

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

***SAN DIEGO  
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).

## SAN DIEGO AND THE OPEN INDEX

San Diego County had a population of 3,095,313 in 2010. Its population grew by 10.0% during the 2000's, which ranked 5<sup>th</sup> among our study areas. Both its per capita income and retail sales per capita were above the national average. While its population density was low among study areas, there are vast areas of the county that are sparsely populated, leaving the urban core quite dense.

San Diego County ranked 12<sup>th</sup> in both Shopping and Eating and Drinking Indexes in 2009, with Index scores of 89 and 95 respectively.

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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                          |
| <b>SAN DIEGO</b> | 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                             |

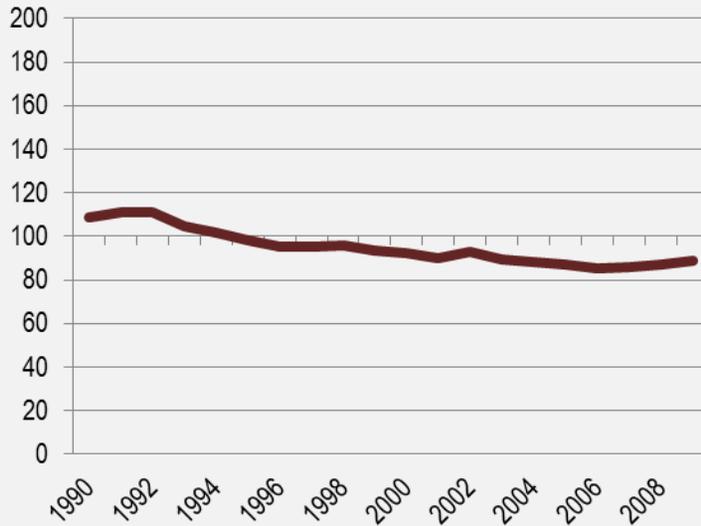
Source: US Census

OPEN INDEX

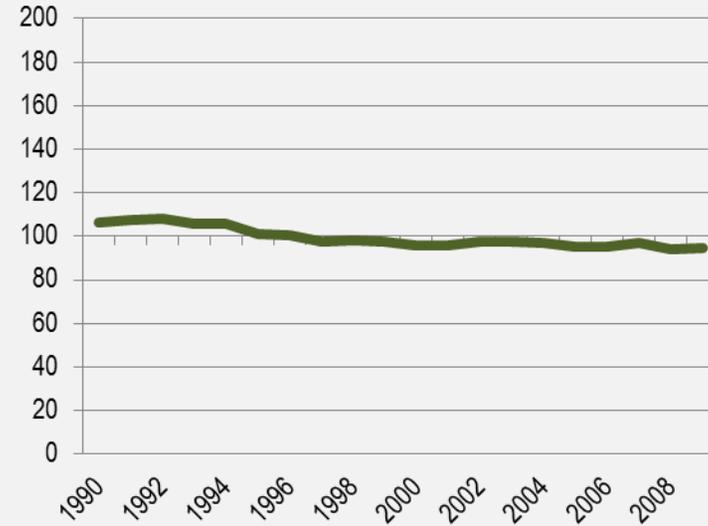
2

**SAN DIEGO (SAN DIEGO COUNTY)**

**RETAIL SHOPPING INDEX**



**EATING & DRINKING INDEX**



**1990 Index: 109 Rank: 12**  
**2000 Index: 92 Rank: 10**  
**2009 Index: 89 Rank: 12**

**1990 Index: 106 Rank: 9**  
**2000 Index: 96 Rank: 10**  
**2009 Index: 95 Rank: 12**

**Combined Ranking, 2009: #12**

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        |
| <b>San Diego</b>  | <b>89</b> | <b>12</b> | <b>San Diego</b>             | <b>95</b> | <b>12</b> | <b>San Diego</b>  | <b>184</b> | <b>12</b> |
| 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 SAN DIEGO**

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

Collectively, San Diego independents provide roughly 115,000 jobs in the county as of 2009, with 69,000 coming in the Retail Shopping category and 46,000 in Eating & Drinking.

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## 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.

San Diego County, which borders Mexico and the Pacific Ocean, has a number of independent business districts despite an overall index below the national average. In addition to the greater downtown area in the city of San Diego, coastal communities to the north also have notable concentrations of independent businesses.

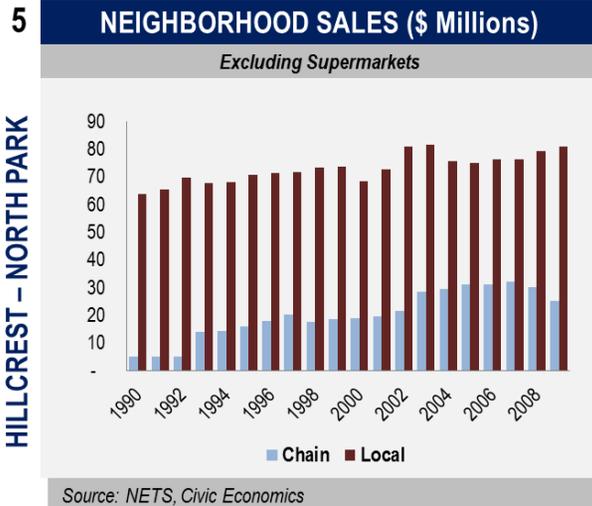
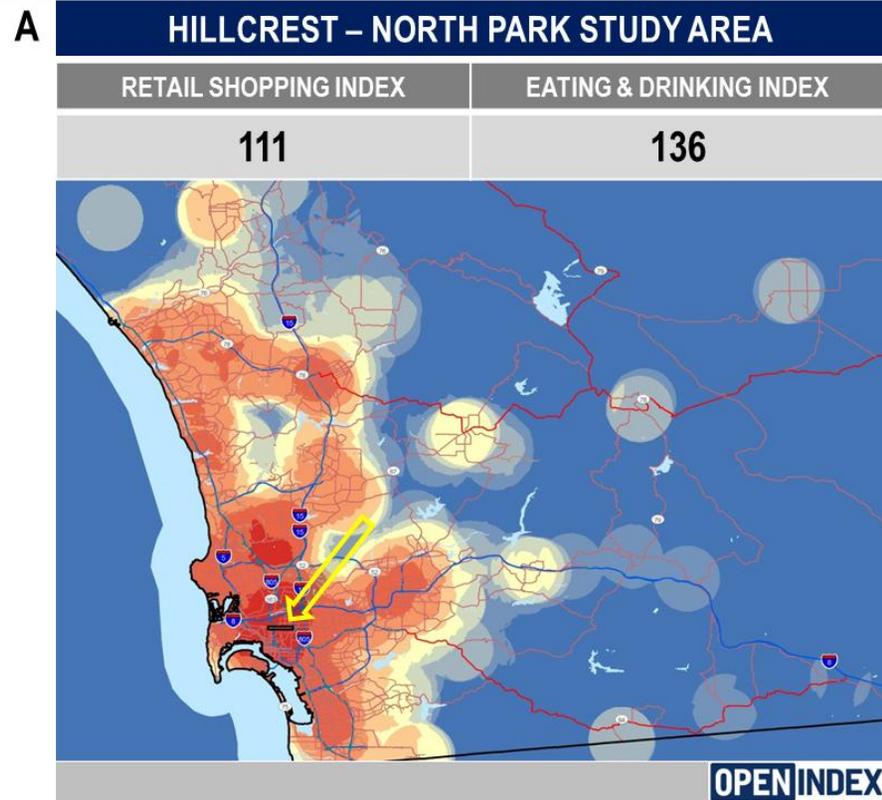
For our study we focus on two areas. The first is a combination of the Hillcrest and North Park neighborhoods along University Avenue. The other is Pacific Beach, along the coast in the northern portion of the city.

**HILLCREST AND NORTH PARK**

Hillcrest and North Park (in small box on Map A at right) are two separate neighborhoods located north of downtown San Diego. University Avenue serves as a unifying commercial corridor.

Map B on the following page shows that the area has supported a large and constantly expanding independent business community throughout the study period. Later year additions to the independent community were largely along the middle stretches of University Avenue, between the established Hillcrest and North Park business districts.

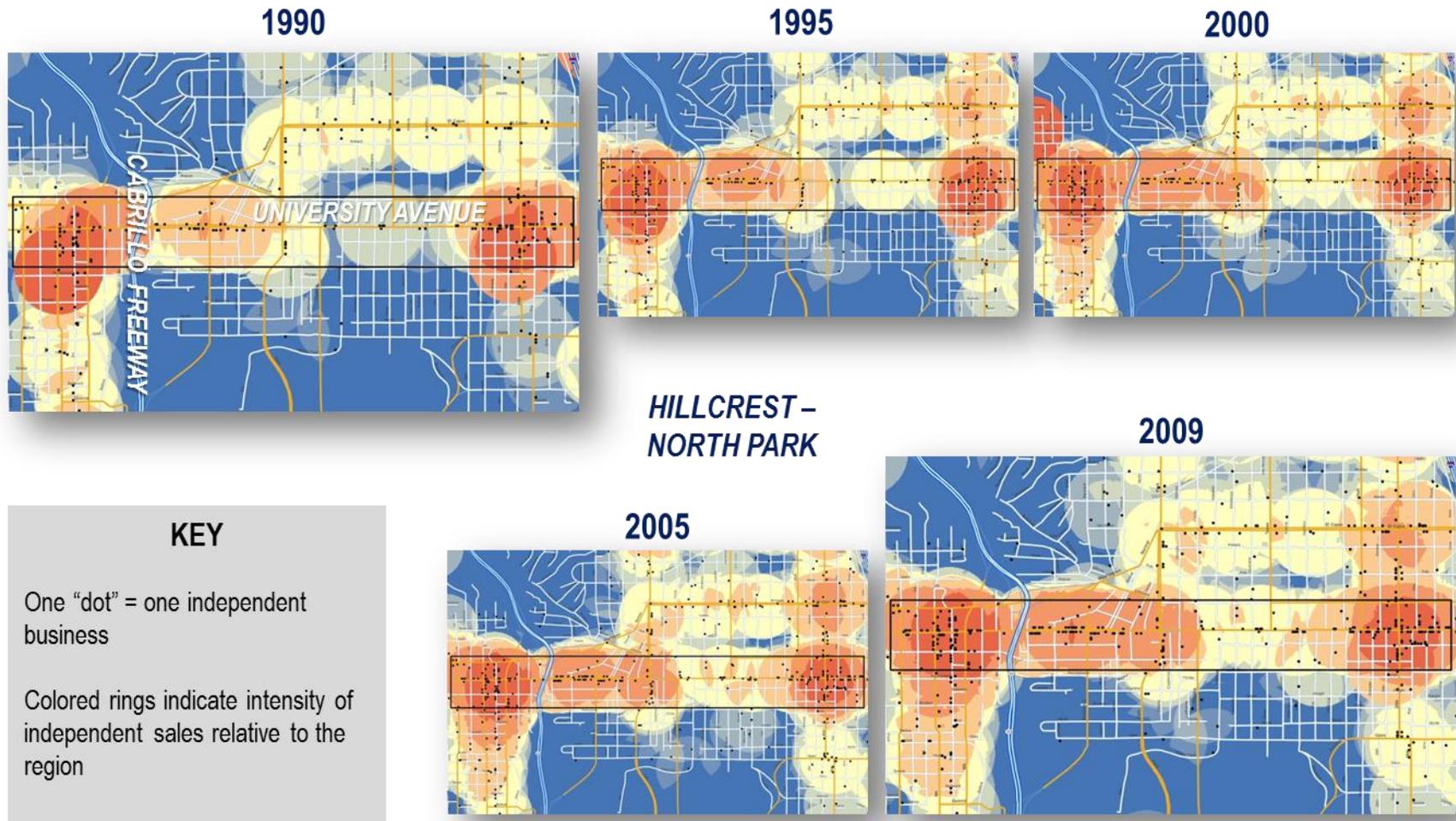
Chart 6 on page 9 compares annual sales in the district with those in San Diego County.



Although this combined area had a higher Index than the county average it is lower than one might expect, primarily due to national supermarket chains. As the independent business community thrived, national retailers have moved to the area, most notably supermarkets. In fact, removing these supermarkets raises the Retail Shopping Index to 157.5. Chart 5, at left, shows annual sales when removing those supermarket chains from the totals.

**B**

**EVOLUTION OF AN INDEPENDENT BUSINESS DISTRICT**



Source: NETS, Civic Economics

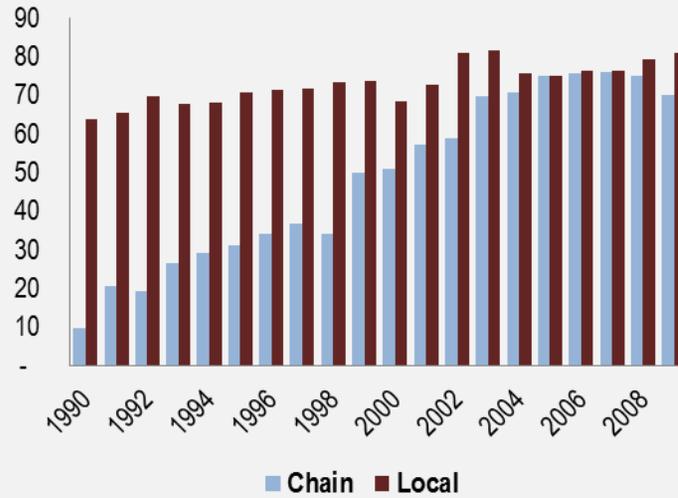
**OPEN INDEX**

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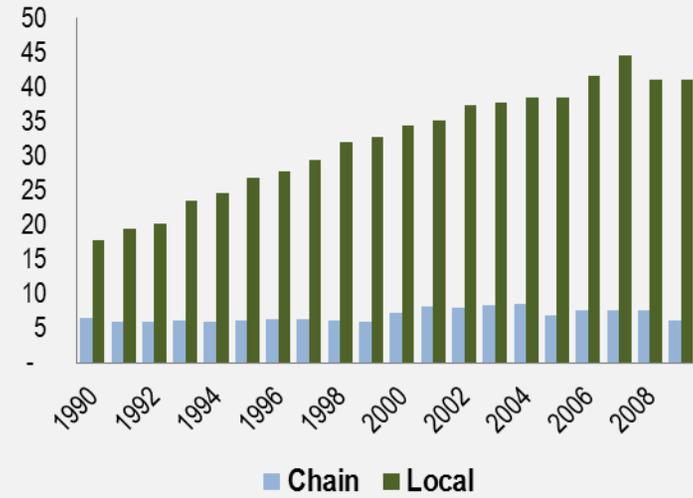
NEIGHBORHOOD SALES VERSUS COUNTY (\$ Millions)

HILLCREST – NORTH PARK

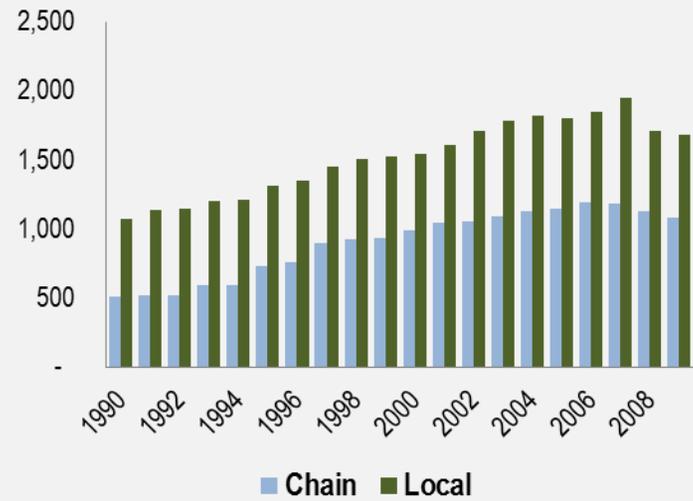
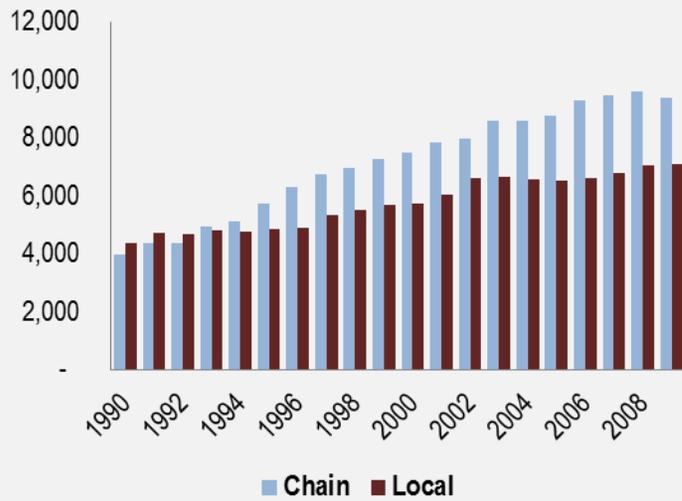
RETAIL SHOPPING



EATING & DRINKING



SAN DIEGO COUNTY



Source: NETS, Civic Economics

OPEN INDEX

### The Economic Impacts of Hillcrest and North Park

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 7 below provides one answer to that question, tracking the median sales price in the zip code most closely associated with the district.

The 92103 and 92104 Zip Codes encompass the entirety of these neighborhoods and have generally followed tracked closely trends in the City of San Diego. 92104 moved ahead of the pace in the mid-2000s before the recent recession returned it back to the city average. Through 2010, both neighborhoods have returned to a higher value increases than the city overall.

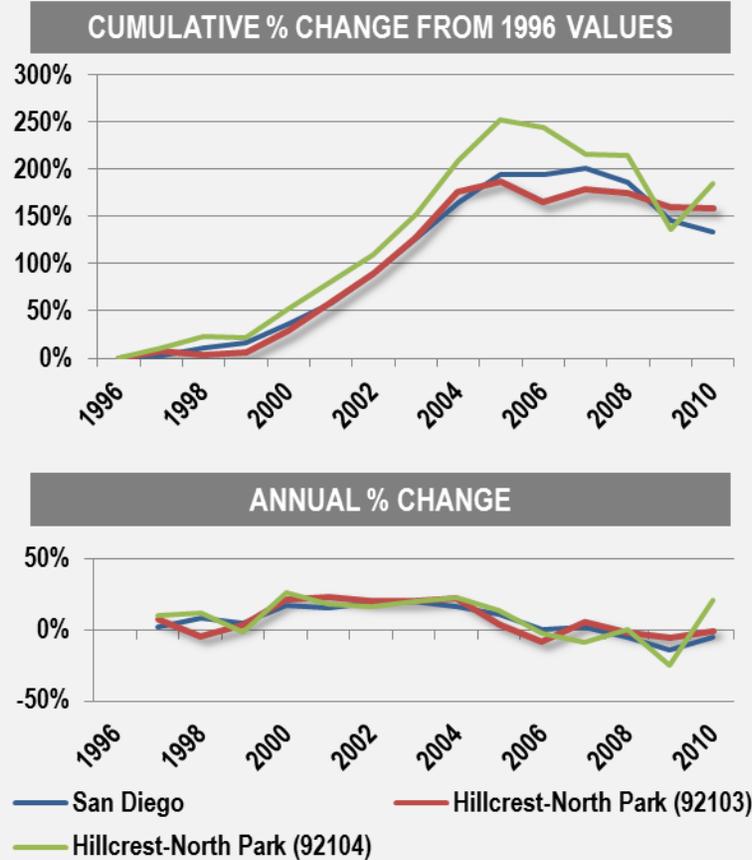
The second question is how many jobs are created by the presence of the district. The right side of Chart 7 below shows job creation at both independent and chain businesses.

From 1990 to 2009, Hillcrest-North Park businesses have increased employment in the neighborhood by approximately 1,000 from 1990 to 2009. Employment in 2009 stood at 2,700, which suggests it is employing residents of a broader region well beyond the neighborhood.

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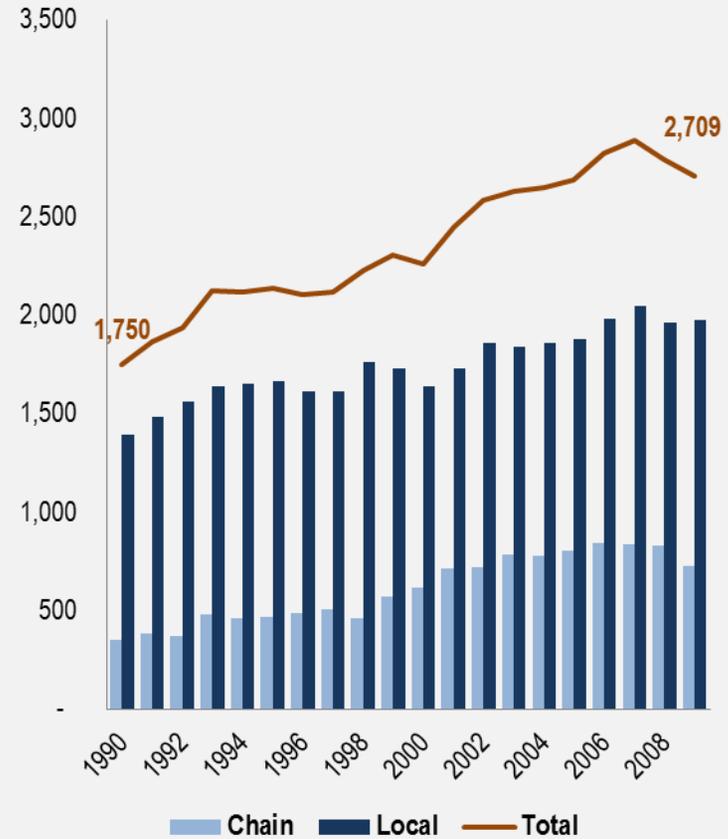
THE ECONOMIC IMPACTS OF AN INDEPENDENT BUSINESS DISTRICT

MEDIAN HOME SALES PRICES



Source: Zillow.com, Civic Economics

JOB CREATION IN THE NEIGHBORHOOD



Source: NETS, Civic Economics

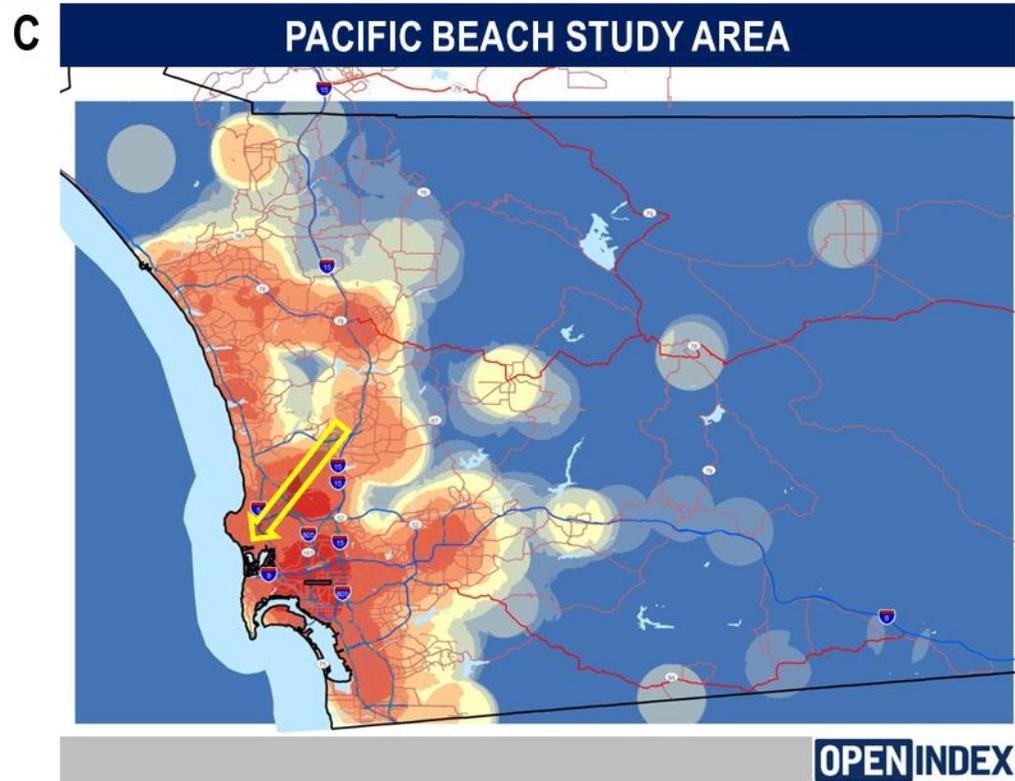
OPEN INDEX

**PACIFIC BEACH**

Pacific Beach (in small box on Map C, at right) is a neighborhood on the north coast of San Diego between La Jolla and Mission Bay. While the neighborhood itself is larger, we focused on a nine block corridor starting at Grand Avenue and Mission Boulevard and moving east along Grand.

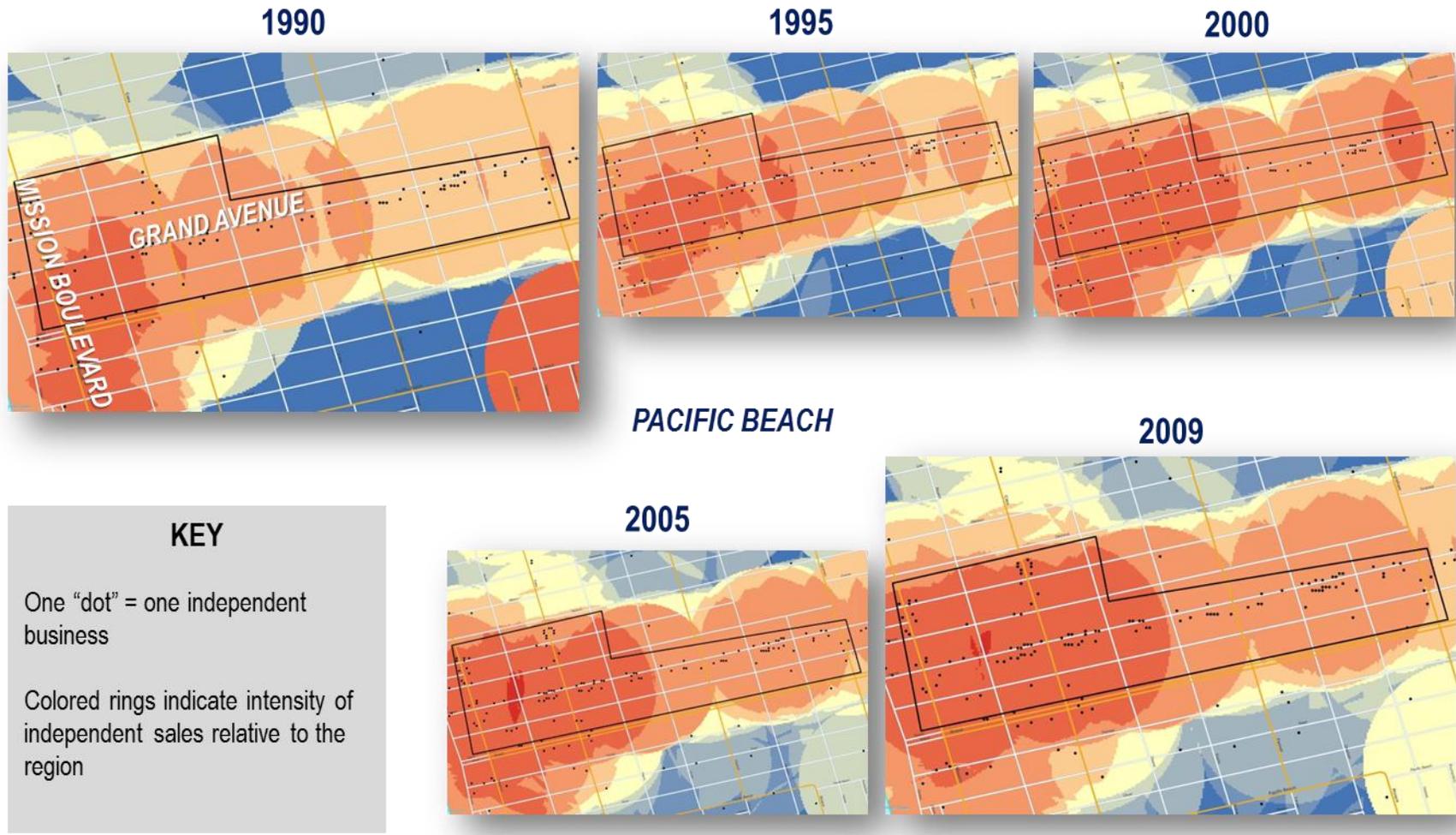
Map D on the following page depicts the evolution of the business district since 1990. Much like the Hillcrest and North Park neighborhoods, this area has had a strong presence of independent retailers throughout the study period.

Chart 8 (on page 14) compares the retail and eating & drinking markets in Pacific Beach with the broader San Diego market. A recent surge of restaurants and bars is readily apparent. This trend has been due to the growth of independent businesses as chain restaurant and bar sales have been steady throughout the study period.



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

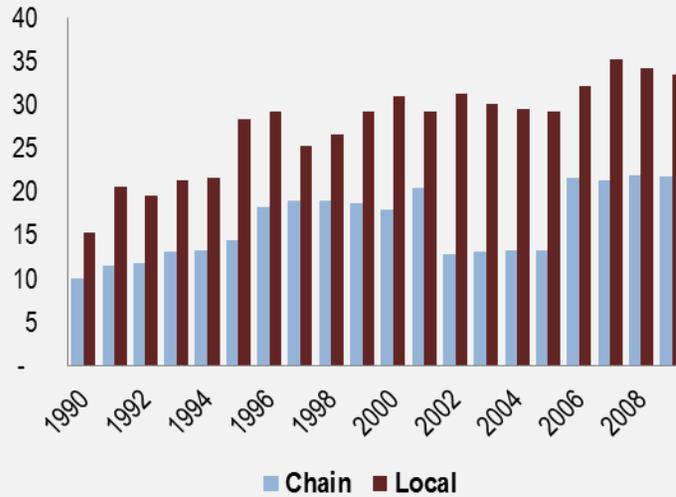
8

NEIGHBORHOOD SALES VERSUS COUNTY (\$ Millions)

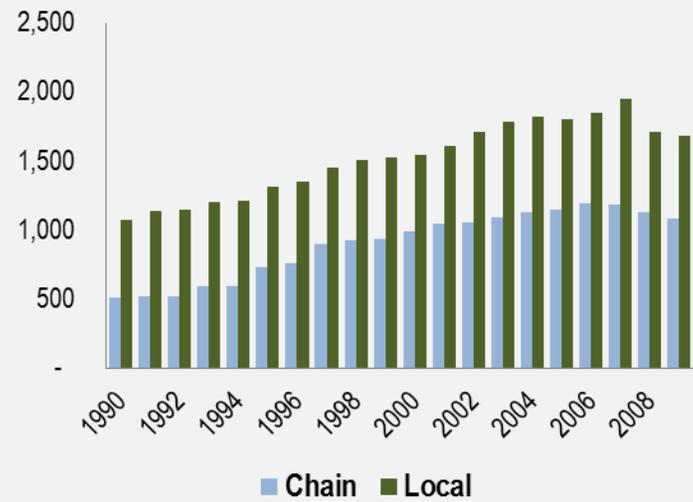
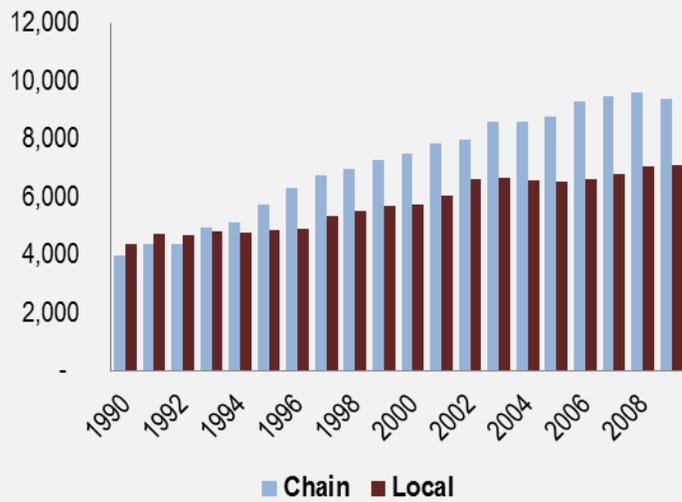
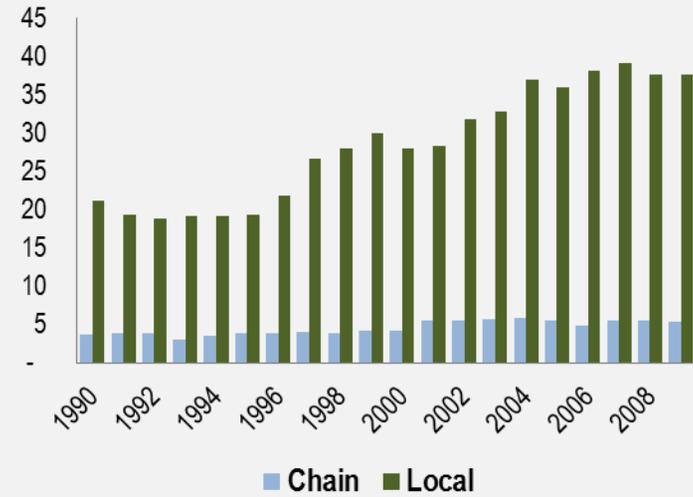
PACIFIC BEACH

SAN DIEGO COUNTY

RETAIL SHOPPING



EATING & DRINKING



Source: NETS, Civic Economics

OPEN INDEX

### The Economic Impacts of Pacific Beach

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 9 below provides one answer to that question, tracking the median sales price in the zip code most closely associated with the district.

The 92109 Zip Code encompasses the Pacific Beach community. Pacific Beach tracked just ahead of the broader San Diego market until the recent downturn. Since then, Pacific Beach values have declined but at a much lower rate than the city as a whole. Values in Pacific Beach began rebounding in 2010, ahead of the city.

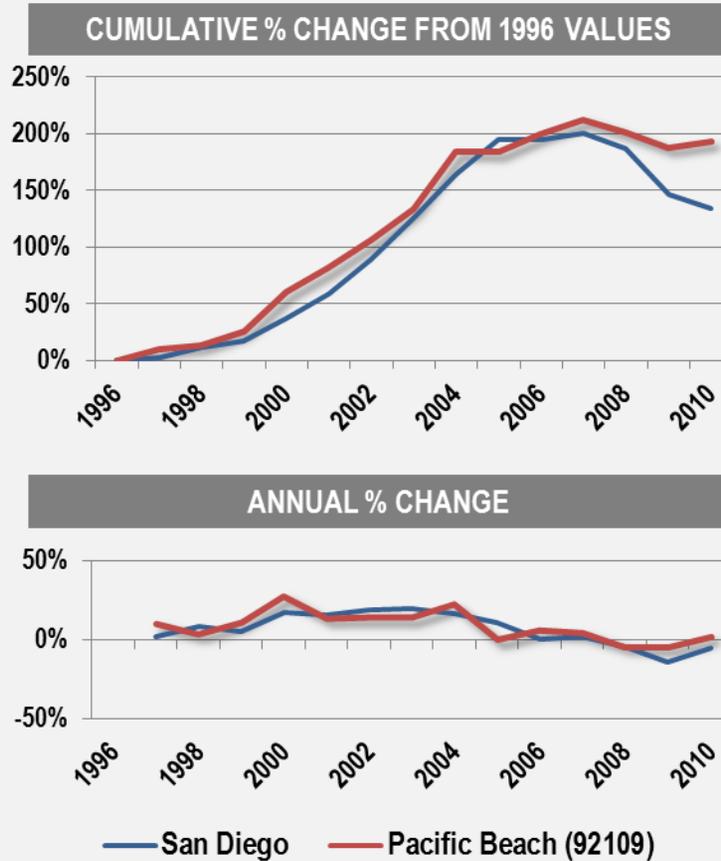
The second question is how many jobs are created by the presence of the district. The right side of Chart 9 below shows job creation at both independent and chain businesses.

Retailers in this Pacific Beach business area added 700 jobs during the study period increasing from approximately 1,250 to 1,950 employees. The bulk of these additions are in restaurants and bars as the nightlife has increased dramatically.

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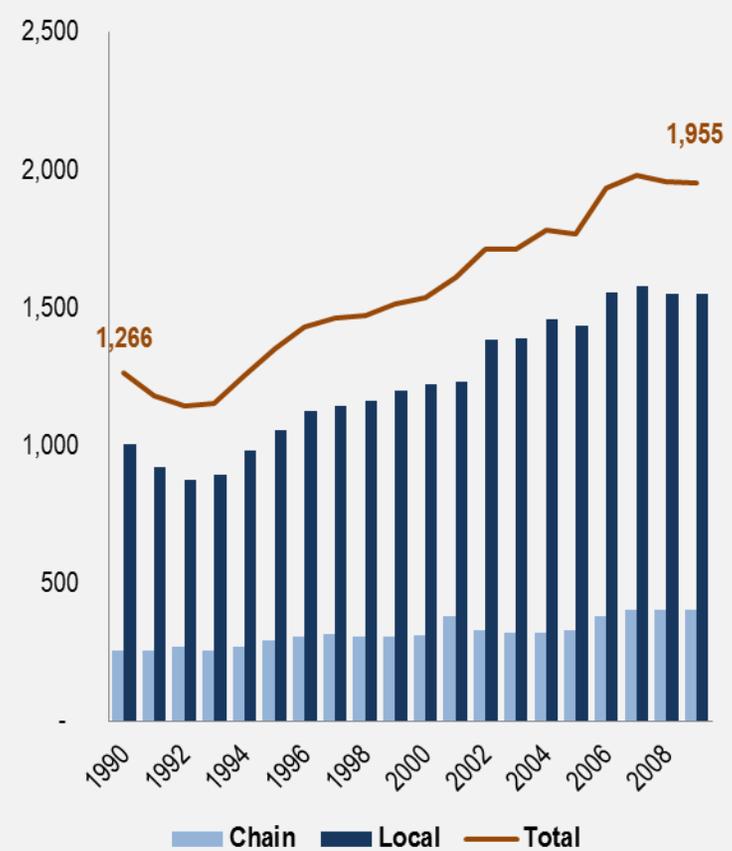
THE ECONOMIC IMPACTS OF AN INDEPENDENT BUSINESS DISTRICT

MEDIAN HOME SALES PRICES



Source: Zillow.com, Civic Economics

JOB CREATION IN THE NEIGHBORHOOD



Source: NETS, Civic Economics

OPEN INDEX

## CONCLUSION

San Diego County may not earn high rankings in the American Express OPEN Independent Retail Index, but the urban core and beachfront districts of the region teem with independent business vitality. Both Hillcrest-North Park and Pacific Beach enjoyed strong local business communities well before the study period, and both have become regional destinations. Visitors to San Diego cannot miss the attraction of urban Hillcrest, while close in North Park and the waterfront Pacific Beach draw locals from a broad area.

## 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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