

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

***ATLANTA
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.

ATLANTA AND THE INDEX

Fulton County, in which Atlanta is situated, has a population of 920,581, the 12th largest among the 15 study communities; its growth rate of 12.8% over the last decade is well above the average for both study communities and the nation. Fulton County is well above average in per capita income and modestly so in retail spending per capita. Its population density is in the bottom third of the group.

Atlanta's Index rankings are 9th for Retail Shopping, 10th for Eating & Drinking, and 9th Combined. However, the community has risen in the rankings over the last decade as independent retailers and restaurateurs have increasingly attracted the attention of Atlanta residents.

1

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

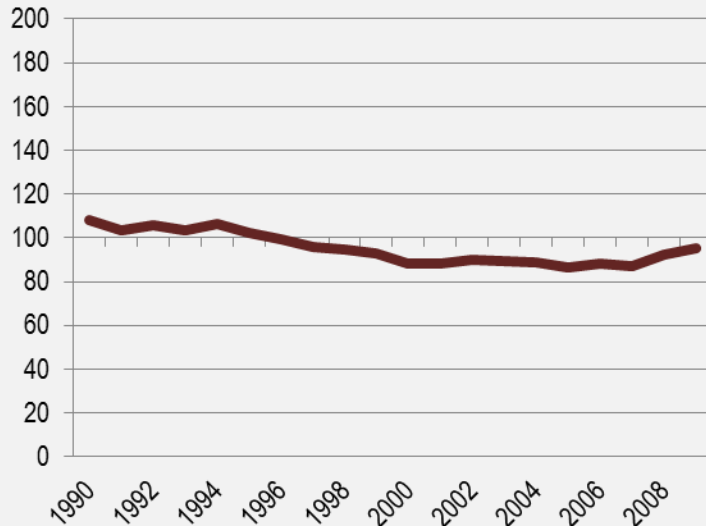
Source: US Census



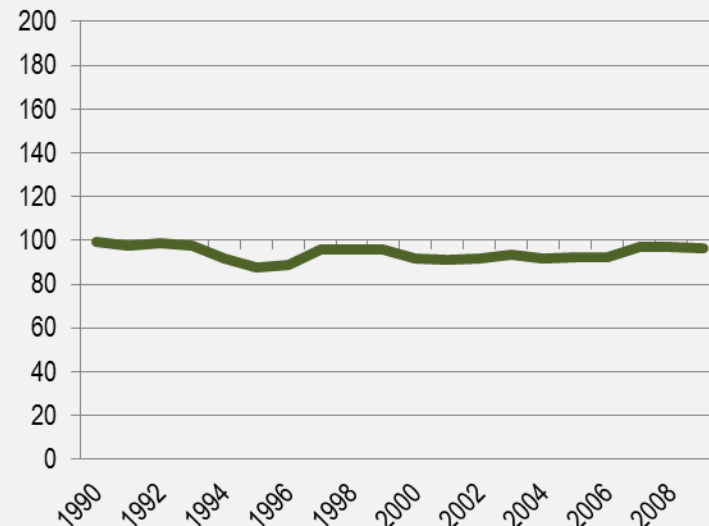
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ATLANTA (FULTON COUNTY)

RETAIL SHOPPING INDEX



EATING & DRINKING INDEX



1990 Index: 108 Rank: 13
2000 Index: 88 Rank: 13
2009 Index: 95 Rank: 9

1990 Index: 99 Rank: 12
2000 Index: 92 Rank: 12
2009 Index: 97 Rank: 10

Combined Ranking, 2009: #9

Source: NETS, Civic Economics, US Census



3

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

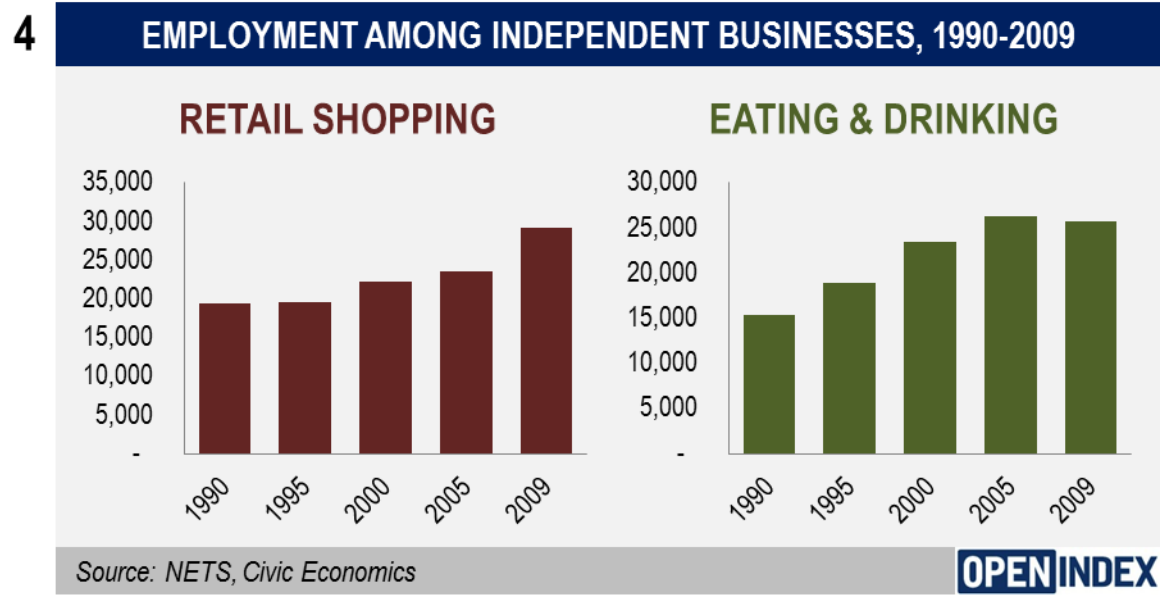
Source: NETS, Civic Economics, US Census

OPEN INDEX

INDEPENDENT BUSINESS IN ATLANTA

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

Collectively, Atlanta independents provide roughly 55,000 jobs in the county as of 2009, with 29,000 coming in the Retail Shopping category and 26,000 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 nation, county, and neighborhood level.

Atlanta is in many ways the commercial capital of the south. Growth in the region has continued unabated for decades as the population spreads out into the valleys and prairies of the nearby countryside. As a result, population density is generally low throughout the region. Atlanta itself might be said to have three downtowns: Downtown, Midtown, and Buckhead. Only the latter of these functions as a regional retail center.

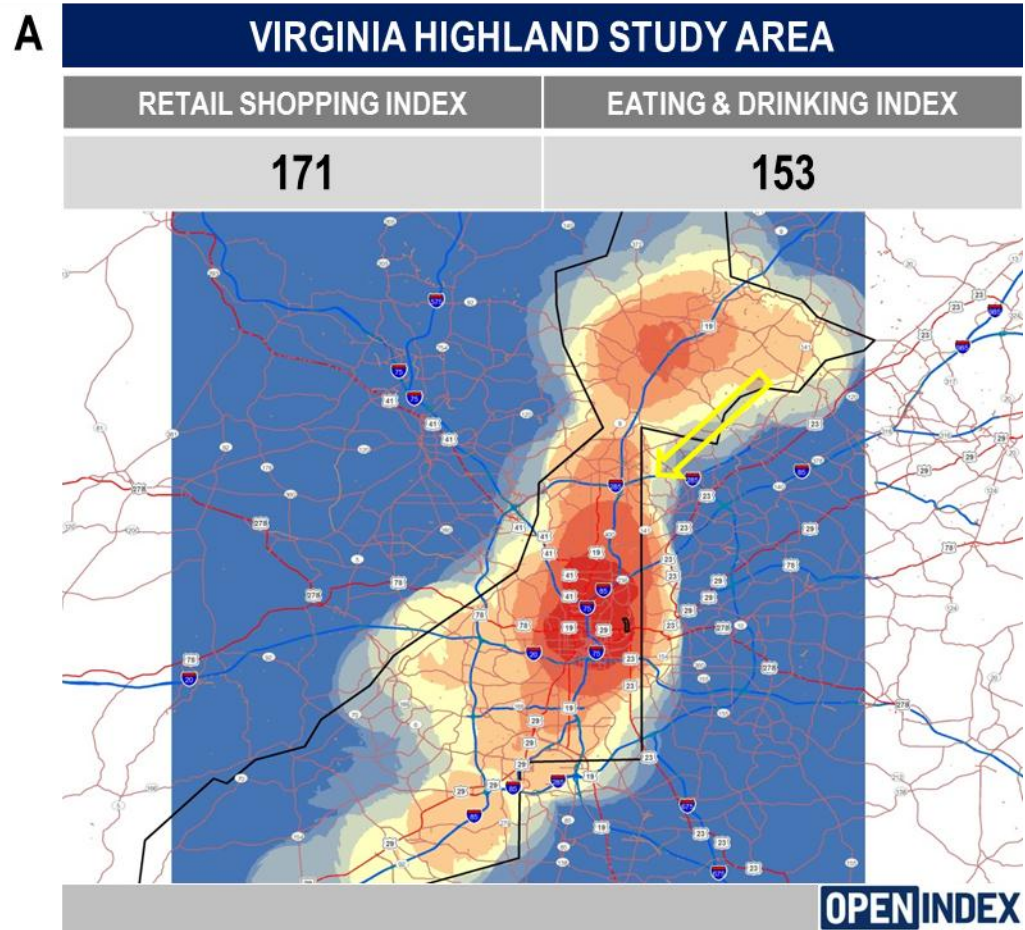
Within the region, though, are countless neighborhood scale business districts. Older commercial corridors in Atlanta proper lead to a variety of suburban downtowns that provide area residents with essential goods, services, and entertainment options. We have chosen to look more closely at one such district, Atlanta's popular Virginia Highland.

VIRGINIA HIGHLAND

The Virginia Highland business district (in small box on Map A at right) serves an early 20th Century neighborhood northeast of downtown Atlanta. The Virginia-Highland Business Association incorporates seven distinct pockets of business, but we have focused here on a stretch of Highland from Virginia to Ponce de Leon, along with adjacent commercial blocks.

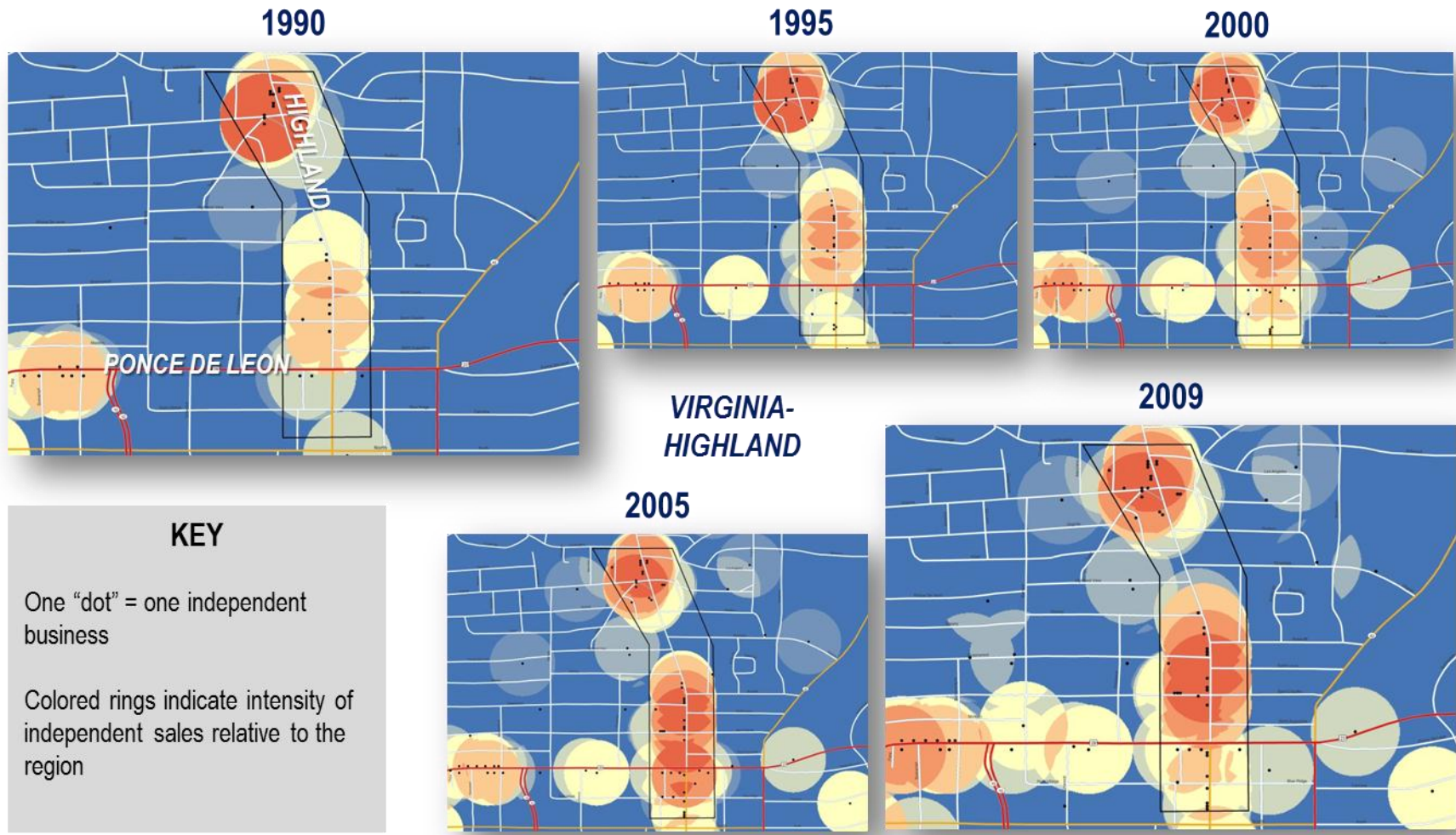
Map B on the following page depicts the evolution of the business districts in Virginia Highland since 1990. It shows an ever increasing number of independent businesses in the area (represented by dots), filling corner spots and expanding outward.

Chart 5 (on page 9) compares the retail and food & beverage markets in Virginia Highland with the broader Fulton County market. Most notably, independents enjoy a consistently higher market share in the neighborhood than in the County. Retail sales enjoyed a brief spike attributable to the presence of an upmarket grocer, but have otherwise remained consistent. Those stable sales have been supplemented by an ever-increasing restaurant and bar business in the neighborhood, driving revenue growth in recent years. This transition from retail to eating and drinking is common in successful urban districts and not without its challenges for neighbors. Nonetheless, restaurants and bars have sustained the vitality of Virginia Highland businesses in recessionary times.



B

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

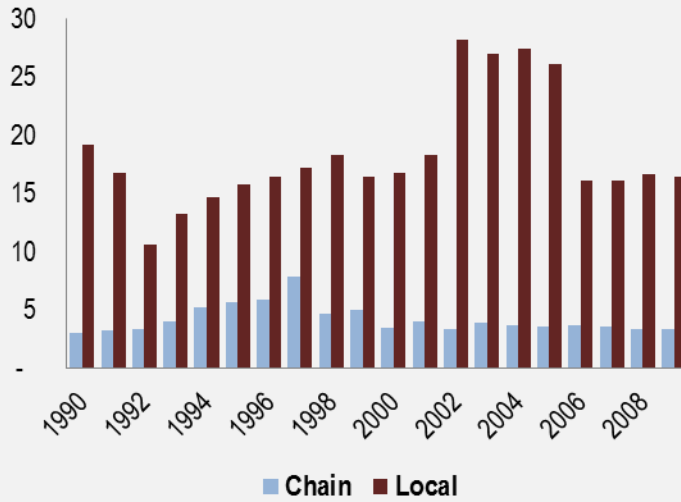
OPEN INDEX

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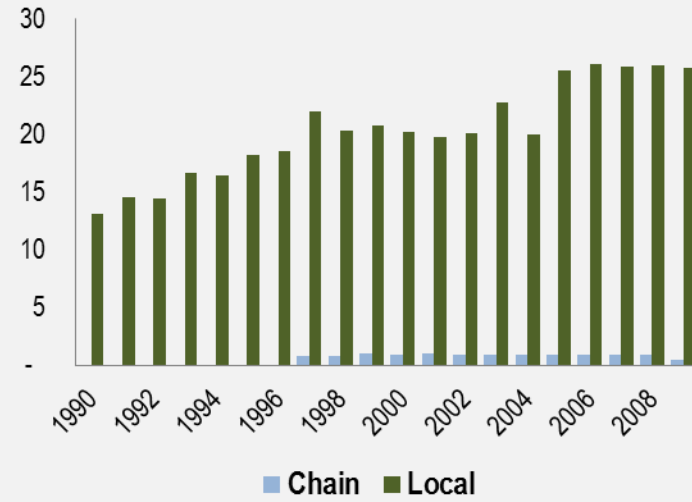
NEIGHBORHOOD SALES VERSUS COUNTY (\$ Millions)

VIRGINIA HIGHLAND

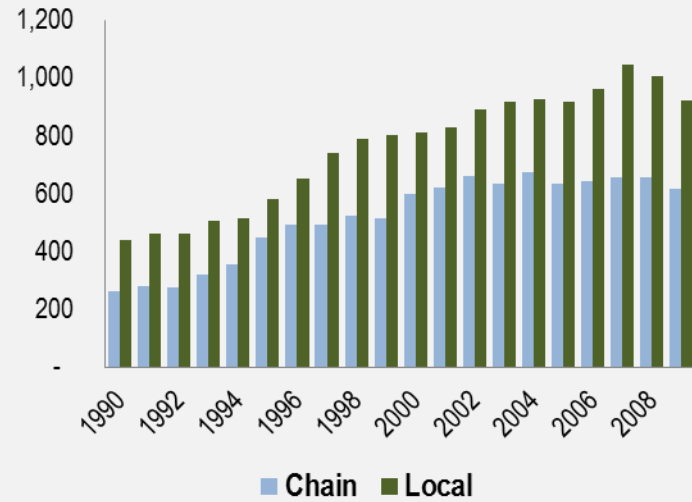
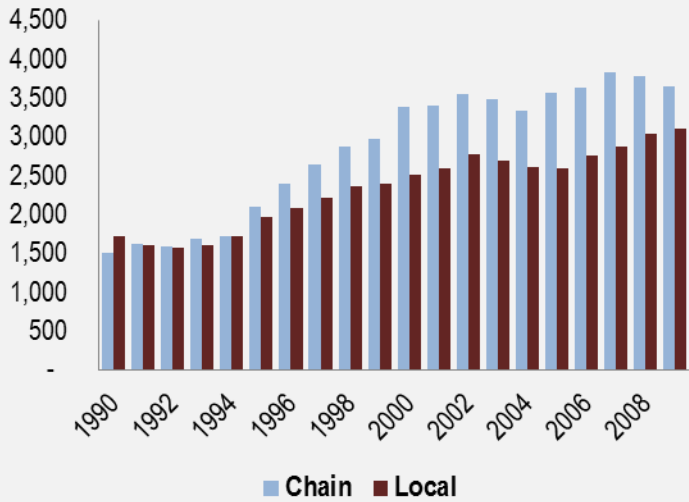
RETAIL SHOPPING



EATING & DRINKING



FULTON COUNTY



Source: NETS, Civic Economics

OPEN INDEX

The Economic Impacts of Virginia Highland

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 from 1996-2010.

The 30306 Zip Code encompasses the entire business district included in the study as well as expansive residential areas stretching to the Emory University campus. Housing prices began the period twice as high as the county average, and have shown sensitivity to previous recessions. As a result, perhaps, Virginia-Highland trailed the county rate of increase for many years. However, in recent years, just as the businesses of Virginia Highland have achieved their greatest success, neighborhood housing prices have bucked the housing market challenges facing the broader region.

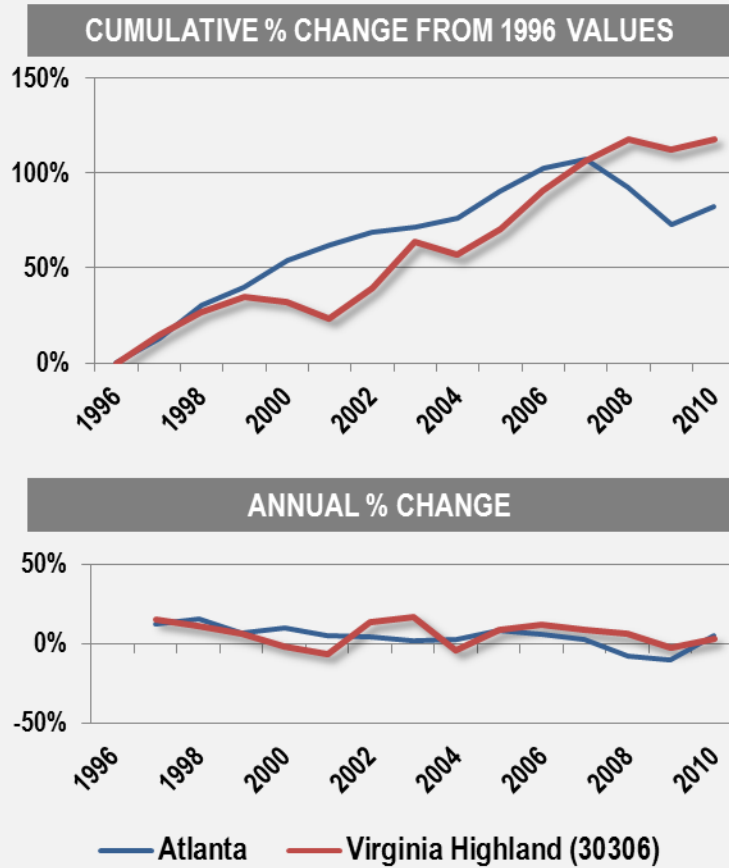
The second question is how many jobs are created by the presence of the district. The right side of Chart 6 below shows job creation at both independent and chain businesses.

Other than a spike in 1997, employment in Virginia Highland business has consistently grown to 1,000 workers in recent years. In few cities do public officials recognize the job generation capabilities of urban business districts like this one, but it is worth trumpeting that 1,000 Atlantans earn a living at this collection of small businesses well off the beaten track of Atlanta commerce.

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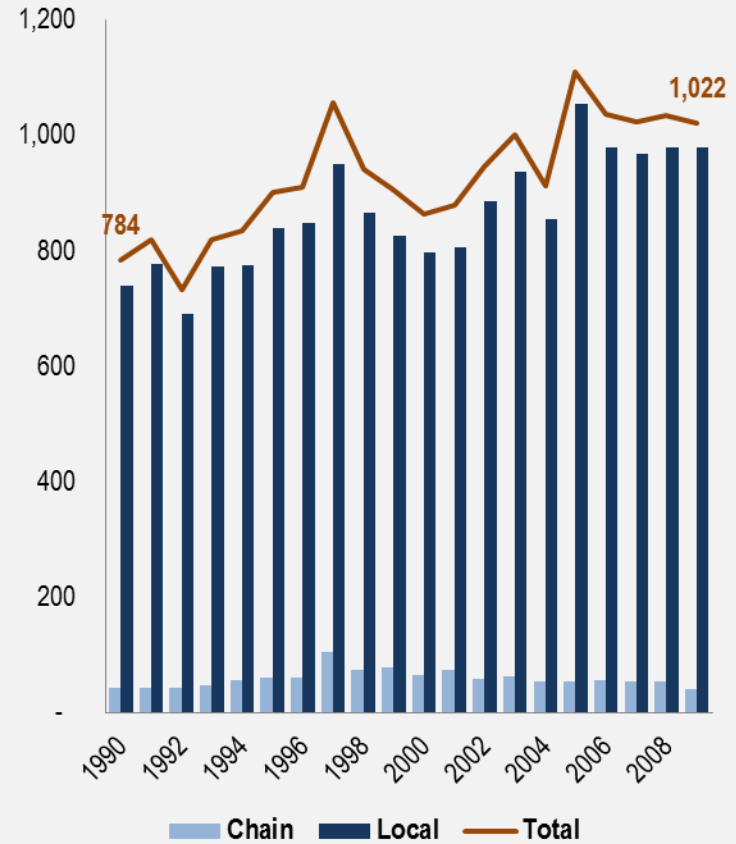
THE ECONOMIC IMPACTS OF AN INDEPENDENT BUSINESS DISTRICT

MEDIAN HOME SALES PRICES



Source: Zillow.com, Civic Economics

JOB CREATION IN THE NEIGHBORHOOD



Source: NETS, Civic Economics

OPEN INDEX

CONCLUSION

Metropolitan Atlanta is predominately a low-density southern metropolis, but it is blessed with a smattering of neighborhood scale business districts both in the city and in the suburbs. However, as its rising Index rankings demonstrate, Atlantans are coming to embrace the local. Virginia Highland and neighborhoods like it play a leading role in this new consciousness.

All these benefits are driven by a rich mix of independent, locally-owned businesses. Without these entrepreneurs, Virginia Highland and similar districts all over America would face declining fortunes, as would the cities around them.

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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