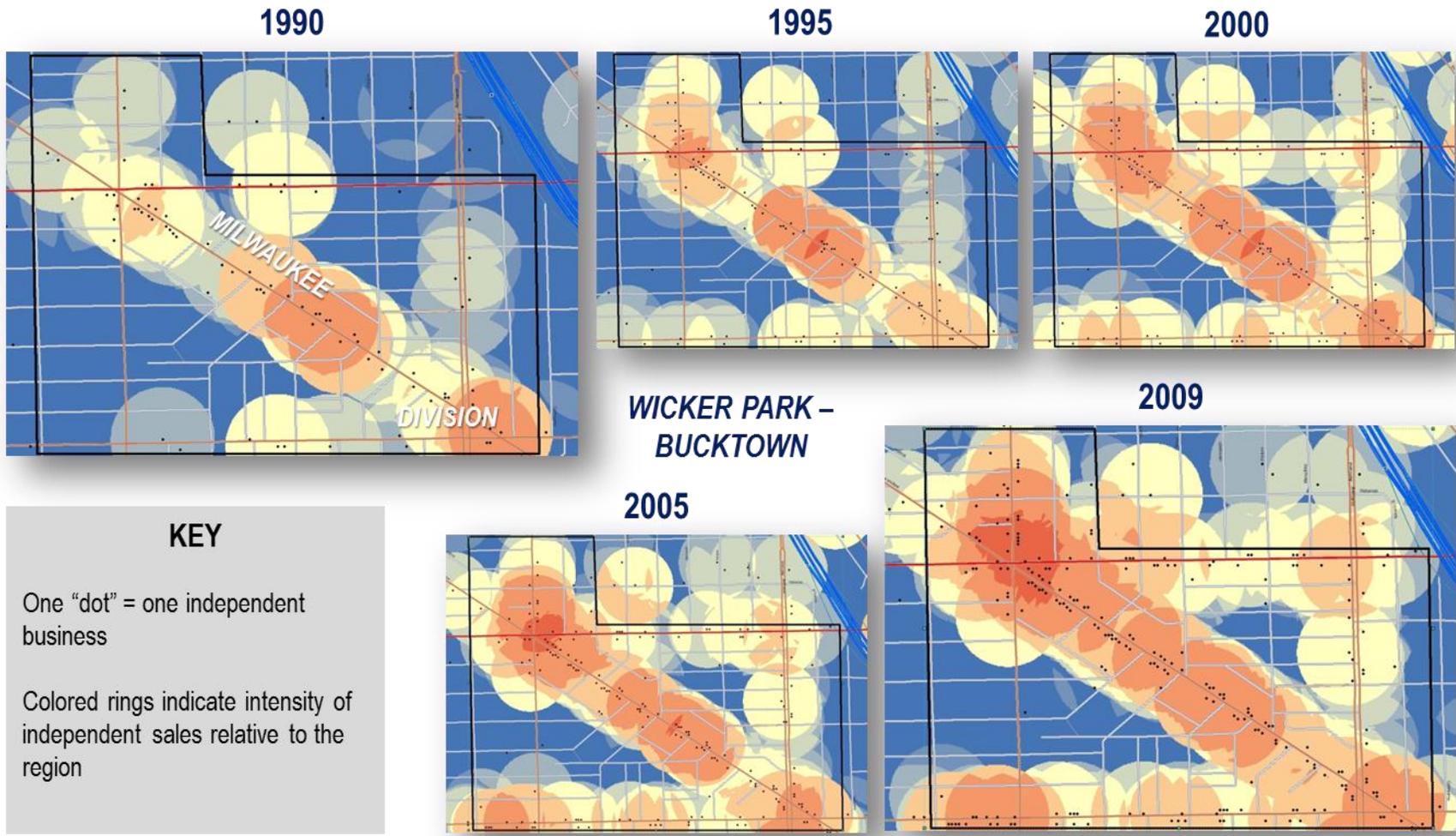


While Wicker Park-Bucktown is known for its mix of independent retailers, chain stores have arrived in larger numbers as fashionable chains have sought the younger demographic the area offers. Wicker Park – Bucktown provides a strong example of a district in which chains and locals have thrived side by side.

Chart 5 (on page 10) compares the retail and food & beverage markets in Wicker Park-Bucktown. Most notably, independents enjoy a substantially higher market share in the neighborhood than in the County as nearly all of the recent growth can be attributed to independents. Even as Eating & Drinking establishments proliferated in the last decade, Retail Shopping has not been substantially displaced.

**B**

**EVOLUTION OF AN INDEPENDENT BUSINESS DISTRICT**



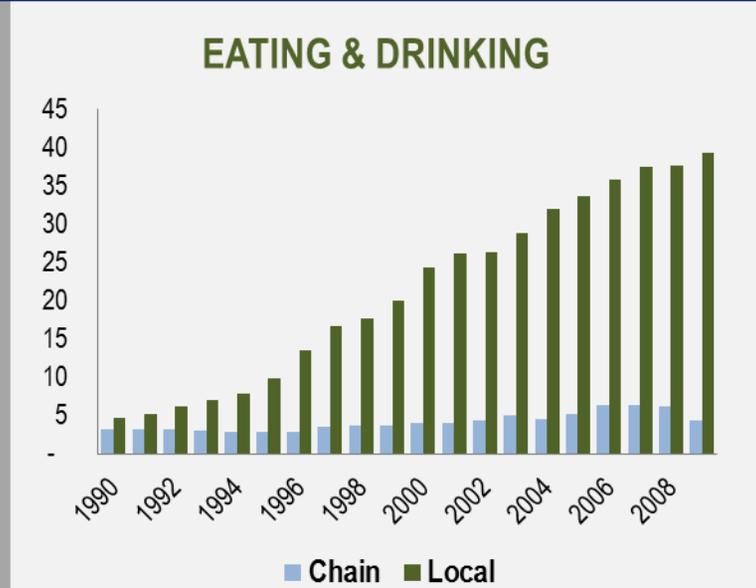
Source: NETS, Civic Economics

**OPEN INDEX**

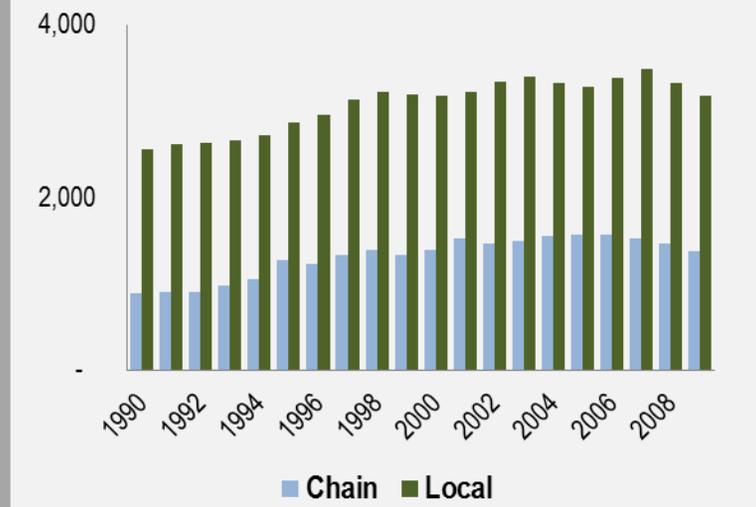
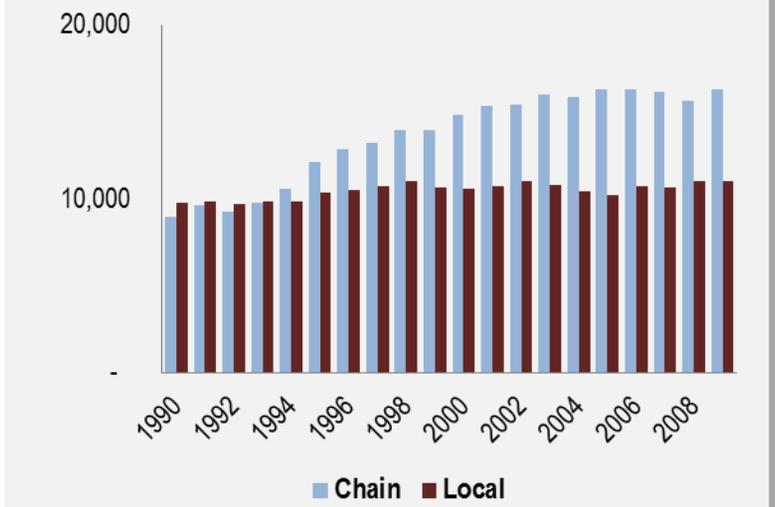
4

NEIGHBORHOOD SALES VERSUS COUNTY (\$ Millions)

WICKER PARK/BUCKTOWN



COOK COUNTY



Source: NETS, Civic Economics

OPEN INDEX

### The Economic Impacts of Wicker Park – Bucktown

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 60647 Zip Code encompasses the northern portions business district and adjacent residential areas. Throughout the study period, Wicker Park-Bucktown homes outpaced the city median by a substantial margin, even possibly bucking a citywide trend by showing a slight increase in home sales price in 2010. Rising sale prices and valuations have transformed the neighborhood. Of course, that transformation has not been welcomed by all. Concern for displacement of lower- and middle- income residents and the longstanding arts community has heightened during the study period.

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.

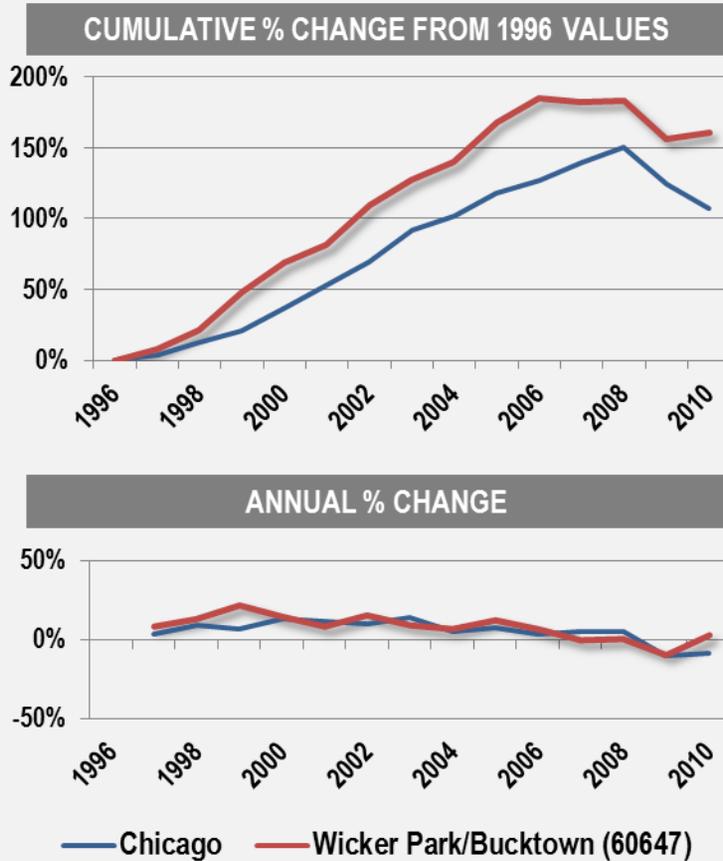
From 1990 to 2009, Wicker Park – Bucktown businesses have increased employment in the neighborhood from less than 1,000 to more than 2,500, employing residents of a region far beyond the immediate neighborhood.

Together, these measures depict a neighborhood-scale business district that has evolved to serve the needs of the whole city. Housing and commercial markets have driven outside increases in property and sales tax revenue and nearly 2,500 Chicagoans earn a living in the stores and restaurants of Wicker Park – Bucktown. In less than two decades, these storefronts have become an economic engine for the entire region thanks to the efforts of artists and entrepreneurs.

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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

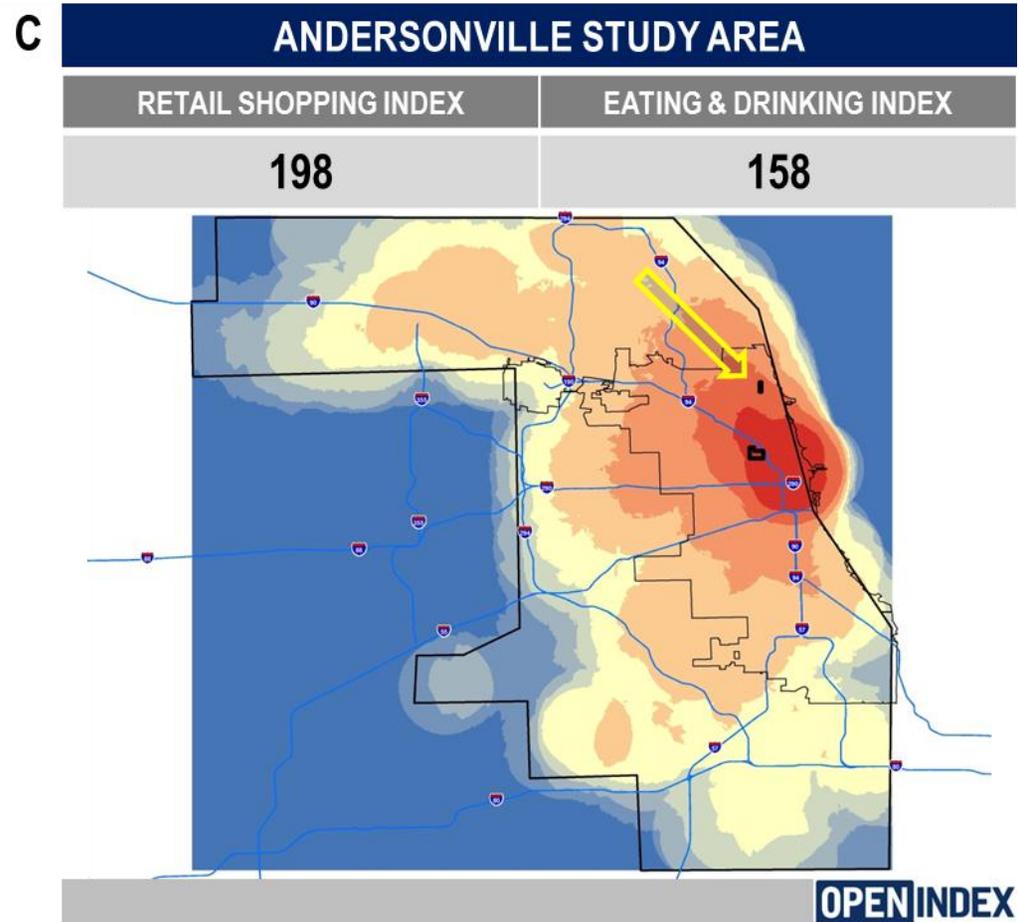
OPEN INDEX

**ANDERSONVILLE**

Andersonville (in small box on Map C, at right) is an historic neighborhood on the north side of Chicago originally settled by Swedish immigrants. The commercial corridor generally understood as Andersonville runs along narrow Clark Street from below Foster to Bryn Mawr.

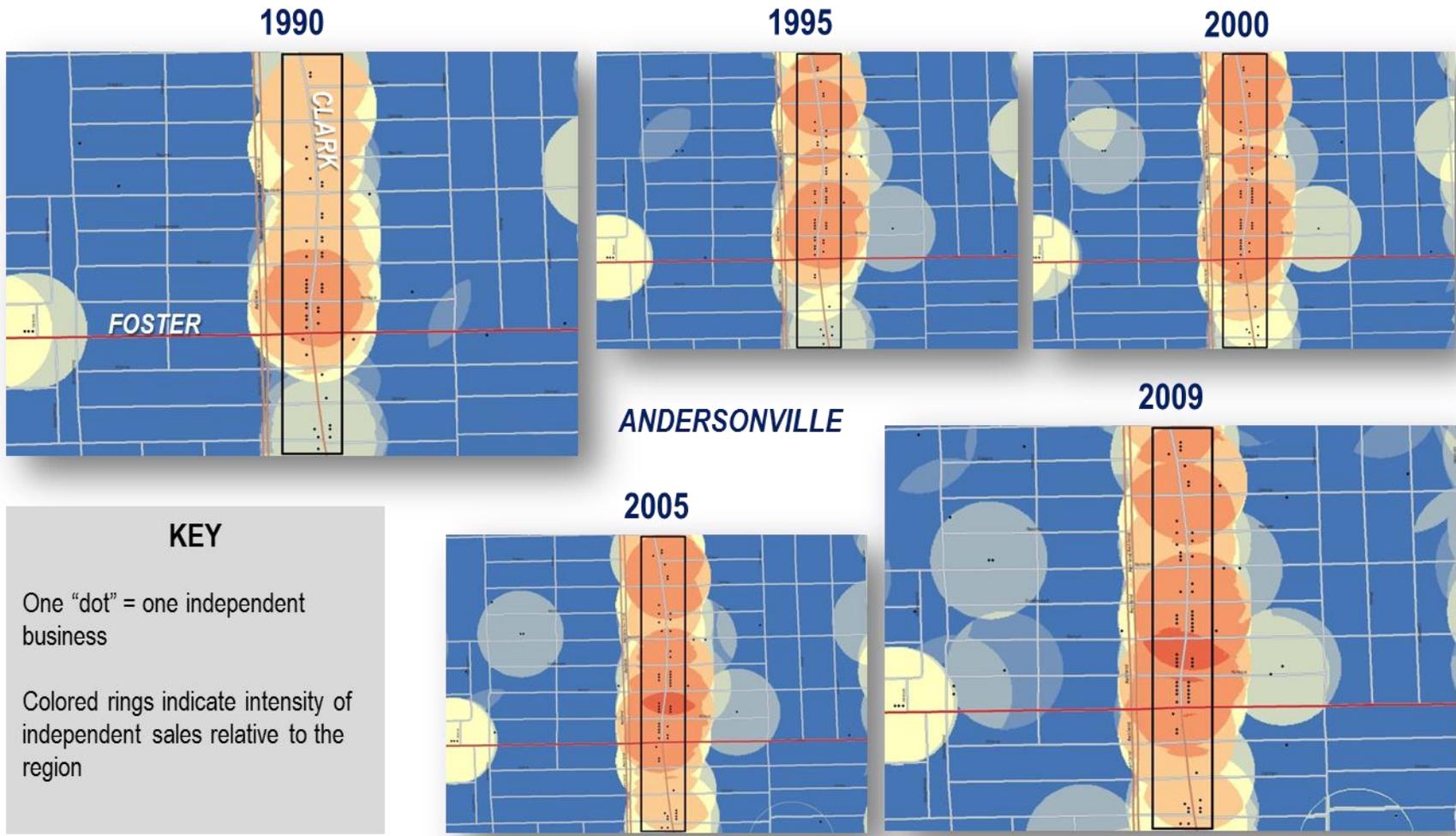
Map D on the following page depicts the evolution of the business district since 1990. It shows an ever increasing number of independent businesses along the corridor (represented by dots), filling most available storefronts with locally-owned shops, restaurants, and bars. Most notably, the corridor is nearly devoid of non-local commercial businesses. While the area did see a slight downturn at the beginning of the recent recession most of the storefronts have been occupied once again by independent retailers.

Chart 7 (on page 15) compares the retail and food & beverage markets in Andersonville with the broader Cook County market. There has been very steep growth in this segment as highly regarded restaurants and bars have received citywide attention. In fact, Eating & Drinking establishments have expanded faster than Retail Shopping, but data show minimal displacement of retail to date.



D

EVOLUTION OF AN INDEPENDENT BUSINESS DISTRICT



KEY

- One "dot" = one independent business
- Colored rings indicate intensity of independent sales relative to the region

Source: NETS, Civic Economics

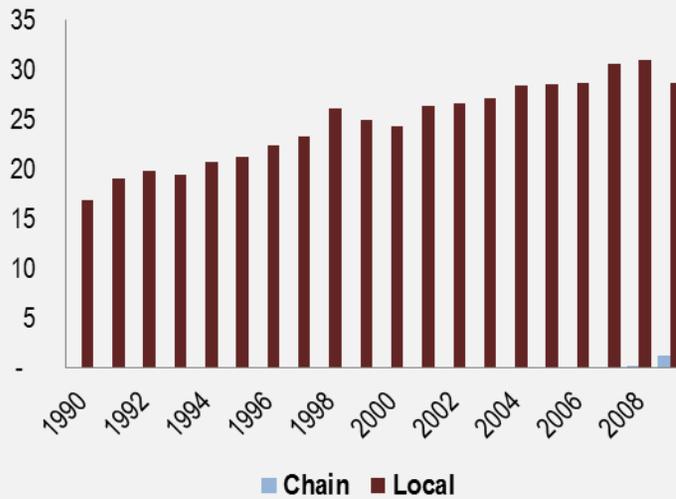
OPEN INDEX

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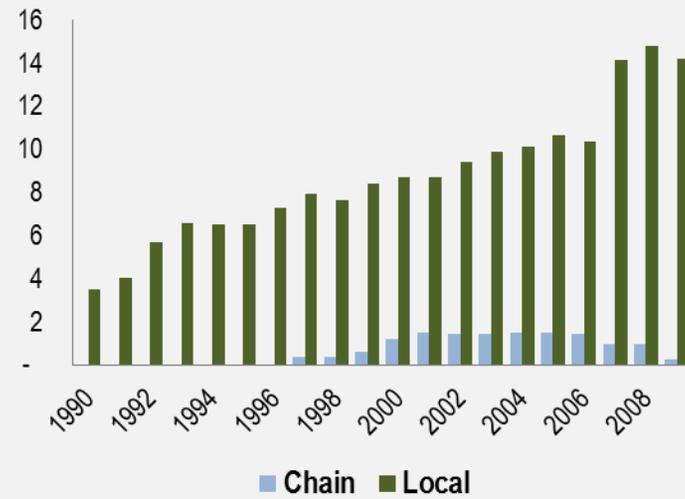
NEIGHBORHOOD SALES VERSUS COUNTY (\$ Millions)

ANDERSONVILLE

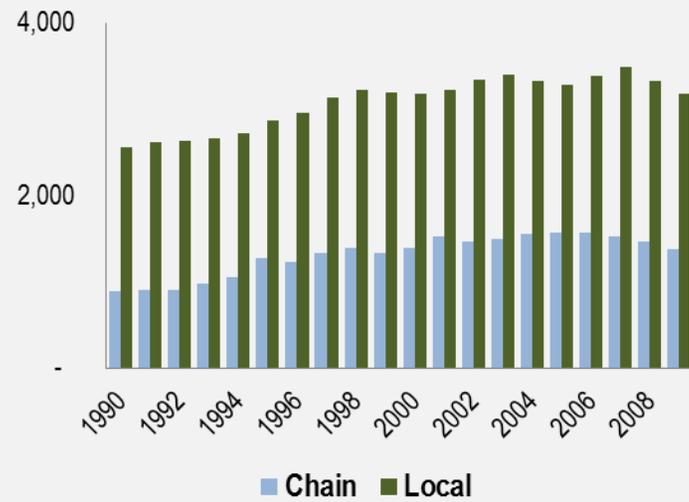
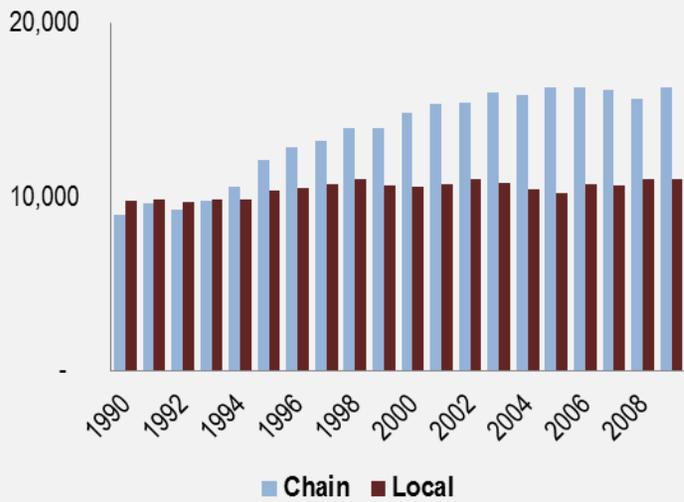
RETAIL SHOPPING



EATING & DRINKING



COOK COUNTY



Source: NETS, Civic Economics

OPEN INDEX

### The Economic Impacts of Andersonville

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 60640 Zip Code encompasses the southern stretch of the business district and adjacent residential areas. Throughout the study period, even during the recent downturn, neighborhood sales prices have substantially outpaced the city median. Indeed, the difference between neighborhood and citywide value increases is greater in Andersonville than in all but a handful of neighborhoods analyzed for this study.

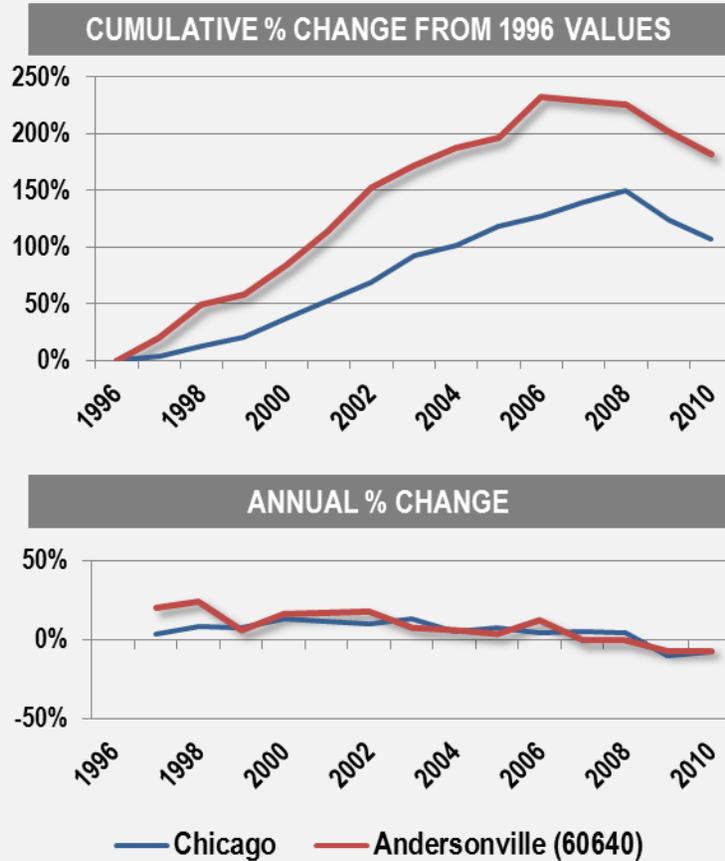
The second question is how many jobs are created by the presence of the district. The right side of Chart 8 below shows job creation at both independent and chain businesses.

Over the course of the study period, Andersonville independents have turned this short stretch of a two-lane road into an employment center for the north side, doubling retail and restaurant jobs with nearly all of them offered by independent retailers.

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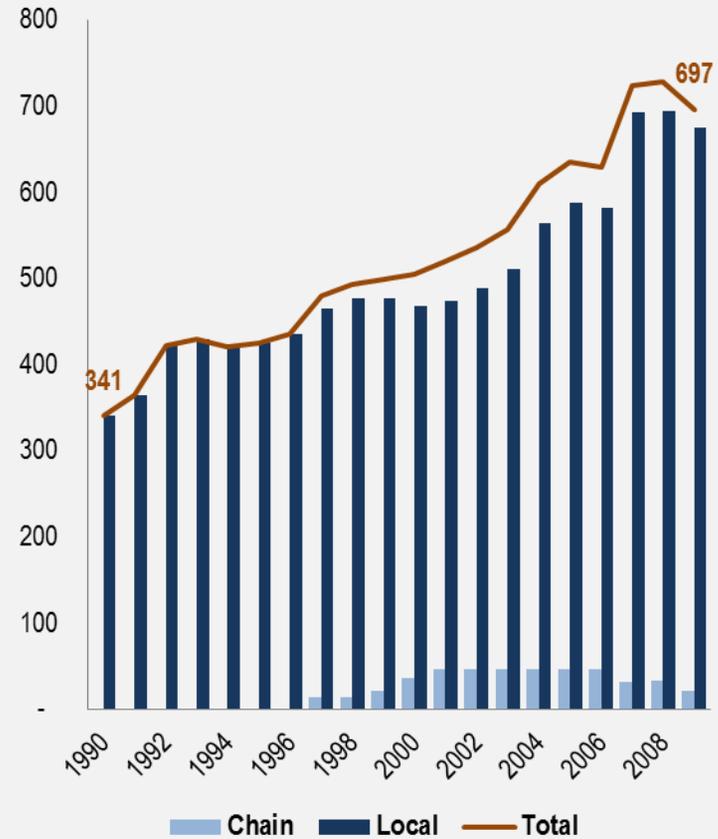
THE ECONOMIC IMPACTS OF AN INDEPENDENT BUSINESS DISTRICT

MEDIAN HOME SALES PRICES



Source: Zillow.com, Civic Economics

JOB CREATION IN THE NEIGHBORHOOD



Source: NETS, Civic Economics

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## CONCLUSION

Chicago's Miracle Mile may be known worldwide as a shopping destination, but a number of neighborhood business districts present a more indigenous and organic business culture. Wicker Park–Bucktown and Andersonville are just two examples of these economic engines scattered around the city. They have led the way to redevelopment of vast swaths of the city, and successive City governments have recognized their value with a range of investments and programs to enhance them.

While Chicago's Retail Shopping Index ranks only 14<sup>th</sup> in this study, its Eating & Drinking rank of 6<sup>th</sup> reflects the local culture more realistically.

## CONTACTS

To learn more about the OPEN Index and to download study documents, please visit [SmallBusinessSaturday.com](http://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](http://www.CivicEconomics.com).

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