THE
AMERICAN EXPRESS OPEN INDEPENDENT RETAIL INDEX

MIAMI
SUPPLEMENT

OCTOBER 2011

CIVIC ECONOMICS
CREATIVITY · OPPORTUNITY · PROSPERITY

AMERICAN EXPRESS OPEN

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***.

MIAMI AND THE OPEN INDEX

Miami-Dade County has a population of 2,496,435, the 6th largest among the 15 study communities; its growth rate of 10.8% exceeds both national and study averages. While per capita income trails the average substantially, per capita retail spending is above average, reflecting Miami's role as a shopping destination for a vast international region. While its countywide population density is quite low, the City of Miami proper has a density on par with Boston and Philadelphia.

Miami has climbed into 2nd place in the Retail Shopping Index and 9th in Eating & Drinking, earning it a combined ranking of 6th place out of our fifteen study areas.

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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

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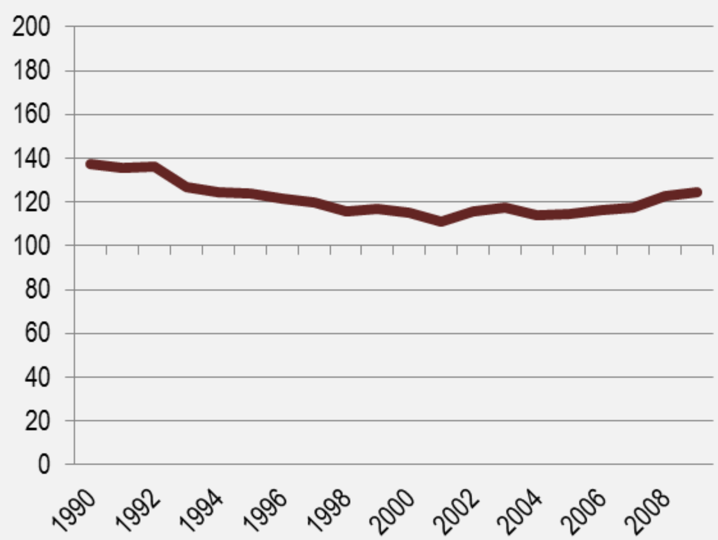
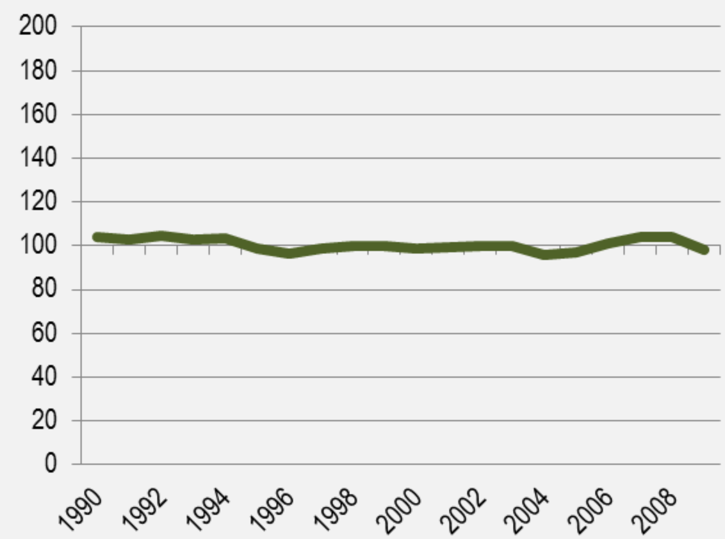
MIAMI (MIAMI-DADE COUNTY)

RETAIL SHOPPING INDEX



1990 Index:	137	Rank:	4
2000 Index:	115	Rank:	7
2009 Index:	125	Rank:	2

EATING & DRINKING INDEX



1990 Index:	104	Rank:	10
2000 Index:	99	Rank:	8
2009 Index:	98	Rank:	9

Combined Ranking, 2009: #6

Source: NETS, Civic Economics, US Census

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OPEN INDEX RANKINGS BY CATEGORY, 2009

SHOPPING RANKINGS

City	Points	Rank
New York	155	1
Miami	125	2
Boston	116	3
Los Angeles	115	4
San Francisco	114	5
Washington	112	6
Philadelphia	105	7
Detroit	100	8
Atlanta	95	9
Seattle	91	10
Dallas	89	11
San Diego	89	12
Minneapolis	88	13
Chicago	82	14
Phoenix	75	15

EATING AND DRINKING RANKINGS

City	Points	Rank
San Francisco	136	1
New York	132	2
Washington	126	3
Philadelphia	119	4
Boston	118	5
Chicago	109	6
Seattle	108	7
Los Angeles	98	8
Miami	98	9
Atlanta	97	10
Minneapolis	95	11
San Diego	95	12
Detroit	84	13
Phoenix	84	14
Dallas	82	15

COMBINED RANKINGS

City	Points	Rank
New York	287	1
San Francisco	250	2
Washington	238	3
Boston	233	4
Philadelphia	224	5
Miami	223	6
Los Angeles	213	7
Seattle	199	8
Atlanta	192	9
Chicago	191	10
Detroit	185	11
San Diego	184	12
Minneapolis	184	13
Dallas	171	14
Phoenix	159	15

Source: NETS, Civic Economics, US Census

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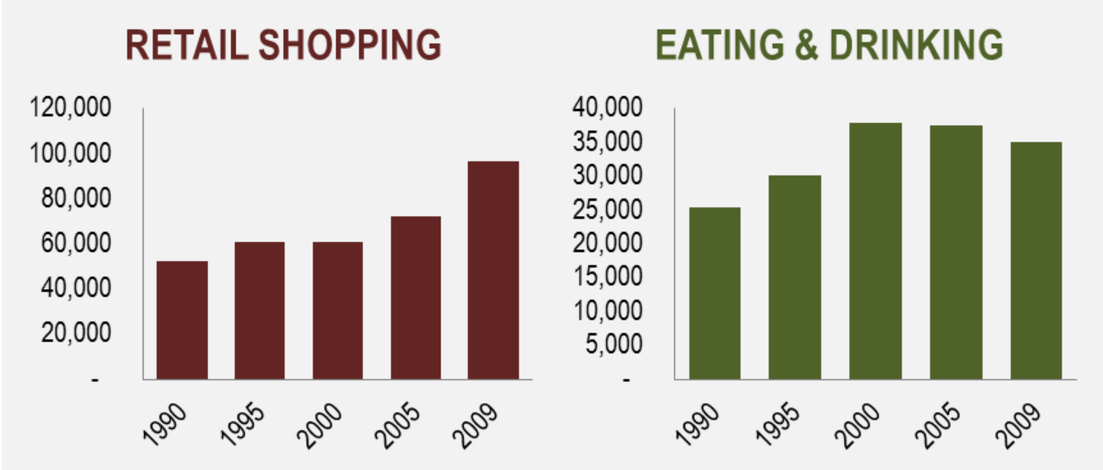
INDEPENDENT BUSINESS IN MIAMI

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

Collectively, Miami independents provide more than 131,000 jobs in the county as of 2009, with 96,000 coming in the Retail Shopping sector and 35,000 in Eating & Drinking.

4 EMPLOYMENT AMONG INDEPENDENT BUSINESSES, 1990-2009



Source: NETS, Civic Economics

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LOCAL INDEPENDENT BUSINESS HOT SPOTS

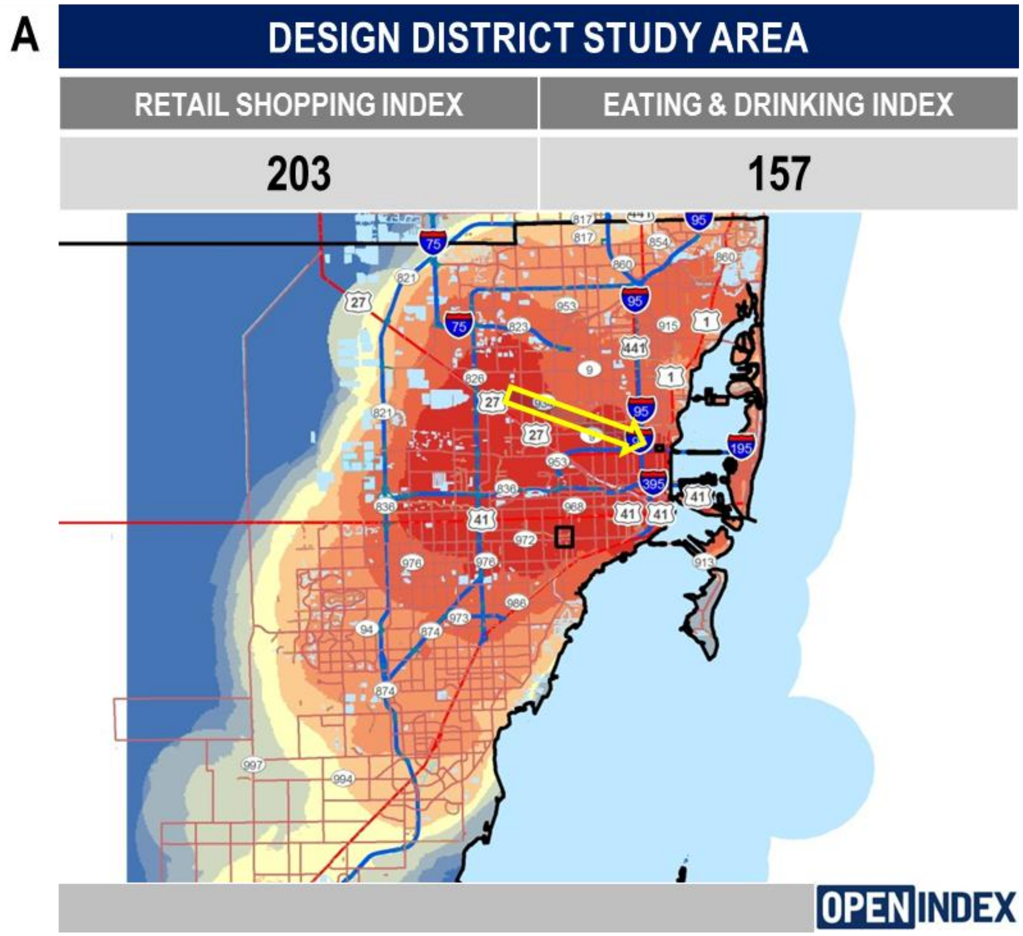
The Index set out to quantify the health of independent businesses in major American cities over time and in comparison with one another. However, this study would be incomplete without a look within those major cities at the independent business districts that help to define the character of the community 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 overall retail picture and trends at the national, county, and neighborhood level.

Miami is a city unlike others, with its own approach to fashion, culture, and food. The two neighborhoods chosen for study here reflect that style. The Design District places Miami arts and culture front and center while Downtown Coral Gables reflects the leisurely and elegant style of the region.

DESIGN DISTRICT

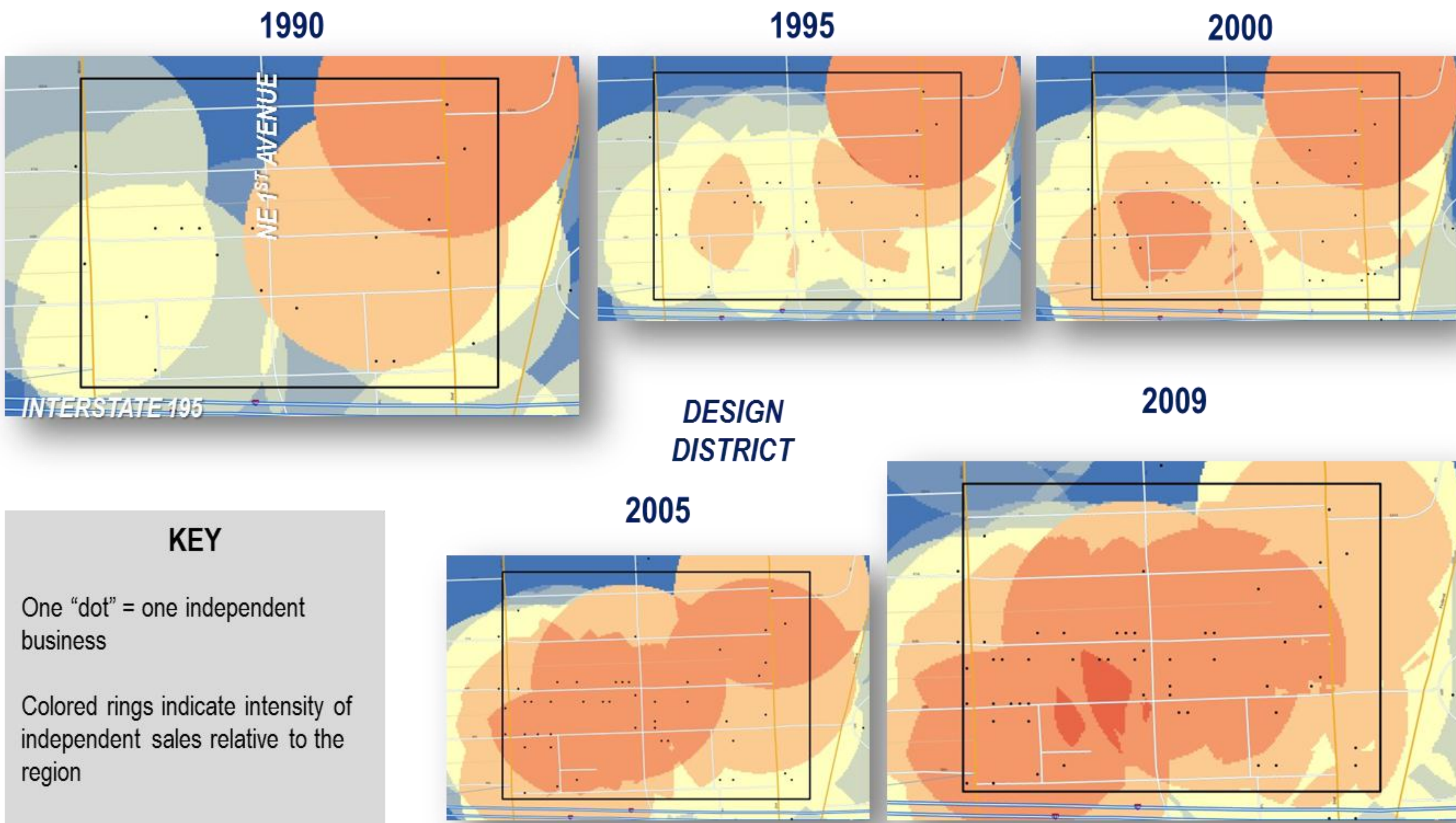


Miami's Design District (in small box on Map A at right) is a retail business district devoted to art, fashion, furnishings, and other high style, designer-driven items. Over the last 15 years, the Design District emerged organically amidst the low rise warehouses of Buena Vista, north of Interstate 195 to Miami Beach. Almost without exception, the early studios and shops of the District were run by designers themselves, with only the tiniest, and toniest, chain store presence arriving recently. As it emerged as a destination of world renown, a mix of public and private spending improved the infrastructure and streetscape in order to support continued growth.

Map B on the following page depicts the evolution of the Design District. It shows a steady increase in the number of businesses as entrepreneurs and filled out existing storefront spaces and created new ones over the past twenty years.

Chart 5 (on page 9) compares the retail and food & beverage markets in the Design District. Non-local businesses play almost no part in the economy of the District and, until recently, neither did restaurants and bars.

B EVOLUTION OF AN INDEPENDENT BUSINESS DISTRICT



KEY

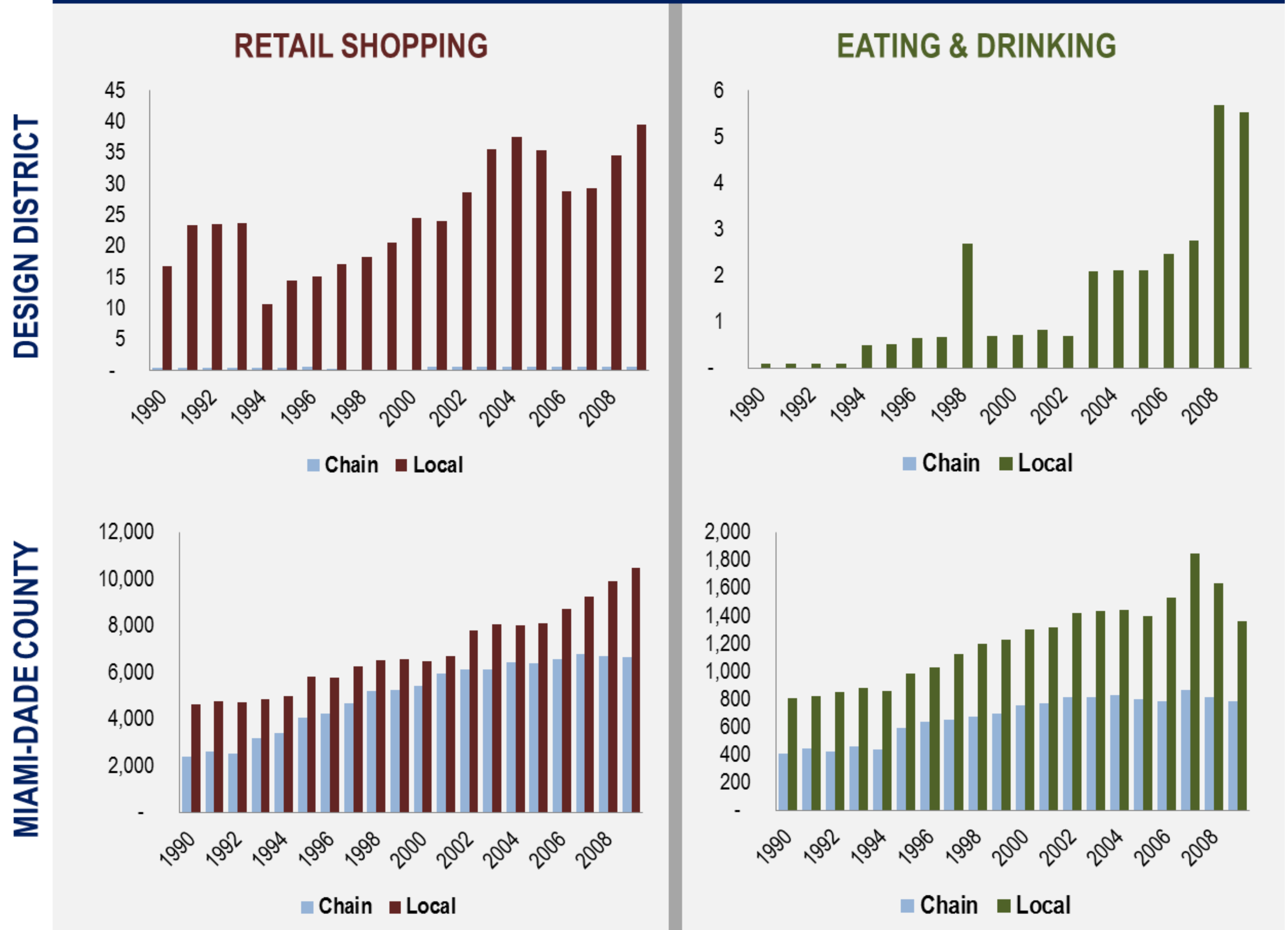
One "dot" = one independent business

Colored rings indicate intensity of independent sales relative to the region

Source: NETS, Civic Economics

OPEN INDEX

5 NEIGHBORHOOD SALES VERSUS COUNTY ($ Millions)



Source: NETS, Civic Economics

The Economic Impacts of the Design District

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 1996-2000.

The 33137 Zip Code encompasses the northern the Design District and neighborhoods to the north and south. These residential areas run the gamut from modest to palatial to high rise. Throughout the study period, homes in the area substantially outpaced even Miami-Dade's fast-rising housing market. In the recent real estate reversal, however, area homes declined faster than the County as a whole, ending up at roughly double 1996 prices, still ahead of the citywide market.

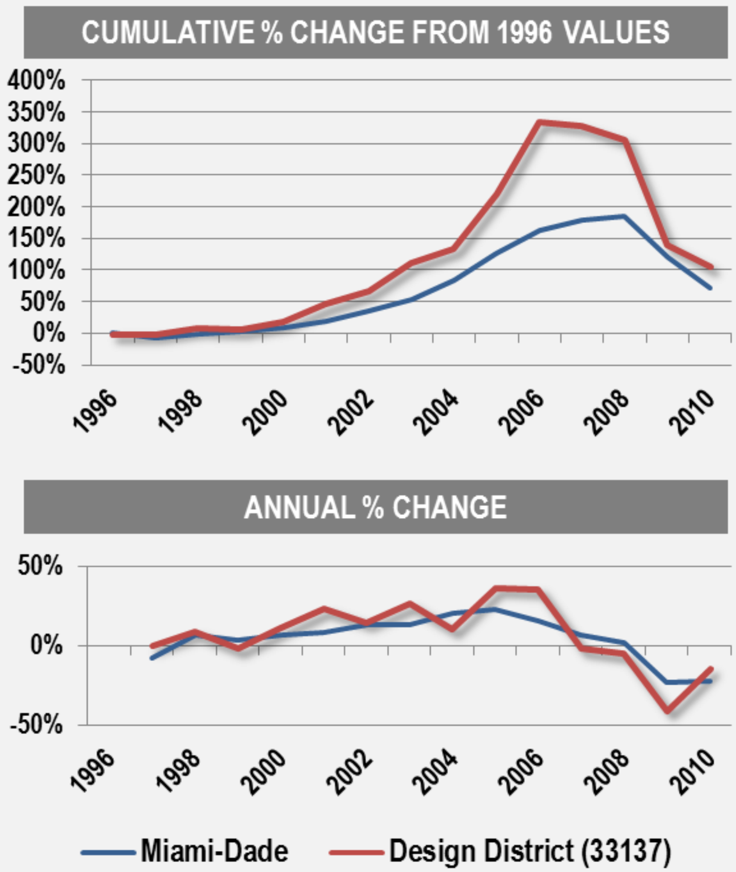
The second question is how many jobs are created by the presence of the district. The right side of Chart 6 below shows job creation at both independent and chain businesses.

Throughout the study period, and increasing in recent years, the Design District has offered jobs for Miamians, nearly 500 in 2009. Because the goods and services on offer in the District are at the high end, sales per employee are high. Such productivity may not create as many jobs as more pedestrian retail, but it tends to drive higher wages. In addition, it is the professional home of more than 130 proprietors who own and operate these businesses.

These entrepreneurs, their employees, and wise public officials have built a world-class destination and design incubator out of an otherwise unremarkable bit of urban fabric. Continued growth in the Design District will provide benefits to all Miamians.

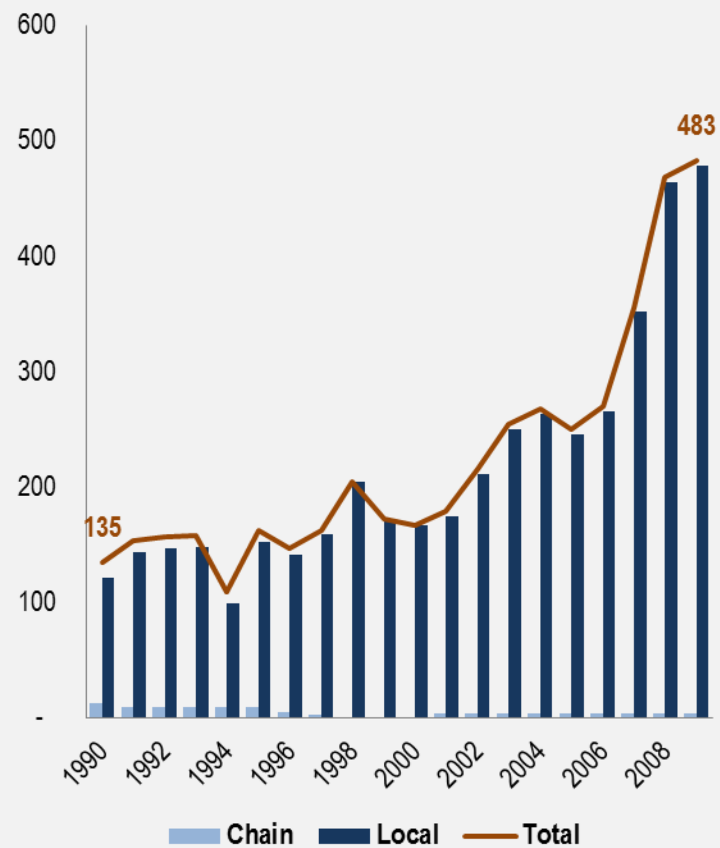
6 THE ECONOMIC IMPACTS OF AN INDEPENDENT BUSINESS DISTRICT

MEDIAN HOME SALES PRICES



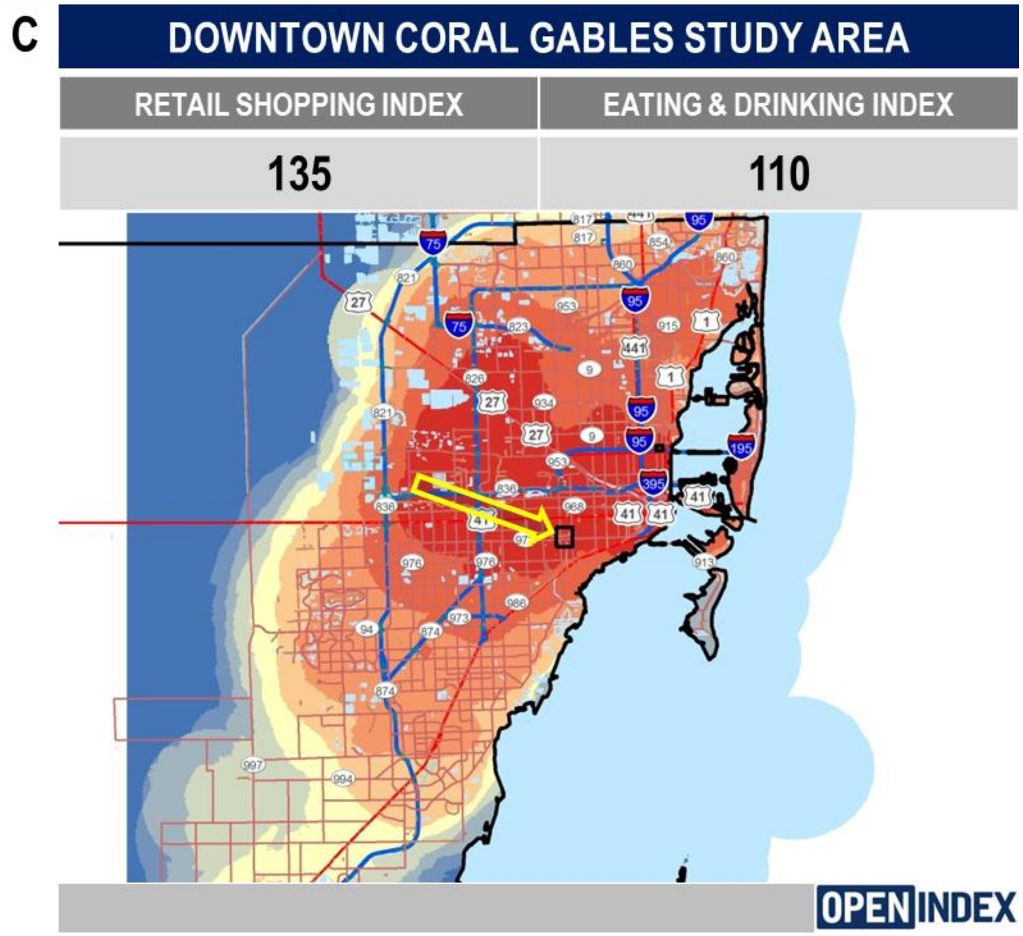
Source: Zillow.com, Civic Economics

JOB CREATION IN THE NEIGHBORHOOD



Source: NETS, Civic Economics

DOWNTOWN CORAL GABLES



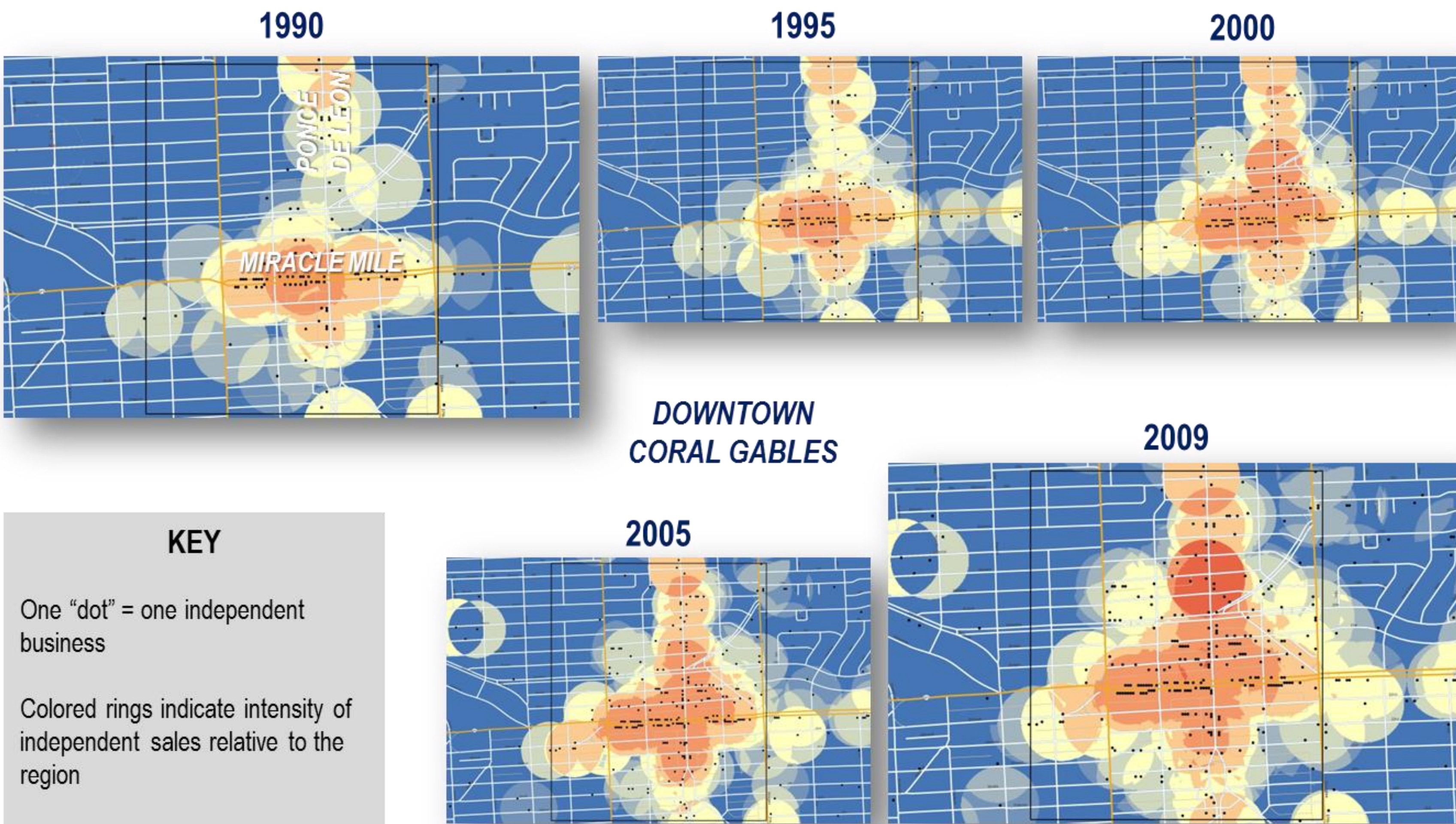
Downtown Coral Gables (in small box on Map C, at right) is a primary business center in the Miami area. Developed since the 1920's in the Mediterranean style of the city, it is home to a broad array of retailers and restaurants.

Map D on the following page depicts the evolution of Downtown since 1990. It shows an ever increasing number of independent businesses (represented by dots), filling the storefronts of the Miracle Mile, expanding into adjacent streets, and finally spreading along Ponce de Leon Boulevard.

Chart 7 (on page 14) compares the retail and food & beverage markets in downtown Coral Gables with the broader Miami-Dade County market. Over the last 20 years, the area has enjoyed a steady rise in both shopping and dining. This district, while made up largely of independent retailers, has seen large growth in chain stores as well. Independent sales have more than kept pace with their new neighbors, though, demonstrating the ability of small businesses to adapt to changing conditions and fill market niches.

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

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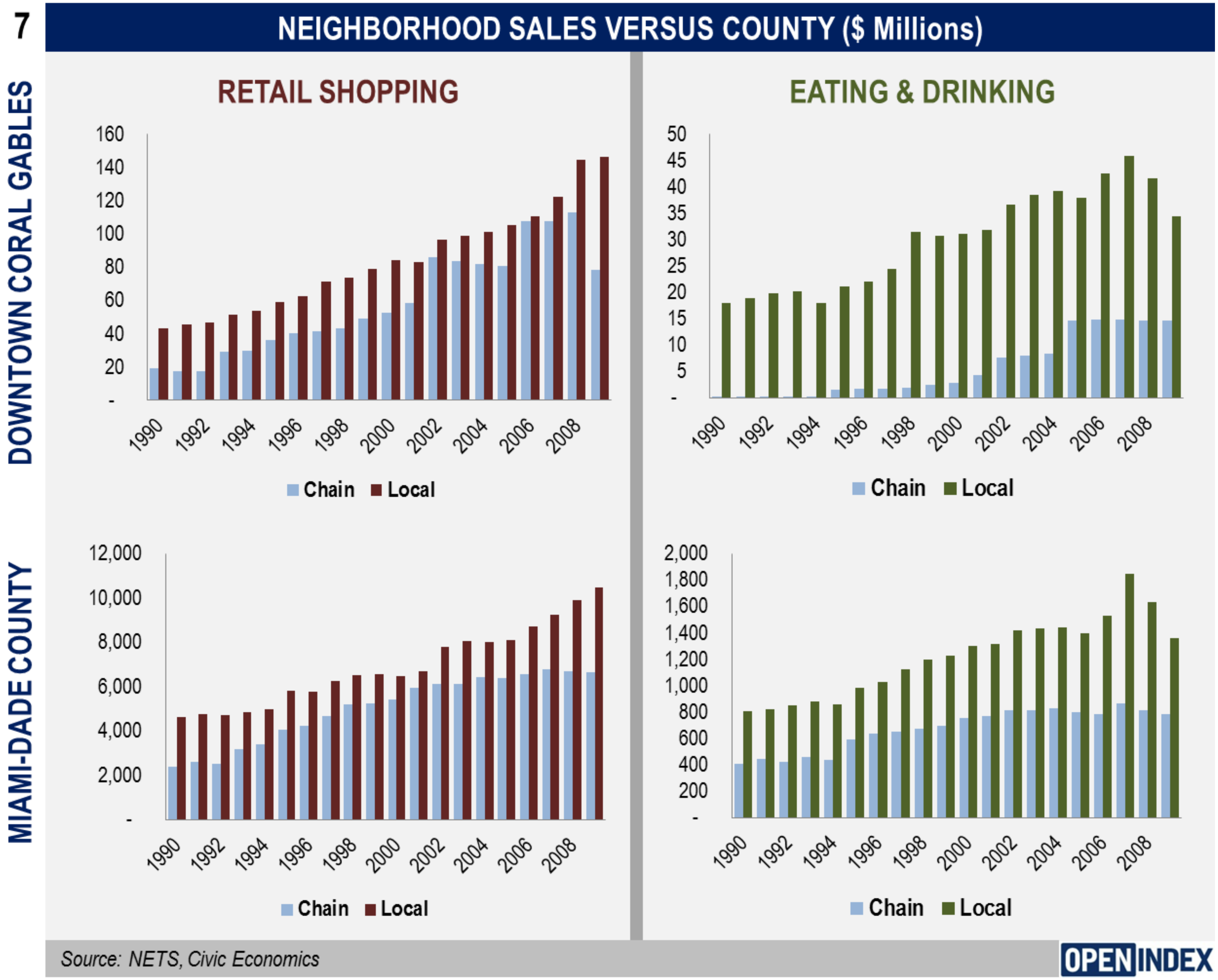
7


NEIGHBORHOOD SALES VERSUS COUNTY ($ Millions)
RETAIL SHOPPING
EATING & DRINKING
DOWNTOWN CORAL GABLES
MIAMI-DADE COUNTY
Chain
Local
Source: NETS, Civic Economics
OPEN INDEX

The Economic Impacts of Downtown Coral Gables

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 33134 Zip Code encompasses downtown Coral Gables and residential areas to the north, south, and west. Throughout the study period, even during the recent downturn, neighborhood sales prices have substantially outpaced the County median. Of course, Coral Gables has not been unaffected in the recent real estate downturn. When recovery comes, one might expect the draw of its downtown to lead once again to a price gain advantage for these established neighborhoods.

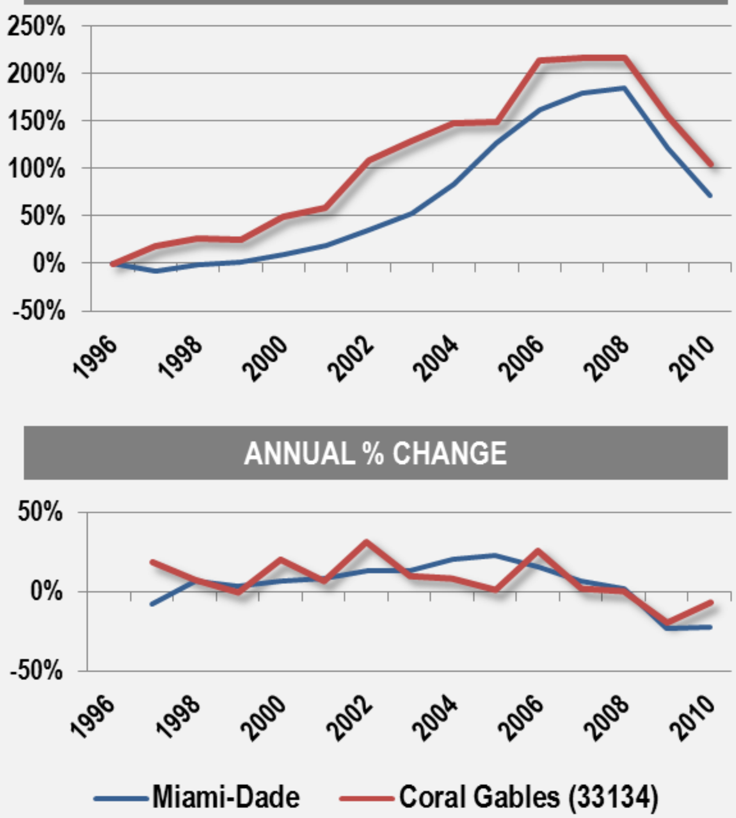
The second question is how many jobs are created by the presence of the district. The right side of Chart 8 below shows job creation at both independent and chain businesses.

Retail, restaurant, and bar jobs in downtown Coral Gables increased steadily throughout the study period, rising from just over 1,000 to nearly 3,500 jobs in this small zone.

Together, these numbers show that a thriving Coral Gables business district contributes strongly to the health of that city and of the broader Miami area.

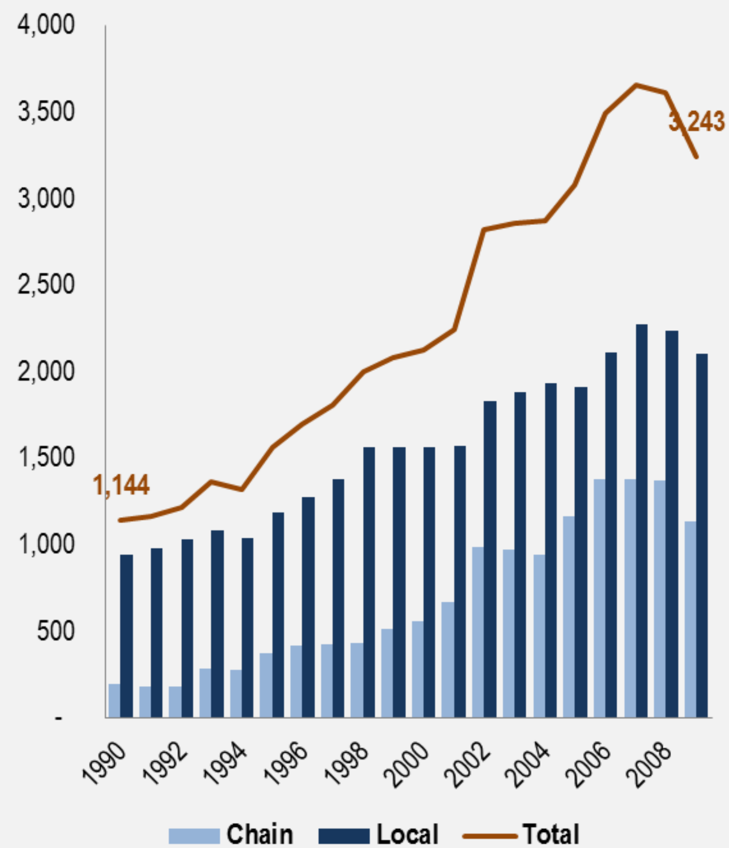
8 THE ECONOMIC IMPACTS OF AN INDEPENDENT BUSINESS DISTRICT

MEDIAN HOME SALES PRICES



Source: Zillow.com, Civic Economics

JOB CREATION IN THE NEIGHBORHOOD



Source: NETS, Civic Economics

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CONCLUSION

Miami is known worldwide for its distinctive style, and variations on that theme are on display in the urban Design District and suburban Downtown Coral Gables. Miami's rise to #2 on the Retail Shopping Index rankings is driven by the preferences of locals, but also by the desires of international visitors. Tourists in Miami don't restrict themselves to the beaches; they shop, as well.

Miami's broad selection of locally-owned shops and restaurants provide more than just entrepreneurial energy, employment, and tax revenues. They attract a kind of tourist other American cities can only dream about. As modest infrastructure investment in the Design District has shown, a small investment in these districts can pay big dividends for the broader community.

CONTACTS

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